

The truth about a no-deal Brexit

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Time to bust the last great Brexit myth



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THE BRITISH body politic is again convulsing. Theresa May has appointed new ministers, including her third Brexit secretary and counting, following another round of cabinet resignations. The prime minister's own backbenchers are feverishly (if ineptly) plotting to bring her down. The Labour opposition's position is hopelessly unclear. The cause of this chaos is that those with long-standing delusions about what Brexit would mean have been forced to swallow a dose of reality.

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With negotiating time almost up, Britain has the imperfect deal that it was always going to get. Promises of having cake and eating it have given way to a less appetising offering. Yet among Brexiteers, one hopeful fantasy lives on: the idea that, if all else fails, Britain can prosper outside the European Union without signing a deal at all. The idea's proponents tout a no-deal Brexit as a way to avoid giving ground, or money, to Brussels. They dismiss objections as another round of the alarmist "Project Fear" that Remainers deployed before the referendum.

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They are gravely mistaken. It is time to debunk the last, and most dangerous, of the Brexit

fantasies.

The notion that Britain should leave the EU without agreeing on exit terms or paying its tab has gained currency. Perhaps two dozen Tory MPs want such an outcome, now that a cake-and-eat-it deal is off the menu. Given the government's wafer-thin majority, this small band has undue clout (see [article](#)). Assurances by level-headed ministers that Parliament would block a no-deal exit are constitutionally questionable. The public, meanwhile, are worryingly relaxed about no deal. Polls find that many voters would rather do a runner from the EU than accept the compromise that Mrs May has struck.

The reality is that no deal amounts to a very bad deal, as our [briefing](#) this week spells out. It would rip up 45 years of arrangements with the continent that in living memory has gone from existential threat to vital ally. It would swap membership of the EU's single market for the most bare-bones trading relationship possible. Reneging on £39bn (\$50bn) in obligations to the EU would devastate Britain's international credibility. Reaching no deal on the Irish border would test the Good Friday Agreement that ended a serious armed conflict. And the violent dislocation of nearly every legal arrangement between Britain and Europe would affect daily life like nothing outside wartime.

The myth has taken hold that no deal simply means no trade deal. Proponents of a no-deal exit say it will involve Britain trading with the EU on the standard terms used by other members of the World Trade Organisation (WTO). No-dealers argue, correctly, that Britain could eventually adjust to this. It would be painful, but the economy could move beyond industries like carmaking, which would be ruined by the 10% tariffs that the EU would impose on British exports. Consumers would gain if the government took the highly unlikely step of abolishing all tariffs, as no-dealer economists recommend. But protected sectors, particularly agriculture, would wither. And many Leave-voters might be surprised that the price of exit was the collapse of much of Britain's high-end manufacturing and the demise of farming.

More important, no deal would mean not just no trade deal, but the rupture of a whole corpus of legal arrangements with the EU. Britain would be left without rules to govern the trade in radioactive materials, international electricity markets, financial-contract clearing, aviation, medicines regulation, immigration control and much else. What some Brexiteers describe as a "clean break" from Europe would in fact be horrifically messy.

No-deal proponents counter that Britain and the EU would quickly sign side-deals to mitigate the worst of the chaos—allowing flights to carry stranded citizens home, for instance. But it is unlikely that the EU would do more than the minimum if Britain defaults on its debts. What little goodwill remains would turn to dust. Brexiteers say that shortages could be avoided if Britain threw its borders open to EU products without checks. But eschewing any sort of regulation would be an odd way for Britain to "take back control", as the Leave campaign promised.

If Mrs May wonders how this dire outcome has come to be more popular than her hard-won deal, she should start by re-reading her own speeches. Her mantra that "no deal is better than a bad deal" was supposed to persuade the EU to give Britain better terms. It didn't work. But it struck a chord at home. David Davis, her first Brexit secretary, compared the

talks to buying a house: "You don't walk in and say, 'I'm going to buy the house, now what's the price?' So why should it be any different in a big negotiation like this?" The answer is that not buying a house means sticking with the status quo, whereas not signing a Brexit deal means swapping the status quo for a new, very bad alternative. The house-buying analogy works only if the buyer has burned down their existing home and is negotiating to buy the only one on the market.

Advocates of no deal brim with the same misplaced confidence with which they approached the Brexit talks. The grim warnings of what would happen after the referendum have turned out to be overblown, they point out. Britain has not fallen into recession, as Remainers forecast, though its performance relative to other advanced economies has declined. Might the impact of no deal turn out to be less bad than feared?

Perhaps. But the disruption caused by an unmediated exit would be far more dramatic than the economic harm caused by the Brexit vote. The public cannot easily see what they have lost as a result of Britain's slip from being the fastest-growing member of the G7 to one of the slowest. A no-deal Brexit, by contrast, could have highly visible effects. Essentials drying up, travellers stranded, motorways gridlocked: these things bring down governments and undermine faith in democratic politics. In 2000 Tony Blair's administration was plunged into crisis when protesting lorry-drivers blockaded oil refineries. The protests lasted barely a week but still forced supermarkets to ration bread and milk, and the government to deploy army ambulances.

It is hard to imagine any government surviving the chaos of a no-deal Brexit, let alone one as weak as Mrs May's. So far the decision to quit the EU has slowed Britain down, rather than derailing it. Leaving with no deal, however, could result in a wreck.