

BM Political Highlights

Week Beginning 09/07/18

Top 3 Political Stories This Week

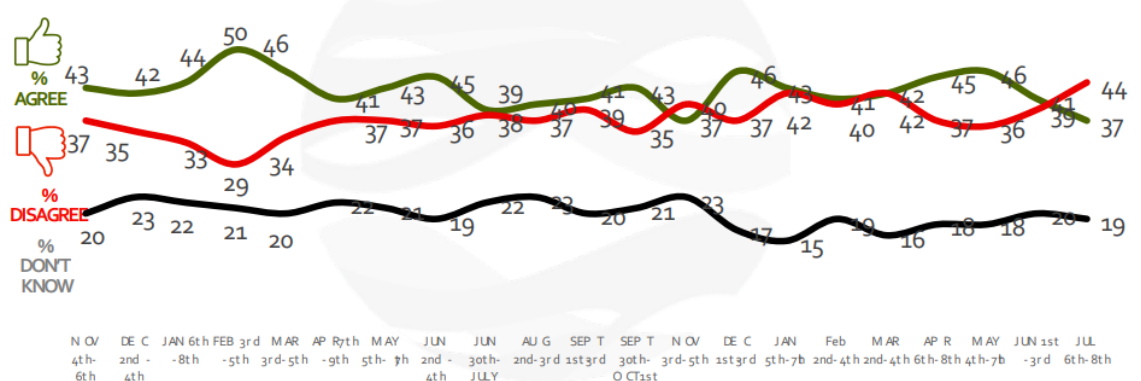
- UK [Brexit Sec Davis](#) & Foreign Sec [Johnson both resign](#) from Cabinet over Chequers Brexit plan
- Pres Trump nominates [Brett Kavanaugh for Supreme Court](#); President prepares for trip to [Europe is discuss NATO](#)
- Germany and China [begin trade dialogue](#) and promise not to let the world go “*blundering into a spiral of trade conflicts*”

BlondeMoney View

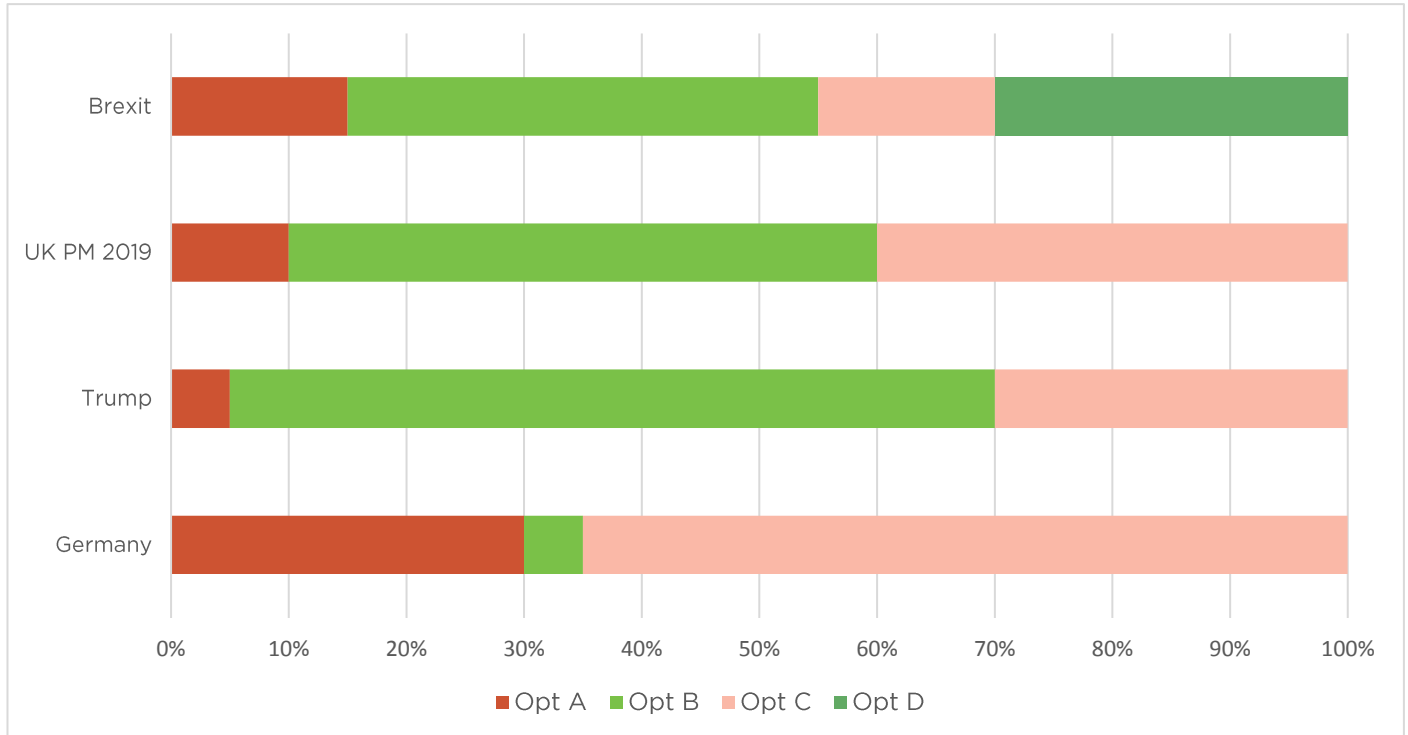
- It's one big step forward, two little steps back for UK PM May. Appealing to realism and pragmatism, TM strong-armed her Cabinet into agreeing to her 'facilitated Customs Arrangement' (A.K.A. [the Chequers Agreement](#)). Despite Leave campaigner Gove announcing it would “*unite the Cabinet*”, less than 48 hours later two senior Cabinet members had resigned. With TM explicitly reinstating cabinet collective responsibility, [David Davis had to resign](#), claiming he was a “*reluctant conscript*” to the plan. Foreign Sec [BoJo followed](#) in a fit of the vapours, wailing that the Maybot is “*suffocating*” the Brexit “*dream*”. These two high profile resignations, [and those of another three junior ministers](#), prompted No. 10 to confirm TM would stay and fight any vote of no confidence from Tory MPs looking for a harder Brexit. That means it's not just 48 letters to go into the backbench 1922 Committee, but 159 votes (half the parliamentary party) to take her down. The dominoes may be in place but JRM and his Brexiteer ERG MPs will be wary that if she survived the vote, another vote of no confidence cannot be called for 12 months. Hence Theresa is in fighting mood. With her position solidified after [meeting with the 1922 Committee](#), and Remainers in the four Great Offices of State, she's in her best position since the 2017 General Election. For the first time it looks like a decision on Brexit will be made by March 2019, crystallising the risks: either the government thrashes out a soft “Brexit In Name Only” or embittered and emboldened Brexiteers plus a Labour Party sensing blood force “No Deal”. Enjoy the sunshine summer, the thunderstorm will follow.
- The nomination of Brett Kavanaugh is a shrewd choice by Pres Trump. One, he has nominated a strong conservative voice who – despite [a record not entirely without Republican dissention](#) – the GOP will rally around. Two, Kavanaugh was involved with the impeachment of Pres Clinton and worked on the Starr report. Due to this experience, Kavanaugh has said sitting presidents [should be exempt](#) from “*time-consuming and distracting*” lawsuits. Democrat Min Leader Schumer argued the choice shows that [the President is “worried”](#) and needs Kavanaugh to act as a “*barrier*” to the Russia probe. Internationally, the Donald faces down his European counterparts over NATO. As per his MAGA agenda, Trump has demanded collective [higher payment](#) or he will withdraw from the 69-year alliance. Europe responded emphatically. Euro Council Pres Tusk told the US to “*appreciate your allies... after all you don't have that many*”. While DJT has grounds to ask countries to contribute 2% of GDP ([as did Obama and Bush](#)), aggressive lambasting of allies suggests withdrawal from the alliance is a significant risk. European leaders will be prepared for a repeat of the G7 summit and will be ready to play hardball. While DJT continues to push his MAGA agenda abroad to get voters on side, talks with N Korea have stalled as the Koreans accuse the [US of being “gangster-like”](#) and increasing the “*risk of war*”. DJT continues to push away traditional allies and alliances, and despite international outcry, is playing well with his rural voter base ahead of November midterms. Expect it to continue.
- Europe is divided. France Pres Macron, the golden boy of the EU, is facing domestic image problems. While [his majority in Parliament](#) and his executive powers will enable him to continue to pass legislation, his ego will be battered. An [Odoxa report](#) found 84% of people think Macron is ‘not humble’ and 74% say he is a ‘President of the Rich’. When asked about his policies, 71% said they were ‘unfair’ and 65% called them ‘ineffective’. Macron emphatically saw off Le Pen's populist presidential challenge, but he may be unable to bring the country together. Germany faces her own problems. Chr Merkel may have reached a compromise on migration with CSU head Seehofer but her acceptance of a harder immigration policy lends credibility to the AfD. A recent INSA poll saw for the first time that the [AfD was the most second most popular party](#) in the country, up from their election result of 11.5% to 18%. Europe is in the grips of a populist movement, and even in established economies of the West, many leaders are facing calls from their electorate to move further rightward. With the US turning away from Europe, the continent much reassess what it stands for.

Chart of the Week

Source: [ORB Brexit Survey](#): Will the UK be better off economically?



BlondeMoney Probabilities:



n.b. these are subjective estimates made by BlondeMoney

	OPTION A	OPTION B	OPTION C	OPTION D
BREXIT	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	-15%	+10%	-5%	+10%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	-10%	+20%	-10%	
TRUMP	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	0%	0%	0%	
GERMANY	Merkel leaves before end of term (resigns or removed)	Merkel stays, AfD national support falls	Merkel stays, AfD national support increases	-
	-5%	-5%	+10%	

Change in percentage points from last week's edition