On the EU side, there has been some posturing too

Mrs May and some members of her team have gone on record to say "No deal is better than a bad deal", but realistically, "no deal" was never an option. The worst scenario would have been an incomplete, partial deal and with neither side wanting a cliff-edge scenario in March 2019, even this would not be anyone's preferred option. For all the dire warnings of Yanis Varoufakis, Greece's former Finance Minister, the UK is not Greece. We would suffer more than EU-27 from a non-deal, but it would not be in the EU's interests to be obstructive and prevent an agreement being signed.

To prove the point, it is now emerging that some of the tough rhetoric from the EU side which we heard in the immediate post-referendum period has turned out to be little more than posturing. Barely three months ago, it was widely reported that Spain would be given a right of veto over the final deal with the UK and would have the full support of the other EU member states if it chose to take a tough line over Gibraltar. Recently, however, Alfonso Dastis, Spain's Foreign Minister, has stated that his country will not block any Brexit deal and that talks over Gibraltar's future will be handled on a bilateral basis. "The issue of Gibraltar doesn't have to be the first, nor the most important point during talks," he said.

Another example of hot air is the EU's apparent desire to remove the lucrative €uro clearing business from the City of London to somewhere within the Eurozone. This would have been a political gesture rather than an economic necessity. After all, most clearing in the Saudi Riyal takes place in London without any heart-searching in Riyadh. Writing in *City AM*, however, Mark Field, the City of London's MP claims that "All of the EU politicians and financiers I have spoken to understand that this is a risk not worth taking. They express no desire to prevent euro-denominated trades from being cleared in London and indeed privately rail against the notion that such business might be forcibly moved to Paris." He also points out that "Most sensible players implicitly understand that if London is undermined, key participants in the financial services industry will move not to Frankfurt, Dublin or Paris but to New York, Singapore or Shanghai." Absolutely. In or out of the EU, London will remain Europe's principal centre for financial services for the foreseeable future.

On the surface, however, it does appear that the EU has turned the corner after its recent problems. Its economy is performing better than at any time since the Great Recession of 2008 and eurosceptic parties in the Netherlands and France failed to make any breakthrough in recent elections. France's new President, Emmanuel Macron, is a strong supporter of the EU and his triumph is encouraging the Eurozone to consider pressing on with further integration. Even Germany's ever-cautious Angela Merkel recently indicated that she would "consider a common finance minister, if the circumstances are right," adding "we could also consider a Eurozone budget if it is clear that we are really strengthening the structure of the economy and doing sensible things".

Donald Tusk, the President of the European Council, has also adopted a very upbeat note in his invitation to the EU's leaders for the next meeting. "It is fair to say that we will meet in a different political context from that of a few months ago, when the anti-EU forces were on the rise. The current developments on the continent seem to indicate that we are slowly turning the corner. In many of our countries, the political parties that have built their strength on anti-EU sentiments are beginning to diminish. We are witnessing the return of the EU rather as a solution, not a problem."

There is a big "but", however. A recent survey by Chatham House, a foreign policy think tank, pointed to a wide gap between the opinions of the EU’s “élite” (defined as leading figures from politics, media, business and civil society) and the general public and even the élite is not as optimistic as Mr Tusk’s words would have us believe. Only 34% of the public feel they have benefitted from the EU, compared with 71% of the élite while a majority of the public (54%) think their country was a better place to live 20 years ago, which in some cases means before their country joined the EU.

The study also finds 48% of the public wants the EU to hand back powers to member states, while only 31% of the élite are keen on this idea. Less than 1 in 4 of the general public support extra powers for the EU and even among the élite, the figure is a mere 37%. What is more, among the élite, almost one in two (46%) thinks that another country will leave the EU within the next decade. The figure for the general public is 58%.

While the groundwork for the survey was undertaken between December 2016 and February 2017 – in other words, before the Dutch and French elections – it still painted a rather fragile picture of the EU, suggesting that Donald Tusk’s comments may be somewhat over-optimistic. To prove the point, less than a week after Macron’s triumph, several members of his cabinet have already quit. If plans for further Eurozone integration do fall foul of public opinion, any revival of enthusiasm for the EU project among the general public may prove short-lived.

None of this reduces the challenges facing the UK government in the Brexit negotiations. Indeed some have argued that a strong EU may be more willing to grant a favourable deal to the UK than one which believes itself to be on the back foot. What we can say is that it is far from certain that the UK’s negotiators will necessarily spend all the next 21 months facing representatives of an organisation which is self-confident or even united.

Photo by D-Stanley