



## Grassroots for Europe Round Table # 28 - 06/09/2022 - Executive Summary

**The Context: “A New Leader – plus ça change?”**. By 6 September we will have a newly “elected” Head of the Conservative Party and Prime Minister. What challenges are presented by this new era? As Pro European and Pro-Democracy campaigning groups, how should we best prepare?

The Round Table was introduced with two contributions from external speakers who explored the political, economic and diplomatic implications of the recent change of leadership in the Conservative Party, with new PM, Liz Truss.

The approach likely to be taken by the Truss government is the one which informed Brexit: a right-wing; libertarian; trickle-down economics; hostility to the EU; the Northern Ireland Protocol; a confrontation over the Horizon R&D Programme and a backing away from the Green Agenda. Whether the government is one of integrity remains to be seen. Truss has criticised a government she has been part of for twelve years, but the challenges faced are enormous. Gas prices are ten times those of a year ago and eight times more [deleted] than renewables or nuclear. The windfall tax has been dumped and the question of how to pay for any cost-of-living crisis could cause a further run on £Sterling and a sell off of government bonds (GILTS). Interest rates could rise well above the current 4%, possibly as high as 7%. The effect on housing, consumption, investment and severity of recession could rock any government. Both the National Institute of Economic and Social Research and the Resolution Foundation have predicted that millions of families could face destitution during the winter of 2023/4, at the current trajectory.

The economic circumstances and Brexit, as the government’s signature policy, are both likely to be tarnished, if these predictions come to pass. Public sentiment has moved away from its Brexit stance, with one recent survey placing 60% of people in favour of re-joining the EU. There is no economic growth currently. The current account deficit in Q1 2022 was 8.3% of GDP and the underlying current account deficit 7.5% of GDP. Further stagnation or worse could cause a run on £Sterling and require a bail out from international institutions (about a 5% chance). These may insist on a re-negotiation of the UK’s trading relationship with the Single European Market, through the Trade and Cooperation Agreement, for the country to trade its way out of trouble. President Macron will invite the UK to be part of the “fourth circle” (European Security arrangements) in Europe. It is vital that the UK is at the table. Johnson’s absence, as the “guarantor” of Brexit leaves a void to be filled.

Liz Truss is likely to follow the same path as her two predecessors. UKIP has pulled the Conservative Party so far to the right that, like Johnson and May before her, a failure to follow a hard Brexit line is likely to lead to Truss being ousted by her own back benches. Truss will put her personal interests before that of the party or country. Tensions with the EU are likely to worsen and the government is likely to try and push the Northern Ireland Bill through

Parliament. Just as the economic problems of the last two years have been blamed on Covid19 and the Ukraine war, any retaliatory trade war with the EU27 will be blamed on Brussels. The tabloids and Brexit-supporting press will support that Tory narrative. The “War on Woke” will likely intensify, with further attacks on the Civil Service, “elites” and “The Remainder Establishment.”

Whilst the government will try to push this line, there is no guarantee that it will succeed with the public. At some point the public is likely to realise that the country’s problems cannot all be down to Covid19, the Ukraine war and the EU. The worst economic situation, apart from Russia, in the whole OECD will have to be answered for. Expect no honeymoon period for Liz Truss, as her communication skills of rhetoric are not those of her predecessor, as her speech outside No10 illustrated. On a positive note, Truss is hard-working, unlike her predecessor, but unfortunately all her US connections are with hard-right, rather than mainstream Republican politicians. Given the economic pressure the country is now under, “Brexit is a luxury we cannot afford.” Trade tensions and barriers are removable with the appropriate political will.

### **National Rejoin March - Meeting Postscript.**

(Meeting Postscript: The NRM plans were postponed after the sad news of HM QEII passing away on 8/9/22. A new date for a re-arranged NRM will be announced after The Late Queen’s Funeral.)

### **Festival of Europe**

The organisers plan to continue with the Festival of Europe [on a continuing basis - delete] in future years. The events are currently all run by volunteers and are self-funding. If the festival is to grow, then the organisers will seek additional funding and further patronage; in particular, a balancing up of gender representation will be sought.