Industrial and Regional Analysis in Britain’s Brexit debate

Topic: Murals and miniatures: applying social accounting with a very broad brush, and with fine strokes to precious cameos
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This paper was first drafted in the period between chaotic scenes in the UK Parliament from December 2018 and the legislated date for the UK to leave the European Union in March 2019. The chaotic scenes included the first time a Government has been held in contempt of Parliament, and the heaviest parliamentary defeat a Government has suffered in the democratic era.

Brexit is the most abrupt large-scale deliberate rebirthing of trade relationships in peacetime. A nation priding itself on naturally conceiving the first Industrial Revolution, is committing to unplanned Caesarean section for another.

This paper examines aspects of debate and analysis in and out of Parliament likely to be of interest to IIOA members. A bare dozen studies of the economic impact of Brexit have been published, based primarily on fairly macro-economic models constructed with broad sectors. Only one study reported a national income increase, and that required heroic prescriptions. Many, including Government and Central Bank studies, were promptly dismissed by factions and press commentators as based on prior prejudice.

Parliament showed, alongside rhetoric, ideology and rowdiness, the manifest concern of almost all Members to reflect the interests and beliefs of their constituencies, which vary widely across the country. Evidence and measurement were almost absent, and industrial matters were discussed almost entirely in terms of representations made by constituency businesses, lobbying by national businesses and associations, and TV news cameos.

The first part of this paper reviews the studies, their sectoral content where it exists and is accessible, and the relationship of the models they use to input output, computable general equilibrium, social accounting and the like.

The second part summarises our own studies, which are ongoing and will be brought up-to-date immediately before the Conference. We use DREAM®, a very detailed regional economic accounting model of the UK and the Republic of Ireland. DREAM® models > 150 products/industries in >150 localities, and has developed through more than 200 applications over the past twenty years.