

# Brexit and the Politics of Wishful Thinking

by rpinto\_anglodeutsch - Friday, September 23, 2016

<http://anglodeutsch.eu/brexit-and-the-politics-of-wishful-thinking/>

It has been a little while since I last posted something on the AngloDeutsch Blog.

The reason is simple: the UK's referendum decision in favour of Brexit was not entirely a surprise but it still came as a shock that the majority of my fellow Britons voted to leave the European Union (EU), a club that they had been part and parcel of for over four decades (Britain joined in 1973), even if it has always been a less than wholehearted member.

Since 23 June 2016 I have observed the unfolding UK-EU divorce while trying to come to terms with that it means for Britons, for Europeans and of course for me personally, a Briton who has lived in various parts of the EU and is a resident of Germany.

I remain as shocked as ever but unlike many Remainers who retain dim hopes that Brexit might somehow be averted, that Parliament could override the outcome of the referendum or that a second referendum could be held when the actual terms and conditions of Brexit have been negotiated, I am expecting Brexit to occur. Not only that, but I do strongly believe that having voted for Brexit, it must happen. The referendum was a democratic process, the decision was clear and democracy would be undermined, perhaps fatally, by anything other than Brexit.

## Slow-burning Brexit fuse

This is not to say that I think Brexit is a good thing for either the UK or the EU, as I have made clear in my [blog](#). I remain as convinced as ever of the opposite, even if a growing number of people are jumping on the bandwagon to claim that there has been no crisis post-Brexit. This is hardly surprising since [Article 50](#) triggering the process of withdrawal from the EU has not yet been invoked, Brexit has not yet happened and the Bank of England has been very active in pre-empting a possible crisis by launching an [aggressive "sledgehammer" stimulus package](#). The real Brexit impact will be medium- to long-term in nature; it will have a slow burning fuse but it will eventually be more keenly felt in terms of investment, jobs, real wages and wealth.

The most notable thing about the three months since the referendum is how little progress has actually been made in terms of defining what Brexit actually means. Since there have been no notable decisions made, investors have not had anything substantive, positive or negative, to react to and are keeping a watching brief on what happens. This in itself is a negative, albeit not one that the Brexiteers would acknowledge.

The extent of the current policy position of the new British Prime Minister, Theresa May, boils down to a political soundbite: ["... Brexit means Brexit, and we're going to make a success of it."](#)

Beyond this, very little is clear about the British Government's Brexit position in respect to fundamental

issues such as:

- When Article 50 will be triggered to officially start the Brexit negotiations (sometime in 2017);
- Whether Parliament will have a vote on Brexit;
- If the aim is to stay in the common market or not (hard vs soft Brexit);
- When Britain will actually leave the EU;
- How long it will take to sign new trade agreements with the EU and other countries;
- What the rights and responsibilities of the EU citizens living and working in the UK;
- What does Brexit mean for Scotland and Northern Ireland;
- The same for the Britons living in EU countries, etc.

The only firm policy position is that the UK will not accept one of the EU's fundamental requirements, namely the freedom of movement of people, and insists upon taking full control of the borders in terms of who is let into the country. These are non-negotiable for the government.

## **Wishful thinking**

Theresa May said in advance of her first cabinet meeting as Prime Minister: ["So we will not allow the country to be defined by Brexit; but instead build the education, skills, and social mobility to allow everyone to prosper from the opportunities of leaving the EU."](#)

However, Brexit will undoubtedly define her government's work for the current political term. Not only that, it will involve nigh on Herculean efforts to unpick over 4 decades of close legislative, economic, trade, cultural, financial, environmental and other ties. Without a doubt, Brexit will define the next 2-3 UK governments' policy agenda and thus the country's destiny. Whatever the Prime Minister may suggest, Britain has already been defined by Brexit, certainly for the other 27 countries, and this will only intensify in period until 2019 when the divorce proceedings are likely to conclude.

The wishful thinking does not stop there.

The Eurosceptic knives are out and being sharpened; the Government already stands accused of not doing enough to bring about Brexit, as if it such a complex and critical issue in terms of Britain's future economic wellbeing is something that could be decided upon at the drop of a hat. The Brexiteers may have gone into the referendum in a blithe manner in terms of their complete lack of post-referendum plan but at least they are being consistent.

The headlong rush towards Brexit is irresponsible. To be sure, Britain has the right to unilaterally withdraw from the EU at any point of its choosing but there is broad consensus that this would be disastrous for all concerned. The default position is thus the negotiated route to Brexit, despite the unrest among the hard core Brexiteers. However, choosing to enter complex Brexit negotiations without adequate analysis, preparation and forethought in respect to Britain's long term interests would be the equivalent of tying both Britain's metaphorical hands behind its back in the forthcoming marathon negotiations with the EU. Just as in the case of unilateral withdrawal, there would only be losers from such a process. The Brexiteers have won the debate, so whatever their ideological desire to head for the exit door host-haste, they will just have to rein their horses in the interests of their country.

There is a school of thought that Mrs May has made a strategic mistake by offering key ministerial positions to leading Brexiteers as [Boris Johnson](#) (Foreign Office), [David Davis](#) (Brexit Negotiations) and [Liam Fox](#) (International Trade). I think it has actually been a strategic masterstroke on her part. The political onus has been neatly shifted to the Three Brexiteers, who must now take responsibility for preparatory work, negotiations and whatever outcome Britain is able to negotiate with the EU. The Brexiteers cannot claim to have been undermined by the Remainers if the critical political posts are all held by the Three Brexiteers.

## **Row, row your boat...**

The advantages of this approach are already becoming evident. Among the chaos and obfuscation (which might be characterised as Project Lies or Project Fear, depending on which side of the fence you sit on) evident during the referendum campaign, there were a few concrete promises made by the Leave Campaign, though the Brexiteers are [busily rowing away from them](#):

1. GBP 350 million per week will be invested in the NHS: Nigel Farage (UKIP) admitted that it was a mistake to make such a claim and that the NHS would not get the extra funds.
2. Article 50 to leave EU will be immediately triggered: Liam Fox (Conservatives) has admitted that Britain is nowhere near being prepared to begin negotiating Brexit and that this will take time.
3. Brexit is a relatively straightforward process that can proceed quickly: David Davis (Conservatives) admitted that the Brexit negotiations may be the most complicated negotiation ever and that they will start sometime in 2017, followed by two years of negotiations.
4. Introduction of a points based immigration system to take back control of the borders: Boris Johnson (Conservatives) has abandoned the plan for a points based immigration system promised during the election campaign stating that what matters is taking control of the borders.
5. A favourably UK-EU free trade agreement will be negotiated as the EU has more to lose than the UK: David Davis (Conservatives) admitted that it might not happen and that the UK might exit without a trade agreement, thus having to revert to less favourable WTO tariffs instead.

The above can be interpreted in one way: the loud and clear sound of retreat can be heard and the buglers are none other than the Three Brexiteers.

For her part, Theresa May is keeping her cards close to her chest, holding bilateral preparatory meetings with the French, Germans, EU, etc. and repeating her “Brexit means Brexit” mantra. The three leading Brexiteers are the ones having to do all the running, carry the weight of political expectation and toil under the pressure to come up with a coherent plan for Brexit.

They are not giving the impression having much of a clue about what they are doing, let alone being capable of coordinating the process among themselves in a manner which inspires confidence about an outcome that will be at least as much in Britain’s interest as is the case today. Their fellow Eurosceptics in the Conservative Party are increasingly restless and if the current state of affairs continues, Mrs May might just be tempted in the future to relieve the Three Brexiteers of their duties. If she were then to appoint more capable replacements, whether Brexiteers or not, that might not be such a bad outcome and the Brexiteers would only have themselves to blame.

## Choppy waters ahead

It takes two to do the Brexit tango, so how is the EU preparing for it?

Firstly, the rest of the EU insists upon Article 50 being triggered as soon as possible for the simple reason that an indeterminate period of uncertainty can only be negative for Britain and for the other EU countries. Ironically, the EU is pushing much harder for a quick Brexit than the Three Brexiteers and the rest of the government. However, since it cannot do anything about it, the rest of the EU is resigned to the likelihood that the UK will not invoke Article 50 and enter the negotiation phase until sometime in 2017, possibly later 2017 once the French and German General Elections are safely out of the way.

Furthermore, the EU is firm about the fact that it will not start Brexit negotiations, formal or informal, until Article 50 is triggered by the UK. The hard core Brexiteers must be as bitterly disappointed about this likely delay as the rest of the EU, but at least they have finally one thing in common.

Secondly, it is not feasible for Britain to remain in the [Common Market](#) or join the [European Economic Area](#) (assuming the existing EEA members do not veto the UK from joining this club – the early indications are that these relatively small countries might not appreciate the prospect of being joined by what would become the dominant country, resulting in very different political dynamics) unless freedom of movement of people is guaranteed. Since this is a Rubicon that will not be crossed by the Brexiteers and/or the British Government, this option appears to be out of the question. The EU is inflexible on this fundamental issue, as illustrated by its [handling of the Swiss referendum](#) and the failed attempt to restrict freedom of movement while remaining in the EEA / common market. The omens are not good and the implication would be “hard” Brexit - leaving the EU and single market altogether without a free trade agreement with the EU.

The EU members are also unusually strong and consistent on other important issues.

Firstly, to make the UK divorce too easy would be to encourage other EU countries to consider leaving the EU club. Put simply, this is the very last thing that the other leading EU countries want. The negotiations will not be a stroll in the park, whatever the Brexiteers may claim. This is wishful thinking on their part and is misleading to it.

Secondly, it is entirely out of the question for the UK to expect to have its Brexit cake and eat it too. In other words, whatever is negotiated with the UK cannot possibly be as good as the current situation as a full and (formerly) leading member of the EU, something that the three Brexiteers continue to imply. Forget that sort of wishful thinking; it simply does not add up. If you join a club, you pay your membership fees, live by the rules and reap the benefits. If you choose to leave the club, you do not pay the fees, do not abide by the rules but do not get the benefits either. Period.

Thirdly, Angela Merkel has made Germany’s view unusually clear by stressing that Brexit is irrevocable (a one way ticket and Britons cannot expect otherwise) and that it is not feasible for the UK to be part of the common market without the EU’s four freedoms, one of which is freedom of movement. She has also stressed that Brexit negotiations cannot be a “cherry picking exercise” of keeping the good economic, trade and finance bits and ditching the rest. For someone renowned for mincing her words, this is as clear a statement as the Three Brexiteers will ever hear; not that they are paying any attention in their delusion.

The British government will also wish to factor in other important considerations in securing a Brexit deal. Whatever it turns out to be good, bad or indifferent, it can be vetoed by any of the remaining 27 countries. Any marginal hopes that Britain might harbour to somehow remain in the Common Market while avoiding the freedom of movement of people can and most probably will be [vetoed](#) by Visegrad nations such as Poland.

## **Loaded dice**

There is thus a whole series of pitfalls to be avoided and the reality is that it will be very hard for a deal to be agreed within the maximum prescribed period. The negotiations are loaded in favour of the EU due to the time limit to finalise negotiations once Article 50 is triggered. Two years (unless there is a unanimous agreement by 27 nations to extend the negotiating period) does not sound like ample time to complete “...the most complicated negotiation ever” (David Davis) and do so in Britain’s favour while also securing a qualified majority of the EU leaders and the 27 Parliaments across the EU (as well as the European Parliament – see below).

As if that little lot was not enough to give the Three Brexiteers and their ilk food for thought, the EU has just appointed its team of Brexit negotiators and no one can claim that the intention is to give the UK an easy ride. The European Commission (EC) has put a Frenchman and former EU commissioner, [Michel Barnier](#), in charge. The UK media was pretty clear about the possible implications. The Sun branded him “anti-British” and the Evening Standard called him the “scourge of the City”, with important implications given the significance of the financial sector and the sensitive issue of the UK retaining financial “[passporting rights](#)” without which a chunk of the financial sector concentrated in London could shift to Frankfurt, Paris and other EU cities.

Furthermore, the European Parliament has selected the MEP and former Belgian PM [Guy Verhofstadt](#) as the lead Brexit negotiator, since any deal agreed by EU Leaders will have to be ratified by the European Parliament, an institution which has often been in the crosshairs of the leading Brexiteers. The media immediately branded Verhofstadt a “diehard European federalist,” the worst possible insult that could ever be levelled by a Brexiteer. Without approval by the majority of the European Parliament, there will not be a Brexit deal. Perhaps Nigel Farage was a little unwise to [gloat about Brexit at the European Parliament](#) while still holding on to his seat and salary as a MEP (17 years and counting). Some might have concluded that Brexit was mission accomplished, but obviously not our Nigel.

## **Dream on**

So the Brexit battle lines are being drawn.

It is evident that the EU’s position is a lot clearer than that of the UK, where pretty much everything is still up in the air, other than the intention to control its borders (despite being an island and not being part of the Schengen area) and avoiding freedom of movement of people (despite having almost as many Britons living in other EU countries, benefiting economically from EU migration and receiving the majority of its immigration from non-EU countries such as the Commonwealth).

The UK has yet to come up with the semblance of a cogent Brexit plan (“soft” or “hard” for a start), let

alone one which unites the leading Brexiteers (a substantial minority of the Conservative Party) while also satisfying the majority Remainers in the same party. This is going to be tricky in the extreme: the Conservative Party has a [slim overall majority](#) of 16 in Parliament and UKIP will continue to breathe down the Conservatives' political neck (the Labour Party is even worth mentioning, given its ongoing chaos and disarray).

Britain will need uncommon diplomatic and negotiating skills (eh hem! - yes, I am thinking of our Foreign Secretary), as well as a hefty dose of luck in navigating through the choppy waters coming up in 2017 and still coming out of with a Brexit deal, let alone a favourable one, whatever the Three Brexiteers and the British government may claim.

The likelihood of actually securing a deal that is at least as favourable as the status quo is nigh on impossible (though the EU is first and foremost a political construct and since politics trumps everything else, the possibility cannot be completely excluded). The prospect of the UK having its Brexit cake and eating it at the same time appears to be a load of wishful thinking and delusion. Everyone but the Brexiteers can clearly see the writing on the EU wall... in capital letters, underlined and bold.

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