

Brexit Britain on the Brink. Collapse of the Pound Sterling. “Theresa May, the Wrong Leader for this Perilous Moment”

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*With the formal beginning of the UK General Election with the dissolution of Parliament, the British Prime Minister, **Theresa May** stood on the steps of 10 Downing Street and started milking the nationalistic fervour of Brexit for all it was worth. Mrs. May declared that Brussels was attempting to “[interfere](#)” with the British General Election. The day before she crudely stated the President of the European Commission, **Jean-Claude Juncker** would soon find out what a “[bloody difficult woman](#)” she was, taking that label first pinned to her by her fellow Tory colleague the wonderful [Ken Clarke](#) (who would make a fantastic Prime Minister).*

According to an account of a working dinner recently held in Downing Street between Mrs. May and President Juncker the food was awful and Mrs. May was living in another “galaxy”. At the close of the dinner President Juncker said he was “10 times more skeptical” about the chances of a successful deal than he was before. As his brilliant **Chief of Staff Martin Selmayr** reflected Brexit cannot and will not be a success, it is a “sad and sorry event” that must be at best managed and contained. It would seem reality still has not sunk in with Mrs. May, her party, their followers and at least half the population in Britain.

The first piece of reality to bite was when the **President of the European Council Donald Tusk** ruled out striking a UK-EU Free Trade Agreement within the two year divorce proceedings. Mr. Tusk, backed up by the European Council, European Commission and all 27 loyal members of the European Union made it quite clear before any talks could even begin on the subject of a future UK-EU Free Trade Agreement the issues of “people, money and Ireland” would have to be sorted out. The divorce bill for Britain to leave the EU and honour it’s budgetary and contractual obligations has risen sharply and now Brussels is calculating it could be anywhere between 80-100 billion Euros.

I think this will be the sticking point at which no deal is reached given the slippery nature of the British State in honouring its financial commitments. Amazingly, back in October [Bloomberg News](#) released a report which showed the pound sterling became the world’s worst performing currency in October 2016 against the dollar, even below the Romanian and Colombian currencies and it has not much improved since then. One wonders by the time Brexit takes effect if there will be a pound sterling left? The cliff that the pound has fallen off is already putting severe pressure on prices back in the UK.



President of the European Commission, Jean-Claude Juncker

The UK is already one of the most extortionate places in the developed Western world for prices. The cost of living in the United States, once one strips out the cost of university and healthcare, is actually much cheaper than Britain. This is due to the United States having a moderate sales tax of 9%. In Britain, it is an eye watering, unbelievable 20%. It could go even higher if the Tories are returned.

Mrs. May has pledged not to increase it before 2022 but her word is meaningless. She was for Remain and now is for a Hard Brexit. She was against holding an early General Election but broke that pledge too. May and her ghastly Chancellor Hammond attempted to raise National Insurance contributions for the self-employed only a few weeks ago even though the Tories manifesto at the last General Election promised not to do so. A pattern is developing which is you simply cannot trust a word the Tory Party and Mrs. May say.

One of the immediate effects of Brexit and the collapse of the pound is that prices have already risen sharply. There was the infamous [Unilever spat](#) with Tesco's back in the autumn and that was just a taste of things to come. Whether it be food, energy, transport, water rates, rents, services etc. the cost of living in the UK is through the roof while the quality of the goods and services one gets is not equal to the price one pays and customer service is appalling. The UK is one of the most places in the developed, Western World for value for money and good customer service.

The UK supermarket [Morrisons](#) has had to hike the price of marmite by a staggering 12.5%. Meanwhile the National Institute for Economic and Social Research warned correctly that inflation in the UK would start rising fast in 2017. Indeed it jumped from 1.8% in January to 2.3% in February, quite an increase between one month and could go as high as 4% or more with the increase of import costs inevitably feeding through to the high street. As I said, the UK is already an egregiously and peculiarly overpriced place to live in, whether it is prices in the supermarket or on the high street, or the overinflated housing market and out of control rental sector. If prices are this expensive with an inflation rate currently at some where just over 2%, it will not be fun to see what prices stand at this time next year with an inflation rate of 4%.

Here I think about hard working and hard pressed people like a taxi driver in Cambridge I

spoke with recently. He told me he works all the hours God sends him, seven days a week. And he still is only making ends meet and has no money left over at the end of the month to put aside for saving for a mortgage. Yet, according to Mrs. May Britain is such a great country to live in. So great, it has to spell it out by inserting the Great into its formal title. If someone has to tell you how great they are, you can bet your bottom dollar, they aren't.

Then there is the issue of the Single Market. Britain's main export market is the European Union. Indeed, the UK does more trade with Ireland than with China. As the **German Chancellor Angela Merkel** stated on the morning of the referendum result:

"The British people have made it clear. They do not want to be part of the European Union. They do not want to be part of its Single Market".

Mrs. May confirmed this with her dreadful, contradictory and incoherent "Global Britain" speech back in January. So, with no prospects of a quick and easy UK-EU trade agreement the years ahead for the UK, quite possibly crashing out of the EU and its Single Market on to World Trade Organisation tariffs will be very painful for British businesses and customers. This is why the reassurances that the British Government have given Nissan regarding tariff free access for the UK motor industry and its pronouncements that there will be no change in the border arrangement between Northern and Southern Ireland are worthless. It is not going to be up to the UK Government whether or not the motor industry will be free from EU tariffs or whether or not the island of Ireland is going to be subjected to an EU border.



Brussels holds all the cards on these matters and it will be down to Brussels to decide if the UK motor industry is not subject to EU tariffs and whether border controls and customs checks should be introduced between the Irish Republic and Northern Ireland. Britain perhaps has some leverage on these matters but it does not have the final control over them. Ultimately, the UK will have to depend upon the good will and good graces of the EU with regards to the final outcome on these matters.

This is why Mrs. May is playing a very dangerous and counter-productive game now with stirring up even more anti-European xenophobia for short-term, petty political gain as if the monstrous UK Referendum was not bad enough with the current British Foreign Secretary coming out with statements likening the project of the European Union to Hitler's vision for Europe. By being so hostile and aggressive with comments such as her "bloody difficult woman" statement and her vulgar declaration on the steps of Downing Street that Brussels was scheming and plotting to undermine British democracy, she is not building the bridges of good will and constructive relationships Britain will need to get a good deal from the European Union.

Last weekend the 27 EU leaders - Theresa May was not present - approved within a minute or so the guidelines for the EU's negotiation of Brexit first issued on 31 March by President of the European Council Donald Tusk. EU officials said leaders burst into applause as the negotiating stance was waved through. The EU's chief negotiator, **Michel Barnier**, said:

"We are ready... we are together".

As outgoing French **President Francois Hollande** said there would inevitably be

“a price and a cost for the UK – it’s the choice that was made”.

This is after all, what the British people voted for, so let them have it. I suspect there will be no deal at the end of the two year talks due to my belief that I can not envisage the UK honouring its financial contractual commitments. Thus, the UK will come crashing out without any deal.

If the EU chooses to subject the UK motor industry to tariffs and decides to institute an EU border between Northern and Southern Ireland, there will be nothing the UK can do to stop it. If the EU decides to make life difficult for the millions of British people who holiday on the glorious European continent each year to escape the miserable British weather and sour, passive-aggressive behaviour of their countrymen, there is nothing the UK will be able to do to stop it. There could be huge queues of cars at Dover and a plethora of customs checks. This is why the Leave campaign was such a fantasy, telling people that the UK could vote to leave the EU and still enjoy access to the Single Market.

This was one of the biggest lies told by Leave, just as big as their pledge to spend the extra money saved from EU budget contributions on the NHS. That pledge has quickly evaporated because it was based on lies and I doubt very much once the UK finally exits the EU in 2019 there will be any new money available to spend on the NHS. Indeed, it will be interesting to see what happens to the NHS which is staffed heavily with EU nationals and internationals because of the UK’s inability to train and retain home grown talent. As [Matthew Norman](#) writing in The Independent recently said:

“Those who disdain free movement of workers from inside and outside the EU (until they find themselves in hospital, or the washing machine breaks down)”.

Of all the EU Heads of Government, it has been the German Chancellor who has been the most moderate in her pronouncements on the consequences for Britain of leaving the EU. Now however even Angela Merkel’s patience with the foot dragging and flights of fantasy of the British Government is wearing thin. The Chancellor recently spoke of the “illusions” that some in the British Government still harboured regarding how difficult Brexit and it’s negotiations were going to be. Previously the Chancellor had said that:

“It is going to be rough going I think. It will not be that easy”.

This goes to nub of the predicament that the UK has placed itself in.

When it comes to Brexit it is the EU which holds all the cards. That is why perhaps it would have been wiser and in the national interest not to have appointed the “three Brexiters” of Johnson, Fox and Davis to the key posts that will oversee the massive amount of work involved over the coming years in disentangling the UK from the EU. Those appointments hardly sent a conciliatory and emollient message to EU capitals. In fact, it raised the hackles of many in Paris, Berlin et al and Mrs. May bangs on and on like a robot about how she is the only leader in Britain best placed to handle the Brexit negotiations. I think from her performance so far and that of her Government Ministers who brought about this crisis for

Britain, it is clear she is the last person well suited to the task ahead.

It is not just an economic and financial storm which is on the horizon for the UK, but a constitutional crisis which could see the breakup of the United Kingdom itself. While the country as a whole voted by 52% to 48% to leave, a more complex and nuanced picture emerges when one examines the breakdown of the regional voting. Scotland overwhelmingly voted to remain. As did Northern Ireland. The Scottish Nationalist **First Minister Nicola Sturgeon** has been quite right to demand another Scottish Independence Referendum. The Scottish Referendum was held when the UK was still a part of the EU and Scotland was voting to remain part of a UK inside the EU. It would have made more sense to have held the Scottish Referendum after the EU Referendum, not the other way around.

But then, this is Britain after all where there is such poor planning and design with very little thought and rigour ever put into anything whether it be the management and running of public services or the design and layout of public buildings. If it gets to such a vote, Scotland could well opt for independence this time as a means to re-enter the EU and gain access to the Single Market, a market place far bigger and far more important for Scotland than remaining in a union with England.

Meanwhile, in Northern Ireland, the decision to leave the EU could very well achieve what thirty plus years of the bombs and bullets of the Provisional IRA failed to do - force a British Exit - with the North reunified with the South within the European Union. For the first time ever in the recent local Northern Ireland Assembly elections the unionists lost their majority for the first time ever and Sinn Fein is now only one seat behind the largest of the unionist parties.

As General de Gaulle said in his statement when he vetoed the UK's first application for EEC membership in 1962: "England is insular". It is not just England. Many parts of the UK are insular and brutally provincial, totally un-cosmopolitan and un-globalised. Many British people barely know the correct facts about the composition of their own country, let alone about the rest of Europe and the world.

No one in England (outside of the political, media, diplomatic and business elites) rarely calls the country by its formal title - the United Kingdom or even Britain - it is simply England for many people and most describe themselves as English rather than British. So one side effect of Brexit will probably be the end of the artificial construct known to only a few as the United Kingdom of Great Britain and Northern Ireland. Britain is well and truly on the Brink and .

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