

# **THE PRICE OF THE CAKE**

## **Brexit, the Damage Done, and the Case for an Honest Politics of Europe**

*On Boris Johnson, the Folly of the Referendum, the Failure of the Reset, and Why the Truth Is the Only Way Back*

---

FOR RESEARCH AND DISCUSSION PURPOSES ONLY

Orhun Bergel (Aaron Beregl), BA, LLB, MSc, LLM

May 2026

## **Abstract**

This article argues that Brexit has inflicted lasting and measurable damage on the United Kingdom's economy; that the 2016 referendum was a constitutional and political error of the first order; that the United Kingdom negotiated its withdrawal from a position of permanent disadvantage because it never decided what it wanted and persistently demanded the contradictory privileges of membership without its obligations — to have its cake and eat it; and that the present government of Sir Keir Starmer, by maintaining red lines incompatible with any closer relationship, has boxed itself into an impasse that does nothing to repair the damage and clears the path for Reform UK to take power in 2028, with consequences that could include the fracture of the Union itself.

The argument is made with data. The pound has never recovered to its pre-referendum value against either the dollar or the euro. United Kingdom government bond yields are the highest in the G7. Since the referendum the FTSE 100 has underperformed both the German DAX and the French CAC 40. The Office for Budget Responsibility's standing assessment is that Brexit will reduce long-run productivity by around four per cent and the United Kingdom's trade intensity by around fifteen per cent. These are not the predictions of a discredited “Project Fear”; they are the realised and forecast costs, visible in the markets and in the public finances.

The article also makes a historical and philosophical case. It recalls that Margaret Thatcher, following Clement Attlee, regarded the referendum as “a device of dictators and demagogues,” corrosive of the representative parliamentary democracy on which British government rests, and it draws on Edmund Burke's account of the representative as trustee rather than delegate to argue that politicians have a duty not merely to follow opinion but to inform it. That duty was abandoned in 2016, when wild and false promises were made and not corrected; it is being abandoned again now, when the economic truth about Brexit is known to almost everyone in government and admitted by almost no one in public. The article contends that a serious immigration policy was traded for a political scapegoat: that until politicians made immigration the boogeyman, inward migration was, on the best evidence, a net fiscal and economic benefit to the United Kingdom. And it concludes with the realist's point that the age of empire is over: a medium-sized island off the coast of a continental bloc is a rule-taker whether inside the European Union or outside it, because even free trade agreements impose obligations — so the only question is whether the United Kingdom takes rules it helps to write, or rules it does not. Rejoining, or at the least re-entering the single market and customs union, is on this analysis not utopian but the rational response of a country that has run out of alternatives. To get there, a politician will first have to tell the truth.

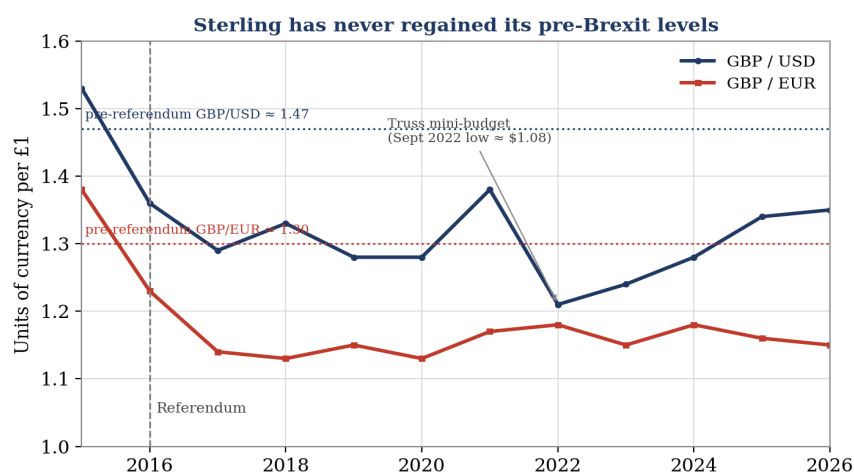
## Part I — The Damage Done

### 1. A self-inflicted wound, now visible in the data

It is sometimes said that the economic costs of Brexit are unknowable, because one cannot observe the counterfactual United Kingdom that remained. This is true in the trivial sense that no economic counterfactual is ever directly observed, and false in every sense that matters. The costs of Brexit are now visible in three places that do not lie: the currency markets, the bond markets, and the equity markets. To these can be added the considered, repeated, and politically inconvenient judgement of the United Kingdom's own fiscal watchdog. Taken together they describe an economy that has been made permanently poorer, more expensive to govern, and less attractive to investors than it would otherwise have been.

Begin with the most candid market of all. The pound fell roughly fifteen per cent against the euro on the result of the referendum, and slightly less against the dollar, and it has never recovered to its pre-referendum level against either.<sup>1</sup> Before the vote a pound bought about 1.47 dollars and about 1.30 euros; in May 2026 it bought about 1.35 dollars and about 1.15 euros. It touched its lowest-ever level against the dollar, around 1.08, in September 2022, in the days after the Truss government's unfunded “mini-budget” — a separate act of fiscal recklessness, but one made possible by the same intellectual culture of magical thinking that produced Brexit.<sup>2</sup>

**Figure 1 — Sterling has never recovered to its pre-referendum value against the dollar or the euro**



Annual indicative levels; horizontal dotted lines mark approximate pre-referendum values. Sources: Bank of England; House of Commons Library, *Sterling exchange rates (2026)*; Wise; Statista. The largest single fall followed the June 2016 vote; the September 2022 trough followed the Truss mini-budget.

A weaker currency is not, in itself, a catastrophe; it can flatter exporters and the foreign earnings of multinationals. But a currency that falls on a political decision and stays down is the market's verdict on a country's growth prospects, and a persistently weaker pound has a precise and regressive domestic cost: it raises the price of everything the United Kingdom imports — food, fuel, components,

<sup>1</sup>On the immediate ~15% fall against the euro (and slightly less against the dollar) and the failure to recover, see the House of Commons Library, *Sterling exchange rates: economic indicators* (updated 2026), and Morningstar, *What's the Outlook for GBP in 2026?* (January 2026), noting the pound remained below its pre-Brexit levels of around USD 1.50 and a higher euro rate.

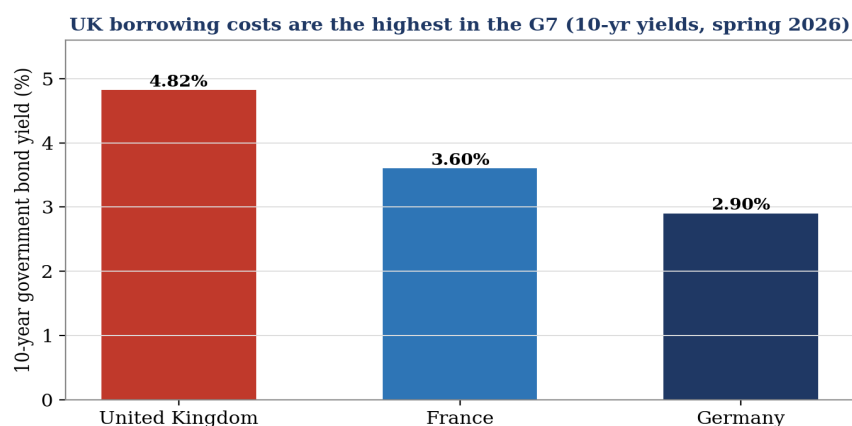
<sup>2</sup>House of Commons Library, *Sterling exchange rates* (the pound fell to USD 1.08, its lowest-ever daily level, in September 2022). Pre-referendum levels of ~USD 1.47 and ~EUR 1.30 and the May 2026 levels of ~USD 1.35 and ~EUR 1.15 are from Bank of England and market data (Wise; Statista).

machinery — and so feeds directly into the inflation that has eroded real wages since 2016. The depreciation was not a stimulus cleverly engineered; it was a downgrade involuntarily suffered.

## 2. The bond market's verdict

If the currency market sets the price of the present, the bond market sets the price of the future, and here the verdict is starker still. In its March 2026 outlook the Office for Budget Responsibility recorded that United Kingdom ten-year government bond yields were *the highest in the G7*, and the fourth-highest among all the advanced economies, and that the cost of servicing the national debt had risen from £39 billion in 2019–20 to £106 billion in 2024–25 — from 1.7 to 3.6 per cent of GDP.<sup>3</sup> By May 2026 the ten-year gilt yielded around 4.8 per cent, having touched 5 per cent in March — a level not seen since the financial crisis of 2008 — against roughly 3.6 per cent on the French OAT and 2.9 per cent on the German Bund.<sup>4</sup>

**Figure 2 — United Kingdom borrowing costs are the highest in the G7**



*Ten-year government bond yields, May 2026. Sources: Trading Economics; OBR, Economic and Fiscal Outlook (March 2026). The gilt's premium over the Bund of roughly 190 basis points is not explained by inflation alone; it embeds a risk and growth premium the United Kingdom did not pay before 2016.*

Not all of this premium is Brexit; energy prices, the Iran crisis, and the lingering scar of the 2022 mini-budget all play their part. But the persistence of the gilt premium over comparable European economies reflects a market judgement about the United Kingdom's growth, fiscal discipline, and political stability that hardened after 2016. A country that borrows more dearly than every other member of the G7 is a country the markets have marked down, and the higher cost of debt is money that cannot be spent on hospitals, schools, defence, or tax cuts — the opportunity cost of Brexit, paid in interest, every year.

## 3. The equity market and the myth of the booming FTSE

The equity market requires more care, because it is the most commonly abused statistic in this debate. The FTSE 100 reached record highs in 2025 and 2026, and Brexit's defenders point to this as proof of vindication. The argument is close to worthless, for two reasons. First, the FTSE 100 is not a barometer

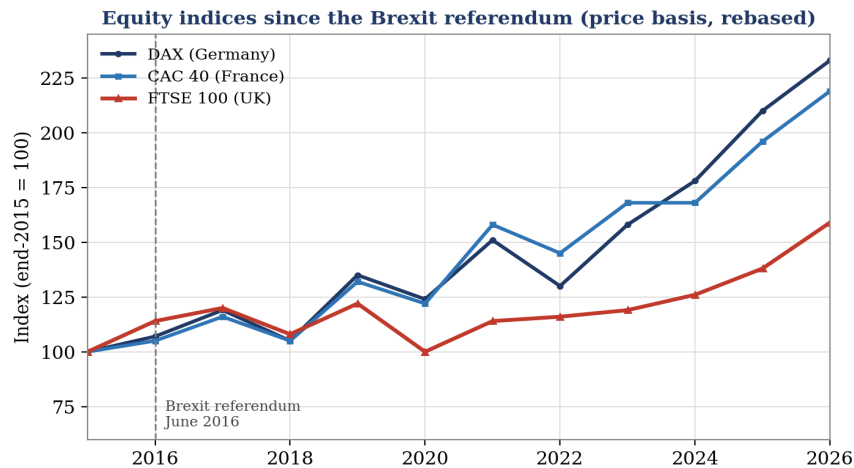
<sup>3</sup>Office for Budget Responsibility, *Economic and Fiscal Outlook — March 2026*: UK ten-year bond yields “currently the highest in the G7, and fourth-highest among the advanced economies”; debt-servicing cost up from £39bn (1.7% GDP) in 2019–20 to £106bn (3.6% GDP) in 2024–25.

<sup>4</sup>10-year yields: UK gilt ~4.8% (touching 5% in March 2026, the highest since 2008); French OAT ~3.6%; German Bund ~2.9%. Sources: Trading Economics (UK 10Y government bond yield, 2026); MarketScreener (Bund and OAT yields, January 2026).

of the United Kingdom economy: it is an index of large multinationals — energy, mining, pharmaceuticals, global banks — that earn the majority of their revenues abroad and in foreign currency, so that a falling pound mechanically inflates their sterling earnings and their index. The FTSE 100 can rise precisely because the United Kingdom is doing badly. Second, when compared honestly with its continental peers, the index has lagged.<sup>5</sup>

Honesty requires precision about the comparison. Measured from 2008 on a simple price basis, the FTSE 100's gain (around 62 per cent to mid-2026) in fact slightly exceeded the CAC 40's (around 46 per cent), while trailing the DAX enormously — but that DAX figure is not like-for-like, because the headline DAX is a *total-return* index that reinvests dividends, whereas the FTSE 100 and CAC 40 are quoted as price indices, and the FTSE's high dividend yield closes much of the apparent gap on a total-return basis.<sup>6</sup> The decisive and genuinely Brexit-relevant comparison is from the 2016 referendum onward, and there the picture is unambiguous: since the vote the FTSE 100 has underperformed both the CAC 40 and the DAX, and the gap widens further once sterling's depreciation is taken into account, because a euro-based investor in London lost on the currency what little was gained on the index.<sup>7</sup>

**Figure 3 — Since the referendum, the FTSE 100 has lagged both the DAX and the CAC 40**



*Indexed to end-2015 = 100, local currency. The DAX is shown on its standard total-return basis and the FTSE 100 and CAC 40 on a price basis (see note in the text); even so, the FTSE 100's underperformance of the CAC 40 — a like-for-like price comparison — is clear from the 2016 referendum onward. Sources: Trading Economics; BBN Times; MarketScreener (2026).*

The honest conclusion is not the crude one that British shares have collapsed; they have not. It is the more damning one that, on the comparison that bears directly on Brexit — performance since the referendum, and especially in common-currency terms — United Kingdom equities have fallen behind both of the large continental markets, even as the FTSE 100's multinational composition and sterling's

<sup>5</sup>The FTSE 100's constituents derive the large majority of their revenues outside the UK, so sterling depreciation flatters reported earnings; the index is a poor proxy for the domestic economy. The more domestically-oriented FTSE 250 has materially underperformed the FTSE 100 since 2016.

<sup>6</sup>The DAX is published as a performance (total-return) index, reinvesting dividends; the FTSE 100 and CAC 40 are price indices. Comparing the headline DAX to the headline FTSE overstates the German outperformance. On a total-return basis the FTSE 100's high dividend yield (historically ~3.5–4%) narrows the gap substantially — a point of intellectual honesty too often omitted by both sides.

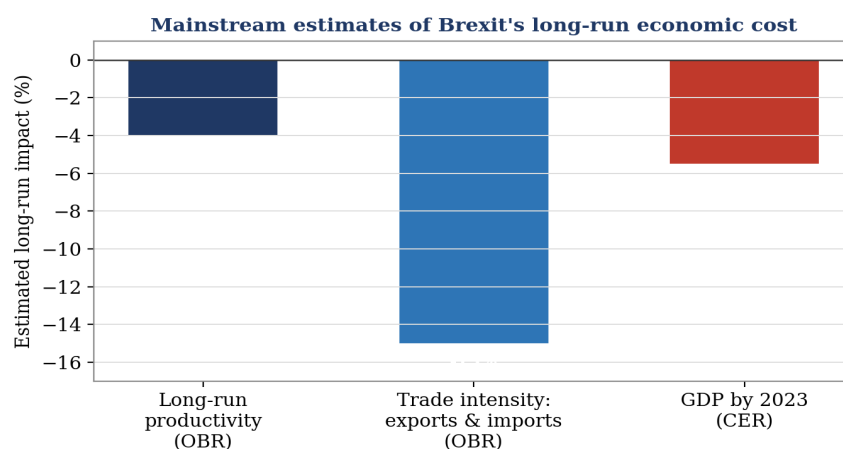
<sup>7</sup>Indexed to end-2015 (immediately before the referendum), the FTSE 100 has risen materially less than the CAC 40 (price) and far less than the DAX (total return) to May 2026; in common-currency terms sterling's ~15% fall against the euro widens the underperformance. Index levels from Trading Economics, BBN Times and MarketScreener (2026).

weakness flattered the headline number. The index that looks like vindication is, properly read, part of the indictment.

#### 4. The OBR's verdict, and the order of magnitude

Behind the markets stands the calmer, more comprehensive judgement of the Office for Budget Responsibility, whose standing assessment — maintained across successive forecasts and successive governments — is that Brexit will reduce the United Kingdom's long-run productivity by around four per cent relative to remaining in the European Union, and will reduce the United Kingdom's trade intensity — both imports and exports as a share of the economy — by around fifteen per cent.<sup>8</sup> Independent estimates point the same way and, if anything, further: the Centre for European Reform's “doppelgänger” method, which constructs a synthetic counterfactual United Kingdom from a basket of comparable economies, put the GDP shortfall at roughly five to six per cent by 2023, and analysis reported in 2025 estimated the lost tax revenue from Brexit at up to £90 billion a year.<sup>9</sup>

Figure 4 — The estimated long-run cost of Brexit



Estimates are central figures from the cited bodies and differ in method; ranges and uncertainty apply. Sources: OBR (long-run productivity -4%, trade intensity -15%); Centre for European Reform (GDP vs synthetic counterfactual, ~-5 to -6% by 2023).

Four per cent of long-run productivity is not an abstraction. On an economy of the United Kingdom's size it is tens of billions of pounds of output, and therefore of wages and tax receipts, forgone every year, compounding indefinitely. It dwarfs the United Kingdom's net contribution to the European budget, the recovery of which was the headline prize of leaving. The arithmetic of Brexit was always that a country would surrender a large, certain economic benefit to recover a small, symbolic budgetary one, and call the exchange a liberation. The markets and the OBR have simply totted up the bill.

<sup>8</sup>Office for Budget Responsibility, standing post-2016 assumption (restated across Economic and Fiscal Outlooks): Brexit reduces long-run productivity by ~4% and reduces UK imports and exports (trade intensity) by ~15% in the long run, relative to remaining in the EU.

<sup>9</sup>J Springford, *What Can We Know About the Cost of Brexit So Far?* (Centre for European Reform, 2022–23), estimating a GDP shortfall of roughly 5–6% versus a synthetic “doppelgänger” UK; and analysis reported in *The Independent* (2025) estimating up to £90 billion a year in lost UK tax revenue attributable to Brexit. Estimates vary in method and magnitude; the direction is consistent.

## **Part II — Boris Johnson and the Manipulation of Truth**

### **5. The salesman and the sale**

No account of Brexit's damage is complete without an account of how it was sold, because the manner of the sale is inseparable from the harm. Brexit was not, in its decisive phase, a considered national choice between two carefully stated futures. It was a campaign, and its most gifted campaigner was Boris Johnson, who brought to the cause of leaving the European Union the talents that had made him a celebrated journalist and a formidable politician: a genius for the memorable phrase, a cheerful indifference to detail, and a relationship with factual accuracy that can most charitably be called instrumental.

The emblem of the campaign was a slogan painted on the side of a bus: that the United Kingdom sent the European Union £350 million a week, which could instead be spent on the National Health Service. The figure was false — it ignored the rebate and the receipts that flowed back — and was described as a “clear misuse of official statistics” by the United Kingdom Statistics Authority, the country's own statistical regulator.<sup>10</sup> It did not matter that it was false; it mattered that it was memorable, and that the institutions capable of correcting it could not compete with its repetition. The promise of frictionless trade with no downside, of the “exact same benefits” outside the single market as within it, of a deal that would be “one of the easiest in human history” — these were not forecasts that turned out to be wrong; they were assurances that could not have been true, offered by people positioned to know it.

Johnson's own commitment to the cause was famously contingent. It is a matter of record that he composed two newspaper columns before declaring his position in 2016 — one for Leave and one for Remain — and chose, on a calculation that included his own ambitions, to lead the campaign whose victory would most transform his prospects. There is no need to impute uniquely cynical motives; politicians weigh their interests, and ambition is not a crime. The point is narrower and more serious: the man who did more than any other to carry the referendum did not himself hold a fixed and reasoned conviction that leaving was in the national interest, and he advanced the cause with claims he had every reason to doubt. The damage catalogued in Part I is the long tail of that campaign — the realisation, in markets and in living standards, of promises that were never capable of being kept.

### **6. “Having our cake and eating it”**

The defining phrase of the Johnson approach to Europe was his own: that his policy on cake was “pro having it and pro eating it.”<sup>11</sup> It was meant as a joke; it became a doctrine, and then a diagnosis. The United Kingdom's entire negotiating posture, from 2016 to the conclusion of the Trade and Cooperation Agreement, rested on the proposition that it could retain the advantages of membership — frictionless access to the single market, the passporting of financial services, the absence of a customs border — while discarding the obligations that made those advantages possible: the common rules, the budget contributions, the jurisdiction of the Court of Justice, and the free movement of people. This was not a negotiating strategy; it was a category error. The single market is a construct of

---

<sup>10</sup>UK Statistics Authority, statements on the Vote Leave “£350 million a week” claim (2016 and 2017), describing the use of the gross figure as a “clear misuse of official statistics” because it ignored the UK rebate and public-sector receipts. The net figure was substantially lower.

<sup>11</sup>The “pro having cake and pro eating it” formulation is Johnson's own, repeated across the period; a Downing Street official's notes photographed in Whitehall in 2016 also referred to a “have cake and eat it” negotiating posture. The phrase came to stand for the UK's demand for the benefits of membership without its obligations.

shared rules and shared enforcement; access to it without the rules is not a harder version of the same thing but a different and lesser thing. To ask for the one while refusing the other was to misunderstand what one was leaving.

The European Union understood this perfectly, which is why it held, throughout, the better cards and the clearer mind. Its position rested on the indivisibility of the four freedoms and the integrity of the single market — a position of principle that was also a position of strength, because it required the Union only to refuse, while the United Kingdom had to construct. The cake doctrine guaranteed that every negotiation would end in disappointment, because it demanded outcomes that were not on offer and never could be. The United Kingdom did not lose the negotiations because its negotiators were weak or its officials incompetent; it lost because it was negotiating for something that did not exist.

## **7. The duty that was abandoned**

It is here that the question of truth becomes more than a matter of campaign ethics. A politician in a representative democracy holds, on the classic account, a duty that runs beyond the mere transcription of public opinion. The most influential statement of that duty is Edmund Burke's, in his speech to the electors of Bristol in 1774: the representative owes his constituents not only his industry but his judgement, and betrays rather than serves them if he sacrifices that judgement to their opinion. Parliament, on this view, is not a congress of ambassadors taking instructions, but a deliberative assembly charged with discerning the common good. The representative is a trustee, not a delegate.

Burke's account has been contested for two and a half centuries, and a modern democrat need not accept its more aristocratic implications to accept its core: that those who govern have access to information, advice, and time for deliberation that the public, going about its life, does not, and that they therefore owe the public not flattery but candour — the duty, as it has been put, to educate as well as to represent.<sup>12</sup> The tragedy of 2016 was the inversion of this duty. Confronted with a question of extraordinary technical complexity — the disentangling of forty years of legal, economic, and regulatory integration — the political class did not, in the main, attempt to inform the public; it attempted to win, and the winning side won precisely by refusing to inform. The £350 million bus, the promise of effortless new trade deals, the denial that there would be any cost at all: these were not failures of forecasting but refusals of the duty to educate. And the duty has been abandoned again since, in a quieter register: the economic truth about Brexit is now known to virtually everyone in government, and admitted in public by almost no one, because the same fear of the electorate that produced the lie now produces the silence.

This is the thread that connects Johnson's campaign to Starmer's caution, and it is the moral centre of this article. A politics that will not tell the public the truth about a past decision cannot lead the public to a better future one. The damage of Brexit was done by the manipulation of truth; it will be undone, if at all, only by its restoration.

---

<sup>12</sup>E Burke, *Speech to the Electors of Bristol* (3 November 1774): the representative owes his constituents his judgement and “betrays, instead of serving” them if he sacrifices it to their opinion; Parliament is “a deliberative assembly of one nation,” not “a congress of ambassadors.” On the trustee–delegate distinction in democratic theory, see H Pitkin, *The Concept of Representation* (University of California Press 1967).

## Part III — Why the Referendum Was a Mistake, and Why Thatcher Knew It

### 8. The constitutional objection

The case against the 2016 referendum is not merely that it produced a bad result. It is that the instrument itself was ill-suited to the question, and corrosive of the constitutional order into which it was introduced. The United Kingdom is a representative parliamentary democracy whose foundational principle, in Dicey's classic formulation, is the sovereignty of Parliament: the Crown-in-Parliament may make or unmake any law, and no body — not even the electorate acting directly — stands above it.<sup>13</sup> A referendum grafts onto this order a rival source of authority — the direct will of the people on a single question — that fits awkwardly with parliamentary sovereignty and with the deliberative, amendable, reversible character of parliamentary lawmaking. A statute can be debated, amended, and repealed; a referendum delivers a single, blunt verdict, frozen in time, that politicians thereafter treat as a sacred and unalterable command. The 2016 vote was, in law, advisory; in politics, it was instantly elevated into an irreversible mandate that no subsequent Parliament dared revisit. An advisory referendum became, by political alchemy, more binding than an Act of Parliament — the precise inversion of the constitution's logic.

### 9. Thatcher, Attlee, and the device of demagogues

That this danger was foreseen, and foreseen by the right as much as the left, is one of the ironies of the Brexit story. When Harold Wilson's government proposed the United Kingdom's first national referendum — on continued membership of the European Economic Community — the leader of the Opposition rose in the House of Commons, on 11 March 1975, to oppose it. Margaret Thatcher told the House that “*the late Lord Attlee was right when he said that the referendum was a device of dictators and demagogues.*”<sup>14</sup> She did not rest on the epithet. She organised her objection, with characteristic rigour, under four heads: parliamentary sovereignty, collective responsibility, the nature of a representative Parliament, and the long-term consequences of the device. Her central warning was prophetic: that “*once the principle of the referendum has been introduced into British politics, it will not rest with any one party to put a convenient limit to its use.*”<sup>15</sup>

The irony is layered. Thatcher campaigned for a “yes” vote in the 1975 referendum she had opposed holding, and in her later years became the most eloquent Eurosceptic of her generation; both sides of the Brexit debate have claimed her. But on the narrow question of the referendum as a constitutional instrument she was clear, and she was right. The 2016 referendum demonstrated every vice she and Attlee had identified: a question of vast complexity reduced to a binary; a campaign in which the demagogue's memorable falsehood defeated the deliberator's complicated truth; a result that a temporary majority imposed on a permanent constitution; and a precedent that has poisoned British

---

<sup>13</sup>A V Dicey, *Introduction to the Study of the Law of the Constitution* (8th edn, 1915): the sovereignty of Parliament is the dominant characteristic of the UK's political institutions. Dicey himself later flirted with the referendum as a conservative check, but the orthodox constitution had no place for it.

<sup>14</sup>HC Deb 11 March 1975, vol 888, col 305 (Margaret Thatcher), quoting Clement Attlee; Hansard / Margaret Thatcher Foundation. Attlee's characterisation dated from 1945, when he opposed Churchill's suggestion of a referendum to extend the wartime coalition; he noted that referendums had been the instrument of Napoleon III, Mussolini and Hitler.

<sup>15</sup>*ibid* (Thatcher, quoting a 1972 letter to The Times by the then Home Secretary): once introduced, the referendum device could not be confined, and “most history shows ... it is a splendid weapon for demagogues and dictators.” Thatcher structured her speech around parliamentary sovereignty, collective responsibility, representative Parliament, and consequences.

politics ever since, as every faction now demands a referendum on the questions it expects to win and denies one on the questions it expects to lose. David Cameron called the 2016 referendum not because the national interest required a direct popular verdict on European membership, but to manage a dispute within his own party. It was, in Thatcher's and Attlee's exact sense, a device — deployed for a leader's convenience, and detonated in the nation's hands.

## **10. The deeper problem: complexity and the binary**

There is a reason that mature representative democracies reserve such questions for representatives. The decision to leave the European Union was not one decision but thousands: about customs and standards and services and fishing and aviation and medicines and data and the Irish border and the rights of millions of citizens. No cross on a ballot could express a view on any of them, and so the referendum delegated to Parliament and the executive the entire substance of what “leave” meant, while denying them the freedom to conclude that the substance was not worth the cost. The vote settled the principle and left every particular unresolved, and then forbade reconsideration of the principle when the particulars proved ruinous. It was the worst of both worlds: a mandate specific enough to be binding and vague enough to be unimplementable. Burke's deliberative assembly, for all its imperfections, exists precisely to prevent a nation from binding itself, in a single afternoon, to a course it has not understood and cannot revise. In 2016 the United Kingdom dispensed with that protection, and has paid for the omission ever since.

## Part IV — A Country That Never Knew What It Wanted

### 11. The structural disadvantage

The United Kingdom approached the Brexit negotiations from a position of structural disadvantage that had nothing to do with the talents of its negotiators and everything to do with the nature of the thing being negotiated. Three asymmetries doomed the British position from the outset, and they are worth stating plainly because they are routinely obscured by the language of “tough negotiation” and “standing firm.”

**The asymmetry of size.** The European Union is a market of some 440 million people; the United Kingdom, one of around 68 million. For the United Kingdom the European Union was the destination of around forty to fifty per cent of its trade; for the European Union the United Kingdom was a far smaller share of the whole. When a smaller party that needs a deal more negotiates with a larger party that needs it less, the larger party sets the terms. This is not a moral fact but an arithmetical one, and no amount of Churchillian rhetoric could repeal it.

**The asymmetry of clarity.** The European Union knew exactly what it wanted: the integrity of the single market, the indivisibility of the four freedoms, the protection of the Union's legal order, and the avoidance of any arrangement that would make leaving look attractive to others. Its negotiating mandate was published, coherent, and stable across years. The United Kingdom, by contrast, did not know what it wanted, because it had never decided, because the referendum had not asked. “Leave” was a direction, not a destination. Did it mean the Norwegian model, the Swiss, the Canadian, the Turkish, or no model at all? The British position lurched between these over years, because the governing party contained partisans of each and a Parliament that could agree on none.

**The asymmetry of preparation.** The European Union negotiates trade and association agreements continuously; it is among the most experienced trade negotiators on earth, with a standing apparatus of expertise. The United Kingdom had not conducted its own trade policy for over forty years and had to rebuild the capacity from almost nothing, even as the clock of Article 50 — a clock the United Kingdom itself started, prematurely, before it knew what it wanted — ran down. The party that is prepared, patient, and under no time pressure will always defeat the party that is improvising against a deadline of its own making.

### 12. “Cake-ism” as a national condition

These asymmetries were compounded by the cake doctrine examined in Part II, which was not merely a slogan of Johnson's but the settled, if unspoken, premise of the whole British approach. The United Kingdom wanted, at various times and often simultaneously: to leave the single market but keep frictionless trade; to leave the customs union but have no customs border, including on the island of Ireland; to end free movement but retain the easy mobility on which its businesses and universities depended; to escape the jurisdiction of the Court of Justice but have its goods accepted as meeting Union standards; to stop paying into the budget but keep the programmes the budget funded. Each of these was a demand to keep a benefit while shedding its price, and the European Union refused each

for the same reason: that to grant it would be to dissolve the distinction between membership and non-membership, and so to unravel the Union itself.<sup>16</sup>

The deepest point is that “cake-ism” was not a tactic that could have been abandoned for a better one; it was the inevitable expression of a country that had voted for an outcome without a content. Because the referendum settled only that the United Kingdom would leave, and nothing about what leaving meant, the British negotiating position had to be assembled, after the fact, from a coalition that wanted incompatible things. The hard Brexiteers wanted regulatory freedom; business wanted regulatory alignment; the DUP wanted no border in the Irish Sea; the logic of leaving the single market required a border somewhere. No negotiator on earth could have reconciled these, because they were not reconcilable; they were the fragments of a decision never properly made. The United Kingdom negotiated badly because it wanted contradictory things, and it wanted contradictory things because it had never been asked, and had never decided, what single thing it wanted instead.

The result was the worst of the available outcomes: not the close alignment of the Norway model, which would at least have preserved market access, nor a clean and coherent distance, but a thin trade agreement that erected barriers to the United Kingdom's largest market while delivering none of the regulatory dividend that was supposed to justify them. The United Kingdom took the costs of leaving the single market without the benefits of either staying close or going genuinely its own way — the predictable harvest of negotiating for a cake that could not exist.

---

<sup>16</sup>The EU's consistent position rested on the indivisibility of the four freedoms and the integrity of the single market, set out in the European Council's Article 50 guidelines (29 April 2017) and maintained throughout. See also the literature on the negotiations, e.g. A Menon and others (UK in a Changing Europe), and the memoirs of the period.

## Part V — Starmer’s Failed Reset: Boxed In by His Own Red Lines

### 13. The reset that resets nothing

Sir Keir Starmer came to office in July 2024 promising a “reset” of the United Kingdom’s relations with the European Union, and there is no doubting either the sincerity of the wish or the warmth of the change in tone. Yet by mid-2026 the reset had delivered remarkably little of substance, and the reason is not obscure. It is that Starmer bound himself, before the election and repeatedly since, to three red lines that are flatly incompatible with the closer relationship he says he wants: no return to the single market, no return to the customs union, and no return to freedom of movement.<sup>17</sup> These are, almost word for word, the red lines of Theresa May, Boris Johnson, Liz Truss, and Rishi Sunak before him. The “reset” thus begins by adopting the negotiating constraints of the governments whose European policy it was meant to repudiate.

The consequence is that the reset is confined, by its own terms, to the margins: a veterinary agreement to ease checks on food and animal products, a possible linkage of emissions-trading schemes, mutual recognition of some professional qualifications, easier touring for musicians, a youth-experience scheme over which the government hesitates because it looks too much like the free movement it has forsworn. These are not worthless — a veterinary deal would help exporters, and a youth scheme would help the young — but they are, in the words of most economists who have examined them, too small to move the macroeconomic needle.<sup>18</sup> The structural damage documented in Part I — the trade barriers, the productivity loss, the investment deterred — flows from leaving the single market and the customs union, and nothing that leaves those red lines intact can repair it. Starmer has set himself the goal of improving the relationship while forbidding himself the only means that would make a material difference.

### 14. The logic of the trap

The red lines are a self-constructed trap, and their logic is worth tracing because it explains why the reset cannot succeed on its own terms. The European Union’s consistent and entirely predictable position is that the closer a non-member wishes to come to the single market, the more of the single market’s rules and obligations it must accept: there is no access without alignment, and no meaningful alignment without some acceptance of the Union’s rules, its enforcement, and the mobility of its citizens.<sup>19</sup> Starmer’s red lines rule out, in advance, every form of the alignment that deeper access requires. He has therefore asked the Union for a closer relationship while refusing every currency in which closeness is purchased. The Union, reasonably, offers what the red lines permit — technical

---

<sup>17</sup>Starmer’s red lines — no single market, no customs union, no freedom of movement — are restated in, e.g., Euronews, *Why a weakened Starmer will worry the EU* (May 2026); CNBC, *Starmer’s EU push faces a harsh political reality* (May 2026); and the Irish Times (May 2026). They are, as commentators note, the same red lines maintained by May, Johnson, Truss and Sunak.

<sup>18</sup>On the limited economic effect of the sectoral “mini-deals” available within Starmer’s red lines (veterinary/SPS agreement, ETS linkage, professional qualifications, touring artists, youth mobility), see the assessments summarised in the Irish Times (May 2026) and UK in a Changing Europe analyses; most economists judge that only single-market or customs-union membership would materially change the growth picture.

<sup>19</sup>The EU’s “level playing field” and “no cherry-picking” principle: deeper market access requires acceptance of corresponding rules, oversight and obligations (including, for single-market access, free movement). Reaffirmed throughout the TCA negotiations and the 2025–26 reset talks.

cooperation — and withholds what they forbid — market access. The reset stalls not because Brussels is hostile but because London has tied its own hands and then complained that the door will not open.

There is a revealing illustration in the fiscal politics of 2025–26. Faced with the need to raise revenue, the government reportedly rejected advice from its own chief economic adviser to rejoin the customs union as a growth measure, and chose instead to impose some £26 billion in tax rises — even though polling found that two-thirds of Labour's own 2024 voters would prefer rejoining the customs union to higher taxes.<sup>20</sup> The episode captures the trap exactly: a growth lever lay to hand, supported by the government's own adviser and its own voters, and the red lines forbade pulling it, so the burden fell instead on taxpayers. The red lines are not a response to public opinion — the public has moved — but to a fear of a public opinion that no longer exists in the form the government imagines.

## **15. Starmer's own diagnosis, and his silence**

What makes the impasse so striking is that Starmer himself has, on occasion, told something close to the truth. At the Lord Mayor's Banquet in November 2025 he said that the Brexit vote was a fair democratic expression that he would always respect, but that “*how it was sold and delivered was wrong*,” that “wild promises were made” and not fulfilled, and that the country was “still dealing with the consequences today in our economy.”<sup>21</sup> This is, as far as it goes, an honest diagnosis — an admission that the sale was fraudulent and the consequences economic. But the diagnosis is fatally severed from any prescription. Having said that the promises were false and the costs are real, the Prime Minister declines to name the only remedies that would address them, because those remedies cross his red lines. He has told the public that they were deceived, and then declined to lead them anywhere on the strength of the admission. It is a diagnosis offered as an alibi rather than a programme.

This is the precise inversion of the duty to educate set out in Part II. Starmer knows the truth, has half-spoken it, and has resolved to act as though it were not true, because he fears the electoral consequences of acting on it. The result is a government that privately understands the problem, publicly half-admits it, and politically refuses to solve it — a posture that is not caution but paralysis, and that leaves the field, as the next Part argues, to those who offer the false certainties the moment craves.

---

<sup>20</sup>Savanta polling (commissioned by the Liberal Democrats, reported November 2025): 67% of 2024 Labour voters would prefer rejoining the EU customs union to raising taxes on working people, against 18% preferring tax rises; the government reportedly rejected its chief economic adviser's call to rejoin the customs union and imposed ~£26bn in tax rises at the November 2025 Budget. Reported in *The Independent* (2025).

<sup>21</sup>Sir Keir Starmer, speech at the Lord Mayor's Banquet, London, November 2025: the Brexit vote was “a fair, democratic expression,” but “how it was sold and delivered was wrong — wild promises were made to the British people and not fulfilled. We are still dealing with the consequences today in our economy.” Reported in *The Independent* (2025).

## Part VI — The Road to Reform, and the Risk to the Union

### 16. The vacuum and who fills it

Politics abhors a vacuum, and the vacuum created by a governing party that will neither defend Brexit nor undo it is being filled by the party that offers the one thing the others will not: certainty. By mid-2026, after heavy losses in the May local elections — in which Reform UK captured former Labour strongholds such as Sunderland, St Helens and Barnsley — Nigel Farage was widely described as the likeliest next Prime Minister, and his party as the principal beneficiary of the disillusion of both main parties' voters.<sup>22</sup> Farage has pledged a still harder line on Europe, including the renegotiation of the post-Brexit settlement to strip European Union citizens of certain rights — a programme that would deepen, not repair, the rupture documented in this article.

The mechanism by which Starmer's caution feeds Reform's rise is not mysterious. A Labour government that promised change and delivered, on the economy, more of the same — higher taxes, sluggish growth, a reset that resets nothing — disillusioned its own coalition without winning over its opponents. Voters who were told that the grown-ups were back in charge, and who experience no material improvement, do not return to the Conservatives, who own the original failure; they defect to the insurgent who promises that the failure was merely one of will. Reform's pitch is that Brexit did not fail but was betrayed — that it was implemented by people who never believed in it, and that a true believer would make it work. This is false, as Parts I to IV demonstrate; the failure was structural, not a failure of conviction. But it is a seductive falsehood, and it is made more seductive, not less, by a governing party that will not state the structural truth. Every month that Starmer declines to make the economic case against Brexit is a month in which Reform's narrative — that the problem was insufficient zeal — goes unanswered.

### 17. The realpolitik of 2028

The realist's conclusion is uncomfortable for the government. On the present trajectory — a stalled reset, a stagnant economy, a disillusioned base, and an energised insurgent — the most probable outcome of the next general election, due by 2029 and widely anticipated around 2028, is a Reform victory or a Reform-led government.<sup>23</sup> The European Union has already drawn the obvious inference: officials in Brussels are reluctant to invest political capital in agreements with a Starmer government that a Farage government might tear up, which makes the Union a more cautious negotiating partner and the reset still less productive — a vicious circle in which the prospect of Reform weakens Starmer's hand, the weakness of Starmer's hand stalls the reset, and the stalled reset strengthens Reform. Starmer's red lines, intended to neutralise the Brexit issue, have instead kept it alive on the worst possible terms for him: alive as a grievance he cannot satisfy and a failure he cannot remedy.

### 18. The Union at risk

The gravest consequence lies beyond the economy, in the integrity of the United Kingdom itself. Brexit was endorsed by majorities in England and Wales but rejected by majorities in Scotland and Northern

---

<sup>22</sup>On Reform UK's May 2026 local-election gains (including former Labour councils such as Sunderland, St Helens and Barnsley) and Farage being described as the likeliest next Prime Minister, see CNBC (May 2026) and Euronews, *Why a weakened Starmer will worry the EU* (May 2026).

<sup>23</sup>Commentary across 2025–26 (e.g. Euronews; the European Policy Centre's F Zuleeg) treats a Farage-led government as a serious prospect at the next general election and notes Brussels' concern that any UK commitments could be reversed by such a government. Election timing is a matter of forecast, not certainty.

Ireland, and it has strained the bonds of the Union along precisely those fault lines ever since.<sup>24</sup> In Scotland, Brexit handed the independence movement its most potent post-2014 grievance — that Scotland was being removed from the European Union against its will — and a Reform government in Westminster, hostile to Brussels and to the constitutional concessions that hold the Union together, would supply that movement with fresh and powerful arguments. In Northern Ireland, the contradiction at the heart of the cake doctrine — leaving the customs union while promising no border on the island of Ireland — was never resolved, only relocated, into the Irish Sea, where it has destabilised power-sharing and inflamed Unionist opinion. The Protocol and its successor arrangements left Northern Ireland half-in and half-out, a permanent monument to the impossibility of having the cake.

The risk, then, is not merely economic decline but territorial fracture. A United Kingdom that is poorer, more isolated, and governed by a party that treats the Union's tensions with the carelessness Reform has shown is a United Kingdom whose component nations may conclude that their futures lie apart — Scotland looking to rejoin the European Union as an independent state, Northern Ireland drawn by demography and economics towards the Republic. Brexit was sold as the recovery of sovereignty and the restoration of a proud and unified nation. Its ultimate legacy could be the dissolution of the very Union whose sovereignty it claimed to vindicate. The English nationalism that drove the Leave vote and now drives Reform is, in the end, corrosive of the British state, because the British state is a multinational union and English nationalism is not a unionist creed. The deepest irony of Brexit is that a movement waving the Union flag may prove the agent of the Union's undoing.

---

<sup>24</sup>In the 2016 referendum, Scotland voted 62% and Northern Ireland 56% to remain, while England and Wales voted to leave; the divergence has been a persistent driver of constitutional strain. See the official referendum results (Electoral Commission, 2016).

## **Part VII — The Immigration That Was a Boon, Until It Was a Boogeyman**

### **19. The evidence on pre-crisis migration**

Brexit was, in the end, carried more by immigration than by economics or sovereignty in the abstract. The promise to “take back control of our borders” was the campaign's most powerful, and it rested on a premise that the best evidence contradicts: that immigration, and European immigration in particular, was a burden on the United Kingdom. In the period before the 2008 financial crisis — and indeed for years afterward — the opposite was true. The most careful study of the question, by Dustmann and Frattini, found that immigrants from the European Economic Area made a consistently positive net fiscal contribution to the United Kingdom: they paid more in taxes than they received in benefits and services, and did so by a substantial margin, in contrast to the native-born population, whose net contribution over the same period was negative.<sup>25</sup> These were, overwhelmingly, young, working-age people who arrived educated at another state's expense, worked, paid tax, used few services, and frequently returned home — close to an ideal demographic and fiscal proposition for an ageing society with a pension burden and a labour shortage.

The economic logic is straightforward. Migrants of working age raise the share of the population in work, expand the labour force, fill vacancies in sectors from agriculture to the health service, and — because they are disproportionately young and healthy — draw lightly on the costly services of pensions and acute healthcare. They are, in the language of the public finances, a fiscal gift: a state acquires taxpayers it did not have to raise and educate. The pre-2008 expansion of European migration into the United Kingdom coincided with, and contributed to, a period of solid growth, and the consensus of the economic literature is that its aggregate effect on the wages and employment of the native-born was small — slightly negative at the very bottom of the labour market, broadly neutral or positive elsewhere.

### **20. The manufacture of the boogeyman**

If the economics of migration were benign, its politics were made toxic, and deliberately. The transformation of immigration from an economic asset into a political threat was not a response to a change in the facts but a choice made by politicians and a press who found in the immigrant a convenient explanation for grievances whose true causes — stagnant wages after 2008, austerity, regional decline, the housing shortage, the strain on public services produced by funding cuts rather than by newcomers — were harder to name and more dangerous to own. It is far easier for a politician to attribute a hospital waiting list to the foreigner in the queue than to the decade of underfunding that created it. The European migrant, present and visible and unable to vote, was the perfect scapegoat: blamed for the pressure on services that austerity caused, for the wage stagnation that the financial crisis and weak productivity caused, and for a loss of control that was, in truth, the ordinary condition of an open economy.

The cruelty of the bargain is that the United Kingdom, having been told that immigration was its problem, voted to end the form of it that was most beneficial — the free movement of educated, working, fiscally positive Europeans — and then, after Brexit, presided over higher total immigration

---

<sup>25</sup>C Dustmann and T Frattini, “The Fiscal Effects of Immigration to the UK” (2014) 124 *The Economic Journal* F593: immigrants from the EEA made a positive net fiscal contribution over 2001–2011, paying substantially more in taxes than they received, in contrast to the negative net contribution of the native-born population over the same period.

than before, drawn increasingly from outside Europe and, in part, into lower-paid and more service-dependent categories. The post-Brexit settlement achieved the worst of both worlds: it ended the migration that the evidence showed was most beneficial, inflamed the hostility that made the politics ungovernable, and did not even reduce the numbers.<sup>26</sup> The honest account is that immigration was never the economic problem it was made to seem, that the genuine problems of the post-2008 decade lay elsewhere, and that the scapegoating of the migrant was a political convenience that has left the United Kingdom poorer in workers, in taxpayers, and in the openness on which a service economy depends.

This is not an argument that all migration at all levels is costless, or that the public's concerns were simply irrational; legitimate questions about the pace of change, about housing, and about integration deserve serious answers. It is an argument that the answers given were dishonest — that a complex question was reduced to a slogan, that an economic benefit was recast as a cultural threat, and that the duty to educate, again, gave way to the temptation to inflame. The boogeyman was manufactured, and the country has paid for the manufacture.

---

<sup>26</sup>Post-Brexit net migration to the UK rose to record levels (ONS estimates for the mid-2020s), with the composition shifting away from EU free movement towards non-EU work, study and humanitarian routes — the opposite of what the “take back control” promise implied. The end of free movement also created acute shortages in sectors (health and social care, hospitality, agriculture) previously staffed by EU workers.

## Part VIII — The Duty to Educate and the Case for Rejoining

### 21. Why truth-telling is a duty, not a luxury

The argument of this article converges on a single proposition: that the recovery of the United Kingdom's position depends on the recovery of honesty in its politics, and that honesty is not a private virtue in a leader but a public duty of the office. The Burkean account introduced in Part II supplies the principle: the representative owes the public his judgement, and a Parliament is a deliberative body charged with discerning the common good rather than a weathervane turning with opinion.<sup>27</sup> But the duty can be defended on plainer grounds than Burke's. A democracy is a system for making collective decisions, and a decision can only be as good as the information on which it rests. A politician who lies to the public, or who knows the truth and withholds it, does not merely commit a private wrong; he degrades the central mechanism of self-government, because he causes the people to choose on a false picture of their situation. The £350 million bus was not just a dishonest advertisement; it was an act of sabotage against the public's capacity to decide. And the present silence about Brexit's costs is a quieter version of the same sabotage: it leaves the public to judge the question on a picture everyone in power knows to be false.

There is a realist's case for honesty too, and it is the one most likely to move a cautious Prime Minister. The strategy of silence has failed on its own terms. By declining to make the argument against Brexit, Starmer has not neutralised the issue; he has surrendered it to Reform, which fills the silence with the claim that Brexit failed only for want of belief. Truth, in this situation, is not merely the right policy but the only winning one, because the alternative to telling the public that Brexit was a mistake is allowing the public to be told that Brexit was betrayed — and the second story, unanswered, leads to Reform. A politician who believes the economic truth and will not say it has chosen the one course that guarantees his own defeat and the triumph of the falsehood he privately rejects.

### 22. Why rejoining — or something close to it — is essential for growth

The economic case for reversing course follows directly from the diagnosis. If the damage flows from leaving the single market and the customs union — from the trade barriers, the lost trade intensity, the deterred investment, and the productivity penalty the OBR has quantified — then the remedy must address those causes, and only re-entry into the single market and the customs union, or full membership, can do so at the necessary scale.<sup>28</sup> The sectoral mini-deals available within Starmer's red lines are worth having but, as Part V showed, too small to matter at the macroeconomic level. The customs union would restore frictionless goods trade and remove the rules-of-origin paperwork strangling small exporters; the single market would restore services access, which matters disproportionately to an economy four-fifths services; full membership would restore, in addition, the seat at the table where the rules are written. Each step up that ladder recovers more of what was lost, and the public, the evidence suggests, has moved far enough to contemplate the climb: majorities now

---

<sup>27</sup>E Burke, *Speech to the Electors of Bristol* (1774); on the duty of democratic leaders to inform rather than merely follow opinion, see also J S Mill, *Considerations on Representative Government* (1861), and, on the corruption of public discourse by manipulation, H Arendt, "Truth and Politics" (1967).

<sup>28</sup>The OBR's ~4% long-run productivity and ~15% trade-intensity penalties are attributed to leaving the single market and customs union; it follows that only measures reversing that — single-market and/or customs-union membership, or full accession — would materially undo the damage, as most economists assessing the sectoral "mini-deals" conclude (Part V).

tell pollsters they would accept free movement in exchange for single-market access, and that they would prefer rejoining the customs union to higher taxes.<sup>29</sup>

Rejoining would not be costless or simple; it would require accepting the obligations — the budget contribution, the rules, the free movement — that the United Kingdom spent years trying to escape, and it would have to be done, if it is done, with a candour about those obligations that 2016 conspicuously lacked. But the alternative is not a cost-free independence; it is the slow, compounding attrition the markets and the OBR have measured. The choice is not between obligation and freedom but between two sets of obligations, and the next Part explains why that is so.

---

<sup>29</sup>Polling cited in Part V: ~68% of UK respondents saw benefit in restoring cross-Channel free movement in exchange for single-market access, and ~67% of 2024 Labour voters preferred rejoining the customs union to tax rises (Savanta; ECFR surveys, 2025–26). On the services-heavy composition of the UK economy (~80% of GVA), see ONS national accounts.

## Part IX — The Realpolitik: The Empire Is Dead, and the Island Is a Rule-Taker

### 23. Sovereignty as power, not paperwork

The deepest illusion of the Leave campaign was its theory of sovereignty. It treated sovereignty as a binary and a possession — a thing one either has or lacks, locked away in Brussels and recoverable by departure. But sovereignty, in the world as it is, is better understood as the effective capacity to shape the rules under which one lives, and that capacity is a function of power, not of formal status. A state that is formally free to make any rule it likes, but so small and exposed that it must in practice adopt the rules made by others to trade and survive, has the form of sovereignty without the substance. This is the condition of the medium-sized state in a world of giant markets, and it is the condition into which Brexit delivered the United Kingdom.<sup>30</sup>

The age in which a British island could set the terms of the world's trade is gone, and it is essential to say so plainly, because the emotional engine of Brexit was a memory of that age. The British Empire is dead. The United Kingdom is no longer the metropole of a quarter of the earth, able to dictate standards from London and command markets by force or preference. It is a medium-sized, post-imperial European state, prosperous and gifted but neither large enough nor central enough to write the rules of the global economy alone. Nostalgia for empire — the half-conscious belief that Britain, unshackled from Europe, would resume a global role of independent greatness — was the romance beneath the Leave campaign, and it was a romance about a world that no longer exists.

### 24. Even free trade agreements impose obligations

The decisive realist point is that there is no escape from rules — only a choice about whose rules, and whether one helps to write them. The Leave promise implied that outside the European Union the United Kingdom would be a free agent, making its own laws and striking its own bargains. But every trade agreement is an exchange of sovereignty for access: to sell into a market on preferential terms is to accept that market's rules, standards, and dispute mechanisms. A free trade agreement with the United States would mean accepting American standards and American adjudication; an agreement with the European Union means accepting European ones; membership of the World Trade Organization means accepting its rules and its panels.<sup>31</sup> Because the European Union is the largest, richest, and nearest market to the United Kingdom, and the source of the standards that British exporters must meet whether or not the United Kingdom is a member, the United Kingdom is a taker of European rules in any event — the “Brussels effect” ensures it. The only question Brexit ever really posed was whether the United Kingdom would take those rules as a member, with a vote and a veto and a commissioner and a seat in the Council and the Parliament, or as a non-member, with none of these — a rule-taker either way, but in the second case a rule-taker without representation. Leaving did not convert the United Kingdom from a rule-taker into a rule-maker; it converted it from a rule-maker into a rule-taker.

---

<sup>30</sup>On sovereignty as effective influence rather than formal independence in conditions of economic interdependence, see R Keohane and J Nye, *Power and Interdependence* (1977); and, on regulatory power and the “Brussels effect,” A Bradford, *The Brussels Effect: How the European Union Rules the World* (OUP 2020).

<sup>31</sup>On the “Brussels effect” — the tendency of firms and states to adopt EU regulatory standards to access the EU market, regardless of formal membership — see A Bradford, *The Brussels Effect* (OUP 2020). All trade agreements (and WTO membership) involve accepting external rules and dispute-settlement obligations; “frictionless” trade with the EU in particular requires alignment with EU standards.

This is the final and most bitter irony of the sovereignty argument. The United Kingdom left the European Union to escape the condition of taking rules made by others, and by leaving it guaranteed exactly that condition, in its purest form. Inside the Union it was one of the three largest members, a principal author of the single market, a shaper of the very rules it chafed against. Outside, it must still meet those rules to trade, but it no longer writes a word of them. The supposed recovery of sovereignty was its surrender. A standalone island off the coast of a continental bloc, in an age of giant markets and dead empires, is a rule-taker whether it likes it or not; the only sovereignty available to it is the sovereignty of helping to make the rules it cannot escape, and that sovereignty is found inside the Union, not outside it.

## **Part X — Conclusion: The Truth Is the Only Way Back**

The case assembled here is, at bottom, a single argument in several registers. In the register of data, Brexit has made the United Kingdom measurably poorer: the pound has not recovered, the gilt yield is the highest in the G7, the FTSE has lagged its continental peers since the referendum, and the OBR's standing judgement is a four per cent productivity penalty and a fifteen per cent loss of trade intensity, with independent estimates of a five-to-six per cent GDP shortfall and up to £90 billion a year in forgone tax. In the register of history, the referendum was the constitutional error that Thatcher and Attlee foresaw — a device of demagogues that reduced an irreducibly complex question to a binary, froze a temporary majority into a permanent command, and corroded the representative democracy it bypassed. In the register of character, the damage was sold by a campaign, and a campaigner, who manipulated the truth for advantage, and it has been prolonged by a government that knows the truth and will not speak it.

In the register of strategy, the United Kingdom negotiated from permanent disadvantage because it never decided what it wanted and demanded, in lieu of a decision, a cake it could not have; and the present government, having bound itself to the red lines of its predecessors, has made a reset that resets nothing, repaired none of the damage, and cleared the road for Reform — and, behind Reform, for the possible fracture of the Union along the very lines, Scottish and Northern Irish, that Brexit first exposed. In the register of evidence, the immigration that was made the scapegoat of the campaign was, before it was demonised, a fiscal and economic boon, and its demonisation has left the country poorer in workers and taxpayers without even reducing the numbers. And in the register of realpolitik, the sovereignty for which all this was sacrificed was an illusion: the empire is dead, the island is a rule-taker whether in the Union or out of it, and the only real sovereignty on offer is the sovereignty of helping to write the rules one cannot escape.

From all of this a single prescription follows. The United Kingdom cannot recover what it has lost by technical tinkering at the edges of a settlement whose core is the source of the damage. It can recover it only by moving back towards, and ultimately into, the single market and the customs union, and in time the Union itself — and it can only get there if a politician first does what no politician since 2016 has been willing to do, which is to tell the public the truth: that they were lied to, that the lie has cost them dearly, that the costs are not the fault of foreigners or of insufficient zeal but of the decision itself, and that the way back is not a betrayal of democracy but its belated honouring. The duty to educate, abandoned in 2016 and evaded ever since, is the precondition of everything else. Boris Johnson manipulated the truth for his own ends and prospered, for a time, by doing so; the United Kingdom will begin to recover only when a leader profits, instead, from telling it. The price of the cake has been paid, in full and with interest. What remains is to stop pretending the cake was ever real.

## Sources and Further Reading

References are given in short form; figures are drawn from the cited official and market sources and are subject to revision. Market levels are as at late May 2026 unless otherwise stated.

### Official and statistical sources

Office for Budget Responsibility, Economic and Fiscal Outlook — March 2026 (UK 10-year yields highest in the G7; debt-servicing cost £39bn (1.7% GDP) 2019–20 to £106bn (3.6% GDP) 2024–25)

Office for Budget Responsibility, standing post-2016 assumptions: Brexit reduces long-run productivity by ~4% and trade intensity by ~15%

House of Commons Library, Sterling exchange rates: economic indicators (2026)

UK Statistics Authority, statements on the Vote Leave “£350 million a week” claim (2016–2017) — “clear misuse of official statistics”

Office for National Statistics, national accounts and long-term international migration estimates (2020s)

Electoral Commission, EU referendum results (23 June 2016)

HC Deb 11 March 1975, vol 888 (Margaret Thatcher; the referendum as “a device of dictators and demagogues”) — Hansard / Margaret Thatcher Foundation

### Market and financial data

Trading Economics: UK 10-year government bond yield (2026); FTSE 100 / CAC 40 index levels (2026)

MarketScreener; BBN Times: FTSE 100, CAC 40 and DAX levels and commentary (2026); Bund and OAT yields (January 2026)

Bank of England; Wise; Statista: GBP/USD and GBP/EUR exchange-rate series (2015–2026)

Morningstar, What’s the Outlook for GBP in 2026? (January 2026)

### Scholarship and analysis

C Dustmann and T Frattini, “The Fiscal Effects of Immigration to the UK” (2014) 124 *The Economic Journal* F593

J Springford, What Can We Know About the Cost of Brexit So Far? (Centre for European Reform, 2022–23) (the “doppelgänger” method; ~5–6% GDP shortfall)

A Bradford, *The Brussels Effect: How the European Union Rules the World* (OUP 2020)

R Keohane and J Nye, *Power and Interdependence* (Little, Brown 1977)

E Burke, *Speech to the Electors of Bristol* (1774)

H Pitkin, *The Concept of Representation* (University of California Press 1967)

J S Mill, *Considerations on Representative Government* (1861); H Arendt, “Truth and Politics” (1967)

A V Dicey, *Introduction to the Study of the Law of the Constitution* (8th edn, 1915)

R Saunders, *Yes to Europe! The 1975 Referendum and Seventies Britain* (CUP 2018)

### Contemporary reporting (2025–2026)

Euronews, Why a weakened Starmer will worry the EU (May 2026)

CNBC, Starmer’s EU push faces a harsh political reality (May 2026)

The Irish Times, How could the UK rejoin the EU? (May 2026)

The Independent, reporting on Brexit’s ~£90bn/year tax cost; Savanta polling on the customs union vs tax rises; and Starmer’s Lord Mayor’s Banquet speech (2025)

European Council on Foreign Relations, polling on UK–EU relations and free movement (2025–26)