

Outlook for Brexit politics and policy under Boris Johnson

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Longview has long held that a crash-out or no-deal Brexit had a much higher probability of occurring than most observers have assumed. Our view was confirmed this week by Boris Johnson's rise to the prime ministership and his near-instantaneous naming of a staunch pro-Brexit cabinet. For these reasons, **Longview has elevated the probability of a no-deal Brexit from 75% to 85%**. Below, we present a brief sketch of Boris Johnson and a near-term outlook for British politics and policy under his leadership.

Johnson

Boris Johnson won the leadership of the Conservative Party with twice as many votes as his nearest challenger. Nevertheless, Johnson remains a divisive figure in British politics. His humour and dishevelment have allowed him to present himself as erudite, empathic, and energetic but also not threatening. Yet, he has generated little trust, affection, or respect among both political colleagues and opponents. He also is largely regarded as a loose cannon whose only guiding star is his ambition to be prime minister, but—as Johnson would be the first to point out—the same could have been said of Winston Churchill (one of his professed heroes).

Johnson's embrace of populism has drawn many comparisons with Donald Trump, a figure Johnson has long admired for his ability to transform name recognition into political power. He also shares with the American president an unshakeable faith in his own ability, a look to the past as the best way to chart a path for the future, and a sense that accuracy and detail are less important than big-picture imagery. Given this, he does not possess an elaborate policy agenda other than delivering on his pledge to exit the EU by October 31. This has been demonstrated in Johnson's first 48 hours in office.

Brexit strategy

In what has been the most ruthless cull of cabinet members without a change of party in power, Johnson has removed all of those regarded as insufficiently pro-Brexit, pro-Johnson, or both. And, he executed this overnight. While saying he wants to negotiate with the EU, Johnson appears to be pursuing a deliberate no-deal exit strategy in part because he created this expectation among the party's core supporters. Johnson's order to his new government to make preparations for a crash-out also reinforces the notion that he is playing chicken with Brussels. The EU, however, has clearly stated that it will not bend or be held hostage to London.

Post-Brexit policy

Another Johnson attribute is his ability to focus media attention on himself while obscuring developments taking place behind the curtain. In fact, Johnson's cabinet and the political appointees brought in to advise the prime minister will shape the country's Brexit strategy and subsequent policy direction in important ways. A closer look at the composition of the new leadership team suggests reveals three distinct factions and paths forward. ►

1. The most obvious group is the committed Euroskeptics, all of whom have pledged to take Britain out of the EU by October 31 without a deal if necessary. They will make implementation of the Brexit process and negotiating the UK's new economic relationship with the EU and the rest of the world central priorities.
2. Some cabinet members support Brexit for a more pragmatic reason: to move the Tory party firmly to the right to occupy the political ground that Nigel Farage's Brexit Party threatens to take at the next election. They would concentrate on meeting expectations identified in focus groups, which could include significant increases in social spending to allay the deeply-felt concerns of Brexit voters.
3. A third group could be labelled Thatcher's Children: They believe in the concept of creative destruction and see in Brexit not so much a restoration of sovereignty but a throwing off of EU regulations that will unleash a new wave of British entrepreneurship. Their post-Brexit priorities will be deregulation and fiscal austerity.

Elections

In addition to Brexit preparation and post-Brexit policy, Johnson must also calculate when to go to the voters. By law, he does not need to do so until May 2022, and one of the purposes of the cabinet cleaning was to generate a feeling of major change as is normally produced only after a general election. However, he has an even more tenuous hold on a parliamentary majority than May did and much depends on how Brexit goes. Therefore, Johnson may be tempted to call an election soon after October 31 to maximize the chance of bolstering his majority before the economic problems associated with a no-deal Brexit become too apparent.

An alternative course

There is the (15%) possibility that Johnson could be thwarted—a scenario Brexit deniers are holding out for—whereby the British parliament overrides the new government and current law and appeals to the EU for another deadline extension. This would require some Tory MPs to reject the party line and align with a unified opposition—which presently does not exist. Johnson and party whips, meanwhile, are arguing that a failure to deliver Brexit would mean the end of the Conservative Party—a risk they are holding over the heads of potential rebels. Parliament adjourned for the summer recess on July 25 and is not due to sit again until September 3—a date which, as Johnson will not fail to note, marks the 80th anniversary of Britain's declaration of war against Nazi Germany. At that point, the UK's course should be more apparent. ■