

Brexit, or Bust?

Elliot Gerson: When you think about the European Union, at least, I think for many of us, it seems to be, uh, at least from a distance, perhaps the most successful multistate entity in history, uh, joining countries together, uh, from Bulgaria and Romania to Estonia, from Poland to Ireland in a period of peace of prosperity, of, uh, increase, uh, relatively equitable democratic societies. And yet Great Britain, the oldest democracy is now in a, uh, incredibly divisive, paralyzing constitutional crisis. And what we're going to try to do today is understand, uh, what's going to happen, uh, but then unpack that a little to try to understand how we got there. And, and, and, and, and thinking about the success of Europe today, economically, culturally, democratically. I mean, just the very fact that I think it's the case that France and Germany have now been at peace for longer period of time than any time in the history of those countries.

Elliot Gerson: Yet. We now see what is happening in our great friends in the United Kingdom. And we have two terrific and supremely qualified panelists with us today to help understand how this word, Brexit Noun, verb, exclamation exasperations came to be, what it means, what it portends for the United Kingdom, what it portends for Europe, what a pretense for the world, what a pretends for the United States. Uh, you all have their biographies, so I'll be very brief so we can get into them. A zanny Minton Beddoes has been editor in chief of the economist since 2015, uh, delighted to say the first woman to have that position in the century. And three quarters of that

Speaker 2: is publication, formerly

Elliot Gerson: business editor, economics editor. Uh, earlier in her career she was an economist with the IMF. And for those of you who don't follow the economists closely, and my suspicion with an audience's fist gates, this is that many of you in fact do a no secret. The economist came out early and clearly on its cover, uh, against Brexit. John Micklethwait once Sandy's predecessor, uh, in that role and is now editor and chief at Bloomberg. Before that he was a finance writer, a US editor at the economist. And before that was taped banker. And many of you in the audience heard him yesterday at our opening panel at the ideas festival show. Let me do this, uh, to not frustrate our wonderful, amazing early morning audience. I'm going to ask each of our panelists to actually just begin with a prediction.

Zanny Beddoes: How bout what, uh, uh, and then we'll

Elliot Gerson: packet and, and, and get there. But just so you won't have to wait on the edges of your chairs after your breakfast. So on, on, uh, on Halloween October 31st, uh, is there going to be a crash out without a deal? Uh, is the Brexit deal that is now been rejected that Mrs May's deal three times, is it going to somehow be approved? Is it going to be tweaked a little perhaps and made to appear to be

substantially different? Not sort of like the Nafta trick of president Trump. Uh, might there be yet another extension? Might something else happened. A show before. Lots of analysis. What's going to happen?

Zanny Beddoes:

I have no idea. I have no idea. This is, this is, I know, I know exactly. This is the difference in John and me and I actually on the base of knowing nothing could get 10, but I have no clue to you guys too much. I really don't know anybody who says conflict they don't know is, is smoking something. Um, I think, let me give you a few facts and you know, that's true. It's fine that I think financial markets on massively underpricing the risk of us crashing out. I do think it is higher than people think. Um, for the simple reason that it is the default. If nothing is done to stop us crashing out. The Lore of the UK is that we crash out on October 31st. What happens depends massively on who is the next prime minister. Is it going to be Boris Johnson, nor is it going to be Jeremy Hunt. The overwhelming likelihood, uh, at least until about three days ago that, uh, if it is Boris Johnson, the odds of us crashing out or higher, I would say. And I will get my PR, I think in the end we won't crush out because I think parliament will try to stop it even to the degree of some conservative mps bringing the government down and forcing an election. So I think my prediction is that we won't, but the odds are higher than people think.

John M:

John, I like if the truth is, I don't know, but the, um, basically I think I'm, I'm more certain than Zanny the forest swirl. I think he's almost certain ticket to win the premiership because I just think the nature of the audience he has, the Electra t now has to win. Could you just do story part for a second for a non British audience, not like the referendum. It's never a fishery is based conservative party members who tend to be fairly old and male, very male and very pro Brexit. So it's on the evening. It's really only a hundred, 150,000 people. You look, yeah. You look at, you look at the polls and it shows, I think I saw something the other day saying 50 over 50% of them think that a no deal, Brexit is a good idea. So that definitely at that end of the spectrum, and I think he's more likely to win, maybe he's more likely to win because they also think that he is the man most likely to be able to deal with Farrage who was the guy on new kit, on the race of the Tory party and also take on Corbyn on the left.

John M:

And that may be wrong, I think, not all, some reasons why it might be wrong, but that is the way they're thinking there is as we'll come back in the to later does, there's been a recent drama, a domestic drama he's dealing with, but domestic dramas tend to be what he's extremely good at that we'll go through. I think Boris becomes prime minister, he goes to Brussels, the Europeans, um, hate him enormously. They will give him very little. So therefore he comes back to Britain. Maybe there's a possibility of a fig leaf compromise. Um, but it's not related to his domestic drama earlier. Um, but he, um, he comes, he comes back with some it when we very much and basically then I think he faces a choice between a general election, which is one option. A second option is a referendum. And I think for either, either those Europeans might give him a bit

more time. So I think, I think probably it gets delayed a little bit beyond that, but then it's probably a choice between the election and referendum.

Elliot Gerson: Well, let, let's explain to the audience who've not been reading the British tabloids, uh, in the last couple of days about this, a domestic incident, uh, there, the police were called to Boris Johnson's girlfriend's house, a flat on Saturday night or Friday night or whatever. Tell us about that and whether, yeah,

Zanny Beddoes: will or will not make a note knowing the tone and there's compensation let, let was much grass in this country. So I would love that. Let me backtrack a bit. The one that, I mean it did. Boris Johnson is the overwhelming favorite of this extraordinary Selectric rat of 115,070 year old men who basically it's just this thing strongly the future of Witten at probably the most important time and his personal history is going to be decided by 115,070 year old man. It's overwhelming. The amount is quite bizarre. Anyway, they do particularly like it, but they are absolutely determined that we should leave the European Union. And in a recent poll they said crush the leaving European Union was, was it? Even if it's substantially hurt the economy, even if it broke up the union with Scotland and even if it destroyed the Tory party. So this is a bunch of silent, not if it allowed Corban to become committed fraud.

Zanny Beddoes: A bit radical that will, that then gets to whether Boris becomes Prime Minister Boris is, is I think certain to become prime minister and less he destroys himself and he is perfectly capable of destroying himself because he is, I'm don was at university with him and has known him for 30 years. I've known him for 30 years until it was a very small places. You know, everybody knows each other. Explain the red wine on the couch. That, so what do we know about Boris? We know that he's shambolic. We know that he's untrustworthy. We know that he has a very loose relationship with the truth. We know that he is completely without any, as far as I could tell, moral fiber whatsoever. He's the ultimate opportunities, but he's also immensely charming, somewhat magnetic, which explains his very colorful social life. He has not quite sure how many children, but rather certainly more than he's had with his wife.

Zanny Beddoes: He is now estranged from his wife of 30 years and has a new partner, Carrie Simmons and he or she is actually got his hair cut, made them lose weight, partly made him do yoga, all of which seems completely implausible. But anyway, he is the, the story of last week was that last, whatever it was Thursday evening. Uh, they weren't her house where he's now living in south London and there was a huge domestic argument such that the neighbors were concerned about her safety, said that they knocked on the door. Um, I then proceeded to tape the conversation or record the conversation, um, which they then sent to the Guardian. So the world now knows this argument, which would include her shouting, get off me, get out of my flat. You're so spoiled. You don't know the value of anything. Um, uh, and so the project is now in a huge, uh, debate about this.

Zanny Beddoes: He has refused to talk about it at hustings on Sunday. He says he just simply refused, drives the question, anything about it. Uh, his supporters say it is an outrage that labor supporting neighbors, you know, record this and then send it to the Guardian. And this is a left wing plot. And the neighbors are actually, if you look them up on Google, they are out of central casting as you know, left wing supporters. The, but there are also serious conservatives who think that he should have addressed this and more important in sort of while all this is happening and hugging all the headlines. There's another concern about Boris brewing, which is in the last few days, he has said several things about leaving on the October 31st that show either abject ignorance or sort of willful desire to lie. He keeps going on about how we will just carry on trading as usual.

Zanny Beddoes: It'll be fantastic and marvelous and actually it's not possible to do that under gap rules. And he's been called out by Mark Carney, the governor of Bank of England and various people. And that to me is a much more worrying. Let him have his colorful personal life. I care less about that. But this does bring out the sort of person that Boris is an and in the last few days his popularity has gone down. His lead has harmed amongst Tory voters and amongst the electorate at large. Jeremy Hunt is now ahead show. Would it make any difference? Shit, Jeremy Hunt's somehow is able to be. Yes, definitely. Hunt is um, or kindly called Theresa and trousers. But Jeremy Hunt is a remainer who is much more sensible. He's not nearly as much as sort of magnetic and his appeal. And the question is the weird thing about Boris, the reason Boris Johnson is far ahead is that he's got support from both sides of an incredibly divided party.

Zanny Beddoes: So the hard Brexiteers the crash out at all costs. Crowd think he's their man, he'll crash out. He's there the same time remainers have gone have flocked to him because they think he's totally capable of coming back from Brussels with you know, a full stop changed and the font size different on the agreement is in here. It is. It's completely different. It's marvelous. It's wonderful. Fantastic. I've changed everything and I'm both sides would have put their hopes in his mind who nobody knows what he really showed. John you said that how Europe is uttered immediately macrons basically saying we've got to get, this is ridiculous. It's let them crash out. We want them gone and the Europeans shame like they're not in any mood to give any more concessions. Do you think there is much of a chance that either of them could get a significant concession?

John M: I think there's less chance I suppose. So there's less chance with Boris [inaudible] the answers really the Europeans are Macron would definitely let's Britain go. Um, I think Merkel and the others that there is a split in your riff on that and I think if it's a question of sort of giving them a bit, a little bit more time. I mean Europe has all its wonders. Um, was you spelled out very correctly? Um, it is famous for shambolic last minute deals and that is their tradition for years and years. The problem with Horace, is it boring? I think it's one of those things what Boris has lots of faults but to the Europeans he is the kind of antichrist figure cause he spent 20 years making fun of them. Often it has to be

siding with total justification that he is more than anyone else. He ridiculed the idiocy of the European Union repeatedly and that is got under their skin.

John M: And actually the idea to some extent, he's one that he's now almost over at at on top of that, they also, I think correctly, I think the Brexit would not have happened if he hadn't at the last minute led. I think just to, just to buttress what Annie was saying earlier, the reason why I think he will come through is that basically the conservatives this time they have to choose a Brexiteer. The party, whether they people like it or not, supports breaks it. If you end up with another person who voted remain first time, you're always going to have this doubt and that's one reason. The second reason is I think they do still think that this is the figure who Boris Boris Johnson is. It's worth remembering. He won London left leaning city. His capacity to reach into different parts of the country probably is that he doesn't know any people and he has become more toxic recently, but he does.

John M: He would essentially make politics more than music. Click the two. The two other reasons very quickly. Two other reasons, resigning he alluded to but actually really important at one he does genuinely believe in nothing. So therefore people, people like me who quite want a referendum at, she think that there is, you stand a better chance with Burroughs than anybody else. And the last reason is that he is really bad at running anything. So at the moment if there were a lot of people you can meet in the higher parts of the Tory party who he's sort of shambled up to and apologized and basically said, you know, I made a bit of a bog, can you run the cabinet? And people go from thinking he's horrible to God. I could run the country whilst this guy goes off and does his doing. So there is a lot of, he has the capacity I think to bring things together on that side, but the relationship between him and the Europeans is not good.

John M: I don't think the one between Hunton clean and them is particularly wonderful, but it is. It's worse with him and that therefore means that they aren't, they are even less likely to be pragmatic when it comes in because I think that that there is a hope in the Brexiteer circles. You will hear these people who sit there and say, don't worry the Europeans or given the one, I mean Zanny does it as well, but the one thing that you spend any time with the people who lead Europe, I know that they are not in any mood to give the British and nothing

Zanny Beddoes: understanding. Yeah. I mean I think that's absolutely right. They're not, they're completely fed up. Even the most pro British Europeans who, who have always thought that they would give Britain lots of time until this sort of psychosis lifted. I have reached the end of their tether and they, they quite rightly think we've gone completely crazy political system. We are in the midst of a slow moving constitutional crisis and a country that, you know, the mother of all parliaments that has provided sort of prided itself for being reasonable. People that get things done with an unwritten constitution that is beating Metsley flexible is facing literally a constitutional crisis as you have, you know, a direct democracy, I. E. The referendum butting up against if representative democracy

and I think in Europe that they're sort of fed up of this and they're also, they recognize that all the bluster that comes to me, UK is just bluster because no deal, I, he crushing out is so much worse for the UK than it is for Europe in the short term that it is simply, I mean it's all these British politician blusters they are, we don't have to keep no deal on the table to show that we're serious negotiators.

Zanny Beddoes: What is keeping something that is economically idiotic on the table is not a terribly strong negotiating strategy. So, and they see that and they see through it. And I think the more time goes on, they're basically just kind of in a sort of gallic way, you know, shrugging their shoulders saying, if you want to go this crazy route, do well.

Elliot Gerson: On the other hand, is there any prospect of sort of a addiction and China situation? Boris Johnson, who's wanting to be prime minister certainly since Eaton, if not since preschool presumably does not want a bit, will be the shortest serving prime minister in British history. Perhaps there's some prospect or, or know that he could, he could surprise everyone.

Zanny Beddoes: There is an, and that's why lots of remainers in the Tory party and our pinning their hopes on him. But I think don made a very important point that he is, he doesn't believe in anything. Um, that means he's a weather vane and he's very much, and we'll, I'm sure we'll get onto this paradigm is with people closer to home, which of which are really quite considerable and not just the hair. Um, you, you, he's a weather vane. So the the he in liberal, he was at very successful mayor of London. London is a left leaning city. He was extremely good at it. He said, came across as a bit of liberal internationalist. He's wonderful at being the sort of figureheads view [inaudible] Tom's, everybody. But right now the Tory party has shifted I think from being a sort of traditionally one nation conservative party to becoming much more of a sort of populist nationalist party. The activists are very much hardcore populist nationalists and I think he's going to be driven by that. So it's much harder to see him doing the kind of Nixon goes to China. I have no idea what he really believes. I don't think he does. I think he just believes what, you know, what makes him look good the next morning we got to come back to this

Elliot Gerson: demographic similarities and eventually I think what Brexit might mean from for the United States, but explain to us why the idea of a second referendum is so hostile to principles of democracy as we hear from opponents and also another prediction. We're there a second referendum today after the last few years of chaos. What do you think the results of that would be? So rich, I John

John M: on that, on that, um, it could be argued about a second referendum is basically two sides. There is a group of people who feel very passionately that when they were given the referendum, they were told this is a one off, we make a decision, we move on. Um, there was another group who say, look, you were sold something which is completely different from what we're going to get. And so it

seems reasonable to have a second referendum and actually in a strange way that might sort everything out and then there's the first group back and say, no, if you do that, it's going to make things more toxic. The second group say, well, it's already pretty toxic and in general I think is that Andy and I are both on the second group. I personally actually, I mean you could play around, you could get the, probably you have to have a choice between two things, but you could have a choice between three.

John M: You could have a choice between remain leave without a deal basically or some version of whatever Theresa May is straight Boris Johnson deal and just tell people to rate them first and second and then you might get a number 60, 70% who had a second choice. In general, it's very, very hard to tell what the result would be at my sneaking suspicion is that actually despite all the economic evidence to the contrary, you would probably get the British voting again to come out. And the reason if you visit London, which is probably where most people in this room would go to, you would not get that impression at all. You would meet a lot of people who would point out that children didn't vote last time and they're going to rush out now and various old people have died and people have seen the full consequences of this.

John M: The further you go away from London, the more you you meet people who take the basic. Again, we always have marital, um, at Merriville analogies. A lot of people, even people who voted remain first time just say, look, this is, this is like a bad marriage. We've had two years arguing, let's just get out and move on. And, and I, and they are, I agree with of those people don't realize how bad is the economic costs could be, but they're also there. Is there, are there elements of this which uh, it's, it's a little bit more difficult. I think if you go to three years away, I think the rest of Europe actually looks pretty bad. I think Germany is just on the edge of really going to trouble bad car industry. Other things coming up behind it, having to change leaders and the relationship between Germany and France is toxic.

John M: I think you could end up in a situation where someone like me who would sit there saying, look, in a second referendum, you know, we should still remain two years on from that. You could have people coming up and saying, why on earth did you convince us to stay in this horror show? We would have been better getting out and there are still some things in which Britain looks better longterm than bits of Europe. So it's not, it's not, it's one of those things where I could see the argument of people who want to get up who just want to finish this and move on. But it would be much better if that happened, if there was some kind of agreement with Europe to remain in some kind of customs union or whatever it is, is just as tied it over through some period. But that's the read. That would be the rough way in which they look at it and on balance. If I had to guess, I think it would vote to go out because I think that would be the general, the general thing is that he might disagree. Yeah.

Zanny Beddoes: I know we first argued for a second referendum, I think last December I'm on and I still believe there's an on the argument that uh, the, the parliamentary was part, it was never going to pause to resume resumes deal and therefore you having sort of imposed a referendum on a system of parliamentary democracy. The only way you could break the impasse was going back to a second referendum. I still believe that's the case, but I don't actually think it's going to happen. Um, and I, I agree with John in terms of prediction. If there were a second referendum, it's not clear to me that, uh, we would definitely vote to stay. I think it would probably much be much the same as this one 48 52 and it might be 48 52 remain or 14 makes a difference

John M: if you introduce three questions.

Zanny Beddoes: Yes. But, but, but I do think, and I then I think we'll have a huge amount of argument about what the questions should be and should there be multiple choice and how should it be done. But I think the, the bigger point is that, uh, the really striking thing is that four years ago, one in 10 voters and Polos thought that Europe was an important issue. There were a few sort of hardcore anti Europe people in the Tory party who had been a thorn in the side of the Tory party for 30 years. And they are what I sort of, and I hope you haven't got any, I forgive if any of you are wearing red trousers, but I called the red trouser brigade, that kind of older English conservative Wellsy man who her romps about empire. Um, and, and there were Courtney don't, you're not wearing mex.

Zanny Beddoes: Okay. Uh, um, that group of people have been wanting to get out of Europe for the last 30, 40 years. They thought it was a disaster that Britain entered and they were pushing CCU in the Tory party. And when David Cameron called a referendum, which I happen to think it was the single most stupid thing he ever did, he did it to appease those people and to try and get rid of a problem in the Tory party. Most Britain's didn't care about your one in 10 people thought it was an important issue. Four in 10 people only decided which way to vote during the campaign for the referendum. This is, it's not as though this is an issue that's been tearing Britain apart for the last 30 years. It hasn't. People thought about the National Health Service. They thought about all kinds of things but not Europe. Now, however, it's the defining Fisher in British society, 87% of people decide to consider themselves either remain as or Brexiters your your you're on one or other side and people are families are divided, the country is divided.

Zanny Beddoes: Does it make sense? You see this amazing post, 37% of remainers would be unhappy if their child got together with the Brexit. I mean this is, well show me new spring, bring up analogies with American politics, but they open up and I think the reason that Europe has become this because it has exposed fissures in British society, whether you are pro immigration or not, so pro immigration, whether you are rural, whether you are urban, whether you're feeling left behind or whether you're part of the sort of more mobile liberal elite, if you will,

which are very similar to the fishes of necessarily. Just stay on that for a second. I mean the, the, the Brexit referendum

Elliot Gerson: shock, the chattering classes in the same way that the Trump election did. W, how similar are the demographics? Explanations?

Zanny Beddoes: Somewhat. I mean it's a nickel. It's a little complicated. The UK, the city's a very remain. If you're in London, you, you might think, what is this Brexit stuff if you are in the country and both dot. I grew up in, in the West Midlands in show very Brexit. He part of the world when I go there, which is quite a lot now it's, it's a completely different country to London and, and you don't live somewhere outside London too. And I'm sure it's similar. So the median British constituency is a Brexit constituency because support for Brexit is far more widely spread support for a is very concentrated in urban areas and it's exposing a kind of, it's partly sort of left behind thing. You know what about old and young to old people, much more pro Brexit than young people. Uh, urban people, much more pro remain than rural people.

Zanny Beddoes: Wealthier people, much more pro remain with the exception of these red trousers are wearing tourists than left behind people. It's, it's the kind of cultural divide married with a kind of cry of anguish and anger from people who are the equivalent of the white working class in the rust belt. The people in left behind parts of the country for them, they didn't really know what year it was, but the referendum was a kind of up you always to the establishment. We haven't gained from this globalization stuff. We've been hit by austerity for us. I don't care what the EU is, but we want out because we want to show you guys in London that we've had enough and so it was to continue the red charger thing. It was a kind of co, it was joining up of blue colors and red trousers and, and it's, it's the sort of economic and cultural up yours to the sort of establishment, which is not dissimilar to what there was.

John M: Did you use a lot? I agree with all of that. I think they, I think there are differences. It's quite interesting that there is perhaps slightly less insecurity in Brisbane. If you go to look at sort of the Trump voting Americans, you know, the fact that healthcare was so important actually that, that, that element of kind of people who thought their families were behind, sorry, I apologize for the sexist stereotype and so much relied on. Normally the husband's health care was tied so much to things that doesn't really count as much in Europe because you've got the NHS, but that was on this issue of immigration that was quite interesting feeling of powerlessness and people, the British on the whole extremely good at immigration. Probably with the exception of the Americans, probably the best in the world in terms of bringing people in inherently global able to give people a start this flood of people which came in, um, over the period before the reference, it really was very large and people, they were told by the European people, you people introduced it I think said there might be 30, 40,000.

John M: By the time it was about a million is swamped, a lot of local services. And it caught that old balance between the British on the one hand be arguably the most global people on, on the planet, but also being an island nation and all that stuff. So it was that you hit things. I think one interesting parallel, so you brought up earlier is Boris and Trump. Um, and I that there are, they certainly have, um, they have some elements of strangeness to the Truth and stuff like that and they both have a degree of Teflon. Um, you know, Boris is somebody who can happily wander in the, he can be done on some sex scandal and the tabloids and then the next day make a speech. I'm making fun of themselves. Could be similar. He has that. He has a little bit, the only bit I would say, which is, uh, which is a stranger.

John M: I think if you worked for burrows, he would undermine you. Buy If you were transport minister, he would show up and imagine that you'd spent the whole time saying that railways were great thing. Um, he could happily appear having done no research at all or not listened to and go on about how cars were much better. So you would undermine his people in the general nonchalant, um, uh, sort of way. It doesn't tend to be as nasty as Trump. And I think that's quite important. He's not, he's, you know, he, he, he's not entirely faithful brother. Obviously some will do publishers, but he's not, he doesn't have the same going for people personally. Stuff that Trump does,

Zanny Beddoes: he speaks more Latin. But I think there isn't what's interesting actually by now though, and you can, you can get in the British tabloids are full of, you know, Britain's, the, the, you know, meet the trumps, we'll meet the Johnson's, meet the trumps and that, you know, he's got a kind of complicated family and colorful sisters and brothers and it's all, it's all that. But I think what's striking thing is, and we've, we've had, um, w when there was still more candidates in this thing, we, several of the candidates came to see us at the economist. And, and I was struck by how it's now quite sort of par for the course for British politicians to say, well, we have to learn from Donald Trump. And you know, he seemed remarkably successful and I'm going to, and there's a very explicit sense that, you know, things need to, there are things for the British stories to learn. And so I think this, this comparison is one that's going to be made well. And, and, and Boris is very self consciously, clearly, uh, learning from some of the playbook here show will Britain be able to put Brexit behind it and how soon and how is that right?

John M: Aye. Aye. Aye. I think on that, I'm Robert Struck, I went to a conference the day where there was a small group of people, there was a British group. People realize, and Emmy sitting there wringing their hands and then a group of American economists particularly, but also politicians who basically said, look, we're all in this position. We think you've screwed it up. You know, you, you, you, it's you, you've done this. You could even use the words of my beloved boss that he felt that Brexit was the most stupid thing he'd ever seen until, this is just Berg until, until, until, until we elected Trump. I think it was his was his was his quotation. I'm leaving out certain words, which would be hard to repeat

on television. However, um, but that, that was the stance of the American side of the debate, a debate. But when the PR, at some point, the British anx and whatever, people began to fight back and said, no, actually, you know, you would still London, we'd still be our choice of place to go to.

John M: We're more confident in the English set of law. We still believe that you inherently want to look overseas as long as you come back to us and say we do a deal on finance and pharmaceuticals don't, don't come back for big trade deal. You can begin to do things. The short term hit to our economy will be large and house prices and things like that will go down. But actually you're still a vet, you know, you still a credible figure in many ways. Um, and I, I, I'm sort of slightly steered by that. The chances are Britain and world, the one bit which would be the real killer would be Brexit plus Corban. That is the one thing which it's very hard to dream up a sort of double punch like that because Kuvan is so substantially to the left. If you were, I mean Bernie Sanders is been Bernie Sanders.

John M: The gap between Bernie Sanders and Jeremy Corbyn has probably been not that much different to the gap between Bernie Sanders and Donald Trump is Jeremy Corbyn is someone who thought he's Germany was a good idea. He comes from the wrongs, he comes from the very old 1970 side. And his ability to mess things up I think would be extremely big, especially on top of Brexit. But you could well find if you were the British people and you've been taken through this mess and you were fed up with the Conservatives. I think it's already clear that if the Labor Party was led by anybody else, it will be romping home in any election. But even then, I think there was a chance of Corbin winning.

Zanny Beddoes: So you're saying, I think that's right. I think the, the, the most depressing prospect is correct. Chaotic, crashing out of from the EU, followed by an unreconstructed Marxist, um, as prime minister. I think Corbin is much more, we have a much more dramatic impact on the UK then, then bugs. They would, I mean, he is, he is a Marxist and his, he's got two advisors who are Trotskyist and this is stuff that, you know, the most of us thought was left behind in political science classes. These guys are, it would be very hard to see how the, you know, NATO continues. It'd be very hard to see how the intelligence sharing continues with us. These guys think that the Maduro in Venezuela was absolutely wonderful. I mean they're absolutely got unreconstructed so that's the worst. But absent that I think a uh, sort of negotiated withdrawal, yes, Britain would recover from, um, it would not be cataclysmic.

Zanny Beddoes: It would be worse, much worse than the status quo, much worse than had we not left. But you know, not, not catastrophic. It would be also to be worse for the European Union. And I think that's something that we often outside, everyone focuses on Britain and rightly so, but the European Union without Britain will become more protectionist, more regulated, more kind of run by French and Germans in a sort of, you know, non economically liberal way. It will be a week or European Union. Europe will be weakened. Where at a time when,

you know, the biggest thing happening globally is the new cold war between the U S in China. You've got these huge two blocks. Europe is the sort of third, potentially the third player in this. And it is absolutely nowhere to be seen. And it will be significantly weaker without the UK. What about the implications for the other anti UK parties in Europe?

Zanny Beddoes: Looking at the Brexit experience that I think is actually the Europeans have done very well at inoculating themselves against any further, you know Grexit it takes it Grexit whatever they've all looked at, you know, the absolute laughing stock that we've become and they thought thank you. Nope, not even Marine Le Pen is, has sort of become quiet about that. So I, I think Europe stays together. I just think it's a more status to countries like Ukraine will remain a strong, yeah, I mean north Macedonia is desperate to join now. I think you don't is right that Europe is going to go through a tough few years.

John M: There's about one negative. I think he fundamentally, you've had, you had Brexit, you had these shocks where any normal system, one of your three big powers decides to quit you, you would imagine there would be some degree of self reflection and um, and, and sort of self analysis about ways you could do things better. We would both probably agree that you cannot have a currency union. Something like the euro zone. You cannot have a currency union without some kind of banking union without some kind of fit fiscal transfer system or he doesn't necessarily have to fiscal, whatever it is at night if fits into the category. If something cannot go on forever, it will stop. And you about a two year ago, they seem to be a sort of deal between the France at French and the Germans were, if the French reformed, the Germans would allow some integration that seems to have gone completely backwards.

John M: And so what worries me from, and I, and again it's not in versions interest, um, for Europe to do badly, but it doesn't for me it does not look good in that sentence. And I, and I, I think that there is in one of the bad things is that actually Britain leaving for all the reasons that he pointed out does make that weaker because the whole cause of reform inside Europe actually goes wrong. And there was, there wasn't, I think actually there still, if person remains in it, if there was some kind of leadership from, from the other side, you could imagine a system whereby your does become slightly more multi-speed do you have this central beds which does want to integrate and in some ways should be much more integrated than it is at the moment. And then you had these other things around the outside. But at this precise moment I'm, I'm, and I'm, I'm more negative about what I think could happen. It's happening. Yeah.

Zanny Beddoes: Yeah. We'll give you something I believe in too negative on a, on a, on a 10 year horizon. Um, I think Britain could once again be a sort of low staff and I, and I'll tell you why. Most things between now and then, uh, the best of description, uh, I've heard this from, from uh, someone whom you will know, but I won't name because it was, it wasn't said publicly, but he said a big American investor, he said, this is just an exercise in brand destruction. And he's right, you know,

brick brown, Britain's foot sort of reputation for competence has been totally destroyed. But on a 10 year horizon, um, I think we may once again be the place that everybody looks to for the following reason. If you look back, whether it was the early 20th century with the sort of Lloyd George and the new liberal reform, whether it was 1945 and the welfare state, whether it was Mrs Thatcher in 1979, Bridgestone has often been a laboratory for big social and political change.

Zanny Beddoes: We've done things that others have then followed on later. And I think the turmoil about what is the kind of role of the state, what is the right relationship with globalization, what's the right relationship with immigration? How do you manage societies in this kind of period that we're in now? We may actually get a headstart in kind of probably herring off to do crazy things, but also reflecting on how to do that. And I think where there is thanks to Brexit, particularly actually amongst the sort of younger people in both the Tory party and the Labor party, a desire to really think through new policies that kind of create a more inclusive society, new policies that are the sort of 21st century social contract and perhaps in a 10 year horizon we actually become the sort of laboratory for that and people started looking once again to the UK. And one last question then I'm going to open it to the audience. What, what will Brexit mean? Assuming it happens for the United States?

John M: I think, well I think in two things, I'm it, I think short answer, I think probably it depends a little bit. If you end up with Corbyn, it would be very difficult for America to share as much as it does. I think you can bang on the bit about the special relationship and there's something there that the bit which I'm quite interested by is if you want a very crude, and I'm going to give a wild general generality. You could say since about 1918 roughly what I would call the anglosphere Britain and America together has set it, set the music for the world. Um, and the creed of liberalization, globalization, the economist was part of it was actually the dominant mood music for, for global policies and even people who disagreed with it. You could be the French, you could be the Chinese, you might disagree with it, but you generally accepted the world was heading in that direction.

John M: Obviously he got hit in you and you, you had Reagan and Thatcher, you're Clinton and Blair. You'd like Cameron Obama. It got, it got hit by something it got hit by the Iraq war. He got hit by the financial crisis, but it was only really in 2016 that it really got into problems the British, because who would ever want to follow what we did? And in America's case, because Trump was not just, he didn't stop sort of singing the song. He just saying exactly the opposite song. He no longer said it's all about globalization, liberalization. He said it's all about so nations first. And I think that that partnership was incredibly important and there's no sense of, I'm not trying to say that Britain was ever remotely as important as America or as big as America, you know, he's barely bigger than California, but the fact that there was more than one country out there preaching this thing made a difference.

John M: It was no longer just an American message. It was something that was bigger than that. And on the whole it was something which I think was fantastically useful for parts of the world, obviously with, you know, some bad things attached to it. And the fact that it isn't, that hasn't happened and breaks it might make it even worse, I think is, is that that is something that we could, again, I think the anglosphere could come back because most of the things that believes in or actually the right things and it could recalibrate. But actually I think, um, if you begin forgive the big potential store, I think that is a problem.

Zanny Beddoes: Sandy. I think in the short term it will mean that you'll be, there'll be a solicitous British government, desperate to have a trade deal with United States, desperate to have relationship with. He knows that desperate to feel relevant by um, having a close relationship here. So I think there'll be lots of talk of, you know, what this trade deal might look like. Lots of talk of special relationships. There'll be, it'll be very one sided and lopsided. And if we, if we handle it well and if we don't crash out and if we, if we don't have Corbyn, I mean of Corbyn is prime minister, all bets are off. But if we don't have Corbyn then I think there will be a real attempt by whoever's the British prime minister to kind of unite the country and to, to put in place more policies that will help them win the Nice selection. But we're also sort of pro growth policies. If you talk to Jeremy Hunt, he's exactly taking the Trump people. He wants to cut corporate taxes. He wants to make Britain and entrepreneurial high growth economy. He says explicitly, he's looked at what's happened here and the last couple of years and he wants to MD dated. You can have discussions about whether that sensible policy or not, but he, that's exactly what they, so I think there'll be a huge, huge amount of enthusiasm from the UK for close relationship with the S. All right. Okay.

Elliot Gerson: Put it to the audience. Uh, we have microphones. There's a gentleman back here first. If we could wait for the microphone because we're taping it and then we're going to go to this woman here. All right. As I understand the deal with that, Theresa May negotiated, it involved a large payment by Britain to the European Union. If there's a crash out Brexit, does that money still owed? I know Boris Johnson said, well maybe he wouldn't pay it, but does Britain still owe the money if there's a crash up? Wrexham?

Zanny Beddoes: Yes. That mean it is owed in the sense that this is the payment for obligations that Britain has entered into. So, you know, pension obligations for European civil servants, those kinds of obligations for payments into the budget that is already contracted to do now. Barstow said he's not going to pay it. And uh, you know, Britain can be a kind of Ska floor and start breaking its international commitments. I submit that that's possibly not the bay to go if you want to be also responsible mid size global power. But the, the, the mistake, I think that the sort of let's not pay it and walk off crowd make is that a hard Brexit is not a destination. A hard Brexit is simply the breakdown of an existing relationship. And whether we like it or not, the European Union is the UKS biggest trading

partner. We will have walked out of the closest and most integrated single market the world has ever seen to no relationship whatsoever.

Zanny Beddoes: We will be desperate for some kind of relationship because we will want to have something that, you know, we can actually export our goods do. And it's not just tariffs, it's standards and all the kind of rules that you have in a, in a modern trading system. So the idea that we're going to kind of stall out and you know, sale off and you know, the white cliffs of Dover turn our back on the continent is complete nonsense. So the Europeans will say, you want a relationship with us, you want to have a new trading arrangement. Uh, there's that 39 billion. So for me this whole thing is a completely sort of, you know, it's, it's lots of bluster, but in reality we can't just walk up. Geography won't change. The channel is still going to be there and these are going to be our biggest trading partners and we're going to have to have a relationship and we're going to have to have a deal at some point. I hear please. Microphone.

Audience Member: Yes. Thank you very much. Um, I have a question on Ireland and Scotland and Ireland. It's interesting that the problems are really around Ireland and the border and I curious what your view is. Is there any chance in the medium or longer term that Ireland, Northern Ireland would merge with Ireland and that issue would go away? So I'd like your view on that. And the second is Scotland. If Brexit goes ahead, what is your thinking on the probability that Scotland would stay in the UK? How United will the kingdom be any longer? No, I think, I think that's it.

John M: Again, I think that's part of it. I personally, I think if there is a no deal crush out that makes, that makes a United Ireland that much more likely. And what's happening in Ireland is, it's a tiny bit like the Israel Palestine demographics is in Northern Ireland. The Catholics are reading more and so you already have, the Protestants are the ones who wants to stay in. Apologies for the oversimplification. They're the ones that the unionists who wants to stay in Britain. There were two things are happening. One, there are ever more Catholics who are more inclined to United the rest of Ireland. Secondly, the younger Protestants have to sort of feelings. One, they really, in the same way as you find young conservatives here, um, being very cross about the way that their parents talk about gays or whatever. There were a lot of young persons who just think that the vision of the um, uh, the parents walk, you're walking around in bowler hats, singing songs about slaughtering Catholics is a, is a bad thing.

John M: So they're embarrassed about that. And secondly, also they think the economically, the whole thing lies in the United Ireland. So I think the chances are you probably go up, I think in terms of, although there will still be that there will be a group of people who really, really disliked that. I think the other one in terms of Scotland, you will end up with Scotland probably voting for remain as well. So that will be 10 dentures. And so I think there was a, there was a risk on that and we've, we probably should have mentioned it. Okay.

Zanny Beddoes: I think that's very likely. I think if we as as a hard Brexit, I would predict that in 10 years the union will have, will no longer incredible United Ireland and Scotland will be independent. And one actually, one quick point, that's an area which I think is massively underplayed in the UK of tension with the u s what are the most striking things I think that happened was when Nancy Pelosi went to London and said, do you want to have a free trade deal with the United States? You better not mess with the Good Friday Agreement. The, the view that the Good Friday agreement rightly is seen in this country as being incredibly important. And the, the sort of, you know, in insouciance with which Turia is some stories and are willing to sort of play with peace in Ireland I think is really extraordinary. So I would expect them United items, it will come much faster. We're going to need to end this on time. Swept time for one more question if it's quick right there in the back. Yeah. Wait for the microphone please.

Audience Member: Okay, sure. So, uh, since your consensus seems to be that, uh, a Brexit of some kind is more likely than not, is it really possible that London can remain the financial capital Europe not scenario when they're no longer part of Europe?

John M: That's a very good final question. I think the answer is no. I mean the answer's London will remain the financial control. That would be my prediction, but it will be a less dominant financial capital. You meet some people in Europe. We make the point that may be a little bit of that was happening there was for a long period London hoovered up everything, the main gainer uhm, from London getting weaker will not, I think that maybe Paris gets a bit and maybe Frankfurt Franklin has a problem. It is not always that exciting to go to maybe Amsterdam and gets a bit, maybe if the Germans had chosen the Lynn I think they might have done better but I think the main gainer is probably some stuff that went to London. We'll probably get back to New York. And so I, I think on the whole it will tend to be your European finance as a whole will be weaker. Um, London we'll definitely be weaker but it will still be the most likely, it's still likely to be home of foreign exchange is still likely to be the home of most forms of things. And if, if, what's that he says pointed out that if the British sort of come through the other side of it, it's still the place where people want to go for rule of law and things like that. Or final words,

Zanny Beddoes: disagree. I wouldn't know. I would I be with you. I would not. I would not discount London. London has having, you know, spent 20 years in this country and now living in London. London is an extraordinary city, is going to take an awful lot to completely wreck it. And in London will be weaker than it would have been. New York will gain from this and a fragmented European market will mean to you sort of weaker European financial market than it would otherwise be. There's one area where the Europeans are kind of cutting off their nose despite their face. They should not be so tough on the city cause it's stupid at Hertz then. Well I think there's bits of fascinating. Please think are too.