

Let freedom ring

“Thank goodness the world economy has the steady hand of the American voter to steer it to calmer waters.”

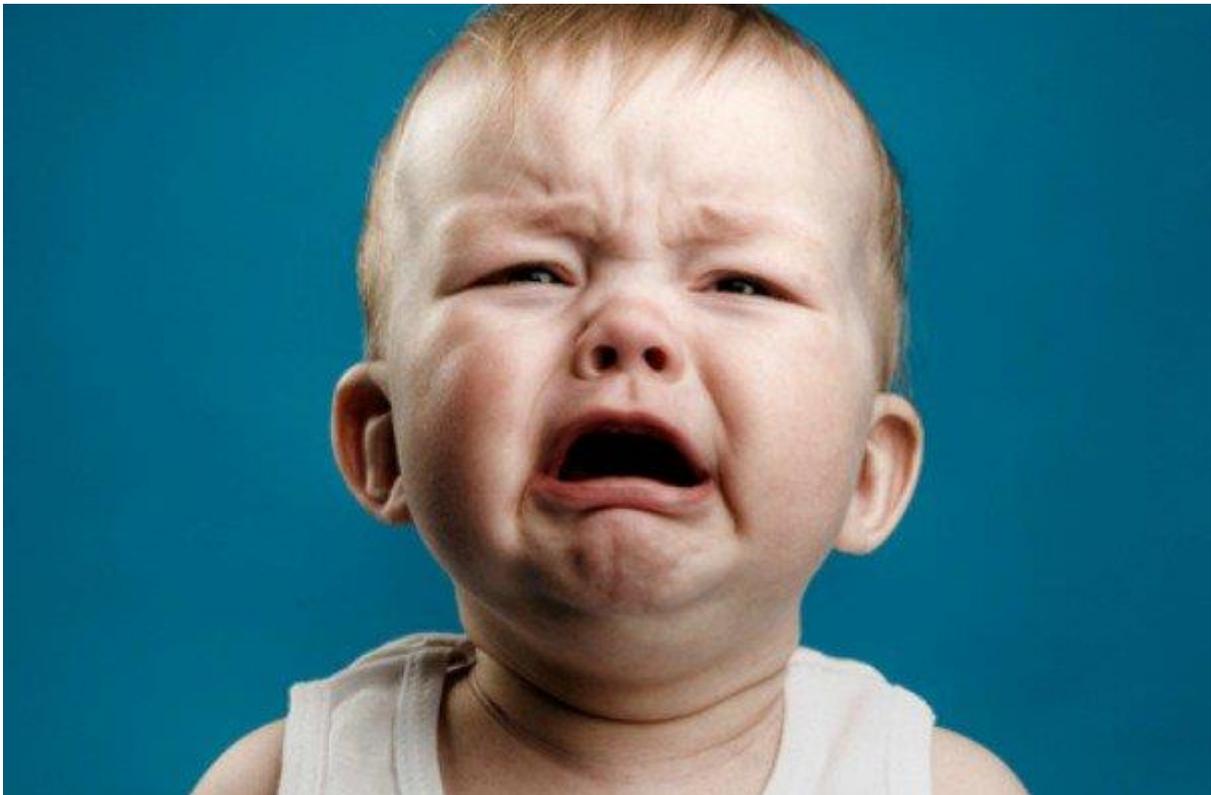
- Justin Wolfers.

So the British people have finally spoken. The Establishment, however, chose not to hear them, turning its perpetual tin ear to criticism from below. As the flag-bearer for an unaccountable, hypocritical and increasingly bewildered technocratic elite, Martin Wolf for the Financial Times inadvertently showed precisely why Remain lost:

The fearmongering and outright lies of Boris Johnson, Michael Gove, Nigel Farage, The Sun and the Daily Mail have won.. This is probably the most disastrous single event in British history since the second world war.

The BBC - like the Financial Times, another media institution that persists despite itself - also struggled to make sense of the UK's extraordinary decision to enter divorce proceedings with the EU. Extraordinary not because it was irrational, or xenophobic, or economically illiterate, or sado-masochistic, though that is what the Establishment evidently believed. But extraordinary because of the massed domestic and international forces that it managed to overcome: all of the main political parties, the IMF, the OECD, the CBI, the TUC, Goldman Sachs, JP Morgan, Morgan Stanley, most chief executives of FTSE 100 companies, and David Beckham.

The metropolitan intelligentsia accepted the Brexit result with quiet dignity



The majority of voters could tell when they were being patronised. As Johnny Rotten yelled at the crowd after the abbreviated last Sex Pistols concert at the Winterland Theatre in San Francisco,

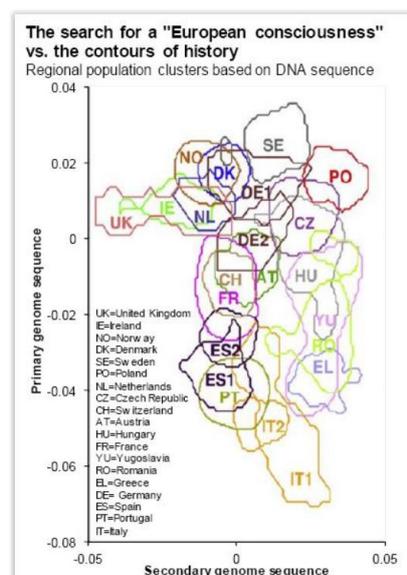
Ever get the feeling you've been cheated ?

What did 17.4 million British people vote for ? One can only speak for oneself. We voted for economic independence from a failing totalitarian socialist economic bloc. The euro zone isn't working – a literal truth for the unemployed young across Greece, Spain, Italy and Portugal.

The euro zone is a latter-day gold standard. Because its member countries have no control over their own monetary policy, they must accept a one-size-fits-all model. But what is appropriate today for an economy like Germany's is unlikely to be appropriate for an economy like that of Greece. (Which should never have been allowed to join in the first place – but then institutionalised corruption is another of the euro zone's fatal flaws. Are the EU's accounts and payments "free from material error" ? On this basis they haven't been signed off by the EU's own Court of Auditors for over 20 years.)

The euro zone is simply too big to function properly. Given the widely various cultures of the euro zone, it was always going to be a big ask for such a diverse patchwork of countries to try and move lock-step together.

As JP Morgan's Michael Cembalest points out, there is disturbingly little commonality amongst those disparate cultures. The graphic below shows DNA mappings of European citizens (courtesy of Current Biology Magazine, August 2008). While genetic variations are relatively small, those variations are tied very closely to geography. As Cembalest observes, by grouping similar DNA results together, we get something that looks very much like a map of Europe – a map that reflects "hundreds of years of migration, weddings, funerals, births, language, values passed to children, circumstances that call for charity, sacrifice, revenge and everything else that defines 'culture'."



Source: JP Morgan Chase & Co.

As Cembalest puts it,

The map shows clear patterns of ancestry tied to geography, which is perhaps why the EMU was designed to retain the region's fiscal, economic and cultural identities. Perhaps we should not be surprised that Northern Europe is struggling with whether it will mortgage its future to save the South.

And perhaps the ultimate will to save Europe simply does not exist. "In terms of shared experiences and values measured by anthropologists, and the contours of history implied by genetic research, they may not have enough in common. It took almost 150 years for the US to reach the same point in its history, when it began to cede more control to a Federal, centralised government."

Whenever sceptics expressed concern at the EU's uncertain direction of travel and its acceleration regardless, it was met with a standard response: the answer is more Europe. Well, not any more.

The financial markets have also spoken. Or at least yelled. But one day's drama does not make a crisis, and Mr Market has a tendency to become emotional – especially when faced with almost unfathomable complexity and a sudden dramatic change to the status quo. Whatever else happens, a (temporarily ?) weaker pound will boost prospects for British exporters while Britain gets round to renegotiating old and negotiating new trade deals. The UK's credit rating will likely take a knock – but Gilts are already living in fantasyland and have been largely uninvestible for months. The bigger concerns should surely be for the euro, and for a failed economic and political lunatic asylum that has just seen its first prisoner escape. Will other inmates decide to make a break for freedom - and sanity ?

We think the EU referendum was ultimately the expression of a choice between big and small government. Enough British voters seemed to have decided that we can get by with less State rather than more. For Generation Snowflake, which would prefer not to be accountable for anything, that has clearly been something of a blow.

We give the final word this week to the president of the Mises Institute, Jeff Deist:

I truly believe secession movements represent the last best hope for reclaiming our birthright: the great classical liberal tradition and the civilisation it made possible. In a world gone mad with state power, secession offers hope that truly liberal societies, organised around civil society and markets rather than central governments, can still exist.

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