

# BM Political Highlights

Week Beginning 22/01/18

## Top 3 Political Stories This Week

- EU sources expect UK to have to accept a [‘Norway-style’ transition period](#)
- US Government [shuts down for 3 days](#) with only an agreement to vote on DACA ending impasse
- SPD begins [formal Grand Coalition talks](#) after SPD conference votes [363-279](#) in favour

## BlondeMoney View

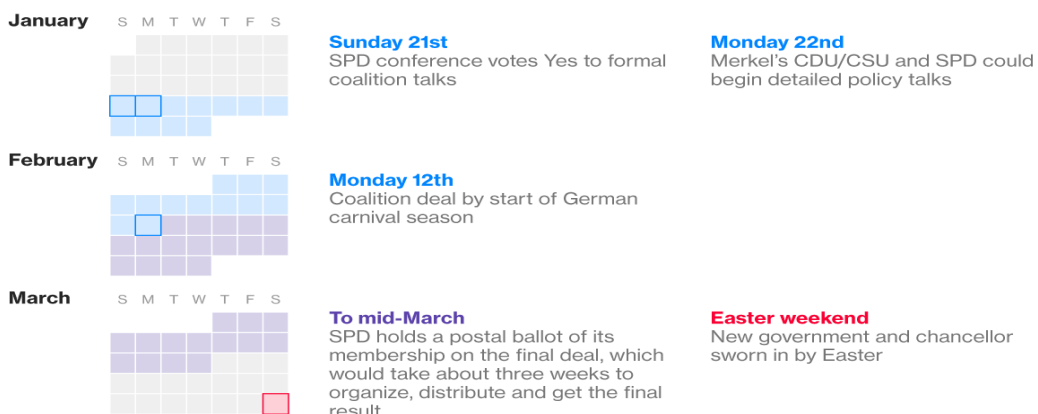
- In his visit, France Pres Macron suggested [there are 2 options](#) for the UK post-Brexit: Norway or Canada. The former would unsurprisingly split May’s Cabinet down the middle; [Remainers in favour](#), with Brexiteers like BoJo already briefing that it would be better to [stay in the EU](#) rather than choose the Norway option and become a [‘vassal state’](#). But could Norway fit the transition period? That’s the view of MEPs: *“It has to be a Norwegian-style deal, it cannot be anything else and this has been agreed in principle... I heard no one disputing this from the UK’s side.”* They may have misunderstood the UK’s silence as agreement, when in fact the UK is still undergoing a negotiation with itself. Good Luck selling the Norway path to 52% who voted to Take Back Control.
- Although short term funding has been agreed until Feb 8<sup>th</sup>, both parties remain diametrically opposed on issues such as immigration and spending budgets. The agreement to have a debate about immigration is significantly scant on detail and there is the possibility of another shutdown after the Feb 8<sup>th</sup> deadline. Trump will now want to move onto putting America First by appearing at the elite’s Davos jamboree just as new [trade tariffs](#) are put into place.
- Polls suggest [52%](#) of voters are ‘very unhappy’ or ‘unhappy’ about the prospect of another Merkel/Schulz alliance. This allies with [56% of the SPD itself](#) voting to support another ‘GroKo’. This vote was taken in public at the weekend conference, in front of the Party leader. Now though the vote moves onto the SPD membership in a secret ballot. Suddenly, the party is receiving a [surge of membership applications](#), suggesting the youth wing call for “no more ‘more of the same’” is gaining momentum. “Stop the Grand Coalition for a tenner” runs the campaign, and 600 new members signed up in North Rhine-Westphalia in 36 hours, versus a typical 4,000 in a year. Meanwhile [a Bundestag document](#) now suggests that, as tradition usually dictates, the opposition party would chair the Budget Committee, giving the anti-Euro AfD unprecedented power. Merkel is trying to assert herself, putting out a [joint video with France’s Macron](#) over the future of Europe. But behind the scenes [her party are preparing a Plan B](#): a six month minority government before fresh elections. It ain’t over til it’s over.

## Chart of the Week

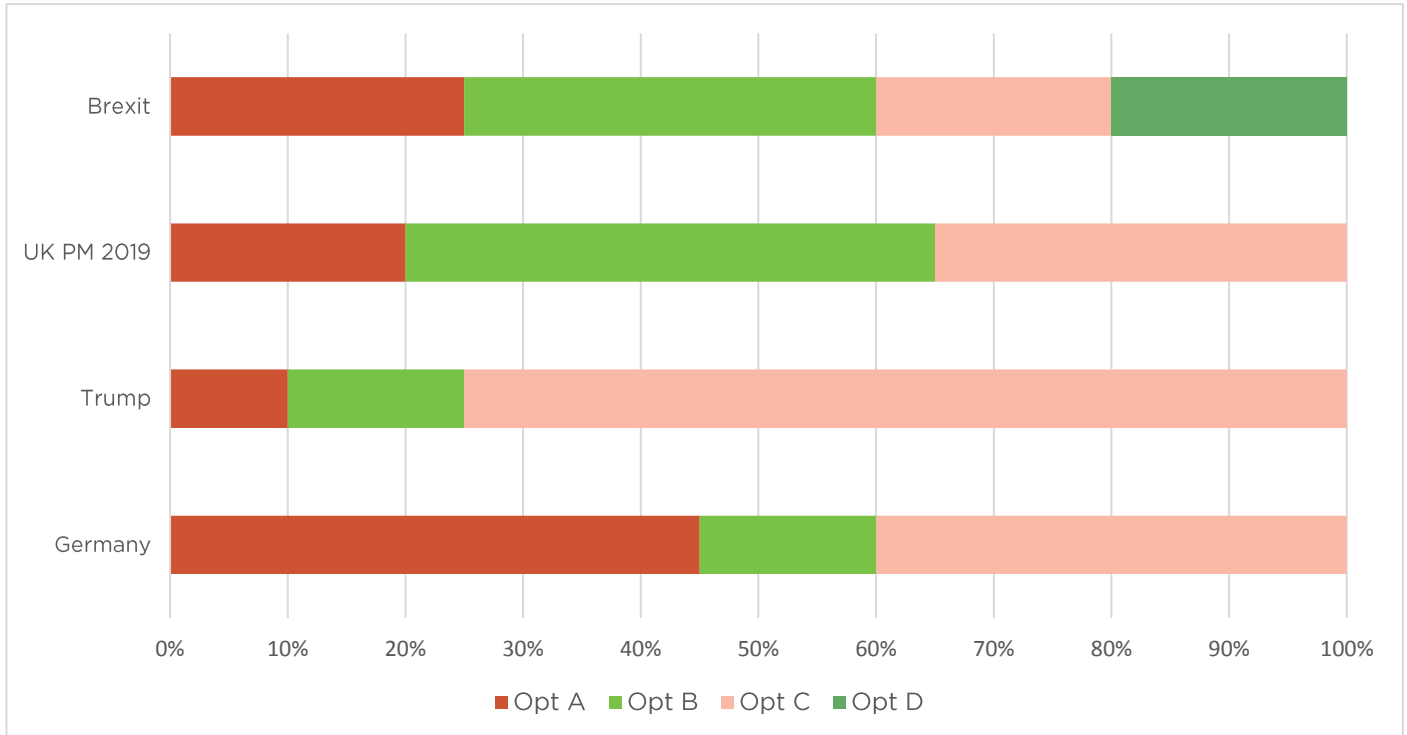
### German Coalition Timeline

How the coalition-building process is likely to progress

■ Coalition talks ■ SPD ballot ■ Swearing in



## BlondeMoney Probabilities:



*n.b. these are subjective estimates made by BlondeMoney*

	OPTION A	OPTION B	OPTION C	OPTION D
<b>BREXIT</b>	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	+5%	0%	-10%	+5%
<b>UK PM JAN 2019</b>	Jeremy Corbyn	Theresa May	Other	-
	+0%	0%	0%	
<b>TRUMP</b>	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	+0%	+0%	+0%	
<b>GERMANY</b>	Merkel leaves before end of term (resigns or removed)	Merkel stays, AfD national support falls	Merkel stays, AfD national support increases	-
	+5%	-10%	+5%	

*Change in percentage points is from last week's edition*