

LIFE AFTER BREXIT

GLOBAL BRITAIN, FREE TRADE AND THE NEW PROTECTIONISM

Tom Switzer talks to Daniel Hannan

According to the media and intellectual consensus, last year's Brexit vote to leave the European Union represented a victory for right-wing populism and even xenophobia—'little England' closed off from the rest of the world. **Daniel Hannan**—a British Conservative member of the European parliament and leading intellectual architect of the Brexit victory—profoundly disagrees. For him, Brexit was a very British revolution. The vote to leave the EU, he argues, represents a triumph of democracy and self-rule.

In early February, British Prime Minister Theresa May won overwhelming parliamentary approval to trigger Brexit, which means Britain will soon begin negotiations with Brussels to leave the European Union, setting the stage for departure in 2019.

On a recent visit to Australia, Daniel Hannan spoke with **Tom Switzer** on his Radio National program *Between the Lines* about Britain after Brexit, why some people insist that Brexit was a victory for xenophobia, the differences between Brexit and Trump, and the ballot-box revolts against established elites in some Western democracies.

Tom Switzer: Congratulations! You've been fired.

Dan Hannan: Yes, but how many people are lucky enough to get a two year notice period? The European Parliament looks after you right up until the last minute. Yet I'm breathing a deep sigh of relief at my redundancy.

Tom: We met about a decade ago in March 2007 at the European Parliament. I was a guest of the European Union's Visitors Program, a very extravagant program subsidised by European taxpayers of course. They said I could meet anyone in the European Parliament and I nominated you because I was a big fan of your writings. I'll never forget one of the diplomats saying to me, 'Monsieur Switzer, Monsieur Hannan is not one of us'. To which I replied, 'I'm not sure I'm one of you either'.

Dan: And you were right on both counts. But actually, as it turned out, when people were given a vote in Britain and in many



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Daniel Hannan is a Conservative member of the European Parliament and author of several books including *How We Invented Freedom and Why It Matters* (2013) and, most recently, *What Next?: How to Get the Best from Brexit* (2016).

other countries, they too had a very different view. It's difficult to think of a referendum that's gone in favour of Brussels recently.

Tom: If we go back to 2007 did you really think that a decade later Britain would be on the cusp of leaving the EU?

Dan: Yes. If I hadn't thought that I would not have dedicated so much of my life to it.

Tom: Take us back to last year. The British establishment was strongly committed to keeping the UK in the EU. Almost every major political figure, retired spy chiefs, historians, football clubs, Goldman Sachs, even President Obama came out in favour of Remain. Yet none of that mattered. Why?

Dan: Because the biggest line-up of grandees and all the money in the world can't in the end sell a bad idea. People have more commonsense than their politicians give them credit for. By the way, it's worth noting that a lot of those people have since changed sides or recanted.

There was quite a lot of pressure from the government at the time to get people to sign these letters by worthies—chancellors of universities, captains of industry—telling everyone to vote Remain. I think voters smelt a rat. They could see that the signatories of these letters—the establishment figures I just mentioned—were either directly or indirectly in receipt of Brussels's money or were hoping for some kind of favour from the government in the event of a Remain victory. People correctly saw the elites coming together in defence of their own narrow interests and they suspected a plot against everyone else.

Tom: Remainers presumably saw a big victory in the Supreme Court decision to insist on a parliamentary vote. How do you respond to that?

Dan: I think it was right to have a parliamentary vote. We joined through an act of parliament and it's proper for us to leave through an act of parliament. And now we've had a huge vote in parliament in support of the government's policy—a four to one ratio. Most MPs to their great credit said, 'Look I

campaigned on the other side but I'm a democrat so of course I will accept the will of the people'. You could say that the system worked.

Tom: What was the percentage of politicians in parliament who supported Brexit?

Dan: It was about 20%.

Tom: Well, give them credit then for honouring the will of the people.

Dan: Absolutely. There are only a handful of exceptions who've taken it badly and who are still sulking. A supreme example of an honourable Remainder is the Prime Minister. I know for a fact that she was a Remain voter. I know people who tried to persuade her and she pushed back strongly, privately and publicly. There was no question of her sincerity. But when the vote came in, she accepted the outcome as a good democrat and she grasped something else: which is that if you're going to leave the worst possible thing is to leave peevishly or half-heartedly or sulkily. If you're going to leave, do it properly in a way that maximises advantages to all sides, that brings benefits to us and to our friends in Europe—and I hope to our friends overseas because we ought now be able to use Brexit to revitalise the world trading system.

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Tom: Theresa May has been Prime Minister more or less since David Cameron resigned from No. 10 last September. How do you think she's handled the job since then?

Dan: So far she hasn't put a foot wrong. She's been focused on Brexit obviously. That's the hand she's been dealt and she's played it very skilfully. I think she's been saying all the right things about wanting a Global Britain, about wanting Britain to be the world leader in free trade—she says this in every speech—about being the leader in innovation,

technology and open markets. It's a vision that somebody's got to push. We're not going to get it from Brussels. We're not going to get it from Donald Trump. Somebody needs to be the advocate.

Tom: And yet *The Wall Street Journal* editorial page has raised some serious doubts about her economic policy agenda. For instance, she's promised new corporate regulations such as standards for setting executive pay and mandates to put employees on company boards. To what extent does that worry you?

Dan: A great strength of this Prime Minister is that she doesn't cling to a bad idea for very long. Although those proposals were prominent in her early speeches, they are not finding their way into any kind of legislation.

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Wrong conclusions about Brexit

Tom: A lot of critics say that Brexit was a victory for nativism, protectionism and anti-immigrant xenophobia. Why are they wrong?

Dan: It's really important to knock this on the head. You don't get this so much in the UK, except from a few irreconcilable Remainers, but you do get it overseas. Yet if that had been our campaign we would not have come close to winning. If we had fought the nativist and protectionist campaign that Remainers wish that we had fought and that they imagine we fought, then we would have been struggling to get into double figures.

Britain is an outward-looking free trading country and people voted out of optimism. They voted because they saw the European project as failing. They saw the EU as sclerotic, indebted and economically in trouble and they could see that there was a wider world beyond the horizons with

old allies and new ones, as the Prime Minister keeps saying. One of the things we're concentrating on now is restoring full and free trade links with our old Commonwealth partners.

Let me add that the first rule of any campaign is that nobody ever really listens to what the other side is saying. Nobody ever reads first hand what the other side is arguing. They only ever read their friends' reports of what the other side is supposed to be saying or supposed to have said. I can point to a pile of empirical data, loads of opinion polls, asking Leave voters what they thought was the top issue, and they all show the same thing. The top issue was democracy, sovereignty, and the principle of making our own decisions. Immigration was an issue, no question, but it was not the top issue. It was a very distant second. And yet people will come back and say, 'My anecdote trumps your fact: I know this Leave voter and he was only interested in immigration.' That's the narrative that they're locked into and they're not interested in data.

Tom: That may be true, but to be fair your critics all too often complain that you said different things about immigration before the referendum only to walk back your stance afterwards. For instance, you had a very lively exchange with Christiane Amanpour on CNN following the Brexit victory where she insisted that the reason why people voted Leave in terms of sovereignty was to stop immigration, the free movement of people and labour, and implied that you tried to win the Leave campaign by inciting hatred of immigrants.

Dan: People can look at what I've said and listen to it. She couldn't present any evidence because there isn't any. In fact, I was attacked throughout the campaign by the Remain side for *not* wanting to crack down on immigration. Every time this issue came up, I would say that we want to have control of our immigration policy. That does not mean closed borders. In my view it will mean a continuation of free movement of labour but it will be global and it will be fair to our friends in the Commonwealth and so on. Every time I said that, they jumped on me and said, 'You're admitting that there won't be a crack down on immigration.' And I would say, 'What do you mean "admitting"?'

By the way, this didn't just happen to me. At the main televised debate, Boris Johnson went out of his way to say not only that he was in favour of immigration but also that he wanted to go further and have an amnesty on the illegal immigrants already here. This is not something we were slipping out in the small print.

Tom: Your argument and Boris Johnson's argument sound very similar to John Howard's argument during the Tampa asylum seeker episode in 2001.

Dan: We will decide who comes here—

Tom: —and the circumstances in which they come. So it's about control.

Dan: Yes, and we are now in a position to assert it. Controlled borders are not closed borders. I think there will be a substantial movement of people coming to work. The Prime Minister keeps saying that we want more high-skilled workers.

We've had some cases where we couldn't deport convicted criminals. There was a case where the EU prevented us from deporting the daughter-in-law of a Islamist hate preacher who had been convicted of a criminal offence. She was a Jordanian national and we couldn't deport her because her child was born in the UK, was therefore an EU citizen and therefore we couldn't deport her. It's an extraordinary thing that as a country we couldn't decide issues like that.

Tom: Indeed, you had many minorities who came out strongly in support of the Leave campaign.

Dan: We had Bangladeshis for Britain, Muslims for Britain, Africans for Britain, every kind of Commonwealth, and indeed people of European origin who had seen the EU as a racket.

Tom: And yet this issue severely split the Tory party. The former Conservative MP and strong opponent of the Leave campaign, Matthew Parris, wrote in *The Spectator* magazine: 'For the first time in my life, I feel ashamed to be British.' He went on to say, 'I've seen a Britain and specifically an England that I simply do not like. I've seen a nasty side, and seen colleagues and friends pander to it in a way I never

thought they would.' Parris concluded, 'It has made me feel lonely in my country and the experience has touched me irrevocably'. How would you respond to that?

Dan: It's very sad. He's invented this world in which there are racist incidents and so on. I mean every country, including Britain and even Australia, has its minority of numbskulls, its share of racist idiots and incidents. But there is no evidence that there has been any more of it since the Brexit referendum.

What we've had is an awful lot of fake news. In the days after the referendum, all of these incidents were being circulated as supposed Brexit hate crimes. There was an attack on a tapas bar in London, there was an anti-immigration demonstration in Newcastle, there was some anti-Polish graffiti. It turned out the attack on the tapas bar was a burglary, the people in Newcastle had been holding the same demonstration for years and it had nothing to do with the referendum, and it looks as though the anti-Polish graffiti was done by another Pole and had nothing to do with the referendum. And yet those examples of fake news have now taken on almost canonical force, so simply to question them and say this isn't true is to be a racist yourself.

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An absurd figure started circulating that there was a 56% spike in hate crimes. This came down to a police website where people are encouraged to report hate crimes, which in the 96 hours following the vote recorded something like 38 more than the previous year. And what were these 38? They were people complaining about Nigel Farage. Not one of these cases was referred to prosecution because they were frivolous cases of angry Remainers letting off steam. And yet it's now become in the minds of people like Matthew Parris a kind of established fact.

Anyone who has been to the UK since last July will know, because they have eyes, that it is a tolerant country and a far more tolerant country than most

of Europe. In almost any poll where you ask people if they are happy with Muslim immigration, or happy to have inter-racial marriage, we are one of the most open, liberal and tolerant societies. And now we're going to be a more global one.

Tom: Let me get your argument right, because people say Britain had a Trump moment. Your argument is that the vote for Brexit was really about liberty and free trade and trying to manage globalisation better than the EU has been doing.

There is a huge difference between Trump and Brexit. Trump is a protectionist. A big part of his campaign was that he didn't want free trade with China. A big part of our campaign was that we *do* want free trade with China. We saw leaving the EU as an opportunity to re-engage with the world.

Dan: There is a huge difference between the Trump phenomenon and the Brexit one. Let me discuss one obvious issue. Donald Trump is a protectionist. A big part of his campaign was that he didn't want free trade with China. He kept on saying it in rally after rally. A big part of our campaign was that we *do* want free trade with China. We couldn't get it in the EU, which doesn't have any trade talks with China. In fact your Free Trade Agreement with China was held up frequently by me and other Leavers during the campaign as an example of what we'd be able to do. So there was a huge difference in that we saw leaving the EU as an opportunity to re-engage with the world.

There is one narrow parallel between the two that I am prepared to allow. I think they both were to some extent reflecting an anger against the perceived failures of an established elite. And that anger has been there at least since the 2008 Global Financial Crisis and the bailouts that followed it, and I think to some extent it's justified.

Tom: Are the far right, nativist, populist movements and insurgency groups that are threatening

established parties all across Europe more like Trump or Brexit?

Dan: They're more like Trump in the sense of the ones we're looking at now like Marine Le Pen and Geert Wilders, which are nativist movements. They are focused on anti-immigration and Marine Le Pen particularly is very protectionist. Unlike Trump, she's not only protectionist but also well to the left of the socialists on most economic issues.

The roots of popular anger

Tom: France is staging one of its most unpredictable elections in decades in April. A new twist has emerged because the Conservative candidate François Fillon has faced mounting calls to resign from the Conservative nomination. What's your sense of how things will play out over the next few months?

Dan: If 2016 has taught us anything, it is not to make predictions. I did not see Trump coming. How many columnists in the UK and Australia wrote variants of the same column the next day saying, 'I didn't see this coming but let me now explain to you why it was inevitable.' We all have 20/20 hindsight. There is a whole field of behavioural psychology that explains how we think we got things right when we didn't.

From where I'm sitting now, it's difficult to see Marine Le Pen winning because of the two round system. She could very well come top in the first round but the people who will vote for anyone but her will outnumber her supporters in the second round.

Tom: So it would be similar to the 2002 presidential race when her father Jean-Marie Le Pen got through to the second round?

Dan: I think she's going to do a bit better than him. He got about 18% if my memory is correct. I'm guessing she'll be up against Emmanuel Macron, who will be a bit more credible. He was a socialist, but broke away and is now running a kind of Blairite Third Way, Ruddite sort of platform, which

hasn't been tried in France so they've got all that to go through.

Tom: I have read polls in France that show the level of animosity to Brussels is more intense than it is in Britain. How do you account for that?

Dan: It's quite extraordinary. I canvassed in France for the No campaign when they had their referendum in 2005 on the EU constitution and I was shaken by the extent of the anti-politician feeling. It was as though they were talking about an occupying power and that it had nothing to do with them. And they lumped Brussels in with their own political class. I was campaigning in a part of the Camargue in deep France and it wasn't like that everywhere. But the area where I campaigned overwhelmingly voted No.

I think there is a sense throughout Europe that the European project has not worked for the majority. The euro, let's remember, was sold as an economic project. The European Commission said every country that adopts the euro will add 1% of GDP growth to what it otherwise would have done—in perpetuity. How did that work out? Well, what people have seen is that the euro has meant poverty and emigration in Southern Europe, and tax hikes and bailouts in Northern Europe. It's worked very well for bankers, bond holders and eurocrats flying around the continent in private jets preaching more austerity. But the basic promise given to the general population has been utterly abandoned. And yet the politicians who inflicted the euro on them won't admit their mistake. That is a large part of the anger.

Tom: But it's not just the euro surely. If you look at Trump on the right and Bernie Sanders on the left in America, Le Pen in France, a lot of the economic nationalist movements particularly in southern Europe, they're blaming globalisation, free markets and free trade for the plight of the working class. And Le Pen is doing very well in northern France where there is a lot of old labour towns that have de-industrialised. This may be mainly due to technology and automation and just general change, but they're blaming free markets and free trade.

How worried should free marketeers and supporters of a capitalist economy be, and those who support the cause of small government and classical liberalism? How worried should we be by a Trump or a Le Pen?

Dan: It's a really good question. I am worried.

I think all of this—again—goes back to the 2008 Global Financial Crisis and the sense after it that medium and low income families were forced through the tax system to bail out some very wealthy bankers and bond holders in order to rescue them from the consequences of their own errors. I think that there was a perceived discrediting of the whole system.

And I agree. I was totally against the bailouts at the time. The bailouts were not capitalism. In a capitalist system, the poor banks would have been allowed to fail, the successful ones would have bought the profitable bits, bondholders and shareholders would have lost out, maybe in some cases depositors would have lost out, but taxpayers wouldn't have contributed a penny. That's how a free market system would work.

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What people saw instead was a corporatist system, and very understandably they reacted by saying that the whole thing is therefore rigged in favour of the rich and against the little guy. I think that Le Pen, Trump, Sanders, Wilders, Podemos—and even the Scottish National Party in its own way—are all delayed reactions to the 2008 Crisis and the bailouts that followed.

I'm afraid that it will run its course and that it will inflict a lot of damage in the process. When you have protectionism the people who are most hurt are paradoxically the people who vote for politicians and protectionist policies.

Tom: How do genuine supporters of free markets and economic reform help win over the losers of the Great Recession and globalisation?

Dan: It's such a difficult thing, because there are losers. The problem is that free trade brings dispersed gains but concentrated losses. Free trade brings a small benefit to a lot of people but nobody ever says they're going to vote for the government that brought it about because they attribute their good fortune to themselves. Whereas it brings concentrated losses for one or two industries who know exactly who to blame and who vote accordingly.

The problem is that free trade brings dispersed gains but concentrated losses. Free trade brings a small benefit to a lot of people. Whereas it brings concentrated losses for one or two industries who know exactly who to blame and who vote accordingly.

If I look at my own constituency that I represent in the southeast of England, it never had much by way of heavy industry. But the exception was the

Chatham dockyards. It employed 12,000 people and it was your classic, old heavy industrial plant. It closed at the same time that the coal mines and steel mills were closing in 1984. To this day I meet constituents, old guys who are still angry about it and blame Thatcher, saying she hated working people. I understand why they're angry. If you're over 40 and you've been a welder and your plant closes, your quality of life is probably going to deteriorate.

But it's only fair to tell the story to the end. There are now more people employed per square inch in Chatham than ever before, even at the height of when it was a shipyard. It's now a huge hub for the audio-visual sector. It's where they make 'Call the Midwife'. It's where Medway University is. The grandsons of these guys are tapping at screens for a living.

My late grandfather was a shipyard worker on the Clyde. I never met him. He died young because he had a typically unhealthy West of Scotland lifestyle. So I never got the chance to ask him whether he'd have wanted that shipyard to be kept open. But I suspect that if he'd had an option between that and watching me and my cousins tapping at a computer screen for a living then I don't think he would have hesitated.