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PRO-EU REBELS HAVE A CHANCE TO PUT THE HARD-BREXIT RISK TO BED

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A PARTY AND GOVERNMENT DIVIDED

By not agreeing on a Brexit strategy that could be fully backed by her party, prime minister Theresa May's Conservative-led government is at risk of falling apart over an internal dispute about the appropriate level of influence parliament should be given over the final terms of Brexit. The dispute is over the specific terms of the 'meaningful vote' clause in the EU Withdrawal Bill (Brexit Bill) - whether or not parliament should have the power to take control of Brexit if it rejects the government's final Brexit deal. A wide majority in the House of Lords, opposition parties in the House of Commons, and a handful of pro-EU Conservative rebels back the amendment. May and the majority of Conservative MPs reject the amendment – they claim it would weaken the UK's hand in negotiations with the EU. If parliament passed the stronger version of the amendment, which would involve Conservative MPs voting against the government, it would reduce the chance of a no-deal hard-Brexit to near-zero while dramatically improving the odds of a soft-Brexit.

PRO-EU CONSERVATIVE REBELS COULD DO REAL DAMAGE

Despite major differences between the pro-EU and pro-Brexit factions of the Conservative Party, throughout the Brexit negotiations they have managed to find compromises on key differences in order to keep the government intact. Parliament decides law through a process called ping-pong. This involves the upper and lower houses of parliament debating and voting back and forth until they agree on a final version of a bill – for more see [The only way is Brexit](#). Because the Conservative Party does not have a majority in the House of Lords, it is critical that the prime minister wins key votes in the House of Commons in order to preserve the legitimacy of the government. The amendment to strengthen the meaningful vote clause originated in the Lords. Last week May managed to avoid a defeat when the House of Commons voted on the bill by agreeing on a version of the amendment with pro-EU Conservative MP Dominic Grieve (which pro-EU MPs in her party supported). However, May reneged on key parts of the agreement before sending the bill back to the Lords. The Lords have responded by de facto re-inserting the stronger version of the clause back into the bill. Later today the Commons will debate and vote the amendment for the second time in as many weeks.

BACK TO SQUARE ONE

How this will play out today is not obvious. Until now, the threat that the Labour Party under far-left Jeremy Corbyn could sweep into power in fresh elections has acted as a powerful glue to bind the Conservatives together. In the end, prime minister May will probably manage to persuade enough rebels to put party before principles to get a compromise over the line. The unelected upper house probably would not re-insert the clause and return the bill back to the lower house after that.

There is, however, a real risk that this problem proves to be insurmountable for the divided Conservative Party. It could just prove to be the solvent that dissolves the Corbyn-glue that has lasted so far. Pro-EU Conservative rebels threaten to bring down the government unless May promises to support a version of the amendment that is close to the one she had originally agreed with Grieve. The Conservative Party relies on the Northern-Irish DUP for their working majority of 13. It would only take a small group of pro-EU rebels that are willing to vote against their own party to release May's already weakened hand over the Brexit negotiations. Around a dozen pro-EU Conservatives could potentially vote against the government. After los-



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ing such a vote, May would struggle to keep her party together, raising the prospect of snap elections. We see a 20% chance that Corbyn could become PM before the next scheduled election in 2022.

For more on the key Brexit scenarios, please see [Brexit hurts already: GDP analysis and outlook](#).

THE KEY DATES TO WATCH

June 28-29 EU summit – the original deadline to resolve the Irish border problem. Unless May's Conservatives capitulate and accept that the UK will remain inside the customs union indefinitely after Brexit within the next week, which seems unlikely, the deadline will be missed.

October 19-20 EU summit – the realistic deadline for the Irish border solution and the official deadline for the UK-EU withdrawal treaty. Six months will be needed for the UK and the EU parliaments to ratify the final deal.

December 14 EU summit – the very latest date at which the UK and EU negotiators could agree the UK-EU withdrawal treaty. If faced with the option of a hard Brexit (25% chance), or accepting a deal on the EU's terms in order to settle the Irish border problem – i.e. keep the whole of the UK inside the customs union – we expect the UK to choose the latter.

March 29 2019 – Brexit day

End 2020 – Expected end of transitional period

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