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QUICKTAKE - BORIS JOHNSON'S FIRST SPEECH AS UK PM

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Bombastic Boris bluster, obviously: In his first speech as PM in front of No.10 Downing Street Boris Johnson's list of promises was as long as the parliamentary majority he inherits is short. The big one - to deliver Brexit 'no ifs no but' on 31 October and to renegotiate Withdrawal Agreement (WA) - is a tall task, to put it mildly. He has just 99 days. Facing the biggest political crisis in a generation and a working majority of just two MPs in the House of Commons, Johnson said that the 'doubters' will be proved wrong. Given that there are a handful of so-called 'doubters' in his own party - some of whom that say they would be prepared to bring the government down to thwart a hard Brexit - Johnson may not last long unless he starts to get real soon.

Heading for a showdown with Brussels: Johnson doubled-down on his hard Brexit rhetoric. He promised to leave the EU on 31 October with a new deal that does not include the Irish backstop. That was expected and echoes his comments from last week on the campaign trail for Conservative Party leader. In addition, however, Johnson tried to shift the blame of a no deal (if it happens) to the EU. He said that in the 'remote' possibility the EU refuses to negotiate, the UK will be 'forced' to go for a hard Brexit. This will not go down well in European capitals and sets the stage for a noisy summer as Johnson seeks to renegotiate the WA. Probably, this is just an opening gambit - an attempt to create space for a compromise by demanding the impossible in order to persuade Irish Taoiseach Leo Varadkar to accept a half-way deal on the backstop ie a time limit. But this is a high-risk strategy with a low probability of success. Varadkar will only budge if he truly believes that the only alternative to a hard Brexit is a renegotiated backstop. But if Varadkar sees that moderate UK MPs would probably take measures to thwart a no deal, he has little incentive to budge at all. [Johnson's opening speech highlights the 40% risk we put on a hard Brexit outcome.](#)

Economic package in August: Johnson promised to immediately increase the number of police on the streets, build new hospitals, fix the social care 'crisis' and increase per pupil funding. The increase in spending from such policies would not move the needle on the economy much. In addition, he promised to deliver a major policy package in August and hinted at tax cuts and big spending projects. [That would have major economic consequences.](#) Exactly what this plan will entail will depend a lot on who Johnson chooses as his chancellor (probably Sajid Javid or Liz Truss). That Johnson would need parliament to pass a major fiscal bill raises the chance that a large package could be delayed well beyond August, or at least until (if) Brexit is sorted. Through the amendment procedure such a bill could be used by moderate Conservatives to thwart a hard Brexit. Johnson may thus resort to measures he can take without parliament ie as temporary cuts to VAT or stamp duty.

What happens next? With parliament heading for summer recess tomorrow (back on 3 September), the chance of any major action in Westminster soon is low - including the prospect that opposition parties would try their luck in a no confidence vote in the government already. Over the next hours/days, Johnson will pick his cabinet and his team of special advisors - likely dominated by Brexiteers. His picks will be interesting and will shed even more light on how the next few crucial months could unfold. Yesterday, we set out the key issues to keep an eye on in the days ahead ["The first days of Boris - Four things to watch"](#).



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