

The cost of Brexit is likely to be more than double that of COVID – it must be delayed

*Whether we face Hard Brexit or No Deal, the long-run costs to the economy are likely to be more than twice that of COVID-19 – at least £2,000 per person, warns **John Van Reenen** (LSE). He advocates delaying the exit from to EU to avoid the impending decades-long damage to the economy and society.*

And so the players in the Brexit tragedy once again twitch their puppet limbs. [Negotiations](#) are on, then off, then [on](#) again over state aid and fisheries, which comprises [one-thousandth](#) of the UK workforce. Boris Johnson looks forward to a No-Deal Brexit, nobly defending our sovereignty *under* the waves and the glorious liberty to spaff taxpayer money on hand-outs to his favourite firms. [Expert-loathing](#) Michael Gove terrifies business leaders with his nonchalant comparison of Brexit to moving [house](#) when to most of us it feels more like we have been forcibly evicted from our homes and are about to be chucked into a shabby B&B run by a deranged landlord.

The political actors may start actually believing their lines, and Britain lurches out of the European Union on January 1st without any agreement. More likely, however, is that some anorexic deal will limp through by the end of 2020, much as happened last year, when Johnson agreed to a *de facto* trade [border](#) in the Irish Sea to jettison the Irish backstop. He then won the election on the back of his diplomatic brilliance by pretending that he had not, in fact, created this border. To round off the tragi-comedy, we now have the [Internal Markets Bill](#) that tries to unstitch his promises and in the process breaks [international law](#), ditches Britain's [reputation](#) for keeping its word and torches the [Good Friday Agreement](#).

Without doubt, a Hard Brexit Deal will be heralded as a great triumph of statecraft. The media will laud the tough Brexiter diplomacy, as we no longer doff our caps and tug our forelocks to Johnny Foreigner, but speak in the only language they understand – good Anglo-Saxon English, repeated often and at high volume.

But make no mistake, such a paltry Deal will be a pig paraded around in lipstick. The short-run disruption will be less, but it will be little better than No Deal in the long run. It may avoid tariffs on goods, but the main economic costs of Brexit are much more to do with the less visible barriers of red tape due to divergent rules and regulations that will hinder trade, investment and productivity.

Standard [estimates](#) suggest that the likely deal will cut more than 6 per cent off our national income – some £2,000 per person. This will swing a fiscal wrecking ball through the [public finances](#) leaving much less to spend on hospitals, GPs and care homes, for example. But under a [tenth](#) of the Brexit income cut is due to tariffs, over 90 per cent is because of the increases in red tape – for example, the gigantic lorry parks in Kent, the county formerly known as the Garden of England.



Image by www.pethatestoys.com

A No Deal is painful because it hits like a tsunami immediately. A Hard Brexit Deal is stealthier, domestically abusing the economy over decades.

Many government ministers believe COVID makes Brexit [easier](#) because the pandemic's pain will swamp that of the stake driven into our European relations. It is true that when five thugs have given the UK economy a good kicking, we will feel the blows from the sixth less keenly; especially as the pain will be distributed more democratically across our [sectoral](#) limbs (Brexit whacking manufacturing and finance; Covid sickening hospitality and tourism).

But why welcome further pain when the viral consequences of “long Brexit” will be more persistent? The long-run economic costs of Brexit will likely be over [twice](#) as large as that of COVID and possible trade deals are no vaccine – the government’s [own analysis](#) suggests that any positive impacts will be small. Geography still matters when it comes to trade, and even Johnson cannot geologically shift Britain’s location.

What we *have* learned from COVID is how populist leaders show stunning levels of incompetence when in power. As Warren [Buffett](#) once said, ‘You never know who’s swimming naked until the tide goes out’. Johnson, like Donald Trump and Jair [Bolsonaro](#), gained power on the back of empty sloganeering and industrial-scale mendacity. All three contracted [coronavirus](#) and their nations – Britain, America and Brazil – stand out for their catastrophic [death rates](#).

Johnson’s cabinet members were chosen on Brexit loyalty rather than talent. The spring lockdown was delayed because he didn’t take the virus seriously enough. Cummings, his top adviser, flouted the rules when infected and made up [contemptible excuses](#) when caught, but was rewarded with the prime minister’s full support. The whiff of [corruption](#) in the awarding of contracts and other [decisions](#) swirl around this administration.

It is no surprise that public [trust](#) has leaked away. What can be done? The obvious course is to delay leaving the EU from the arbitrary 1st January 2021 deadline and reject the Taliban Leavers demanding the hardest of all possible Brexits. Recent polls suggest only 39 per cent of people still believe Brexit was [right](#), so why inflict further trauma on the public when the economic ICU will be collapsing under winter pressures? If nothing else, Conservatives should fear a Disunited Kingdom, as nationalist sentiment explodes in Northern Ireland and [Scotland](#), and [regional](#) resentments rise at their treatment over COVID.

This pantomime Prime Minister is an expert in making people look in the wrong direction – please, please, don’t let us get fooled: it’s never too late to think again.

This article gives the views of the author, and not the position of LSE Brexit, nor of the London School of Economics.