

Brexit Britain: A Status Report – August 2022

As the Conservative Party contest to select a new party leader, who will also become Britain's next prime minister, drags itself through these hot, dog days of August, Brexit barely gets a mention.

Except for the repeated assertion from both contenders, Liz Truss, the foreign secretary, and Rishi Sunak, a former chancellor, that a bill currently before parliament will magically solve all issues associated with the Northern Ireland Protocol. Everyone who is not a member of the Tory Party knows it will result in a trade war with the EU and ice-cold relations with the US. (See [here](#) for an explanation of the Northern Ireland issue by Anand Menon from *The UK in a Changing Europe* thinktank).

It is the last thing the UK needs as it faces into a winter of unprecedented energy price hikes, a cost-of-living crisis, and pressure on health and social services. Inflation is now predicted to hit 18% next January.

A long way from those heady days of June 2016, when 52% of those voting, with the 52% representing just 38% of the total electorate, opted for Brexit.

Have the Brexiteers fulfilled their promise to deliver Brexit and take the UK out of the EU?

The answer is yes.

There can be no quibble. Brexit is done.

After the faltering attempts of Theresa May, Boris Johnson took the UK out of the European Union, out of the Customs Union and out of the Single Market¹. He also took the UK out of a whole panoply of EU programmes, such as the €95 billion Horizon R+D scientific network, and the Galileo space initiative, even if the UK is now taking legal action against the EU to get back into some of these programs. ([here](#))

Good or bad?

The argument is now about whether Brexit has been good or bad for the British economy and for British society more generally. Has recreating economic and travel borders with the European Union worked to the benefit of British businesses and British citizens? The EU remains, and will continue to remain, the UK's largest export market for both goods and services. Geography alone dictates this. The UK lies in Europe, not Asia.

Europe will also continue to be the destination of choice for holidays for the majority of British people who want to travel abroad for sun, sea, and sand. Not only for reasons of geography, but also for cost, time, and convenience. You can put the family in the car and drive to France. There is no tunnel connecting the UK to Barbados or Australia.

¹ With the partial exception of Northern Ireland.

Now that the UK is no longer a member of the European Union what future relationship the UK might want with the EU is a matter of internal UK politics. Just like what relationship the UK might want with the US or with China.

I say “might want” because if the UK decides that what it “might want” is a much closer relationship with the EU, short of membership, that does not mean it will be delivered to it on a plate. Recent polling ([here](#)) suggests that a growing majority now believes that it was a mistake to leave and that the UK should re-join.

There are many in the UK who are under the mistaken belief that all the UK must do is to turn up in Brussels, like the prodigal son, ask to be taken back and all will be forgiven.

That is not going to happen. Suggestions that the UK could slip into the Single Market through some backdoor like the European Economic Area (EEA) or the European Free Trade Association (EFTA) are wide of the mark. Once bitten, twice shy, and the EU has been badly bitten by the UK.

Beyond where things now stand under the Trade and Cooperation Agreement, any future, deeper relationship between the UK and the EU will be on terms of the EU’s choosing. There will be no “cake and eat it deals”. No more UK exceptionalism. No cut-price membership. Schengen and the euro will be on the table.

But that moment of truth, if indeed it ever happens, will be far into the future. As long as the Conservative Party remains in power, the relationship between the UK and the EU will be at best brittle, at worst, aggressive and confrontational. It will play out like this during the coming year over the Northern Ireland Protocol. (See *above*).

A change of government will not change the situation greatly. Keir Starmer, leader of the Labour Party, has said he has no interest in re-joining the Customs Union or the Single Market. His strategy appears to be that if a Labour government talks nice to Brussels good things will happen. Talking nice will make the atmosphere less sour but will not fundamentally change the situation. Cakeism is still cakeism, even if the icing is coloured red.

What was Promised?

While I understand the Marlene Dietrich “*I want to be alone*” sovereignty argument for Brexit, I have never made any secret of the fact that I have always believed that rebuilding trade barriers with your biggest market could not be good for business. I have never been persuaded that the business lost because of new obstacles to European trade would be recouped from elsewhere. The economic logic for Brexit has always escaped me.

As it has escaped practically all the major multinationals with whom I work on a day-to-day basis. I have yet to hear any senior executive from one of those companies say how great it is to have to cope with all the new procedures and paperwork involved in UK/EU trade and what a benefit all the extra costs incurred are. If anything, their comments are unprintable.

I agree with [Chris Grey](#) that Brexit was unlikely to result in a “big bang” business bust-up. It would be more like a slow puncture. Slow punctures in four wheels at the same time.

Companies that had invested in Britain as a gateway to the Single Market were never going to shutter expensive facilities overnight. But neither would they invest in them further. Why put money into a country that has made it more difficult to export to the market you want to serve? Overseas investors buying UK companies at knockdown rates because of the falling pound is not investment.

In a [paper for the right-of-centre think tank, Policy Exchange](#), Lord David Frost, who was Boris Johnson’s negotiator for both the Withdrawal Agreement, including the Northern Ireland Protocol, and the Trade and Cooperation Agreement, comments:

Brexit in itself creates neither huge economic advantage nor disadvantage. It is a tool that gives us back full democracy and puts all the levers back in our hands. Now, it is all about how we act.

Frost's assertion that "Brexit in itself creates neither huge economic advantage nor disadvantage" is patently not true, as both the statistics and reports from business sector after business sector make clear. Brexit has had a negative impact on the UK economy. I'll come back to this below.

But it is not what was promised to the electorate before the Brexit vote in 2016. Brexit would be easy and would only deliver benefits. There would be no downsides. Remember the quotes:

David Davis: *There will be no downside to Brexit, only a considerable upside*

Michael Gove: *The day after we vote to leave, we hold all the cards and we can choose the path we want*

John Redwood: *Getting out of the EU can be quick and easy. The UK holds most of the cards*

Liam Fox: *The FTA that we will do with the EU should be one of the easiest in human history*

Douglas Carswell: *I think we could very easily get a better trade deal than we have at the moment*

Gerard Batten: *Trade relations with the EU could be sorted out in an afternoon over a cup of tea*

Boris Johnson: *British people will still be able to go and work in the EU; to live; to travel; to study; to buy homes and to settle down.*

The sunny uplands of sovereign freedom beckoned. "Global Britain" would leave the EU in its wake. So successful would Brexit be, that other countries would soon follow the UK out, and it would become the leader of a Europe of free-trading nations, cut loose from the shackles of Brussels. Brexiteers cheerily expected the EU to collapse as a result of the UK leaving. No plan was needed to deal with the EU as the EU would no longer exist.

No other country followed the UK out. On the contrary, with the UK gone, EU integration moved ahead, probably best illustrated by the €750 billion Covid recovery program, that might well have been blocked by the UK were it still a member.

Rather than leading a "new Europe" the UK is, economically, on its own.

The Numbers

The numbers are in. They do not make for pleasant reading if you are a Brexiteer.

- The Organisation for Economic Co-operation and Development (OECD) expects the UK economy will have zero growth next year, the lowest among G7 members. The G7 members are the UK, US, Canada, Germany, Japan, France, and Italy. Only Russia fares worse. As the Brexit supporting [Daily Mail reported](#) the UK economy "is set to flatline next year – performing worse than every other G20 country except for sanctions-crippled Russia"
- The economies of three of the regions that voted most heavily for Brexit were "smaller at the end of last year ... than at the time of the vote", [wrote David Smith](#) in the business section of the Sunday Times.
- Despite a weak pound making Britain's goods cheap for foreign buyers, "exporters are ... struggling", [Jim Armitage wrote](#) in the same paper. "First-quarter figures last week showed exports of food and

drink to the EU were down 17%, or £614m, on pre-Covid levels. Exports to non-European countries increased by 10.7%, or £223m, but not enough to offset the European decline.”

- Brexit was meant to be a “new beginning for the Tory party,” Jeremy Warner wrote in the [Daily Telegraph](#), “but by making trade with Europe more difficult and costly it has so far only added to the country’s travails”.
- John Springford of the Centre for Europe Reform [notes](#): The results are sobering. In the final quarter of 2021, UK GDP is 5.2 per cent smaller than the modelled, *doppelgänger* UK; investment is 13.7 per cent lower; and goods trade, 13.6 per cent lower. The UK’s poor economic performance in the pandemic may be partly to blame for the weakness of GDP, but its early vaccination campaign meant its restrictions ended earlier than those of many peer economies. And over the period from the referendum to the pandemic, a sizeable shortfall – 2.9 per cent – had appeared between the UK and the *doppelgänger*. Investment also began to lag at the point of the referendum, and goods trade when the UK left the single market. (*doppelgänger* refers to an economic model of the UK that did not leave the EU).
- [The Financial Times reports](#) Brexit trade friction caused 15% fall in UK-EU exports in first half of 2021. See also [here](#).
- Some products imported to the UK from the European Union have been more affected by the post-Brexit trading rules than others. A [paper](#) from LSE academics finds that leaving the single market and customs union has led to a 6% rise in food prices in the UK.

Iain Martin, a prominent Brexiteer, [wrote an opinion piece for the Times](#): “Painful as it is, we need to talk about Brexit”. Martin admitted that Brexit had failed to deliver economically. His solution? Freer UK access to the EU Single Market without actually joining. Back to “cake and eat it”. Some Labour people also seem to think this is possible, to have “a” single market with the EU without joining “the” single market. What they mean is a single market without freedom of movement. That will never be on offer. As the *Economist* puts it: [the-case-for-a-softer-Brexit-is-clear-how-to-get-one-is-not](#).

Trade deals with far-away countries like Australia and New Zealand, and “make believe” trade deals with individual US States will not compensate for the hit of putting barriers in place between the UK and the EU.

Of course, the Minister for Brexit Opportunities, Jacob Rees-Mogg, continues to hunt, high and low, for Brexit benefits. His latest? Being free of the EU will allow the UK to boost the power of vacuum cleaners! Britain may be headed for the economic lower leagues, but, by God, there will not be a speck of dust to be seen anywhere.

Borders Mean Borders

One of the greatest drivers of the Leave vote was a desire on the part of many working-class voters to end Freedom of Movement (FOM), perceived as the unrestricted right of EU citizens to come to the UK to live and work.

As I write this, the *Times* is [reporting](#) that “thousands of foreign workers will be hired for Britain’s care homes this winter ... As concern mounts in government about the state of the NHS and social care, ministers are looking at bringing in foreign staff “on a mass scale”. They will scour the world for such workers, anywhere but in the EU.

EU Freedom of Movement made recruitment from Europe relatively easy. Now it will require massive government involvement to smooth the visa and other paperwork bureaucracy. Growing border bureaucracy is a major “Brexit win”.

Commenting in the [Sunday Telegraph](#) on this proposed initiative, David Goodhart from the Policy Exchange thinktank writes:

Moreover, it's rank hypocrisy for the Government to argue that British employers must pay and train people better, rather than reach for the immigration tap, and then do exactly that themselves.

[According to the House of Commons library](#) in the year ending June 2021, 573,000 people migrated into the UK and 334,000 people emigrated from it, leaving net migration of 239,000 people.'

As David Smith notes in the [Sunday Times](#)

In the second quarter there were 78,000 more foreign nationals working in the UK than before the pandemic — a 239,000 fall in EU workers offset by a 317,000 increase in other foreign nationals.

Ending FOM was seen by many as simply meaning that the UK could take back control of its borders and stop people freely coming to the UK from the EU. The reality of ending FOM also meant new restrictions on UK citizens wishing to go and live in Europe. It also complicated short-term visits to Europe, but much of this was hidden in 2020 and 2021 because of Covid restrictions.

Now, with travel resuming, what being a citizen of a “third-country” means is becoming clear. No access to the EU “fast lane” at airports. The need to have passports stamped individually means long, slow queues. Travellers may be asked for proof that they have the resources necessary for their stay, including health insurance. It has become costly to bring you pet on holidays with you.

When people think of borders they immediately think of Dover, the main point of exit from the UK for cars and trucks to Europe and the [hours of delay](#) that people have had to endure in recent months.

But borders do not stop at actual borders. They can reach deep into peoples' everyday lives. As Professor Michaela Benson says in a recent comment on the website of the think tank [The UK in a Changing Europe](#)

It is also a salutary reminder that entering or leaving a country is not the only place where borders are present in people's lives. [Sociologists Nira Yuval-Davis, Georgie Wemyss and Kathryn Cassidy](#) show how employers, education providers, landlords and healthcare professionals in the UK are increasingly being expected to check the immigration status of their employees, students, tenants and those seeking healthcare – and in some cases face significant penalties if they fail to do this.

An example of this is the decision by British banks to close the accounts of British citizens living in Europe. [here](#) The “Brexit of small things”, the unnecessary, reimposed rules and regulations that make daily life simply more unpleasant.

As Nesrine Malik puts it in the *Guardian*: “Only a country as complacent as the UK could give up its [border privileges so easily](#).” The British never saw themselves as migrants to another European country. They are “expats”, carrying the privilege of British exceptionalism with them. The awaking has been rude.

The Politics

In his Policy Exchange paper, referred to earlier, Frost argues:

Accordingly, the fact of leaving the EU has already hugely shaped our politics and political economy and we can expect it to do so for some years yet.

The UK has had four prime ministers since June 2016: Cameron, May, Johnson, and now, in all likelihood, Truss. Brexit is a prime minister killer.

The academic William Davis picks up on this point when he [writes](#)

Vote Leave offered no route-map towards a better “economic model”, and little explanation or evidence about how Brexit would improve the UK. It concentrated wholly on signalling, connecting with people by force of symbols and innuendo. This was post-policy politics, and it worked, as Boris Johnson and Cummings [showed again in 2019](#).

Politics as performance art, rather than politics as the social and economic management and the delivery of tangible benefits to all those who live in the country.

In an [essay](#) in *Prospect*, Rafael Behr says:

Much confusion in British politics derives from the interchangeable use of one word— “Brexit”—to describe two things. Sometimes the word means the technical process of dismantling the apparatus of UK membership of the EU. In other contexts, it describes a national renaissance achieved by purging continental influence.

As we noted earlier, Brexit in the technical sense is “done”. The UK is no longer part of the European Union. But Brexit as a crusade to reunite the words “Great” and “Britain” is not done and can never be done.

As Behr further comments:

... moral “Brexit” cannot be delivered via negotiations over the technical “Brexit.” There is no deal that can satisfy the Eurosceptic fundamentalists because what they want is a portal into a world where the EU is not powerful and the single market is not valuable. When Johnson was popular, he gave Brexiteers a warm feeling of proximity to that magical realm. Now that he is on the way out, they sense it vanishing into the ether.

As both Davis and Behr underscore, Brexit is a game of two halves. The first half was to leave the EU. Done, tick that box. But that was all the Brexit coalition could ever agree on. Leave the EU. No one dared mention what would come next because to do so would blow the coalition apart. The deceit over what “moral” Brexit would mean, to use Behr’s term, did for May, did for Johnson, and will do for Truss. Because there is no yellow brick Brexit road down which anti-immigration-ists, global free traders, small-state Thatcherites, and big-state interventionists can skip together hand-in-hand.

Brexit is also likely to hasten the disintegration of the UK. There is a growing sense of the inevitability of Scottish independence and Irish reunification. To use a phrase of Harold Macmillan’s: “The winds of change” are blowing in that direction. Look at the [numbers](#). Westminster, English politicians who think Scotland and Northern Ireland can be held against the majority will in both nations if the majority will is to leave the UK are deceiving themselves.

The killer fact is that a growing number of English people are no longer invested in the Union. They would cut Scotland and Northern Ireland loose in a heartbeat if they saw that that was in their economic interest. Which is where a trade war with the EU over the Northern Ireland Protocol will lead. The English middle class will not suffer pain so that Northern Ireland Unionists can eat Lincolnshire sausages. Please don’t take my prosecco away!

In Conclusion

There are no Brexit sunny uplands. Only foggy marshlands. It is all economic pain, for little sovereignty gain.

But the British political elite are now so invested in Brexit that it is incapable of making rational policy decisions about building a constructive relationship between the UK and the European Union.

They would do well to remember the wise words of that great Irishman, Edmund Burke:

The great resource of Europe was England. Not in a sort of England detached from the rest of the world and amusing itself with the puppet show of a naval power ... but in that sort of England, who considered herself as embodied with Europe; in that sort of England, who, sympathetic with the adversity or then happiness of mankind, felt that nothing in human affairs was foreign to her.

They might also pay attention to the words of that great Englishman, John Maynard Keynes:

“Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.”

Perhaps only when a new generation of politicians come to prominence in the UK will they free themselves from the “intellectual influence” of Brexit scribblers and take the advice of Burke that the place of England is at the heart of Europe.

The road will be long, the journey hard, but the destination worth it.

Online blog link: <https://beergbrexit.blog/2022/08/23/brexit-britain-a-status-report-august-2022/>

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