

BREXIT HAPPENS

Explaining but not excusing the "No Brexit" forecast

	<p>ECOGNOSIS ADVISORY LTD</p> <p>From the Greek: ΟΙΚΟΝΟΜΙΚΗ ΓΝΩΣΙΣ, (Economiki Gnosis, Knowledge of economics)</p> <p>A global financial and economics advisory service covering economic and financial developments, equities, fixed income, forex, commodities and other assets</p>
---	---

Dr. Andrew Freris, CEO, ECOGNOSIS ADVISORY LTD,
Level 20, 1 International Finance Centre, 1 Harbour Street, Central, Hong Kong
Tel.: (852) 3167 4591 Mobile: (852) 9738 0944 Email: afreris@ecognosisadvisory.com
Website: www.ecognosisadvisory.com Facebook: www.facebook.com/ecognosisadvisory

FORECASTING BREXIT

Explaining but not excusing the "No Brexit forecast

For three years I had been forecasting that Brexit would not happen, at the start because I believed that the arguments against Brexit were so childishly obvious that even children would understand them.

I soon changed this tack because it was obvious to me that the majority who had voted in the 2016 referendum to leave, had not changed their minds, and that Brexit was not about economics but about gut feelings, prejudices, fears and even class divisions augmented by geography. Just in case this sounds snobbish, all these reasons are perfectly good and sound and in a democracy must be allowed for, however repellent to some.

My "No Brexit" forecast was, after this realisation, based on the two- and-half years of complete political paralysis and disfunctionality of the Parliamentary system which had made it clearly obvious, that, the now ex-Parliament, was totally divided on the issue and could not make up its mind. The selection (N.B. not election) of Johnson, if anything

strengthened my argument given the deep suspicions about him in the Tory party and the firing of Tory MPs for disobedience. Add to that, his repeated humiliations in the hands of the ex-Parliament, and my argument strengthened even more not weakened, that unless there was a referendum or a new parliament Brexit could not happen.

Johnson's massive victory re-emphasises that the Brexit is not about economics and that the majority does not need another referendum to get the UK out of the EU.

My key miscalculation was the extent of the electoral strength of Johnson outside the official Tory party. I had expected another dithering and hung Parliament, which would have delayed further Brexit. With the benefit of hindsight, a hung Parliament leading to another referendum (assuming an agreement on the exact wording as to what options would be available to the voters) would not have made any difference as, on the basis of this election result the Leavers would have got it, irrespective of wording as long as they could say NO to the EU.

What happens next: Local and global consequences

§ The UK leaves the EU and, hopefully with a deal, or no deal. Politically this will likely be of no importance as clearly the Leavers want out in any case.

§ Scotland may well go down the line of another independence referendum as there is no point in staying in a UK which is not part of the EU

§ The issue of Irish unification will reappear as the Johnson deal does imply a hard frontier for N.Ireland, however sanitised this is made out to be.

§ The disintegration of the UK will become a serious reality.

§ Trump's opposition on multilateral trade deals is given a massive boost, not that it means a thing for UK, as Trump will always put US's interests first. Wait till the Brits get a taste of Trump's trade deals especially when the other party has nothing to leverage with and a lot to lose.

§ EU unity will weaken giving a boost to regionalism (North Italy, Catalonia etc except not all of them want to leave the EU though)

§ China's position as the only big economy actively pushing for multilateralism, for its own interest of course, will strengthen.

§ Climate debate and decision will be given another blow (as it is not bad enough already), as it is a par-excellence multilateral agreement.

§ Bottom line for us multilateralists, opponents of parochialism and ill-defined nationalism, this is a very bad day indeed, but as true democrats we must accept it. Any threats to democracy and its procedures are

deadly serious to be even considered. This is especially true as the combined percent of votes (repeat votes) of Labour and LD is 46.6% exactly the same as that of the Conservatives! Remember also that Hillary Clinton got nearly 3.0 ml more votes than Trump, but he got the majority of Electoral College votes. Welcome to the first-past-the-post system. No trick here. Continuing with the fight in the UK may seem pointless given the wave of nationalism. The Machiavellians among us will point out that “the poor will always pay, whatever happens”, and stand back to see the pain that the Brexit (especially a no deal) will impose on those who voted for it for no reason other than gut feelings. Whether they will appreciate the errors of their ways it is totally irrelevant, as they will blame someone else this time. To put it even more crudely, if Brexit turns out hugely beneficial for the UK, they will never know it, especially if they are middle aged. If it does not, they will pay for it in any case irrespective of their age. Welcome to the real world



Our mailing address is:

afreeris@ecognosisadvisory.com

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).