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Is the European Union going to display more signs of protectionism in the future?

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<p>The European Union, based on recent events, could possibly be experiencing signs of protectionism. The European Union is currently knit together but a recent outlier the United Kingdom has changed and challenged the thought of the European Union remaining united. Recently the United Kingdom held a vote on a decision to leave the European Union, the result of which was the United Kingdom to exit the European Union at a future nearby date.</p> <p>Based on this outcome people have theorized, including the author, that more countries in the European Union might promote similar or likeminded behavior. Testing this theory the author wishes to explore the history of the European Union, the countries within it, and the different cultures within it to find any correlations or connections that will lead a country to exhibit these changes.</p> <p>The author will explore concepts such as globalization, capitalism, protectionism, nationalism and culture to find possible leads to support this conclusion.</p> <p>The result of this endeavor is that many countries in the EU have many different cultures and history that conflict with the ideals of the European Union. Nationalism is a heavy influencer and contributor that build these cultures and identities. It is possible that these cultural and historical differences are what led to a situation like Brexit and could soon follow suit with other countries in the European Union.</p>	
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Contents

List of Tables and Figures

1	Introduction	5
2	What is protectionism?	6
3	Why does Protectionism exist in the EU?	7
4	European Union's Speed of Change	9
5	Trade Disparity	9
6	Quality over Quantity	12
7	Problems of Protectionism	13
8	Criticisms on Globalization	14
9	Purpose of a Union	15
10	The European Round Table	17
11	Legitimacy of the European Union	18
12	Is Capitalism for Everyone? Yes and No	20
13	Different kinds of Capitalism	23
	13.1 British Capitalism	24
	13.2 French Capitalism	28
	13.3 German Capitalism	29
14	Summary on the differences and similarities between countries	30
15	Forming an identity	34
	51.1 How identity through Nationalism is used	35
16	Why Nationalism is important to people	34
17	Growing Nationalism among people	38
18	Signs of Protectionism in Italy	39
19	United States to Italy Comparison	42
20	Conclusion	42
	Bibliography	46

List of Tables and Figures

Figure 1. UK votes to Leave the EU	5
Figure 2. Tariff Revenue	13
Figure 3. The Red Line	24
Figure 4. Support for TTIP in EU member States %	33
Figure 5. Maslow's Hierarchy of Needs	34
Figure 6 "Wake Up, Thai People	36
Figure 7. Italy elections March 2018	40
Figure 8. OECD economic survey for Italy 2017	41
Chart 1. "My Voice Counts in the EU"	20
Chart 2. Hodstede chart on France, Germany and the United Kingdom	21
Chart 3. Hodstede chart on United Kingdom and United States	22
Chart 4. The World's leading merchandise traders	27

1 Introduction

“Those who cannot remember the past are condemned to repeat it” (Santayana, 1980) George Santayana’s quote is a very important theme to consider when reading and analyzing this report to understand the message wished to be expressed. History, culture, traditions, and pride are what builds a nation and allows it to flourish and succeed. People are united in a common goal nationally for the better of one’s country and its people. To many a country is a part of who they are as a person and forms their identity. This identity is built upon from generations and generations of individuals that pass on their meaning and identity to the next. This ongoing act is what builds a nation’s culture and values.

Currently the European Union is moving and changing in seemingly unexpected situations that leave many individuals not able to understand what is going on. In a particular case the United Kingdom has decided to leave the European Union with a narrow majority 51.9% as indicated with figure 1.(BBC, 2016)

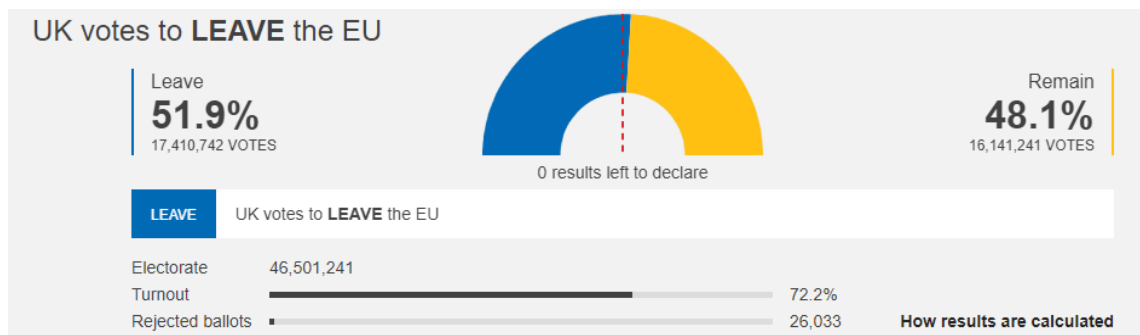


Figure 1. UK votes to Leave the EU (BBC, 2016)

While many individuals are bewildered by these turn of events there is sufficient amounts of history, warnings, culture, and values that led the country to this critical point. The United Kingdom choosing to leave the EU is not outside the realities of thought as many people would like to think.

This thesis will explore a variety of different countries cultures and values to help understand why such an incident happened in the first place. The thesis will go through and explain the many components that contribute to protectionism such as globalization, capitalism, and trade Unions. The different cultures and values will help explain why the European Union can appear to be more beneficial to some and less attractive to others.

Following this method of study will help understand why other countries in the European Union might decide to do similar actions that the United Kingdom experienced. The European Union has many conflicting problems that can work for some countries but will be issues for many others. Some of these issues can possibly conflict with a country's values and standards of living.

It is a belief and theory that these values that are built upon the culture of a country will outweigh the benefits of the European Union. This proposed theory expects individuals in different countries other than the United Kingdom will display a similar course of action within the masses. Countries will choose to take protectionist measures limiting and regulating trade and immigration.

2 What is protectionism?

The protection of the nation is normally the forefront of any country and its main priority. While many believe protection of one's country goes as far as having a military, police force, laws and so on there is actually a deeper level of protection that goes into a countries financial and economic livelihood. This is called Protectionism which is the restriction of trade between states by using tariffs, import limits, and government regulations.

One area of the world which is viewed as one of the most open to free trade is showing increased contradictions to what it has been preaching to the free

world. This area of the world is the European Union which is well known for its amazing free trade between its 28 states. From a perspective as said from Wolfgang Münchau,

“If you create a monetary union without shared economic institutions, fiscal policies and legal systems, you are bound to hit a wall eventually...” (Münchau 2016)

The European Union’s trade policies have damaged and possibly hindered its countries to the outside world. The European Union for that matter has adapted free trade to such a heavy degree that many would argue it is neoliberalism. (Weeks 2016) Because of this, growing actions and changes have begun to emerge within the European Union as a whole to combat the issues many of its countries are having.

The threats align with emerging powers outside the European Union within Asia and even the United States of America. It is theorized because of these emerging problems the European Union will begin to show increased protectionism to combat the many threats within its cultural and financial values.

3 Why does Protectionism exist in the EU?

Protectionism exists for many core and fundamental reasons to ensure a country’s prosperity, wealth, growth and interest. One of the most important reasons is to protect sunset industries that still exist within the home countries. Protectionism is able to protect these industries by putting heavy tariffs on imported products and limiting how much of said products are able to enter the country. One of the largest industries that need protection from such threats is the steel industry.

The EU for quite a while has imported millions of tons of steel from countries like China. Brussels, the capital of the EU, has imposed a 28.5% anti-dumping

tax after heavy investigations that lasted over 8 months.(European Commission 2017) This came into effect as soon as August 2017. The reasons why is to make pricing more rival to European countries to make fair competition. China and many other non-European countries are able to sell steel at huge price differences that undermine the European Steel industry.

From a liberal point of view the change is beneficial to the countries in the European Union but at the same time it undermines the trade policies. The EU for the most part is very neoliberal on its trade policies on other countries. In turn Beijing specifically has become very frustrated with the changes in place. China's exports of steel make up 51% of the EU's imports of steel from outside the EU. (Chee 2017) With such a dramatic change this can heavily undermine the Chinese steel industry. Profits will become heavily reduced and trade with China will be less attractive for buyers within the European Union. Capitalist in the EU on the other hand will also highly likely not enjoy these changes. This change will undermine profits; more cost effective strategies will need to be implemented. A Marxist which looks out for the greater good of its citizens instead of looking out for its companies' profits will greatly appreciate such changes. Such a change could possibly make trade with China more difficult. It is important to state on why the steel industry needs to be protected while so many other industries in the EU also suffer from the cheaper prices of goods from China in general. And why after so many years of trading steel with China that now is the ripe moment to put this tariff. In the case of Britain the country's steel industry has been greatly suffering since the economic crisis in 2008. Within Britain itself over 15,000 people are working for the steel industry and are at constant risk this entire time. (Bowler 2016) Britain was heavily suffering due to the cheap prices of steel from China undermining them. As an added bonus the EU does not give state aid to the failing steel industries in question. (Brinded 2016) This large number of problems is one of many reasons why Brexit was considered and is going to happen in the near future.

4 European Union's Speed of Change

These problems of trade within the European Union are why protectionism might grow even stronger. The EU while on paper sounds liberating is also not fast enough address problems growing within certain countries. In the case of the steel industry Britain has suffered for many years due to the rules of trade and laws within the European Union itself. The leave of Britain from the European Union can help address these problems in a more timely matter. Britain as a sole country able to make its own trading rules and restrictions is able to address these problems. However Britain is one country while the European Union is a collective of many countries. Trading with Britain can appear to be much less favorable compared to trading with the European Union due to the massive size and demand as a collective. As a general rule the many outweigh the few, and countries will normally prioritize the EU before Britain. It took till 2017 for the EU to finally come to the decision to help the 15 countries suffering due to the low prices of steel with China.(Chee.2017) The EU while trying to please everyone in the end appears to service at a dramatically slower speed than an individual country can do on its own. This is but one reason why more countries could start displaying more protectionist measures.

5 Trade Disparity

Other than protecting jobs, businesses, or national security another reason protectionism exist is protect consumers of lower quality products. The European Union when compared to many other parts of the world has a high standard of quality for many numbers of products. In this regard several countries within the European Union are showing resistance to new trade deals with the United States and Canada.

Specifically one of these trade deals is called TTIP. TTIP is the Transatlantic Trade and Investment Partnership, which will be a trade deal with the United States of America and the European Union. One country specifically France is showing huge resistance to this deal to take place. Of course however to enable this deal with the United States all 28 countries within the EU will have to accept the agreement. While several countries are fine with the partnership few countries continue to resist the deal over the span of 3 years trying to make this deal happen in the first place. (Rankin 2016)

The TTIP will allow the United States to access the EU's health, education, water, agriculture, and cosmetic industries. The United States have many different standards on business compared to the European Union. In general terms the United States have lower standards than the EU in most of these regards. Many of these regulations in the EU will not need to apply to the United States if it exports its items to the EU.

In the case of cosmetics the United States only bans 12 chemicals that can't be used in cosmetics while the EU bans a huge 1,200 chemicals that can't be used. (Clegg, Kornberger 2005) The United States will be allowed to sell these products to the citizens of the EU alongside European products. The proposed deal could allow citizens to buy products at lower prices and give them more options to choose from. People will still be able to choose what product they want. However majority of people are not aware or do extensive research on these products and might not know they are buying a product that could propose health problems. A Marxist would at its core look out for the greater good of its people than to support businesses that could potentially harm its citizens. This free trade agreement will highly benefit America and other larger corporations and only stifle the citizen's health and protection from harmful products all at the expense of profits.

What if this whole scenario is actually deeper and more layered than originally perceived to be in the first place? While the protection of one's country is admirable, this level of protection might have actually done the exact opposite in its intentions.

While it is easy to see how blocking lesser quality items the United States manufactures from trading with Europe might limit the power of the United States and strengthen Europe, it potentially could do the exact opposite. A realist perspective will only see the EU as a wall preventing the country to fully exhibit its national pride and values. Some realist points of view from Zbigniew Brzezinski point out that TTIP can be a stepping stone in creating a balance between the Pacific and Atlantic regions. (Ham 2013)

The TTIP directly supports strength in western protection against the growing threat of Asia over the past few decades. In the process of opening free trade with the United States Europeans will protect the power of western cultures which are at the knees of China's growing economic power. It is theorized this change will give the transatlantic West more time for a healthier transition before the power of China swallows Europe's and America's economy. (Ham 2004) Based on the date of this reading back in 2004 and on current events today it is clear that the continued rise of China over the world financially might have been lessened if TTIP was passed sooner.

Again the EU shows another alarming problem in its continued partnership which may raise similar problems such as Brexit. One of the growing problems of the EU is how long it takes for anything to pass and how every country needs to agree to certain things to pass. As of 2016 12 countries are in agreement of allowing the TTIP pass. (Gutteridge 2016) One of these countries happens to also be the United Kingdom. With how divided the EU seems to be on a deal like this it again shows the problems that come from free trade agreements in general. If the countries in the EU were able to make these trade

deals within their countries wishes and wants the power of China might have been lessened compared to the power it holds on the world today.

In the process of protecting the country, the people might have actually only opened the doors wider for another neighbor. This is but another example of why something like Brexit happens in the first place and why other countries in the European Union will consider other options.

6 Quality over Quantity

Different countries have different cultures and values that directly interfere with many trade deals within the EU. France for much of its time has cared much more about quality of life over quantity and cheap prices. French gastronomic theory has been in French culture for hundreds of years valuing moderation of quantity and enjoying smaller portions of higher quality foods. (Rozin 2011) On the other hand America and Great Britain have cultures that appreciate abundances rather than quality. When it comes down to trade policies, it is a highly likely conclusion that these conflicting cultures will clash on what the EU and several other countries desire. As referenced before an entire 12 countries are fine in acquiring cheaper lesser quality products from outside the EU. This clash of cultural values is why protectionism goes as far as a nation's value of quality is why protectionism will continue to rise in the EU. A nation at its core cares about its values and will defend those values if they are to come into harm's way. This is but one example in the differences in desired products between multiple cultures and how they can possibly conflict with people within the European Union. More in depth discussion on the countries cultural differences will be explained further later in the reading.

7 Problems of Protectionism

Protectionism while having quite a few good qualities has a number of undesired qualities as well. One of reasons as stated earlier is the increased cost of goods to consumers for having protectionism.

In figure 2 below it shows the increased welfare cost on the position of the two triangles beside the shaded blue area, which is the tariff revenue.

(TripleALearning 2013)

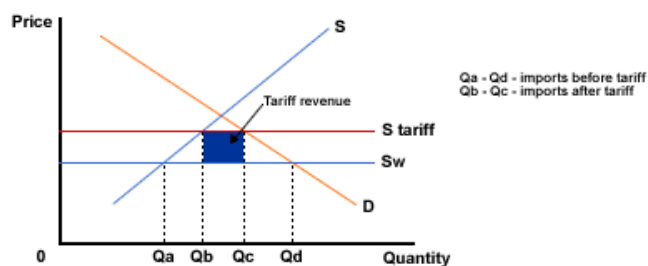


Figure 2. Tariff Revenue (TripleALearning 2013)

The result of this, because of protectionism, means increased money going back to the government but at the expense of increasing the cost of living to its citizens. However this all relies on the products and if different tariffs are applied to different products to purchase. A country could choose to reduce the tariff on everyday items such as food but increase the tariff on items such as clothing. The cost of living in this way can still remain low on this decision.

As stated earlier the TTIP will lead to decreased prices of goods for consumers choosing to pick American products. On a Marxist view this is a grey area. At the same time a government with Marxist ideals will use the increased revenue from tariffs to put back to its citizens but its citizens will have increased cost of living. The money will in the end be used to better serve the people leading this to be a preferred outcome.

Another glowing problem with protectionism is downward multiplier effects. The multiplier effect is when there is an increased demand that leads to a circular flow of income that will further grow spending. As a result of this GDP is increased. However when a country increases in protectionist policies this will have the reverse effect happening.

As explained earlier about the steel industry; while buying steel from China can damage steel producers in the EU it has potential to be used to a beneficial effect. In such example a company will buy the steel from China to construct a mall. The newly constructed mall will lead to more shops being opened leading to more consumer spending to boost the country's economy. However within the first 5 years of construction it can potentially displace expenditure from one mall to the new mall. It is only after 5 years' time to know if expenditure increases or not in this scenario. (Blignaut 2004) The company might not choose to build a mall if the price of steel is too high leading to no future development. In an improved case, buying steel to construct objects to attract tourism to the country can improve expenditure without risk of displacement. Wise use of imported cheap products can lead to many potential opportunities that might no longer exist due to these tariffs. Choosing to close doors to other countries in an effort to save one industry might result in many industries suffering in the long run.

8 Criticisms on Globalization

The crossroads between the benefits of protectionism has its roots to the ever expanding globalization today. Many Marxist will say that globalization is simply another word for neoliberal imperialism in action. (Reza 1995) Before globalization happened the world was under the great depression in the 1920's which led to the importance of Keynesian economics. Basically reduce taxes and increased government expenditures to increase demand. When the nations of

the world finally got back on their feet shortly after the end of World War 2 nations needed to grow further. For current monopolies in states to grow there must be competition. Thus in the 1970's globalization greatly expanded opening borders to all nations of the world. This all relates back to Karl Marx original quote,

"They all want competition without the lethal effects of competition. They all want the impossible, namely, the conditions of bourgeois existence without the necessary consequences of those conditions." (Marx, 2017)

By expanding and opening up to almost every nation in the world we have in turn only increased the power of monopolies which in turn hurt small businesses further and as a result dominate newly opened countries as well. In contrast liberalists strongly believe globalization has benefited everyone. However majority of liberalist choose to neglect the social forces that come from globalization. (politicalsciencenotes 2017) It is inexcusable propose that everyone benefits equally and that others are simply not exploited from different positions.

While liberalist can point to third world countries opening factories giving many people jobs, it is hard to avoid the issue that the workers are exploited by foreign entities for work that cost fractions in said foreign country. TTIP for example has a foreign nation the United States able to exploit a country heavy in regulations and bypasses them all. The proposed TTIP is the very definition of foreign powers gaining control over countries properties.

9 Purpose of a Union

In an understanding a union or in this case the European Union is to give a unified order between different states. However the main purpose for such a union is to have a social purpose for its populace that inhabits said states. (Ruggie 1982) By this formulation, it can be applied to the current European

Union and its attempts at making order. (Apeldoorn 2002) With this conclusion we must objectively look at the European Union and see if it fulfills this so called social purpose.

Today capitalism is the only economic system left in the world today that seems to function. (Apeldoorn 2002) Based on the previous conclusions The European Union fails to deliver any speedy changes to take place before the damage can be too dangerous for many businesses. These businesses such as the steel industry continue to be hurt by this Union or order put in place by its people. Changes were eventually done but the damage might have taken its toll on these companies.

As stated earlier the European Union can be better called Neo Liberalism in the practices it does as a whole majority of the time. The question to ask is what the true social purpose of this Union is and who it is intended for. By all points of interest the intended purpose of these social purposes is to serve multinational corporations rather than the people. It can be argued that by helping these multinational corporations will then lead to helping its citizens by bringing more wealth and prosperity through its trading and manufacturing practices.

Capitalism seems to be the most relevant economic system still in place most likely due to the increased power and reliance on multi-national corporations. As of 2014 there is currently at least 30,000 lobbyist to match the over 31,000 employees employed by the European commission.(Traynor, 2014) To explain, lobbyist are people normally employed to influence legislators performing in government roles. Many of these lobbyist are employed by a variety of institutions such as colleges, state, corporations, labor unions and many more. The most important of these examples is corporations and their ability to hire numerous individuals. Apparently lobbying is a billion-euro industry in Brussels

to understand the gigantic scope and how much it is able to influence others. (Traynor, 2014)

With this knowledge it is easy to conclude that corporations highly influence laws and decisions being made in the European Union. If this is the case a question forms on who or what formed the European Union and what its true intention is for. The power of corporations seem to have a good amount of control of the European Union with this excessive amount of lobbyist employed. With

The truth and foundations of the European Union were not formed with the benefit of individuals and rights, but by a bureaucracy of a small amount of individuals seeing opportunity in a new era. These individuals will eventually be named the European Round Table.

10 The European Round Table

While the European Union appears to have many beneficial components attached to it, especially when it comes to trade, it can be argued that the current economy might not be best suited for Europe as a whole.

The European Round Table of Industrialists (ERT) which has its roots back to the early 80's proposed the idea of a Union based on the amazing opportunity Europe was in after the fall of the Soviet Union. The ERT today is composed of around 50 CEO's or chairman from the top corporations of Europe. (Marshall 2014) Since its foundation the European Round Table has heavily influenced Europe's decision making process and what it should do next as a collective. With their large capital and influence the European Round Table are able to do changes to a global economy at a whim if they choose to.

Of these propositions the Round Table had a clear objective after the collapse of the Soviet Union and the rise of Capitalism, a more powerful and competitive Europe. The European Round Table made a report in 1991 on the priorities Europe should take to reshape and change Europe into a strong unified entity. (Apeldoorn 2002) Of these principles they wanted a single currency, a competitive single market, an effective industrial policy, and building links to form a strong community in Europe. Their intention is to stay relevant in the face of rising powers such as the United States in the 1990's.

The war of ideologies was over and capitalism was the clear winner as socialism collapsed. As mentioned earlier a union should have a social purpose to its populace that inhabits it. If a union has no social purpose the union will ultimately fail. As it stands now the current era is a different era from the late 80's and 90's with an economy that has clearly shifted and changed.

11 Legitimacy of the European Union

Finding out the European Union exists primarily because 50 wealthy businessmen claim it should exist puts questions on who this union is intended for. As stated earlier the union was not made from necessity but for opportunity for their businesses and other larger businesses in Europe to grow.

A unified and collective Europe should bring more stability and wealth to its people. However since the Financial Crisis of 2007 to 2008 it can be argued either way that the union has lessened the impact or only worsened it depending on the country.

Potentially if Greece was not allowed the massive amounts of loans from the EU with its joining of the EU in 2001 this situation wouldn't be as bad as it currently was. (Inman 2015) Supposedly the joint union lost the government lots of money on the VATS it proposed when shipping products. Taxes were

behind and when the economy collapsed; Greece did not have the funds to support itself.

One of the benefits of the European Union is the free-trade across 28 countries that is within it. This in turn would normally be a benefit for many citizens across the countries but in the case of building financial stability from within it is only weakened; once a country is a part of the Union it becomes dependent upon on it.

More and more citizens are moving towards Nationalistic ideologies as opposed to a collective democratic formality. People are realizing the importance of a Nation being self-supportive based on the numerous results of the European Union after the financial Crisis. As proven a country still needs to hold its own financial wealth and stability to function within the European Union.

Based on the Parlemeter in 2017 47% of European citizens feel that their voice counts and a 57% feel EU membership is a benefit to their country. (Schulmesiter 2017) The Parlemeter is conducted by doing face to face interviews with over 27,000 Europeans across the 28 EU countries. It is nearly a 50/50 split on how divided individuals feel on the European Union. Based on the graph located below this has been the most 50/50 divide in the history of doing the Parlemeter. Citizens more than ever feel more divided as a whole on their opinion on the European Union. With such close results is the results of Brexit truly a mystery or simply one or both sides simply remaining ignorant of the other or each other? Europe wants to support the EU and at the same time wants to see it fall all together.

Q Please tell me to what extent you agree or disagree with the following statement:
 “My voice counts in the EU”.

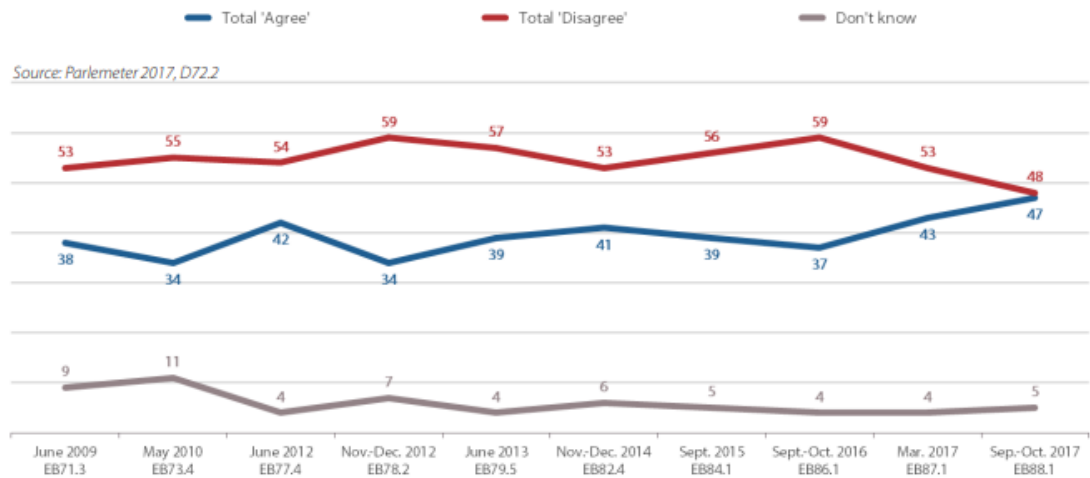


Chart 1. “My Voice Counts in the EU” .(Schulmesiter.2017)

12 Is Capitalism for Everyone? Yes and No.

As explained earlier different countries have different values within their different cultures. Many if not all countries want success and prosperity for its citizens and people; but at what cost are the people willing to cross and do for success is the question. Looking at figure 4 we will see 3 countries of interest in the EU France, Germany, and the United Kingdom. The Hofstede chart is supposed to compare the various countries cultures and what they value. (hofstede-insights. 2018)

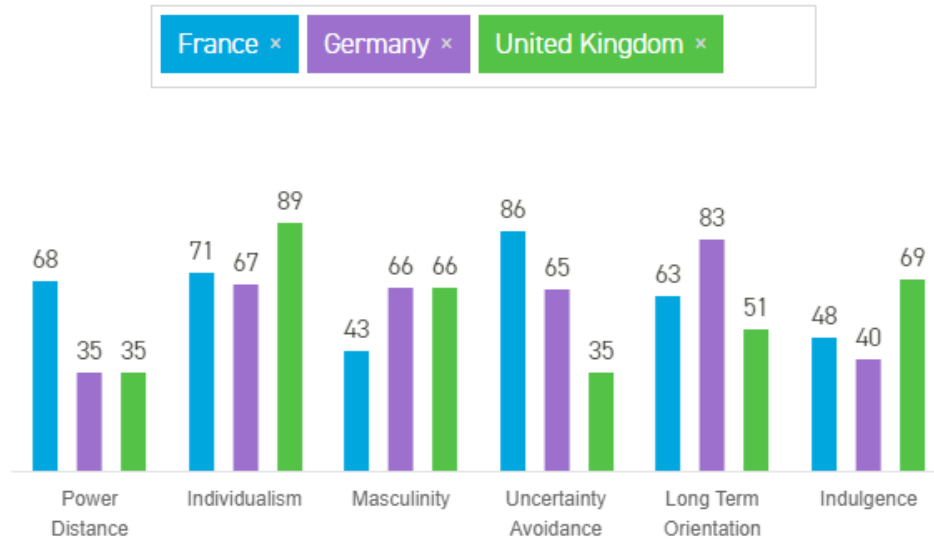


Chart 2. Hofstede chart on France, Germany and the United Kingdom (Hofstede-insights.2018)

On the chart there is quite a few differences with the Individualism and Indulgence being quite high for the United Kingdom compared to Germany and France. This translates to giving more power in the hands of individuals while also extremely valuing excess of items at their desire. The culture of Great Britain highly values a person's success and using their success to capture their dreams and desires as they see fit. Another interesting point is their lack of importance for Long Term Orientation compared to the other two countries. Meaning the country is less likely to value perseverance and being smarter with their money on the long run. The best way to gauge the United Kingdom is to compare it to another country well known for its capitalism, the United States of America.

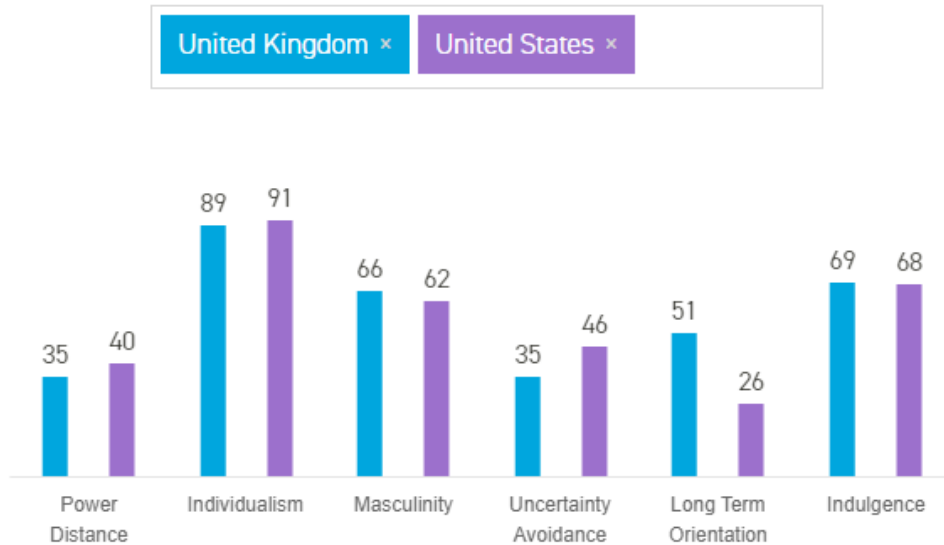


Chart 3. Hofstede chart on United Kingdom and United States (hofstede-insights.2018)

The United Kingdom is almost identical with majority of its values with only Long Term Orientation being higher than the United States. The two countries very much support a more individualist capitalist like structure in wanting their citizens to succeed.

The low scores in long term Orientation means the lack of value for the future and instead thinking about short term profits in the way of business. As mentioned before TTIP, which the United Kingdom heavily supports, allows substances to enter the EU that might not be legally sold in the EU based on different standards and regulations on the different countries. While France highly values the safety and health of its citizens in high quality items the United Kingdom with its Individualist approach put the responsibility of health and safety to its citizens if it wishes to make such decisions.

Quite simply the United Kingdom with its choices to leave the EU could stem from individuals that feel the EU is squeezing its maximum potential in acquiring higher profit margins over quality. As said earlier 12 countries are in support of the TTIP including the UK, the Czech Republic, Denmark, Estonia, Finland, Ireland, Italy, Latvia, Lithuania, Portugal, Spain and Sweden.

(Gutteridge 2016) Of the 28 countries in the EU there is almost a 50/50 divide on if such a deal should pass.

While it appears the European Union seems to benefit Big Business there might be a number of many other contributing factors at play with the decision to depart. The European Union could be seen as not favorable enough for capitalist countries; there might be a bigger overall issue at play that led to its departure and many future countries. The European Union is clearly limiting many countries' values and desires in cheaper products to its citizens.

13 Different kinds of Capitalism

The fact that capitalism will exist regardless of being in the EU or not seems to identify that there is different levels of capitalism at play within Europe. Specifically there is three different kinds of capitalism that seem to dominate Europe.

The first kind is the well-known neo-American model which was brought forth from the United States and the United Kingdom during the Reagan and Thatcher revolutions in the 1980's. (Apeldoorn 2002) The other form of capitalism is the Rhine model of capitalism with its core located from Germany, Switzerland and the Netherlands. Lastly the 3rd model is from the popular France in this reading called the Statist model.

Partly what might be causing this divide in the European Union could simply be these different forms of Capitalism that cannot fully function together in one European Union. What created these different forms of capitalism is simply the history and culture of these countries as explained earlier and how the countries citizens feel about the state. All three forms of capitalism are heavily present and are shared among many different countries. An analysis of each

form of capitalism is needed to fully understand why The European Union is so divided on its opinion on it.

13.1 British Capitalism

To begin understanding British culture we must travel back as far as the 1800's. From 1815 to 1914 Great Britain created an expansive empire across much of the world and was called Pax Britannica. (Gale 2008) During this time period Britain was the strongest country in the world and left unchallenged. In the map located titled Figure 3 below labeled all the areas shown to be red were all parts of the British Empire which consisted of Canada, Australia, India, and parts of Africa.

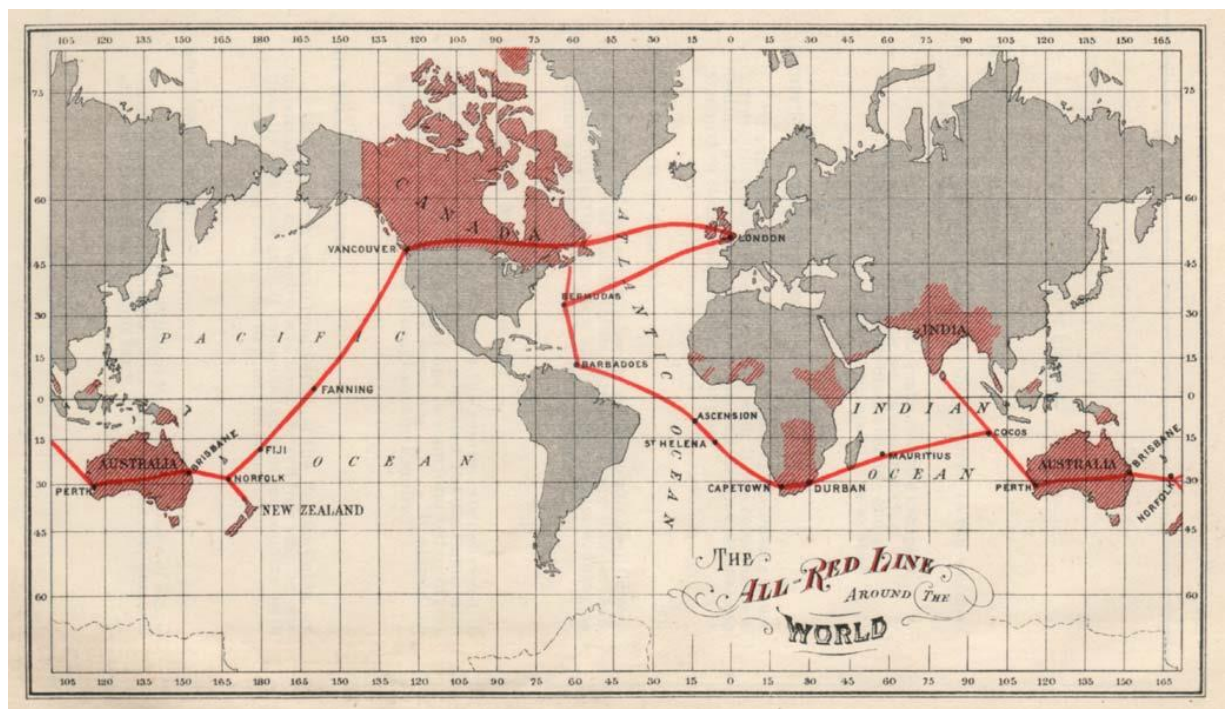


Figure 3. The Red Line (Wikipedia 2018)

What marked this strong victory for Britain was the end of the Napoleonic Wars which thus labeled Great Britain as the clear strongest Empire in the world.

Why this is all important has to do with what Pax Britannica actually translates to. From Latin Pax Britannica is supposed to mean British Peace.

The reason why it was deemed an era of peace was because of Britain's free trade policy. It was able to promote due to its massive Navy which was able to secure trade routes around the world. The map located above in figure 3 also shows the trade routes under British protection which were able to spread wealth and prosperity to the British Empire and to other accompanying nearby states.

The government had a limited to no role and allowed the market to self-regulate itself. This could easily be seen as very liberal and in a way similar to how the EU operates as a whole with its free trade across its neighboring states. As discussed earlier TTIP supports this same approach allowing the United States trade with the United Kingdom. However as said earlier the European Union is seen to be extremely liberal with its trade and leaving the European Union can be seen as a contradicting argument to this form of capitalism.

After the Second World War Great Britain did a dramatic shift to adopt a better welfare state to better protect its citizens during a time of war and strife. (Apeldoorn 2002) The country adapted and changed its economic policies. There is a big difference between the Countries in 2018 than in the 1800's in today's world. As a start these liberal trade policies during Pax Britannica were beneficial to Great Britain because of the amazing strength of its Navy, and being the most powerful nation in the world at the time. It can be argued that Great Britain only favors these liberal trade deals if it is able to have a great benefit from it.

As mentioned earlier China continues to grow as an economic power that continues to challenge the western world for dominance. Britain at its current

time is simply reacting to the world around it accordingly to how it has always acted in the past. The United Kingdom is no longer an important contributor to the world as it used to be in the past with its vast empire.

It can be argued that Great Britain has always appreciated the separation of the state and the economy. The European Union can be seen as a limiting factor when it accounts to the many other countries existing outside of the EU and how Britain wants to trade differently between such different states. The EU gives great benefit to trade within the EU but has clear limits to trade outside it. While it has given up free trade policies when Brexit is in force it might choose better trade policies with countries outside the EU such as the United States. At the same time it can be argued that the United Kingdom recognizes the outside threats in the world considering trade and simply wishes to adopt protectionist measures through Brexxit against countries such as China.

Based on the inevitable outcome that China and many other developing countries will become the dominate force of trade in the world, protectionist measures seems almost like a requirement. As a collective summary on these findings Great Britain and the United Kingdom only support unity if they are in control of said unity.

With the United Kingdom clearly not being the biggest trade partner in the world at the moment these free trade practices may not be the most favorable to the country. As mentioned earlier in the "Is Capitalism for Everyone?" section the United Kingdom has very similar values as the United States. However the United States has far more control of its trade policies and is the world's 2nd largest exporter in chart 4 shown below. (Thirlwell. 2015) In the chart below we see the United Kingdom clearly not being a favorable country for exporting even compared to other European Countries with Germany, France, and the Netherlands all exporting far more than the United Kingdom. (Thirlwell 2015)

The world's leading merchandise traders

Top ten merchandise traders in 2014					
Exporters			Importers		
	US\$ billions	Per cent share		US\$ billions	Per cent share
China	2343	12.4	US	2409	12.7
US	1623	8.6	China	1960	10.3
Germany	1511	8	Germany	1217	6.4
Japan	684	3.6	Japan	822	4.3
Netherlands	672	3.6	UK	683	3.6
France	583	3.1	France	679	3.6
Korea	573	3	Hong Kong**	601	3.2
Italy	529	2.8	Netherlands	587	0.8
Hong Kong*	524	2.8	Korea	526	3.1
UK	507	2.7	Canada	475	2.8
Memo:			Memo:		
Australia (#21)	240	1.3	Australia (#22)	238	1.2

*Of which US\$508b are re-exports
 ** Of which only US\$151b are retained imports.

Australia Unlimited 2

Chart 4. The World's leading merchandise traders (Thirlwell 2015)

Possibly there is a clash of cultural values that makes the United Kingdom want as a collective exit European Union. To support this theory both the United States and the United Kingdom both have high points in individualism that is much higher than both France and Germany. By taking this theory into consideration it was only a matter of time before the United Kingdom will decide to leave, especially if they are not the biggest contributors in export in the EU.

Angela Merkel and Emmanuel Macron as mentioned earlier fully want to support the European Union and its current trade policies. However will said countries be as favorable if the situation was similar to the United Kingdom's case? Clearly the United Kingdom is not the victors of the European Union and is only dragging behind the competition. If the United Kingdom were to leave they could have full control of what comes into their country and protect themselves from dumping and other various forms of unfavorable trades.

Regardless, the decision to leave the European Union will give more power back to the United Kingdom to decide how to handle every countries trade policies.

13.2 French Capitalism

French Capitalism in many ways can be almost described as the opposite of British Capitalism based on its history. During the 19th century Britain was the most dominant country in the world controlling world trade as it sees fit. France during this time was far behind and was in no way as industrialized as Britain. The country fully depended on the government to intervene and industrialize the country into more modern times. Where Britain seems to fully favor individualism and the State to not intervene with business the French seem to expect the opposite. Going on into the future as of the 1960's the government was expected to intervene again to merge all of its small industrialized firms into big conglomerates that can compete with the rest of the world. The businesses and government formed an alliance of sorts with a clear blur of state and the economy.

This blur supported something called pantouflage; which in summary is senior positions in government moving to leadership positions in business. (Apeldoorn 2002) Another term this is closely related to is the revolving door in politics. Where in almost exactly the same way states hire business professionals to move to private sectors for their experience. Afterwards these professionals leave and go back to the public sector. As of today since 2007 people are limited in doing this in France due to Penal Code-Article 432-13 which limits said people going private to public or vice versa by 3 years' time. (Legifrance 2018) The tied nature of business to government has normally been met by large criticism due to these business professionals acquiring unfair favorable deals, inside information, and favoritism to certain companies over others.

However today due to the European Union and how important globalization is France has started to move away from the state and business union it has had in history. In general many countries have become Americanized due to globalization. Individualism has increased due to these changes but it is still nowhere near the same as America or the United Kingdom for comparison.

In general France still supports more community strength than individualism than other European Countries. These ideas in theory might have latched on to the European Union in a sense of community. It can be inferred that France is much more likely to support a European Union than the United Kingdom based on the difference in history and values the countries both have today.

13.3 German Capitalism

Germany has some comparisons to British capitalism but with several key differences to note on. One of the biggest features to note on for Germany is their strong and supported welfare state. Germany just like France has a strong sense of community in looking out for its citizens.

The strong welfare state of Germany has a long tied history to its people and its values. Germany had history with Reich Chancellor Otto von Bismarck which gave health insurance for workers back in 1883. (Facts about Germany 2018) As of 2014 Germany spent 849 billion Euros in funds related to public social spending which accounts to 29% of the country's GDP at the time. (Facts about Germany 2018)

It can also be inferred that Germany being the part of 2 major world wars and being a loser of both contributed to Germany's strong welfare state to today also. Germany was in no shape or form a powerful player in the world at the end of these wars. At the end of World War 2 Germany experienced something called the Wirtschaftswunder (Economic Miracle) which came from the rapid

reconstruction of the Germany economy. By 1957 Chancellor Konrad Adenauer put through a pension reform law that wishes to share the wealth of Germany to its retirees. (James 2004) This stopped the long tired notion that being elderly meant you are poor in Germany. Germany has only progressed with its welfare state for much of its life into the future.

As far as trade policies go Germany has normally always been a very liberal country when it accounts for free trade. The German form of capitalism adapts a philosophy called Ordo-liberalism. (Apeldoorn 2002) It's the belief that a country produces results based on the countries full potential. To summarize the belief of this, it is expected that the government will give a proper legal environment to promote competition. The state should prevent monopolies or an oligopoly to emerge.

The German model is not as liberal as the British model where it seems the state is expected to regulate and help when it is needed and necessary. As read in British Capitalism the state and economy is expected to be separated for the most part for much of its history. It appears that Germany for the most part only wants the government to intervene to make sure the country is in a healthy stable economic state.

14 Summary on the differences and similarities between countries

When comparing the United Kingdom, France, and Germany the relative differences in capitalism and business culture is quite vast to say the least. The 3 countries in general are a great show on how a unified union with set values, will one way or another, eventually forms conflicting issues among the citizens of said states.

The first country is the United Kingdom with its extremely liberal trade deals and the separation of state and economy. The country also has a history of

quick adaptation and changing its trade policies depending on the state of the world. While the EU is extremely liberal on trade within the EU itself it has clear limitations of states outside the European Union. The United Kingdom has a history of controlling and regulating trade to its favor. Currently the United Kingdom is not a major world player or the largest contributor to exports in the EU. Thus being in a union is seen as less favorable to many of its citizens that feel more control is required. The citizens of the United Kingdom are more individualistic than majority of European countries and thus are more aligned in its country having more control over its actions.

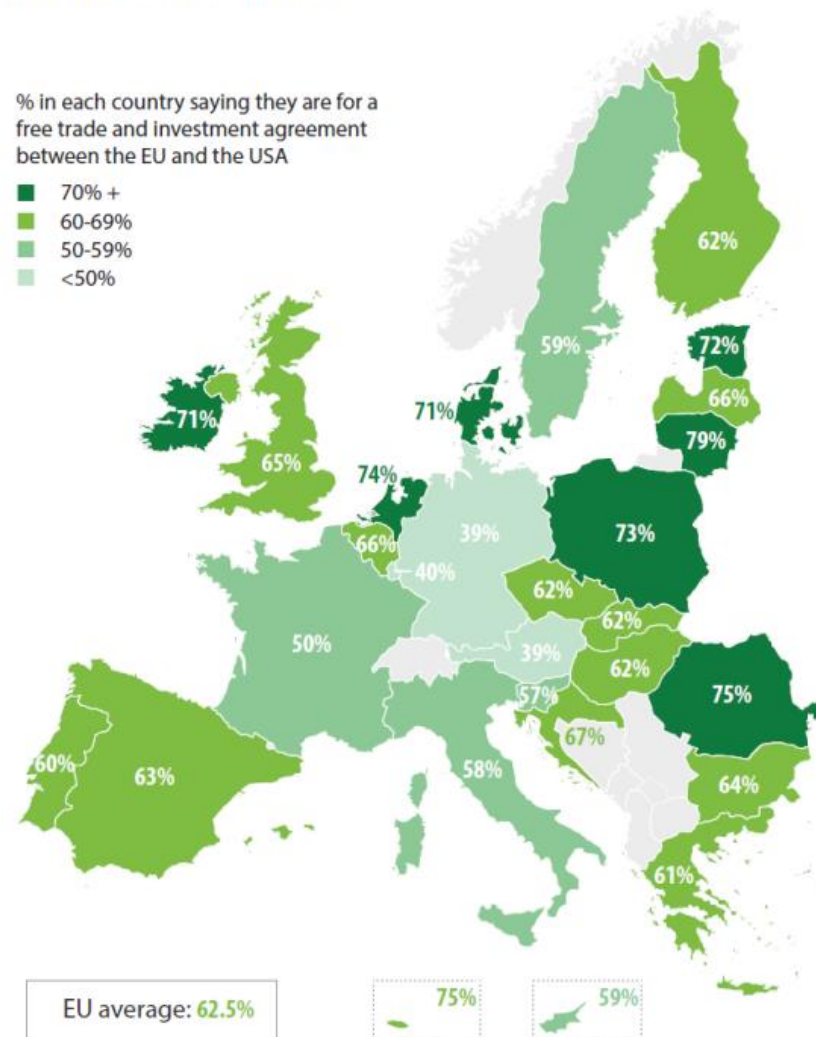
France has a history of the state and economy being neatly knit together in a symbiosis. The business sector allowed and welcomed the intrusion of the state to help the country reform and advanced whenever it was needed. It was understood by the citizens a joint unity will lead to a better stronger France that is able to compete on a global scale. France in modern times is forced into an Americanized form of capitalism due to becoming a part of the European Union and the effects of globalization. Limits were put on the rotating door structure of the tied nature of business to state in the future due to joining the European Union. The countries citizens still have a strong sense of unity regardless of the Americanization taken place that supports a more individualistic ideals and culture.

Germany has a history of supporting its members with strong welfare and liberal trade policies. The country has a supported history of the country trying to better serve its citizens and give its people a better life. A strong support and backbone for its citizens can rely on seems to be what German history seems to support. To support their economic functions its people expect the state to intervene with the economy when it is necessary to create a healthy competitive environment. At the same time it expects the state to have free trade policies that don't hamper or limit business for its citizens.

Of all these findings it is clear to see a lack of control and moderation seems to greatly affect how people of the United Kingdom wish to do business. The Rhine and statist models of capitalism seem to align more with the European Union having the state moderate and intervene when needed. These two models are more welcomed to regulation and a greater understanding of a state and economy bound.

Unfortunately not every country is similar to France or Germany in its form of capitalism. In the figure below contains countries in favor of TTIP mentioned earlier that are within the European Union. The lowest percentages are among France at 50%, Germany with 39% and Austria with 39%. (European Parliamentary Research service Blog 2015) There is an astounding amount of countries which support TTIP but it constantly gets denied with a few countries. These few countries mostly France and Germany also happen to be the largest winners in the European Union and is heavily benefitted for being part of the European Union. There could be a correlation relating to a countries export ratio to their want to be a part of TTIP, however the Netherlands having 74% and being one of the largest exporters listed on chart 4 dispose such a correlation. What can be concluded is that many individuals would want trade policies and regulations to be changed.

Figure 2 – Support for TTIP in EU Member States



Data source: [Pew Research Center, based on Eurobarometer data](#); fieldwork, November 2014.

Figure 4. Support for TTIP in EU member States %.(European Parliamentary Research service Blog. 2015)

15 Forming an identity

Majority of these forms of capitalism have formed an identity of a nation and its people. Many Individuals look for self-actualization based on Maslow's Hierarchy of Needs. (Mcleod 2018)

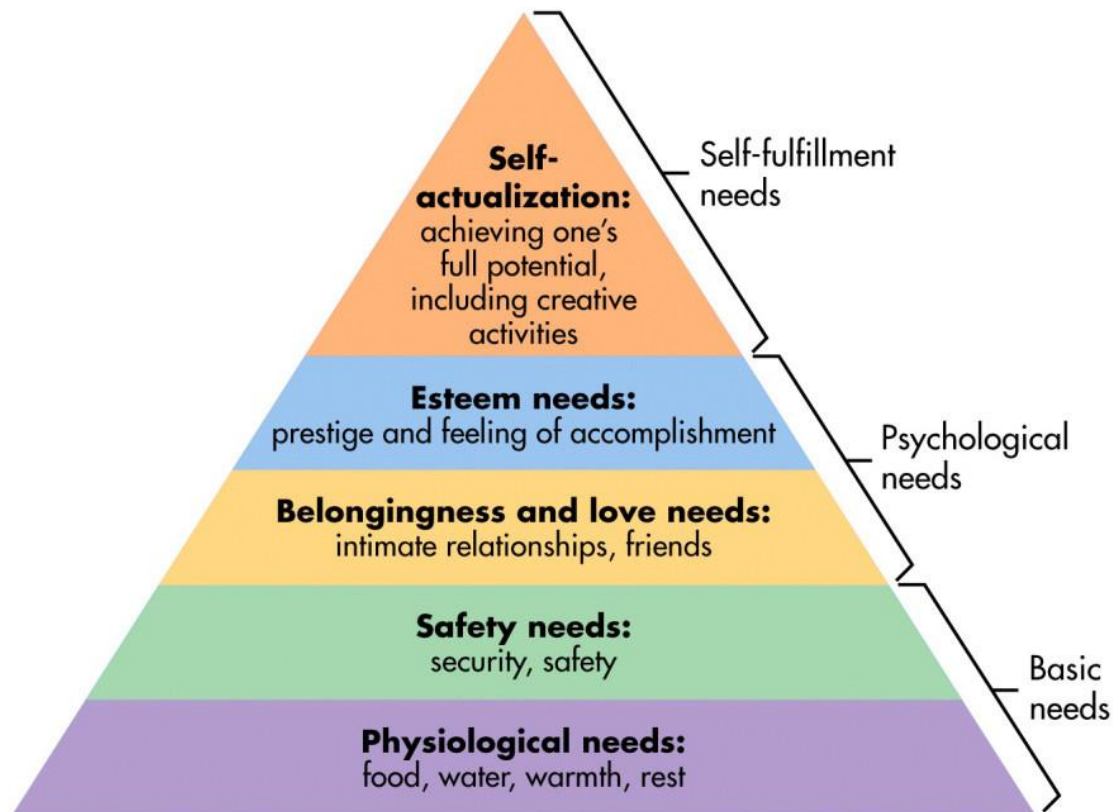


Figure 5. Maslow's Hierarchy of Needs (Mcleod 2018)

With the basic understanding of the pyramid many first world countries have majority of individuals securing many parts of the lower parts of the pyramid. It can be inferred that self-actualization and esteem needs are the only ones left for individuals to seek out for themselves. Many individuals today have a form of identity in relation to their country. A part of themselves and their identity is the said country they are from. The following section will explain how Nationalism forms identity within individuals.

51.1 How identity through Nationalism is used

Self-actualization can come from numerous sources but one of these sources can be tied to Nationalism. A theory is that nationalism is a fabrication that stems from recognition.(Finkel, 2016) In the same supporting theory it is believed that Nationalism is important for a nation to industrialize and move to a more modern state.(Finkel, 2016) For people to industrialize it is believed the state must be merged with culture for individuals to have a unification. (Finkel, 2016)

Thongchai Winichakul did a study of nationalism and its ties to personal identity through his theory of the "geo-body".(Winichakul, 1994) In his study he found he went to the country of Thailand and its Nationalistic problems being referred to as Siam. The geo-body is the developing of a nations identity through its soil or territory. ".(Winichakul, 2009) In this study people in Thailand were in conflict over the national identity using maps of Siam which was once the name of Thailand and Thailand itself. Siam lost lots of land to the French in the Franco-Siam War in 1893. (Winichakul, 1994)

Figure 6 below is but one example showing methods to build national identity upon its people. This picture example has Vietnam, Cambodia, and Laos forming the aggressive looking soldier. (Winichakul, 1994) This form of Nationalism created and targeted who the enemies of Thailand are. A map of the original Siam was used to build Nationhood to give rise to Nationalism. (Winichakul, 1994) The original map of Siam was used constantly for political parties, business firms, and organizations to show where their loyalties of a country stand. (Winichakul, 1994) These conflicts which dated back in 1863 continued strong into modern times today with the territory lost being constantly dividing and changing throughout history. Strong National pride was built in Thailand with its rich history of a strong independent Siam.

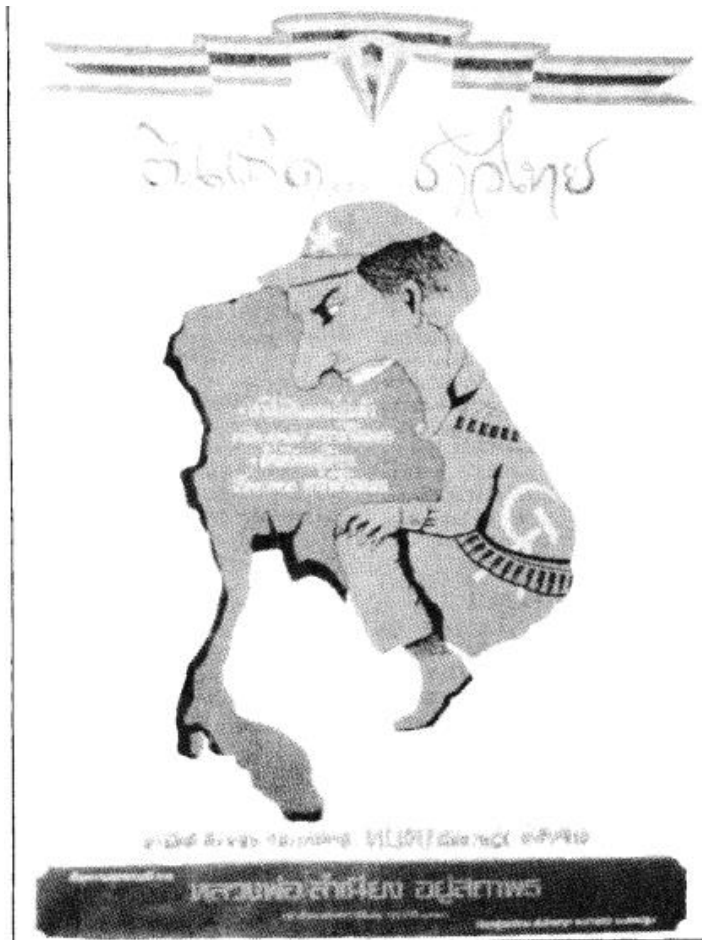


Figure 6 "Wake Up, Thai People"(Winichakul, 1994)

Nationalism formed an identity upon its people and created clear enemies of the state to repel invaders and who is considered a foreigner. The people used the very land itself and created its own borders to identify who they truly are and where they stand. The power Nationalism has to create self-actualization as who you are as a person is strongly relevant.

16 Why Nationalism is important to people

While it can be argued that Nationalism has many problems it has a few benefits to individuals to help form a self-actualization with people. Nenad Miscevic a professor of philosophy at Maribor University and former president of

the European Society for Analytic Philosophy has found arguments in the need for Nationalism in society for many individuals.

One theory is the argument of Intrinsic Value. People are able to form relationships and community due to shared culture. Language and customs are seen to be cherished, preserved, and protected from outside threats. For without this unity through culture making friends through outside strangers is much harder and difficult to maintain. (Miscevic 2014)

The next theory is the argument from flourishing. Within this theory it is thought that for a nation to succeed its citizens must truly love their country. It is believed that values can come from communities as mentioned in the first theory. However quick mention is brought how this forms aggressiveness towards neighbors. (Miscevic 2014)

Most importantly one of the theories is the argument from identity. This argument comes that self-identity comes from a person's participation in communal life. Miscevic makes reference to Nielsen's quote on how identity comes from Nationalism. (Miscevic 2014)

We are, to put it crudely, lost if we cannot identify ourselves with some part of an objective social reality: a nation, though not necessarily a state, with its distinctive traditions. What we find in people — and as deeply embedded as the need to develop their talents — is the need not only to be able to say what they can do but to say who they are. This is found, not created, and is found in the identification with others in a shared culture based on nationality or race or religion or some slice or amalgam thereof.... Under modern conditions, this securing and nourishing of a national consciousness can only be achieved with a nation-state that corresponds to that national consciousness (Nielsen 1998)

The argument states that for people to find identity they must look within communities founded on traditions and nationality. In this argument people's

motivations to succeed are tied to a mixed culture of individuals. Without these shared values and communities it can be argued that countries, states, or cultures will be lost. A state's very existence is entirely dependent on individuals' continued support of these communities based on traditions.

17 Growing Nationalism among people

Europe in recent years, or the world as a whole, has been seeing increased amounts of Nationalism instead of support for Democracy. The recent election of Donald Trump and the Brexit decision has gauged a spotlight of citizens wanting a return to their older original roots and beliefs. Bart Bonikowski, a Harvard professor originally quoted, "Populism is a way of making political claims that oppose ostensibly 'corrupt elites' with 'the virtuous people'" (Pazzanese, 2017). Many countries have different political parties that either lean more right or left such as Democrats or Republicans in the United States of America.

A popular view point is who these parties believe are the elites in society dictating everyone's actions. The left normally labels big business as the elites and the right believes the state is the elite in society. (Pazzanese, 2017) Currently populism is attached to Nationalism based on the European Union's long ongoing disregard of countries different political policies, social traditions and values all for the sake of solidarity.(Bandow, 2017) There is an outcry from citizens leaning towards centrifugal nationalist-populist that can lean on a number of political sides but with a key focus on the people. (Belin, 2018) These citizens feel they have been washed away to the modern times of change. Simply understood the average citizen feels the state has had too much control and more control should go back to the people.

French President Emmanuel Macron addressed the European Parliament in his fears of the growing Nationalism in Europe and its possible lead to a European Civil war. (Erlanger 2018) His speech was in response to Hungary's right wing Prime minister Viktor Orban having a one sided victory and Italy's shaky stalemate election leading to their government gridlock in the March 2018 elections. Macron wanted to stress the importance of democracy and to throw away these strong wants of Nationalism and illiberalism. He claims these same ideals led to World War 2 which divided and destroyed Europe. He hopes for a stronger EU in the future but with the constant wave of change in the political climate there is more and more evidence leading to a broken EU in the future. His response was also aimed at France's own citizens who showed record lows of voters during the parliamentary election. He believes the reason could be because of many citizens not believing in democracy or thinking it works for its people.

18 Signs of Protectionism in Italy

In relation to Italy the Five Star Party dubbed the Anti EU party has a strong 32.31% turnout while the Leagued Party dubbed as the far right Party had a 37% of votes.(Kettley 2018) Clearly the people of Italy were not happy about the Democratic left party that was currently in control of the time which became the 3rd most popular party in control in Italy. Figure 7 shown below shows the dominating parties in the Italy's elections on March 2018. Lega, Forza Italia, Fratelli D'Italia Con Giorgia Meloni, and Noi Con L'Italia- UDC is the centre right bloc party mentioned earlier and the Movimento 5 Stelle is the 5 Star Party mentioned.

Italia (esclusa VALLE D'AOSTA)

RISULTATI | ELENCHI

Sezioni: 56.993 / 61.401 | N. collegi unin. chiusi: 102 / 231

Gruppi uninominali e liste	Voti	%
CANDIDATI UNINOMINALI	11.204.153	37,00
 LEGA	5.263.069	17,75
 FORZA ITALIA	4.127.782	13,92
 FRATELLI D'ITALIA CON GIORGIA MELONI	1.291.448	4,35
 NOI CON L'ITALIA - UDC	387.539	1,30
CANDIDATI UNINOMINALI	9.783.624	32,31
 MOVIMENTO 5 STELLE	9.532.455	32,16

Elettori: 46.505.499 | Dato aggiornato al 05/03/2018 - 10:43

Figure 7. Italy elections March 2018 . (Kettley, 2018)

The 5 star party is a populist party that wishes to be anti-establishment and tries to be clear on all the issues it has in Italy to the people. (Schultheis 2018)

The party is very popular with younger generations that are not happy with how the Italian government is handling unemployment problems or horrible opportunities for its youth. In the same light as the Donald Trump elections feeling that the government is corrupt the Five Star Party has a similar view.

The Lega Nord Party or the right centralist party has also been largely anti EU and heavily against immigration in recent years. Matteo Salvini the leader or Federal Secretary of the Party has openly said the Euro was the mistake and Europe needs to be built around its people instead of bureaucracy. (Ellyatt 2018)

With the majority of Italy favoring these two parties there is a clear disconnect with the EU and its decisions it has done in regards to Italy. People seem to want a more independent nation rather than being bound together in a collective as the EU. Recently the OECD economic survey done in 2017 showed how happy people in Italy are about living in their country. In general life

satisfaction, environment, education, and jobs ranked rather low compared to many other EU countries in Figure 8. (OECD. 2018)



Figure 8. OECD economic survey for Italy 2017 (OECD 2018)

This information received might have predicted the outcome on the elections that happened on the following year. The rise of the 5 Star Party has a direct correlation to how unsatisfied Italian citizens are as far as jobs, employment, and education are. People will vote differently if the current government is not functioning as intended. If the Democratic Party listened to the people's issues, this election turnout might have been quite different.

Similar issues seem to be sprouting all over Europe and the United States where right sided politician's and parties seem to be able to communicate better with the populace of its citizens to answer their follies and problems. Communication to voters on your goals and what you strive to accomplish appears to be key to securing more votes in an election.

19 United States to Italy Comparison

The United States held an election in 2016 which had Democratic Party Hillary Clinton against Republican Donald Trump. The result of the election was an electoral college vote with Trump at 306 votes and Hillary Clinton with 232 votes. (CNN 2016) It can be argued why Hillary Clinton was not able to win the presidential election against Donald Trump was her lack of a message and what she wanted to accomplish in her presidency. Donald Trump had a clear message to many working class individuals on his stance on bringing production and jobs back to the United States. (Morgan 2018) Hillary Clinton in comparison failed to deliver a clear message to the populace of America of what she wants changed or improved. Italy's prayers appeared answered based on the propositions brought forth on both parties ideals and stances in politics. As stated earlier Nationalism appears to be on the rise and majority of its citizens appear to feel their countries values are being lost due to leftist political changes. As stated by French President Emmanuel Macron who is highly in favor of democracy fears for the future of democracy and the European Union if citizens continue to feel this way about their national governments.

20 Conclusion

The European Union while having great benefits to its country's is constantly conflicting with several ideals and values. There might come a time where a country truly values its nationalism and ideals over closer relationships. Based on the gathered data and how slow certain agreements can take place many Europeans might consider similar actions like Brexit could benefit their country over the continued partnership. So far the research has shown the European Union has displayed numerous problems in relating to trade with China. These

problems will be easier and much more manageable if a state had full control over its own trade policies rather than to rely on a union.

The European Union has problems on its legitimacy and who it truly serves and benefits in the end. Research dictated that the European Union was created to promote growth after the clear fall of communism in the 1980's. The goal was for Europe to unify to compete with countries such as the United States. Also the liberal nature of the European Union seems to largely benefit big business with small businesses not being able to compete. The world debatably is much different now with developing countries such as China posing a risk to western society. It can be argued countries need better trade policies to combat the threats that the European Union is not able to fight against correctly for every member state.

Too many values and ideals differ from country to country where these trade agreements simply do not suffice to meet everyone's needs. A countries history and culture are important to its people to give citizens a form of identity to themselves. If people are in a trade union that does not support the countries ideals problems will emerge from its citizens. Countries such as Great Britain and Italy have shown increased rise in Nationalistic values that want less foreigners and a European Union that cares more for its citizens than a bureaucracy.

Countries have different forms of capitalism which contradict and clash with each other. Specifically it seemed based on research the United Kingdom has many ideals that go with conflict with the European Union. France and Germany have capitalisms that are more aligned with their culture and thus why it is easier for their countries to support the European Union.

A larger question is if these personal differences in cultures and values truly outweigh the power of the connected Europe as a whole? Based on the

continued growing and barely challenged power of China, the European Union might have potentially damaged itself on not allowing partnerships with the United States on agreements like TTIP. But due to the conflicting values that continued to wage on for years, no agreement was ever met on such a partnership. TTIP as mentioned earlier is largely supported by many member states of the European Union. However several countries in the European Union such as France and Germany strictly don't want the deal to pass. The deal however will give access to cheaper products, services and a wider selection to citizens which will increase spending and a better welfare state.

While Europe has continued peace in the region, only a war of conflicting values and ideals have replaced it. Without heavy revision and changes to the European Union, more and more countries will continue to look at its values over the continued partnership of the country. Dangerous signs of increased Nationalism have sprouted up throughout Europe giving unease to many individuals who support the European Union and what it wishes to deliver. This increased Nationalism can clearly create borders and enemies through personal identity lying within the state itself. Many individuals with increased nationalistic ideals will support an individual state rather than being part of a European Union.

Another huge decider on countries doing further protectionism, rest on the success of the United Kingdom after Brexit. The United Kingdom at the moment is having the entirety of Europe waiting on baited breath to see what will happen to it in the future. If Brexit proves to be a success or failure other countries will reflect on the course of action the United Kingdom has done and plan accordingly based on the results. A possible theory is that Brexit, if it is a success, will have a chain reaction with other European countries. One very likely outcome after Brexxit is the United Kingdom accepting the TTIP agreement with the United States. As mentioned earlier the agreement will promote higher spending and a better welfare state for its citizens based on the

cheaper services and products. As a conclusion the European Union in the near future will develop protectionist policies for Nationalistic reasons that the European Union clearly limits. People will seek to protect their country and the countries wellbeing over the better of a unified state as the European Union. The member states of the European Union will also adapt and change reflecting the countries ideals and cultural necessities. If Brexxit proves to gain benefits to the United Kingdom while the country remains apart from the Union it is only expected other countries looking for their national identity over this standardization of the European Union will do a similar change.

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