

With Brexit, Britain is finally at the wheel of its own destiny

Ryan Bourne

January 31, 2020

Britain has become the first major country to formally exit the European Union. After 47 years as a member, and with the British people having voted to leave more than three years ago in a referendum, Boris Johnson's Conservative government has finally made good on the public's mandate: The United Kingdom's participation in this pan-European political project is over.

It is an utterly historic moment. Britain's elected representatives of the European Parliament have been retired. In fact, the U.K. has departed all the E.U.'s political and administrative bodies. Now, the so-called Withdrawal Agreement between Prime Minister Johnson's government and the E.U. comes into effect, under which a "transition phase" has begun. This sees the U.K. continuing to pay into the E.U. budget and adhering to E.U. single market and customs unions rules until at least the end of December, when, hopefully, a new E.U.-U.K. free-trade agreement will be finalized.

As a result, not much will "feel different" when British citizens wake up on Saturday. Business trading arrangements will remain unchanged. Regulations won't be altered. Free movement of people will, by and large, continue. But in another sense, everything has changed: The U.K. and E.U. will now negotiate their future free-trade and security partnerships as governmental entities with no overt power-sharing ties. The Britain for the first time in almost five decades, has ceased to be a whining backseat driver in a bigger political club, and instead is at the wheel of its own destiny.

In the immediate term, much focus will be on how the U.K. uses its newly repatriated trade powers in decisions over the shape of the E.U. free-trade agreement. Hand-wringing about the specific loss of access or new regulatory or tariff barriers to certain markets will result. It may even be that the time frame through December is too short to negotiate the sort of deal both sides want, in which case a transition extension (which must be pre-agreed by July 1) will kick in. Expect, if this occurs, "remainers" to ape Brexiteer language and talk of loss of sovereignty — being bound by rules over which Britain has no say.

But Jan. 31 is not about the immediate consequences, or policy decisions made, but where ultimate political authority resides.

Formal exit overcomes a necessary hurdle in moving toward a new U.K.-E.U. economic settlement, yes. And the shape of that relationship has become clearer given Johnson's thumping electoral victory, and his desire for Britain to exit the E.U.'s single market and customs union. But it's about much more than that. The key implication of leaving the E.U. is confirmation that a range of policy powers, for good or ill, will ultimately be returned to Britain, including on trade, immigration, economic regulation, state aid and competition, agriculture and fishing.

After being entangled with the E.U. for so long, and with the U.K. government occupied by the process of leaving, Britain's near-term future will unlikely be characterized by radical policy change, even after the transition ends. But the Britain's political system will obtain more degrees

of freedom — greater domestic powers to independently navigate the shocks that afflict economies and to pursue regulatory objectives regarding new technologies, and devise new laws in an environment more directly answerable to the public.

Brexit was a bet that the U.K.'s institutions — not least its accountable, flexible parliamentary democracy — would, on net, deliver better outcomes in a changing world than the ever-growing centralization of powers in Brussels's technocracy. Whether that's true will take years to assess and depend on whether the U.K. embraces openness or accedes to growing global protectionism and state planning.

But right now, we shouldn't conflate policy choices with the constitutional framework underpinning them. Jan. 31 marked a momentous repatriation of political power, delivered on instruction of the British people.

Ryan Bourne is the R. Evan Scharf chair for the public understanding of economics at the Cato Institute and was formerly head of public policy at the Institute of Economic Affairs in London.