

14.02.20 – The Japan Times _Brexit -The Endgame Approaches

As Britain struggles through the Brexit maze it has now reached the situation where one of three things can happen.

First possibility: the British Prime Minister, Theresa May, again presents her plan to Parliament (probably on March 21st but maybe earlier) - which is the so-called EU Withdrawal Agreement, a legal Treaty agreed after lengthy and painstaking negotiations between the UK Government and the EU. She wins a narrow majority and the crisis is over, with the UK then moving on to a two-year gradual and orderly transition to new arrangements with the EU and world trading partners.

Or second possibility: The Prime Minister presents her plan (a slightly revised Agreement) and loses again, just as she did heavily a few weeks ago. In that case the official EU exit date for the UK, March 29th, 2019 (six weeks away) will immediately be postponed (via a request to the EU Commission), either for a few weeks or maybe for several months.

Or third possibility: the Prime Minister loses control completely and Parliament can reach no consensus, even on delaying the exit date, in which case the UK will 'crash out' of the EU with no overall arrangements, but a number of separate provisional agreements to maintain vital services etc (viz, aviation, energy, police and security, free cross-channel freight movement for a few weeks etc).

Of the three above, the likelihood is the first or second. The third, crashing out, is **VERY unlikely**, because even if the Prime Minister still loses badly there will be immediate steps to postpone the March 29th deadline. For this, at least, there is majority Parliamentary support.

Beyond postponement of course there will be the question 'postponement for what?'. The other EU countries, who are just as unhappy about a crash-out as the UK itself, will all have to be consulted if the delay is more than a few weeks. There will be much argument about whether this is for yet more negotiations with the EU Commission, or preparations for another referendum, or if none of this is agreed, a General Election - with a new, and hopefully less deadlocked Parliament emerging as a result!

Meanwhile the UK will remain as a member of the EU until a new exit day is agreed – which some hope will be never.

Now for the detail behind these three possible outcomes (and I'm afraid it is ridiculously complicated):

1. To win support of most of her party, and the supporting Northern Irish party of ten crucial votes (the Democrat Unionist Party), and some Labour votes as well, the Prime Minister needs to come back from talks both with the EU in Brussels and from Dublin with the Withdrawal Agreement either modified or added to.

The present Agreement – which Parliament turned down by a large majority - stipulates that if no way is found of keeping the border between the Republic and Northern Ireland (part of the UK) wide open, then the whole UK, including Northern Ireland, is required to stay indefinitely in a permanent customs union with the EU.

That is the so-called the **Backstop** which the British House of Commons hated and voted down. So somehow she must persuade the EU authorities in Brussels to water that down and make the Backstop time-limited, or at least something which Britain can walk away from after a while.

So far the EU have firmly said they will not re-open the agreed Treaty, but some kind of let-out document could be added to it - perhaps.

If Theresa May and her Ministers squeeze that last minute concession from the EU, there is a reasonable chance (say 50-50) that she can win a majority in the House of Commons in March and the crisis is over.

2. BUT what if she fails to get the changes needed to convince either her Northern Irish supporters or her own hard-line Conservatives, who hate the whole thing and really just want to crash out without any deal at all. In that case she loses yet again in Parliament?

If that happens then there will be immediate steps, supported by Labour and Liberal- Democrats and others, and some Tories, to postpone the exit date rather than 'crash out'.

3. The full disorderly crash-out, even if 'managed' in some ways, is therefore almost impossible, since if Prime Minister May loses on March 21st there HAS to be an Exit postponement. After that there will be a struggle which ends either in the May Agreement being eventually approved, however reluctantly, or a new referendum (unlikely, time-consuming and very dangerous), or staying in the EU (also unlikely), or a General Election and a new House of Commons which might prove more sensible and less paralysed.

In a General Election both main parties would be split from top to bottom, and neither leader, Mrs May or Labour's hard left Jeremy Corbyn, being very popular. The opinion polls suggest that Theresa May and the Conservatives would still win, because Labour is even more divided than the Conservative party, and many of them detest their Marxist leader, not least because he is a strong admirer of the ugly socialist dictator Nicolas Maduro in Venezuela. Corbyn's popularity, which was high at the time of the last election in June 2017, has now plummeted.

In short, after all the winding complexities the immediate outcome is reduced to two routes, neither very attractive but at least going forward instead of leading to a total train-crash – the Deal agreed or a postponed exit.

It is significant that both London stock markets and financial markets are quite stable and strong, so perhaps they know there will be a positive outcome and perhaps they are right. It is noteworthy, too, for those who still believe in official economic statistics, such as GDP growth, that the UK is currently the fastest growing economy in Europe, with some of the lowest unemployment. Strange but true.
