Brexit means Brexit, but the Norway model is clearly the least worst option

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There has been no formal statement by Theresa May’s government on when Article 50, which initiates the process for the UK leaving the EU, will be triggered. Gavin Barrett argues that although delaying the process will prolong market uncertainty, the new Prime Minister may be wise to hold off until early 2017 as once Article 50 is invoked much of the UK’s bargaining power will instantly evaporate.

Much like Tony Blair, David Cameron’s reputation will be permanently blighted by a single terrible miscalculation: in Cameron’s case, the reckless decision to instigate the UK’s disastrous Brexit referendum. The consequences of that vote have to date included a plummeting currency and property market, share price falls, a looming recession, uncertain economic prospects and renewed fears as to the future of the UK itself (not to mention exacerbating Eurozone banking sector difficulties).

Theresa May’s succession to the premiership involves some continuity from the Cameron regime. In May (as with Cameron), Britain gets a Conservative prime minister seemingly personally reconciled with full EU membership but penned in by a large minority of Eurosceptic Conservative MPs, now armed with a popular vote in favour of leaving the EU.

May’s premiership also involves new elements. On learning of her victory in the Conservative leadership contest, she set out her stall, acknowledging the need for UK unity and a positive vision for its future. She declared succinctly but significantly that “we are going to make a success of [Brexit]”; and (somewhat ominously-sounding) that “Brexit means Brexit”.

Theresa May’s call for unity is clearly desirable in a state shown by the Brexit referendum to be deeply divided along national and class lines. Scotland, seemingly unhappy about being outvoted on 23 June, is now pondering independence again – but this time equipped with an extra argument (the need to be represented in Europe). The large vote by lower-income voters for Brexit has been interpreted by many (including, it seems, May) as a cry of protest against years of Conservative-driven austerity and neglect. May’s solutions (including worker directors for companies) look distinctly modest, but might at least constitute some start in a better direction.

May’s promise to make a “success” of Brexit, in contrast, is unfulfillable, something she must know. One might as well promise to make a success of a train crash. Brexit cannot possibly work as well as membership of the EU. Locked outside of the corridors of power, Britain will inevitably lose influence, power, market access on optimal conditions and, ultimately, money. Knowledge that this would be so is presumably why May herself opposed Brexit in the referendum campaign.

May could more credibly – although less palatably – have promised to make the best of a bad lot. For the UK, a good result will be getting as close to a Norway-style deal as it can manage, thereby securing access to the EU’s single market – even if (as in Norway’s case), that would come at a hefty price, without decision-making power and without the right to impose any real restrictions on immigration.
Theresa May’s most telling statement, however, has been that “Brexit means Brexit”. She has followed this up by asserting “there will be no attempts to remain inside the EU, there will be no attempts to rejoin it by the back door… As prime minister, I will make sure we leave the European Union.”

These are fateful words. The reality of the matter is that Britain’s political needs and economic prosperity would be best served by the UK doing exactly what Denmark, Ireland (twice), France and Holland have all done in their turn: perform a U-turn, somehow finding an adequately democratically respectable way to reverse a decision taken by referendum which is deeply damaging to the national interest.

In the case of Denmark and Ireland, this was done by holding a second referendum once changes or at least clarifications to the original Treaty proposal had been negotiated and/or they had been contextualised by moderating statutory and/or constitutional amendments.

In France and Holland’s case, it was done by newly-elected French and Dutch governments seeing to an effective redrafting of the Treaty in question to remove the aspects felt most objectionable, and then subjecting the new Treaty to a parliamentary vote. But desirable though a U-turn may be, the Conservative party is the wrong party to achieve it by either route.

An election victory for such a deeply divided party (even if likely, given Labour Party turmoil) would not provide a mandate (perhaps not even the parliamentary votes) for parliamentary rejection of Brexit. With such a divided party, Theresa May could probably not even campaign for such a prospect without causing a split. She has effectively now promised not to do so.

A second referendum – for example, on the outcome of Brexit negotiations might have been possible – but this now too seems to be ruled out by the May dictum that “Brexit means Brexit”. If she holds fast to these words, Britain is doomed to leave the EU – with Bremain and Brexit Conservative MPs alike combining Thelma-and-Louise-like to drive the UK off the Brexit cliff after a possible two-year negotiation phase. Thereafter Britain will take up a splendidly isolated if diplomatically emasculated and economically weaker position as Europe’s latest Norway – and that is a best-case scenario.

Theresa May has already indicated that (required) UK notification under Article 50 of the EU Treaty of an intention to
leave may not be given until early 2017 at least. Although irritating for the 27 other member states, this may be wise from a UK standpoint. Once such notice is given, much of the UK’s bargaining power will instantly evaporate. The two-year Treaty deadline for negotiations will start running. If it expires, Britain could be left with the appalling vista of no deal at all.

In an ideal world, the UK would be wise to refuse to give the notice at all, until provided with some kind of advance indication of the deal it can expect – but the other 27 (at present) EU members refuse to negotiate without receiving this notice and may be dangerously irritated by excessive delay in providing it. Moreover, pro-Brexit MPs are anxiously pressing for notice as a guarantee against a Brexit U-turn. Furthermore, delay in this regard will also prolong market uncertainty about Britain’s direction of travel.

The EU will drive a hard bargain in some respects against the UK, not out of vindictiveness, but rather self-interest – including that of disincentivising further departures from the Union, and of creating a deal it may have to offer to other states on the periphery, like Switzerland. Harshness will, however, be moderated by the other member states’ own commercial interests.

Theresa May is reputedly a good negotiator. She had better be. In these negotiations she will face a 27-state colossus, with far less to lose in trading talks than does the UK.

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