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Brexit Bites Back



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In recent months, British public opinion on the issue of Brexit has shifted. Many people in Britain are becoming more critical of Brexit. With the help of plenty of dark money, Murdoch's press, and the gross misjudgement of a conservative prime minister, the UK held a referendum on Brexit (the British exit from the European Union) in

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2016. 51.9% voted for Brexit. The policy of leaving the EU was confirmed in the UK's 2019 election. And, on January 31, 2020, Britain officially left the EU.

With that, Britain was free from the illusionary shackles of the supposedly un-democratic EU. Self-determination and democracy were put back into the hands of the British people. Strangely, the UK's current prime minister – Rishi Sunak – was not democratically elected by the British people, nor was his predecessor Liz Truss – both conservatives.

Well, at least Brexit stopped the migration of undocumented individuals by boat across the English Channel, right? Not quite. In fact, the opposite happened after Brexit. In 2022, up to November, more than 40,000 people had crossed the Channel in small boats. This was the highest number since these figures began to be collected in 2018. In 2021, the total was 28,526 people, while in 2020 it was 8,404.

Worse, the UK economy is going downhill. This, it seems, also fuels growing anti-Brexit attitudes. Recently, and this came for the first time, British media and even some conservative politicians began saying rather openly that Brexit might have been a mistake. To get out of their self-engineered troubles, some British politicians are now suggesting the adoption of the so-called Swiss Model, a new paradigm on how to structure the UK's relationship with the EU.

According to the Swiss model, the UK would have to do whatever the EU tells it to do – without any right to participate in EU decision-making governing the EU's €15tr economy. Like Switzerland, the UK is not a member of EU. It is outside the EU's 450 million people. This occurred because Brexit has shown that, when you put up trade barriers to your most powerful neighbour, you will get hit hard. All this came just as the nude Cambridge economist predicted in 2019. She was spot on!

Almost two years after Brexit, the economic development of the UK – in comparison with that of other G7 countries and the OECD – shows that the consequences of Brexit can no longer be ignored. The country is falling behind the EU and the OECD economically. Yet, the Britain's conservative press has created the false idea that the Tories are good for the economy. What is worse for the conservatives is that their traditional excuses – the Covid-19 pandemic and the Ukraine – don't seem to wash any longer with the British public.

The silence on the B-word – Brexit – seems to have been broken. Today, the B-word can be said again. The economy in the United Kingdom is so bad that Brexit can no longer be denied as a major cause for the current misery.

A few years ago, Boris Johnson was the UK right-wing populists' man. He was the Tory prime minister who ensured there was a hard Brexit. After rafts of scandals, he is no

longer in power. His immediate successor – Liz Truss – failed bitterly. After that came the current prime minister, Rishi Sunak, together with chancellor of the exchequer Jeremy Hunt. Both politicians are more pragmatic at the UK's Brexit rudder.

Only a few weeks ago, Britain's leading and very conservative newspaper, *The Times*, carried an article headlined *Britain mulls Swiss-style ties with Brussels*. In it, *The Times* writes that the British government is considering how it could bring Britain closer to the EU.

In contrast to hard-Brexit UK, Switzerland has direct access to the EU's internal market. Unlike the UK, it also pays the EU, complies with EU regulations, and accepts the free movement of people. In a referendum in September 2020, the Swiss confirmed their model.

Today, some suggest that a frictionless trade with the EU is only considered realistic if the UK, similar to Switzerland, has access to the EU single market. However, Britain wants access without the free movement of people, despite a severe labour shortage in the UK.

Even though the EU had already rejected this in 2019, London is still hoping for an EU-UK compromise in the long term. Increasingly, the devastating impact of Brexit can no longer be hushed up by the British government.

Meanwhile, Sunak and Hunt need to get British fiscal policy and the British economy back on track. Their hard Brexit makes this very difficult, since the UK is no longer part of the EU's single market and customs union, and exports have been declining.

Interestingly, UK government ministers now want to remove as many trade barriers with the EU as possible. The plan is to do this over the next decade. Yet, all this should – in the hallucinations of the British Tory party – be done without the UK becoming a member of the single market.

Meanwhile, Sunak has postponed the UK's planned membership in the Trans-Pacific Free Trade Area. He did this in order not to block the UK from a closer trade relationship with the EU. In other words, the EU is already shaping British trade policy, even though the UK is no longer part of the EU. Perhaps BoJo's grand idea of a post-Brexit Global Britain has been quietly retired, like his infamous Brexit bus.

With the dying hallucination of Global Britain, there is no longer any talk of a trade agreement with the United States, which would also complicate EU-UK relations. However, the UK's rapprochement with the EU remains politically hyper-explosive inside Great Britain. Improved EU-UK relations are unimaginable for the Brexit hardliners – particularly after they propagated their phantasm of Brexit-wonderland for half a decade.

When it comes to the inevitable – Britain needs the EU – the Tory government immediately paddled back while sticking to its *Brexit-is-great* script, even though this is so clearly not the case. At a recent conference of the powerful and extremely influential Confederation of British Industry, the UK prime minister made it clear that there would be no case where the UK would comply with EU regulations. Goodbye, Swiss model.

More importantly, Sunak did not respond to the CBI's request to follow the Swiss model. He also rejected the CBI's idea of allowing more immigration from the EU. The CBI sought this to ensure that British companies would no longer suffer so much from their acute labour shortage. All this is bad for the UK as it will increase its economic problems. On the other hand, some of this might well be good for Sunak and the hard-Brexiteers. The PM depends on the support of Brexit hardliners inside his own party. Perhaps, this internal party support is more important to him than the campaign financing by the CBI for Sunak's Tory party.

Meanwhile, the proponent of a hard Brexit – Tory boss Jacob Rees-Mogg – never grows tired of stressing that the public voted for Brexit and that the public wanted to end the free movement of people. There should be no more discussion, he argues.

Lord Frost – the mastermind who failed as the UK's Brexit negotiator – said that any kind of Swiss model with EU regulations was completely unacceptable. Meanwhile, Lord Cruddas – the British billionaire and donor to Britain's conservative party – threatened that he had enough money and influence to thwart the plan to move towards a Swiss-style relationship with the EU.

Worse was to come. Right-wing populist Nigel Farage, who was extremely instrumental in campaigning for hard Brexit, tweeted, “this level of betrayal will never be forgiven. The Tories must be crushed.”

At least partly because of Nigel Farage's successful Brexit campaign and the UK's successfully leaving the EU, living standards in the UK have fallen and are set to fall even more in the next two years. Out of fear of being attacked by the UK's right-wing press, the hard-line Brexiteers, and pro-Brexit Labour voters, opposition leader Keir Starmer has been reluctant to call for a Brexit model different than what Britain has today.

Meanwhile, Labour's opposition spokeswoman for financial affairs, Rachel Reeves, admitted the obvious about the Brexit mess, “The Brexit deal the government secured has cost our economy dearly.” At the same time, Greens MP Caroline Lucas said,

The huge elephant in the room is #Brexit. Hunt didn't once mention how it contributed to 4% productivity drop, 15% trade drop, 6% food price increase, lower wages, workforce shortages & highest inflation in G7.

Labour is proposing a trade agreement with the EU that would overturn some trade barriers. But fearing the pro-Brexiteers, Labour's Sir Keir Starmer has strictly rejected a UK membership in the European single market. Meanwhile, UK prime minister Sunak and his Tory off-sider Hunt have been accused, by the pro-Brexit hard right, of having hijacked the government in the interests of the EU.

And the hard pro-Brexit right has powerful allies, such as the staunchly nationalistic and right-wing Daily Mail headlining, *Rishi Sunak and Jeremy Hunt killed the dream of any Brexit dividend stone dead*. The reactionary tabloid argued that Hunt and Sunak are about to destroy what Brexit should have brought in terms of benefits: a country with low taxes and high wages, where the economy and the public experience growth. This is a delusional mirage, given the current economic situation of the UK.

Facing severe economic hardship because of Brexit and rising energy costs, Sunak is forced to turn towards a kind of European-style social democracy. The recent economic development of the UK – in comparison with other G7 countries and the OECD – shows that the consequences of the Tories' hard Brexit can no longer be ignored.

The UK is falling behind economically, and this can no longer be excused with the pandemic and the Ukraine war. According to the most recent forecast by the UK government's very own Office for Budget Responsibility (OBR), the standard of living of Britons will fall by a whopping 7.1% over the next two years. The biggest fall on record, this negates the income progress of the past eight years. Brexit bites back!

Worse, data from the OBR and the European Commission show that no European country will fare as badly during next year as the UK. Its gross domestic product is set to fall by 1.4%. The UK is the only one of the G7 countries with an economy that has not yet reached pre-pandemic levels.

The latest survey by YouGov shows that 56% of respondents believe that Brexit was a mistake. Of the people who voted for Brexit in 2016, a whopping 70% still think that this was correct. Overall, *one in five who voted for Brexit in 2019 now thinks it was the wrong decision*. In other words, a whopping 20% of all Brexit-voters thinks what they had done was wrong.

The British economy has suffered sustained damage as a result of Brexit – something hard-line Brexiters like Sunak refuse to acknowledge, blaming instead the so-called Covid-19 legacy and the Ukraine.

Meanwhile, Michael Saunders, the former member of the Monetary Policy Committee of the Bank of England, suggests, “*If we hadn’t had Brexit, we wouldn’t be talking about an emergency budget like we had this week.*”

From an economic point of view, Brexit is like kicking the soccer ball into your own goal. In the wake of all this, public opinion in the UK is becoming more critical of Brexit. Lord Deben (Tory) said, “Our situation is worse in every area because we’ve left ... people now know the terrible damage that leaving the EU has done.”

Perhaps many people voted for Brexit in 2016 and again in 2019 out of frustration with the general situation and for all sorts of other reasons. Many might have been misled by a well- engineered propaganda campaign by Murdoch’s powerful press, nationalistic right-wing populists like Farage, and *hyper-narcissistic* and power hungry politicians like Boris Johnson.

Now they are starting to realise the damage Brexit has caused to Britain. In the UK today, the B-word is being talked about again. Yet, Tory politicians that got Britain into the mess seem to know no way out. Then again, *would the EU take the UK back?*

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