

Risk management of Brexit to date

Politicians generally don't give much thought to risks and risk management. After all, risks are part of the downside of their policies (or 'bright ideas') and they try to airbrush or spin them out of the narrative. Whilst risks and their effective management are serious concerns across all areas of government from agriculture, through defensive and security, education, international relations, justice, law and order, to the economy, the National Health Service etc., a successful Brexit presents unique challenges. Furthermore, it does not help that the government has had to start from a state of total unpreparedness; Messrs Cameron and Osborne prevented the Civil Service from preparing any viable Brexit plan. So how well are Mrs May and Mr Davis doing – both in understanding the risks involved and effectively managing them?

'In-depth' subject knowledge is obviously essential to being able to 'tease out', understand and manage risks. An aircraft pilot who knows nothing (if allowed to fly at all) is potentially dangerous, and so is a clueless politician. Sadly, this government has not given any serious indication that it knows much about how trade deals are negotiated or even how the EU works. There is very little, if any, detail in Mrs May's and Mr Davis's pronouncements. We hear predominantly robotic mantras, aspirations and wishful thinking. There also seems to be an unwillingness to acquire that necessary in-depth knowledge.

Subject knowledge is not enough to manage risks. Our Brexit team needs to understand the subtleties of the EU's approach to risk and its effective control, and hence how these impact on the Article 50 negotiations. The EU in general – in theory if not in practice – follows something like the Prussian edict 'everything is forbidden except that which is allowed'. Pre-

emptive mandatory standardised (inflexible) regulation controls risks at each stage of activity, with the result that an acceptable outcome is achieved. Regulation gives rise to surveillance, monitoring, oversight and ultimately centralised control by the EU's bureaucracy. Anyone with some exposure to this environment in one field should be able to recognise the same general approach, some of the terminology and regulatory or monitoring agencies, and role of the centralised EU bureaucracy, when they encounter it elsewhere. The EU's approach also fits in well with extending control into an ever-increasing number of areas, thus fulfilling its mission of creating a superstate.

The traditional alternative to the EU's approach to risk management is to emphasise accountability. When things go wrong there are the options of civil courts, damages, or even criminal prosecution. In the case of politicians, they will be ejected from office. In English law, everything – in theory – is allowed except that which is expressly forbidden. In practice, this purity is often replaced by some form of hybrid of ever-expanding regulation and increasingly punitive accountability. Mrs May and Mr Davis, perhaps because they were schooled outside the EU loop, seem unable to understand or accept the EU's rigidity, its risk control rationale or the implications for the Brexit negotiations and the resulting risks posed.

Mrs May's commitment to leave the Single Market and instead negotiate a bespoke free trade agreement supposedly providing equivalent utility appears indicative of poor risk management. This decision was reportedly made by her alone after consulting her closest advisor and without involving the cabinet or even discussing it with them. It was a similar story regarding her decision to call a general election in last June, with disastrous results for her party and her reputation. Mrs May does appear to make decisions based on flimsy advice, ignoring sensible safeguards and risk

management tools.

Mrs May has ended up choosing the most difficult and complex Brexit option, requiring the greatest flexibility and cooperation from the EU and the most (competent) resources. We are not told what other options for leaving were considered, what risks were posed and why they were dismissed. There also appears to be nothing actually in place (or comprehensively planned) to absorb any potential problems or risks. To date, little or no progress appears to have been made in successfully delivering her ambitions or mitigating the risks. Meanwhile, time is marching on.

The approach to negotiating a free trade agreement with the EU has once again demonstrated a cavalier approach to the management of risk. We are told it will be all right in the end, because at the eleventh hour the EU will cave in and give everything wanted. It is highly unlikely that it will do so, but even if it does, leaving a significant part of the future economic wellbeing of the country in a state of uncertainty until the last minute is a huge risk. It is a wild gamble based on successfully negotiating a myriad of potentially show-stopping trade (and other) conditions and one which totally ignores the EU's general approach to risk management, which I have outlined above.

Just suppose that the EU caved in to Mrs May's demands for an ambitious, innovative, deep and special relationship. It would create a precedent which would cause much concern in Brussels. Granting any exceptions to one country (even if possible) would open up disorderly and uncontrolled challenges elsewhere and could violate the EU's general risk control philosophy.

Then the European Union (Withdrawal) Bill, spun as providing certainty in the fundamentally changed situation of 'third country' status outside the EU and the Single Market contains many undisclosed potential problems and risks. Some pieces of transposed EU legislation may not actually function as

intended, because they were designed to operate in an environment of close integration with the EU and its administrative apparatus. The Fisheries regulation 1380/2013 is a good example.

It would be a tragedy if we ended up with a poor Brexit because of poor risk management. Brexit provides us with a tremendous opportunity to escape the clutches of the EU's political folly with its unaccountable, extravagant agenda to create a superstate regardless of the costs to its subsumed peoples. Effective risk management historically does not form part of the EU's political agenda or mitigate its actions. By contrast, the return of full responsible government to these shores should mean our elected representatives will once again respond positively to the wishes of the people, accepting responsibility for their actions and – most importantly of all – behaving responsibly.