

Frustrated ambitions and unwelcome legacies

The latest in the fear barrage from the Government and its friends is George Osborne's claim that Brexit would lead to a year-long recession. We have already pointed out here, a selection of economic data from previous political "divorces" show they actually had the opposite effect and we have good reasons for believing that Brexit would initially be economically neutral and in the longer term, beneficial.

As one of our correspondents recently said, if Brexit was really such a huge danger, why did Mr Cameron ever allow us a referendum in the first place? Especially considering Cameron's verdict six months ago about the inability of our country to survive outside the EU was, "I don't think that is true". Nothing has changed on that front, but as far as his sidekick George is concerned, Brexit would frustrate his ambition to succeed Cameron as Prime Minister. Such is his obvious desperation to keep his leadership hopes alive that even the pro-EU Guardian has turned on him, calling his dire warnings "economically flawed" and a "fantasy land."

Another person whose personal standing would take a nosedive if we vote to leave is Jean-Claude Juncker, the President of the European Commission. The departure of a big member state on his watch, especially if it triggered calls for referendums in other countries, is not exactly the sort of legacy an ardent federalist wishes to bequeath to posterity – hence his tough talking. "Deserters will not be welcomed with open arms," he proclaimed. Given that Barack Obama's intervention had no positive impact for "Remain", these words from a man with no friends in this country is hardly likely to cause many undecided voters to quake in their boots.

What is more, he stands accused of the same folly as John

Major, who was once told by Helmut Kohl, the German Chancellor to “go and read the treaties.” It is hard to believe that Mr Juncker is unaware that Article 8 of the Lisbon Treaty completely nullifies his threat. Its wording is as follows:-

1. The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

2. For the purposes of paragraph 1, the Union may conclude specific agreements with the countries concerned. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

Of course, there has to be a basis for trade to continue, but obstructive behaviour on the part of the EU's part would achieve nothing, besides being open to challenge under international law. Furthermore, European businesses would not want to see unnecessary obstacles put in place. Too many jobs across the Channel would be at risk from the sort of petty spitefulness threatened by Juncker.

The bottom line is that a vote for Brexit may cause a short-term fall in the value of sterling, maybe lasting a few days. Given that Mark Carney has talked about the possibility of extra QE in the event of Brexit, the idea that interest rates would go up (which has the opposite effect to QE – one is monetary loosening, the other is monetary tightening) is sheer nonsense.

We have yet to turn the tide round, but the very fact that the latest desperate scare stories are being openly and widely ridiculed is an indication that their failure to sew up the debate a month before the referendum date is causing the remain camp considerable anxiety.

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