

BM Political Highlights

Week Beginning 25/03/19

Top 3 Political Stories This Week

- Letwin amendment passes: [series of indicative votes](#) today as Parliament take control of the Brexit process
- Special Counsel Mueller finds Pres [Trump did not collude with the Russians](#) in 2016 election
- Italy becomes first major European and G7 country to buy into [China's Belt and Road Initiative](#)

BlondeMoney View

- History in the making, as this afternoon backbencher MPs take control of the Commons and introduce a [series of indicative votes on what Brexit should be](#). Although it will be a simple yes/ no option beside each choice, it could give an idea of what could command a majority in the House. However, May has already said any indication by the House [would be non-binding on her](#), as the EU may not agree to it. While this is true, it could certainly give the EU a stronger negotiation position – especially if the consensus is a softer Brexit (something long touted by the EU as preferable). Our research shows that there is [still no majority](#) in Commons for anything else, with both the hardcore Remainer and Brexiteers becoming more committed to their own outcome. So, May's Brexit deal it is. With high profile Brexiteer and ERG Chair Rees-Mogg urging his fellow ERG'ers that they needed to face the ["awkward reality"](#) that Brexit could be thwarted altogether, and former Cabinet Minister BoJo saying he will think about it but ["not there yet"](#), MV3 could be brought as early as [tomorrow or Friday](#). Tonight PM May is due to meet with the Tory backbench 1922 committee either to a) re-affirm its either her deal, no Brexit or (her new one) [slow Brexit](#) or b) [formerly name her departure date](#) on the condition Brexiteers support her deal now. This would go against everything we know and understand about May but it may be the only way to keep her party from tearing itself apart. And the DUP? Well they are [still very anti-May's](#) deal, but should they decide to just abstain, the numbers are starting to add up for Theresa. We believe that MV3 has a better chance of passing, but May still needs ~20 Labour MPs, which seems unlikely. While nothing commands a majority, No Deal remains the default.
- Donald Trump has scored the biggest political win of his presidency so far. Although Mueller's full report has not been released, in his letter the Attorney General outlined that the Trump campaign was [cleared of conspiring and coordinating with Russia](#) to influence the 2016 election campaign. Trump's response has been vitriolic and loud, tweeting: ["no collusion, no obstruction, complete and total exoneration"](#). Democrats now fight for the report to become public, as they cling to the fact there were some high-profile [arrests and jail sentences](#), although while they may win that battle, it is clear that Trump has won the war. Empowered by this big win, the White House now builds on momentum for 2020. China [talks have stalled](#), as Beijing digs in their heels about fundamental changes to their market structure. Domestically, Trump may have bitten off more than he can chew, when he told the [Justice Department to strike down ObamaCare](#) in the courts. A fundamental Leftist policy, Trump is trying to kick the Democrats while they are down. However, if there is anyone who can unify people against him – it is Trump. Announced 2020 candidates will now use this as another example of the [President taking away 'basic human rights'](#), and could empower the groundswell against Trump.
- Italy has become the first [G7 country to sign up to the BRI](#) in a sign that Chinese financing has spread beyond the Asian and African sphere of influence. A chance to defeat slowing growth by putting ["Italy first"](#) couldn't be missed. Macron, a notable critic of Beijing, has called the decision ["naivety"](#) and that the EU-China relationship ["must not be... a trading one, but a geopolitical and strategic \[one\]"](#). Berlin also criticised Rome and said the deal could lead to a ["bitter after taste faster than they expected"](#). While international condemnation is nothing new to the populists, the move – pushed by 5-Star and Di Maio who has long held pro-China views – has put a split between the ruling parties. After a [third defeat in regional elections](#) where the 5-Star finished a distant third, Di Maio saw this an opportunity to boost his domestic standing. Salvini, whose League party has been running along other centre-right parties, sees the deal as one sided: ["investment should only be allowed on equal terms"](#) and boycotted the signing ceremony. Elsewhere, in an op-ed, Salvini called for all ["sovereignist"](#) allies to come to Milan so they can plan their ["reform of the Union"](#). We continue to think that should the League continue to rise in the polls, we would expect a general election with a League led centre-right coalition coming to the fore. Worth noting that the League is running alone in EP elections in May as their European policy is much more important than their domestic one.

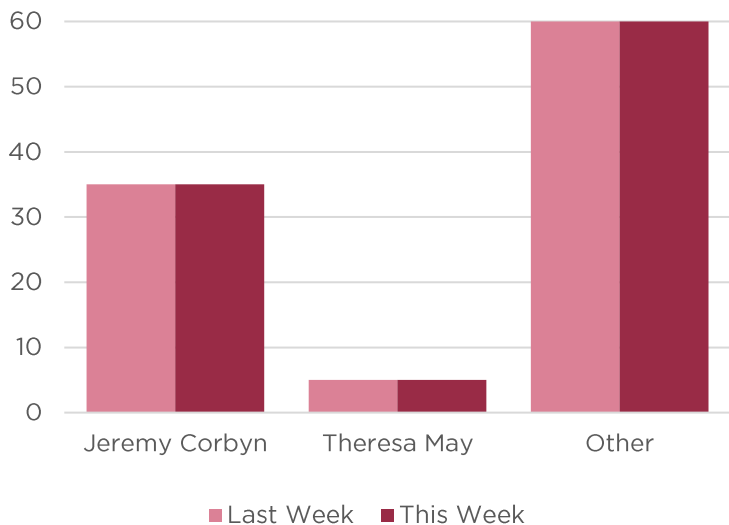
Chart of the Week

Source: [BlondeMoney](#)

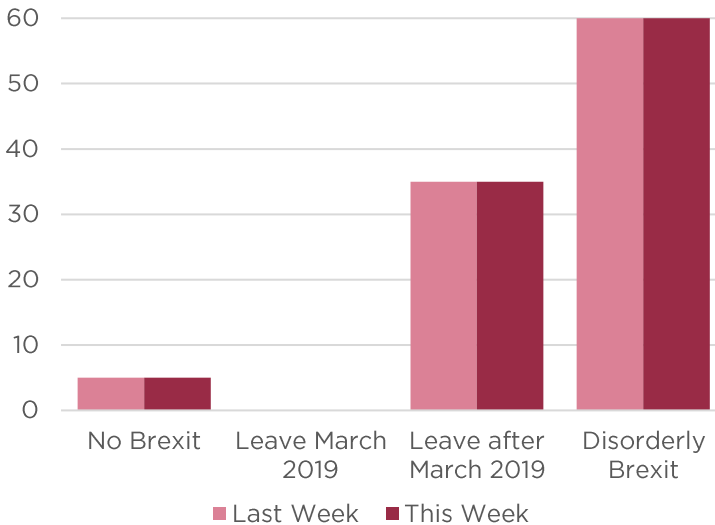
Which outcome commands the most support from MPs?	
Labour Whip	122
People's Vote/ Revoke Article 50	142
Any Deal to Avoid 'No Deal'	14
Norway/ 'Common Market 2.0'	93
Canada Style: FTA/ Malthouse	199
No Deal	67

BlondeMoney Probabilities:

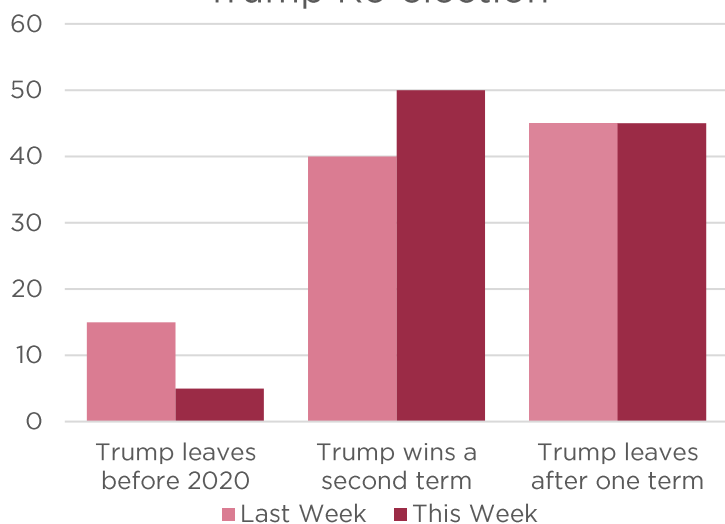
UK PM in Jan 2020



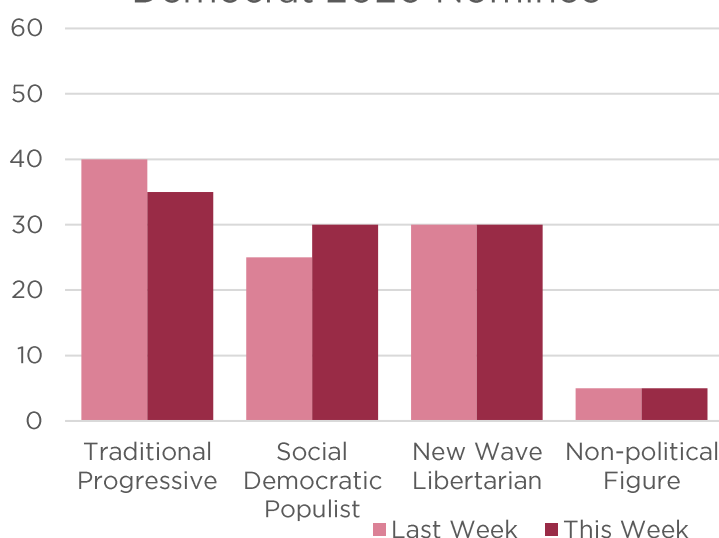
Brexit Outcome



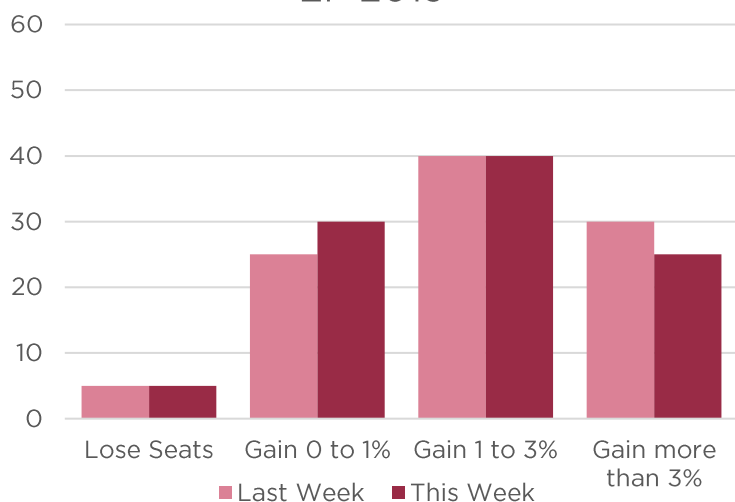
Trump Re-election



Democrat 2020 Nominee



Populist Party Performance in EP 2019



- UK PM Jan 2020: Will May fall on the sword to get her deal over the line? Given her utter risk avoidance tactics in the past, we think this is unlikely – but she will not last the year.
- Brexit: With A50 extended, and MV3 in the works, the Brexit process has stalled with little change from last week.
- Trump: A huge political win should bring back some wavering voters for the 2020 election. Trump will need to be careful not to lose poorer working-class voters who rely on free healthcare.
- Democrat Nominee: March 31st is the quarterly reporting deadline to signal who is rolling in cash and who is not. With Sanders and O'Rourke leading the way, Biden will wait until after this deadline before declaring.
- EP Election: Hungary party Fidezs' MEPs have not left the EPP so will remain part of the bloc in the EP elections, hampering populists' performance.