

Everything Must Change....Maybe!

By Steven McCabe, Associate Professor, Institute of Design and Economic Acceleration (IDEA) and Senior Fellow, Centre for Brexit Studies, Birmingham City University

The words 'Everything Must Change' is the title of a song, which first appeared in 1974 as a track on Quincy Jones' platinum-selling album, *Body Heat*, and widely regarded as a timeless classic reflecting on the way that life moves relentlessly forward and written by American jazz singer, musician, songwriter and record producer Benard Ighner (1945-2017).

As such, the belief that everything must change would seem to be apposite to the current state of Brexit which continues to dominate the news as well as leaving in its wake significant consequences in terms of political upheaval and EU election results.

Though anticipated for many months, Parliamentary impasse in achieving agreement for a deal to leave Europe, resulted in Theresa May's emotional speech announcing her intention to step down last Friday. Though the Conservative Party had been expected to get its second kicking in as many weeks at the hands of traditional supporters disillusioned by government failure to achieve Brexit, the actual extent of defeat turned out to be as awful as the most pessimistic predictions.

The Conservative Party secured less than ten per cent of vote (9.09%). This is a reduction of 14.84% on 2014 and meant that there are now only four MEPs (Member of the European Parliament); fifteen fewer than were elected in 2014. Labour's strategy of employing 'constructive ambiguity' didn't fare much better in gaining only 14.1% of the vote (a reduction of 11.3% compared to 2014) meaning it now has ten MEPs rather than the 20 elected last time.

Pundits had been speculating that things would be pretty bad for the Tories. However, it experienced its worst performance in a national election since its formation as a political party in 1832. Had Theresa May not already declared her intention to resign, Thursday's EU

election results would surely have ended her tenure as Prime Minister.

So, whilst the Conservative Party is currently conversed in finding a new leader who may be able to achieve what Theresa May failed to do, being able to enable the UK to leave the EU, Labour's leadership is under pressure to make an unequivocal statement about its stance on the UK's withdrawal from the EU and whether there should be a 'confirmatory vote' on the final outcome on Brexit.

Theresa May's fate was, ultimately, not at the hands of those who'd be regarded as her enemy, but from those who, as leader of the Conservative Party she would have expected support from. May, it seems, has suffered a fate warned against by ancient Roman statesman, philosopher and orator, Marcus Tullius Cicero (106-43 B.C.), who was eventually murdered on the orders of Augustus Caesar and Mark Anthony and his hands cut off and nailed to Senate House doors, that, "A nation can survive its fools, and even the ambitious [...] it cannot survive treason from within. [...] A murderer is less to fear. The traitor is the plague."

Brexiters Conservatives, especially members of the ERG (European Research Group), a body that doesn't appear to conduct any research, vehemently opposed the negotiated withdrawal deal with the EU. They claim that their motives are pure. Their argument is based on the belief that what was agreed between the government party they are members of, would not faithfully achieve the intended outcome of the 2016 EU referendum.

Brexiters want believe that what is required to truly honour the 2016 EU referendum result is to have a clean break by waking away from membership of the EU with no arrangements in place. They argue that in future all trade between the UK and EU member states would be carried out under WTO (World Trade Organisation) rules.

Since June 2016 when the referendum was held, intense debate has raged as to what leaving actually meant. One immediate effect of referendum was the requirement to replace Prime Minister David Cameron, who'd campaigned for the UK to remain within the EU, who'd resigned.

Following her 'coronation' as leader and, of course, Prime Minister, Theresa May made various pronouncements about what she wished to achieve. Her statement concerning the challenges confronting those referred to as 'JAMs' (Just About Managing) was undoubtedly genuine. However, it must be asked, how was it going to be possible to achieve progress whilst continuing to maintain the austerity measures that had been introduced in 2010 by Chancellor George Osborne?

History, as Winston Churchill proclaimed, is written by victors. Theresa May will not be judged to be a victor. Any hopes that she might have harboured in being a genuine alternative to what had gone before, that her eventual legacy would be to have made the lives of British citizens better, was derailed by Brexit.

May, who allegedly cried on Margaret Thatcher becoming Prime Minister as she had hoped to be the UK's first female to hold this position, must have felt her destiny fulfilled; especially when the other runners effectively took each other out.

Whatever concerns she may have had about Brexit, Theresa May, who'd been regarded as a safe though somewhat micromanaging Home Secretary, could have been forgiven for believing that though it would mean effort being switched from pressing domestic issues, negotiating the UK's departure from the EU was going to be straightforward.

Shortly after she became Prime Minister, she appointed Liam Fox as Secretary of State for International Trade with specific responsibility for brokering trade deals with other countries once the UK had left the EU. Dr. Fox famously claimed on the BBC Radio Four programme *Today* that achieving a free trade agreement with the EU would be "one of the easiest in human history".

Many questioned Dr. Fox's appreciation of the complexity of what was being proposed. What he did state with prescience, "The only reason we wouldn't come to a free and open agreement is because politics gets in the way of economics".

Events last week are a culmination of the politics Dr. Fox refers to. May might rue that she did not reach out earlier to Labour who argued

that withdrawal from the EU was possible through maintenance of closer ties by, for example, a customs union. Negotiations between the government and Labour demonstrated how difficult achieving political consensus is as, concerted resistance came from within May's party to any compromise.

Depending on who replaces Theresa May, the government's approach to withdrawal from the EU is likely to change. A number of those who wish to replace her, including Boris Johnson, Esther McVey and Dominic Raab, have declared that they are entirely happy that the UK should leave the EU with no arrangements in place.

There had been something of a 'phony war' with respect to May's successor for months. Friday's announcement means that it's now possible to know the positions of each of the increasingly long list of contenders as to what they believe should happen with regards to Brexit. All contenders understand that winning the contest to become Conservative leader requires, firstly, gaining the support of fellow Conservative MPs to become the two finalists whose names will go to the party membership.

These 'grassroot members', thought to be about 100,000, have an average age that means they are likely to be retired. More significant is the fact that, as a group, they tend to be characterised as hostile to continued membership of Europe. This means that the likelihood of a 'hard' Brexiter becoming the leader of the Tory party is very high. For any of the runners to say anything other than declaring their wish to leave the EU without a deal may be considered either brave or foolhardy.

Last Thursday's EU elections, in which the Conservative and, to a lesser extent, Labour Party, got drubbings whilst the Brexit Party emerged as outstanding winner with 31.6% of the votes in gaining 29 seats, might suggest that leadership contenders will be tempted to 'out-Brexit' each other. Promising 'no-deal' does, though, come with risk as it could have significant consequences for the UK's economy.

Crashing out of the EU prior to, or at 11.00pm GMT on 31st October, will, according to the vast majority of economists apart from those such as Patrick Minford who is partisan to a 'hard Brexit', result in a

significant downward effect on the UK's GDP and prospects in the short, medium and possibly long-term.

It has also been noted that people most likely to be negatively affected by a 'no deal' Brexit, are those living in areas suffering greatest most deprivation caused by long-term decline and closure of traditional industries. Ironically, these areas, largely in Northern England, were those in which a majority of voters declared their wish to leave the EU in the 2016 referendum.

The potential negative economic repercussions of a 'no deal' and the impact for the prospects for the party seen to be responsible for allowing this to happen is recognised by some of those running to replace Theresa May; notably Jeremy Hunt and Rory Stewart. Jeremy Hunt, in particular, has stated that a 'no-deal Brexit' would be potentially be "political suicide" for the Conservatives.

When the UK was granted the current extension of Article 50 ending on Halloween, it was told emphatically, not to waste the additional time. Some believe that a leadership election is a distraction that will not change anything as far as the withdrawal deal so enthusiastically supported by Theresa May.

Soundings that come from the EU, even after the elections last week are that indeed nothing will change despite whatever threats and bellicose language employed by some of those hoping to replace May who believe that it may be entirely possible to go back to Brussels and effectively recommence negotiations.

The message from the rest of the EU appears to be it's no longer for us to be involved. Instead it's up to the UK, i.e. Parliament, to decide whether it wants to agree to the current deal (or something that represents an even 'softer' Brexit), whether it wants to leave without a deal or, as many still hope, to revoke Article 50 and remain.

Fascinatingly, though many commentators assert that 'no deal' can occur by default on 31st October in the absence of agreement on any arrangement, Speaker of the House of Commons, John Bercow, speaking at a Brookings Institution event in Washington DC, has made an intervention stating that this is not the case.

Bercow, who has also stated his intention not to retire as speaker this summer, as was widely believed, and to see the Brexit process through, contends that, given the magnitude of the decision being taken, Parliament must be given the opportunity to ensure that a 'no deal' exit from the EU does not occur:

“The idea that parliament is going to be evacuated for the centre stage of debate on Brexit is simply unimaginable ... The idea the House won't have its say is for the birds. “

Very significantly, Bercow stressed his view that there are particular dynamics at force that override the strictly legal default position:

“There is a difference between a legal default position and what the interplay of different political forces in Parliament will facilitate.

“The idea that there is an inevitability of a no-deal Brexit would be a quite wrong suggestion. There is no inevitability whatsoever about that.”

Bercow's belief that “Parliament must do what Parliament thinks is right”, is an explicit recognition of the data from polls that suggests that whatever so called 'hard' Brexiters may be argue, it is estimated that voters are roughly split into thirds on the eventual outcome. A third do indeed want to leave without a deal. However, the other two thirds are made up of those who want to leave but only with a negotiated deal and those who adamantly wish to remain.

Many commentators speculate that we will reach the end of the current extension period and that Parliament may still have reached no consensus on a resolution. Whilst there still remains the danger that we will crash out on 31st October, the mood music is shifting once again to some sort of compromise being proposed – some even claim that the deal that May fought so hard for may be revised and put to Parliament again.

The sense that there is a need to avoid the catastrophe of a 'no deal' may concentrate the minds of all MPs into being willing to engage in change. Even more significantly, the EU, which appreciates that 'no deal' would be bad to it, might be willing to reconsider its stance that

no change to the deal is possible and, in the spirit of seeking a successful outcome, could agree another extension to Article 50.

Brexit continues to throw up surprises and the next five months are as likely to as frenetic as the last five. The first few lines of Everything Must Change are, 'Everything must change, Nothing stays the same, Everyone will change, No one stays the same' Perhaps these sentiments should be the guiding principles over the next five months.