

# The Long Bad Brexit?

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

The title of this blog is a play on the title of the 1980 London-based gangster film *The Long Good Friday* starring Bob Hoskins and Helen Mirren. The premise of the film is that hardman Harry Shand has ventured into the property development of London docklands but needs overseas investment; from the mafia. However, when two senior members from New York Cosa Nostra visit London to tie the deal up, Shand is beset by a number of attacks he believes to be organised by rival London gangs.

If Brexit were a film, the UK would be like a hero facing a situation from which escape is impossible. In the vast majority of adventure films, and with only moments to go, the hero comes up with an ingenious plan to extricate themselves and, where necessary, save everyone else in peril.

There had been some optimism that despite the somewhat pessimistic analysis of what Boris Johnson had offered as a 'fair and reasonable compromise' last week, there might be some room for manoeuvre to create the basis for a negotiated deal by which the UK could leave the EU by 31<sup>st</sup> October. However, Tuesday's news emanating from No 10 concerning a telephone conversation between the PM and Angela Merkel would indicate little to be optimistic about.

In what increasingly looks like the prelude to who will be blamed for failure, a source from Downing Street claimed that Merkel's demands that Northern Ireland remain in the EU customs union in order to avoid a 'hard' border being re-established made a deal look "essentially impossible not just now but ever".

Though great care is needed in interpreting statements that are made to appeal to different audiences – in this case the wavering voters who might be tempted to vote for the Brexit Party should the UK not be out of the EU by Halloween – there can be little doubt that it's created anger.

Donald Tusk, European council president, tweeted a caustic response in which he stated: “What’s at stake is not winning some stupid blame game. At stake is the future of Europe and the UK as well as the security and interests of our people. You don’t want a deal, you don’t want an extension, you don’t want to revoke, *quo vadis?* [Where are you going?]”

Even before Tuesday, the auspices were not not great. Johnson’s latest proposals to create a resolution to the impasse of allowing the UK to leave the EU with a deal were met with a reaction by pretty much everyone, apart from the DUP, with, at best, indifference.

Johnson has taken the withdrawal agreement (WA) that was painstakingly negotiated by his predecessor with the EU, and which included the ‘backstop’ to avoid a border between Northern Ireland and the Republic of Ireland, and has effectively created two borders.

Under Johnson’s latest proposals Northern Ireland would be in an extremely strange and idiosyncratic situation. Because Northern Ireland would remain aligned to the EU’s regulations but would leave the customs union, there would be checks on goods between it and the rest but customs checking and potentially different tariffs for goods crossing the only land-based border between the UK and the EU.

Any hint at the need for a border, no matter how imperceptible, is what has raised the hackles of all commentators and, significantly, with the exception of the DUP, a deep concern that one of the fundamental principles of the Good Friday Agreement is likely to be undermined. The EU have supported the Dublin government in making clear the belief that this is unacceptable and likely to be perceived very badly by those who consider themselves to be nationalist north of the border.

Theresa May’s WA was rejected by Parliament on three occasions, largely due to the inclusion of the backstop which, though avoiding the need for paraphernalia associated with a border infrastructure, would mean that the UK stayed in the same customs union and, consequently, preclude it from negotiating trade deals elsewhere.

On a visit to a Watford hospital on Monday, Johnson contended that what has been offered by hm, “very fair, very reasonable,” and

representing “a big step forward, big advance, big compromise by the UK government,” will create the basis to a workable solution to a deal. As he asked of the EU, “if you have issues with any of the proposals that we’ve come up with, then let’s get into the detail and discuss them.”

Johnson can be in no doubt that as far as his proposals are concerned, they won’t ‘fly’. A leaked paper from the EU to the UK’s chief negotiator, David Frost, published in *The Guardian*, provided a point-by-point rejection of Johnson’s Brexit proposals for the Irish border.

Despite the claims that the mood in Westminster is now for any deal to avoid the economic catastrophe that would accompany no-deal, the EU has remained steadfast that whilst they are willing to consider revisions to what Johnson has indicated as sufficiently acceptable to the critics within his own party who rejected May’s WA, without significant movement to address their concerns no more progress will be possible.

It is notable that the cross-party European Parliament Brexit Steering Group (BSG) responded to Johnson’s proposals that they considered them “even remotely” part of any deal that could be accepted. In particular, the BSG, like everyone else, point out their serious reservations that they do not protect the all-island Irish economy through adherence to the Good Friday Agreement.

Perhaps the most contentious part of what Johnson proposed last week is that the Northern Ireland Assembly and Executive would, as well as having the ability to sign off any alterations, would be required to approve the plan again every four years. The Northern Ireland Assembly has not met for almost 1,000 days since it collapsed in acrimony in early 2017 as a result of the ‘cash for ash’ scandal in which DUP leader in Northern Ireland Arlene Foster was intimately involved.

The consequence of Johnson adding in this democratic ‘sweetener’ to the DUP, the only major political party not to have signed up to the Good Friday Agreement, has created the consternation that he and his advisors would surely have been well aware of. Critics point out

that the most cherished objective of the Good Friday Agreement, parity of esteem, would be jettisoned simply to allow Brexit.

And so, less than three months after he assumed the role of PM from Theresa May who he had criticised for not being sufficiently willing to threaten a no-deal, Boris Johnson appears to be in a not dissimilar situation to her in claiming that he wants a deal with the EU to allow the UK to withdraw effectively. The difference, of course, is that whilst May stated at the outset that “no deal was better than a bad deal”, she came to recognise that this would be utterly destructive.

Johnson seems not to share such concerns. Indeed, like many of those who assisted him in his campaign to become leader of the Conservative Party, he is sanguine that the UK would be able to thrive through its freedom in negotiating trade deals that are unfettered by the EU.

Moreover, a memo from a Downing Street “source” that was sent to *The Spectator* magazine in which there is a suggestion that the UK would refuse to work with EU countries willing to accept a delay to article 50 and would elevate those that did is being interpreted as the handiwork of the PM’s senior advisor Dominic Cummings. If the situation were not so serious, the fact that this memo described the British parliament as being “as popular as the clap” would be amusing.

Equally crucially, another threat contained in this memo, to withdraw security cooperation with the EU, which would include the Republic of Ireland, was publicly disclaimed by Northern Ireland Secretary Julian Smith as being “unacceptable” and “not in the interest of NI or the Union” tells us that there is not absolute unanimity amongst the cabinet. Former minister Amber Rudd interviewed on Tuesday morning on Radio Four indicated her belief that such disagreements exist.

Matters will not be helped by statements such as that made by DUP MP Sammy Wilson in which he criticises the Irish government in defending what it sees as the principles of the Good Friday Agreement and states that Irish *Taoiseach* (prime minister) Leo Varadkar, “must realise that we will not support Northern Ireland being held to ransom by either Dublin or Brussels.”

There is no doubt that the potential for no-deal have significantly heightened with all of the attendant economic consequences – denounced as a continuation of so called ‘Project Fear’ by Brexiters – will create. The highly respected The Institute for Fiscal Studies (IFS) believe that in the event of this occurring, emergency tax cuts and higher public spending would be required. This, the IFS, contend, would raise government debt to its highest level since the 1960s; 90% of GDP.

It is being reported in *The Financial Times* on Tuesday that HM Revenue and Customs believe that UK businesses would be hit with an additional annual of £15 billion due to filling in customs forms for trade between the UK and the EU in the event of a no-deal Brexit. The FT reckons that this figure could be on the “low side”.

Speaking in Parliament in response to John McDonnell, the shadow chancellor, Jesse Norman, the Treasury minister, claimed that this figure was too high – probably because the FT is including the total cost to all British and EU businesses – but admitted that the cost of no-deal would to British exporters, not taking into account any mitigations, would be £7.5 billion.

And if the economic picture wasn’t already looking pretty poor due to the trade war between the US and China escalating which will impact on global growth, on Tuesday morning the ONS announced that UK has achieved no productivity growth in the last four quarters leading Tony Danker, chief executive of Be the Business (an organisation created to boost UK productivity), to assert that we’re on the verge of a “productivity recession”.

As Danker warns, this “sets a dangerous precedent” that will “ultimately impact wages, living standards and how competitive the UK’s economy is in relation to other nations.”

Not a great position for the UK to be contemplating taking the most momentous decision for generations in leaving the EU with no deal. As has been asked all too often in recent months, is making themselves poorer what people voted for three years ago?

How Johnson extricates himself and, more importantly, the UK, from what could be a crisis will be telling. Maybe the Benn Act that requires

him to request another extension to Article 50, something he claimed he rather “die in a ditch” than do, will provide some relief. However, it doesn’t provide a long-term solution as to how to achieve a Brexit that is not destructive.

There are others, including his own sister Rachel, who claim that those who backed him as part of the leave campaign in the referendum and as leader of the Conservative Party are going to financially gain because they’ve ‘shorted’ the pound which will inevitably drop like a stone in the event of no-deal. This, critics of Johnson’s stance claim, means he’s compromised as well as being motivated by a form of petty-minded nationalism.

The next few days and weeks are potentially the most challenging that this country will have faced for at least a generation. And the impact could be profound felt immediately and for generations to come.

Perhaps it’s salutary to recall the fate of Harry Shand who felt he could deal with his enemies by taking them on head-to-head. As those who’ve seen *The Long Good Friday* will recall, there is a Northern Ireland connection to this film. Having wiped out those who he believed were responsible for his problems he goes to the Savoy hotel to meet his Mafia backers. However, they have seen enough and believe he’s a bad risk at which he admonishes them as arrogant and cowards and will instead seek funding from Europe.

Leaving the Savoy hotel and presumably feeling invincible, Shand gets into his chauffeur-driven Jaguar. What he immediately discovers is that he has made matter worse for himself and is staring into the wrong end of a gun trained on him by a character played by a very young Pierce Brosnan. In the last few minutes the film, Hoskins’ facial expressions indicate that Shand is contemplating the inevitability of what will happen to him.

*The Long Good Friday* is a film from which the actors walk away unscathed. In a no-deal Brexit all the citizens of the UK will not be able to do similarly. The reality is that we will all suffer the effects of what will be a very long and bad Brexit that will negatively affect the vast majority of us.

Sadly, those whose prospects are grimmest, especially in the North of Ireland, are likely to suffer from Johnson's willingness to allowing the UK to crash out of the EU on Halloween.

**Dr. Steven McCabe is co-editor of [\*Brexit and Northern Ireland, Bordering on Confusion\*](#) (just published by Bite-Sized Books, ISBN-13: 978-1694447807)**