

# "Brexit: A threat or an opportunity for UK lawyers and legal London?"

The 16<sup>th</sup> century Florentine humanist, Niccolò Machiavelli, wrote in his 1515 treatise *The Prince*: “There is nothing more difficult to handle, more doubtful of success, and more dangerous to carry through than initiating changes in a state’s constitution.” Be that as it may, the United Kingdom’s decision to withdraw from the European Union on 23<sup>rd</sup> June 2016, was one of the most momentous constitutional events in our nation’s history. In this context, this thesis aims to analyse the potential consequences of Brexit for the UK’s £26bn-a-year legal sector. In summary, the crux of my argument is that whilst Brexit may in the short-run provide a mild boost for the UK legal sector, in the long-run, Brexit will likely pose a moderate threat to its future prosperity. Nonetheless, this thesis will ultimately conclude that the longstanding strengths of the UK legal sector, and the heavily speculative nature of market economies, limit the extent to which Brexit alone will shape the future of UK lawyers and legal London.

With regards to the short-term, it is probable that the sheer economic and political significance of Brexit will fuel an increase in work for UK lawyers. Described by Allen & Overy’s Global Managing Partner, Andrew Ballheimer, as “the largest demerger in history”, Brexit will likely prompt the clients of major UK-based law firms to seek legal advice on the consequences of EU withdrawal. Prior to the referendum, the Bar Council optimistically stated that “legal uncertainty would likely keep the profession busy for several years.” In August 2018, the President of the Law Society, Christina Blacklaws, expressed support for this prediction, when she stated that the “UK legal service looks to have been relatively buoyant through 2017-2018 thanks to a combination of Brexit related work, steady demand from UK businesses and an uptick in business from non-UK clients taking advantage of the depreciation of the pound.” Thus, in the short-run, it is fair to conclude that Brexit will indeed likely provide UK lawyers with an increase in business.

However, when one turns to the long-term effect of Brexit on the UK legal sector, the picture is more uncertain. Despite a likely short-term ‘Brexit Bonanza’, the UK’s withdrawal from the EU will potentially pose a long-term threat to UK lawyers. In the first

instance, the chief clients for major London law firms are the financial services sector, with approximately £16.8bn of the UK legal sector's productivity coming from business-related work. Ultimately, London's status as a world-leading legal centre is a direct result of the City's reputation as an elite global financial services hub. By virtue of the fact that law firms often seek to locate themselves geographically close to clients, it is logical to assume that if key city businesses were to relocate to continental Europe as a result of Brexit, some of London's present legal workforce would likely follow suit.

In addition, the second major long-term threat that Brexit could pose to UK lawyers, is the danger that London-based American law firms will no longer regard Britain as an economic gateway to Europe. As such, if US law firms were to relocate to the continent to be within the European Union, then the size and scope of the UK legal sector would be greatly diminished. Of course, the extent to which Brexit does indeed prompt the relocation of financial services and/or American law firms, will depend much on Britain's future deal, if any, with the EU. The Law Society's econometric model predicts 1.1% growth in the UK legal sector 2019-2025 in the event of a no deal, and 2.2% growth in the event of a soft Brexit. Nevertheless, whatever type of Brexit is agreed, Britain's exit from the European Single Market, and the prospect of tariffs on UK exports, will almost certainly result in a reduction in trade with Europe. A change which will in turn detrimentally effect the productivity of the UK legal sector.

Yet despite Brexit's potential threat to the prosperity of UK lawyers, the fundamental strengths of the UK's legal sector will most probably limit much of the damage that EU withdrawal could inflict. By far the most prominent asset of the UK's legal market is the nature of English common law itself, respected globally for providing legal certainty and party autonomy. The 17<sup>th</sup> century Lord Chief Justice, Sir Edward Coke, said of English law: "There is.....no knowledge of any laws so necessary for all estates and for all causes, concerning goods, lands or life, as the common laws of England." The very fact that English common law forms the legal basis of 27% of the world's 320 legal jurisdictions, and for 40% of the law governing global corporate transactions, demonstrates the relevance of Coke's words in the modern-day world of business. Long before Britain joined the European Community in 1973, the UK's legal market had for centuries been globally renown. Ultimately, Britain's relative political and economic stability, combined with the global

popularity of English common law, hold UK lawyers in good stead for confronting any challenges posed by Brexit.

To conclude, the prime thrust of this thesis has been to argue that whilst Britain's legal sector may well experience a short-term boost from Brexit, the long-term consequences of the UK's withdrawal are far more uncertain. Indeed, the future prosperity of UK lawyers will be heavily reliant on whether Britain's strengths as an international legal hub can withstand the challenges Brexit will inevitably pose. Finally, as I alluded to in my introduction, it should be noted that a major determinant of the success of a market economy is speculation. Ultimately, the extent of economic optimism amongst the population at large will prove pivotal to the fortunes of Britain's legal sector post-Brexit. Faced with the crippling effects of the Great Depression, President Franklin Roosevelt at his First Inaugural Address in 1933, reflected this well-known economic truth when he exclaimed: "the only thing we have to fear is fear itself – nameless, unreasoning, unjustified terror which paralyses needed efforts to convert retreat into advance."