# Brexit: Britannia rules again as the bulldog bites

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Illustration: Eric Lobbecke



A defeated David Cameron resigns as Prime Minister.

The magnificent British Bulldog people stood defiant once more. They were told what to do by their Prime Minister, David Cameron, who tried to scare them to death by predicting Armageddon if they voted to leave the European Union.

It was clear that if they rejected the EU, they were rejecting Cameron. And that’s what they did. Thirty-three million of them voted and their decision was clear.

The leaders of every major political party in Britain — Conservative, Labour, Liberal Democrat, Scottish Nationalist, Green — all these party leaderships and more campaigned for a vote to Remain. The only parties that formally endorsed Leave were the United Kingdom Independence Party and the Democratic Unionists in Ulster.

Francois Hollande and Angela Merkel weighed in to support Cameron, as did many European national leaders. In what may have been the most foolish and counterproductive foreign intervention in his presidency (though there are plenty of competitors), Barack Obama threatened the British with trade banishment. The British chattering classes themselves overwhelmingly backed the Remain case.

But it seems the British people don’t respond well to being bullied.

Pause for a moment and consider the magnitude of their magnificent democratic achievement. They have thrashed this issue through for years, for decades. No one could possibly say the British weren’t exposed to the Remain case. They have been members of the EU for 43 years. They are a conservative electorate in that they rarely embrace anything radical.

And yet the result was stunning. The turnout was 72 per cent, six per cent higher than the general election turnout last year and higher than any national vote since the early 1990s.

The British lion roared. By the decisive margin of 52 per cent to 48 per cent, Britain ignored the threats, defied the instructions, refused to do as they were told and politely but resolutely, in the midst of pouring rain, voted in historic numbers to leave the EU forever.

Certainly, there are deep divisions in Britain over this and the nation’s leadership needs to address national reconciliation. Above all, no one should question the legitimacy of the mandate to leave.

Scotland voted by more than 60 to 40 to remain. London voted to remain. Northern Ireland, quite narrowly in the end, and not in a huge turnout, also voted to remain. But all the rest of England and, importantly, Wales voted with absolute clarity to leave.

Younger people were more inclined to remain, older voters to leave. Throughout the Labour heartland in the north, the margins for leave were enormous. Most of the central populations of the biggest cities voted narrowly to remain, but the suburbs were big for leave. But Britain’s second biggest city, Birmingham, voted to leave.

Politically, the first casualty was David Cameron, who gambled once too often. In the end both the Leavers and the Remainers had something like contempt for him. The Remainers felt he betrayed his promise to get real change from the EU or himself lead the push for Leave. They also detested the hysterical and dangerous fear campaign he waged.

But the Leave campaign holds him in equal disdain. If he truly thought leaving the EU was so inherently catastrophic why did he ever put it on the national agenda? Cameron’s serial miscalculations had a kind of grandeur about them. This was stupidity on a historic scale.

But the political questions long term are just as perplexing for Labour. Its voters defied its leaders throughout the country.

The Conservatives may have met the UKIP challenge by achieving Brexit, and now surely they will have a Brexit Prime Minister, but UKIP always posed as big a challenge to Labour as it did to the Conservative Party. It could now eat Labour’s vote in the north in the way the SNP did in Scotland.

Hardly a handful of Labour MPs backed Brexit. Never has the gap between working-class people and their new political class representatives looked so vast.

The markets reacted with volatility. The value of the pound plunged. So did British stocks. So did many Asian stocks, including Australia’s. It all looks alarming,

But there is no fundamental economic reason for this to happen. It is a result, mainly, of Cameron’s extreme fear campaign.

In trying to scare the pants off British voters about what would happen in the event of a leave vote, Cameron, and his equally demagogic Chancellor, George Osbourne, certainly scared the pants off the markets. If the Prime Minister tells the world the economy will blow up if the people vote to leave, then markets react accordingly. More than anyone else, more certainly than the British voters, Cameron has contributed to bringing about the market reaction to the Brexit vote. The sheer, gruesome irresponsibility of the way Cameron and Osbourne conducted the remain campaign will be an enduring black mark against whatever historical record Cameron has.

Of course, markets are always skittish. Several other factors have contributed to this market overreaction on the first day. One is that the bookmakers got the result wrong and an absurd faith had been put in the sagacity of the bookmakers.

And two, the markets themselves got the result wrong, although in due course it will be fascinating to see what currency trades the giant hedge funds engaged in during the days leading up to the vote.

And finally, ever since the global financial crisis of 2008, the world has been worried that it doesn’t totally understand what triggers a crisis in global markets. Therefore any abrupt change, and certainly one on the scale of Brexit, will set markets off.

But it is overwhelmingly likely that the markets will settle down in short order. Certainly this was the message of Treasurer Scott Morrison. Britain, he pointed out, has its own currency, its own Central Bank. There will be no change in financial or banking regulations. And the actual machinery of Britain leaving the EU will take at least two years.

Morrison took extensive advice from the Reserve Bank, Treasury and other economic agencies. The strong consensus is that the consequences of Brexit for Australia will be quite limited.

Morrison spoke well and responsibly. Every responsible national leader in the world now should be trying to calm markets and project stability. Much as many national leaders didn’t like Brexit, their nations all now have an overwhelming interest in making it work well and stably.

This will be especially hard for Cameron himself, for the time he remains as PM. He tried to bolster his case by defaming his country. He tried to make Remain strong by painting Britain as weak. He insulted people who might vote Leave, and that turns out to be a majority of his countrymen.

International leaders, including Australian leaders, must equally accept the legitimacy and integrity of this vote. They need to calm any markets that listen to them. And they need to look forward.

Again, Morrison got this right when he said the decision offered Australia opportunities as well as a period of market volatility. He foreshadowed that Britain itself might soon want to start special trade negotiations with Australia.

The Brexit leader, Boris Johnson, has identified Australia as the first nation Britain would like to do a trade deal with. All foolish and temporary politics aside, there is likely to be a real strategic opportunity for Australia here.

It is also important not to misinterpret this result politically. Britain did not vote against the world. Johnson and the other Leave leader, Justice Secretary Michael Gove, and indeed the Spectator magazine all rejoiced in the slogan: out of Europe and into the world.

Britain’s historical attitude to the EU is actually much more consistent than it seems. Britain joined the European Economic Community, which later became the EU, in 1973. It ratified this decision in a referendum in 1975. At that time, the EEC stood for a free market and liberalisation.

Britain in that period was sinking in the failure of socialism. As such it was, not surprisingly, the far Left, especially Tony Benn, who led the campaign to leave the EEC. The issue that later became such a negative for the British, the free movement of people throughout the European Union area, was a small issue, indeed, when it involved six small West European nations which were all close by to each other and had roughly the same standard of living and did not, incidentally, experience vast flows of illegal immigrants from the Middle East and North Africa.

Britain’s economic revival took place under Margaret Thatcher and her pursuit of unilateral policies of liberalisation and opening up markets.

At that time, European regulation was light. But during the 1980s and 90s, and especially under the statist leadership of Jacques Delors, the French politician who was for a time president of the European Commission, the EU changed fundamentally.

The grievous breach between the political and economic culture of Britain, on the one hand, and the EU on the other, opened up. The EU became extremely ambitious in its regulation. Much that Thatcher did would probably have been impossible under the later straitjacket the EU imposed on its members’ policies.

Delors himself became a hero of the anti-Thatcher movement and had a triumphal appearance at the British Trade Union Congress. The momentum of European integration continued for a long time. Europe lived on the moral capital of its liberal, free market past.

The sense of international engagement which the term Europe had once conveyed became instead over time a sense of disenfranchisement, undemocratic diktats from Brussels, and a regulatory regime that was the opposite of liberalism. It was only by the greatest good fortune that Gordon Brown was able to stop Tony Blair from taking Britain into the disastrous euro common currency.

The British were serious about their membership of the EU and their commitment to it. It took years, decades, of nearly insane EU policy, years of international crises wholly manufactured by the EU, namely the euro crisis and the ridiculous failure to secure external borders while insisting on absolute freedom across internal borders, to produce this final British revolt.

But the British people, while patient, are not fools, and they are not cowards.

Their actions now show the utter folly and unreality of the EU leadership in Brussels. These people refused to offer any serious concessions to Cameron as he tried to negotiate more reasonable terms for British membership. Indeed, so far the EU leadership has shown itself utterly resistant to meaningful reform.

The EU itself now confronts a profound existential crisis. It is going to lose its most successful and dynamic member. Its population base will shrink suddenly. The EU could have kept Britain with only modest changes concerning the free movement of people inside the EU.

Instead there are opinion poll results in Denmark and The Netherlands which show majorities in those countries now favour leaving the EU themselves. By their pig-headed obstinacy and refusal to compromise, the EU leadership has given the greatest boost possible to eruoscepticism all over the continent.

So here comes Nexit, Dexit, a return perhaps to Grexit, and next year Marine Le Pen will offer a radical rejection of the EU to French voters.

It is a tremendous tribute to Britain that it has dealt with all these issues patiently, peacefully and in the end decisively.

But the contradictions at the heart of the EU project are now surely unsustainable. The currency union of the euro zone implies ultimately a fiscal union, and no fiscal union can logically exist without political union. In other words, the EU is committed to its death spiral of a super state and lacks the imagination to conceive of a different way.

The only policy makers in the world who have an interest in the British exit being as painful as possible are the gnomes of Brussels.

If they really believed in liberalism and democracy they would respect the British choice and try to show that they can work with diverse neighbours. But the EU is really all about power. The EU has always hated referendums, hated anything which smacks of real consultation with voters.

For all that, Britain is not leaving Europe, it is leaving the EU.

This is a seismic moment in global history, but it is wrong to present it as a negative or destructive moment.

It is instead one of the few seismic moments in history generated entirely by a democratic movement and an exercise of the ballot box.

It is not a blow to the international project. Still less is it a blow to the ideal of liberalism. It is a blow instead to the fatally flawed, anachronistic, statist model of the EU.

There is something entirely magnificent about this.

It is all too easy to misinterpret popular movements. When the Tea Party first became active in the US Republican Party its highest priority was getting the federal budget deficit under control, making America live within its means. The absolute failure of the Tea Party, not least because it had such poor leaders, resulted in the mutation of this decent sentiment into the many indecencies of Donald Trump.

Cameron and the British establishment tried to override the countless sound objections the British people had to the way the EU operated. Cameron’s only real saving grace before history will be that by submitting the issue to a referendum he let democracy have its head.

The bulldog bit.