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Thursday, December 20, 2018 - 12:00am The Worst Brexit Option, Except for All the Others Why Theresa May's Deal Is the Best Way Forward Matthias Matthijs

MATTHIAS MATTHIJS [1] is Assistant Professor of International Political Economy at Johns Hopkins University's School of Advanced International Studies (SAIS). He is the author of <u>Ideas and Economic Crises in Britain from Attlee to Blair</u> [2].

"Omnishambles"—that wonderful British neologism first coined in the BBC political satire *The Thick of It*—is the best way to describe the current British political situation. Pretty much all British media coverage of the <u>Brexit [3]</u> process uses the term to describe a situation of total chaos, which in the television series often prevailed in the inner workings of a fictitious British government. The tragedy in Prime Minister Theresa May's dogged pursuit of her Brexit deal is that fiction has become reality.

By seeking to stake out a middle ground in British politics with a carefully balanced strategy to leave the European Union, May ended up dissatisfying everyone [4]. Her deal tries to achieve a Brexit that keeps ties to the EU close enough to avoid too much economic damage. That strategy comes at the price of ceding significant future powers over British economic policymaking to the EU. The Leavers scream betrayal and lament that the plan falls short of taking back control of borders, laws, and money. The Remainers point out that her Brexit in Name Only (BINO) is vastly inferior to the United Kingdom's current membership status that gives the country both a seat at the table and important opt-outs, not least from the single currency and the Schengen borderless travel zone.

The fact is that any deal with the European Union that could achieve an orderly Brexit was always going to expose the lies of the Leave campaign. Many so-called Brexiteers never understood the basic difference between a free trade area, a customs union, and a common market. "Frictionless trade" can only happen in a combination of the latter two. Leaving the common market and the customs union was always going to introduce a border and all kinds of new frictions. But the 2016 referendum campaign was largely fought over emotionally charged issues such as immigration and a nostalgic longing for lost imperial splendor. The Remain campaign could never agree on a positive message expressing why the United Kingdom should stay in the EU, apart from pointing out that leaving would result in economic chaos in the short term and deteriorating standards of living in the long run.

In the end, the British people voted 52 vs. 48 percent to leave, and May made it her mission to deliver on that vote. In a way, she has done just that. There is now a deal that her government and the European Commission, led by Michel Barnier, have carefully negotiated over the past 18 months. The prime minister's problem is that no one wants her deal. Her cabinet is divided among three factions: the ones who want a new referendum out of the impasse, the ones who want to renegotiate with Brussels, and the ones who are comfortable with a "no deal" scenario. There is no majority in the House of Commons for any realistic way forward. The "meaningful vote" in Parliament, originally scheduled for December 12, was postponed because May's deal faced certain defeat, and has now been rescheduled for mid-January. In the meantime, because Article 50 of the Treaty of Lisbon [5] has been invoked, with more than 80 percent of Members of Parliament voting in favor, the default scenario is now for the United Kingdom to leave the EU on March 29, 2019—with or without a deal.

Something rather extraordinary would need to happen to stop that process. All scenarios—the May deal's finding a majority in Parliament, the United Kingdom's crashing out of the EU without a deal, the EU's extending the process outlined in Article 50 to continue the Brexit negotiation and ratification process, or the United Kingdom's holding a second referendum—are unrealistic at this point. And yet one of them will need to happen. So what is the best way forward?

NO MIDDLE GROUND

Although there is no majority for May's deal, most other options are even more problematic or unpalatable, in that they entail one side's clearly beating the other side, creating a real winner and a real loser. Since May is occupying the middle of the Brexit bargaining space, as political scientists would put it, and given that opinions and passions are strongly polarized either in favor of a hard Brexit or a Brexit reversal through a second referendum, she was always

going to leave everyone fuming. There simply is no middle ground. Hard Leavers such as Boris Johnson, the former foreign secretary, and Jacob Rees-Mogg, the firebrand pro-Brexit member of Parliament, and Remainers such as Boris's brother Jo Johnson, also a conservative MP, and Chuka Umunna, of the Labour Party, have now united in opposition to May's deal—but they could not be further apart on their preferred alternatives.

What the hard Brexiteers want is impossible in both the near and the long term. On the one hand, they want to leave the customs union and the single market so that the United Kingdom can strike its own trade deals, control immigration, and no longer be bound by EU regulations. On the other, they do not want any friction when it comes to goods trade nor any hard border between Northern Ireland and the Republic of Ireland. They also strongly oppose a border in the Irish Sea, as most of them are strong unionists who fear that the EU is intent on breaking up the United Kingdom. What they want is a logical impossibility. There has to be a border somewhere. Maybe technological innovations that allow goods trade to be monitored without stoppage can provide a solution to the Irish border conundrum in the future. For now, the hard Brexiteers are chasing unicorns. And yet they continue to push their case relatively unopposed.

But what the majority of Remainers now want—namely, a second referendum to break the stalemate—risks generating even more political chaos. First there would have to be agreement on what question to put on the ballot. One possibility would be for voters to choose between Remain and May's deal—but hard Brexiteers would justifiably protest that May's deal is not the clean break with the EU that the British people voted for in June 2016. A vote between May's deal and no deal is also not a real choice, because for a big chunk of the electorate, especially those who voted Remain, these are both terrible options.

In effect, the only realistic way to hold a new referendum would be to let the people choose between May's deal, no deal, and remain. But what if none of those three options commands a majority? The polls may suggest that Remain now has a slight majority, but a new Leave campaign is bound to chip away at that. (Leavers relish the chance to fight another campaign.) Alternatively, preference voting could force the British electorate to rank the three options. But this risks setting up May's deal to win quite comfortably as a majority of voters' second choice—hardly a popular mandate.

THE VIEW FROM BRUSSELS

The outcome of the June 2016 Brexit referendum came as a profound shock to the EU establishment, which considered it a real blow to the project of European integration [6]. It also came during a difficult time of multiple crises, including over the euro, refugees, Russian saber rattling in Ukraine, and growing authoritarian tendencies among a few of the EU's central European member states. That European leaders deeply regretted the United Kingdom's decision and expressed hope that the country would change its mind was therefore not surprising. After all, the United Kingdom has nuclear weapons, is a permanent UN Security Council member with veto power, and is among the most dynamic economies in the world. This was not the kind of member state the EU wanted to lose.

And yet the United Kingdom has always been the EU's most reluctant member state. Over the years, it negotiated various opt-outs, budget rebates, and exemptions. Now the EU needs to make some fundamentally important decisions regarding the completion of the eurozone and the bolstering of shared institutions to deal with migration, climate change, transnational crime, and democratic backsliding. EU leaders would be justified in asking themselves just what kind of role a damaged British member state would play in this process. A humiliated United Kingdom, still reeling from its failure to deliver on the flawed 2016 promise to "take back control," would hardly be an enthusiastic supporter of future integration.

From the EU point of view, the deal with May's government is therefore the best of both worlds. Brussels maintains close economic and security relations with the United Kingdom, and in key areas such as goods trade, the United Kingdom has to voluntarily align with EU regulations without having any real say in them. At the same time, the deal ensures that London will no longer be in a position to block progress in European integration. The knee-jerk reflex of many Europeans may be to side with the Remainers and hope for a second referendum to decide in favor of keeping the United Kingdom in the EU. But those who wish for this should remember that only a very few of those Remain voters share their dream of an ever-closer European Union.

HEALING DEEP DIVISIONS

The Brexit vote of June 2016 was overdetermined. More than 40 years of reluctant membership in a project that British elites saw as a glorified free trade deal, combined with an often vitriolic Euroskeptic tabloid press, had primed the British population to vote Leave. Prime Minister <u>David Cameron's fateful decision</u> (7) to renegotiate the country's membership terms, his 2015 victory in the general election, and a continent-wide refugee crisis formed a perfect storm, culminating in a populist revolt against political, financial, and academic elites who told the electorate to vote a certain way, or else. <u>Brexit's promise—to take back control—was a mirage at best</u> [8], but the Remain camp never

convincingly exposed it as such. Russian interference did not help. The best thing to happen to the United Kingdom would be for the country to collectively enter a time machine, go back to June 2016, and vote Remain two to one, just like it did in 1975. But that scenario is as fictional as *The Thick of It*. One of the <u>options on the table</u> (9) will have to be chosen in the end.

Although no one loves May's deal, it is the only alternative that stands a chance of healing the country's deep divisions. A no-deal Brexit would be irresponsible. A second referendum would reopen the wounds of the spring of 2016 and risk sowing further division or sending the United Kingdom crashing out of the EU. May's deal is the only option currently on the table that achieves an orderly Brexit without foreclosing options for the future relationship between the United Kingdom and the EU. A new British general election in May or June 2019 can then be fought over what that relationship should look like. Leavers will need to come up with a realistic plan that delivers on their promise of "taking back control." Remainers can then ask themselves if they love the EU enough to reapply for full membership and even to consider joining the euro and Schengen zone this time around.

Winston Churchill once famously said that democracy was "the worst form of Government except for all those other forms that have been tried from time to time." May's deal is in a similar category. She was dealt a terrible hand in July 2016 when she took over the prime ministership from Cameron. She has made the best of it. It's a terrible outcome for both the United Kingdom and the EU. It is often said that a good compromise is one where all parties are left dissatisfied. This seems the case with May's Brexit.

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