



Brexit: What Have We Learned So Far?

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Introduction

Remember that scene in Shrek? When Donkey tries to figure out what an ogre is? There is, we learn, more to ogres than meets the eye. Like onions, they have layers

Brexit, it turns out, is like an ogre. Leaving the EU was not simply a matter of ending the UK's membership - though Lord alone knows that turned out to be far more complex than many had assumed. It has spawned a number of consequences – some intended some unintended, some wanted, some unwanted – that will affect us for many years to come.

Brexit dominated political life in this country for the best part of four years following the referendum of 2016. And it might well have continued to do so, for all the Prime Minister's claim of having 'got it done,' had it not been for the pandemic that struck in March of 2020. And even despite COVID, Brexit continues to haunt us. Whether it is the ongoing struggle over the Northern Ireland protocol, or debates over the economic impacts of leaving the EU, or the potential to make use of the autonomy it has provided us with, the saga drags on.

Yet, whilst it is still far too early to talk about Brexit being behind us, it is perhaps not too soon to start to reflect on what we have learned. So, in what follows, I will have a go at trying to peel those layers away, at having a first stab at elucidating some of the lessons Brexit has taught us.

Breaking Up Is Hard to Do

During the referendum campaign and indeed afterwards, many on the Leave side stressed that Brexit would be a relatively straightforward affair. Yet having long complained that the EU was a political rather than an economic union that had entwined us in a legalistic and bureaucratic trap, they should perhaps have paid more attention to their own arguments when considering the challenge of leaving.

As anyone who knows anything about the EU and its impact on member states knows, leaving was always going to be a difficult and complex affair. Quite apart from the need to sort out the loose ends of membership, it also implied the need to settle on a new form of future relationship that would satisfy both sides.

And the process – laid down in the infamous Article 50 – only made things worse. Not only the two-year timescale, designed to place pressure on the exiting state, but also the insistence of the EU that withdrawal – the divorce – had to be sorted out first. Before any negotiations could start on the future, in other words, the EU insisted we resolve the past.

It says a great deal about how much we learned along the way – and the difficulty of trying to do this without any guide – that the issue most people expected to dominate the negotiations was resolved with relative ease.

Money is never an easy subject in international negotiations. From Margaret Thatcher wielding her handbag, to the £350 million on the red bus, cash transfers to the EU had been a sensitive issue in both UK-EU relations and domestic politics. Yet a political agreement that meant the UK owed between £35 to £39 billion to the EU was quickly resolved.

The two sides also had to figure out a way of dealing with the situation of an estimated five million people (3.7 million EU citizens in the UK and 1.3 million UK citizens in the EU) who would be profoundly affected by

the ending of free movement. Theresa May realised too late how little collateral the UK had and attempts to use the citizenship of EU citizens settled in the UK as a bargaining chip backfired. Nevertheless, a deal was signed off relatively early and relatively easily.

In contrast, negotiations over the Withdrawal Agreement were complicated by the (belated) insistence of the EU that the Northern Ireland question be handled in phase one. There is plenty of scope to discuss legitimacy of the EU approach. Not least, the fact that arrangements for Northern Ireland's future were included in phase one (on which more anon) gives lie to claims that the past should be resolved before the future. The future of Northern Ireland was, after all, inextricably bound up with the future of the UK-EU trading relationship.

Negotiations with the EU were not, however, the end of the story. There were also practicalities to be sorted out within the UK itself. The irony could not have been lost on Leavers that leaving the legalistic bureaucracy of the EU required a whole new set of laws, and a heck of a lot of new bureaucrats: by January 2020, some 25,000 civil servants were working on Brexit. Keeping track of the legislative 'holes' that Brexit would leave – both in obvious areas like agriculture and immigration and less obvious ones such as providing the UK with the legal means to impose sanctions on other states – was no small task.

And Brexit bequeathed a whole other set of holes. The UK needed to ensure the smooth legal transition of EU law not incorporated into UK law onto the statute book. Again, this provided a massive challenge, and once again a salutary lesson in the extent to which membership had shaped our legal and regulatory landscape.

The very complexity of the Brexit process in a sense underlined the veracity of the long-standing Eurosceptic complaint that European integration had inveigled its way into the 'nooks and crannies' of national life. It also gave pause to those in other EU member states suggesting that their country do likewise. Marine Le Pen no longer advocates Frexit. Matteo Salvini supports Mario Draghi's pro-EU government. Indeed, rather than the domino effect some in Brussels feared, support for membership rose across the remaining 27 countries in the wake of Brexit.

Divided We Flail

Quitting the EU would have been the devil's own job in the most stable political circumstances, with a clear-sighted Prime Minister enjoying the support of a large and unified parliamentary majority. Yet neither of these conditions held. Theresa May was elected leader of the Conservative Party and consequently Prime Minister without a full leadership contest. Both the choice and the manner in which it was made were to have significant consequences.

The absence of a proper contest meant that no candidate had to spell out their vision of Brexit for approval by the Party. Had they been forced to do so; the various approaches could have been properly debated and – perhaps most importantly – the candidate eventually selected would have had the legitimacy – from both the parliamentary party and the party membership – to pursue and implement their vision.

As for Mrs. May herself, the *sotto voce* Remainer Home Secretary turned Prime Minister quickly concluded that she needed to prove her *bona fides* to the true believers. Hence her fateful first speech to the Conservative Party conference in October 2016, in which she stated her intention to leave the single market, thereby tying her hands in the negotiations to come. Nor is it that much of a stretch to view her decision to create two new government departments - a Department for Exiting the EU and for International Trade - as sops, intended, at least in part, to create berths for Brexit believers in her Cabinet.

Yet try as she might, the Prime Minister was unable to preserve any kind of unity within her own party. The self-proclaimed 'Spartans' of the European Research Group were quick to pounce on anything that smacked of compromise. And as Mrs May came to appreciate the implications of the policies she had laid out, and to attempt to limit both their economic and constitutional implications (in terms of Northern Ireland), their attacks became steadily more bitter.¹

¹ One example serves to underline the degree to which Mrs. May failed to grasp the implications of the policies she proposed. Philip Hammond [recalls](#) that the Prime Minister was shocked by the reaction of the financial markets to her 2016 conference speech. Her team had failed to recognize the economic implications of her insistence that the UK would leave the Single Market. And the former Chancellor maintains that no thought went into the implications of the creation of the Department of International Trade for UK membership of the Customs Union – though most observers

Traditional cabinet government had been pronounced dead under Blair and Cameron. Yet the concept of collective responsibility of ministers really did seem to die under Mrs. May. In the end, to paraphrase LBJ, Theresa May had to decide whether to have members of her government who did not accept her Brexit strategy (including the Minister ostensibly in charge of Brexit David Davis, and Foreign Secretary Boris Johnson) ‘inside the tent pissing out’ or to accept them ‘outside pissing in’. In the end, from the ill-fated election of June 2018 until a year later when she resigned, the stream of vitriol from Eurosceptics opposed to her compromise was relentless.

The effects of a divided cabinet were compounded by profound cleavages within the parliamentary party. On 15 November 2018, photos emerged of Jacob Rees Mogg and Steve Baker outside St Stephen’s gate having submitted their letters of no confidence. As the former put it, “What we need is a leader who will say to the European Union ‘it is impossible to divide up the United Kingdom, it is impossible to agree to a situation where we will have a perpetual customs union, it is impossible to pay £39bn of taxpayers’ money for a few promises’.”

Parliament was equally divided. In retrospect, the deal negotiated by Theresa May achieved a significant amount - tariff-free access to the EU along with the potential for broader alignment that made for an effective single market in goods. More specifically, it is hard to see in what way her proposal fell short of what the Labour Party were demanding as the price of their support. Yet politics prevailed. Labour – including those MPs from Leave-leaning constituencies who professed to accept Brexit while hoping to mitigate its worst effects – failed for the most part to give it their backing, reluctant as they were to be seen to be propping up a Conservative leader seemingly on her last legs.

Simultaneously, the debate was polarising, as opponents of Brexit and supporters of a no deal outcome dug in. The end result of this unholy alliance was the biggest defeat for a government in the House of Commons for over 100 years. Then, a few weeks later, the fourth biggest defeat for any government since universal suffrage. By the time the Mrs. May had secured a deal with Brussels, in other words, few in Westminster were in the mood for a grand bargain.

Compromise was no longer an option. Those in the Labour Party opposed to Brexit, in coalition with Conservatives and other fellow travellers, did their best, to kill off options for a soft Brexit. Many opponents of Brexit refused to back soft Brexit options during the indicative votes in April 2019. Parliament, it seemed, could agree only to not agree when it came to the modalities of leaving the EU.

Yet, rather than underlining the dysfunctionality of the institution, parliamentary stasis was an accurate reflection of the state of opinion in the country as a whole. Throughout the Brexit process, the British people remained as divided by the issue of leaving the EU as they had been on that fateful June day in 2016. Whilst the proportion of those who thought leaving was the ‘right’ or ‘wrong’ decision fluctuated somewhat over time, the country remained split (roughly) down the middle. Like Parliament, the British people could not summon a majority in favour of leave or any particular flavour of leave.

A Complex Country

Of course, one reason why positions became so polarised was because the Brexit process itself dragged on for so long. And a key reason for this was the constitutional complexity of the UK, not least the situation of Northern Ireland.

It is not true that no one had clocked the implications of Brexit for the people of Northern Ireland prior to the referendum. But it is fair to say that very few votes were cast in England, Wales or Scotland with an eye on the Good Friday Agreement.

Northern Ireland posed unique problems in the negotiations. Theresa May and her team – not immediately, after they had begun negotiations, but certainly by the end of 2017 – came to realise they were stuck on the horns of a logical dilemma.

drew the logical conclusion that the former implied exit from the latter. In her second speech at that same conference, the Prime Minister was explicit in saying the UK would have an independent trade policy. Shortly afterwards, she met with the UK’s Ambassador to the EU, Ivan Rogers. ‘You’ve made a decision’ the mandarin told her, ‘This gives me clarity. I can work with this. We’re leaving the Customs Union.’ The Prime Minister’s response? ‘I have agreed to *no such thing*.’

The UK had three mutually incompatible objectives: an exit from the Single Market and the customs union; no hard border on the island of Ireland; and an all-UK approach to Brexit. The difficulty in resolving the tension between these objectives came to be known as the 'Irish trilemma'. Imposing a border on the 310-mile frontier between Northern Ireland from the Republic threatened a return to sectarian violence. However, treating Northern Ireland differently from the rest of the UK would not only create the kinds of problems with which we are becoming all too familiar, but was, according to Theresa May, something no British Prime Minister could ever agree to. Yet the only alternative – remaining in the Single Market and the customs union - would enrage the Spartans and lead to accusations that the Brexit vote was being frustrated.

The trilemma haunted the negotiations and haunts us to this day. The deal agreed by Mrs. May kept the whole of the UK in parts of the single market and elements of a customs union and was consequently hated by the Spartans. The Withdrawal Agreement negotiated by Boris Johnson left Northern Ireland in parts of the single market, resulting in the need for checks on goods entering the territory from the UK, and consequently is reviled by some Unionists and, apparently, a number of members of the Government that negotiated it.

That the complexities around Northern Ireland were not flagged earlier speaks to a lack of expertise within the British state about the workings of the territorial constitution. As former senior civil servant Philip Rycroft [put it](#), it is 'quite extraordinary how little Whitehall understood about its own country'.

But the constitutional conundrums thrown up by Brexit go further than simply Northern Ireland. There were tensions at the heart of our constitution – about who ultimately hold powers now we have 'taken back control', and how much respect should be given to the democratic mandates of those running governments in Holyrood, Cardiff and Stormont.

Devolution was built on EU membership. As in the case of the island of Ireland, that membership meant that different governments could coexist under the blanket of the single market without the need for regulatory borders between them. And as Westminster reacted to the implications of Brexit by seemingly attempting to roll back the powers of the devolved Governments (the Internal Market Bill was characterised by many in Wales and Scotland as a 'power grab') this had knock on implications for the politics of devolution.

The SNP used the fact that Scotland, which had voted against Brexit, was being 'taken out of the EU against its will' to argue in favour of a second independence referendum. And indeed there was a brief increase in support for the independence cause, as polls [showed](#) a majority for 'yes' from June 2020-January 2021, including an IPSOS MORI poll 9 October that had yes on 59% and no on 41%.

Finally, constitutional ramifications extended well beyond the territorial dimension. They extended to profound changes in the nature of the UK constitutional system. Unlike most countries, UK does not have a codified, written constitution. Consequently, the nearest thing to constitutional law enjoying a special status and not capable of being overturned by parliament was EU law, which of course could not be altered at the behest of a single member state. EU law, in other words, served to entrench certain rights beyond the reach of a simple parliamentary majority. It is no coincidence that the ending of the supremacy of EU law has coincided with a debate over the appropriate nature of rights and the role of courts in our constitutional system. These are all issues over which Brexit will continue to cast a shadow for the foreseeable future in the form of a perhaps long overdue constitutional debate.

Trade Matters

And then there is the issue at the heart of Brexit. The way the UK and EU trade. We never tended to talk about trade. Partly this was because we didn't really have to – the EU took care of all that kind of stuff for us. Partly, too, it was because the British – and they're far from alone in this – never really understood the degree to which we depend on trade and how trade actually works.

Brexit, however, has provided a series of stark lessons, not least in terms of understanding what EU membership meant and what exiting the single market and customs union might imply for the British economy. The evolution of Theresa May's thinking – from the bright red lines of her party conference speech of 2016 to the far 'pinker' shades in which those lines were drawn at the time of Chequers – in part reflected an increasing realisation on her part of the potential economic consequences of Brexit.

And as those consequences have started to bite, so, too, have the lessons been more widely learned. I recall a meeting with CBI representatives who confided just how many CEOs had spoken of 'steep learning curves'

as they were made aware of the international nature of the supply chains on which their businesses depended.

And, as the impacts of Brexit feed through into the real economy, we are all beginning to learn about the relationship between trade and domestic prosperity. According to estimates from John Springford, an economics researcher at the Centre for European Reform, British goods trade in September 2021 was 11.2 percent, or 8.5 billion pounds, lower than it would have been had the United Kingdom stayed in the EU's single market and customs union

Looking ahead, the Office for Budget Responsibility has [estimated](#) the aggregate medium-term impact on British GDP to be a reduction of four percent. Other estimates, such as those the [UK in a Changing Europe](#) has conducted with the London School of Economics' Centre for Economic Performance, put the impact at somewhere between 5.8 and 7.0 percent.

Clearly, given the enormous impact of the pandemic on the performance of the UK economy, it has proven difficult to disentangle these effects from the initial impacts of Brexit. That said, it would be naïve to suggest, for instance, that the current labour shortages being experienced across the economy and in particular in sectors that previously employed a high number of EU nationals are unconnected with the decision to leave the EU. To place things in context the LSE modelling referred to above suggests that, over the medium term, the latter will prove to be two to three times as large as the former. If nothing else, Brexit has provided us with a unique real time natural experiment on the impact of trade and immigration on the domestic economy.

Looking in the Mirror

Finally, Brexit has taught, and is teaching us, a series of lessons about ourselves. First, how divided we are, and, indeed, how divided we have always been. It gave us labels – Remain and Leave – that to many were about far more than how they voted on one day in June. Rather, the two tribes were divided not – as in the political debates of the past – by their attitudes towards taxation, or redistribution, or of the appropriate size of the state, but rather, by their world views. Space precludes a detailed discussion but suffice to say that YouGov found one of the best predictors of whether someone favoured Leave or Remain was their view of the BBC sitcom Mrs Brown's Boys. And, whatever their foundations, those two tribes – Remain and Leave – have long outlived the referendum. Two thirds of us continue to identify with one side of this divide or another.

But Brexit, while rooted in values and culture, also reflects socio-economic divides. People, unforgivably, were frankly unaware of the levels of inequality in British society. Issues like the unequal provision of transport infrastructure, or variable levels of regional productivity, were simply not part of mainstream political debate. Yet variations were, and remain, stark. The average worker in the south of England produces seven per cent more than her German counterpart. In the rest of the country that figure is 22 per cent less. The referendum result, in part, represented a howl of rage against a system that was seen to be failing too many.

And, for those willing to listen, it also taught us related lessons about our politics. About how remote Westminster feels for people outside the Southeast, about frustrations about a lack of control explicable partly in terms of EU membership, but also in terms of frustration that London didn't listen. One reason why grim predictions of the dire consequences for aggregate GDP of a vote to Leave were so nonchalantly ignored was a belief that the status quo was rigged in favour of the south and shaking it up was something worth voting for.

Brexit forced us to look in the mirror. To realise what kind of country we lived in. And, whatever its other implications, one has been to usher in a profound shift in the nature of our political debate. A shift that could and indeed should have happened before, but which ultimately required a seismic shock administered to our political class to bring about. Imagine Conservative Prime Ministers of old talking about the 'just about managing' about 'profound inequalities' and about the need to 'level up' the country.

And Next?

Brexit of course, is not 'done.' There are outstanding issues to be settled over Northern Ireland – issues that could (though at this point in time I'd guess probably won't) undermine even the loose trading arrangements negotiated by Boris Johnson. Moving forward, we will need to make those arrangements work to the satisfaction of both sides, and events – think a Russian invasion of Ukraine – will help determine the degree

to which the UK and its EU partners can, must and do work together.

Of course, even were the relationship a smooth one, even if the UK had left on the best of terms with its erstwhile EU partners and the Trade and Cooperation Agreement been simple, quick and widely accepted on both sides, the EU would still loom large in our debates. Like it or not, those condemned to live beside a continental sized economy are fated to spend much of their time following developments within that economy. It doesn't require a trade war for the Canadians to fret about the US.

But of course, the relationship is far from smooth. And it has intruded decisively into our politics. The redrawing of the political map that we have witnessed over the period since 2016 is largely down to the conflict between those 'world views' shaping voter choice as much as that between 'left' and 'right'. The extent to which the Brexit tribes continue to battle, and to which that battle continues to shape our politics will depend on many factors, not least the fate of a Prime Minister who rode to victory on the back of his ability to assemble a Conservative-voting coalition of leave supporters.

Layers upon layers. And there will, of course, be further unpeeling to do as the Brexit process proceeds and its implications for, *inter alia*, the UK's place in the world, the future of Northern Ireland, relations with European partners, and indeed the future of the EU itself are revealed. Ogres, indeed, are complicated creatures.

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