

The Importance of Sovereignty

BY BERNARD CONNOLLY

*This Brexit enthusiast
was one of the few
to predict its passage.
So now what?*

Brexit is a beacon of hope in the world and for the world. But the lessons of Brexit, notably for the United States and the European Union, are at risk of being misrepresented and ignored.

It took four-and-a-half years, but the Establishment campaign to frustrate the result of the 2016 referendum has ended in defeat. Britain is out, even at the cost of the quasi-colonization of Northern Ireland. Guy Verhofstadt, the Belgian politician who was in charge of the so-called European Parliament's oversight of the Brexit negotiations, had previously revelled in the capitulation by then-Prime Minister Theresa May and her coterie, telling his subordinates that May was giving him what he had always wanted—making the whole of the United Kingdom a colony of the European empire. Verhofstadt was in effect echoing what then-president of France Georges Pompidou had told his chief negotiator in 1970, when sensing a similar capitulation by one of May's predecessors, Edward Heath (who, not coincidentally, detested all aspects of American society and culture other than, apparently, American football): "*Je la [la Grande Bretagne] veux nue.*"

The European Union's defeat—the defeat of spite-filled obscurantism—and Britain's victory—the victory of optimism—were hailed by the markets, as the Project Fear promulgated by former Chancellor George Osborne has been shown to have been the nonsense the British electorate always knew it to be.

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Notably, the UK financial sector is, as I had predicted, in a much better position as a result of having been left out of the agreement with the European Union. I wrote more than a decade ago that the City of London would be targeted for punishment by the European Union whether Britain remained in the European Union or left. (“Regulation: Reform or Revenge? The Crisis, the EU and British financial markets,” *Law and Financial Markets Review*, September 2009.) But, I added, it is better to be targeted for only a small proportion of one’s overall business—certain international transactions, with the European Union and/or in euros—than if the whole of the financial sector is subject to deliberately punitive measures imposed by a determinedly anti-City imperial authority. It should not be forgotten that the City, moribund for two decades after the war, was brought back to life by foreign regulation: Regulation Q in the United States, which led to the creation of euro-dollar markets in London. Now the City has made its escape and is no longer subject to the smog of EU regulation still choking its rivals.

To achieve a favorable outcome of the Brexit conflict with the European Union, undoing as much as was possible of the damage that May had done, Boris Johnson and his chief negotiator, the admirable David Frost, had to deploy enormous reserves of skill, determination, and courage and to take massive political risks. Of course, there are costs in leaving. As I wrote in this magazine three years ago, no mistake as calamitous as that made by Heath in joining what became the European Union can be reversed totally painlessly. But even on a narrowly economic axis, the costs will be outweighed by economic benefits if newly regained sovereignty is used wisely—by no means a certainty, but now

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at least a possibility. But what was indeed the greatest achievement of Johnson and Frost—that of restoring British sovereignty—has implications going far beyond the short-run economic calculus. Without sovereignty, democracy is impossible—something realized by the leaders of the American Revolution.

That parallel is revealing. Britain lost not only prestige and territory but also treasure and a great many lives

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in attempting to resist the American Revolution. But the Treaty of Paris that formally ended the conflict was the opposite of vindictive on Britain’s part. Britain realized that trade with the former colonies (“colonies” being a word which had an origin and significance very different from that in Verhofstadt’s prematurely gloating remark) was going to be important both economically and strategically. (And, after the hiccup of the 1812 draw, it was the Royal Navy that subsequently made the Monroe doctrine more than just empty words.)

In stark contrast, the European Union’s attitude toward its defeat over Brexit has been to display its characteristic pettiness and vindictiveness, and its willingness to cut off its nose—or the noses of its supposed “citizens”—to spite its face. The Northern Ireland question will be cynically and hypocritically weaponized, the European Union heedless of the danger that its manoeuvring will create for peace in Northern Ireland. Trade frictions will be used to harm Britain—even if they harm the European Union even more. France has even threatened food blockades, and the European Union has been threatening a vaccine blockade, surely a symptom of a tendency towards a gangster state. On the financial side, one of the European Union’s leading figures has short-sightedly proclaimed that the empire

must profit in the financial sector from Britain's "loss" in Brexit, and the European Union's move to grant more favorable treatment to U.S. clearinghouses than to those in Britain is a clear manifestation of a desire to harm the City.

What explains this astonishing attitude in Brussels, Paris, and elsewhere, including many parts of the U.S.

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establishment? On the European side, there is of course frustration that the aim, assiduously pursued for fifty years, of humiliating and subjugating Britain for that country's crime in having avoided defeat, occupation, or dictatorship in the Second World War, has failed. There is also fear that once an empire starts to contract, the process may continue—hence the desire to make life difficult for Brexit Britain so as to discourage any other possible escapees. But the thing that unites the EU and U.S. establishments is precisely the recognition that without national sovereignty there can be no democracy. Sovereignty is thus the enemy of the globalist media/corporate/financial/bureaucratic/academic elite.

There were great hopes in the 1990s that globalization would mean increased trade, greater international cooperation among sovereign states, and more generally, an atmosphere of amity. But globalism and globalization are different things. Globalism—the attempt to extinguish national sovereignty and democracy, to the benefit of a transnational network of elites, a transnational caste, in effect, and to impose a totalitarian world view—has produced enmity rather than amity, conflict rather than cooperation. It even threatens, by disdainful democracy, to create barriers to trade.

That is most obviously seen in the reaction of the European Union to Brexit. But, disturbingly, it can also be seen within the United States. Democracy requires sovereignty and a *demos*. When the two are separated, strife becomes worryingly likely. And there is much evidence that there is no longer a *demos* in the United States. When, arguably because of the ruthlessness, cruelty, illiberalism, irrationality, bigotry, and intolerance of much of the "progressive" agitation, people are no longer prepared to rub along with one another, when they define themselves, and separate themselves from others, by sex, gender-identification, ethnicity, cultural values, and even by age—the phenomenon of classifying people as "Boomers," "Millennials," "Generation

X," "Generation Y," or whatever, is very, very corrosive of the *demos*—then the exercise of sovereignty risks becoming, for one or more groups, something to be rebelled against. That is now a terrifying prospect. (And in that respect, the parallel with the American Revolution breaks down.) The most important task for President Biden will be to ensure that the prospect does not become reality. To do that, he must attempt to rebuild the American *demos*—and to pursue globalization (or at least "free-world globalization," Boris Johnson's agenda, if Covid ever permits), with its 1990s dream, and genuine free trade—not globalism, the pursuit (often via misleadingly described "free trade" or investment agreements) of global domination, whether by a country or by a caste. If the West is to resist global domination by a country, it must recognize that it must also resist domination by a caste or creed, woke or otherwise: democracy and the *demos* at home must first be restored.

Sadly, even leaving high politics and geopolitics aside, one can already see the distressing shape of things to come in the economic sphere in the United States. The reactions and counter-reactions in the affair of the firm MyPillow, whatever their rights and wrongs, are equivalent to the erection of domestic trade barriers. If such episodes become more widespread, as unfortunately seems all too likely, the structural performance of the American economy is bound to suffer.

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The lessons of Brexit for the European Union are even clearer, both in terms of the relationship between sovereignty and democracy and in terms of structural economic performance. For the European Union to become a genuine political union rather than an empire, a *demos* would have to be established. That could not be done via economics. Buttressing the ramshackle monetary union with a transfer union, as implicitly being attempted by the European Central Bank, cannot forge a *demos* (except in the sense of counterfeiting one). If anything, it will create more division and animosity. More fundamentally, the European Union simply cannot allow a *demos* to develop, for that would soon lead to demands for democracy, subverting the whole nature and purpose of the European Union. The European Union thus can exist only as an empire, and hence its alarm at the Brexit rebellion and the regaining of British sovereignty and democracy.

Whether or not Britain makes a success of Brexit in economic terms will of course depend on what use is made of the new economic freedoms (Brexit under Jeremy Corbyn would have been a disaster; thank goodness that nightmare has passed). Most important of all will be the extent to which freedom from EU regulation encourages greater contestability in the British econ-

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omy (and, of course, avoiding the corporatist/statist “Great Reset” now being so widely preached). That remains an open question, and the initial market optimism generated by the Brexit agreement will be justified only if the answer to it is in the affirmative.

But on the EU side, the question simply does not arise. In economic terms, the European Union is about protecting established interests (and especially those of the German Permanent Coalition of exporters,

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bankers, and Euro-imperialists) against interlopers—to abolish “creative destruction,” not to encourage it. That is increasingly a problem, too, in the United States, one likely to be exacerbated by the Biden administration: the risk is that the Democrats see the European Union as a model to be followed, not as a warning about what must be avoided. But at least the United States, now or in the future, has the option of choosing a Teddy Roosevelt Square Deal rather than reviving the FDR New Deal, which did so much damage to the U.S. economy and helped provoke the disastrous recession of 1937, from which only European rearmament and then war brought rescue.

The European Union has no such option. Its *raison d'être* is to avoid contestability—in political terms, to eliminate democracy; in economic terms, to eliminate creative destruction. EU economic underperformance will continue. That will force, or allow it, to become ever more explicitly anti-democratic. And to the extent that the European Union can still be considered, or consider itself, part of the West (and it can be argued that the European Union is excluded by definition from membership in the D10 grouping of democratic nations mooted by Boris Johnson, while its pretensions to imperial statehood—displayed for all to see in the Brussels huffiness about the question of full ambassadorial status for its representative in Britain—will prevent the erstwhile sovereign democracies of Germany, France, and Italy from joining), it will contribute to ongoing decline in the West’s economic status and in its willingness to defend the Western values set out by FDR and Churchill in the Atlantic Charter. ◆