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A no-deal Brexit could make most Brits poorer - and Jacob Rees-Mogg richer

Monday 30 July 2018, by [CATO Molly Scott](#) (Date first published: 24 July 2018).

The rightwinger has admitted any 'Brexit dividend' may take 50 years. Is his hardline position linked to personal gain?



'Jacob Rees-Mogg has defended the use of tax havens.' Photograph: Bloomberg/Bloomberg via Getty Images

In line with other Brexiters, Jacob Rees-Mogg seems to have abandoned any notion of the UK being better off after Brexit. Of course he still spouts verbiage about Brexit providing a great economic opportunity for the country, but when pushed, [as he was recently](#), it seems clear that he no longer believes leaving the EU will bring us economic benefit, and says we may be waiting 50 years for the "Brexit dividend", if it ever arrives at all.

Economists have a tendency to divide reality between the short, medium and long term to give them the opportunity to blame the critic's impatience if their predictions don't work out. Politicians, on the other hand, operate on short electoral timescales. This makes it unconventional, to say the least, to hear Rees-Mogg pushing all hope of benefits from Brexit into the very long run when, [as John Maynard Keynes jokingly pointed out](#), we are all dead.

So what's the game? Why would a politician representing the good people of North East Somerset – whose livelihoods depend on the stability of our economy and who would be devastated by the no-deal [Brexit](#) he is happy to promote – seemingly behave so irresponsibly? Could it perhaps have something to do with personal economic gain rather than national economic opportunities?

Rees-Mogg's hedge fund, [Somerset Capital Management](#), is managed via subsidiaries in the [tax havens of the Cayman Islands and Singapore](#). He has [defended the use of such tax havens](#), saying "I do not believe people have any obligation to pay more tax than the law requires." And the laws that look set to stand in the way are [planned new EU regulations](#) aimed at governing the behaviour of companies such as his own.

He has also enthused about the potential to [slash environmental and safety laws](#) after Britain leaves the EU. Regulations that were "good enough for India" could be good enough for Britain, he has argued.

To back up this worldview is a network of self-styled thinktanks, with opaque funding sources and a

passionate commitment to classical liberal economics. Leading the charge has been the [Institute of Economic Affairs](#) (IEA), with which Rees-Mogg is associated. Its roots lie in attempts to oppose the Attlee-Bevan move to the left after the second world war that brought us the NHS and the welfare state. The [IEA's mission is to promote small government](#) and freedom for so-called "wealth creators". Or to put it more accurately, ultra-rich individuals and corporations. The IEA saw Brexit as an [enormous opportunity](#): a once-in-a-generation chance to create a more flexible, open and vibrant economy with less bureaucracy and protectionism, for which read signing up for trade deals that lower environmental and consumer standards.

And Brexit seems to be offering enormous opportunities for Rees-Mogg personally. His [European Research Group](#) (ERG) has been accused by fellow Tory Anna Soubry [of running the country](#) after Theresa May caved in to Brexit hardliners over her Chequers plan.

[Jacob Rees-Mogg](#) is often seen as the "respectable" face of the Conservative hardline right wing. His style recalls an era when the British empire was flourishing and merchants traded grain, but children starved, and - most importantly - there were no pesky democratic constraints to prevent the wealthy enjoying their freedom. Far from offering us our liberty, the Brexit he offers threatens to turn us back into corporate chattels, stripped of our hard-won civil and democratic rights.

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