

# No-deal Brexit Warnings Report - A ‘Social Catastrophe’ Awaits Us, “A Slow Train of Economic Chaos”

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*‘Project Fear’ was used to criticise the campaign being run by ‘Britain Stronger in Europe’, supporters of the UK remaining in the European Union. Ironically, it was **Boris Johnson** who reintroduced the term after the governments’ original use of it to attack the Scottish Independence movement two years earlier. Johnson put forward claims that the pro-EU campaign was guilty of scaremongering, saying that “the agents of Project Fear” were trying to “spook” the British public into voting against British withdrawal from the European Union.*

*But now, the sheer weight and scale of warnings from the country’s best experts of what will likely happen in a no-deal Brexit have now completely dwarfed any opposite reaction of its impact when Britain loses the equivalent of 70 international trade deals at the stroke of midnight 31st October. If the warnings are to be believed, the following day will unleash a slow train of chaos that the public is unprepared for. There will be silence as nothing notable happens straight away but as each week rolls into months the unfolding catastrophe will become apparent. Any politician or organisation saying that these warnings are some sort of reverse styled ‘Project Fear’ are conspiracy theorists – because the facts as we are presented with them are not on their side.*

In preparation, the government has published over 100 “technical notices” outlining the practical effects of no-deal – from driving licences to drugs. Brexit readiness started at just over £2 billion, was then increased to £4 billion, Boris Johnson has added another £2.1 billion and the Chancellor approved another [£2 billion in the spending review](#) last week. A huge propaganda campaign – the biggest since WW2 to encourage the public to prepare for a chaotic exit has just been launched. No-deal planning is now costing over £8.3bn.

Meanwhile, 3,500 troops plus army reservists are now “held at readiness,” in case martial law is declared if things get nasty. The surveillance agencies are on heightened alert – and security services will be monitoring what they are calling the ‘[battle rhythm](#).’ The supermarket chains and pharma giants were told to stockpile food and medicine.

In analysing online news results, TruePublica found that 53 per cent of Brexit related news is now against a no-deal Brexit, 37 per cent of Brexit news stories were neutral and just 10 per cent were defending Boris Johnson’s Brexit agenda. The government [petitions website](#) now has a ratio of 10 to 1 against Brexit with more than 10 million signatures declared in 17 overall petitions.

These are the current no-deal warnings, some may have been updated, but collectively,

they paint an alarming overall picture.

## **Economic chaos**

The Confederation of British Industry [warns](#) – that a no-deal Brexit is “*a tripwire into economic chaos that could harm our country for years to come.*”

Over the longer term, the Bank of England originally [warned](#) the economy could be 8 per cent smaller by 2035 after a no-deal Brexit than if it stayed in the EU. On 4th Sept, the governor [revised down his warnings](#) down to 5.5 per cent due to increased preparedness. He also stated unemployment would double and that inflation would double to 5.5%.

And while the warning is reduced it should not be forgotten that this fall in GDP still represents nearly 90 per cent of the fall experienced in the previous financial crisis triggered in 2008. That recovery was the longest and slowest since the 1930s and to add another one without the usual 10 to 15 years growth cycle normally expected, would devastate household incomes.

In the meantime, the bank’s governor has also [warned](#) Brexit will “turn foreign investors off British assets.”

## **Foreign investment collapse**

Figures from the Department for International Trade showed that investment in the UK by overseas firms has [collapsed](#). The number of new projects in the UK fell 14% in just the last 12 month period of 2018-19. In that same time period, there was a 24% fall in the number of jobs created. The same report highlighted that there was an even sharper drop in the number of existing jobs which have been secured by further investment in the UK.

## **Business investment collapse**

The rising threat of no-deal Brexit has set Britain on course for the biggest decline in business investment since the financial crisis, the [Confederation of British Industry](#) has warned. And according to the ONS, overall business investment has already fallen for [four consecutive quarters last year](#). That is a double the required timeframe to count as being in a technical recession. The reason – fears over Brexit.

## **Company bankruptcies**

The Bank of England and Treasury warns the UK will be worse off under all Brexit scenarios. But in a no-deal Brexit, the BoE [warns](#) that Britain will see a substantial amount of company bankruptcies after suffering a “real economic shock.”

## **Lost productivity**

The Brexit process has cut the productivity of British companies by between 2% and 5% since the 2016 vote to leave the European Union, according to a research paper published by the [Bank of England](#) last Friday. However, last week the FT [reported](#) a causal link has been established between *Brexit* and lower investment, which they say has already reached 5 per cent.

## **Recession**

The Office for Budget responsibility (OBR) has [warned](#) that a no-deal Brexit would plunge Britain into a recession that would shrink the economy by 2%, push unemployment above 5% and send house prices tumbling by around 10%. All that in the space of just one year. The OBR's report also shows that even in the most benign version of a no-deal exit there would be a very significant hit to the UK economy, a very significant reduction in tax revenues and a big increase in our national debt - "a recession caused by a no-deal Brexit."

### **Lost per capita income**

The latest research published by the Centre of Economic Performance has analysed the effects of trading with the EU on WTO terms. It [warns](#) that after 10 years this would reduce the UK's per-capita income by between 3.5% and 8.7% with other credible analyses coming to much the same conclusion. The upper end of this analysis falls into line with the Bank of England's forecast.

### **Lost competitiveness**

The CBI also [warns](#) in no uncertain terms that Brexit will be -*"the slow puncture of the UK's lost competitiveness. Unless and until a new trade deal is forged, the UK would face tariffs on [90%](#) of its total EU goods exports, by value. Our manufactured goods will become less competitive and businesses will be tied up in new red tape. The EU will apply double testing in areas from children's toys to high-viz jackets. Services providers, from broadcasting to insurance, who account for 80% of the UK economy will be forced to shift operations to Europe to maintain market access."*

### **Job losses**

Unemployment has [already risen by 31,000](#) in the second quarter of this year as business investment and confidence evaporates. The Bank of England [predicts](#) a further 34,000 fewer jobs by the end of 2019.

But in a no-deal post-Brexit world the predictions are dire. Overall, the EU is expected to lose around 1.2 million jobs but the UK, inevitably, would suffer the most out of all EU member states with 525,000 job losses, according to a [report and study](#) published in Personnel Today. Even the Business Secretary has [warned](#) that a no-deal Brexit would lead to the loss of "many thousands" of jobs without saying what that means.

### **Business relocations**

Since Brexit was always a threat to businesses trading inside the EU, many companies have now either [warned](#) they are relocating, prepared for it or already moved critical parts of business activity - mainly to Germany, France and The Netherlands. Some the biggest names are; Jaguar LandRover, Airbus, Nissan, Honda, Michelin, Schaeffler, Aviva, Dyson, Panasonic, P&O, Phillips, Rolls Royce, Sony, Toyota, Unilever and Ford.

### **Financial services asset transfers**

The financial services industry [warned](#) Brexit would cause a considerable reaction from its trading regime. The result is that they have collectively already moved £1 trillion in financial assets - around 12 per cent of total assets in the UK to Europe. They include - HSBC, Barclays, Credit Suisse, Goldman Sachs, JP Morgan Chase, UBS and Lloyds of London.

## Stockpiling - No capacity left

The UK Warehousing Association (UKWA) stated **“there is no space left”** and Peter Ward its CEO has [warned](#) that the port of Dover is ‘catastrophically’ unprepared for a no-deal Brexit. Ward has also warned that irrespective of what the government or its agencies have said, there is no such thing as ‘frictionless trade’ after Brexit and that a tiny little detail like ports not having enough plug in points to power temperature-controlled vehicles is a real problem. UKWA is helping to advise UK businesses involved in cross border trade with a total of 300,000 trading partners.

Supermarket chains – Sainsbury’s, Asda and Tesco have [warned](#) that an October no-deal exit is *“as bad as it gets”*. Tesco boss Dave Lewis [told the BBC](#) that while it had stockpiled some goods ahead of the original March Brexit deadline, it would be more difficult this time with warehouses because they were already – *“full of things getting ready for Christmas so there will be less capacity”*.

## Inflation

The BoE has [warned](#) the government that a disorderly exit from the EU would prompt another fall in the value of the pound, leading to higher prices and a drop in real incomes. The latest estimates from the BoE state that in a no-deal Brexit, inflation will double to 5.5 per cent.

## Currency

Image on the right: 6 Sep 2014 00:00 UTC – 5 Sep 2019 04:30 UTC GBP/USD close:1.22378



Since March this year – just six months, Sterling has depreciated 12% against the JPY, 9% against the USD, and nearly 8% against the EUR. In fact, every G10 and major EM currency has gained against GBP over this period. The ‘markets’ are now moving towards no-deal – and the [warnings](#) are getting more stern – *“sterling appears very vulnerable on two additional and interrelated fronts: economic data developments and central bank stance. On balance, we think there is further room for sterling to depreciate against majors (USD, EUR, JPY and CHF) in the weeks ahead, amid a confluence of negative factors.”*

## National Health Service

A “no-deal” Brexit will push the NHS “to the brink” as the service prepares for next winter, the BMA [warns](#). In a briefing paper published on 2 September, the association describes how

a departure from the European Union without an agreement could have “catastrophic” consequences for doctors, patients, and services at a time when the NHS is already struggling to cope with rising demand. The paper demands that the government urgently answer more than 40 questions on how crashing out of the EU on 31 October will affect crucial areas such as the NHS workforce.

## Household incomes and savings

The Resolution Foundation has published [warnings](#) about the resilience of households to deal with the coming Brexit recession. To cope with the downturn that followed the financial crisis of 2008, low- and middle-income families drew down on their limited savings and now nearly 60 per cent of this group have nothing put aside. Additionally, the social security safety net cushioned the impact of that recession on lower-income households. For example, for the poorest 10th of the population, the fall in income from employment was more than offset by a boost from the tax and benefit system. That very system has been largely dismantled through Universal Credit and already causing considerable hardship.

The DWP has been asked to [publish secret analysis](#) that reveals the impact of different Brexit outcomes on poverty levels, wages and low-income households in the UK. The DWP confirmed that it does hold some of the analysis but that it would not publish any of the findings “*as it was not in the public interest to do so*”.

Rising inflation puts further pressure on household incomes, especially if unemployment rises as that will cause wages to stagnate.

## Farming

The [four main farm unions](#) in the UK have written to MPs warning that a no-deal Brexit could have “severe impacts” on farm businesses, the food industry and a “fragile” rural economy.

In addition, the head of the National Farmers’ Union [warns](#) that UK farmers would have third-party status and would face high tariffs to sell their goods into Europe. “We’d be priced out of the market,” she said, claiming that the result for UK farmers would be “**catastrophic**.” “Forty per cent of our lamb goes to Europe, for just one example. We’re not going to suddenly start eating more lamb here. If we don’t have that export market, what happens to it?”

[Some experts have predicted](#) that 25% or more of farmers could go out of business in the first year – and although this seems overstretched, academics say government plans to replace farm subsidies after Brexit could mean that up to one in four of England’s least profitable farms could go bankrupt in around a year.

## Ireland

A no-deal Brexit will have “an immediate and severe impact on almost all areas of economic activity”, the acting governor of the [Central Bank of Ireland](#) has warned. Ireland is expected to [lose over 50,000 jobs](#).

## Northern Ireland

The Police Service of Northern Ireland (PSNI), has [warned](#) a no-deal Brexit could become a

motivating factor for extremists in the event of a disorderly exit. The counter-terror chief warns of a year-long upsurge in dissident republican support and violence.

Something like [one-quarter of all MI5](#) none administration based personnel are now concentrated on terror-related activity focused on the NI border.

## Scotland

The Scottish First Minister has [warned](#) that a “catastrophic” no-deal departure would cost 100,000 jobs in Scotland and “plunge the economy into recession”.

Ruth Davidson’s resignation is evidence that she has [given up the fight to save the union](#) and believes it won’t hold. Although she cited family reasons in her decision to leave the job, her distaste for Johnson was no secret. In her role, she was the most influential voice for Scotland remaining a part of the U.K. at a time when support for Scottish independence has risen amid widespread opposition to Brexit. Davidson, who [appeared on the 2018 TIME 100](#), campaigned successfully to keep Scotland inside the United Kingdom during the Scottish independence referendum in 2014.

Even the Financial Times is mourning the loss of the union – its headline was unambiguous – [“Brexit has become the enemy of the UK union”](#) and it stresses that the union is done.

## Wales

The Welsh government has [warned](#) that it could be the worst affected region in the country. Over 60% of Welsh exports went to the EU. **“The economic costs will be catastrophic”**. Wales is set to lose £7 billion a year by 2034, the equivalent to the annual public spending on hospitals, GP surgeries and other health services in the country. Welsh farmers have threatened to storm parliament as a ‘catastrophic failure’ of their industry is also expected. Wales is a net beneficiary of EU membership, receiving about £680 million in EU funding each year. There are [14 critical warnings](#) for Wales in the event of a no-deal Brexit.

## EU assists member states

The EU has [announced](#) it could declare no-deal Brexit a major natural disaster. The move would allow members to draw on emergency fund for floods, fires and earthquakes to reduce the economic impact of reduced economic activity.

As for Ireland – the country that will be most directly affected – the EU has said it will provide a huge cushion against the effects of Brexit. A senior EU diplomat [told](#) *The Times* newspaper that the bloc would “spend whatever was necessary” – a “multi-billion pound aid package” to support Ireland.

## Property prices

The expected fall in inward investment and confidence in the property market is expected to see house price falls of around 6 per cent one year after a no-deal Brexit with [warnings](#) of a 20 per cent fall in subsequent years. The Office of National Statistics [reported](#) recently that London house prices had now fallen 4.4% in May year on year, the largest yearly fall since the 2009 crisis, as investment confidence drains away. This may be good for prospective first-time buyers, but little use if the consequent lending squeeze and increased deposit

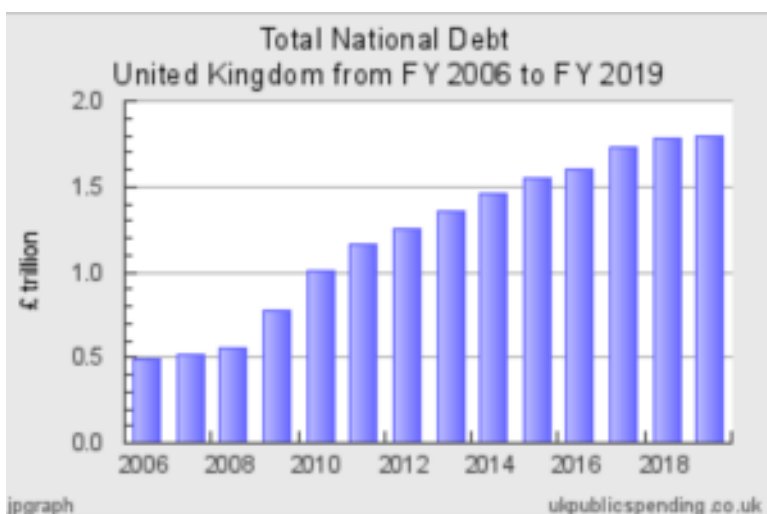


requirements stall the entire housing market and locks out most FTB's.

## Organised crime and terrorism

One little discussed consequence of no deal are [warnings](#) that the UK will immediately lose access to EU databases and [other forms of cooperation](#) including the European arrest warrant, the Schengen information system and Europol. This will hinder policing and security operations in a world where data is key to solving crime. Nor is it inconceivable, as the head of the National Crime Agency has also [warned](#) - that we will witness a rise in organised criminal activity, as gangs seek to profit from this disruption. He has also warned that Brexit itself could also lead to an increase in bribery and corruption as British companies enter into new markets around the world and has now asked the government to triple its funding to cope.

## National debt



Source: ukpublicspending.co.uk

A no-deal Brexit would blow a £30 billion annual hole in the public finances as the economy shrinks and tax receipts collapse, driving the national debt above £2 trillion for the first time, the [government's budget watchdog has warned](#).

In all, a no-deal would add about £30 billion a year to government borrowing, the OBR said - or, put another way, £577 million a week. OBR forecasters said their stress test was "**by no means a worst-case scenario.**"

## Questions

In a no-deal post-Brexit world, where so much has subsequently gone wrong, who on earth would want to be a politician, especially a politician that either backed no-deal or didn't fight against it as the country spirals?

When people die on the streets of Northern Ireland or when violence spills over on to the mainland - who will answer the questions as to why the Good Friday Agreement was abandoned for an ideology?

When the union falls apart, likely to start with Scotland who will answer those questions

about why borders are being erected to separate the two countries as a result of an unproven, unworkable theory?

The London (England) riots erupted in 2011 with the loss of five lives, over £200 million in property damage and 3,000 arrests. If worse were to happen, as is expected, who will answer the questions to those people who have suffered losses?

When businesses go bust, assets are liquidated by the banks and hard-working people including some of Britain's budding entrepreneurs are thrown onto the streets, who will be answerable to their losses?

With household and personal debt now higher than just prior to the 2008 financial crisis – who will pay for the job losses that lead to evictions and repossessions in a country where the housing crisis already sees a homeless person dying on the streets of Britain every 19 hours?

When food banks and charitable services become overwhelmed (already at breaking point) – who will help and protect those most vulnerable to the impending crisis that only last month saw nearly [90,000 British children](#) being sustained on emergency three-day food parcel supplies?

When the NHS is overwhelmed by a perfect storm of people suffering from delays of medical supplies that the NHS itself will be suffering, and be suffering additional critical staff shortages, who will pay the consequences of their misery or worse?

Who would want to be the Northern Ireland secretary, the business secretary, at the home office, in charge of the military, health or housing when all these warnings develop into real-world tragedies? Who would want the job of negotiating trade deals with other countries who understand Britain's hand is so weak, negotiations will be totally one-sided? Who would want to run a country, where citizens were told by a political elite so detached from society that a no-deal Brexit was somehow affordable when it was never affordable to at least half of the population?

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