

Kicking the bucket down the road to Norway: EEA is back



Many months after it was ruled out by the government, membership of the European Economic Area (the ‘Norway option’) is being mooted once again. Given Theresa May’s procrastination and the obstacle of the Northern Ireland border, writes **Jim Gallagher (Centre on Constitutional Change)**, it may be that – over time – what is effectively continued economic but not political union is broadly acceptable to British public opinion.

*“The Prophet of the utterly absurd
Of the patently impossible and vain”*

Kipling, The Song of the Banjo

There is surprisingly little satisfaction in prophesying correctly. Eighteen months ago, I [predicted](#) the course of Brexit would be determined by its genesis. Because there was no plan, the UK would not be ready to leave on the due date, and would need a transitional arrangement that looked just like the European Economic Area. So it has proved. For the same reason, Theresa May would trigger Article 50 on an incoherent and undeliverable prospectus, and she would then have to decide between party unity and the national interest. She did, and we watch her agonies on a daily basis.



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In every tragedy, character is destiny, but predicting the last act of this one from Brexit’s character is not simple. Still, here goes.

Theresa May’s dream

Theresa May has no objectives for Britain’s future relationship with Europe on trade, migration, regulation or the like. She may have carefully concealed preferences, but she has only two aims. The first, she thinks, was given her from above: the British people decided to leave, and she is determined to leave on the date she set. The second is, if anything, more important: the Conservative Party must stay united. Everything else is secondary to these aims.

You might think this impossible, given the open warfare inside the Cabinet, government and party. Every agonising day, however, is one day nearer exit, reducing the opportunity for second referendum campaigners. Her aim is to maintain the maximum ambiguity about our future relationship with Europe until we have left. In her dream, Europe is prepared to postpone crystallising any of the hard choices until well into the transition period – why need they rush?

Then the two wings of her party, faced with the reality of having left, can be made to accept a new European relationship. Today it matters to her little whether that is tantamount to EEA membership, or a radical separation. Indeed, best not to say.

Who's in charge?

It's not much of a dream, and in any event the Prime Minister is not mistress of her own destiny. Others have a say in the matter: the Conservative party, Parliament and the EU.

The EU matters most. So far the negotiations have consisted largely of eventual UK agreement to the terms proposed by Michel Barnier. Hardly surprising, as the UK holds no cards. Two obstacles, however, stand in the way of the EU's agreeing to May's dream. The first is exasperation: nearly two years after the referendum, Britain still doesn't have a clue what it wants, so why put up with more years of vacillation? Other fish need frying.

The second is Ireland. The UK made promises about the Irish border, which Brussels wants London to keep in practice and enshrine in the withdrawal agreement. Hard to do in the absence of any clear understanding of the UK-EU relationship.

May's Cabinet and party are increasingly pressing for greater clarity too. To general astonishment, she's announced a White Paper before the next European summit setting out what Britain wants – two years after the referendum and one after lighting the blue touchpaper of Article 50. But the options presented for the critical issue of customs will remain an evasion of the real issue. So-called "max-fac" is merely a cosmetic for a hard border, while the ingenious "customs partnership" plan would be undeliverable in any reasonable timeframe – even if the EU had not already rejected it out of hand because of the burdens it would place on them.

The pressure from Parliament, notably the House of Lords, is essentially for Brexit damage limitation: a customs union, and quite possibly single market membership too, for the long run.

The limits of prophecy

With so weak a government, and so many conflicting pressures, multiple outcomes are possible. It is still (just) conceivable that pro-European campaigners could secure another referendum and win it, but this is increasingly unlikely. Public opinion has not changed dramatically enough, and the parliamentary arithmetic is against them. No game-changing offer will come from Europe. It is certainly possible that the UK's incoherent and contradictory demands will cause negotiations to collapse, and the UK's exit will be chaotic and hard. It's even possible that a deal on Barnier's terms will be agreed in September. But it's not wholly unreasonable to expect that a variant of May's dream will happen. Here is how, what to look out for along the way, and whom it will disappoint.

First of all, the government's White Paper will prove to be a long and detailed version of having our cake and eating it.

The UK negotiating position, on the face of it, will be to reject the customs union and the single market in the long run. The customs partnership option will be upfront, but the long-term trading arrangements will once again be described as bespoke and needing detailed consideration. Few details will be provided. Nor will it solve the Irish problem, though we now have learnt that it will promise to remain in a customs union until we do.

Then, Parliament will overrule the government. In motions and likely in legislation it will mandate negotiating a customs union and possibly a relationship with the single market. But to secure a Commons majority, these will allow the government some wiggle room. This will play into the negotiations with the EU, and make it easier for Brussels to accept less detailed statements about future trade and regulatory alignment, postponing the hard negotiations into the transition period. That transition period will be made implicitly or explicitly extendable, perhaps on the condition that negotiations are proceeding in good faith. Its 21-month length was designed to match the EU budget cycle – a pretty clear signal that further budgetary concessions will buy continued ‘transitional’ access to the customs union and single market.

The EU will however demand further and better assurances on the Irish question, more detailed and explicit than so far, and dealing with regulation as well as customs. May will give them. She has already moved on customs. We saw in the earlier negotiations that Brussels will not abandon Dublin, but nor in the end will it allow the Irish government to veto a deal like this.

Consequences

Two sets of consequences follow, one about Europe and one for British politics. The EU will only enter the post Brexit negotiations on the pragmatic basis that continued temporary or permanent membership of a customs union and the single market is a highly likely outcome. It might be that over time what is effectively continued economic but not political union is broadly acceptable to British public opinion. That in part depends on the reaction of Brexiteers in the Conservative party. Some, of course, will utterly reject any continuing Brussels rules or payments, and resent EU migration. Others, more dangerously, may blame Ireland, and seek to undermine the Good Friday Agreement. Others, having looked over the cliff of a chaotic exit, might make their peace with this uncomfortable halfway house. Any government led by May or someone like her will keep pushing the problem as far as possible into the future, in the hope that the steam goes out of it.

The more unsettling effect may be on the nature of UK political debate. Here the lessons of the Scottish referendum are interesting. Insurgent nationalists are disinclined to take No for an answer, and the constitutional question has continued to dominate Scottish politics since the No vote of 2014, at the expense of domestic issues. In the scenario painted here, the largest risk is that anti-European activists, England’s nationalists, behave in the same way. The story of betrayal is already being constructed. It is a dispiriting prophecy that foretells we will still be arguing about our relationship with Europe, and only that, in four years’ time.

This post represents the views of the author and not those of the Brexit blog, nor the LSE.

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