

What planet is he on?

As Greece prepares for a referendum which could determine whether it leaves the single currency or not, Sir Richard Branson, well known for his enthusiastic support for our membership of the EU, said that he was “not particularly” happy that we were out of the single currency. “I think that if we were part of the euro right now our currency would be a lot cheaper,” he told the Andrew Marr show. “Great Britain would be doing that much better in trading in Europe because the pound is a lot stronger than the euro, it makes it more difficult for us.”

Here, Branson once again proved the point that for business, the only real issue as far as our EU membership is concerned is trade. He also revealed his ignorance of the flawed nature of the single currency project. Had we been part of the single currency, we could not have cut interest rates to rock bottom at the height of the Great Recession allowing our currency to depreciate in value in relation to those of other nations. That is how things work with a “fiat currency” – i.e., where there is no peg to an asset such as gold. Countries in financial difficulty are encouraged to rely on exports (which will become cheaper with a weaker currency) as a way of rebuilding their economy. It is the textbook approach of the International Monetary Fund. Unfortunately, it is not an option available to Greece at the present time because it does not have control of the interest rates set for its currency – the Euro. If we had been part of the single currency, we would not have had that option either during that critical period five years ago.

So while UK goods might indeed be a bit cheaper now if they were denominated in the euro, which has fallen in value against a number of other major currencies recently, they would have been too expensive during the critical period when the recession was at its worst and a boost to our exports was

desperately needed. We would have been entirely at the mercy of the European Central Bank. In other words, the exchange rate for the currency we would have been using would have been ultimately determined by decisions made in a foreign country and not therefore seeking the optimal rate for UK business. Perhaps the pound may be overvalued at the present as far as Branson's business empire is concerned, but this is a price worth paying to preserve the freedom to control interest rates and thus – to a degree, at least – exchange rates. The terrible recession in Greece is an object lesson to the tiny handful of influential people who bemoan our absence from the single currency. Branson, however, is not alone. Martin Sandbu, an economics writer for the Financial Times, maintained that Greece would not have suffered its current crisis had we joined the Eurozone, as we would have ensured that the financial discipline written into the Maastricht treaty and thus prevented earlier Greek governments from over-borrowing when money was cheap. A rebuttal to this rather fanciful idea was provided by Raoul Ruparel of *Open Europe*. Even this pro-EU think tank has sufficient wisdom to see the lack of substance to Sandbu's argument. With the UK experiencing economic difficulties some time before the Eurozone, "the UK would have found itself in a similar position to Ireland, with the rest of the eurozone (which had yet to be hit by the sovereign crisis) lecturing it on economic and financial policy", said Ruparel. "The fallout would probably have been the UK leaving the euro and possibly the EU, precipitating a potentially even deeper crisis for all involved. In the end the fundamental flaws in the Eurozone, clear for all now to see, would probably have been exacerbated by having another large country with different needs inside the single currency."

Yes, the single currency is a flawed project. Professor Tim Congdon highlighted the vulnerability of European monetary union to depositor runs on the banking system (such as we have seen recently in Greece) over 25 years ago. "When I spoke to

them at conferences, dinners and such like, the euro's architects.... dismissed my concerns as of no importance", he wrote recently. Branson and his ilk regrettably remain as blind to these flaws as ever. Indeed, his blindness to the nature of the whole European project is quite staggering. During the same interview with the Andrew Marr show, he also said, "If we go back to being Great Britain again we will have our hands tied behind our back and I think Europeans will rightly punish us and we'll be back to where we were fifty years ago." Branson clearly has no concept of the EEA/EFTA exit route – the so-called "Norway Option", which, far from tying our hands behind our backs, would be a benefit to our trade in the longer term. He then repeated a really basic howler in claiming the EU had helped preserve relative peace in Europe. Oh really? What has it done to preserve peace in Ukraine? It has in many ways fermented the conflict. What about Serbia? What did it do to end the conflicts with ETA or the IRA? The credit for over seventy years of peace within Europe belongs to NATO, not the EU.

Branson then claimed it would be "catastrophic" if we left. Nonsense; it would be catastrophic if we didn't leave. It would be the end of our great country. It would be the final nail in our Common Law legal system and the sovereignty of our Parliament. Deceived by our political leaders, we made a wrong turning over forty years ago and locked ourselves into a project which we have never really supported. The referendum offers us a chance to right a great wrong.

Branson is no politician and should keep his big mouth shut over issues about which he is plainly pig-ignorant. He should instead stick to being an entrepreneur, which he clearly does very well. After all, his Virgin empire even includes a commercial space travel programme, Virgin Galactic. While it appears on the surface to be a long way from offering space travel for tourists, judging by the silly words he spoke to Andrew Marr about the EU, which seem so far removed from

reality, one is tempted to wonder whether Branson does already inhabit another planet, if not some parallel universe.