

A Nation Once Again

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When the UK finally leaves the main institutions of the EU at the end of December its departure will have taken not much less than the length of the second world war. History will surely judge it little short of a fiasco that disengagement should have taken so long. Much of the problem lay in the EU's refusal to even begin negotiations on a free trade agreement until the UK had left the political union.

Negotiating a free trade agreement between the UK and EU, both of which already enjoyed free trade with each other, and which were fully mutually compliant in regulations, should have been a formality. Securing an equivalent agreement with Japan took a few weeks, and 80% of the text of an agreement with the USA is already drafted, but with the EU agreement has proved next to impossible.

All of this has been unnecessary. Even for an EU keen to dissuade other member states from following what it sees as the UK's regrettable example, such curmudgeonly behaviour sets a poor precedent. Surely the reason that member states should not wish to follow the UK out of the EU should be that it is to their advantage to remain. Does the EU really fear that this may not be the case?

The UK is in any case a special case. It is the only member state (other than Malta, which is closer to North Africa than to Europe) which does more trade outside the EU than inside. Those member states which do 80% of their trade within the EU, are members of the Eurozone, and in receipt of EU largesse, are unlikely to want to leave or to be able to do so.

Even Hungary and Poland, which are currently blocking the introduction of the EU's new seven-year budget and its pandemic rescue fund, are not threatening to leave. Only a determination by the EU to shoehorn all of its members into a single liberal orthodoxy can

put such a strain on membership that further fragmentation can even be conceivable.

For the UK it is of course already too late. I know from past discussions with senior Commission advisors that the Commission could not conceive of the UK actually voting to leave. Such a rigid belief system, which comes close to being a cult or religion, unfortunately shared by important parts of the British establishment, has made leaving a fraught experience. The belief that EU membership entrenches open, cosmopolitan, and liberal values, not available to a leaving member state, is absurdly assumed rather than argued or examined.

Virtually all of the English-speaking world, other than small and now detached Ireland, lies outside the EU and most of it provides a beacon of democratic liberalism. Both democracy and liberalism were of course spread across these countries by Britain itself. Yet somehow EU membership is assumed to be needed to prevent nativist, inward-looking illiberal trends in a post-Brexit UK with an economy based on unfair competition.

Even now, few days pass by without another study from the academics of UK in a Changing Europe, the Bank of England or the OECD, continuing their pre-referendum warnings of economic disaster. Attempts are made by writers to work out why the wise advice of academic experts on Brexit goes unheeded, but these lack introspection and fail to take Cromwell's advice to 'think ye may be wrong'. Little of this now matters much since the UK government no longer believes the warnings. Both the current Chancellor of the Exchequer and his predecessor have barred a discredited Treasury from issuing any further analyses of the economic impact of Brexit despite strong calls from the media to cost their latest plans.

Advice from an experienced Australian trade negotiator, not to listen to anything the EU says until the last three weeks of talks, is now of critical relevance. The final weeks are upon us and the EU still insists on conditions not found in any other trade agreement. Its claim on a large share of UK marine raw materials and control over UK regulations are the sorts of conditions imposed on weak or defeated adversaries and hardly the basis for a future relationship of harmony and mutual advantage. An EU stranglehold is not needed for the UK

to maintain high standards on labour, environmental or product regulations.

Already the Irish Protocol, signed under the unequal shadow of the Benn Amendment, is unravelling. The EU insistence that inappropriate aspects of its Union Customs Code (UCC) should apply to Northern Ireland are being overturned. In particular, its insistence on completely unnecessary export declarations for goods flowing from Northern Ireland to GB is being reversed by the Internal Market Bill. Similarly, the idea that the EU can veto UK state aid decisions on the basis that subsidised goods might end up in Northern Ireland would be reversible with powers conferred in the same Bill.

A larger bombshell lurks in the shadows. A Finance Bill has already been drafted with clauses transferring power from the Protocol's Joint Committee to UK ministers to determine which goods are to be defined as 'at risk' of entering the EU from GB via Northern Ireland. This bill can determine which goods require border checks to cross the Irish Sea into Northern Ireland and hence lies at the heart of the Protocol's arrangements. The Bill, which would not require the consent of the Lords, is currently being held back although preparatory Statutory Instruments have been laid. A satisfactory trade agreement, plus agreement within the Joint Committee on customs checks, will be needed to avoid such clauses being activated.

The stakes are now high. A good outcome forming the basis for future amicable arrangements is greatly to the advantage of both sides, but the punitive and almost paranoid approach of the EU negotiators have made this hard to conceive. Although hopes that a pragmatic Mrs Merkel will rescue the situation have hitherto proved illusory, this remains the best hope to avoid weakening a strong western alliance which in a dangerous world is needed more than ever.

Disclaimer: The views expressed within this blog are those of the author and not necessarily those of the Centre for Brexit Studies and Birmingham City University.