

# The Best Part of Breaking Up

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The title of this blog is the title of the 'Wall of Sound' Ronettes 1964 single written by now disgraced murderer Phil Spector. Those familiar with it know that it is concerned with trying to recapture a love that once existed and, as the line "That the best part of breaking up is when you're making up" goes, the overwhelming desire is to become a couple again.

In following the end of transition on 31<sup>st</sup> December, like any couple who've decided to go separate ways, following discussions of how to achieve a reasonably amicable parting, the UK and EU know the terms of the separation.

The Free Trade Agreement (FTA) concluded between negotiators from the UK and EU late in the afternoon of Christmas Eve is notable for being as 'skinny' as many commentators had feared. As cynics had suggested, given the complexity of the deal that was, until the last few weeks, according to well-informed sources within the EU, "97% complete", taking negotiations right up to the last moment was a deliberate stratagem by the Prime Minister.

Despite the bluster emanating from Boris Johnson about the government's willingness to countenance no-deal, the economic reality of the consequences of this outcome appear to have influenced decision-making in the final days of negotiation of the FTA. Apparent recognition of the destructive impact no-deal would have meant, that though agreement was essential to maintain trade with the EU without tariffs, it needed to be as minimal as possible. However, avoiding any sense there'd been a 'sell-out' was vital in keeping Conservatives, especially members of the European Research Group (ERG), from the sort of rebellion that sunk Theresa May's attempts at agreement with the EU.

So, over four and a half years on from the referendum this country is out of the EU and able to, as was promised by leavers, to enjoy its

status as an independent country. The break-up is now real and the impact of the changes in circumstances will start to be felt by those whose business is carrying out trade with the EU and by individuals who travel to the EU, the Republic of Ireland being, for longstanding historical reasons, largely unaltered.

For Brexit watchers who've observed the process since the intention to hold a referendum on continued EU membership was [first announced almost eight years ago](#) by then PM David Cameron as a way of attempting to deal with dissent from Eurosceptics within his party and the threat posed by Nigel Farage's UK Independence Party (UKIP), it is doubtful that he would have envisaged where we are today.

Cameron had overseen a successful referendum on Scottish Independence only a couple of months before in September 2014.



	Votes	%
NO	2,001,926	55.30
YES	1,617,989	44.70

If the question of Scottish independence had looked potentially fraught, with difficult bits dealt with by reasoned debate at emphasis of the benefits of remaining within the union, a referendum on the EU probably seemed a much simpler matter. All that was needed, it would have been assumed, is, like any person giving counsel to a person contemplating a split from a long-stranding partner to get them to consider what they would be giving up.

After all, once people were made aware of the economic and social benefits they enjoyed as citizens of a member state of the EU, they would, similar to Scottish voters who'd been wavering in favour of

leaving the union, recognised the tremendous risk that leaving the EU would entail.

Arguments for and against remaining part of the EU have persisted *ad nauseam* before for years. However, the result of the referendum held on 23<sup>rd</sup> June, an 'advisory vote', though less emphatic than Scotland's, was clear enough; 51.9% of voters wished to leave on a 72.2% turnout.

Any economic and social benefits currently enjoyed by UK citizens was insufficient. The result is an end to a relationship between this country and its closest European neighbours that lasted precisely 48 years.

Despite leaks of fevered wrangling concerning fish between the UK and EU in the final days of leading up to Christmas Eve, a deal was achieved enabling the UK to achieve sovereignty so cherished by those who advocated leave. The UK can, within the limits of the FTA, do what it likes to ensure economic success and prosperity.

The costs of achieving the objective of leaving have proven to be prohibitively expensive. Though it is extremely difficult to derive a precise figure, this time last year, Bloomberg research indicated that leaving the EU would, by December 2020, have cost as much (£203 billion) in lost economic growth.



Expected cost of Brexit  
by the end of 2020



Total UK contributions to  
EU budget (1973-2020)

\* Brexit cost based on Bloomberg analysis of  
lost economic growth up to the end of 2020.

Sources: Bloomberg Economics, House of Commons Library, Business Insider

As a consequence of Covid-19, the UK's economic situation is now much worse. Pointedly, according to House of Commons Library figures, since 1973, when the UK joined the EEC (European Economic Community), the total amount made in payments to the EEC/EU is £215 billion.

Made up mostly those who campaigned to remain but, significantly, including some leavers, there is a groundswell of opinion that when the real costs of leaving the EU are calculated on the basis of empirical evidence rather than estimations based on crude analysis, the break-up will prove, as asserted by remainers, to have had no economic logic. Rather, it increasingly seems, leaving the EU will result in considerable additional costs.

Given that there will be a need to recruit many tens of thousands of customs officials to deal with the increased paperwork, this will mean additional costs. Moreover, as the [FT explained](#) last October, there's extra costs of up to £56 per load, requiring, on average, [employee time totalling 1 hr 45 mins](#). Once the cumulative costs emerge, it's fair to say that a huge chunk will be lost from the "£12bn per year that Boris Johnson claims the UK will save when it leaves the EU".

Added expense for business resulting from the UK's departure from the EU represents an unwelcome burden reducing profitability, potentially increases costs to customers (us) and, in extreme cases, closure. In the aftermath of a pandemic that's caused economic chaos, further losses of jobs and reduced revenue to the exchequer is the last thing any government would want; especially one which claimed to wish to 'level up'.

Expert analyst, Anton Spisak, Policy Lead, Trade and Productivity at the [Tony Blair Institute for Global Change](#), provides detailed examination of what the FTA contains and its impact and import for future relationships between the UK and EU. Like many other Brexit observers, Spisak believes, contrary to what we've been told, the FTA won't be the end of negotiations.

That the FTA makes no provision for services, a major part of the economy, means there'll be continued discussion of arrangements. Monday's headline in [The London Economic](#), "€6bn of EU share dealing rerouted from London to new European hubs on first day of trading" is a portent of things to come. Businesses engaged in financial trading with the EU will happily relocate if it conditions are more straightforward and costs are reduced.

Those who've taken consulted the FTA document, over 1,200 pages, comment on its vagueness in many areas. Potentially in reinterpretation between officials from the UK and EU will be needed. Both sides will appreciate the importance of continued access to markets and avoiding descent into dispute which required arbitration; always expensive.

It's worth remembering that no deal exists in perpetuity. The FTA will be reconsidered in five and a half years which, though following the next general election, means we can expect the campaign to include statements by all of the major parties as to what their stance will be in 2026. Little wonder Spiask contends that though the FTA is the end of one chapter, "it will certainly not be the end of a story."

In the meantime, UK citizens when they travel to the EU for business or pleasure, will experience minor but annoying hassles by no longer enjoying equality with citizens of the other 27 member states. For

remainers this is affirmation of what they feared. For leavers, a necessary price to pay for 'freedom'.

Equally, Scotland may vote to become independent. Northern Ireland may declare it wishes to remain economically wedded to the single market. Such developments might be perceived as contrary to the spirit of achieving a more united and prosperous United Kingdom through leaving the EU.

Though it is premature and wildly optimistic, many who campaigned to remain, including Lord Andrew Adonis and Lord Michael Heseltine, claim that once the people have experienced the pain of separation from the EU, may be willing to consider re-join it.

Who knows, there may come a time when the best part of breaking up may be about making up. It's hard to envisage but, perhaps, in another ten, 15 or 20 years, the landscape against which debate takes place may look entirely different.

As the last few years have shown, trying to guess the future is a fool's game. Much depends on many known variables, not to mention, hitherto unknown ones.

Unfortunately, though, what can be suggested with some degree of certainty is that the question of our relationship with Europe will continue to play a crucial part in the political narrative.

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***Covered the Pandemic*, edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8643725824); *The Pandemic, Where Did We Go Wrong?* edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8665858326); *BBC, A Winter of Discontent?* edited by Mair (published by Bite-Sized Books ISBN-13: 979-8694863117) and *The Pandemic, Where are We Still Going Wrong?* edited by Mair, (published by Bite-Sized Books ISBN-13: 979-8563726338).**