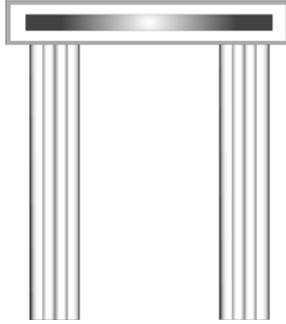


**John Redwood**

**How to Take Back Control  
Trading Globally Through the  
WTO**

**POLITEIA**

A FORUM FOR SOCIAL AND ECONOMIC THINKING



# POLITEIA

A Forum for Social and Economic Thinking

Politeia commissions and publishes discussions by specialists about social and economic ideas and policies. It aims to encourage public discussion on the relationship between the state and the people. Its aim is not to influence people to support any given political party, candidates for election, or position in a referendum, but to inform public discussion of policy.

The forum is independently funded, and the publications do not express a corporate opinion, but the views of their individual authors.

**[www.politeia.co.uk](http://www.politeia.co.uk)**

John Redwood

How to Take Back Control  
Trading Globally Through the WTO

**POLITEIA**

2018

First published in 2018  
by  
Politeia  
14a Eccleston Street  
London  
SW1W 9LT  
Tel: 0207 799 5034

Email: [secretary@politeia.co.uk](mailto:secretary@politeia.co.uk)  
Website: [www.politeia.co.uk](http://www.politeia.co.uk)

© Politeia 2018

ISBN 978-1-9993662-0-9

Cover design by John Marenbon

Printed in Great Britain by:  
Plan – IT Reprographics  
Atlas House  
Cambridge Place  
Hills Road, CB2 1NS

## **THE AUTHOR**

**The Rt. Hon. John Redwood** is Chairman of the Conservative Parliamentary Economic Affairs Committee and has been the Member of Parliament for Wokingham since 1987. He has been Secretary of State for Wales and he has served as a minister and shadow minister in previous administrations.

He is a Distinguished Fellow of All Souls, Oxford and a businessman by background. His publications include *After the Credit Crunch – No More Boom and Bust* and for Politeia he is the author of *Brexit Benefits: Prosperity not Austerity – Britain's New Economy*.



# CONTENTS

Preface	Britain's Independence	1
I	Better than a Bad Deal: WTO Global Trade	2
II	No Withdrawal Agreement Can Give Us a Faster Growing Economy	6
III	Better for Trade: Leaving the EU without the Withdrawal Treaty	10
IV	'Our Precious Union' – Threatened by the Withdrawal Agreement	17
V	Fishing, Farming and Britain's Industries – Boosted by a March Exit	19
VI	How Did We Get Here?	22
VII	After Brexit: Freedom to Decide, Freedom to Prosper	25
	Appendix	28



## Preface Britain's Independence

Let us make 29 March 2019 our independence day.

We should be proud of our democratic past and confident about our democratic future. Restoring our right to govern ourselves is not a threat but a promise. It is not a problem but a whole host of opportunities.

The UK has made such a contribution to the language and architecture of freedom, and the ways and words of democratic government. The British people had the courage to say that they wanted to restore our leading place amongst the nations of the free. We voted against more laws and taxes we do not approve for ourselves. We voted to take back control of our destiny.

People say we should think most of the young. I agree. I do. I want to give to them the most precious political flower of all, the flower of freedom. Because I believe in our young people and their potential, I want to give them the means to do as they wish through a self-governing country.

Bureaucracy, the lowest common denominator, the suffocating hand of centralised authority, comes from Brussels. By taking back control here at home, we can be so much more prosperous, inventive, adventurous and engaging with the wider world.

# I

## Better than a Bad Deal: WTO Global Trade

---

### **‘A once in a generation decision’**

It was magnificent day, 23 June 2016. A record number of voters turned out to make an historic decision. We voted to take back control of our laws, our money and our borders. We gave a simple instruction to Parliament that we wished to become an independent democratic nation again. We were assured by the government and by both sides in the Referendum campaign that we were making this important decision.

The UK government sent every household a leaflet about the EU referendum.

It had as its headline ‘A once in a generation decision’. There was no mention of two votes or a second chance to decide. Nor do we need a second ballot.

It said about the decision to stay or leave ‘This is your decision. The government will implement what you decide’. It also made clear that the government strongly recommended staying in, and warned that we could not stay part of the single market or custom union whilst leaving the EU.

Many of us voted Leave in good faith, that if we won, we would leave the EU and its single market and customs union, as we wished to do. We also voted secure in the knowledge that the government would implement our wishes and not expect us to vote twice.

We now want to get on with the benefits of leaving. We want the government to pursue new trade deals with non-EU countries with energy and enthusiasm. We want a new migration system that works for us. We want new fishing and farming policies that boost our home industries.

A Remain oriented Parliament made heavy weather of honouring these government pledges, but reluctantly passed the EU Withdrawal Act. Taken together with the Article 50 letter which Parliament sent by an overwhelming majority, the UK has done all it needs to do legally to leave on 29 March 2019.

In July, a possible amended Chequers deal proposed as a Future Partnership did not implement the wishes of the majority to leave, but looked unlikely to find favour either with the EU or with a significant number of Conservative MPs. A majority of people in the country made crystal clear their dislike of Chequers - polling revealed at the time that people were against it 2:1.

There were large crowds for pro-Brexit speakers at fringe meetings at the last Conservative conference, and a muted response to Ministers pushing the government line. I urged the government to make clear to the EU that we are currently planning just to leave in accordance with the Acts passed and with the decision of the UK electorate.

Now the Prime Minister has agreed a Withdrawal Treaty which would bind us into an EU customs union. It gives the EU what it wants without securing a Future Partnership or agreed trading system. This likely to be voted down in Parliament. The sooner the EU believes the UK will just leave on March 29<sup>th</sup> in default of a decent deal, the sooner they will want to sort out those things about their continued access to the UK market that some worry about. In practice, the UK government is not planning new barriers, but does need to get on with setting out its post 29 March tariff schedule which might provoke a wish to trade tariff free by the EU.

### **Leaving the EU – Much more than trade**

Leaving the EU is not mainly about UK trade – though that has done badly inside the EU. It is about so much more - tax, VAT, high tariffs, the cost of living, fisheries, farming and our industries.

The Remain media seem to think that EU membership was just about trading arrangements and that you cannot trade successfully outside the EU. Both these assumptions are completely wrong.

Leave voters voted to take back control of our money, our borders and our laws. We want the government to set out the enhanced spending plans, the tax cuts we can afford, the better migration policy and the improved laws that being independent will bring. We are the optimists. We think the UK can be better making her own decisions. We want to abolish VAT on domestic fuel and green products, we want to rebuild our fishing industry,

and we want a fair migration system which controls numbers without giving preferences to some countries over others.

Remain seem to think sacrificing any of these freedoms is just fine if they can help us recreate the current trading and customs arrangements we have with the EU. Why are they so keen on the high tariff barriers the EU makes us impose on non EU imports? Why so keen on having to give away much of our fishery to foreign vessels? Why so keen to value EU trade more than non-EU trade?

Official figures remind us that our trade with the rest of the world, largely conducted under WTO rules with no special Agreements or Free Trade Agreements (FTAs), has been growing far faster than trade to the EU. Since 1998 our exports of goods to the EU have grown at just 0.2 per cent a year, whereas our goods exported to non-EU has grown sixteen times faster at 3.3 per cent. Our services exports have also grown faster to non EU than to EU. Last year we ran an overall deficit of £72bn with the EU, but a surplus of £42bn with the rest of the world.

If this single market and customs union is such a great boon to us, how come our goods trade has scarcely grown with it for almost twenty years? And if trading under WTO rules is difficult, how come our non-EU trade is bigger than our EU trade and growing much faster? The trend shows the rest of the world will be an ever increasing proportion of our total trade even if we were still in the single market and customs union.

It is not worth paying £39bn to stay in this customs union.

### **Mrs May's Manifesto Pledge**

Mrs May's 2017 Election Conservative Manifesto said only sign a Withdrawal Agreement if there is a good Future Partnership Agreement as well.

The Conservative Manifesto for the 2017 election made pledges on the matter of the EU, and has never officially been renounced or amended by the leader. I and many others stood for election on it and supported the Brexit pledges in it. I did not support the elderly care proposals in the same

Manifesto as I made clear before the election. The PM subsequently dumped these.

The Manifesto also saw the need for linkage between the EU wish for us to sign a Withdrawal Agreement and the PM's wish to have a Future Partnership Agreement.

‘We believe it is necessary to agree the terms of our future partnership alongside the withdrawal, reaching agreement on both within the two years allowed by Article 50’.

However, the PM has proceeded to negotiate a Withdrawal Agreement, making it impossible to agree a Future Partnership Agreement before we leave in March 2019. This surely means we cannot sign the Withdrawal Agreement they propose.

The Manifesto also said:

‘We continue to believe no deal is better than a bad deal’.

The Manifesto proposed a Future Partnership Agreement but accepted it was only worth signing if it was a good one. This remains the prime minister's stated view.

It also said:

‘As we leave the EU we will no longer be members of the single market or customs union’.

This too remains her view, though there is now unwelcome discussion of staying in the customs union for longer.

Under the Withdrawal Treaty the UK could be locked into a customs union with the EU potentially forever. Signing the Withdrawal Treaty before agreeing the legal terms of a future partnership undermines the UK bargaining position. The EU would have every incentive to delay the trade talks and keep us under their controls for longer.

## II

# No Withdrawal Deal Can Give Us a Faster Growing Economy

---

### **Good for the economy, good for us**

The EU's refusal to discuss the future partnership and trade arrangements before we leave means we now have a simple choice. Either sign an expensive and damaging Withdrawal Agreement and try another twenty one months more of talks, or, leave and trade under WTO rules on terms we set out.

It is obvious we must just leave. Doing so produces many economic advantages:

- An immediate substantial improvement in our balance of payments as we cease sending money to the EU.
- An end to all the uncertainties about our trade relationship with the EU, which will become much like our trade relationship with the USA and China.
- The ability to increase spending on public service providing a welcome boost to schools, social care, defence and others, out of the savings.
- Tax cuts to raise take home pay and boost the economy.
- If we spent an extra £39bn on ourselves instead of paying to stay in the EU for longer over the couple of years, that would be an estimated 1.4 – 2 per cent boost to GDP.
- Remove VAT from green products and domestic heating fuels, which we are not allowed to do in the EU.
- Announce zero tariffs on all components coming in to the UK for industrial assembly, making components from non-EU sources cheaper and boosting manufacturers.
- Announce cuts in tariffs on food from non-EU places, which are currently very high. The new lower tariffs will also of course apply to EU product. Set them to boost domestic agricultural output of things we can grow well.
- Take control of our fish and rebuild our fishing industry.
- Limit unskilled and low paid work permits and go for a higher wage more productive economy. Have a migration policy that is fair to all parts of the world and based on our economic needs.

## A Brexit budget

There should be a last budget before the UK is an independent country again, if we decide on No Deal. It is the time to set a new course. We need to be optimistic. We need to promote more growth and more enterprise. We need to grasp the ability of lower taxes to power prosperity. This should be the budget for prosperity, not austerity.

- We need to cut Stamp duties, Capital Gains Tax, and Vehicle Excise duties. Current rates reduce the tax take by deterring transactions.
- We need to cut the rates of Income Tax from 20 per cent to 18 per cent and from 45 per cent to 40 per cent.
- We need to abolish VAT on Feminine hygiene products, green products and domestic fuel.
- We need to boost spending on schools currently receiving 10 per cent or more below the current national average per pupil amount.
- We need to spend more on improving the road network.
- We need to meet the costs of the planned increase in NHS spending, only releasing the money if there are good plans to spend it to raise the quality and quantity of care. We should remove car parking charges at hospitals from patients and visitors.

All this can come from the £39bn over the next three years we will save by not signing the penal Withdrawal Agreement. That is up to a 2 per cent boost to national income.

## Leaving with no Withdrawal Agreement – The economic benefits

Many commentators make puzzling claims about the economic effects of leaving without a Withdrawal Treaty. These include a series of misleading claims:

- *Claim 1: 'Imposition of customs dues will restrict and damage trade'.* Such a claim ignores the fact that if nothing changes the UK will have more money. If there is No Deal and the UK and EU impose EU level tariffs on each other, then the EU will collect £5bn of extra customs, and the UK £13bn, given the large imbalance in trade in items that attract tariffs. The UK government could give the £13bn as tax cuts

so people on average are not worse off from the higher prices. The high tariffs are almost entirely on food products, where the UK has a balance of trade deficit of £20bn with the rest of the EU. Imposing full EU tariffs is likely to lead to a lot of import substitution from cheaper non-EU produce, and to a substantial market share gain by UK farmers.

The UK gain in domestic market share should more than make up for losses of exports. There will be a crop cycle of adjustment to new demands. The UK can publish its own tariff schedule once it has left, and has the option of lowering tariffs compared to EU levels, which would mitigate the impact tariffs have on trade. It is difficult to see more than a marginal impact on the UK economy of high tariffs on food. Trade with the rest of the world, which has been growing faster than EU trade for the UK, would benefit from removing tariffs on products we cannot grow or produce for ourselves, removing small tariffs where the bureaucracy is not worth the trouble, and cutting very high food tariffs somewhat. The UK government has yet to publish a tariff schedule for March 30 for No Deal.

- *Claim 2: 'There will be a confidence effect'.*  
Such a claim neglects the true position. Most businesses understand that No Deal is an option, the likelihood of which has increased since the proposed Withdrawal Treaty was published. Some businesses built this into their planning throughout. Others are now planning for it believing the probability has risen as a result of the poor progress in talks and after the EU rejection of the Chequers 'half in' approach to the single market and customs union. There was a confidence impact on big business investment plans after the vote, but this did not prevent continued growth at a good rate for the first nine months after June 2016. Brexit voters expressed more consumer confidence after the vote. There were also some large inward investors who went ahead with big commitments, including the purchase of two £1bn plus London office blocks and major commitments to jobs and space in London by the leading USA tech companies. The logical position is that we will avoid any big problem in the weeks after leaving and confidence should come back quite quickly to those large businesses that are preoccupied by this issue. There has not been the predicted

exodus of businesses out of London despite more delay and difficulty in the negotiations than advertised.

- *Claim 3: 'The UK authorities will raise taxes and tighten money to deal with the shock'.*

This wrongly presumes the basis for UK policy. The government should recognise that would be the entirely wrong reaction and looks unlikely. On exit with no Withdrawal Agreement the UK state has £39bn more to play with over the next three years, and the balance of payments is immediately enhanced by the same amount. The Bank of England actually eased money after the vote, and could do so again were there to be any problems after exit. The Treasury has fire power to spend more and tax less were the economy to slow further.

The economy will get a bigger boost by leaving without a Withdrawal Agreement and spending the £39bn at home. Prolonging exit for 19 months or more prolongs uncertainty, commits us to large extra payments and does not even guarantee a better trade deal. Further delay would slow the economy more, whilst just leaving clears the air and should lead to a good stimulus to the economy.

### III

## Better for Trade

# Leaving the EU without the Withdrawal Treaty

---

For some commentators, a so called No Deal departure would be a heavy negative for the UK economy. Their position is based on a number of unsubstantiated claims or groundless fears, unlikely to be realised.

- *Claim 1: 'Planes will not fly on 30 March'.*  
The overfly rights are under the Chicago Convention which will be unaffected by the UK's departure from the EU. Landing rights are in the gift of member states and will presumably be mutually reaffirmed in time for exit. Airlines continue to sell tickets for post 29 March and do not expect to be grounded. The UK is successfully negotiating Open Skies Agreements which go further than basic permissions.
- *Claim 2: 'Just in time supply items will be held up at UK ports, wrecking the factory plans'.*  
UK ports will be entirely under UK control. No plans are alleged or reported to hold goods up for longer. Customs payments in addition to current VAT and Excise payments and currency changes can be made away from the border using existing compliance filings electronically, with or without a tweak to the computer data. Intrastat declarations are already very comprehensive and mandatory for EU trade. This data is similar to the data needed to pay customs. Products meeting specifications under contract will not need new inspection systems on 30 March.
- *Claim 3: 'Food imports will be detained by the need for longer and more complex inspections at borders'.*  
There is no need for the UK to impose border checks or damaging delays at any border and on EU imports as this is a matter for the UK authorities. Current contracts contain inspection regimes, usually at the farm or processing plants, and products will also continue to be inspected carefully by the purchaser.
- *Claim 4: 'Medicine imports will be delayed'.*  
As with food, things that have gained regulatory UK approval and are on the NHS approved list can be imported as before with similar inspection regimes and verification.

- *Claim 5: 'Calais will operate a go slow or blockade of UK exports to the continent'.*

The Calais port authorities have categorically denied this and say they wish to keep the business. Belgian and Dutch ports would like to take market share from Calais and want to offer a smooth service.

Making all these things work are in the mutual interest of the EU and the UK. It should be remembered that the ports are not controlled in the main by the EU, but by national authorities. There is every reason to suppose where they need agreements these can be reached, with a general wish to carry on as before.

### **Just in Time? 'Things can only get better...'**

A great deal of hot air has been wasted on the Just in Time (JIT) system. Some big businesses claim leaving without a deal would make things difficult for Just in Time systems of production. The irony is these systems can handle non-EU components just fine.

Having run Just in Time systems for a UK factory, it is clear that complex supply chains include components coming in from non-EU sources as well as from EU sources. I found no special problems with the non-EU components in a supply chain, sometimes coming long distance by sea. Every Just in Time supply chain manager makes allowance for transport problems, and builds in usual delays that can come from traffic jams, bad weather at sea, delayed flights and the rest. In fact, the UK supply chain from the continent is more prone to delays from traffic congestion and road accidents than from port delays. The current EU/UK supply chain can be damaged by French strike action at the ports for example, and may have to turn to the expensive Plan B of flying components in.

For end users the industry's belief in Just in Time is particularly curious, because Just in Time does not extend to the customer. One of the advantages of Just in Time systems is the factory's potential to plan output well in advance and when exactly it will build any individual car. Despite this there can be variations of over more than a month's time in their forecast of build date. The absolute precision some now claim for Just in Time supply chains is not a reality within the single market today.

Like others, I have bought British cars over the years but have found delivery dates of a month out. Just in Time does not happen reliably for customers, as factories flex their production with delays of a month or more for them. The customer has to pay a deposit well in advance, but does not know exactly when delivery of the new vehicle will be made. Though not necessarily a cause of serious hardship, it is clear that the current Just in Time system of production of vehicles within the EU single market is massively exaggerated.

The fact that a component may spend a few more hours in a traffic jam on the A34 is clearly not mission critical when the customer has been told to wait another month.

### **A No Deal Future - How to make Just in Time work**

- The government should do more to improve transport capacity on our road systems to assist Just in Time manufacturing.
- If we leave with No Deal and impose customs duties these can be collected electronically without extra delay at the port.

As *Next*, one of the UK's leading retailers, has made clear in its Brexit statement, both EU exporters selling more than £250,000 into the rest of the EU a year and importers buying more than £1.5m a year from the EU already have to complete a full Intrastat form, one requiring very similar detail to that needed for a customs form. This means that customs dues can be processed by drawing electronically on the same information without added time and cost.

All Authorised Economic Operators importing and exporting can and do settle existing customs electronically away from the border, just as they settle VAT today on trade within the EU.

- It should be made clear that there are no official plans to create additional delays at ports for imported components.
- All JIT systems have to hold buffer stocks for contingencies or 'events'.
- Good planning should allow goods from the EU to continue to fit into a JIT system, just as already happens today with some

components coming in from outside the EU often on a long sea journey

*Questions for the Worriers:* current claims should be questioned, including those overlooking delays to EU components or ignoring that components from outside the EU also follow Just in Time schedules.

- Why can't Just in Time systems deliver cars at a specified date for a customer that is quite soon after order placement?
- How do you currently cope with traffic jams, lorry delays, port hold ups today, and why do you think it will be any worse after we have left?
- What new barriers to entry are you expecting at Dover or Southampton, given the government has not proposed any?
- Don't you have to allow plenty of time for the difficulties of road or sea transport today on complex supply chains?
- How do all those Chinese goods get into the UK in good time to meet UK customer orders, given that China is not a member of the EU?
- Why is the UK car industry having difficulty meeting customer orders in a timely way whilst we are still in the EU and when UK car demand has been hit by UK government tax policy?

### **Fantasy Fears: What 'cliff edge'?**

A few senior business people and their lobby groups have in much hyped interviews often made the claim that leaving without a deal will be 'disastrous, catastrophic', or akin to 'falling off a cliff'. To be credible, this wild, emotional language should be avoided and such people should spell out exactly what they fear will happen or what they think will be damaging. Rarely, however, are they pressed to be precise.

Why do they hold their general view with the same claims repeated, that

- *Supply chains will suffer?* This is not born out by other factors, particularly as current supply chains often include a minority of components that come from outside the EU. If being outside the single market and customs union so disrupted trade with the rest of

the world, they would not have part of their just in time dependent on non-EU supplies. If they can manage 10 components from outside the EU today they could manage 100 from outside the EU tomorrow. The WTO has worked successfully for the facilitation of trade to remove non-tariff barriers.

- *Tariff collection?* Whereas the EU imposes some tariffs on some non-EU components, the UK could offer tariff free components once it leaves and set its own tariff schedule. Big manufacturers should start pressing for this.
- *Delays at ports?* Allegations of delay at the ports, especially at Dover-Calais, or the disruption to Just In Time systems, are unlikely with adequate planning and time factored in to transit the ports. There is no reason for additional delays This now happens to allow for the longer journey time needed with some supplies. We see that Chinese supplies, maybe taking 40 days to arrive by sea, fit into current complex supply chains, so it is clear that longer journey times are not deal breakers.

The main reason new delays on imports should not be expected is that the importing port will be under UK control. There is no need for us to impose new processes and delays at the ports. We can adapt or continue the current system of checks away from the ports for any purposes we need. On the Dover-Calais route if more spot checks are needed on trucks, these can be done on the ferry or on the nearby train carrying the load through the Tunnel. There is plenty of competition to Dover-Calais Ro-Ro from containers, so in the unlikely event of difficulties at Calais there would be a choice of other ports.

- *More complex paperwork?* It is sometimes alleged that more complex customs paperwork must be completed, adding to cost, though not delay, as it is done usually before the lorry departs from the exporting factory. In fact little if any additional electronic paperwork will in practice be needed because even now all EU trade requires a long and complex Intrastat declaration which overlaps with customs information to be filled in. Most industrial and retail purchasers these days need detailed product information, with specification, cost, test results etc. A computer programme can

send the bits needed by the authorities at the UK/EU electronic borders.

The media would be more convincing if they stick to the facts. What exactly are they worried about, and why don't we just fix it in the four months that remains before we leave? It has not been made clear precisely what this 'cliff edge' is, and whatever potential difficulties may come about through a No Deal can be managed, as now, with planning and adequate preparation on all sides in the next four months.

### **The UK and the WTO: the UK will be a Full Member**

The UK is a member of the WTO and will continue to be a full member trading under the WTO's rules after it leaves the EU.

The EU is not compliant, having failed to file an up to date schedule at the WTO, but nonetheless the UK is still able to trade as part of the EU. It will, however, be easier for the UK to file a compliant schedule for next April than the EU. Not having a compliant schedule has also not prevented the EU ratifying new Free Trade Agreements.

Opponents of an independent trade policy wrongly say that the EU will mount an economic blockade of the UK, stopping us importing medicines and food, to starve us back into membership. That would be prohibited by international law. It would mean breaking international contracts to supply; overturning World Trade rules and would be contrary to the EU's own Treaties which require the EU to have friendly relations and promote free trade with neighbouring states. It would mean the EU would have to acquire new powers to prevent private companies and individuals doing business with UK customers and suppliers.

Take two examples - that of food imports and medicines imports:

- Food coming through a UK port will be checked and charged customs by UK authorities. They can do so away from the border and ensure smooth passage through our ports. Why would they want to suddenly hold up goods that we are importing just fine today through those same ports the day after we leave? Why

wouldn't they levy customs as they levy VAT and Excise today, electronically?

- In the case of medicines, a continental drug supplier will have the same contract to supply the same drugs on March 30 2019 as on March 29 2019. The NHS has tested and approved the drugs for us. The company has factory based test facilities with inspection systems that satisfy the NHS today. They will still satisfy the NHS on March 30 2019. Why would the supplying company wish to withhold supplies and face a legal challenge from the NHS? Why would a continental port wish to hold up the export of goods for further checks, when these goods have all been produced to EU standards and checked in situ?

The EU has many powers, but it does not have the power to impose an economic blockade on a friendly European state that happens not to be a member of the EU. The private companies involved all want to keep the business. If, as is sometimes contended, the port of Calais were to delay our exports going to the continent by demanding more checks at the frontier, then the ports of Rotterdam, Antwerp, Zeebrugge, Ostend and Amsterdam would take the business and not hold them up. As returning lorries to Calais are often running empty, they would want to pick up a new revenue earning load as soon as possible. There is no reason to believe a continental port will wish to obstruct these loads, or lose out on the revenue they raise.

## IV 'Our Precious Union' Threatened by the Withdrawal Agreement

---

### **Damaging, Not Defending the Union**

Mrs May says defending the Union of the UK is one of her fundamental principles. The Withdrawal Agreement suggests otherwise.

The Withdrawal Agreement states that Northern Ireland will have to continue to be aligned with single market rules and laws come what may. It invents a so called Northern Ireland backstop which would keep Northern Ireland in the single market and customs union after the rest of the UK had left. It threatens a border down the Irish Sea for rest of the UK to Northern Ireland trade.

The Withdrawal Treaty comes on top of a series of misjudgements and mistakes made in respect of Brexit since the outset.

Though the upholders of the Union are the majority community in Northern Ireland who vote DUP and similar parties, the prime minister has instead based her plan on the analysis of Sinn Fein, the Republic of Ireland, and the EU to damage Brexit. They want to end the union of the UK and create an island of Ireland economic area, as some in the Republic see this as a stepping stone to an island of Ireland country. This has been damaging to Brexit, jeopardises Mrs May's coalition and is incomprehensible to Unionists in Northern Ireland.

Elsewhere, Mrs May ignores that most supporters of the Union live in England, a word that rarely crosses her lips in the endless devolution/Brexit talks, just as England's strong pro-Brexit vote is never mentioned. That voting base gave the largest Conservative vote since Margaret Thatcher. It and England's voice should be heard and remembered. England wants a more realistic and even Union that respects the result of the referendum.

To these failings a third has been added, the handling of Scotland. Too many concessions have been made to the SNP. This independence party do not speak for the majority in Scotland upon the only issue that matters to them. They lost the Scottish independence referendum and then had to accept the validity of the UK wide EU referendum. Scotland voted Remain,

but the electorate was the whole UK. The SNP refusal to accept the UK wide result is anti-democratic. They want more referendums until they get a result they like, turning it into a neverendum party.

Mrs May should change approach, and with its defenders, defend the Union in Northern Ireland rather than join its attackers. They accept Brexit, as the will of the majority. It is central to the future of the Union that Brexit is delivered properly and promptly. England expects it. Wales expect it. All those Leave voters in Northern Ireland and Scotland expect it. To preserve the Union decisions that matter to its supporters and the voters must be implemented by the politicians.

## Fishing, Farming and Britain's Industries Boosted by a March Exit

---

Over Britain's years in the EU, some of the worst damage the EU has done is that to our fishing grounds and fishing industry. Environmentalists are rightly upset by the industrial trawler techniques ripping out so much fish, only to see a lot of dead fish thrown back into the sea, under the infamous discards policy. Our fishermen and women have seen more and more quota allocated to foreign vessels. A small minority of British cod caught in our waters may be fished by the British fishing fleet. There has been a big decline in our fishing fleets, and a big decline in the proportion of the catch landed in the UK.

As soon as we leave the EU the UK becomes an independent coastal state with full control over our own waters. We will decide how much fish it is safe to take out of our seas, and how much of that should be fished by UK vessels. The opportunities are great. People in the fishing industry think we could catch and land twice as much as we do today by taking back control of our own fish stocks, whilst removing fewer fish from the sea overall with no discards. They also think there is considerable spare capacity in the present UK fleet, given the controls on fishing.

Work is well advanced with systems to regulate the amount of fish taken without having to throw dead fish back into the sea with all the extra damage that creates. That means we can land more in UK vessels whilst still taking fewer fish overall. If we landed in the UK twice the amount currently landed, that would add £900 m of raw fish value. This could become £3.5bn of total value for the UK once the fish have been processed and sold on to final customers. We would develop more fish processing industries, often in coastal communities that need more jobs and more value added processing.

These policies would boost employment, cut our balance of payments deficit on food, provide more wholesome local food, and reduce environmental damage. The seas would be plundered less, and there would be fewer food miles travelled from trawler to plate. It's another compelling argument against delay in exiting the EU.

We can grow more of our own food and build a bigger food processing industry once out of the CAP.

There has also been a big decline in the UK's self-sufficiency as food producers during the 46 years in which we have been in the common agricultural policy. As a result, this country is now a net importer of food from the continent of Europe, to the tune of £20 billion a year. This is a very large part of our balance of payments deficit. Much of the imported food, including processed food, we could rear or grow for ourselves, or process for ourselves if we wished. The Secretary of State, should, during the passage of the Agriculture Bill through Parliament, take on board what is being said by all of us who want to see more home grown food. More high-quality food production, and local food production should be a central part of the government's mission.

New procurement rules would allow us competitive procurement which could also take into account food miles. A really good green policy would be to get the food miles down. We do not need ships and trucks carrying around bulky and quite heavy items of low value, when we could produce them ourselves and farmers could be making a profit because transport costs would be lower.

It should be made clear for farmers what the UK's schedule of tariffs will look like if the UK leaves without an agreement in March 2019 or, from March 2020. Brexit is not a great threat or problem, but a massive opportunity. This industry that has been wrecked, damaged, and pillaged for 46 years, almost as badly, in some cases as the fishing industry. Now is the opportunity to take it back in hand and encourage those who work on our behalf in the industry to show that there is a huge market opportunity out there.

The great joy is that the Agriculture Bill rightly takes powers so that the Secretary of State and the Government can do what they need to do with the WTO, which will be running our trade framework whatever we do by way of agreement or no agreement. The WTO also has an important role in this today, but of course we cannot influence it directly because the EU handles these matters for us.

If we look at our tariff schedule, we see at the moment that we have eye-wateringly high tariffs on temperate foods that we can grow or produce for ourselves from outside the EU, but zero tariffs on temperate products we could rear or grow for ourselves which come from the EU. The competitive onslaught from some of the intense, and often subsidised and highly capitalised, farming on the continent has done enormous damage to our market share and undermined the businesses of many of our farmers over the 46 years we have been in the EU.

The Government should set out urgently for consultation what our tariff schedule will look like if we are leaving on 30 March 2019. I assume the tariffs will be above zero for the EU and as the law will require, the same as for the rest of the world. We should want lower overall tariffs than the EU imposes on the rest of the world. I assume that tariffs would be lower on the things we cannot grow and rear ourselves whilst leaving some other tariffs to make sure there is protection for our producers.

The right balance must be struck and the government must consult soon, giving more hope to the farming industry. Farmers and food processors must feel part of this process, because these will bear the tariffs on the industry offering us great opportunity. We can get better access to some cheaper food from around the world. We have some protection against aggressive EU competition where we can grow it for ourselves.

## VI

### How Did We Get Here?

---

Freedom day is the day we leave the EU. It is one of those curious cul-de-sacs of history that the UK, a fiercely independent and democratic nation, spent 47 years with increasing shackles over our decisions in the EU.

Like Gulliver, the UK found herself bound by more and more rules and regulations from Brussels, tied down by something UK voters were told was just a trading bloc. This so called common or single market was of course nothing less than a political Union in the making. The project of full economic, monetary, social and political integration was fully understood on the continent, but constantly denied by dishonest UK politicians. They were aware that UK voters were unlikely to sign up to the full scheme, so they pretended it was not happening.

I accepted the verdict of UK voters as a young man in 1975 when I was on the losing side of the referendum on staying in the EEC. I decided I had to make the best of it. When I entered Parliament I tried to limit the EEC/EU to what people had voted for, a common market. My worry had always been it was a much mightier political project, but Remain always told us in the early years it was not a currency and political union in the making. Later of course it became obvious that it was a currency union, with a political union in the offing.

So what changed my mind about the common market part of it? It was being given the job of being the UK's Single Market Minister in the 1990s, when the EU wished to 'complete' the single market. That turned out to be a double lie. The EU did indeed have a massive legislative programme which it called the single market programme in those days, and did more or less complete the stated programme by 1992. It then went on to invent many more legislative programmes in the name of its new creation for many years afterwards, proving the single market was in its view nowhere near completed in 1992 despite the claims. It was also misleading, because as I discovered it was not primarily a programme to open and liberate a wider market. It was a huge power grab. It thrived on the doctrine of 'the occupied field', pressing EU legislation into many new areas in the name of the single market to take powers away from national democracies and to place them in the hands of unelected Commissioners and European Court judges.

As I used to point out to the bureaucratic, legal and regulatory minds assembled, you only need one simple rule to have a common market. That rule, established in a famous European Court case, states that if a product is of merchandisable quality and has passed the tests to be offered for sale in one part of the common market, it should also be allowed for sale anywhere else in that market. It means each part of a common market has to trust each other part for their standards of safety, hygiene and the rest, or allow only limited specified national overrides for public health and safety but not much else to restrict the flow of goods.

Instead the EU embarked on a comprehensive legislative programme to superimpose EU law on top of member state law to govern everything from food standards to control of hazardous chemicals, and everything from labour rules to environmental protections, all in the name of the single market. The laws often told businesses how they were to make or design something. It was very clearly a programme to create a supranational government. It soon replicated all the main departments of national governments, with a foreign policy, a security and defence policy, an environment, transport and employment policy and much else.

The market part of it was undertaken by the Commission working with the dominant companies of the day in each sector to draw up a set of rules which would be required of everyone. These rules were welcomed by the big business that helped inform them, because they already met them. They were opposed by some big businesses which had not been so successful in lobbying and drafting. They often acted as restraints on competition and innovation, as they prescribed the way firms were allowed to make and sell things. These rules were imposed in the name of cross border trading, but were also mandatory for the much larger flows of goods and commerce within each individual member state where they were not needed to assist international trade and might override perfectly good familiar national systems. Many smaller businesses found the extra cost of EU regulation, and greater prescription, made market entry and offering competitive product more difficult.

In the first ten years of our membership of the EEC, our motor car output halved, unable to face the onslaught of German and French competition without tariffs and under EEC rules. Meanwhile in the areas where we were

strong in services no similar market opening occurred, leaving us a growing and large balance of payments deficit which has persisted to this day.

The single market was not designed to help the UK, and Britain would be better off making its own rules and running its own global trade policy.

In Britain, reality kept threatening to break through. Early skirmishes about whether Brussels should settle our labour laws or not were on party lines, with the left once in charge giving these issues away to the EU. The UK had a proud record of leading improvements in employment standards before we joined. Both major parties in the UK grasped that UK voters would not accept the abolition of the pound and the substitution of the Euro, so the UK negotiated an opt out from the biggest push so far for full union. There was an attempt to side step a common migration policy, but the EU found ways to require the UK to join them in a large part of their common borders regulations. We were told tax and benefits remained national concerns, but the EU made various inroads into these sensitive areas. Many UK voters disliked intensely the idea that they could no longer decide their money, their borders and their laws through UK elections and by lobbying their Members of Parliament. We were told what to charge VAT on, and who to give benefits to. When they were given the chance to decide, they decided to leave the EU to take back control of their government.

# VII

## After Brexit

### Freedom to Decide, Freedom to Prosper

---

#### **Freedom to Decide**

Once we have left, the UK can start to exercise her democratic rights again. The country that did so much to spread democracy around the world, provided the Mother of Parliaments, and had some of the earliest struggles to control the executive and create a proper democratic franchise, will need to learn again how to do things for herself through her own democratic institutions. Today, as with the American Revolution, the Mother of Parliaments at Westminster has to be taught a lesson in applying her own beliefs. Too many MPs and members of the House of Lords regret the decision of the people, and have sought to deny democracy her rights. They will have to accept that the UK is leaving the EU and will be better off from doing so.

So what we will we do with our freedoms? We will become a keen advocate of free trade globally, signing deals with those who share our vision of the power of free trade to spread and increase prosperity. We will liberate our fishing grounds from the Common Fisheries Policy, which has been unkind to our fish and to our local fishermen and women. We will put in place a migration policy that is fair to all corners of the world, eliminating the European preferences in the current system. We will be able to spend the large annual sum we currently send as tribute to Brussels on our own priorities at home. We will regain control of our tax system, permitting us to amend and change the system the EU has imposed on taxing transactions through a Value Added Tax.

I find the delays in getting out of the EU are unacceptable and the fears expressed usually ludicrous. What part of ‘Leave’ did the politicians not understand when they asked the people to decide? Why do they not see that spending our own money and making our own laws must be better, and should lead to greater prosperity for the country. The good news in all this is once again the people have proved to be more sensible than the political and administrative establishment who advise them and seek to control them.

Long live freedom. There is nothing to fear, and everything to welcome. I want my country to be self-governing once again. Then if the politicians get

it wrong, the people can kick them out and try with a new team. All the time we live under Brussels we have to accept the inflexibility and injustice of their laws.

### **The EU Offer? Not worth £39bn**

The Withdrawal Treaty is not 'a deal' for the UK. There are no guarantees we will get a free trade agreement or an enhanced customs partnership. The Political Declaration contains both, and they are incompatible one with the other.

Britain must leave the single market and customs union when we leave the EU. That is the only thing the official Leave and Remain campaigns agreed about, and is also the view of the EU itself.

We cannot stay half in the single market, and we should not want to.

- We should offer a good Free Trade Agreement. You do not pay to trade.

The EU is merely offering a Withdrawal Agreement. That is all take for them and no give to us. We should reject it.

- We should not spend another 21 months in the EU in a so called transition. It would be a transition to nowhere, with 21 months of uncertainty and argument over what the future might bring.

### **Look at the upside if we just leave:**

- An end to business uncertainty, and proof that the stupid scare stories were as wrong as the Remain economic forecasts for 2016-17.
- £39bn to spend on tax cuts and public service improvements over two years, giving a good boost to jobs and our economy.
- The right to settle our own migration policy, and to encourage more people settled in the UK into jobs with better wages
- Taking back control of our fish to rebuild our damaged fishing industry
- Setting out our own agriculture policy so we grow more at home again as we used to before we went into the EEC/EU

- Deciding on our own tariff levels – with lower tariffs or no tariffs where we cannot grow or make the things concerned.
- Signing trade deals with many countries that want even better trading relations with us.

The government says it is getting on with No deal planning. So, bring on the fishing, farming, trading and spending policies that we need and want, to use our new won freedoms.

## Appendix

### Contradictions and Inconsistencies

#### The Remain business case about Brexit

---

Those few Remain advocates claiming to speak for big businesses and who want to stop Brexit often repeat assertions intended to help the Remain cause. When examined, these turn out to be foolish and contradictory.

The most obvious is their statement that leaving the EU without a very costly Withdrawal Agreement is plunging off a cliff, conjuring false images of sharp falls in output. They then follow this with their number one complaint that once out of the EU we will lose access to cheap labour from the continent which they say is needed to deal with the increased demand and expansion of business which they will be grappling with.

If they truly believed output will fall and stay lower as they imply, they would not bother to seek more labour. They would be planning an orderly reduction in the size of their workforce as people retired or left for other reasons. Their economic forecasts have been so bad for many years. The pro EU lobbyists wrongly wanted the Exchange Rate Mechanism, which did lead to a sharp fall in activity and business output and led many businesses to sack people without warning because they had failed to foresee the results of their ill-judged lobbying for the ERM. They wrongly went along with or encouraged the Euro, which did considerable damage to UK export markets on the continent after the banking crash, when that was extended and worsened in the Euro area by the Euro crisis.

Next they wrongly forecast a fall in UK output in the months immediately after we voted to leave, which did not happen. Nor is there any no good reason to think that actually leaving should lead to that. Of course the UK needs to follow good positive domestic policies to thrive outside the EU, just as we needed to do that to grow or to offset harmful EU policies when in it. If we just get on with spending domestically all the money we save on leaving, the economy will perform well.

Let me reassure them again. UK output will not be damaged by leaving. It could expand more than currently if the government stopped its ever tightening monetary and fiscal squeeze. The correct thing to do would be to offer tax cuts and increased spending in this autumn's budget, covered by ending payments to the EU.

Business needs to turn its mind to productivity, and wean itself off the ever more cheap labour model. Together we need to build a world of higher pay, high skills and more computing and machine power to help people be more productive.

Hard Choices: Britain's Foreign Policy for a Dangerous World  
*John Baron*

Triggering Article 50, Courts, Government and Parliament  
*D. Abulafia, J. Clark, P. Crisp, D. Howarth, S. Lawlor & R. Tombs*

The EU: An idea whose time has passed  
*Roger Bootle*

Joining the World: Britain Outside the EU  
*Nigel Lawson*

Trading Truths: The Treasury, Trade and the City  
*John Redwood*

Banking on Recovery: Towards an accountable, stable financial sector  
*J. McFall, S. Kamall, G. Lyons, R. Roberts, F. Capie, G. Wood, K. Matthews,  
D. B. Smith, M. Powell, E. Michaels & S. Lawlor*

Dumbing Down the Law: The SRA's Proposals for Legal Training  
*Anthony Bradney*

The British Bill of Rights: Protecting Freedom Under the Law  
*Jonathan Fisher QC*

Paying for the Future: Working Systems for Pensions and Healthcare  
*L. Schuknecht, M. Dauns & W. Erbert*

What's the Point of the Human Rights Act? The Common Law, the Convention,  
and the English Constitution  
*Dinah Rose QC*

Working Systems: Towards Safer NHS Nursing  
*T. Hockley & S. Boyle*

Nuclear Options: Powering the Future  
*R. Cashmore, D. Mowat & S. Taylor*

Working Welfare: Contributory Benefits, the Moral Economy and the New  
Politics  
*Frank Field*

Primary Problems for the New Curriculum: Tougher Maths, Better Teachers  
*David Burghes*

## **Subscribe to Politeia's Publications!**

For £35 a year you will receive an electronic copy of each of our publications, plus hard copies of two new publications on request, and, if you wish, free hard copies of your choice from our back catalogue. You will also receive advance notice and invitations to Politeia's conferences and flagship events, with guest speakers from the UK and overseas.

More information can be found on our website: [www.politeia.co.uk](http://www.politeia.co.uk). Or, write to the Secretary, Politeia, 14a Eccleston Street, London SW1W 9LT, or at [secretary@politeia.co.uk](mailto:secretary@politeia.co.uk)

### **A Selection of Recent and Related Publications**

The Court of Justice of the EU - Imperial, Not Impartial  
*Gunnar Beck*

Intangible Assets: Funding Research in the Arts and Humanities  
*John Marenbon*

Deal, No Deal? The Battle for Britain's Democracy  
*Sheila Lawlor*

Free Trade in UK-EU Financial Services  
How Best to Structure a Brexit Trade Deal  
*Barnabas Reynolds*

Brexit: Options for the Irish Border  
*Ray Bassett*

Negotiating Brexit: The Legal Basis for EU & Global Trade (4<sup>th</sup> edition)  
*David Collins*

The Brexit Settlement and UK Taxes  
*David B. Smith*

Commercial Law After Brexit: Next Steps for the UK  
*Thomas Sharpe QC*

Reversing Decline: Vocational Education and Training for a Highly Skilled  
Workforce  
*Sheila Lawlor*

The Economics of Brexit – Getting the Best Deal for the UK  
*Patrick Minford*

As the UK prepares to leave the EU, the terms for withdrawal and to determine Britain's future are in the spotlight. That future was anticipated by the leave vote, says The Rt. Hon John Redwood, MP, in *How to Take Back Control - Trading Globally Through the WTO*. People voted to leave because they wanted to take back control of their lives and destiny. The vote was not predominantly an argument about trade and tariffs, but a movement to make the UK a self-governing democracy again.

Optimistic about Britain's future as an independent country, he considers the opportunities for greater economic success that independence will bring. Britain will be free to spend on its own priorities under its own laws. It will be free to shape its own trade future, reduce tariffs and barriers to world trade - now growing more rapidly than that with the EU. The chance to build the UK's leading industries and restore fishing and farming to prosperity should be seized.

The author is a Distinguished Fellow of All Souls, Oxford and a businessman by background. He dismisses the gloomy economic forecasts, recalling how these forecasters have been wrong in the past about all matters European - wrongly optimistic about the European Exchange Rate Mechanism and the Euro, wrongly pessimistic about the short term impact of a leave vote. Freed of EU restrictions, the UK can become again a beacon for global free trade and an powerful advocate of democratic self-government.

**POLITEIA**

**£8.00**