

Why I Will Be Voting For Brexit

Before retiring I spent my career as an economist and investment manager. I also have an abiding interest in politics and history. This article is written to help people make up their minds on the momentous issue of leaving or remaining in the EU. It is not a neutral analysis because, as the title suggests, I am strongly in favour of Brexit. I was only hesitantly in favour of leaving, but the more I examined it the more the case for Remain crumbled away.

There are **four main reasons** why I think the UK should leave the EU. These are:

To Restore Sovereignty to Parliament

To me this is the overriding reason for leaving the EU. In the Act of Accession, which we signed on joining, EU law has supremacy over British law. According to the House of Commons Library (an impeccable source) up to 60% of our laws originate from Brussels. Furthermore, these laws are not even generated by the European Parliament – inadequate as it is – but by the unelected European Commission. As it stands the UK electorate is unable to remove or hold to account those responsible for large swathes of our laws, rules and regulations. To me it is inconceivable that unelected European bureaucrats can govern large and constantly growing areas of British life better than our elected representatives.

If the concept of sovereignty sounds academic the Prime Minister's attempt to re-negotiate our relationship with the EU provided a concrete example of what the lack of it means in practise. The PM needed to get the permission of all the other 27 EU members to make trivial changes affecting immigrant access to tax credits and child benefits. It required humiliating rounds of negotiations before concessions (sort of!) were made.

Justice Secretary Michael Gove vividly describes the lack of influence that government ministers have over many decisions:

“As a Minister I’ve seen hundreds of new EU rules cross my desk, none of which were requested by the UK Parliament, none of which I or any other British politician could alter in any way and none of which made us freer, richer, or fairer.....I have long had concerns about our membership of the EU but the experience of government has only deepened my conviction that we need change.I believe that the decisions which govern all our lives, the laws we must all obey and the taxes we must all pay should be decided by people we choose and who we can throw out if we want change.... But our membership of the EU prevents us being able to change huge swathes of law and stops us being able to choose who makes critical decisions which affect all our lives.”

To Regain Control of Our Own Borders

Only by returning all law-making powers to the UK can we fully control our own borders. It is undeniably the case that while the UK remains in the EU it can never manage the level of

immigration. Some degree of immigration is both beneficial – most economic studies suggest this - and necessary – to meet the UK's international human rights obligations and sustain the country's long and proud record of welcoming refugees. However, polls show that a large majority of people in the UK believe that immigration over the last 15-20 years has been too high, a view that I share.

This level of immigration has put a huge strain on public services, notably on schools, housing, and the NHS, has threatened social cohesion, and held down lower income wages. The Coalition government had a target of reducing levels of net immigration to below 100 000 per year. The current Conservative government had the same policy in its manifesto. The actual levels of immigration have been much higher than this – around the 300 000 mark - in every year that this policy has been in place. While EU citizens from the 27 member states have automatic right of entry into the UK – whether to visit or seek work – it will always be impossible to meet this target.

Furthermore, levels of immigration are unsustainably high in spite of the fact that controls on non-EU citizens have been tightened and are now amongst the toughest in the world. Membership of the EU has therefore forced us, in effect, to discriminate **against** citizens of countries with which we have much closer historical, cultural, and linguistic ties, such as the USA, Canada, Australia, New Zealand, India, and South Africa. The government has an economic strategy of boosting trade with Asia, but at the same time heavily restricts work visas to citizens of these countries. Brexit would enable us to implement an immigration policy which did not discriminate against our closest allies and which was more in line with our economic needs. In the long term this would be of major social and economic benefit.

To Improve our National Security

Brexit would allow us to tighten border controls while also making it easier to deport extremists, according to former head of MI6, Sir Richard Dearlove. Britain's efforts to deport people considered dangerous by the security services have often been thwarted by rulings of the European Court of Justice. The need to tighten border controls has clearly risen because of the migrant crisis. The Schengen agreement allows free movement of people within Europe, without the EU having first secured its external borders. Attacking the recent EU migrant deal with Turkey, Lord David Owen (former Labour Foreign Secretary, who left the Labour Party because it was then too anti-EU) wrote the following:

“As it stands, not many Britons realise that they have already accepted the automatic right to admission to Britain of current migrants- once those migrants have lived for five years in any other EU country. Accelerated Turkish membership (of the EU) on top of this means a staggering increase in potential immigration. This is no scare story. It is a simple fact.”

False EU passports are not that hard to obtain which worsens the problem, particularly in relation to possible terrorists gaining entry to the UK. Lord Owen goes on to argue that:

*“The proposed Turkey deal is one more demonstration of the EU’s dangerous short-termism in foreign policy matters – of which the reckless wording of the Ukraine accession agreement has been the most dangerous example, one which risked dragging the EU into war with Russia.....some diplomats claim that we will lose influence leaving the EU. I ask how much influence did we have on the EU’s Ukraine policy? Regaining control of our foreign policy is actually one central argument for **leaving** the EU. British foreign and security objectives will be far stronger and more coherent if this country no longer has to pay lip service to the misguided EU “common defence” policy started at Maastricht. The inevitable failure of the Euro also started then. Both have created a dysfunctional EU and we must seize our opportunity and leave”.*

In an article entitled “End the Myth that the EU aids our Defence” Major-General Julian Thompson argues that our military security comes from NATO membership, and not the EU. There have been a number of armed conflicts in Europe since 1945 – In N. Ireland, the Basque country, Cyprus, Croatia, Bosnia, Kosovo – and the EU played no significant role in resolving any of them. Indeed the EU **risks** our security by undermining NATO in its attempts to build an EU Army and by its reckless foreign policy. The UK has much deeper intelligence links with the US, UK, Canada, Australia, and NZ than it has with European security services – which according to Dearlove are a “colander” for intelligence (i.e. they leak badly).

President Obama’s pleas for the UK to stay in the EU are not credible. The USA is so jealous of its own sovereignty that it won’t allow its citizens to be subject to the rulings of the International Criminal Court in The Hague, or even join the Convention on the Law of the Sea. The US would not tolerate even a fraction of the sovereignty loss that the UK sacrificed by joining the EU. According to Maj-Gen Thompson the US military/security complex is far more concerned with ensuring the UK stays a key member of NATO than remains in the EU.

To Improve our Economic Performance

The Remain case relies heavily on scare stories about how our economy would be badly hit by Brexit. I spent a whole career as an economic forecaster and I warn you that you should be very sceptical of ANY economic forecast! The government emphasises gloomy forecasts about the economy post-Brexit from the likes of the CBI and the Bank of England (which has an appalling forecasting record), but there are other more independent forecasters who are much more positive. The current pessimists (notably the CBI) also forecast that if we did not join the Euro foreign investment and trade would fall, and large job losses would occur. The complete opposite happened. I expect them to equally wrong again.

Economic models, on which these forecasts are based, suffer from the inherent defect of not properly accounting for dynamic changes. There are two powerful ways in which Brexit would boost our economy in the long term, but which would be ignored or underestimated by models. Firstly we could remove unnecessary business rules and regulations – Open Europe estimates the cost of these to be £33bn annually. Less than 10% of UK businesses

export to the EU, but ALL of them have to comply with EU rules. This disproportionately hits small and medium-sized businesses (SME's), which all economic research shows are the main source of job creation and innovation. Big business tends to destroy rather than create jobs. Many of the EU's rules are heavily influenced by big business. Secondly, Brexit would enable the UK to reach trade agreements across the globe which would suit our economic needs much better than EU trade deals, which are both ill-suited to our economy and very slow in the coming (the EU is VERY slow in making trade deals).

Another economic benefit of Brexit would be to end payments to the EU, which currently amount to a GROSS contribution of about £19bn annually. We have a rebate £5bn, and receive just over £4bn in EU payments to us – mainly subsidies to farmers and to the poorer regions. Thus our NET contribution to the EU is close to £10bn p.a. This is not a notional figure, without real world consequences. It is directly paid by UK taxpayers and forms part of total government spending and thus our still large budget deficit. In this Parliament total payments to the EU will be £50bn, much more than planned austerity spending cuts over the same period. If we left the EU we could continue the payments currently paid to farmers and the regions by the EU – and in the long term re-design them rather than have them decided for us – while using the additional £10bn **annually** to either increase government spending, reduce the deficit, or cut taxes, or a combination of all three.

Being sceptical about forecasts I only venture the following assessment of the economic future under Brexit. In the short term there could be a dip in the economy, not least because alarmist forecasts by the government may prove self-fulfilling. Financial markets and the currency may react negatively to a Leave vote, though this will be largely discounted before the time if Leave is ahead in the polls. These negative developments, should they occur, will be short-lived. **In the long-term the UK will perform noticeably better outside the EU, as SME's are liberated from onerous regulations, our trade is boosted by a more global outlook and better trade agreements, public finances are boosted by the end of EU payments, and governance is improved by the restoration of democracy.**

The State of the Campaign

It is instructive to compare the current campaign with the first EU referendum in 1975. In 1975 we had been EU members for only two years, having joined under a Tory government via an Act of Parliament not subject to a referendum. There are some striking parallels between the two referendums, and Mr Cameron seems to have based his strategy and campaign on the success of the IN campaign in the first referendum (In 1975 the respective campaigns were called IN and OUT rather than REMAIN and LEAVE). However, there are also **major** differences which I believe may be enough to produce a different outcome.

In a mirror image of the current situation the Tory Party in 1975 was largely pro-Europe while the Labour Party was heavily Eurosceptic. The Labour Party leader, Harold Wilson, had promised a referendum on our membership as a way of appeasing his large Eurosceptic

wing (As did Mr Cameron this time). When Labour was elected to power in early 1975 Prime Minister Wilson embarked on a re-negotiation of our membership terms before announcing a referendum. The negotiated changes were trivial, and similarly Mr Cameron's "deal" is so insignificant that it is no longer mentioned. The In campaign relied heavily on scare stories about the negative economic consequences of leaving, was supported by almost the whole of the Establishment and Big Business, pooh-poohed issues of democracy and sovereignty, and used vacuous soundbites such as "being at the Heart of Europe". Sound familiar?

The **differences** between the two referendum campaigns are highly instructive. The key ones are as follows:

The economic case for staying in was far stronger in 1975 than it is now. In the 1970's the UK economy was performing poorly, while the Common Market (as it was then called) was growing strongly. The evidence suggests that the UK **did** benefit from EU membership for the first twenty years or so, according to research by David Davis MP (his speech "Brexit: What would it look like?" is an outstanding examination of the economic issues and can be found at his website www.daviddavismp.com). Global trade tariffs were much higher than they are now, so that entering a large tariff-free zone gave a big boost to UK trade. World trade agreements since then have massively reduced tariffs between all WTO (World Trade Organisation) members, thus greatly reducing the trade benefits of being in the EU. Mr Davis's research shows that in more recent decades EU membership has probably been a negative for UK trade. Non-EU countries with EU trade agreements have grown their exports to the EU much faster than we have. Switzerland now exports five times as much per head of population to the EU than the UK. Even the USA, which does not yet have a trade agreement with the EU, currently exports more to the EU than we do.

EU immigration to the UK was a non-issue in 1975. There were only nine members then and they all had similar living standards so the pull factor to the UK was minimal. Now the EU has 28 members – with a number more hoping to join - many with much lower income levels than the UK. **There was also no migrant crisis, and no Islamic terrorism.**

The Establishment is much more split now than it was then. Heavyweight figures from business, the security services and the military, leading former and current politicians from the centre-ground of politics, have all joined the Leave campaign or spoken in its favour. **The scale of defection has clearly rocked the Remain campaign.** Downing Street expected that around 80 of the FTSE 100 companies would sign a letter supporting Remain, while only 36 did so. A letter supporting Brexit was signed by 250 businessmen, many of whom are founders and company owners rather than multinational CEO's. A letter from leading military figures saying we are more secure in the EU, organised by no. 10, backfired when several signatories withdrew saying they had either not been asked or had felt pressured into signing. It became clear that a number more had flatly refused to sign.

The electorate are in any case far less deferential to the Establishment than they were in 1975. The ubiquity of the internet and of social media now makes it much harder for misleading propaganda or information to influence the debate for long. Rebuttal soon comes, and this seems to be particularly hindering a Remain campaign which relies heavily on negative and exaggerated stories.

In 1975 the then opposition Tory Party played an active role in the IN campaign, with party heavyweights prominent, while the current opposition Labour Party is almost invisible. This reticence may be because the Labour Party leader and many of his supporters were for many years anti-EU. Most prominent politicians in the OUT campaign in 1975 were left-wingers. It seems probable that Mr Corbyn is at best lukewarm about the Remain case but unwilling to contest the settled party view. The curious role that the British Left is playing in the current referendum is worth a separate look.

Is the Left Wing of British Politics as pro-EU as it appears?

I am a conservative myself but am puzzled that the majority left-wing position is apparently so pro-EU. There seem to be so many aspects of the EU for left wingers to oppose. The EU is fundamentally undemocratic and dictatorial. It is corrupt and wasteful to a staggering degree – the EU's accounts have not been passed by the auditors for 20 years. Billions of Euro's every year have not been properly accounted for. The EU heavily favours big business and banks at the expense of SME's and of taxpayers.

The left's silence on the EU's utterly brutal treatment of Greece is extraordinary. It must be understood that there has been no EU "bailout" of Greece. The huge sums of EU money pumped into Greece went straight back out again to repay the debts so recklessly lent by EU banks and other financial institutions (mostly German) to a Greece that palpably would never be able to repay. EU taxpayers bailed out the EU banking system and not Greece, which has even more debt than before but which now mainly owes it the EU and the ECB (European Central Bank). As matters stand Greece will never get out of its debt prison. A similar fate, if not to the same degree, probably awaits Italy, Spain, and Portugal.

Many Europhiles, including those on the Left, argue that the EU has kept the peace in Europe after centuries of conflict, culminating in the horrors of two World Wars. This may have been true in the early years of the EU, but this is now an outdated vision. As already discussed the EU has in practise been useless in resolving the conflicts that have arisen within its borders. Furthermore, the EU itself – because of its endemic failure in economic and security matters – is now a major **source** of conflict within Europe. The rise of extremist parties across the continent is sad testimony to this uncomfortable truth.

The disastrous impact of the EU's Common Agricultural Policy (CAP) on poor countries, particularly in Africa, **should** be another Left bugbear. EU tariffs on agricultural products, combined with big subsidies to inefficient EU farmers (particularly French), mean that

Africa's farmers cannot compete. This is a key reason why there are so many failing states in Africa, especially in the North, which in turn contributes to the flow of migrants to Europe.

The EU is presently negotiating a trade agreement with the USA which goes by the acronym TTIP (Transatlantic Trade and Investment Partnership). Opposition to this is another natural left-wing cause. The negotiations are held in secret (naturally, this is the way the EU operates) but it appears that US corporates may gain favourable access and powerful new legal rights within the EU. This may result in US private health companies gaining greater rights to tender for and retain business supplying the NHS. At present private provision in the NHS is limited both by the locally accountable powers of NHS trusts and of central government, but TTIP may dilute these limiting powers. This is not be a big issue in the EU, where private health provision via insurance schemes is already well over 50% of the total, but it would be very unwelcome in the UK, especially on the left.

It is my belief that for these reasons the British Left's enthusiasm for the EU may be less than currently assumed. The Remain camp may end up with far fewer Labour voters than it expects, especially as Labour voters show a greater degree of concern about high levels of immigration than the Labour leadership. This could decisively affect the final result.

The Case for Remain is Weak

According to the PM the UK will be "more secure, and better off in a reformed EU". Sadly for the PM his efforts to secure change merely showed how resistant to reform the EU is, while the Remain campaign seems unable to articulate clearly how and why we would be either more secure or better off. Hence the anti-Brexit campaign primarily consists of negative attacks and scare stories, accompanied by a ruthless use of state power (which as often as not backfires). Underlying much of the Remain case is an unstated but implied lack of confidence in the UK's people, economy, and institutions – a lack of confidence totally at odds with both our history and our current role and performance in the world. Typical of this is the notion held by some on the left that we need the EU to guarantee human and labour rights in the UK – an insult to our democracy if ever there was one.

The favourite scare slogan is that Brexit would be a "Leap in the Dark", fraught with risk and uncertainty. There would supposedly be a major "shock" to the economy immediately we voted to leave. This is palpable nonsense. The existing trade agreement with the EU would remain in place for two years. It is not credible to argue that the UK, the fifth largest economy in the world, could not negotiate a trade agreement with the EU at least as good as those secured by Norway, Switzerland, and Canada. After all, the UK currently runs a very large trade deficit of around £70bn with the EU. Given that they export much more to us than we do to them, it beggars belief that they would be prepared to cut off their noses to spite their face in this way. Even in **that** remote eventuality the worst the EU could do would be to introduce tariffs – we would of course reciprocate – up to the maximum allowed by the WTO. These are generally low –averaging about 5% - and have proved no hindrance to

S. Korea exporting more to the EU than we do. The PM has also said that prices would rise after Brexit. This is implausible, because the EU imposes tariffs on all imports from non-EU countries, while food prices must be set at (high) CAP levels. We could in due course reduce or abolish those tariffs and CAP controls and thus **reduce** prices to UK consumers.

The Leap in the Dark slogan also implies that staying in the EU is **not** risky and uncertain. This is also not credible. The EU is palpably failing to deal with either of its twin crises – massive economic failure in the Eurozone including alarming levels of youth unemployment, and a migrant crisis of staggering dimensions. Taken separately they pose a grave threat to the EU, but combined they are truly existential in nature. Staying in the EU is therefore equally if not more fraught with risk and uncertainty. There has already been a dramatic rise in support for extremist parties in the EU. Who can tell what the state of the EU will be in five years' time? The former governor of the Bank of England, Dr Mervyn King, in his recent book *The End of Alchemy*, sees very little prospect of sustained recovery in the Euro area and questions whether the Euro itself can survive.

Some argue that we should stay in the EU to help it through its troubles. Yet, we already have little influence on the fundamental direction of the EU. The last 72 times the UK voted against motions to the European Council it was defeated. If we vote to Remain our bargaining power will be further diminished. I suggest that we would be of more help to a stricken EU by being outside. Our exit might just provide the shock that the EU needs to change direction. If not, we could provide a road map for recovery outside the EU. Others argue that we should stay in the EU because the global storms mean we would be safer in a bigger ship. This to me is like a passenger on the sinking Titanic refusing to get into a lifeboat because it was too small to be safe.

Another absurd scare slogan is that the UK would be “going it alone” by leaving, and end up “isolated in the mid-Atlantic”. The UK is a leading member of NATO, and a permanent member of the UN Security Council. Our armed forces, and intelligence and security services are equal to the best in the world. The UK has an independent nuclear deterrent, the worlds' leading financial centre and is a global leader in the use of “soft power”. We already have strong and enduring alliances with many counties across the globe. We had good and close relationships with EU nations before we became a member, and this would remain the case if we left. Indeed, shorn of constant bickering about EU matters, they may well improve in the long term. Even now many of our most important links with Europe are bilateral in nature rather than based on the EU.

Some raise the fear that Brexit may result in the SNP calling and this time winning an independence referendum. This is supposedly because Scotland is much more pro-EU than England, but in fact polls suggest that the Scots are only marginally less Eurosceptic. Furthermore the case for independence has been drastically weakened by the dramatic collapse in the oil price. Scotland's budget deficit, without transfers from the rest of the UK, would be too large to be credible as an independent country and would in any case

disqualify Scotland from membership of the EU. Would Scotland even want to join the EU, given the scale of the EU's crises and the probability that they will escalate further? I strongly support the Union, but the issue of Scotland is a red herring in this referendum.

In essence the case for Remain is weak because the EU itself is fatally flawed. In the elegant words of Mr Gove:

"The EU is an institution rooted in the past and is proving incapable of reforming to meet the big technological, demographic, and economic challenges of our time. It was developed in the 1950's and 1960's and like other institutions which seemed modern then, from tower blocks to telexes, it is now hopelessly out of date. The EU tries to standardise and regulate rather than encourage diversity and innovation. It is an analogue union in a digital age".

Conclusion

Most Referendums are won by the status quo vote. People are generally wary of change. The most powerful and established are the most inclined to favour existing arrangements, as they benefit the most from them. The careers of those at the top may be on the line, which explains why there are more ex-ministers and officials supporting Leave than there are those currently in office. Occasionally though the status quo is upended. My examination of the issues and the campaign suggest to me that this Referendum is on course to upset the odds. The arguments are moving in favour of Brexit. The Establishment is divided, with many credible figures joining the side of change. Leave is a grassroots campaign fizzing with ideas and passion, and funded by many thousands of individuals, and from larger personal donations of wealthy entrepreneurs. The Remain campaign is stale and negative, funded mainly by big business and big banks. Brexit is not a leap in the dark, but an **Act of Liberation** which will re-vitalise our democracy, strengthen our borders, improve our security, and unshackle our economy.

Ignore the Scare Stories...Believe in your Country...and

VOTE LEAVE!

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