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# **‘Emergent understandings’ seminar, Glasgow, 28 March 2018**

## **Impact on public finances**

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# Lessons from the Brexit project

- UK preoccupation with irrelevances has diverted attention from the existential crisis in the EU; austerity and macroeconomic imbalances are transforming national politics
- The charade of the Divorce Bill diverted attention from what matters; paying off as a lump sum would have avoided entanglement with EU decisions for another half century
- UK austerity usually lasts only 2 or 3 years; this episode could last for 15 or more years, with important political consequences
- The appeal of the £350 million a week extra for the NHS shows that (a) people are mesmerised by public spending numbers, and that (b) many do not understand that affordability depends on economic performance
- Whatever the long-term benefits/disbenefits of Brexit, the prospects for UK public spending will be difficult in the short and medium term. The economy has not fully recovered from 2008
- Brexit destabilises the asymmetric system of fiscal devolution established in 1999, and evolved since then. This non-statutory system requires political goodwill, now in scarce supply