



The
**Red
Cell**

Behind Brexit:
Talking Points for
EU Diplomats

Dr. Lee Rotherham
May 2017

www.theredcell.co.uk

Behind Brexit: Talking Points for EU Diplomats

Quand le théoricien, quand le raisonneur se trouve en présence d'une réalité complexe, non point seulement compliquée de complications, mais complexe de complexité, particulièrement quand I se trouve en presence d'une réalité double, son premier mouvement, où il se tient, parce que c'est le mauvais, est de ne retenir qu'une partie de cette réalité complexe, particulièrement une des deux parties; il élimine instinctivement, automatiquement tout le reste, ce qui le gêne, particulièrement l'autre des deux parties; sans nulle inquiétude; au contraire, il s'en sait bon gré, il s'en estime d'autant, il se mesure à cela, il se trouve très fort: il serait inquiet au contraire s'il gardait beaucoup de réalité, s'il respectait la réalité, il serait anxieux s'il gardait toute la réalité, il ne se reconnaît pas: ainsi naissent les systèmes.

Charles Péguy
Heureux les systématiques

Introduction

Diplomats report to national governments. Journalists report to their nation. This open letter is primarily intended for the former who are posted to the Court of St James, but may prove equally thought-provoking to both.

For many years, institutional consensus in the United Kingdom favoured EU membership, even while the EU itself was constantly evolving. The motives for support often proved to be anachronistic, and thus the support base itself proved to be eroded when it came to the test. External commentators, whether representing the state or the private sector, too often accepted as normative the acquiescence towards that changing contract as a fixed given.

There were many reasons for that assumption; and many of them still apply today, generating a bubble analysis that is too focused on one part of a metropolis operating in a different orbital cycle to other parts of the country.

Project Fear's mythologies still linger. Narratives are even now being pushed that bear little resemblance to ground realities, and which are already generating fresh misconceptions amongst analysts. While there are considerable problems associated with Brexit, they are not the ones by and large being discussed, while false flag concerns and headline irrelevances are.

This short paper seeks to address a few of the fallacies that have survived or latterly emerged, especially those relating to interpretations over Eurosceptic thought in the United Kingdom. It is primarily intended to challenge international opinion makers and opinion multipliers (to use the

Commission's own terminology) but also serves to encourage wider reflection. It has variable wider potential for application in other EU states.

Why Brexit Happened: The Inevitability that Followed Failure

The fact of Brexit should not be taken retrospectively as inevitable; it became inevitable because at a series of key junctions, the path chosen proved to be the one making the final rupture ever more likely.

Brexit was not an unexpected or unpredictable event. It was the end point of a logical progression, well signposted throughout to those who were paying attention to the warning signs. It might conversely also be said that Brexit was delivered by the failure of middle ground critics of EU direction to deliver on their ambitions, a denial of ground by others that left no alternative for them to honestly pursue.

It is important to remember this when reflecting on conversations about the need to "punish" the United Kingdom for a democratic decision, most inspired and most deeply motivated by those most inclined to talk about "punishment" - and the need for the EU in its talks to act harshly "pour encourager les autres," to channel Voltaire.

The problem with British membership of the EU was always going to be fundamental. De Gaulle, to put it simply, was right: the UK was more of a global, free trading expeditionary state than many of her counterparts – though in some cases and particularly in the immediate post-War period, not much more. It does though have psychologically less baggage from the twentieth century. It has, with significant caveats, a greater sense of sympathy to and critical links with the United States.¹ Bound by foaming shores, it is less directly concerned by issues of land borders, their protection, and their historic delineation (or the same type of preoccupation with neighbours who have over many centuries persistently redrawn them).

The United Kingdom was historically driven by different interests and fears, by different priorities and ambitions. It learned a diametrically different lesson from the Suez Crisis than the French did: London chose to embrace Washington the more closely, Paris to set itself at variance and to embrace Bonn. So the nature of UK interest in EU integration was always going to be less soulful, or fearful. That factor was persistently underrated in Brussels corridors, largely because Brits also walking by in them were self-selected and typically from a minority contrarian viewpoint.

¹ Against the persistent and Jeffersonian efforts of the State Department to undermine and supplant UK interests, stands a certain Hamiltonianism that has emotionally and culturally encouraged cooperation (occasionally, though tidally, through the Oval Office itself). What really drives the relationship is, however, seven decades of reinforced mutual trust on security matters, in a unique and formal arrangement which also encompasses the Old Commonwealth.

Variable Symmetry of Purpose and Gain

These points we cover in more depth in our paper *The National Interest*, with a formula that shows how the key variables change from one EU member state to another.²

Some countries gain more than others by applying red tape burdens across all their economy in order to reduce non tariff barriers; some peoples place a lower premium on transferring sovereign and democratic powers; some electorates more readily aspire to a European commonality; some states have a greater historical problem with larger, expansionist neighbours.

Taken together, the fact that a country like the United Kingdom is less driven by the EU project should not be a surprise. Indeed, even the economic case for British membership is a marginal one, for a country that is near the bottom of the list in terms of share of exports to its neighbours, and also near the bottom of the list for its track record as a regulatory state. Incessantly adding new regulatory costs in exchange for comparatively low trade gains was always at some point going to throw the sword of Brennus into the scales.

Then there is the strategic direction. Political leaders in other states have, often but not always, been more open in their aspirations on what the EEC is meant to become. As pro-EU writer Hugo Young noted - as far back as 1998 - in his important history on UK accession, *This Blessed Plot*, those who drove the change in British strategic direction realised that it was not going to meet with public approval; the result was that the policy was masked by deliberate deception. When fakery gets found out, as started to happen at the very time the public was being asked to buy into the Euro, then a backlash was inevitably going to unravel those spun threads. Notably, this was a fault of the British political and Énarch-equivalent elite, a home-grown planning disaster that cannot be laid at other European doors.

It does seem though that one lesson that has not been learned in some quarters is over vocabulary. Euroscepticism is not, overwhelmingly, driven by nor is it the consequence of xenophobia. A popular sentiment or cause is not the fruit or seed for that ill-defined bugbear that is styled 'populism'.

True populism arises where there is a deep and dividing disconnect, defined by a gulf between ruling class and ruled. Where voters feel consistently alienated and ignored, and especially where they are breezily instructed by a consensus of the 'Other' that their concerns are irrelevant and unworthy, then they are forced to adopt spokesmen from wherever they may be found.

It should not be enough merely to speak against a political consensus in any given subject to be classified as an "extremist". That includes on European integration. Political ideals, to thrive and survive, should be challenged on first principles. That also encompasses commentary on the causes, consequences, and very opportunities arising from Brexit.

² http://www.theredcell.co.uk/uploads/9/6/4/0/96409902/the_national_interest.pdf

A Deaf Consensus

The EU, certainly from the UK perspective, is a broken system. Its credibility has been persistently eroded by scandal. Funding (inherently a key concern for a net donor state) has been repeatedly revealed to subsidise projects that were predictably poor value for money, sometimes infamous in their content, and occasionally comedic. Bridges going nowhere stick in peoples' minds; but the cardinal sin lay in repetition.

Democratic accountability across the EU is notional and intangible, and the persistent shrinking of mandate in MEP elections (with turn out dropping every election since 1979) both demonstrates and reinforces this. When it then came to direct polling on approving a new treaty, wherever the public was given an opportunity to express their views and on reflection rejected what was on offer, voters were repeatedly told to go back and think again. Since then, the EU has even taken a hand in overturning heads of government in Greece and Italy, while directly intervening in national politics involving EU-critical candidates and policies elsewhere.³

The irony is that generating a genuinely federal state would remedy many of these failings, but only at the cost of confirming all that has been denied about the direction of travel. The EU is trapped in an unvirtuous circle.

So why should observers be surprised at a lack of public confidence in a current model seemingly designed for lobbyists, defended by grant recipients, and vaunted by idealists of a denied ideal?

Leaving aside the various treaties since Maastricht, which constitute a one-way street, there were in essence two chances prior to Brexit to remedy matters. The first was an attempt to fix things multilaterally. The Laeken Mandate instructed delegates to the Convention on the Future of Europe to reflect on why the EU had lost public support, as repeatedly demonstrated by referenda rejections and the rise of protest parties. That included both the option of adding new elements, but just as importantly the provision that powers should be restored to national control where they worked better there.

As it turned out, the delegates - by background and method of appointment - were overwhelmingly pro-integration, either generically or in calling for additional competences on specific points of personal interest (since bartering off the latter meant adding even more powers). A small handful of Eurosceptics were present and were able to generate a Minority Report, but this was ignored.

As an arch irony, the resulting EU Constitution was itself then rejected in multiple referenda, only to be pushed through in slightly amended form as the Lisbon Treaty. But this symptomatic approach meant that the last prospect of generating a reformed EU that addressed the concerns of many across the continent was now gone - forever.

The EU was proven to be corporately unreformable.

³ Including, latterly and unwisely, leaking private dinner conversations with a Prime Minister.

If multilateral reform was not possible, that left bilateral reform – in other words, making a deal that just changed the relationship between a country and other EU states. But just as multilateral reform failed, so too did bilateral.

The fault here can be more widely distributed. David Cameron and his advisers effectively reneged on the initial plan to seek a major and meaningful structural change, instead pursuing minor technical adjustments that even if delivered could not have generated a lasting and legally watertight reform. For their part, continental counterparts in the Commission and beyond failed to grasp the consequences and real opportunity that lay before them.

Assumption trumped vision, facilitated by a stark lack of ambition and insight. Had a new form of association been generated between the UK and the EU over 2015-2016, it would have cut the wind from the sails in the referendum that followed. In the event, failure, even with the Damoclean prospect of a referendum overhead, revealed that neither Brussels nor for that matter Whitehall could be trusted with fixing the problem from within the EU construct.

Meanwhile, the demands of the Eurozone and the pace of change since the Maastricht Treaty pointed to the prospect that the UK's relationship with the EU would only get worse, with increased political integration and total erosion of the national veto. In such a context, the question then became how difficult Brexit would become in another ten or twenty years' time, after further integration containing at best limited UK opt outs, safeguarded by an unsympathetic Luxembourg Court.

So now the UK's relationship with the EU demonstrably could only be fixed by taking the whole thing apart and coming at it from scratch.

Brexit happened despite the efforts of Eurosceptics to slow the ill-considered and to reform the unpalatable. It began as a Reformation in what had become a faith, and ended as a Revolution against a deaf Establishment. It became inevitable despite, and not because of, everything the Eurosceptics said.

So in national chanceries, Eurosceptics should not be blamed for what is now happening. Whether the lessons are now applied more widely to other remaining EU (and indeed EEA) states is a different matter. The track record suggests they will not. Brexit will not be at fault for whatever now follows.

What Next?

Anyone deluding themselves should disabuse themselves at once: Brexit will happen, and the change will involve either a steady sawing, a snapping or a splintering sound, depending on both professionalism and good will.

The 2017 referendum was not like other referendums, where a negative vote was seen as an administrative set back, triggering a brief flap, a pause, and a tweak. The public has seen that happen too often, and the tactic is threadbare. The Brexit vote by contrast was a complete repulse. Any attempt to treat it with contempt will be met by scorn.

Much more importantly, listening to minority siren calls to test those rocky shores would divert important time and effort. There is serious business to be done in settling a great many administrative details to make any new arrangement, even a minimalist one, work.

Countries seeking to apply to the EU are tested against compliance across 35 accession chapters. As we explore in our *Brexit Risk Register*, the best way of mapping potholes on the route for leaving the EU is to assess those 35 areas in reverse, as de-accession.⁴

Such a review reveals that Brexit is indeed administratively complex; but that full engagement by competent teams should be quite capable of delivering a new working model.

The UK is an existing EU member coming from a starting point of connectivity and compliance, arrangements themselves grounded on a much wider and deeper foundation consisting of higher order international standards setting bodies.

Starting points are crucial. Inertia is the key hindrance in reaching international agreements. For a country seeking to join the EU, inertia is what is stopping bilateralism from happening as the country has to change in order for a precondition to be met. But in this instance, inertia means retaining compliance, facilitating connectivity.

This simple fact removes the key obstacle in so many of the negotiating areas. We might perhaps deploy an electrical or computer metaphor. So long as the circuits are identified in advance so they can be tested and if necessary resoldered, de-accession is a thousand times easier to arrange than accession and building the computer from scratch.

That difficulty applies especially to vascular checks in trade monitoring with any country that has decades of divergent standards underpinned by different models for checking compliance – in other words, the direction of travel for Brexit is easier to reverse engineer than building TTIP or CETA from the ground up.

Once one accepts that grand strategic modelling and retweaking the EU treaties is not the way forward, the process of administering Brexit becomes a question of refusing existing connections rather than pursuing political arguments about relative rights, privileges, obligations and third party interests. It also becomes correspondingly potentially easier to agree and in turn to ratify. It is easier to sign off a hundred Memoranda of Understanding (MoUs) and localised association agreements than to ratify a grand treaty that readjusts the balance of interests across EU institutions, and would otherwise encourage a summative analysis of UK net donations and how various countries should share them out. That mentality is an incitement to failure.

So here is the fundamental: rather than fixating on gross structural and financial generalities at top management level, work needs to engage more at desk level on what interconnectivity needs to continue to happen between people and computers. To achieve that means accepting the principle of a deal based on some form of Free Trade Agreement that continues to banish specific administrative obstacles to trade, in a deal accompanied by a cohort of bilateral cooperative arrangements in narrow policy areas of common interest.

⁴ http://www.theredcell.co.uk/uploads/9/6/4/0/96409902/the_brexit_risk_register.pdf

Depths of Technicalities

Our Risk Register runs to over 210 pages of items that need to be confirmed, consolidated, replaced, recognised, or simply repudiated. Some have policy issues with democratic as well as technical implications. To cite a couple of examples at random, an issue that needs reviewing relates to the future level of UK legal and technical compatibility over FADO, the European Image Archiving service; or over ECRIS, a criminal records system.

Alternatively the question might be one more to do with options for what one might call de-gold plating and de-silver plating. By this we mean in the first instance extra administrative burdens added at EU level which go beyond what is legally required under international trading standards for imports from non-EU states; and administrative burdens that are separately added at domestic level arising from fear (however remote) that the UK could be taken to court by the Commission for failing to transpose a given directive. The sort of obscure legislation where opportunities for review may arise here might include some of the compliance paperwork over Eel Management Plans, or paperwork commitments under the Nutrient Management Plans. Much of this will not be a matter of wider EU interest, other than ensuring export compliance (where relevant) remains.

Or again, there is the high priority and core issue of adapting existing administrative arrangements to minimise the risk to new Technical Barriers to Trade (TBTs) emerging. One of the many examples here relates to seeking an agreement so that Inland Container Depots are classified as Inland Clearance Depots, thus allowing transit inspections to take place away from ports of entry. Another example is over the need to confirm that provisions for the Import Risk Assessment Scheme retain their compatibility with Consolidated European Reporting System (CERS) worldwide procedures. In both cases merely asking the question may remove the risk simply by avoiding the ambiguity.

The full range of issues is, at first sight, daunting. Our 210 pages are fairly densely filled. They include issues of legal continuity, administrative facilitation, IT compatibility, oversight processes and many more. The good news is that, if basic principles are agreed in one area, the same logic and processes can then be carried across to others - assuming civil servants and Commission officials are properly following developments and talking internally to their own teams.

Divided by an Uncommon Language: the Carl Sagan Problem

Those directly involved in the negotiations should already be down into the very weeds on these points, or at least one hopes so. But it is now that the problem faced by tv astrophysicists kicks in.

An astrophysicist deals with extraordinarily complex models, formulae and theorems that the rest of us mere mortals cannot hope to properly fathom. So how does such a scientist when appearing on a television programme popularise it?

He does so by simplification, rendered accessible by metaphor, abstract, generality and visuals.

The problem then becomes a different one. The presenter creates a programme that might be incredibly popular and may even begin to inform people on complex subjects; but he does so by

watering down the material to the point that it then becomes meaningless to those wishing to discuss the very fundamentals.

The same applies over Brexit. The complexity is such that commentators and politicians themselves are currently trapped in extraordinarily broad brush narratives on highly generalised themes, even where they do have a more comprehensive understanding of some of the extraordinary range of technical small print - and the range of subject matter is already so vast that no one individual can be a Tenth Dan black belt in *Brexido*. The fact that journalism is largely a generalist's field, and that the EU as a topic is a compendium of complex fields, exacerbates the problem further.

The narrative today remains locked in certain generalised areas, such as over the size of the departure bill, or trapped in facile and fallacious metaphors such as talk of "cliff edges" and "hard" or "soft" Brexit.

One can surmise that a deal of the frustration between the Commission and UK Government ministers is down to this application of language and linguistics, little of which has been intended for consumption by the former. For Government, the priority is one of maintaining public and business confidence and market stability, as talks progress and loose tongues mischievously waggle. Downing Street's message has been marketed in terms of possibilities and prospect, 'making Brexit work', 'delivering success' and the like. There has been little said on the practical wiring elements: but then it has also taken the better part of a year for a Government that didn't want let alone plan for Brexit to formally declare whether its intent was to seek an FTA deal or go via the EEA route.⁵

However, there is a danger that outsiders (in national capitals, in Brussels, or amongst die-hard Remain supporters) confuse such broad brush headline statements with an ongoing lack of specifics, direction or vision today. When President Macron says of Foreign Secretary Boris Johnson that "he enjoys giving flamboyant speeches but has no strategic vision", this is more the offspring of such oversimplistic vocabulary than any lack of direction and purpose across Whitehall.

Three Brexit Myths

So let us here remove some ambiguity about what Brexit will mean by tackling some of these language illusions.

To begin with, there is no prospect of a "hard Brexit" - unless the UK and EU tumble into a trade war. This is because there is no such thing as a "WTO default", and correspondingly no such thing as a "cliff edge". A "WTO default" (or more properly, an MFN Default) is a description simply for what happens to tariffs and quotas in the absence of any deal. It does not cover the overwhelming majority of other areas listed in those 35 de-accession chapters, and which can be addressed separately – quite possibly in a raft of MoUs. These agreements, singly or grouped into Chapter bundles, would address what happens in areas involving existing administrative links, legal

⁵ We might postulate that this was in large part down to negotiators testing the ground in the months prior to the triggering of Article 50. We are not best placed to resolve what localised progress has been made in parallel across specific dossiers over this time frame.

continuity, processes, IT access and storage, operational bills, but in particular those Non Tariff Barriers (NTBs) that risk emerging with the removal of the Customs Union.

In the case of NTBs, that means reaching agreements on technical standards; but also more importantly how checks are made along the production and supply line so that inspections don't all have to be made at ports. Whether that's about confirming processes to check the paperwork over metalwork in a tractor or hormones in a beef carcass, that in turn also means agreeing that the people doing the checking are recognised as certifying authorities, that their certificates are themselves recognised, and that the IT transmitting those certificates continues to be connected and approved.

Agreeing those elements and many more like them can be achieved even if MFN terms are defaulted to over tariffs and quota – which is just as well, as in general terms they are more important. So any deal is going to be bigger than just over what tariff rates are set, and focusing obsessively on MFN terminology without considering this context of bodyguard agreements would be a mistake.

The second myth relates to the prospect of the UK leaving the EU but staying in (more technically correct: transitioning to) the European Economic Area (EEA). **The EEA deal is, simply, not an option.** It does not address the issue of immigration, which has been a growing concern of the British public for many years, despite concerted attempts by the Labour Party leadership to associate concerns with racism and xenophobia, and further exacerbated by Tony Blair getting his estimates catastrophically wrong on projected numbers of Eastern European migrant workers. Significantly, the causes for this rupture in public faith are to be laid down at the feet of Mr Blair's Labour Party and once again not at the doors of the EU.

Moreover, as Cameron's renegotiation progressed, Downing Street made great effort to downplay the EEA as a viable option. This went to the extreme of diplomatically requisitioning the Norwegian Government to make the argument on its behalf. The model was not just tarnished but officially rubbished during the referendum debate.

The fact that this line of argument is demonstrably false is a complicating dynamic.⁶ Eurosceptics in EEA countries assert that they view EEA terms as better than EU terms; but they also want out of the EEA as they consider that better still.

In any case, Downing Street poisoned the EEA well and deliberately took the route off the table at an early stage. Brexit means stepping away from any arrangement that keeps existing formal structures in play, including the EEA.

There is an exceptional set of circumstances that may create an exemption. If negotiations on post-Brexit wiring and the circuitry that avoids TBTs are unfinished but close to completion within a set timeframe, EEA membership may be one possible mechanism to stall the clock. However, such a scenario assumes that at least one EU member state is inclined to block an extension to the Article 50 deadline; and if they are inclined to do that, they are likely to be just as inclined to block temporary UK accession to the EEA. But if EEA mechanisms are unexpectedly turned to, transitional terms need to be of finite duration, brief, and a last resort to be morally justifiable.

⁶ http://www.theredcell.co.uk/uploads/9/6/4/0/96409902/a_warning_from_norway.pdf

The third myth relates to **fantasy politics**. A surefire way to stumble with the circuitry of post-Brexit Europe is to stall on the absurdities. One example is over judiciability.

The definition of sovereignty predetermines that there can be no direct, sole and supreme role for the Luxembourg Courts in overseeing future arrangements with the UK. By the same token, it would be conversely absurd to imagine that the CJEU will have no indirect impact on the future of the association. What is most probable, and would be most likely to be acceptable, would be to recognise the delineation of sovereignty geographically; to work out where those dividing lines stand where they cross over into more abstract areas (such as airspace or cyberspace, or even marriage); and to determine joint mechanisms to resolve areas of overlap that cannot be so readily defined.

If the United States is able to define principles over when the Louisianan Civil Code or Maine Common Law take priority for residents of both; and if international agreements fairly universally include clauses covering dispute settlement (of which there are many models), then this should not be a deadlock issue.

It does of course require clarification. One option that will be mooted will be generating a new court of arbitration, distinct from existing judiciaries and capable of generating what amounts to distinct case law. Or, a route which is over the long term politically more sensible, it will mean creating a review tribunal with the prospect of continued disagreement being referred to the WTO. In no instance, however, will the various judiciaries of the United Kingdom remain a subservient element of a pan-European legal system operating with a quasi-imperial jurisdiction. Controversial judgements that wander into politics and cannot be democratically reviewed will break any such model.

The question of UK debts to the EU also needs to be approached more intelligently, given its persistent appeal for those seeking peppery headlines. The prospect of the UK being liable for €100bn of payments to the EU is so absurd even for a starting gambit as to be publicly offensive.

Consider the prospect in reverse: were Greece or a net recipient of EU grants to leave the EU, would other EU states feel bound to dole out outstanding regional and social payments?

In the case of the UK, the country has never had a fair deal from funding, and as a geographically periphery state has benefited only indirectly from infrastructure improvements to eastern and southern Europe that exporters from neighbouring net donor states such as Germany and France have been better sited to exploit.

One need merely take the example of expectations over pensions liabilities, already identified as a black hole in the time of Martha Andreasen. While payments vary according to job grade, the bare stats behind the number of people on the EU pension payroll is telling. Pension recipients in Belgium number 9173; in Germany there are 1460; in France, 2538; in Italy, 2138; in Luxembourg, 2737; but in the United Kingdom there are just 963.⁷ With a total of 22,723 pension recipients, that is around a third of the share one might expect by population, reflecting the reality that the UK is massively underrepresented within the Commission staff (at around half of what it should be).

⁷ Response to an FoI request by the author, 2016. Of which, incidentally, 42 choose to get paid in Euros.

Given such realities, it should be no surprise that there is a considerable appeal for the UK to assume liability just for outstanding payments due to recipients of its own nationality. If EU negotiators seek to map out to 2020 or to include a UK commitment to fund wider RAL, the best that might be hoped for would be for expectations pencilled in for UK recipients would be repatriated. Anything more is domestically unsellable.

By contrast, payments into the EU budget up to the point the UK does leave would be honoured. So those using the vocabulary based on a figure of €40bn debts in that context make perfect sense.

Conversely though, under any fundamental principle of international law, the UK has paid a large sum into the EU and constitutes a shareholder of assets.⁸ Realistically, payment for EU-subsidised Greek bridges or Spanish roads – items that are immovable, toll free, and sole property of that state – will likely not constitute assets for discussion under friendly conversations.⁹ Share of other physical assets is. By pure national share of budget contribution behind its construction, the UK has call on one of the floors of the new Council building – ask the Czechs and Slovaks about their embassy buildings. Obviously the UK would not want to occupy it, but would seek to offset its value during negotiations against other provisions. By contrast, a direct proportion of funds under the EIB, and even a tiny proportion of assets held by the ECB, can be defined in terms of a clearly UK-denominated share.

Brussels negotiators should add these sums up, then come back a lot more humble.

The basic reality is this: the UK has been a generous donor to the EU in the past, and has in the process become a major shareholder in everything from buildings to paintings to office space and chauffeur vehicles. It will stop being so for what is spent in the future.

The issue for the Commission will be to manage that change; the issue for MEPs will be to curb their RAL profligacy; the issue for the Council will be to curb longstanding and rash expectations across future budgets.

None of that is a concern of the UK, nor is it something to blame the UK for. In fact, Brexit generates a unique opportunity for the EU to come to terms with its unstable and degenerative spending mechanisms, and begin to restore some measure of public confidence in what it does.

As for the UK, payment into the EU budget has been discredited in the eyes of the British public. There is little support for feeding centrally-managed funds, immolating Molech with piles of burning banknotes. Any payments that are made will be need to be appropriate to the type of cooperation being undertaken, and underwritten by the principle of *juste retour*. After the scandalous abuse of the Disaster Clause to support the Greek bailout, anyone clinging to wild hopes about the UK bailing anyone out in the future also needs to be seriously disabused.

⁸ Even the reserve funds of the League of Nations were eventually returned to donor states (belligerence in intervening wars was a complicating factor).

⁹ Certain recipients generating revenue offer prospects of becoming so, as well as funds supplied to improve profit margins for private companies and cooperatives, if sums like €100bn are still bandied around.

Conclusion

The mood in Brussels is now described behind the scenes as aspiring to turn Brexit into a Lose-Lose scenario.

If by that, the definition of “loss” is to ensure that the UK is quite clearly, structurally no longer a member of the EU, based purely on the assumption that membership of the EU is of itself an immense national benefit, then so be it. The experiment will prove or disprove that conceit.

If the interpretation is rather that some measure of tariffs need to be re-introduced to make a clear differentiation between membership and non-membership, then that becomes a prospect of self spite. But planners would be wise to avoid two particular mistakes in pursuing it.

The first would be to deny that this is a deliberate policy. Because people will spot the domestic damage in terms of job losses, drop in investment, a wobblier Euro, high unemployment and reduced access to capital; when the truth of behind this emerges, that this was a deliberate choice rather than just something that Brexit did by itself, then public confidence in the EU and its leaders will be scraped to the bone.

Nobody forgets a Nerobefehl. Especially when businesses pursuing the reasons behind why their exports have stalled then sue.

The second error would be to play gesture politics without the hidden pragmatism. Even if tariffs re-emerge, there is a lot of work that needs to be done on the circuitry of trade simply in order for it to happen. That means of course establishing what does constitute a mutually-agreable FTA deal, but also more importantly the brass tacks supporting an administrative transition that avoids TBTs, allows for easily-ratifiable bolt-on cooperation, and sets the future parameters for the long term management of divergence.

The alternative to doing any of that is to simply state that Brussels engaged in a trade war, to actively discourage countries from exporting to one another, and finding the EU’s strategic losses escalating into issues of security cooperation and competitive taxation rates.

Nobody, surely, can be that stupid? For what kind of message would *that* send to the public about the sort of club its members then start to consider themselves imprisoned in?

About the Author



Dr Lee Rotherham has been an adviser to John Major's whipless rebels, Eurosceptic MEPs, three Shadow Foreign Secretaries, the Conservative delegate to the Convention on the Future of Europe, a delegate to the Council of Europe, and government ministers.

He was Head of Opposition Research for the No Campaign in the AV Referendum, and Director of Special Projects at Vote Leave, the designated pro-withdrawal campaign during the 2016 referendum.

He has twice been a Conservative candidate in General Elections, in 2001 in St Helens South (the "butler campaign"), and in 2005 in Rotherham standing against the then-Europe Minister.

Outside of Westminster he has worked in publishing, teaching, heritage, and in Defence. He has been very extensively published in academia and across think tanks. His publications as author or co-author include *The EU in a Nutshell*; *Ten Years On - Britain Without the European Union*; *Change or Go*; *Plan B for Europe*; *Controversies from Brussels and Closer to Home*; *Manning the Pumps*; *Hard Bargains or Weak Compromises*; *The Hard Sell*; *Bloc Tory*; *Common Ground*; *A Spotter's Guide to Sound Government Policies*; and the award-winning *Bumper Book of Government Waste* and *Brown's Wasted Billions*.

His historical works include *A Fate Worse Than Debt – A History of Britain's National Debt from Boadicea to Cameron*; *The Sassenach's Escape Manual*; and tour guides to Roman Britain, colonial North America, the Hundred Years War, and the Apocalypse.

Lee is a reservist in the British army, and has served on three overseas deployments

