

The Continued Case for *Brexit*

BY BERNARD CONNOLLY

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The mulish Theresa May seems hell-bent on destroying her party, abandoning her country's sovereignty, and betraying its democracy. But even she cannot be held solely responsible for the disaster of the Articles of Surrender she and her officials have accepted from their Brussels masters; and sheer cussedness cannot be the only reason for her appalling behavior. So what motivates "Project Fear": the preposterous projections and biblical scare stories dreamed up by those in Britain who want to keep the country imprisoned in a ruthless, nakedly anti-competitive, nakedly anti-democratic, and nakedly anti-British empire? Will these Remainer trolls—the *nomenklatura* composed of the denizens of the deep state allied with Davos Man and supported by Britain's gloating enemy, Brussels—succeed in frustrating the clearly expressed will of the electorate to leave the European Union, the single market, and the customs union? Why on earth are they trying to do it? Why will they not allow the people of Britain to get their country back?

In assessing the "projections" and scare stories, the first thing to remember is that the British Treasury—"the heart of Remain"—always gets things wrong, from being wrong about the Gold

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Standard parity in the 1920s all the way to being wildly, scandalously, inexcusably wrong in 2016 about the short-term impact of a referendum vote to leave the European Union. It is perplexing that anyone with an open mind still pays any attention to its current emanations. Fortunately, the British economy has ignored the Treasury's whining. It has performed extremely well since the referendum, or as well as its poor productivity growth, the bitter fruit of decades in the European Union, high taxation, ever-increasing regulation, the replacement of education with indoctrination in political correctness—and unlimited low-wage immigration—has allowed. Unemployment is lower than for two generations and the full-employment current account deficit and the public finances have improved dramatically.

The Treasury's use of the gravity model of trade and productive potential, which underlies its smirkingly pessimistic view of the longer-term impact of Brexit, completely ignores the crucial political and institutional context. The model is in effect heavily weighted towards the experience of integrating quasi-autarkic economies and autarchic polities—with extractive structures lacking contestability—into the liberal world economy. No one doubts that, for instance, the integration of Comecon countries or of China into the global economy was very beneficial for their economies. No one doubts that if North Korea joined the global economy, its economy and its citizens would benefit. But the main benefits were or would be political and institutional. In the econometric estimation process, trade is picking up the influence of these factors, and even the vile European Union is not—yet—quite as bad as the Soviet Empire, even though the present Foreign Secretary has rightly pointed to ways in which it resembles that empire.

But the political and institutional effects of Britain's leaving the European Union are positive. One cannot separate the economics of the question from those of sovereignty, legitimacy, and democracy. Yet that is precisely what the Treasury tries to do. It has made no attempt to deny that Brexit is good for sovereignty, legitimacy, and democracy. Instead, it makes the astonishing leap to arguing that preventing a loss of productive potential requires tying Britain into the customs union, that is, tying

it into the illegitimate, explicitly anti-democratic, and fundamentally lawless European Union (which adopts a Giolittian attitude to “law”), with its rule by vested interests, notably the large firms inimical to competition and contestability.

Further, the Treasury ignores the truth that not only is the customs union/single market a protectionist system of rigged markets, but also that it is a system of markets rigged against British firms. That feature is in part a result of specific EU decisions influenced in particular by the three elements of the real Permanent Coalition in Germany—exporters, bankers, and Euro-imperialists. And in part it is a feature of the system itself, which by weighting rules and regulations in favor of established interests and against newcomers works against the genuinely private enterprise, initiative, and creativity more evident in Britain than in many other EU countries. It is essential for the preservation and encouragement of Britain's productive potential that the country should not have to follow new EU regulations, which after Brexit would be brazenly and unashamedly—indeed gleefully—anti-British in their intent and effect if they applied to the country.

This conclusion applies not only to goods but also to services. The European Union has made little attempt to hide its intention to hobble Britain's thriving and innova-

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tive fintech industry, for instance. Where financial services and markets are concerned, Brexit will encourage the European Union to take protectionist measures against the British financial sector. But it is equally certain that if Britain stayed in, or remained tied to a “common rule-book,” with no say in making the rules, the British financial sector would be treated even more vindictively, with a damaging effect not just on that sector itself but on British productive potential right across the economy.

Continued on page 66

Continued from page 17

More generally, the disasters that are the single currency, MiFID II, the drive (which worried the U.S. authorities) to impose euro-area clearing of derivatives, the refusal to engage urgently on the question of cross-border derivatives after Brexit, and many other examples demonstrate that the European Union is simply not a fit or safe jurisdiction for financial activity. Ideology reigns, even if ideology produces financial disaster.

In total, the sign of the Treasury black propaganda exercise is wrong.

The other supposed problem in leaving the empire—whose true nature and anti-American ambition is now openly proclaimed—and its customs union is the border between the Irish Republic and the United Kingdom. Here, it is cynicism that reigns supreme, in Brussels and Dublin (and, it has to be said, in Downing Street, which has eagerly adopted the deliberately fabricated issue as an excuse for fending off a clean Brexit). Dublin and Brussels are terrified of no deal. No deal would definitely not mean a “hard border” on the British side. But the European Union would have to decide whether it really did feel a need to protect its “precious” customs union by ordering the Irish to erect a hard border—that would expose its sanctimonious talk about the Good Friday agreement as disgusting cant and would produce chaos in Irish politics—or instead admit that all the talk about soft borders not being sufficient to protect the customs union was disgusting cant. That would be a very difficult problem for Dublin and Brussels, one all of their own making. They want to avoid it. But one has to suspect that the deep state in Britain wants to spare the European Union that choice.

The pathetic Theresa May should call the European Union’s bluff, on the Irish border, on the customs union, on the “divorce bill,” and on everything else. But she won’t—or won’t be allowed to. Why? And why does it matter?

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It is surely unprecedented for an elected government to seek not only to diminish sovereignty, democracy, and legitimacy relative to the clear and unambiguous instruction from the referendum to leave the European Union,

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but also to inflict real economic damage, and, moreover, to seek to blackmail its own citizens through the threat of fictional damage. It implies, for instance, that supplies of imported medicines would somehow be disrupted. By whom? By the British government? Of course not, not even by the putrid civil service. By what would in effect be an act of state terrorism by a European Union eager to wreak historical revenge on Britain for having successfully defended, to the benefit of all European peoples, national sovereignty and democracy against prior attempts, by Napoleon and by Hitler, to impose a pan-European empire? Perhaps. But the possible answers to the question point to a very clear conclusion: either the biblical terrors of “no deal” simply do not exist, or they are terrors that must be confronted, as in 1803–1805 and in 1940.

The dictatorship of the EU *nomenklatura*, a dictatorship which is a clear and present danger to stability and peace throughout Europe, is under threat. That *nomenklatura*—including, it would seem, its branch in Britain—will stop at little to preserve it. Many will believe that the reason the British and global *nomenklatura* is so virulently opposed to Brexit is that the referendum vote was an affront both to its *amour propre* and to its self-determined divine right to rule irrespective of election results. Goodness knows what horrors would emerge if the *nomenklatura* were to get its way and Brexit were aborted or neutered. Democracy would not long survive in Britain. All economic, financial, social, political, and constitutional bets would be off. And the damage would not be confined to Britain or to the British Isles. ◆