

Yanis Varoufakis: Run Down the Brexit Clock

The terrifying prospect of a no-deal Brexit on March 29 remains in play after the British Parliament emphatically rejected Prime Minister Theresa May's withdrawal agreement with the EU. Although it is tempting to reset the clock and give negotiations more time, that instinct must be resisted, **writes Yanis Varoufakis**



Yanis Varoufakis, the former Greek Finance Minister

'There's no substitute for democracy'

The overwhelming defeat that Britain's Parliament inflicted upon Prime Minister Theresa May's Brexit plan was fresh confirmation that there is no substitute for democracy. Members of Parliament deserve congratulations for keeping their cool in the face of a made-up deadline. That deadline is the reason why Brexit is proving so hard and potentially so damaging. To resolve Brexit, that artificial deadline must be removed altogether, not merely re-set.

Leaving the EU is painful by design

Leaving the European Union is painful by design. The process any member state must follow to exit the EU is governed by Article 50 of the bloc's Lisbon Treaty, which, ironically, was authored by a British diplomat keen to deter exits from the EU. That is why Article 50 sets a two-year negotiation period ending with an ominous deadline: If negotiations have not produced a divorce agreement within the prescribed period – March 29, 2019, in Britain's case – the member state suddenly finds itself outside the EU, facing disproportionate hardships overnight.

This rule undermines meaningful negotiations. Negotiators focus on the end date and conclude that the other side has no incentive to reveal its hand before then. Whether the allotted negotiation period is two months, two years, or two decades, the result is the same: the stronger side (the European Commission in Brussels in this case) has an incentive to run down the clock and make no significant compromises before the eleventh hour.

The incentive to keep the clock ticking down

Moreover, this realization affects the behaviour of other key players: Tory government ministers opposed to their prime minister, the leader of the Labour opposition, Jeremy Corbyn, members of Labour's front bench who are opposed to Corbyn, and the German and French governments. Every significant political actor in this game has an incentive to sit back and let the clock tick down to the bitter end.

With fewer than three months left, the prospect of Britain falling out of the EU without a deal is, understandably, terrifying. A natural response is to call for an extension of Article 50, to reset the clock and give negotiations more time. That instinct must be resisted.

Any resetting of the clock would simply extend the paralysis, not speed up convergence toward a good agreement. Giving May another three months, or even three years, would do nothing to create incentives to reveal hidden preferences or to drop fictitious red lines.

The need for a 'people's debate'

Indeed, the worst aspect of May's deal, which Parliament emphatically and wisely rejected, was that it extended the transition process until 2022, with the UK committing to paying around \$50 billion, and possibly more, to the EU in exchange for nothing more than unenforceable promises of some future mutually advantageous deal. Had Parliament voted in favour of May's deal, it would have prolonged the current gridlock to a new cliff edge three years hence.

The only plausible reason for resetting the Article 50 clock is the aspiration to hold a second referendum on whether to rescind Brexit altogether. But, unlike the first referendum, which could be framed as a yes-no leave-stay question, there are now multiple options to consider: May's deal, a softer Brexit keeping Britain within the EU's single market, a no-deal Brexit, remaining in the EU altogether, and so forth. Agreeing on the precise form of preferential voting between these options is no easier than agreeing on Brexit in the first place.

To synthesize competing views into one coherent position, Britain needs more than a voting scheme: it needs a People's Debate that the ticking clock makes impossible, even if reset. The standstill and the phoney negotiations will thus come to an end only if the made-up deadline is allowed to expire by a Parliament willing calmly to say "no" to unacceptable deals negotiated by May and the EU. Allowing the clock to run down is now a prerequisite for resolving the Brexit conundrum.

The options now available

What will happen if the impasse continues until March 29, without a formal extension of the Article 50 period? The threat from Brussels is that the EU will shrug its shoulders and allow a disorderly Brexit, with substantial disruption to trade, transport, and so forth. But it is much more likely that German business, along with the French and Dutch governments, would be up in arms against such a turn, and demand that the European Commission use its powers indefinitely to suspend any disruption in Europe's ports and airports while meaningful negotiations begin for the first time since 2016.

Heightened urgency will dissolve tactical procrastination

Once we are at, or close to March 29, heightened urgency will dissolve tactical procrastination. May's deal will have bitten the dust, and Remainers will be closer to accepting that time is not on the side of a Brexit-annulling second referendum, perhaps turning their attention to the legitimate aim of a future referendum to re-join the EU.

At that point, government and opposition will recognize that only two coherent options remain for the immediate future. The first is Norway Plus, which would mean Britain would remain for an indeterminate period in the EU single market (like Norway), and also in a customs union with the EU. The second is an immediate full exit, with Britain trading under World Trade Organization rules while Northern Ireland remains within a customs union with the EU to avoid a hard border with the Republic of Ireland. Narrowing it down to two options will enable Parliament to choose.

Freedom of movement is a 'red herring'

Once MPs acknowledge that freedom of movement between the UK and the EU is a red herring, the most likely outcome is Norway Plus for an indeterminate, deadline-free period. Then and only then will Parliament and the people have the opportunity to debate the large-scale issues confronting Britain, not least the future of the UK-EU relationship.

Norway Plus would, of course, leave everyone somewhat dissatisfied. But, unlike May's deal or a hasty second referendum, at least it would minimize the discontent that any large segment of Britain's society might experience in the medium term. And, because minimizing the discontent, along with a deadline-free horizon, are prerequisites for the people's debate that Britain deserves, the overwhelming defeat of May's deal may well be remembered as a vindication of democracy.