It's the final countdown

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The title of this piece is based on the 1986 hit single by Swedish rock band whose name is curiously ironic in the currently turbulent times; Europe. This song's lyrics don't tell us much though one or two can seem strangely prophetic such as, "And maybe we'll come back" and "Will things ever be the same again?" However, one line is probably quite the opposite of what EU negotiators and members of her own party feel at the moment; "We'll all miss her so".

At the time of writing, Monday, there has been speculation as to whether the latest series of votes concerned with Theresa May's withdrawal deal will take place on the basis promised. Theresa May had promised that she would allow MPs to vote this week on whether they supported her 'revised' withdrawal agreement on Tuesday. Assuming that her deal was defeated, they would then vote on Wednesday as to whether they wish to support leaving the EU with 'no deal'. The final vote is scheduled to take place on Wednesday and would take place following a rejection Wednesday's no deal vote and require MPs to vote on whether they wished that there should be an extension to the two-year article 50 process that is due to end two weeks on Friday.

Though there is some belief that the final of the three votes may, in fact, take place following Wednesday's vote, it has been confirmed that what was promised by Theresa May a couple of weeks ago whilst at the despatch box, will indeed take place. Aside from the question that is being asked about the morality of promising one thing and then doing something else, many are asking whether such speculation typifies the increasing desperation of a prime minister who has, almost, run out of road to kick the metaphorical 'can' that is Brexit.

We appear to have reached a point where the prime minister has effectively lost the confidence of parliament which, to stress, has a key function of representation in the best interests of, understandably, their constituents but, equally crucially, the country as a whole. It comes to something when even the members of a prime minister's cabinet are openly expressing dissatisfaction with her strategy and performance concerning the process of withdrawal from the EU. Moreover, members of her own party have suggested that were she to alter the promised voting arrangements and, as seems likely whatever happens, lose anyway, she should be subject to a motion holding her in contempt of parliament. This is unprecedented and demonstrates how muddled and utterly ridiculous Brexit has become.

Regardless of the machinations of parliament and the continuing speculation as to how long Theresa May will survive as leader of the Conservative party, the impeding deadline of 11pm GMT on Friday 29th March grows ever closer. This week's "deals" are crucial because, should this deadline pass without either an agreed deal or an extension, the default position – agreed by parliament – is that the UK leaves and immediately will operate within WTO (World Trade Organisation) rules.

The economic consequences of leaving with no deal have been discussed *ad nauseam* and, on the basis of what we know, will not attract sufficient parliamentary support to be agreed. Crucially, whatever may be said by advocates of a so called 'hard' Brexit, the uncertainty that leaving the EU on 29th March with no deal will be enormous and plunge this country into chaos that will have profound effects on society at large. This, surely, is not what those who voted to leave the EU wanted?

The impact of continued uncertainty is already being felt in some sectors; manufacturing, construction and retailing being notable examples. Financial services, that exemplar of hope and prosperity that was held up by Mrs Thatcher during the deregulation boom that was 'Big bang' in the 1980s, is witnessing an exodus of firms and capital. According to New Financial think tank, 275 financial firms are moving $1.2 trillion (£924billion) in assets and funds from Britain to the EU, English-speaking Dublin being especially popular as a destination, prior to Brexit. Though the number of jobs that are being lost are not large, some 5,000 have been identified by New Financial so far, these are usually extremely well-paid individuals which, of course, potentially represents lower revenues for the chancellor.

In all the 'excitement' that surrounds Brexit and the potential votes, chancellor Philip Hammond's spring spending statement on

Wednesday lunchtime almost feels insignificant which, of course, it isn't. In past years budget statements dominate the headlines. Strangely, Hammond is in a better position than might otherwise be expected. Perhaps this is why, it is speculated, he may be able to 'splash the cash' in order to try and procure support from MPs to support Theresa May's withdrawal deal, particularly among Labour members representing constituencies that have been hard hit by the effects of austerity that, previously, Philip Hammond has stated is over?

Compared to the same period a year previously, revenue from income tax has increased, having risen by a very healthy 8% between April 2018 and January 2019. According to the Resolution Foundation think-tank, the increase in tax receipts is a result of those who pay the top rate of 20% receiving significant hikes in pay. Additionally, capital gains receipts and VAT have increased, respectively, by 21% and 5%. And, perhaps to demonstrate that 'Spreadsheet Phil' is lucky, government borrowing costs have reduced due to costs of issuing index-linked bonds falling because they are linked to the Retail Price Index for measuring inflation.

Luck, however, has little value when anticipating economic planning. The realities of the external market remain difficult. In the latest OECD Interim Economic Outlook*, '*Global Growth Weakening As Some Risks Materialise', published on 6th March, it is acknowledged economic growth is "projected to remain weak" in the UK at less than 1% in both 2019 and 2020. As is also acknowledged, whilst household spending and employment remain reasonably strong, "persisting uncertainty about Brexit and the ongoing growth slowdown in the euro area are weighing on business confidence, investment and export prospects." The OECD report goes on to predict that if the UK were to leave the EU without a deal would have a serious economic impact. Being required to trade within WTO tariff rules would cause the UK's GDP to fall by 2% over the next two years further "add[ing] to the adverse effects on GDP and business investment already seen relative to expectations prior to the vote in 2016."

These views are echoed by Jonathan Haskel, the newest member of the Bank of England's interest rate-setting committee speaking at the University of Birmingham who contended that "the fog of Brexit uncertainty" will continue to create difficulties for business which is deferring investment decisions. Citing the fact that investment in the UK has, since, the June 2016 referendum, been lower than other G7 members, this will possibly undermine the ability of firms to remain competitive and to seek the sort of innovative and creative solutions that will ensure opportunities that will increase the likelihood of prosperity, job creation and, crucially further investment.

The portents are not good and are clear to all those willing to look beyond the headlines that appear to guide thinking. MPs who have been voted to, it should reasonably be assumed, collectively act within the national interest. They are aware of the economic data. Aside from diehard Brexiteers and the DUP, who appear to believe they are the sole voice of those living in Northern Ireland and, significantly, have lost the confidence of the business community there, there is agreement that a hard Brexit by leaving without a deal is not in the UK’s interest.

Economic sanity should prevail and consensus should be the guiding principle. The latter is not something that Theresa May or some members of her cabinet have sought during the last two and a half years. It has been pointed out on numerous occasions that the withdrawal deal, including the now infamous ‘Backstop’ was agreed during painstaking negotiations. Trying to unpick what has been agreed between the UK and the remaining 27 EU member states at this stage is, to say the least, not helpful; some would argue dishonourable.

Blaming the EU for resolutely sticking to its own ‘red lines’ concerning the sanctity of the ‘Single Market’ and defending the interests of the Republic of Ireland, a member that is not leaving, against arguments by a member that has stated it wishes to leave do not assist the maintenance of long-term relationships. Such relationships will continue whatever the outcome of Brexit. Indeed, they will outlive the current government and its leader.

As such it is now essential that Theresa May recognises the magnitude of the situation and stands up to those whose petty-minded and self-serving interests, not to mention their nationalistic and xenophobic tendencies, will result in economic chaos and continued decline.

The Centre for Brexit Studies Annual Conference 'B-Day: Making a Success of Brexit?' takes place on March 29 2019 at The RSA in London. Speakers include Sir Vince Cable, Sir Bernard Jenkin, John Mills, Vicky Pryce, Professor Vernon Bogdanor CBE and many more. Find out more and register for your FREE ticket here.