

Avoiding the cliff edge?

Brexit news has come thick and fast this past week. While we don't see the need to comment on every twist and turn, some recent developments have been quite significant.

In particular, following reports of disagreements within Mrs May's cabinet over how "hard" Brexit should be, we are now informed that the Cabinet is united over the need for a transitional deal pending full departure from the EU. There has been considerable pressure from business leaders worried about the relatively short timescale to prepare for departing the EU. According to the Daily Mail, Mrs May told a group of senior figures from industry that she wanted to avoid a 'cliff-edge' exit from the EU.

The article also said that even David Davis, one of the ministers keenest to leave the EU as soon as possible, is reconciled to a transitional Brexit period lasting until 2022.

Of course, with 2022 is now the new date for the next General Election, this puts a great deal of pressure on the Government to make sure we're through the transition period before voters go to the polls. A recent survey by YouGov studied the main reasons given by voters for supporting the two big parties in this year's election. Among Tory voters, Brexit came top of the list with 21% citing it as their top concern. By contrast, Brexit (either supporting or opposing it) did not feature at all in the top 10 reasons why people voted Labour. Achieving a successful Brexit looks like being essential for the Tories if they are to stand a chance of remaining in power next time round.

One big issue in many voters' minds was immigration and it is possible from the snippets revealed by a government source that no attempt will be made to restrict migration from the EU during the transition period, although when the BBC reported

on this topic, it merely used the term “might be” no restriction. If this is the case, it would confirm Mrs May’s statement earlier this week that whatever the transitional arrangement may be, it is not going to include remaining within the Single Market. If so, what will it include? A safer transitional option, the EEA/EFTA route, would enable us, via the Liechtenstein Solution, to start imposing restrictions far sooner.

Opposition to housing development in greenfield sites and in small towns is not going to go away either, particularly as an increasing number of people are starting to make the obvious link between housing shortages, concreting over the countryside and immigration. This will only add further pressure on the Tories.

However, if voters may be concerned that the government is kicking its migration target further down the road, the House of Lords Economic Affairs Committee thinks otherwise, noting that Brexit will encourage firms to replace cheap labour with robots. In a sense, this is nothing more than the House of Lords playing catch-up. Almost two years ago, Andy Haldane of the Bank of England said that millions of jobs would be replaced by robots in the next twenty years. Even allowing for exaggeration and/or technology not developing as fast as suggested by the headline report, if we start to become a world leader in artificial intelligence, we will be struggling to find work for the current immigrants and with the exception of top professionals, certainly won’t want any more.

As the summer recess begins, the government will not have an easy job to keep everyone happy, be it the many shades of opinion among leave voters, the Business community or even the Cabinet. We are still woefully thin on detail about even its transitional plans, but at least we have now been told that the important players are not only talking to one another but listening and attempting to find common ground that will keep most leave voters and business people on side. That still

leaves a lot of concerns unaddressed, but for this small mercy we must be thankful.

Photo by williamcho 