

Brexit thoughts from Brussels

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A couple of days in the heart of Brussels may not be everyone's idea of fun. I can honestly say I enjoyed myself. This is one of two reflections, each of which focuses on the major subjects discussed whilst there. Tax is not the first issue to address in that case; Brexit is.

Of course you would expect those who have decided to work for the EU to be bemused by Brexit. They are. But many of those present at the EU organised tax conference I attended were not EU officials. There were academics, tax officials from many members states, and some who attended from businesses, NGOs and lobby groups simply because they were interested. This was not a small event. But right across the board the question was asked as to why I thought the UK had voted Brexit (about which, seemingly, everyone was bemused) and, more interestingly, whether I thought Brexit would happen.

The first question was easier to answer. It was fairly easy to explain 2016 as the peak of populism, or alternatively the moment of maximum alienation from the neoliberal economy. At a conference on tax fairness (itself a surprise, as I will discuss in the other blog) it was not hard to suggest that this alienation was real and had required expression to make the world hear. Trump and Brexit expressed that frustration in 2016. Across Europe this year the sentiment has certainly been replicated, but has also been more muted. This does not mean that the sense of isolation from the state and those with apparent power within it has disappeared. I think that is far from the case. Instead what is happening now is that an air of realism is descending where it is understood that what's existed is unacceptable but rejection is not of itself a solution and alternatives must instead be sought. Macron and Corbyn do not have a great deal in political common, but they both fulfil this role. The demand for change is very real. That is what Brexit was about.

The answer to the second question was harder. That's largely because Brexit may be a change, but as is becoming increasingly obviously, it's also the most massive self imposed blow to the UK and its political, economic and social well being in seventy years. In other words, the vote may have demanded change, but what might be

delivered is a move in the wrong direction which it is apparent many who voted for Brexit are already have doubt about. I am patronising no-one when saying this. I am saying many were conned by blatant lies, a campaign that involved blatant political skullduggery and an obviously false representation as to the options the Tories intended to pursue if a vote for Brexit was secured. £350 million printed on the side of a bus was the surest indication of all this. I think opinion is changing as a result, and will continue to do so.

That said, I recognise there is a hard core dedicated to Brexit, many of whom have hard right views that I consider unpalatable, but which they think the referendum mandated and which only exit from the EU can deliver. I was candid: if we stay in I predicted ugly scenes that would be deeply disruptive and profoundly harmful to the UK. I think that it will be hard at present to ignore the referendum result, although I did not dismiss that the option of a second referendum existed if negotiations indicated a substantial change in public opinion.

Assuming that does not happen I suggested that the insanity of hard Brexit was hard to imagine in practice. The economic and social turmoil it would deliver - which by the time 2019 comes will be all too easy to predict - could create equally disruptive social tension from those determined to maintain some semblance of the UK's continuing membership of the international community and all that involves.

In other words, sensible heads will prevail and compromise will be found. Norway was the word on the lips of most I spoke to: I did not have to suggest it, this was where they all were. And I suspect it is where we will be. There is no doubt many of those who voted for Brexit had no intention at all of it meaning the end of single market or customs union membership, and they accepted the glibly offered assurances that this would not happen that many of the leading Brexiteers all too happily discussed in the spring and early summer of 2016. All they voted for was leaving the EU, and under a Norwegian style option that is what we will do, and even then with what may well be a reasonable period of transition. That in itself will create problems enough: anything beyond that delivers a scale of mayhem that defies comprehension, not just amongst the supposed bureaucrats (who, let me assure you, look remarkably like other human beings) but across the very wide range of political opinion also reflected at the conference.

I suggested that May's electoral fiasco clearly increased the chance of this compromise: it was the only assurance I could actually offer. Otherwise wise people are reduced to hope and prayer. It's a point we must work hard to never reach again. And only real change can ensure that is the case.