



# Is Brexit Done?!

by Colin Munro

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## Summary

From a British (United Kingdom of Great Britain and Northern Ireland) perspective, Brexit will not only make the country poorer and less secure, it may also accelerate the breakup of a hitherto exceptionally successful multinational state. However, neither the negative consequences of Brexit, nor the mishandling until recently of the pandemic, will bring down the Conservative government in the period ahead. But a disintegrating union, combined with the inevitable failure of Brexit to deliver any of the benefits (apart from keeping out immigrants needed by the health service and some sectors of the economy) promised before the referendum in 2016, and subsequently, might do so.

## Detail

The immediate issue is the Irish Protocol, part of the Withdrawal Agreement (WA), on the basis of which the UK left the EU on 31 January 2020. It keeps Northern Ireland (NI) in the EU Single Market for goods, to prevent establishment of a border between NI and the Republic of Ireland (ROI). That border was removed by the Good Friday/Belfast Agreement (GFA) which ended the “Troubles” in 1998.

The British government is failing to implement the Protocol in view of impediments to the free flow of goods, including food, from Great Britain to Northern Ireland. The EU is threatening proceedings against the UK in the Court of Justice of the EU (CJEU). The European Parliament has postponed sine die ratification of the Trade and Cooperation Agreement (TCA) which entered into force provisionally on 1 January 2021, at the end of the transition period, during which the UK had been bound by EU rules and regulations, and had continued to benefit from the four freedoms of movement of goods, capital, services, and people. The UK may thus find itself, not only in breach of international law, but also facing tariffs and quotas in trade with the market which takes 45% of its exports, an unpromising backdrop to the elections to the Scottish Parliament on 6 May at which pro- independence parties are expected to obtain at least 50% of the vote.

I am indebted to an old friend from university days in Scotland, and former colleague in the Diplomatic Service, for the following aphorism:

- There are two kinds of forecasters. Those who don't know, and those who don't know that they don't know. Author: J K Galbraith.

I **forecast** that much will depend on: the outcome of elections to the Scottish Parliament, scheduled for 6 May; and on how the dispute concerning implementation of the Irish Protocol is resolved.

If there is a majority for parties (the Scottish National Party and the Scottish Greens) supporting a second referendum on Scottish independence, it will be difficult for the Prime Minister to continue refusing permission for one to be held. Brexit, opposed by 62% of voters in 2016, has given supporters of independence an additional grievance, aggravated by Boris Johnson who recently described devolution as a “disaster”. Even Scottish Conservatives concede that Johnson personally is a disaster for the union. However, in latest polling, a majority for independence has shrunk to level pegging in view of the extraordinary quarrel over mishandling of sexual harassment allegations between the First Minister, Nicola Sturgeon (NS), and her predecessor Alex Salmond. Scotland is not divided by Brexit, but it is bitterly divided on independence. The SNP’s opponents accuse NS of turning Scotland into a banana republic without bananas, and hope that SNP infighting and factionalism may at last diminish support for independence, perceived by many as an economic disaster. However, NS is subject to much more rigorous scrutiny in Holyrood than is Boris Johnson in Westminster. Democracy is alive and well in Scotland.

Transition was a misnomer. It was a standstill. Only now are people in the UK becoming aware of what Brexit means in practice. According to the Trade and Cooperation Agreement (TCA), there are no tariffs or quotas, but plenty of friction in view of Great Britain’s departure from the Single Market (SM). This friction is giving rise to complaints about trade disruption from commerce, financial services, industry, agriculture and fisheries. These are real, and are a consequence of Brexit. The vast majority of economists agree that over the long term, Brexit will reduce growth in the UK’s GDP by at least 2%. This reduction will of course be masked for quite some time by the economic consequences of the pandemic, some of which may also be permanent. However, the political consequences of the combined effects of Brexit and the pandemic are uncertain. If, for example, the government succeeds in “levelling up” deprived areas of England which switched from Labour to Conservative at the 2019 election, and proclaims a Brexit bonus, Johnson’s majority in Westminster may be secure at the next election. The recent budget contained examples of pork barrel politics in former Labour constituencies in England. There is only one Labour, and six Conservative constituencies in Scotland. But the budget was heavy with emphasis on UK wide fiscal “firepower” to overcome the pandemic, directed of course from London.

Fifty days after the end of the transition period, the Economist leader (named after its founder Walter Bagehot) on the British political scene concluded that, “the government’s successes – getting Brexit done and rolling out the vaccine – conceal deeper failures: the economic damage Brexit is doing, and one of the highest death rates in the world from COVID 19”. Meanwhile, the leader of the opposition was, as Bagehot put it, “stuck.” Sir Keir Starmer’s shadow cabinet had “underperformed the worst cabinet since world war two.” (The wartime cabinet had performed exceptionally well under Churchill’s leadership.) The referendum was won by an appealing, but grossly misleading slogan: take back control of our laws, borders, and money. Brexit would free up GBP350 million per week for the National Health Service. When Theresa May succeeded David Cameron as Prime Minister she declared: “Brexit means Brexit”? In an interview conducted in November 2020, Philip Hammond, her Chancellor of the Exchequer (finance minister) from 2016-19, explained that she was profoundly ignorant of the economics of Brexit, knowledgeable only about immigration based on her six years as Home Secretary (minister of the interior). As a lukewarm Remainer, her appointments of Boris Johnson as Foreign Secretary, Liam Fox as International Trade Minister, and David Davis as Brexit Minister, had been made, not on the basis of competence, but to reassure pro Brexit Conservatives. After the election in June 2017 the Conservatives became dependent for a majority in the House of Commons on the Democratic Unionist Party (DUP) which supports Brexit and had opposed the GFA.

Brexit meant that, with regard to NI, there were three alternatives:

- a border between NI and the ROI - excluded by the GFA;
- the UK would remain in the Customs Union (CU) and Single Market – excluded in principle by the British government’s decision to withdraw from both. But Theresa May’s “backstop” would have kept NI in the Single Market, and the UK as a whole in the EU customs territory until alternative solutions could be found and implemented.
- a border between NI and GB.

During Theresa May’s premiership, the House of Commons – accused by Johnson of being a zombie parliament - could agree only that the UK should not leave the EU without a “deal.” As Prime Minister, Johnson, whose distinctive policy was to have his cake and eat it, opted for a border between GB and NI, but pretended the contrary during the 2019 election campaign. With a Conservative majority of 80 after the December 2019 election, neither the WA nor, especially, the TCA were subjected to serious scrutiny in Westminster.

According to the Protocol:

- the EU’s Customs Code applies to all goods entering and exiting NI,
- checks and controls must take place at points of entry on goods entering NI from GB or any other third country, including sanitary and phyto sanitary controls,
- customs duties are payable unless the goods concerned are “not at risk” of entering the ROI.
- The UK is responsible for implementing the Protocol, but the EU must be able to monitor implementation.

The DUP, in consultation with organisations linked in the past to terrorism, is calling for the Protocol to be scrapped, as are some 50 Conservative MPs who would have preferred the UK to leave the EU without a “deal.” The EU’s brief threat to suspend the Protocol over Astra Zeneca’s alleged failure to supply contractually agreed supplies of COVID vaccine had provided a “unique opportunity”. The UK had however, already threatened to breach the Protocol, last year, breaking international law, in its single (UK) market bill.

## **Conclusion**

The sovereignty benefits of Brexit are a chimera. There are no economic or security benefits discernible at present. The Foreign Secretary, an author of “Britannia Unchained”, now expects the economic benefits of Brexit to materialise in ten years. Contrary to what the Daily Mail proclaimed on the eve of the referendum, the EU, notwithstanding its defects, is not “dying”. An independent Scotland might well suffer a double economic whammy from Brexit and impediments to trade with its largest market, England. With regard to Northern Ireland, Johnson cannot have his cake and eat it.

Brexit has accelerated a trend evident elsewhere in Europe. Voters no longer identify with parties on the traditional basis of class, economic interest or loyalty. They are susceptible to misleading populist propaganda spread by social media. Thus, the Labour party has difficulty in appealing both to elderly anti-immigrant, poor, and poorly educated voters, and to liberal, well educated, prosperous people in London and other university cities. It is in Scotland that the deficiencies of the First Past the Post, winner takes all, voting system for the House of Commons is most evident. The 1955 election was the last time that Scots got a government in

London that they had actually voted for. The Welsh First Minister has put it well. There is no institutional architecture to make the United Kingdom work. It is all ad hoc, random, and made up as we go along, not a satisfactory basis to sustain the future of the UK. Ad hoc, random and made up as we go along describes, Johnson's approach to his personal and political life well.

So, I conclude with two predictions:

- Brexit is not done. It will be with us, including the EU, for the foreseeable future.
  - Anybody who predicts the future of the UK is a forecaster who does not know that he/she does not know what it will bring.
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#### *About the author*

**Colin A. Munro** is a Board Member of the Austro-British Society and is a UK native. He attended the George Watson's College and the Edinburgh University and joined HM Diplomatic Service in 1969. During his career he held numerous positions in Berlin, Kuala Lumpur, Bucharest, Frankfurt, Zagreb and served as the Private Secretary to the Minister of State responsible for Central and Eastern Europe. His last posting in HM Diplomatic Service was as Ambassador to the OSCE. He chairs the UK Citizens in Austria and in the ABS he is also a member of the Expert Council.