



**EINOTE - June 2016**

**A SHORT HANDBOOK OF BREXIT FALLACIES**

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### Introduction

Voters who want the facts on the UK's membership of the EU can find plenty of material on the web-sites run by the [BBC](#) and [Full Fact](#).

But facts are not enough. To make a responsible voting choice, facts need to be fitted into a bigger picture. Deciding to leave or remain in the EU requires estimating the possible consequences of the choice. Estimating consequences requires a chain of reasoning. And reasoning always involves the danger of fallacies. Fallacies can lead even thoughtful people from factual truths to false conclusions.

Jeremy Bentham, the intellectual ancestor of UCL where I work, published his *Handbook of Political Fallacies* to highlight the misuse of reasoning in policy debates. In his spirit, this *Short Handbook* identifies some common errors of reasoning in the referendum debate. Bentham wrote of the Hobgoblin Argument, the Self-Trumpeter's Fallacy and the Fallacy of What's at the Bottom. His fallacies live on in the Brexit debate but they are augmented by the Lump of Labour Fallacy, the No Second-Order Effects Fallacy, and the Selective Memory Fallacy.

A consumer health warning. I regard the balance of argument in the referendum as overwhelmingly favouring the UK staying in. So, it is hardly surprising that I find most of the fallacies on the side of those who favour Leave. However, the Remain camp is not without faults. I have included some of their fallacies as well.

## Fallacies of the economy

*Because we run a balance of trade deficit with EU countries as a whole, if we voted to leave, they have an incentive to give us favourable access to the single European market.* The key word here is *because*. This is the fallacy of Unidentified Incentives. Only by neglecting the incentives that key decision makers face on Brexit can you turn the UK's weakness – a persistent balance of trade deficit - into a strength.

A trade deficit means that the UK buys more from other EU countries than they buy from us. Suppose then that after Brexit the UK were outside the EU's common external tariff. Germany would face no barriers in selling us cars and Spain no barriers in selling us refrigerators. But UK businesses would face tariffs. In this situation, what incentive do EU countries have to lower their tariffs on UK exports?

To be sure text-book economic theory says that a country is better off reducing its trade barriers whatever others do. By this argument, it does not matter if the UK is outside the common external tariff. If EU countries choose to burden their consumers with tariffs, UK consumers should just buy the cheapest goods. But this is the Text-Book Fallacy, which ignores the pain of adjustment in the real world.

*UK workers will benefit from restrictions on the free movement of labour in the single market.* This involves the Lump of Labour fallacy that haunts the debate about migration (see Fallacies of Migration below) and the fallacy of No Second-Order Effects.

The worst of all possible worlds, from the point of view of labour, is free movement of capital without free movement of labour. Capital is more mobile than labour. So if investors cannot find workers in the right numbers and with the right skills in the UK, they will look elsewhere. The UK runs a large deficit in its international balance of payments, currently to the tune of 7% of national income. So, it is dependent on inward foreign investment to balance the books. If investors from China, Japan and elsewhere do not find profitable opportunities in the UK because of labour shortages, they will look elsewhere. This is a Second-Order Effect arising from the policy of restricting migration to the UK. The effect may be strong or weak. Either way there is no pure benefit and may be considerable loss of employment.

*The EU is in decline because in 1973 its members accounted for 37% of world trade and now it only accounts for 22%.* This is the Beggar Your Neighbour Fallacy. The EU is not in decline because others now manage their economies better than they did in 1973. EU citizens are much better than they were in 1973. If African, Asian or Latin American countries have started to lift many millions of people out of poverty, we should rejoice in that fact. We would not be richer if they were poorer.

*Out of the EU, we can negotiate trade deals with countries like the US and China that the EU has no trade deals with.* This is the Rosy Scenario Fallacy. Of course it is true that the UK *can* negotiate trades deals with the US and China, just as it is true that I *can* win a tennis match against Andy Murray. In either case Rosy Scenario is an unreliable friend.

*There will be more money for the NHS and other public services when we are out of the EU.* This is a combination of the Rosy Scenario and The Grass Is Always Greener Fallacies. It supposes that there would not be a loss of income to the UK from the shock of leaving the single market and that the resources would be devoted to public services. Even if there were no shock, the money might simply go to tax cuts. We *could* spend more; only in the Rosy Scenario where the Grass is Greener *do* we spend more.

*As an entrepreneur, I know that Britain would thrive out of the EU.* This is Bentham's Self-Trumpeter's Fallacy. As Bentham said, certain people think their assertions should be deemed equivalent to proof. And, as Bentham also said, self-trumpeting assertions are irrelevant to any subject under discussion. Such testimony affords no legitimate reason for regarding what is said is true.

## Fallacies of regulation

*We want a free trade area, not the EU to regulate the economy.* This is the fallacy of Misplaced Substitution. It consists in substituting something quite different from the present policy, assuming everything else remains the same.

There is an important difference between a free trade area and a single market. In a free trade area, countries agree to eliminate tariff barriers. In a single market they eliminate non-tariff barriers as well. With free trade area countries eliminate tariffs on goods like cars, but they can still put up non-tariff barriers, for example requiring cars to meet particular emissions standards. To eliminate these non-tariff barriers, a single market requires some degree of harmonization through common regulation. In practice, in EU environmental policy, such harmonization has driven standards up.

*Bananas can only be sold in bunches of three because of EU regulations.* This is one of the most bizarre of the many bizarre claims made by Boris Johnson. It is Bentham's Hobgoblin Fallacy produced by the method of the Self-Trumpeter. Conjure up some fictitious wicked spirit, EU regulation, in order to frighten people onto your side. As Bentham said, it is difficult to render the absurdity of the argument more clearly than it is on its face. Either Johnson does not do any shopping or the otherwise respectable Waitrose in which I shop flagrantly breaks the law every day.

*We can successfully run a points system for migrants from the EU just like the visa system for those outside the EU.* This is the fallacy of Incomplete Description.

No doubt a points system could be made to operate. However, with any policy measure, we should consider its full effects and not simply its intended effects, otherwise there is an incomplete description of consequences. The visa system for non-EU workers imposes considerable bureaucratic costs on employing organizations. A points system from the EU would add to the regulatory burdens on employers. The fallacy of Incomplete Description in this case is compounded by the Lump of Labour fallacy.

## Fallacies of migration

*Migrant labour from the EU takes away jobs from British workers.* This is the Lump of Labour fallacy, which supposes that there are only so many jobs available in an economy, so that if labour arrives from abroad, domestic workers must inevitably suffer.

But there is no fixed quantity of labour in an economy. The economy is never static and opportunities exist that new arrivals will take up. Moreover, because workers consume as well as produce, they create a demand for goods and services, where none existed before. Shops once boarded up in Hull have been opened by Polish migrants to serve their own community, paying taxes and increasing demand for the goods supplied. Migrant workers buy in the local economy every day.

To be sure there are some domestic UK workers who face competition in the labour market from those coming in from the EU. They are mainly low skilled workers who have few opportunities. However, such workers face competition from many sources in a growing economy, from the mechanisation of agriculture to the replacement of postage services by email. A humane and functional policy response is to ensure skills training so that all workers can contribute to a vibrant economy.

*Leaving the EU will enable the UK to control its own immigration and so reduce the numbers of those arriving to work in the UK.* This involves the Lump of Labour fallacy and adds the Incomplete Description Fallacy.

Labour migration is fed by demand. Employers need extra labour in order to carry on their business at a level that is profitable. If the same level of economic activity is to be maintained, then if EU workers are kept out, workers from elsewhere will have to arrive. In fact, the Brexit camp has explicitly acknowledged this, saying that the closing of access to EU migrants will enable more workers to arrive from other parts of the world. Those voting for Brexit in order to reduce migration neglect this Incomplete Description.

## Fallacies of sovereignty

*In 1975 we voted for a free trade area and not a political project.* This is the fallacy of Selective Memory. In 1975 opponents of continued British membership – both on the left and on the right – pointed that being a member of the EU meant restricting the scope of the UK's Parliament's ability to legislate. No one should pretend that these implications were not anticipated at the time.

*As a member of the EU we have lost our sovereignty.* This is an example of the No Commitments Fallacy, the idea that we can have all the benefits of cooperating with others without being required to accept some common rules as part of that cooperation. It is like the football player who wants to be part of the team but also reserves the right not to turn up to matches in inconvenient places.

The EU is part of a larger trend, since the fall of Communism in 1989, towards a rules-based international order. International

regimes have developed in fields as diverse as human rights, environmental protection and trade. When countries sign up to these regimes, they agree to abide by the internationally agreed rules. Rules only work if the parties are prepared to accept their application.

It is true that the EU makes more extensive demands than those of many other international organizations. But some other of our international obligations are also very demanding. Article 5 of the North Atlantic Treaty Organization (NATO) treaty says that an attack on one member is an attack on all. Suppose Russian troops were to invade Estonia. By the NATO treaty that is an attack on the UK that would demand a response. If sovereignty is everything, then the Brexiters should next be targeting NATO. To do them credit, some on the left in 1975 took just this position.

*The EU wants a super-state, just as Hitler did.* This claim by Boris Johnson was reported by *The Daily Telegraph* on 15 May 2016. It is an example of Bentham's fallacy of Vituperative Personalities. The fallacy consists in an imputation to one's opponents of bad intentions, bad character, bad motives and suspicious connections.

What the EU is committed to is 'an ever closer union among the peoples of Europe'. Closer union, ceding powers to oversight bodies, is just what is required in some cases to ensure that common goals are pursued. States ought to cooperate with other states, when by doing so they can achieve more for their peoples than by working separately. Yet, to have the confidence to take on large projects, they need to ensure that others are not shirking. For example, the benefits of the single market are reduced if member states can support ailing industries to the general disadvantage of consumers. So, it is sensible for member states to cede some policing of state aid policies to a body like the European Commission acting as an independent referee. Players play a better game when the match is well-refereed.

*The EU replaces our democratic parliament with a group of unelected Brussels bureaucrats.* This is an example of the Fairyland Fallacy which imagines a fairyland in which complex governments are run by a handful of elected politicians. All modern governments delegate powers to organized bureaucracies, otherwise they would never be able to run to organizations on which public services depend. The European Commission, the civil service of the EU, employs some 33,000 people, far fewer than single UK government departments like the HMRC. What is needed in all such systems is good parliamentary oversight

*The EU is not a democratic government.* This is the fallacy of Misplaced Substitution. The EU is not a democratic government because it is not a government at all. It is an international organization created by its member states who have agreed to share their decision making powers and make rules to their common advantage. Unlike every other sort of international organization, it has an elected parliament that oversees its operation. No doubt the European Parliament could do better, just as the national parliaments could do a better job of seeing how EU rules apply to their own countries. Those reforms can only be done from within the EU.

*We do not get back our full contribution to the EU's budget.* This is another example of the No Commitment fallacy, the idea that you can have the benefits without incurring any responsibilities. There has been much discussion about the exact size of the UK's contribution to the EU. As a relatively rich country, it is a net contributor. It should also contribute to the running of the club. Who but the club members will pay for the club facilities?

## Fallacies of security

*Voting to leave the EU could lead to a third world war.* This was the extraordinary claim made by David Cameron. It is a combination of the Hobgoblin and Selective Memory fallacies.

One purpose of the EU has been to strengthen peace in Europe. However, the main guarantee of European security since 1945 has been NATO. When it comes to matters of international security, the record of the EU has not been strong. The clearest example was the decision prematurely to recognise an independent Croatia when the former Yugoslavia broke up. On top of that, member states in the EU have very different security doctrines, ranging from the neutral states to two nuclear states. They have found it hard to agree on intervention in Bosnia, Iraq and Libya.

It is even possible, though it is a remote chance, that the UK staying in the EU could increase the chance of war. If Donald Trump becomes US President, he will look for opportunities to downgrade the US commitment to European security. The stronger the EU is, the more plausible would be his argument that the Europeans should stand on their own two feet. This is obviously highly speculative, but so is the Hobgoblin argument used by the Prime Minister.

### BACKGROUND

This EInote has been produced as part of a 2-year series on [Britain & Europe](#) hosted by the UCL European Institute and co-funded by the EU's Erasmus+ Programme. For further background on the topic of the briefing, see our [Online Resource Area](#). Further comments and resources are available on our blog [britain-europe.com](#).

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