

Brexit – How did it ever come to this?

As the UK's promised departure from the EU draws closer, DAVID DILLON reflects on misunderstandings and misrepresentations which has brought us to this uncertain denouement.

The Brexit saga looks as if it is headed for a dramatic denouement and we are no nearer predicting an outcome. That in itself speaks volumes for the confusion and uncertainty surrounding the potential consequences over the different options. One of the frightening aspects of the saga is that one senses that the most ardent Brexiteers have very little appreciation of the likelihood or consequences of the worst outcome. For some they are happy to throw the dice in blind faith. Certainly if the misinformation or mis-representation of the facts is anything to go by there has been no credible assessment of the risks and rewards.

If there was less emotion and fanaticism dominating the debate it would be easier to recognise some of the arguments being made by Brexit supporters and the weaknesses of the European project – and certainly there are many. There is little doubt that the institutions are unwieldy and very inflexible, borne no doubt from the difficulties in bringing together different cultures and attitudes. Certain countries have agendas which are not embraced by all the Member States and certainly not by some factions in those Member States.

There is much room for misunderstandings. Brexiteers have a paranoia about the dangers of a federal Europe and this is shared by many, probably a majority within the EU, but it should not mean that a number of core disciplines and principles, mostly economic and essential for a strong Europe, should not form part of a common commitment around which the individual States can hang their own aspirations, ambitions and priorities.

It is true that the bureaucracy can be inefficient and expensive. The criticism of “fat cats” is one many can identify with. Many of the rules and regulations can be inflexible and sometimes unsuitable and ineffective in tackling the problems they were designed to solve. There may be more valid examples I am sure, but one senses that to those promoting Brexit these are arguments not reasons for their campaign. But on a scale of 1 to 10, as a justification for leaving or undermining probably one of the greatest achievements in modern times, it should only register as a 2. The achievement of co-operation, prosperity and peace between 28 different



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countries is a stand-out achievement. Of course there will be disappointments and failures often due to the absence of a perfectly homogeneous group but the achievements are immense. Criticisms of the pressure points and moments of stress that occur fail to acknowledge similar stresses in all economies over time. One only has to think of the British economy at the time of its accession to the EC or the currency crisis of 1992.

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In fact, the motivation of some is more a function of sentimentality, emotion, obsession and blind faith than any rational study of a sensible course of action. The approach of those advocating

a break with Europe seems to be more instinctive than rational.

Many historical decisions are made based on erroneous, even false information and many more on incomplete information. The war on Iraq and the presence of weapons of mass destruction springs to mind. The discussion on the Irish situation is a case in point. All of the lessons of the past appear to have been forgotten and the main protagonists are not very informed of the current or historical situation. Even supposed enlightened press explain the so-called ‘troubles’ from the late ‘60s on as a struggle between Loyalists and Pro-United Ireland Republicans, completely missing the much more important issue of civil rights which was hijacked by nationalism and terrorists. The backstop/Irish issue is a political and social one not an economic one.

The misinformation at the time of the Referendum is well documented. Anxiety over immigration as it applies to Europe is at best confusing. Immigration from the EU to the UK arguably has been a major benefit to the UK. It is unlikely that a major factor in unemployment outside the ‘home counties’ was immigration from Europe. More likely it reflects economic, industrial and social trends. Equally the budget and subvention arguments that Britain is a victim hardly holds water. There are settled criteria for the contribution to the central budget. In 2018 the UK paid 11.9 per cent while Germany paid 20.9 per cent and France 15.6 per cent. Many and most of the ardent supporters of Brexit continually justify their position with arguments relating to unfair payments and obligations placed on Britain, but in truth the process for establishing the budget is transparent and fair. Subventions and allocation of funds is also determined on regional needs and not demands of different Member States. Wales and other parts of Britain have been the beneficiaries in this regard.

Germany is accused of being the main beneficiary of the European Union. It might be worth verifying if that is so. Most of the indicators point to the fact that in recent times the UK had a faster growing economy among the larger trading nations in Europe and Germany is subject to the same contribution requirements to the central budget. To the extent that Germany has prospered it is a result of a commitment to avail of business opportunities.

At least one study (INET Oxford) confirms that since joining the EU the UK economy has grown by 103 per cent exceeding the 97 per cent growth of US, the 99 per cent growth of Germany and the 74 per cent growth of France which gives the lie to the assertion that the “EU is a graveyard of no growth”, certainly so far as the UK is concerned. That study points out that the UK’s growth has exceeded the US while tracking it, even since the crisis of 2008 making it hard to argue that the EU is dragging the UK down. It is not the EU’s fault that certain sections of society have benefited more than others. Even so, the numbers point to the fact that the median growth since 1974 in Britain grew by 79 per cent in contrast to 16 per cent in the US. Of the growth, exports to the EU account for 45 per cent of total exports.

The claim that any trade lost as a result of Brexit would be replaced by trade with countries like Canada and Australia – ‘and in any case the Europeans will ultimately be happy to trade with us’ – is rather glib. Exports to former colonies pale in significance with those to the EU. It is my experience that countries in Asia gravitate to the largest and nearest markets, for example Australia to China, Japan and South Korea, and New Zealand, which is a relatively small economy, to China and Australia. Add to that the ill-will which has been generated in Europe by the antagonistic and argumentative style of the Brexiteers and it is hard to see Europeans putting Britain first. On that note the atmosphere in which the debate is being conducted is disappointing. European Parliamentarians turning their backs on the European anthem is not likely to generate any good will for the future. European bureaucracy and partisan bias by certain countries in pursuit of their own objectives and self-interest can be very frustrating and is a development which needs to be monitored and curtailed but on this occasion all of the advocates in Europe for the UK’s continued membership, particularly in the European Parliament and all of the negotiations on the European side have been conducted earnestly and with dignity in the face of significant provocation. That cannot be said of those proponents of Brexit. Much of the advocacy has been sneering and tantamount to contempt for Europe, certain nationalities and individuals and there may well be a price to pay for that if a hard Brexit becomes a reality.

One wonders if certain factions in the House of Commons appreciate the potential consequences of what these events will entail while on the European side there is less emotion and instead a

clear understanding of the enormity of the damage which will be caused. The leaders of the drive for Brexit have embraced the traditional electioneering style typical of elections generally which have more to do with slogans than an analysis of the realities of the situation. On this occasion, which could have consequences for decades if not longer, establishing a position based on emotion and xenophobia and then back filling arguments in support is less than ideal. Walter Bagehot wrote: ‘Dullness in matters of government is a good sign, not a bad one – in particular, dullness in parliamentary government is a test of its excellence, an indication of its success.’ Well one thing that can be said of Brexit politics in Britain at the moment is that it is not dull. Images of carnival and vaudeville are possibly more apt. On the other hand the politics of the EU have been steadfast, dull and predictable.

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It is hard to think of one case of isolationism which has advanced the fortunes of any civilisation economically. The sense of Empire which seems to be central to much of the motivation behind Brexit probably misses the point that ‘Empire’ in the modern and global world is less about territory and more about ideas and cultural influence and this is where Britain could make a massive contribution if it fully committed itself to the European project instead of participating in a guarded and somewhat distant fashion. In Britain there has always been an air of reluctance when it comes to matters European. Even the ardent remainers cannot commit completely. The financial services industry, which is the sector to

which I have had most exposure, while typically favouring remaining nearly always looks on the single currency with a jaundiced eye. This often manifests itself in British asset management with a bias and sometimes prejudice against the idea of the importance of the euro as a reserve currency and the success of the euro zone.

However, despite the tentative engagement by Britain, in a number of important areas its contribution has been very important. The concept of a bureaucracy surrounding any civil service is not regarded fondly by many but if anybody can make it work the British can. British appointments in general, bring a lot more clarity to discussions than some of their counterparts from other countries and the implementation of European law in Britain tends to be definitive. Arguments made for or against EU policies are cogent and more likely to reflect sensible objectives.

Perhaps a weakness in Europe is a failure to recognise that a number of policies are insensitive and are seen by sectors in Britain and indeed in most other countries as an insidious invasion of a way of life. Policies promoting sensible fiscal and budgetary commitments is one thing but federalism with a capital “F” is another.

However, none of this justifies the disruption which Brexit is causing in Europe and while it would be nice if it turned out to be a wake-up call, Europe did not sign up for this chaos when Britain joined the EU. Joining any corporation, club or league implies commitments and obligations to the other members. In this respect criticisms can be made of the UK strategy. It seems unthinkable that the UK would, essentially default on an international financial commitment in order to obtain a bargaining advantage. A country which should be setting an example would instead be categorised with repeat defaulting offenders. It would completely undermine Britain’s moral standing in the world.

It is to be hoped that this episode will not end in tears. If it does there will be much recrimination and polarisation politically, both internationally and in the United Kingdom. It is to be hoped that common sense will prevail, but that is not at all certain. Perhaps an ideal outcome if Brexit can be avoided is for Europe to realise it has dodged a bullet and to properly take account of the concerns that are not peculiar to Britain but which lit a fire we all now know as Brexit.

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