

Brexit will let us end the freedom of movement of capit...

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I think it would be hard for any reader of this blog to have missed my concerns about Brexit. Anyone with any degree of political nous, some experience of the complexity of the fine print of law and an awareness of just how stressed relationships about EU membership are, not just in this country but right across Europe, must recognise the enormous challenges that the reality of Brexit - Brexality as I might call it - really are. It is, of course, the right of Brexit enthusiasts to dismiss such concerns but with all due respect to them, doing so must either betray their own desire to get Brexit right or it is indication that they really do have no clue what they are walking into as yet. In the circumstances it's impossible to look forward to 2017 without some considerable degree of concern. The state of the economy and the parlous well-being of too many within the UK would be enough to ensure that. The rise of a new populist politics across Europe and the USA only adds to that concern.

But, as I [suggested in the essay I published yesterday](#), such concerns leave a choice. It is possible to succumb or it is possible to find silver-linings. Without in any way reducing my concern about the Brexit process it would be absurd to say that there are no silver linings in amongst the manifold difficulties we will face if that process is to succeed. It's important to be aware of these so that the opportunities they represent can be grabbed when they arise. I will concentrate on just three.

The first is that leaving the EU ends the obligation for the UK to partake in the free movement of capital. It's not just free movement of labour that is guaranteed by the EU: so too is free movement of capital and there has always been a fundamental problem in linking the two. Because capital can move vastly more quickly and easily than people (it has no family ties or school arrangements to worry about, for a start) having freedom for both capital and always meant that reward was going to shift from labour to capital because capital has the greater agility. The time has come then to make clear that it is restriction on the free movement of capital that will be needed if the return to labour is to improve in the UK.

So, we need not permit companies incorporated anywhere to trade in the UK: we can demand that they be truly accountable in this country.

And we can say that if a state provides a regime that is very obviously aggressively unfair to the UK we can impose sanctions on it by way of deliberate penal tax charges. So, for example, we could refuse to permit payment to certain tax havens without tax being deducted first of all in the UK.

We could, in addition, build protective barriers around the takeover of UK companies to protect UK workers.

And we could certainly stop our tax system being used to subsidise those takeovers, as has all too often happened in the past.

Let's not understate the importance of each of these issues: they might really matter in a world where tax wars are ongoing. I am not saying the UK should become an aggressor. I am saying many of the regulations that prevented us mounting a defence against abuse will disappear after Brexit. We should be willing to use the opportunities that provides.

Second, QE was only required in the UK because the EU barred direct lending from a central bank to its own treasury. As a result the absurd mechanism called QE, where the treasury had to issue bonds for the central bank to then buy them back in open markets, with commercial banks always earning a margin in the process, can be ended after Brexit. The sham can be ended: the right of the Central Bank to create money on demand can be recognised, at last. This will not only save cost, it restores credibility as well as recognising an economic reality that should be an essential feature of all sound macroeconomic policy. I am not saying as a result that QE must continue in its existing form; I have long suggested otherwise. What I am saying is that the absurd situation where the government cannot deal directly with its own central bank to manage monetary and fiscal policy will be brought to an end and that must be of value.

Third, [as I also made clear yesterday](#), a new form of capitalism will have to be built on the basis of transparency. The reality is that much of the EU is way behind in thinking on this issue and has sought to impede progress on issues ranging from beneficial ownership disclosure, to the filing of appropriate accounts for smaller companies on public record to country-by-country reporting. Freed from those problems the UK could pioneer the new era of transparency that will help ensure that capital is appropriately allocated to those best able to use it; that will ensure tax is paid at the right time and it will also ensure that creditors - including employees and pension funds - get all the data that they need to manage their risks. Again, we should embrace this.

I stress, I would rather we did not face Brexit and the enormous waste of time, effort and national income that it represents. But if we are going to do Brexit then we have to make the best of it. Identifying the opportunities it provides is part of that process. It's the duty of those who want the best possible Brexit outcome for the people of this country to put them forward. I will try to do so.