

Exporting Uncertainty: The Impact of Brexit on Corporate America

Lilla Szini

Department of Economics, College of Liberal Arts and Science, University of Illinois at Urbana-Champaign

INTRODUCTION

Brexit is the decision that the European Union is currently facing that refers to the United Kingdom deciding to leave the European Union. The referendum occurred on June 23, 2016. The backlash to this decision resulted in the pound to be at its lowest rate relative to the US dollar in decades. England heavily swayed the results for the referendum, since they compose a majority of the UK. Although, not all of the UK favored this decision to leave, England's say in the matter still overcame these views. The UK officially began to leave the European Union on March 29, 2017, although a compromise with the European Union can still be made within two years of departing. On, December 8, 2017, an agreement with the separation of the UK and the EU was finalized and was composed of Britain agreeing to pay an exit bill of up to 39 billion euros to the EU in order to peacefully leave without creating tension at the borders.

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The main goal in this project is to analyze the work patterns and levels of education from every county in the U.S. from 2010 to 2017 to observe the impact of Brexit in corporate America. It can be seen that although Brexit was linked with the European Union, it still has a large impact on the U.S. as well through various sectors. The lowering of the pound in respect to the dollar caused the U.S. to drastically increase investments into the UK. However, even before Brexit, the U.S. was closely tied to the UK since the U.S. provides one of the largest job markets for the UK. This close-knit connection with the UK and the U.S. work force leads the UK to be intertwined with corporate America. The UK is then a major influence of large American corporations and has been seen as a bridge that the U.S. can make to European Union market. However, although the U.S. having a strong relative currency can be beneficial in international investments, this can lead to a negative impact for corporate America on U.S. soil. Sectors that rely on trade provide a majority of the jobs in the U.S. and having a strong currency can impact the success of exporting goods. The aim in this progress is to understand what factors changed in the U.S. during Brexit.

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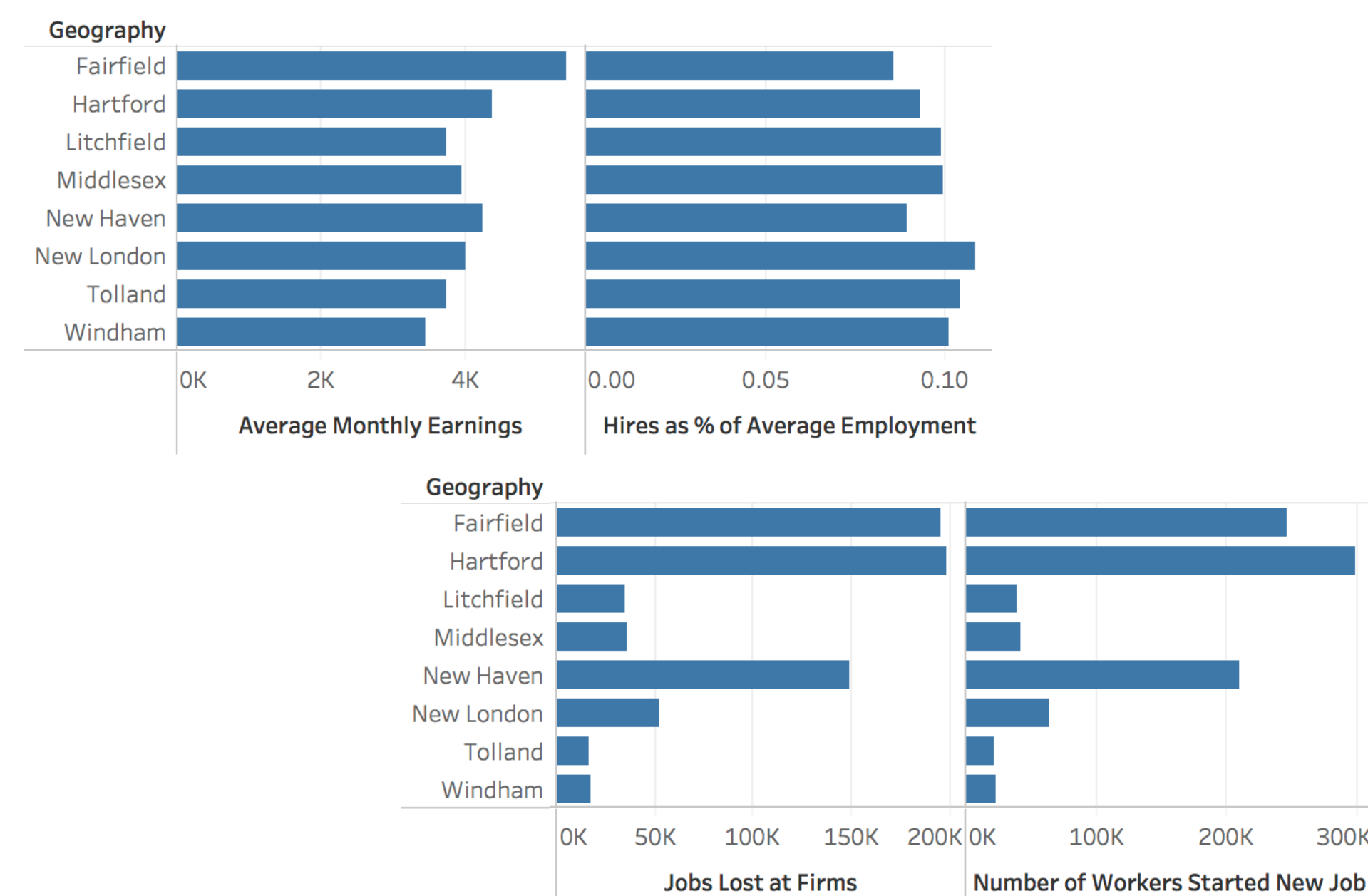
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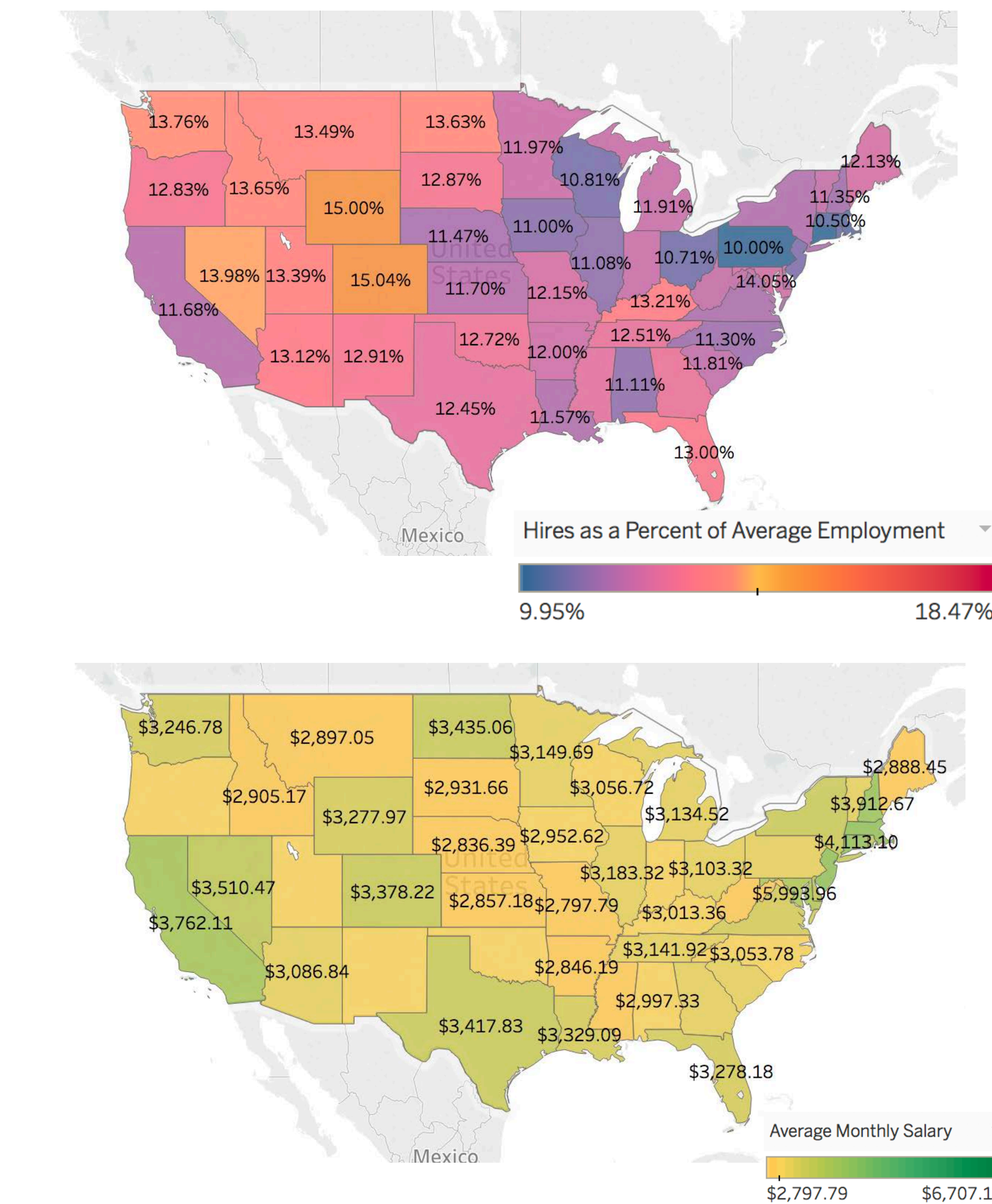
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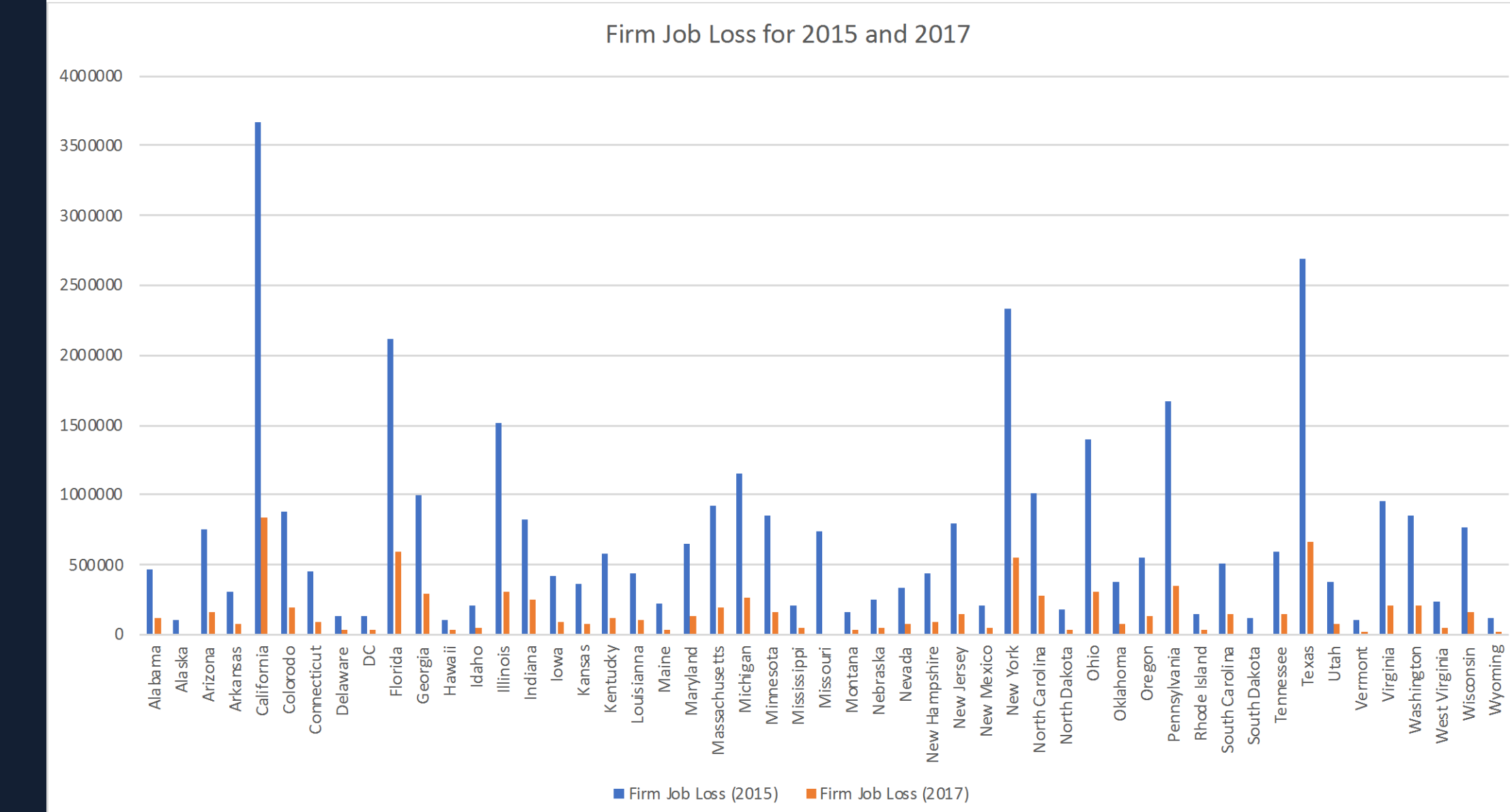


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 - Protecting UK sovereignty, immigration, European Debt Crisis
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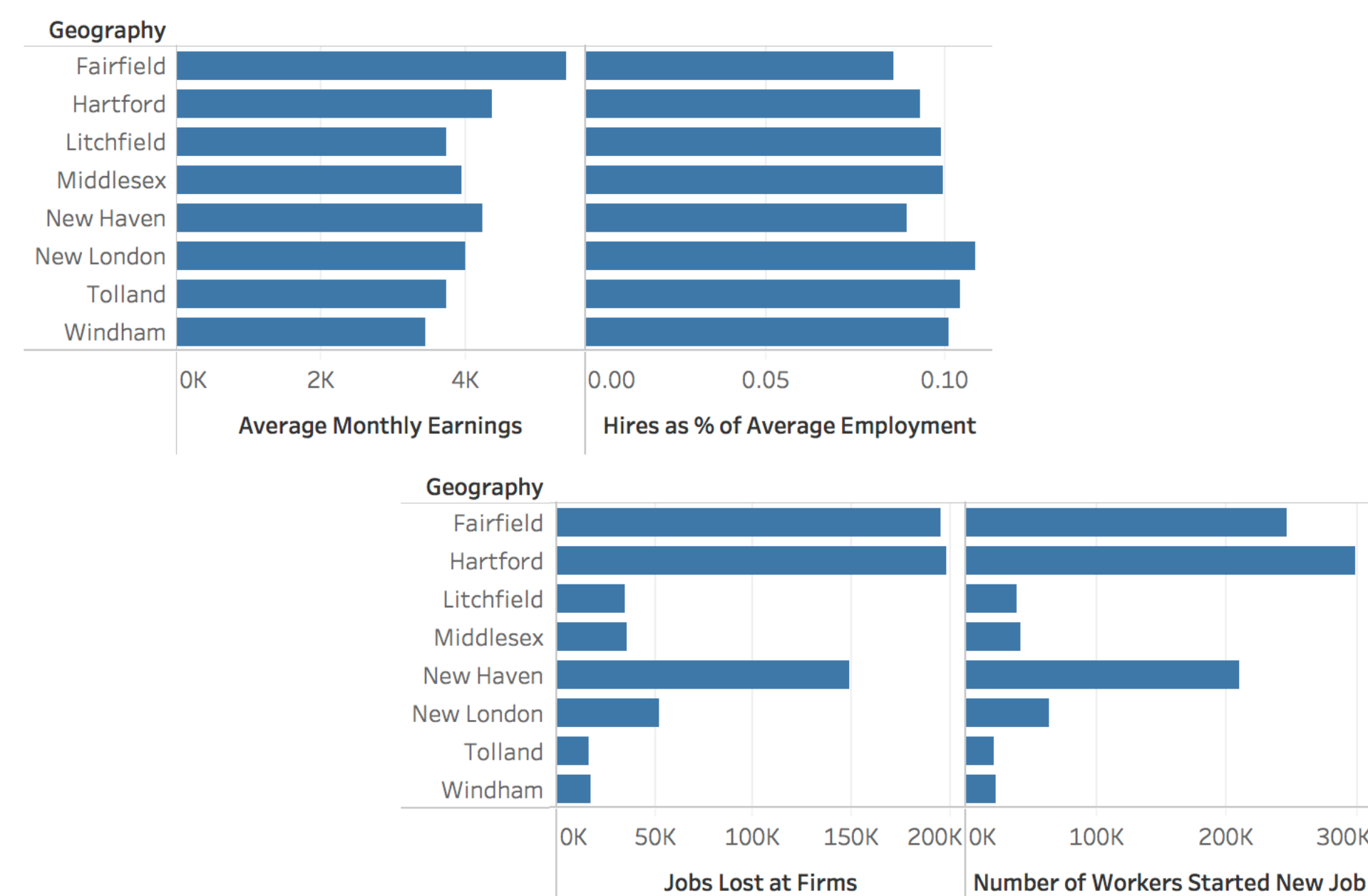
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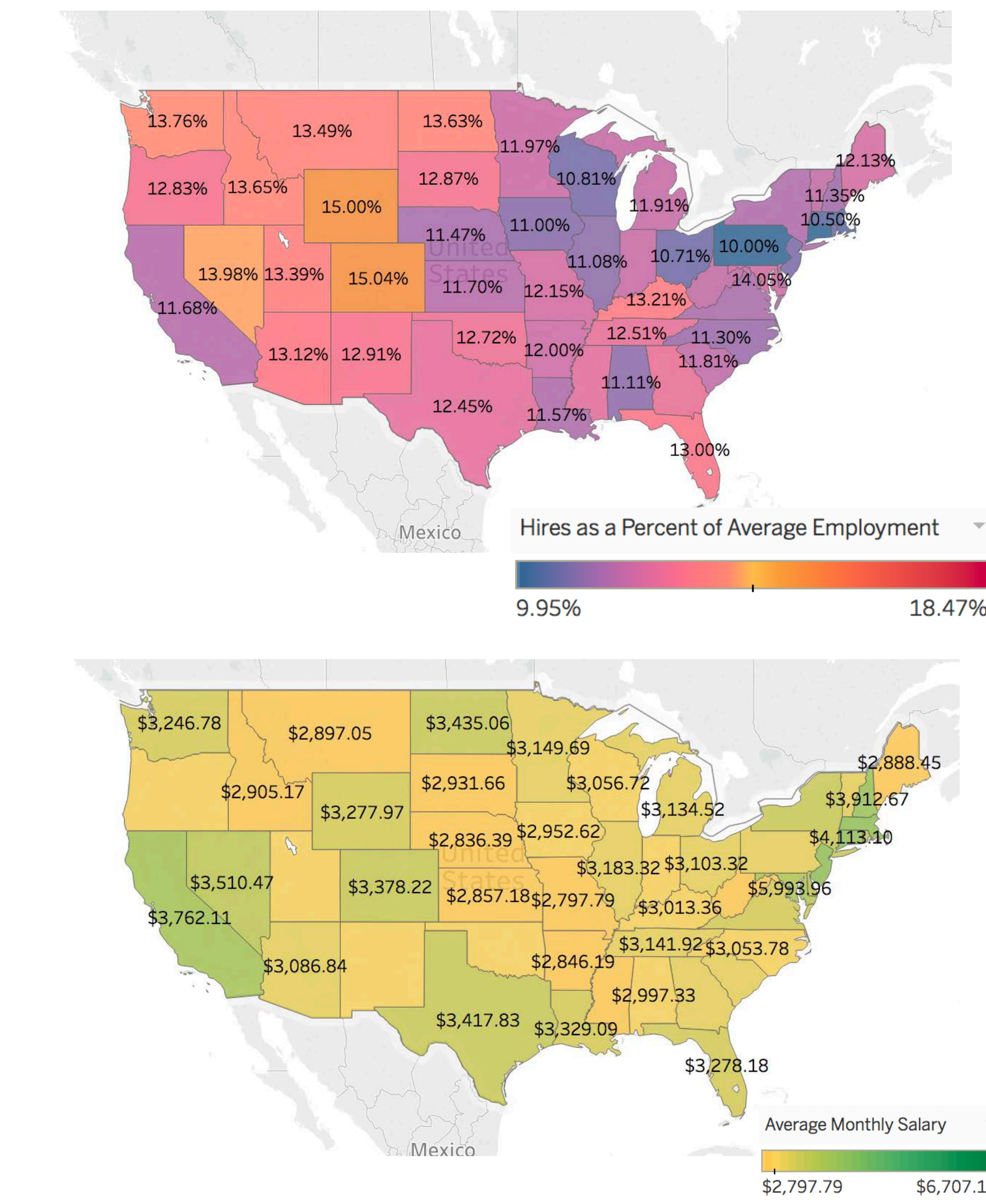
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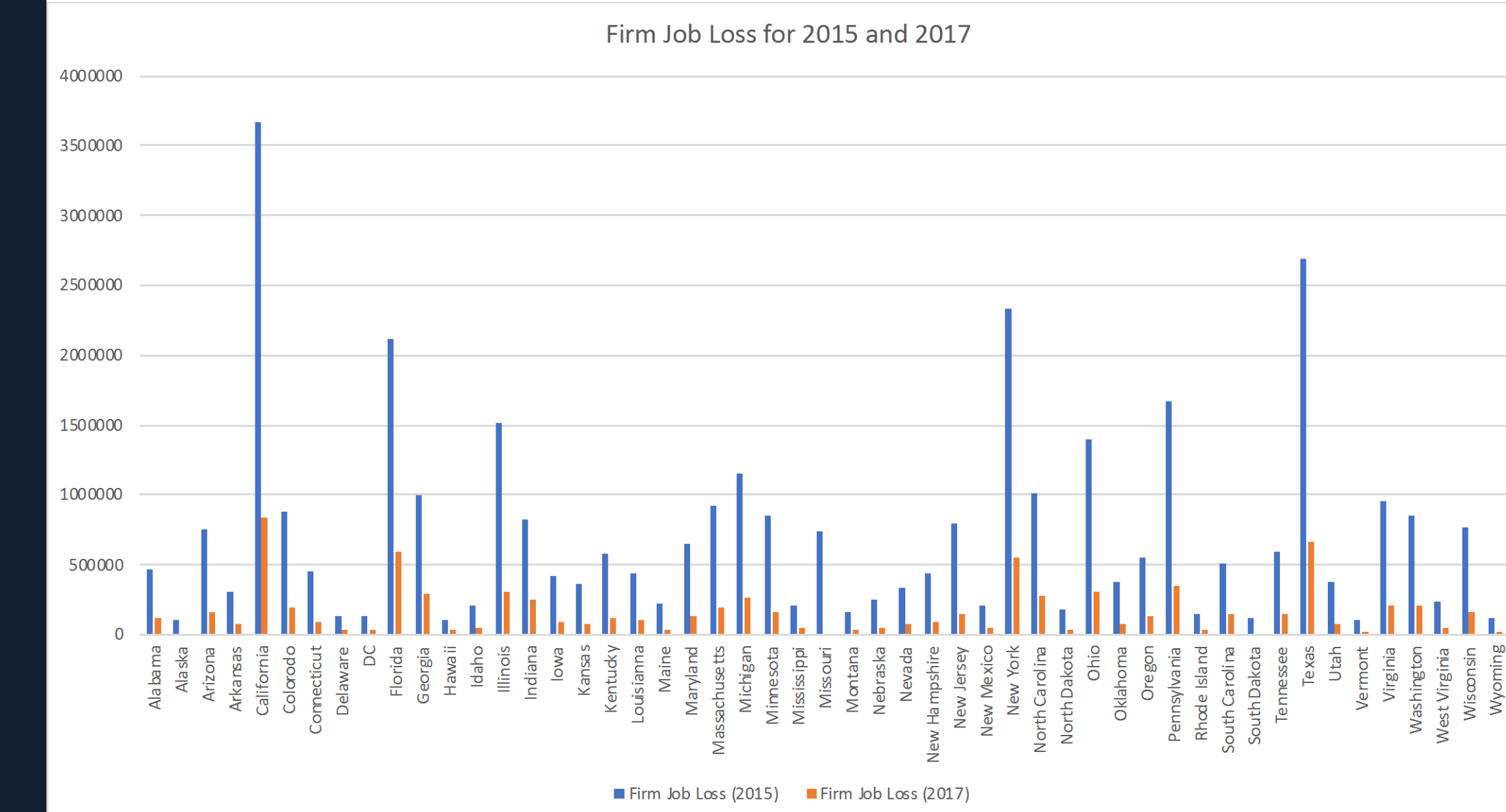


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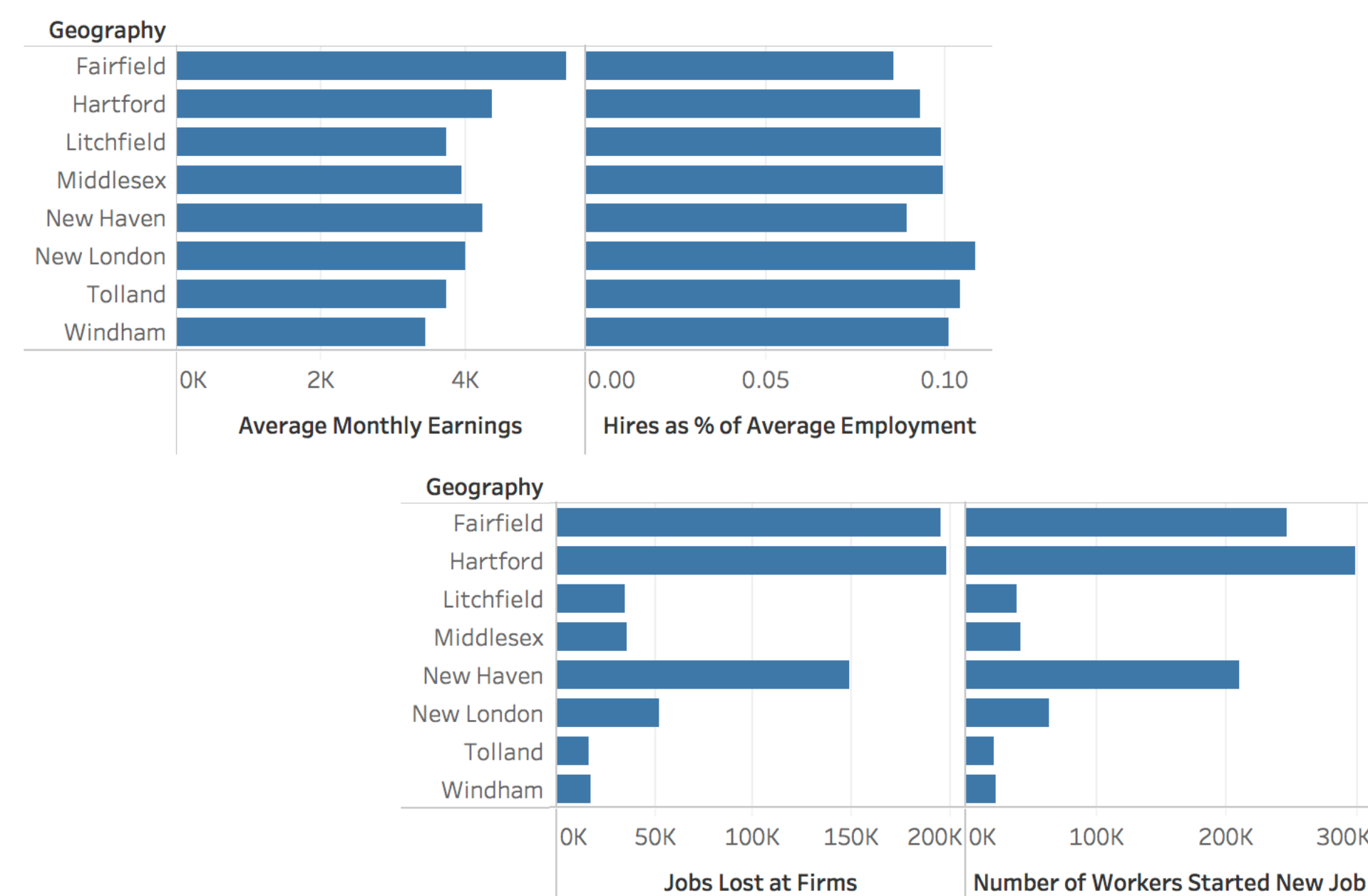
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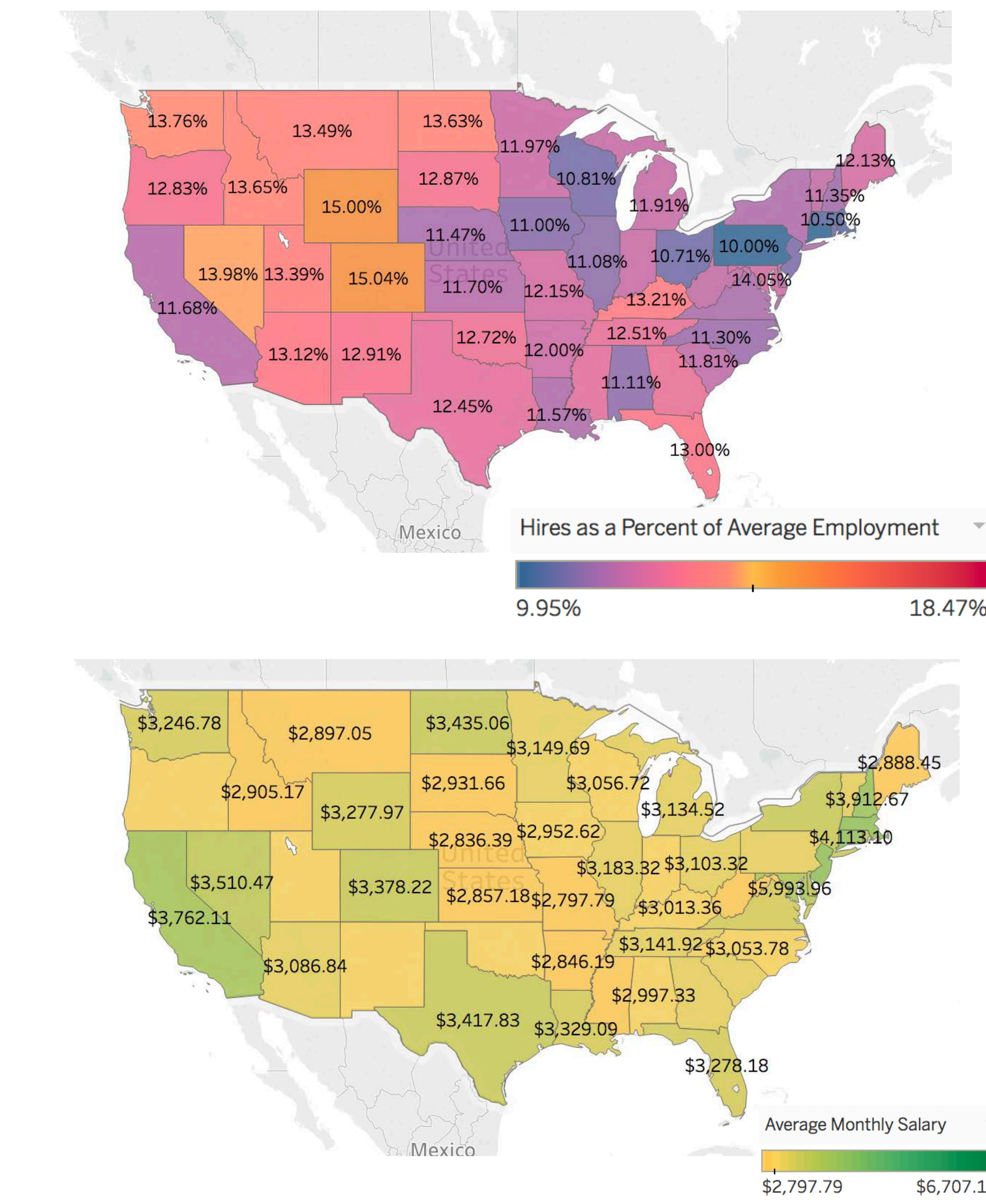
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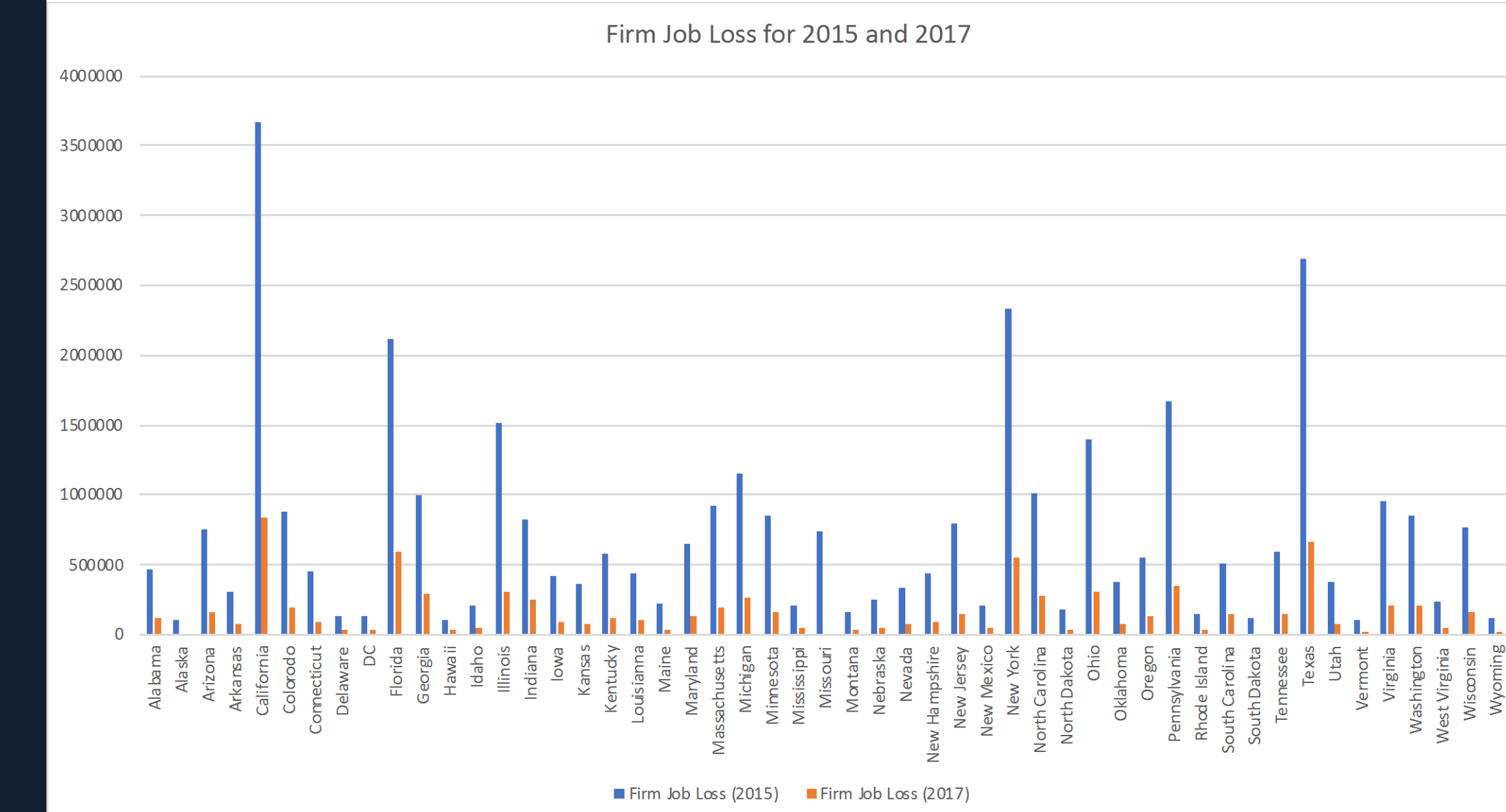


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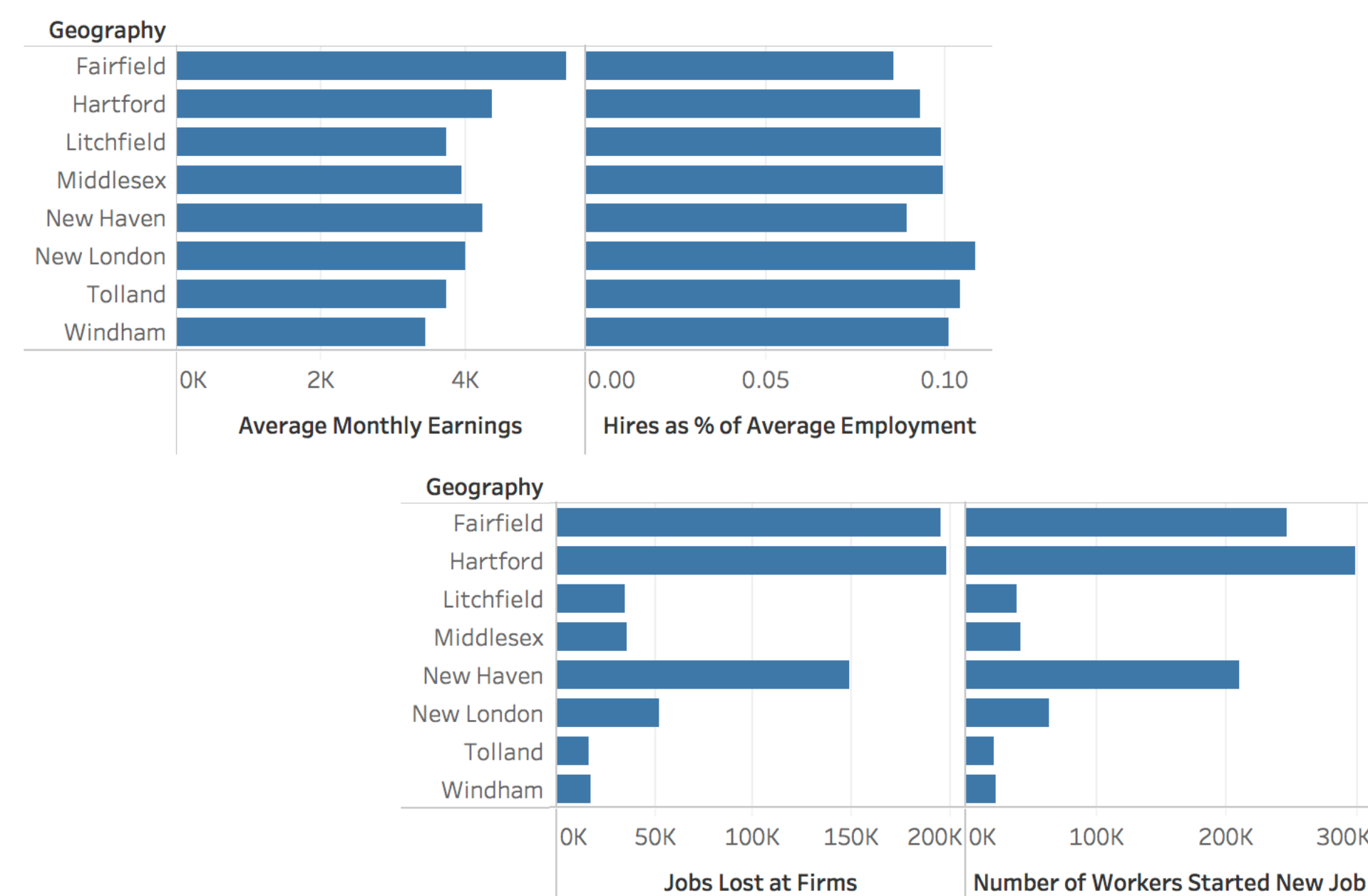
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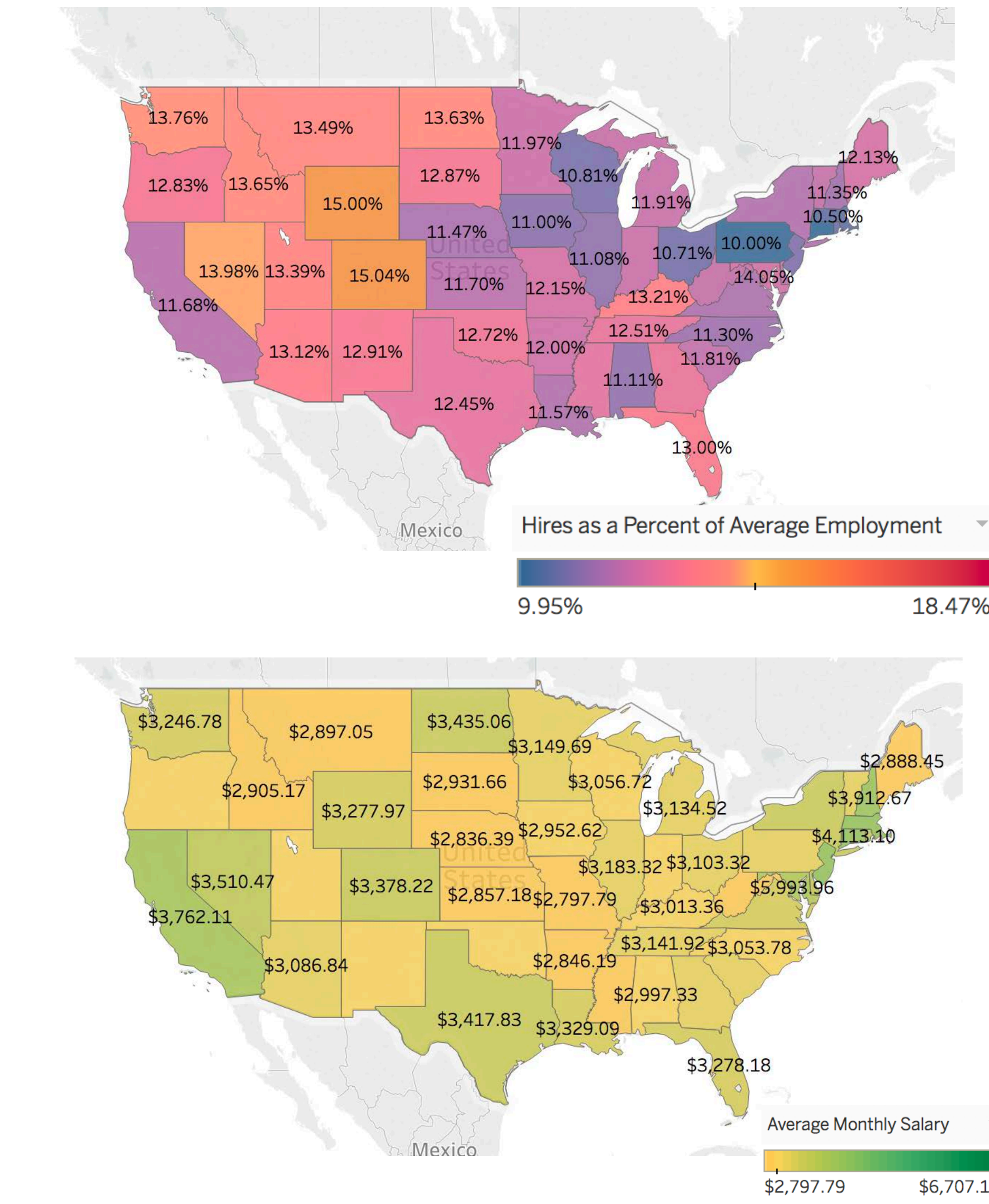
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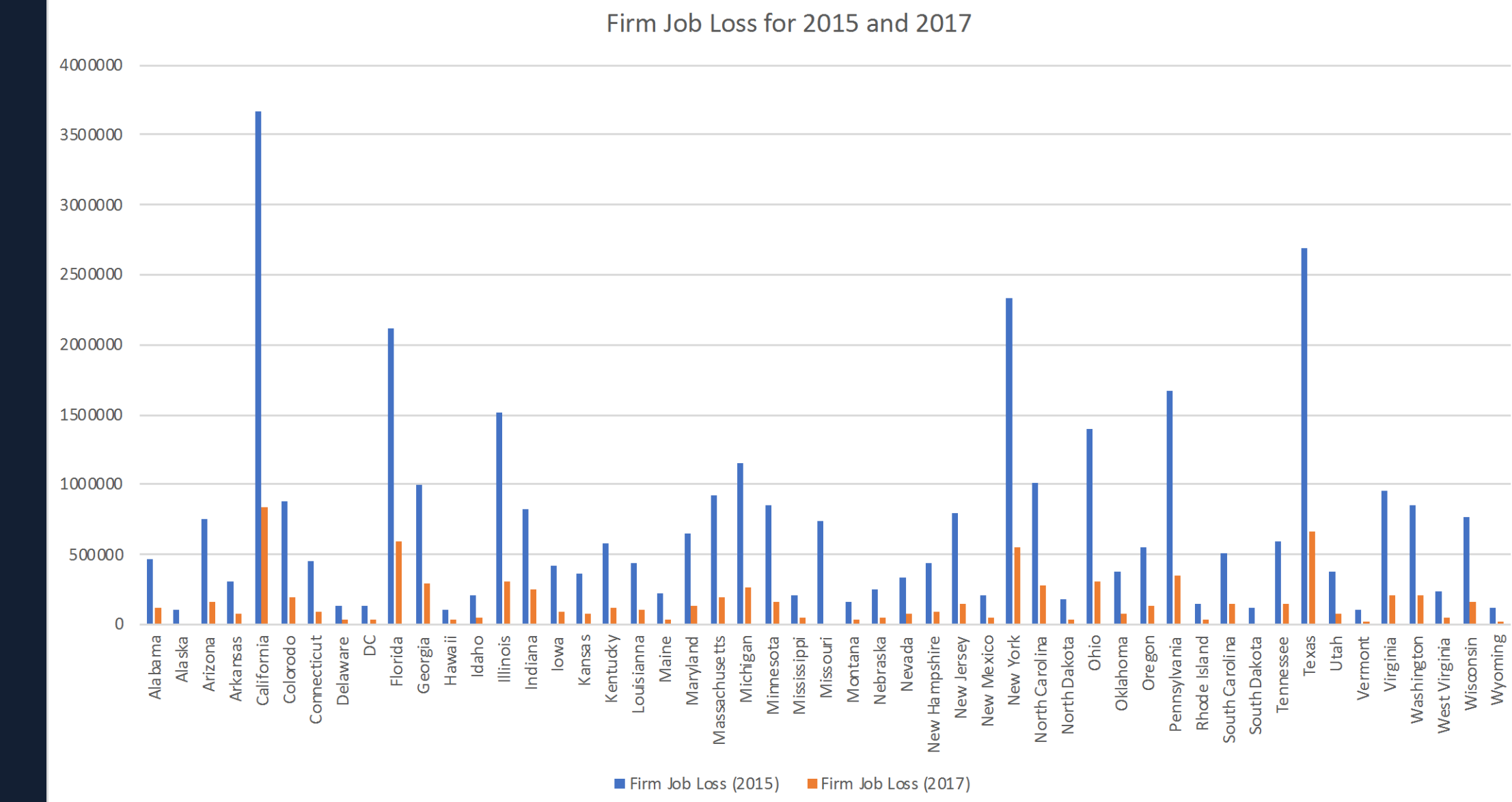


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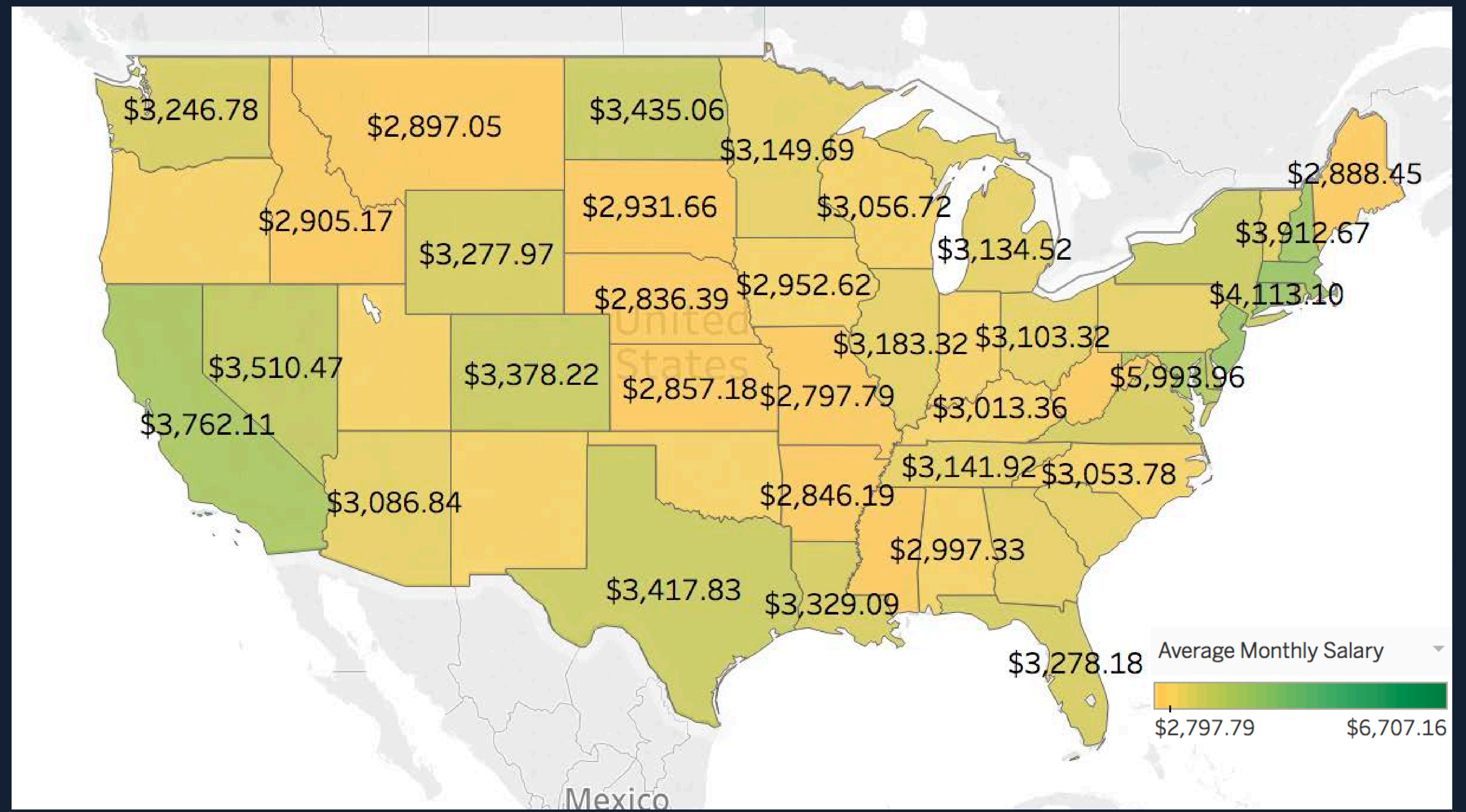
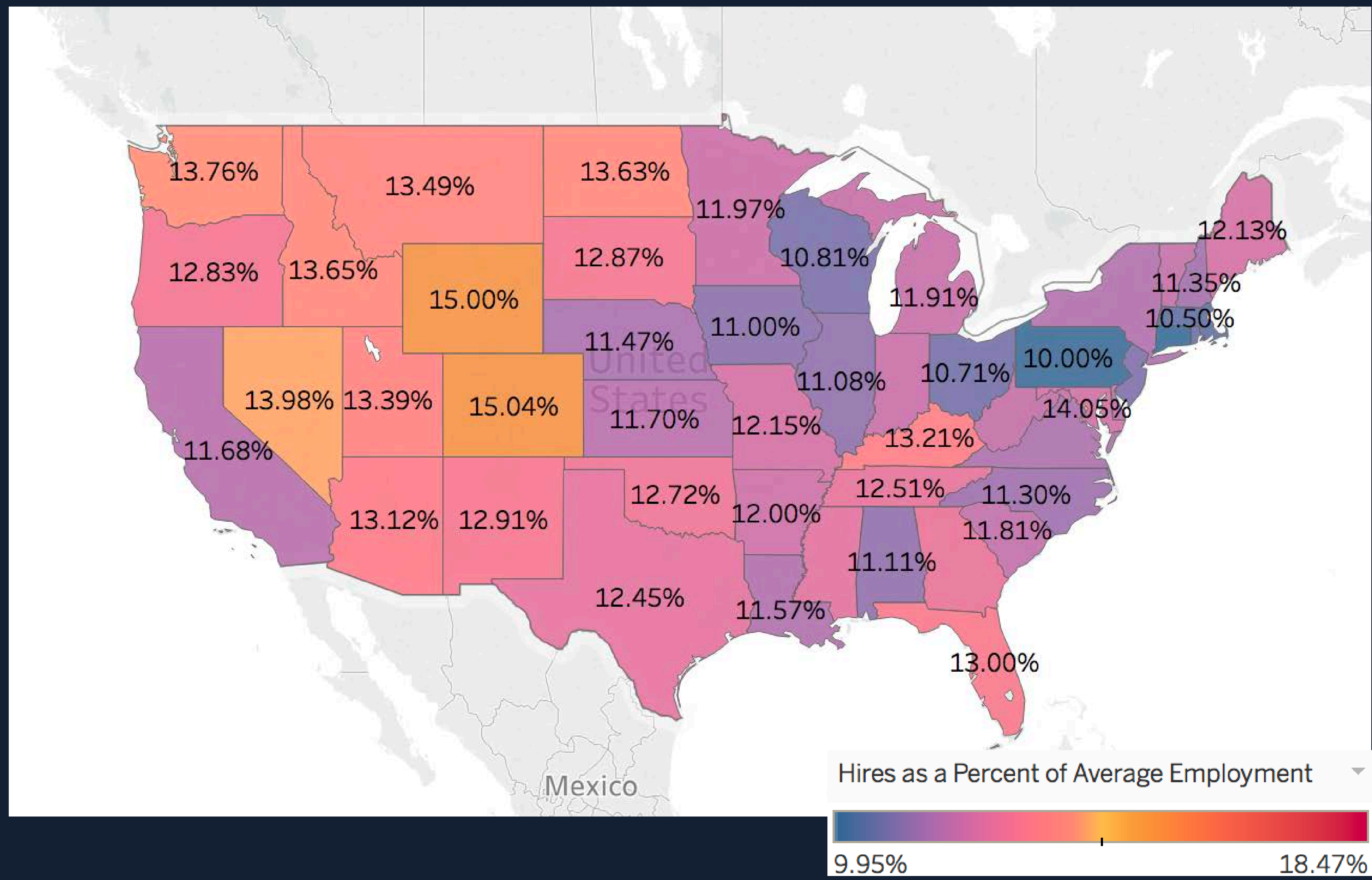
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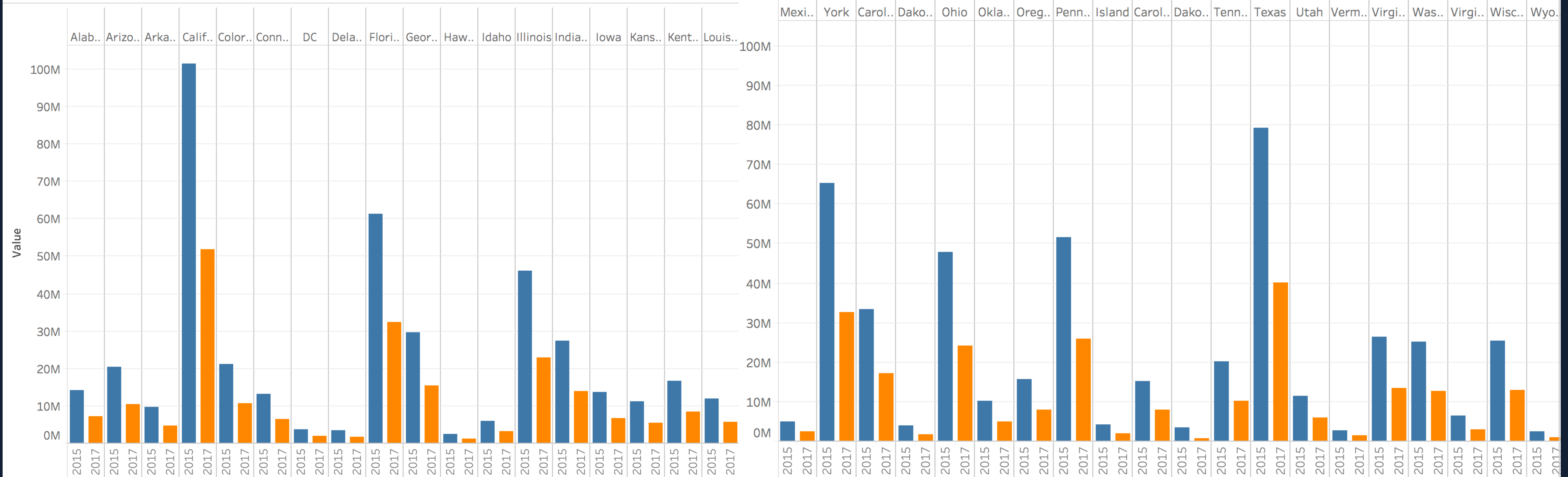
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Results

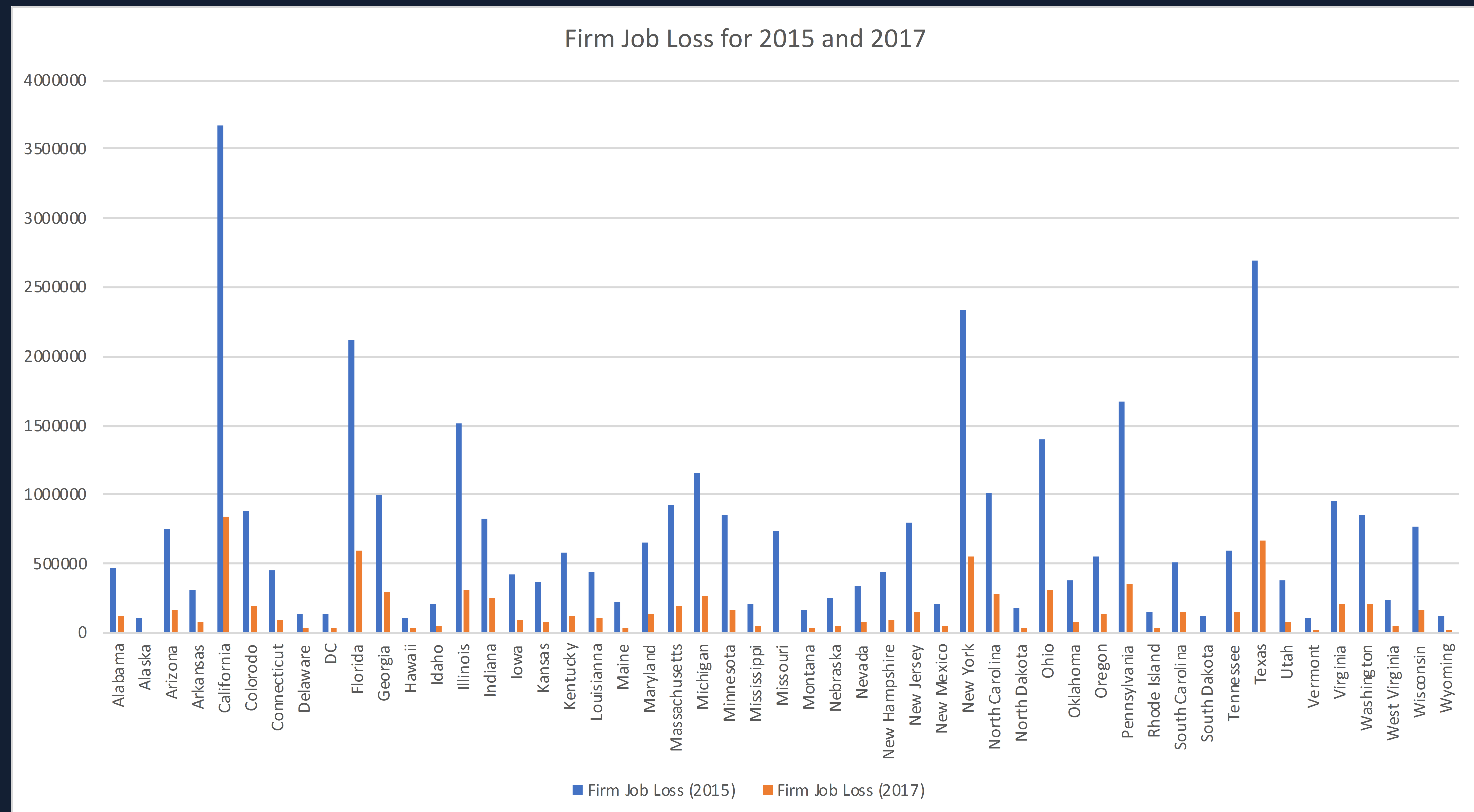


Total Employment for All States in 2015 and 2017



Conclusion

During the period of Brexit, around 2017, the U.S. faced many changes on different metrics such as average earnings, employment, and percentage of new jobs created



Exporting Uncertainty: The Impact of Brexit on Corporate America

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INTRODUCTION

Brexit is the decision that the European Union is currently facing that refers to the United Kingdom deciding to leave the European Union. The referendum occurred on June 23, 2016. The backlash to this decision resulted in the pound to be at its lowest rate relative to the US dollar in decades. England heavily swayed the results for the referendum, since they compose a majority of the UK. Although, not all of the UK favored this decision to leave, England's say in the matter still overcame these views. The UK officially began to leave the European Union on March 29, 2017, although a compromise with the European Union can still be made within two years of departing. On, December 8, 2017, an agreement with the separation of the UK and the EU was finalized and was composed of Britain agreeing to pay an exit bill of up to 39 billion euros to the EU in order to peacefully leave without creating tension at the borders.

There were several reasons in favor of leaving and in favor of Brexit. Many in favor of leaving were opposed of the EU offending the UK's sovereignty, for example, swaying for the use of euros instead of pounds as their monetary currency in the UK. Also, issues facing the European debt crisis and Brussels' bureaucracy effects on the economy in the UK supported the argument of those in favor of leaving the EU as well.

Although Brexit resulted in a weak currency for the UK, this aids the success of exporters and affects the global market with all countries that are closely tied. Increased international investments will lead to profits, which is especially being seen from the U.S. perspective.

AIM

The main goal in this project is to analyze the work patterns and levels of education from every county in the U.S. from 2010 to 2017 to observe the impact of Brexit in corporate America. It can be seen that although Brexit was linked with the European Union, it still has a large impact on the U.S. as well through various sectors.

The lowering of the pound in respect to the dollar caused the U.S. to drastically increase investments into the UK. However, even before Brexit, the U.S. was closely tied to the UK since the U.S. provides one of the largest job markets for the UK. This close-knit connection with the UK and the U.S. work force leads the UK to be intertwined with corporate America. The UK is then a major influence of large American corporations and has been seen as a bridge that the U.S. can make to European Union market.

However, although the U.S. having a strong relative currency can be beneficial in international investments, this can lead to a negative impact for corporate America on U.S. soil. Sectors that rely on trade provide a majority of the jobs in the U.S. and having a strong currency can impact the success of exporting goods.

The aim in this progress is to understand what factors changed in the U.S. during Brexit.

METHOD

Researching Brexit and its role on the U.S. played a major part of this project in order to fully understand the impact that this decision on corporate America. Looking at several sources aided in gathering this information as well as making sure that the sources were coming from both U.S. and UK sources to attempt at eliminating potential bias.

The data used in this project were data that reflected the behavior of the American workforce and corporations between 2010 and 2017 based on several useful metrics such as, total employment in firms, number of workers hired, percent of employment, earnings, firm profits and losses, and several other factors.

Data for this project was used by gathering it from the Census and using the LED Extraction Tool with Quarterly Workforce Indicators listed below:

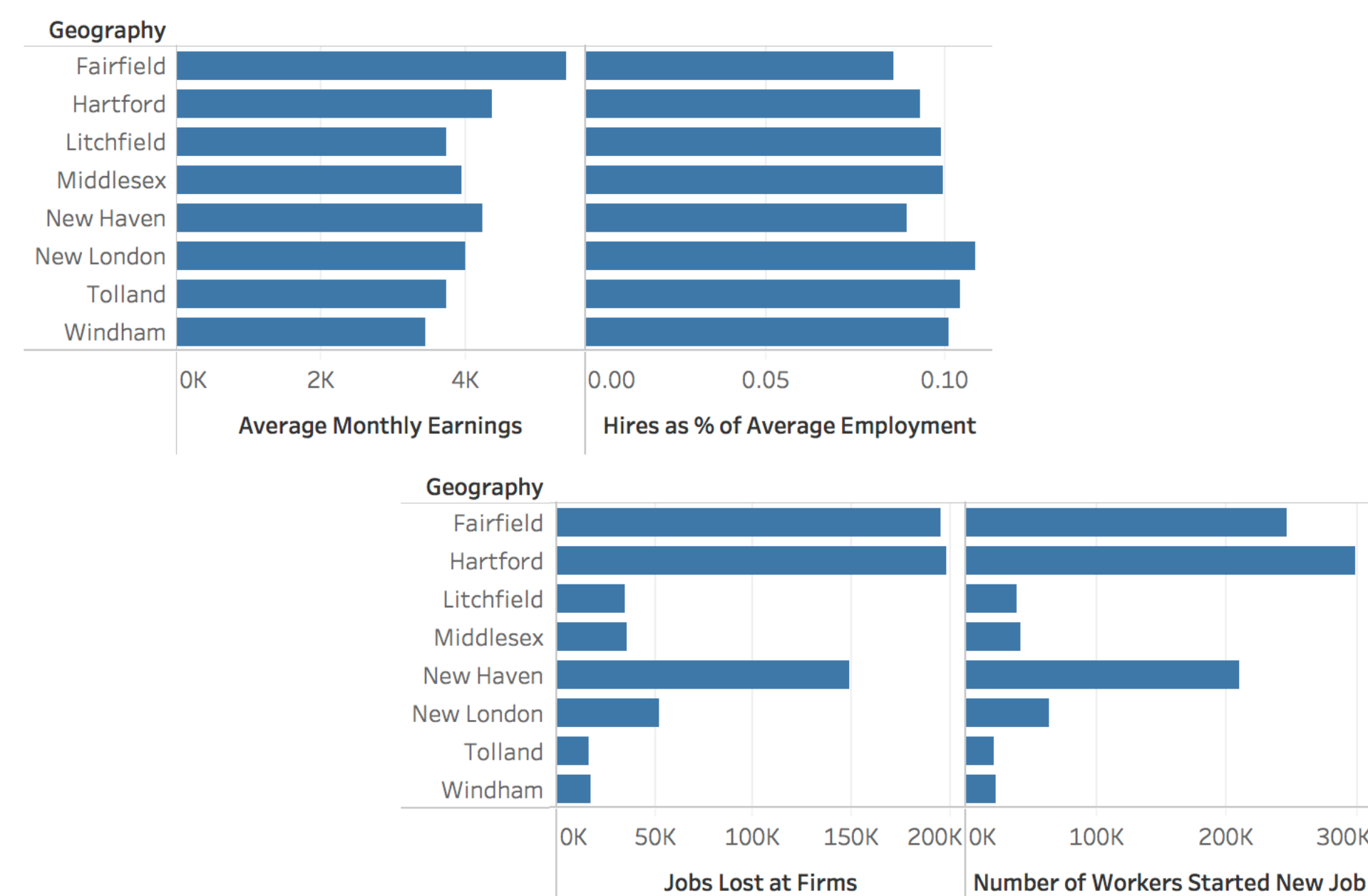
- white and non Hispanic
- all private firm ownership and all industries
- up to high school education, no college

The data was gathered for every state in the U.S. and split the states up into counties.

New Jersey Counties

Geography	% of Total Jobs Lost at Firms	Average Monthly Earnings	Avg. Hir A End R
Atlantic	4.54%	3,348	12.81%
Bergen	10.59%	4,485	9.46%
Burlington	5.56%	3,878	10.35%
Camden	5.55%	3,839	11.13%
Cape May	3.62%	2,978	15.18%
Cumberland	1.54%	3,219	11.34%
Essex	6.50%	4,034	9.85%
Gloucester	3.05%	3,675	10.91%
Hudson	4.78%	4,211	10.52%
Hunterdon	1.51%	3,877	10.50%
Mercer	4.94%	4,248	10.89%
Middlesex	9.23%	4,148	9.89%
Monmouth	8.24%	3,915	10.78%
Morris	7.14%	4,630	9.58%
Ocean	6.28%	3,356	12.05%
Passaic	4.22%	3,769	10.03%
Salem	0.64%	3,288	11.71%
Somerset	4.30%	4,522	10.13%
Sussex	1.48%	3,437	11.38%
Union	5.28%	4,190	9.27%
Warren	1.00%	3,601	10.79%

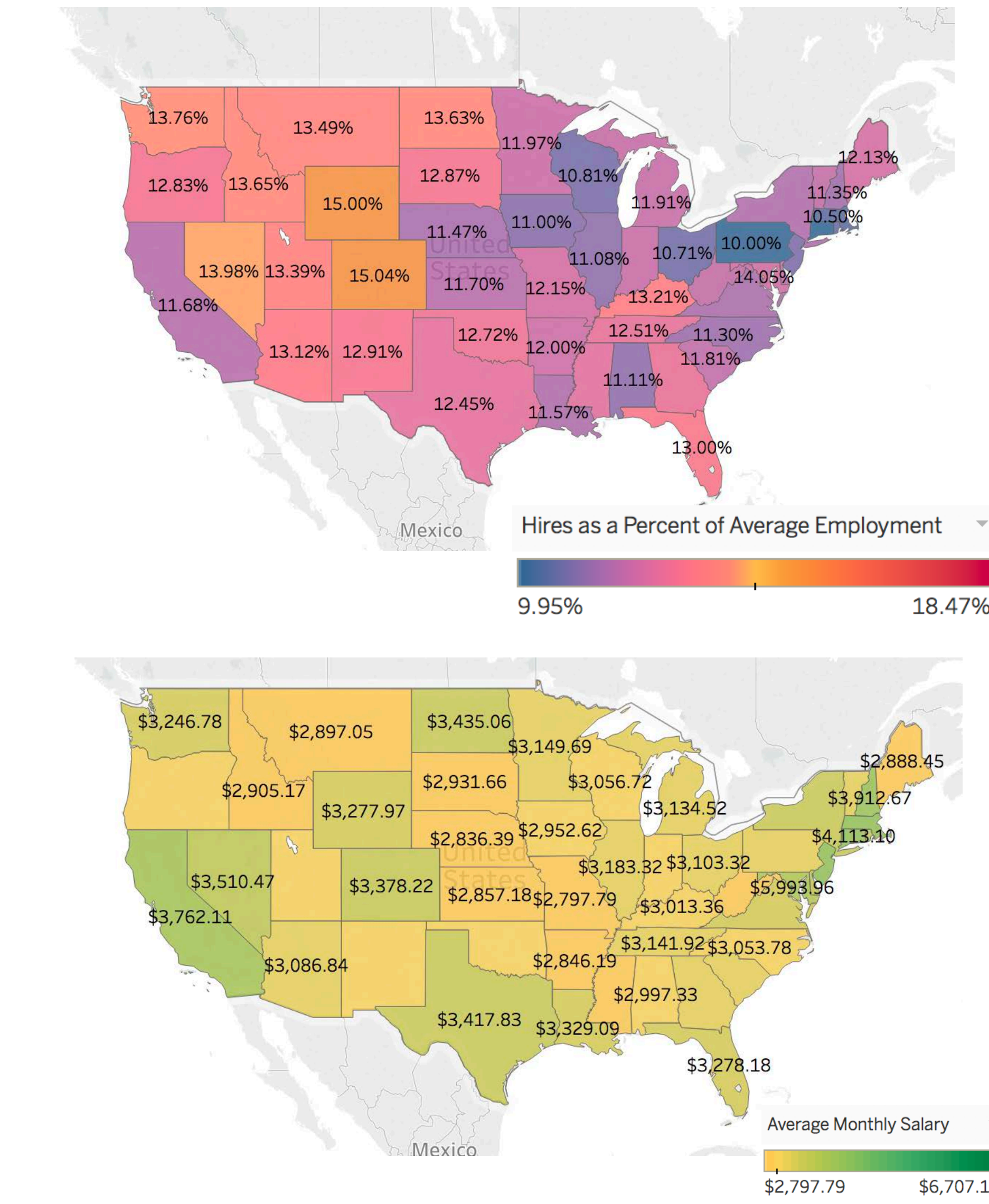
Connecticut Counties in 2017



These are two examples of two different states broken up by counties. These were chosen because Connecticut had the lowest percentage of new jobs and New Jersey had the highest monthly earnings.

RESULTS

Below are a few results that summarize the characteristics of all of the states in the U.S. during the Brexit period.

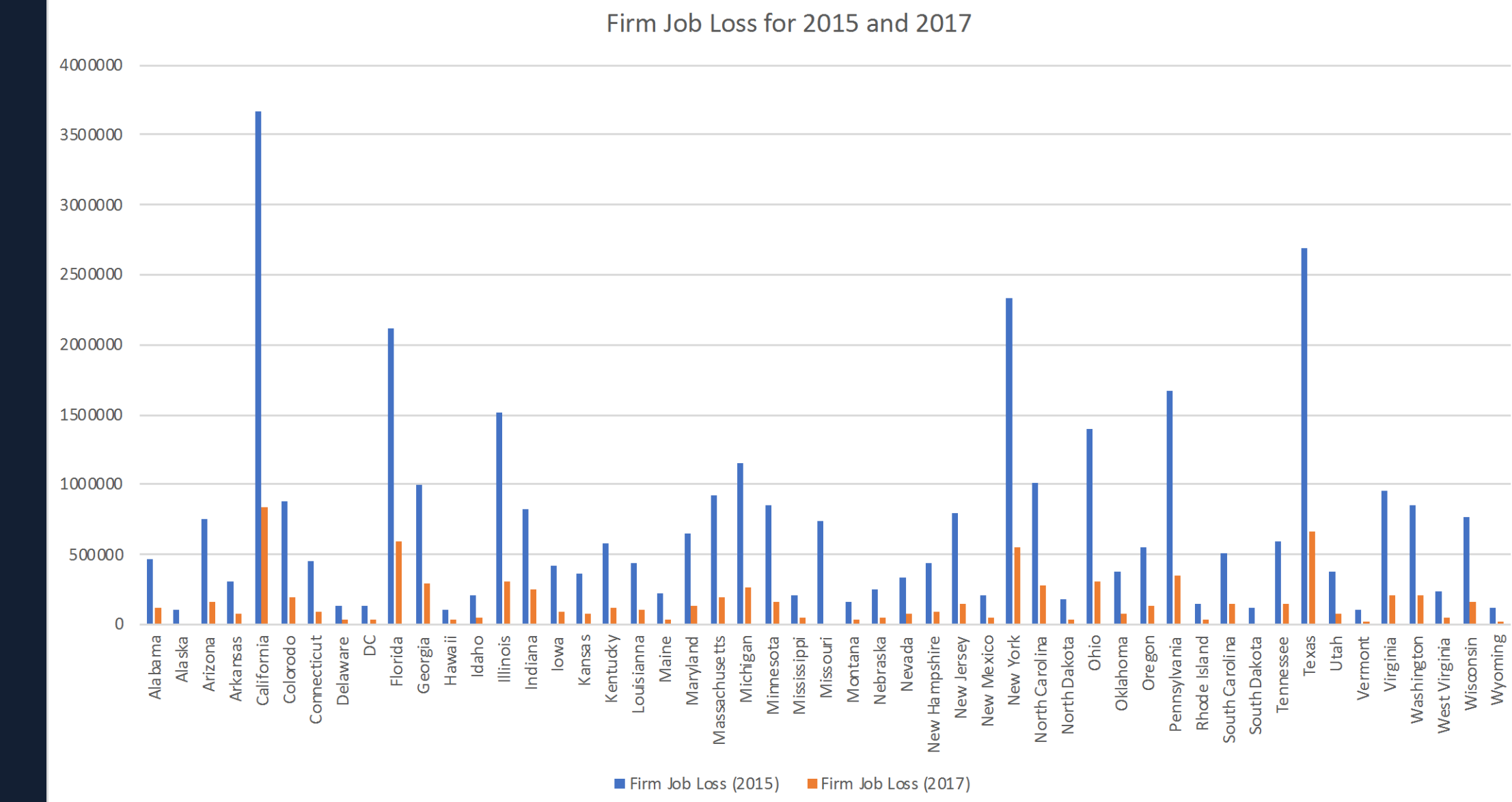


Total Employment for All States in 2015 and 2017



CONCLUSIONS

During the period of Brexit, around 2017, the U.S. faced many changes on different metrics such as average earnings, employment, and percentage of new jobs created.



Further analysis will be done looking at details deeper in the counties of each state.

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