

Resistance

Post-election instability and chaos - time to ask



DEAL OR NO DEAL?

In a bizarre election, the Tories got one of their highest votes and % ever, but still lost their majority. Evidence is of cuds-up rather than conspiracy. PR expert Lynton Crosby only got involved in the final week; too late to count!

It wasn't quite the 'Brexit election' billed; they did well in Remain-voting Scotland but lost in strongly-Leave Peterborough. David Drew, a Labour Leaver, retook Stroud from Neil Carmichael, Chair of Conservative Group for Europe. Though targeted by Open Britain, Kate Hoey increased her vote in a Remain seat. The hardline anti-Brexit Lib Dems and Greens saw their total national votes slip back.

Amidst the mud-slinging, the media lamented that Brexit details were not spelt out. Both Labour and Tory stances **fudged detail**; perhaps to maximise loose appeal or to avoid a committed negotiating position?

(The eagle-eyed will recall that the White Paper small print that it did not provide a negotiating stance and was silent over a transitional deal. Labour's Sir Keir Starmer read it that PM May had not ruled out the Single Market.)

However the chaotic election result probably does not change much. Starmer confirmed that Brexit will happen, implying that the mass of Remain-leaning MPs will not block the will of the people. There will still be a hard negotiation against the clock.

The Observer interestingly noted that **Commission President Juncker had asked May to hold the election**, in defiance of her assurances that there would be no early election. Whereas the public took it that she was out to cash in on Corbyn's difficulties, media rumours claimed she needed a large majority to face down a rebellion over likely concessions to the EU. Maybe including one-off large payments or accepting European Court judgments?

Ironically, May's electioneering railed against the bureaucrats of Brussels trying to influence the election!! Cynics will note that it was an election nobody really wanted, and the main thrust was aimed at hoovering up UKIP voters at a time when UKIP was trying to regain composure. There have also been claims that preparations were being made before May's Easter 'conversion' to go back on her 'No election' stance.

Media reporting has been very wild. The New European (venomously pro-EU) asks if Brexit can be derailed. There were rumours of a sell-out after Leaver minister David Jones left the DEXEU department, replaced by Baroness Anelay, who was said to support Remain.



FOR BREXIT, CALL NIGEL? Will a DUP tie-up change the Brexit approach?

Now led by Arlene Foster AM, the Paisley party has long been anti-EU. Westminster leader Nigel Dodds MP and chief whip Sir Jeffrey Donaldson MP both signed a letter from the 'European Research Group' that wants to leave the Single Market. It has been reported both that the DUP is for and against the Single Market!

The DUP manifesto seeks to end the authority of the European Court (ECJ) but wants a frictionless border with the Irish Republic, arrangements to ease trade and the movement of goods, services and people. It wants free trade deals with the wider world and a good relationship with the EU.

Despite some party opposition to a tie-up, May needs a working majority and the DUP has a strong incentive not to see Jeremy Corbyn as PM!



Another Ulster connection is NI-born Vicky Ford, influential former chair of European Parliament's Single Market committee

Now a MP, she has been advising the government on negotiations. With 8 years as a MEP, she has detailed knowledge of the EU, and has shown – despite recent denials - how the EU allows 'cherry-picking' in practice.

BREXIT ELECTION QUESTIONNAIRE

We recently polled a cross-section of readers ranging from local activists to those who've held elected positions, writers and academics. Surveys are never an exact science so the results are basically "for illustration"



🔴 **86% see Brexit happening**; 55% in early 2019, 15% later in 2019-22. 16% think negotiations might break down and cause an early exit.

🔵 **85% see PM May as having no strong views on Brexit** (10% see her as a Europhile, 5% innerly anti-EU). 51% feel she'll quietly see it through, but 28% reckon she'll delay or botch it. Only 21% see her as enthusiastic about Brexit opportunities.

🟢 **For the government's top priority in negotiations**, 32% saw keeping **trade** flowing, 21% denying a role to the European Court, 16% having a close EU relationship, 12% reducing immigration, 8% wider trade deals, 7% paying as little as possible and 4% safeguarding the rights of expats.

🟡 **Most expect difficult negotiations**. 39% feel the EU will push for an impossible leaving bill as a deterrent whereas 23% see the EU as being merely 'tough' on money. Only 14% see the EU as being moderate to make up its budget shortfall. However 24% see a large demand for money as "for show" or exaggerated.

Most respondents expect the British government to be **defiant** – 39% think we'll just pay to join in with particular programmes and 13% think we'll just walk away. However 8% expect we'll just cave in to a heavy demand, and 28% we'll negotiate down somewhat to "a substantial sum". 12% did not see us leaving at all.

🔴 **40% expect the EU to just be pushy in wider demands and a further 37% to go one worse and try to force a bad deal on us**, even if it hurts them. Only 21% think that the EU will be balanced and only 2% generous.

🔵 **There is more optimism over the economic impact of Brexit**. 33% feel that the UK economy will transform for the better. 36% expect it to grow despite moderate impact, and 15% see little real change. (7% see major impact, 9% say we wouldn't leave.)



The Battle for Britain

Thanks to someone very senior in public life, we've had sight of the lobbying and negotiating guidelines of a major national organisation. They strongly point to us getting a Brexit deal with the EU.

✦ Whereas our Brexit negotiation might seem 'competitive' (hostile), it's actually mainly about **co-operation** on trade, travel, security, etc.

✦ **Power** is balanced. We might buy more from the EU than vice-versa, but proportionately have more to lose on trade. However damaging a major customer will harm supply chains, EU exporters, EU nationals working in the UK and sending money home...

Over 50% of UK shares are now owned by international investors. EU holdings in the UK are worth £496bn. At the G20 meeting in September, Japanese business and government demanded Single Market-type access be maintained by both sides.

✦ **Policy** on both sides is for free trade. (This is not absolute - the EU won't suddenly complete the single market or open up sensitive defence procurement. But it is committed to agreements at the WTO, G20 etc towards trade stability and not raising barriers.)

✦ There is **incentive** for both sides to reach an agreement – if just because they will have to live together. The UK could be a major ally in defence and security, so long as its economy is not crashed. It could also be a substantial makeweight in future joint trade deals?

The global economy is so interlinked that failure to reach a viable deal will affect wider economic confidence and stock markets. In the EU, exposed economies like the Irish Republic and Spain would take a hit, with likely local backlash against EU interests – just before the 2019 EuroParl elections.



A botched deal could see the Euro and Sterling hit, with safe haven currencies like the Yen suddenly soaring, hitting wider currency and export stability.

✦ Another factor is the EU's '**social partners**' – representing EU-wide trade unions (ETUC), employers' bodies ('a CBI' – Business Europe, 'a FSB' – UEAPME) and public service providers (CEEP). Seen as **influential stakeholders**, they wish to avoid austerity and damage to Europe's workers and companies.



May's playing safe on the tightrope? Her new PPS (Private Secretary) is Peter Hill with experience of trade deals in EU circles.

✦ Although the EU and UK start with **conflicting positions**, remember that this is normal. Demands tend to be padded so that **compromises** are seen to be made. Spain has already gone back on the EU 'demand' over Gibraltar. In practice, there will be a lot of **common ground** e.g. expat rights.



✦ Despite pre-election **rhetoric** to appear 'tough', it has long been seen that May will play safe and trim to a position that can be pushed through Parliament under tight timescales. This indicates arrangements very similar to being in the Single Market (EEA) as a **fallback** while the **ideal** of moving to a bespoke Comprehensive Free Trade Agreement (CFTA) is worked on while arrangements stabilise.



✦ Threatening to walk-away was part of that rhetoric. Neither side wants '**Mutually Assured Destruction**' that '**no deal**' would give. There *will* be a deal, even if it's part agreement, part provisionally keeping respective ships afloat while talks continue.

✦ Negotiations are often about **saving face**, getting a deal that can be **sold** to key audiences. The UK might e.g. get better trade terms in exchange for saving the EU a budget shortfall before 2021. Except it won't be billed as a cave-in, at least in the UK. It might be portrayed as a goodwill gesture to have a joint 'Brexit adjustment fund'?



DO I HEAR
£20 Billion...
£30 Billion...
£40 Billion...?

(The FT's numbers are made up, though)

EU raises UK Brexit bill to €100bn as Paris and Berlin harden stance

✦ Attitudes to paying the EU vary from 'they're getting nothing' (apart from for joining in specific programmes) to '£60bn is nothing to pay for winning back our priceless democracy'. The EU is already preparing for budget economies after 2021 (MFF), which might reveal the real **expectation**. However with Germany's election coming, Merkel and the EU will not want to be seen as saddling Germany with extra contributions. We can expect a harder line short-term.

The UK might **gesture** on recycling saved payments into projects of common interest like defence or tackling irregular migration? Both sides will want to be able to claim some sort of '**victory**', even if with bruises! (They will also recognise that the other party will need to **maintain its image** too.)

✦ Other areas of '**compromise**' short term might be over accepting EU standards and judgments (which it might do anyway in 'nationalising' EU laws), free movement of people (May has refused to guarantee less EU immigration, consistent with keeping 'EU citizens' acquired rights').

✦ The EU can give legal exceptions (derogations) on border measures which might ease the Irish problem. The WTO 'waiver' might allow provisional preferential agreements to run for a couple of years should there be difficulties (e.g. time) in finalising what is necessarily a complex deal.

✦ Lord (Paddy) Ashdown sees the UK getting a tailored Norway-like deal with a work permit system. He's not just a Lib Dem peer, he's President of the European Movement in the UK.

<http://www.newalliance.org.uk/ref617.htm>

has fuller coverage, references and links to several interesting articles.



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