

Lord Owen's postscript to 'Clean Brexit' Liam Halligan and Gerard Lyons' paper 'Clean Brexit', published January 2017.

I am delighted to add a Postscript to this important and timely paper by Liam Halligan and Gerard Lyons - two economists I respect and whose writings I follow closely.

As someone who campaigned for the UK to join the European Economic Community back in 1971, in defiance of a three-line Labour Whip, I am an instinctive "pro-European". Yet ever since Maastricht in 1991 I have become progressively more and more dismayed at the extent to which the eurozone has created a dysfunctional EU. It has also virtually destroyed the social element in the "social market".

The Single Currency was a fatal step too far and can only work if an inner federalist eurozone core emerges sooner than the French Presidential candidate Macron is demanding. With Nigel Lawson, on a cross-party basis, I have campaigned since 1999 against the UK having anything to do with such a development. We are still to some extent in a cross-party phase post the 2016 referendum.

In reality, the 27 EU Member States' absolutist demand for "freedom of movement" is part of the founders' dream, necessary for a federalist Single Currency but not for a Single Market. Exiting the EU allows the UK, in the wider Europe, to trade as freely as possible in a neighbourly way, while cooperating under numerous other headings - including crime prevention, security and defence, science and technology, education and culture. That means the UK can also pursue our own free-trade agreements with the rest of the world - particularly with the fast-growing emerging markets that, increasingly, will bestride the global economy.

The best way to ensure this happens, as Halligan and Lyons argue, is for the Government to declare now a "Clean Brexit" - with the UK operating formally outside the all-embracing Single Market and the Customs Union. A deal that trades-off sovereignty with regard to our border controls in return for "market access", could easily, as the authors state, lead to a messy and disastrous stalemate.

The impending Article 50 negotiating window, with its in-built "cliff edge", will bring surprises, no doubt. And even if we do declare "Clean Brexit", some kind of transitional arrangement may well be needed.

The cardinal point for the British Government is that they should carve-out a negotiating position with options. Opting and preparing for "Clean Brexit" puts the British Government in a strong position to strike sector-based deals with the EU, and ultimately a broader free-trade agreement, while preparing to trade as a sovereign nation once more.

Limiting business uncertainty is very important for the EU and the UK. Personally, I think the negotiating timetable should be: out of the EU by 1 March 2018 and fully out of any transitional arrangements no later than 1 March 2020. This means the May 2020 fixed-term General Election can take place with the referendum result honoured and normal party political engagement restored.

I am pleased to recommend this paper.