How CIB predicted in 2011 where Cameron would fail in 2016

In 2011, CIB's John Harrison and Edward Spalton jointly authored an article entitled 'Britain's Exit from the EU (in its present form) is now almost certain.' Looking back at that article now, not only were we right about Britain's exit from the EU, we foresaw what David Cameron could not: that it was the impossibility of escaping the gravitational pull of 'ever closer union' from the dominant Eurozone countries that would bring about our exit.

In 2011 the Eurozone was in crisis. Several Eurozone countries were incapable of repaying or refinancing their government debt, and turned to the IMF and other EU countries – Britain included – to bail them out. Prime Minister David Cameron continued Gordon Brown's policy of propping up the Eurozone. We warned of the danger that if the Euro survived, the Eurozone countries would come to dominate EU policymaking:

> *'If the life support of the IMF, British and other loans is insufficient, then the EU in its present form dies with it [the Euro]. Frau Merkel says so, and she is in a position to know.*
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> *'If the Euro lives, then within three years the 17 Eurozone countries as a caucus will be able to dictate the policy of the whole EU to the 10 states which still retain their own currencies. Mr Cameron and Mr Osborne have been urging the EU states to form themselves into a common, united, economic government.'*

Mr Cameron was pledging large amounts of British taxpayers' money to revive the Euro. He admitted as much. His aim was to have a stable Europe as a trading partner. But he was also tied by his coalition with the Lib Dems, who wanted to strengthen the EU institutions.

As a practising chartered accountant, John Harrison gave an account of the unstable, unrepayable mountain of debt on which the confidence trick of the Euro currency was based. He wrote:

> *‘So the solution is for the European Central Bank to create £2,000 billion of extra cash to bail out the governments… Who are the unwritten guarantors of these new £2,000 billion of debts? Well, actually they are those very same sovereign governments which are insolvent anyway.’*

We may have underestimated the political determination of the EU to maintain the Euro currency come what may, but we certainly did not underestimate the problem of the potentially dominant Eurozone.

Mr Cameron eventually came to realise this. When freed from coalition with the euro-fanatic Lib Dems in 2015, he followed a different policy. As Sir Ivan Rogers, the UK’s former representative to the EU, said of the attempted ‘renegotiation’ of 2016:

> ‘Cameron wanted permanently to insulate the UK from being sucked into monetary, fiscal and political integration which it [the UK] did not want, whilst benefiting from greater cross-border integration in goods and services markets to create a larger “home” market.’

Sir Ivan admitted that Cameron’s campaign did not convince the British public, ‘which chose to leave altogether. I still do not find that surprising and think the result would be the same now.’

And so without any privileged inside information, two CIB officers in 2011 had got right to the heart of what David Cameron tried and failed to do in his abortive ‘renegotiation’ of 2016. We had spotted the impossibility of escaping the gravitational pull of ‘ever closer union’ from the dominant Eurozone countries after the Lisbon treaty. This is precisely what David Cameron admitted to Sir Ivan Rogers – five years after we had worked it out. If the EU had been less contemptuously dismissive of Cameron and had publicly agreed to permanent British and non-Eurozone opt-outs from the EU commitment to ‘ever closer union’, who knows what the referendum outcome might have been?