

## 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.

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*Leaving the EU is painful by design*

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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.

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### *Heightened urgency will dissolve tactical procrastination*

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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.

### Author

**Alissa Lefebre**

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

**Ruben Dewitte**

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

**Kinga Havasi**

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

**Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

**Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**

Senior Sector Strategist, Real Estate

[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**

Research Assistant, Energy Transition

[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**

Sector Economist, TMT & Healthcare

[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

**ING Analysts**

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT  
[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**  
Senior Economist, Services and Leisure  
[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**  
Sector Strategist, Financials  
[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**  
Junior Economist  
[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**  
Economist, Germany  
[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**  
Senior Editor and Supervisory Analyst  
[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**  
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)  
[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**  
Credit Strategist  
[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**  
Senior Economist, Poland  
[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**  
Senior High Yield Credit Strategist  
[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**  
Head of European Rates Strategy  
[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**  
Global Head of Sector Research  
[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare  
[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**  
FX Strategist  
[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**  
Senior Sector Economist, Transport and Logistics  
[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**  
Sector Economist  
[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**  
Chief Economist, CIS  
[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**  
Senior Economist, Philippines  
[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**  
Senior Credit Analyst  
[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**  
Consumer Economist  
[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**  
Senior Sector Economist, Energy  
[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**  
Head of Corporates Sector Strategy  
[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**  
Senior Economist, France and Switzerland  
[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**  
Behavioural Scientist  
+31(0)611172684  
[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**

Senior Sector Strategist, Financials

[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri

[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors

[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist

[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**

Head of Global IFRS9 ME Scenarios

[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)



**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**

Senior Economist, Germany, Global Trade

[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**

Senior Data Analyst, Netherlands

[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research

+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

**Tim Condon**

Asia Chief Economist  
+65 6232-6020

**Martin van Vliet**

Senior Interest Rate Strategist  
+31 20 563 8801  
[martin.van.vliet@ing.com](mailto:martin.van.vliet@ing.com)

**Robert Carnell**

Regional Head of Research, Asia-Pacific  
[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

**Karol Pogorzelski**

Senior Economist, Poland  
[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro  
[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist  
+44 20 7767 6405  
[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content  
+44 (0) 207 767 5331  
[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands  
[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone  
[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist  
[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

Global Head of Markets and Regional Head of Research for UK & CEE  
[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)