Welcome to Brexitannia

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Having been in Ireland over the weekend, the first time since 2019, I was interested to see how its economy is doing in the aftermath of Brexit. My travel, which originally planned to fly to Belfast and travel across the border, was altered because of the problems being experienced with airlines. Instead, we used the car ferry to Dublin and drove to our hotel which is just south of the border in the Republic.

This allowed a cursory view of Dublin. As soon as you leave the port, you're directed to the 'Port Tunnel' which, completed in 2006 at a cost of €752 million (£646 million), takes you to the M50 orbital motorway from which various other motorways radiate outwards to the rest of Ireland.

Nonetheless, Ireland appears to be a country which, whatever disruption caused by Brexit, is not suffering economically, quite the contrary.

Spending time driving through Dublin Docks, providing a brief glimpse of the workings of a port through which the imports required by the whole country operates, was all the more fascinating this time. There's clearly been major development to accommodate larger ships carrying goods which, increasingly, come direct from the continent of Europe rather than through the 'land Bridge' of England and Wales.

In contrast, though, the port of Holyhead in Wales is noticeably less busy than when I last passed through three years ago. For a port with centuries-old association of trade with Ireland, this is worrying. Employment opportunities are not abundant in this part of the UK.

The plight of Holyhead, affected by the fact that increased bureaucracy caused by Brexit has meant many continental suppliers now bypass the UK, neatly summarises the economic impact being felt in many communities who were promised that by voting to leave the EU they'd be better off.

Boris Johnson's general election win in December 2019 was fought based on backing his 'oven ready' deal. This deal was, it should be remembered, was effectively Theresa May's, which had been rejected by Parliament and, notably, by many within her own party including the MP who'd eventually replace her as leader.

The deal Johnson agreed to included tweaks but included the Northern Ireland Protocol which created a border (in the Irish Sea), May so strenuously sought to avoid.

Crucially, Johnson's victory was achieved precisely because of the Conservative Party manifesto commitment to level up parts of the UK in which citizens felt 'left behind' when compared to, for example, those living in the South-East and, of course, London.

The logic advanced was that that once departure by the UK from the EU was achieved, fulfilling the will of the 51.9% of those who voted in the referendum, a 72.2% turnout, a combination of hypothetical money saved through no longer being a member as well as ability to 'turbocharge' the economy by jettisoning rules and regulations Brexiters claimed were imposed by Brussels, and added cost, would the provide billions needed for parts of the country suffering disadvantage.

That was the theory.

Since, December 2019, like the rest of the world, we've experienced a global pandemic which upended any immediate plans Johnson's government may have had.

Lockdowns and the turmoil caused by every country drastically reducing activity caused supply-side problems for goods being shipped around the world. Economies across the world simultaneously restarting was bound to result in, at the very least, an immediate rise in prices for key commodities in demand.

It's no surprise that producers' costs have risen.

Passing through Dublin Port underlined the reliance every country has on a free flow and steady supply of containers used to transport goods. Long developed and carefully managed supply routes were severely disrupted adding to the problems being experienced by exporters and importers.

China Daily recently reported on supply problems being experienced in Chinese restaurants due to a vast increase in commodity and shipping prices (Jing, 2022). Significantly, prior to the pandemic, a shipping container from China to the UK typically cost $1,000. Now a similar container is ten times higher. This spike is being experienced by all in the supply-chain and, inevitably, the customer.

As Jing points out, some businesses no longer believe, certainly for the foreseeable future, it's not economically viable to continue to trade.

Conflict in Ukraine has made what was already a bad economic situation much, much worse.

Prices for oil, gas and a range of other commodities are rising at an alarming rate. Inflation, currently 9%, the highest it's been for 40 years is rising. Bank of England governor, Andrew Bailey recently informed a Treasury Select Committee that food prices will continue to rise due to the ongoing conflict in Ukraine and could be "apocalyptic" for the UK and rest of the world (Barrett and Palumbo, 2022).

Research organisation Kantar predicts the average food bill for every household in the UK will rise by £380 this year (BBC, 2022). Given that this is an average, poorer households have a greater propensity to spend income of food, the situation could become dreadful for millions, particularly as we approach winter.

Gas and electricity will increase again later this year. According to 'money guru' Martin Lewis, following the next review of prices by Ofgem (Office of Gas and Electricity Markets), utility bills could go up again by 51% (Howard, 2022).

It's almost certain the psychologically critical figure of 10% inflation in the UK will be reached later this year. Unless your income is rising by at least the prevailing rate of inflation, experienced, it may be assumed, by only those very lucky or whose assets are increasing at a phenomenal rate, we'll collectively become poorer.

It's the desire to protect wages and conditions which is usually at the heart of any industrial action taken by workers. This is why action is being taken by thousands of rail workers belonging to the RMT Union. They argue the offer made to them of a 2% increase, with the possibility of another 1%, is "unacceptable".

Though the industrial action by rail workers has been criticised by many, especially within government, as not in the collective interest of society, many others defend the right of such workers to, through entirely democratic and legal available, exercise their right to attempt to maintain living standards of workers.

As the BBC Reality Check Team show, the claims in Parliament on 15th June by Transport Secretary Grant Shapps that the median salary for a train driver is £59,000 and £44,000 for the rail sector "compared with £31,000 for a nurse and £21,000 for a care worker" are not correct (BBC, 2022a). As the BBC shows, such claims depend on the way in which workers are selected.

In the same debate Shapps claimed rail workers enjoyed an increase of "nearly 40%" over the last ten years. ONS (Office for National Statistics) calculations demonstrate rail workers have experienced a 24% over the last decade, only marginally higher that the 23% rise in wages all employees have experienced.

It's noted that a government that proudly proclaimed its belief everyone would benefit from the post-EU economy, is extremely reluctant to engage in a dispute which, many argue, would be resolved by discussion through the sort of collaborative arrangements existing in much of Europe.

Not for the first time, we're seeing the real intentions of a government that vociferously asserted leaving the EU would be beneficial for all and allow the government to create greater equality.

iNews' Chief Political Commentator Paul Waugh in his article 'PM's plan to boost City bosses' pay contrasts with demands for 'wage restraint' for everyone else', (2022) shows what the reality is likely to be. Waugh quotes Treasury Chief Secretary Simon Clarke who states his belief that restraint in pay bargaining is essential "otherwise it will get out of control". Clarke suggests workers should not expect pay rises which maintain their current standards of living.

Clearly, it seems, the argument Brexit would make everyone better off no longer seems relevant.

Well, it seems, not everyone.

Waugh has obtained an internal Whitehall letter, written by Boris Johnson's chief of staff Steve Barclay to Chancellor Rishi Sunak, the richest member of Parliament, in which he advances the desire that current restrictions on bosses' pay should be "removed" to show "the benefits of Brexit".

The UK still adheres to an EU regulation which included a limit on bonus pay to be no more than 100% of fixed pay or double that with explicit shareholder approval.

It's worthy of note that when he was Mayor of London, Johnson was a stanch opponent of the EU regulation to tax bankers' bonus cap. As Waugh asks, will the PM now get his way?

Many will agree with Waugh when he states, that for a government which is demanding wage restraint from "nurses, doctors, teachers, bin men, bus drivers and rail workers" this will feel like a "potentially massive PR disaster to simultaneously draft proposals that would let rich City types get even richer" (*ibid*).

Moreover, Waugh concludes, "for the millions who voted for Brexit in part to see their own wages go up, the contrast between their own falling incomes and moves to further boost the latest bankers' bonanza may well be galling" (*ibid*).

There's a palpable shift in the opinions of those who previously supported the Johnson administration. One, the Telegraph's Suzanne Moore, in her piece 'These are the real villains behind today's train strikes' takes issue with the argument that strikers, the ordinary workers this government claimed so passionately to want to defend in their quest to make the UK a better place by leaving the EU, are being criticised (2022).

Moore points out claims by the government of greed by those striking and the need parroted by Simon Clarke of the need for "collective discipline" and the importance of "collective society-wide responsibility" seems hollow coming from those who've been shown themselves willing to engage in personal advancement and recompense when it suits.

As Moore, by referring to the pay enjoyed by senior management of those running the railways stresses in her conclusion, “Strikes are a real pain but at least see them for what they are: an organised response to organised greed” (*ibid*).

The current problem of inflation resulting in wage demands by workers to attempt to protect their falling standards of living is clearly not entirely due to Brexit. However, only a fool would suggest that Brexit is not making this country poorer.

OECD (Organisation for Economic Co-operation and Development) predicted a couple of weeks ago that the UK’s economic growth will stall next year and only Russia, hit by western sanctions as a consequence of its invasion of Ukraine, will perform worse among the G20 advanced nations (Giles, 2022).

In the airline sector, currently experiencing its own problems due to a lack of staff, businesses are not allowed to hire workers from the EU. Government claims that Brexit has nothing to with the problem are contradicted by insiders. These include Easyjet’s chief executive Johan Lundgren who informed travel expert Simon Calder that it has had to “turn down a huge number [8,000] of EU nationals” because of the new rules on labour following the UK departure from the EU (Mellor, 2022).

In the same article Michael O’Leary, chief executive of Ryanair, warns that problems will continue over the coming months, the vital summer season. Echoing Lundgren’s comments, O’Leary contends the current issues being experienced by the UK airline sector won’t be resolved until “we start allowing people [EU citizens with experience] in to do the job” (*ibid*).

In an analysis of the negative impact of Brexit on the UK’s economy, ‘The deafening silence over Brexit’s economic fallout’, Parker and Giles believe that there are tentative signs of the government’s recognition of the negative effect the departure terms agreed to by Johnson with the EU have had on the UK (2022).

Parker and Giles report that “even among the Eurosceptics in Johnson’s cabinet”, there’s now acceptance that this country needs to “rebuild economic relations with the EU” as a way to “avoid exacerbating the looming cost of living crisis” (*ibid*).

Accordingly, and given this government’s past willingness to dump unpopular policies and nostrums, once considered fundamental, if not sacred, any change in the approach taken on relationships with the EU provides grounds for optimism.

However, as a pro-Brexit cabinet member who talked to Parker and Giles admits, though better relations with the EU are preferable, it would need to be achieved without seeming “like we’re running up the white flag and we’re compromising on sovereignty” (*ibid*).

Johnson, and those who are close to him, appear to believe picking fights with the EU, trade unions and, indeed, the ‘metropolitan elite’, and which served them so well in the past, is the way forward in the short-term.

It’s hard to see a *volte-face* in the very short-term, certainly as long as Johnson remains as PM.

In the meantime, therefore, until sanity, not to mention sound economic logic, is exhibited by this government, we’ll continue to experience all of the negative aspects of Brexit, predicted by so-called ‘remoaners’, and none of the benefits predicted by advocates of leaving the EU.

Duncan Weldon, in a thoughtful and evocative *New Statesman* analysis of the UK's economic situation post-Brexit, 'Why Britain is once again the sick man of Europe', cites the example of Italy's economic decline when, in the early 1990s, it enjoyed a GDP (Gross Domestic Product), comparable to Germany (2022). Italy's income per head, Weldon writes, is now closer to that of Spain.

Weldon asserts that the UK's decision to leave the EU won't result in an immediate and "sudden economic shock that grabs the attention of the public and politicians but a slow process that plays out over years and decades; relative economic decline with a whimper rather than a bang" (*ibid*).

The UK's economy will steadily decline in contrast to those of most EU members.

Future generations of what's left of the disunited mythical kingdom of Brexitannia will be bewildered by what sort of madness took hold in this country on June 23rd and subsequently implemented by the Conservative government under Boris Johnson.

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