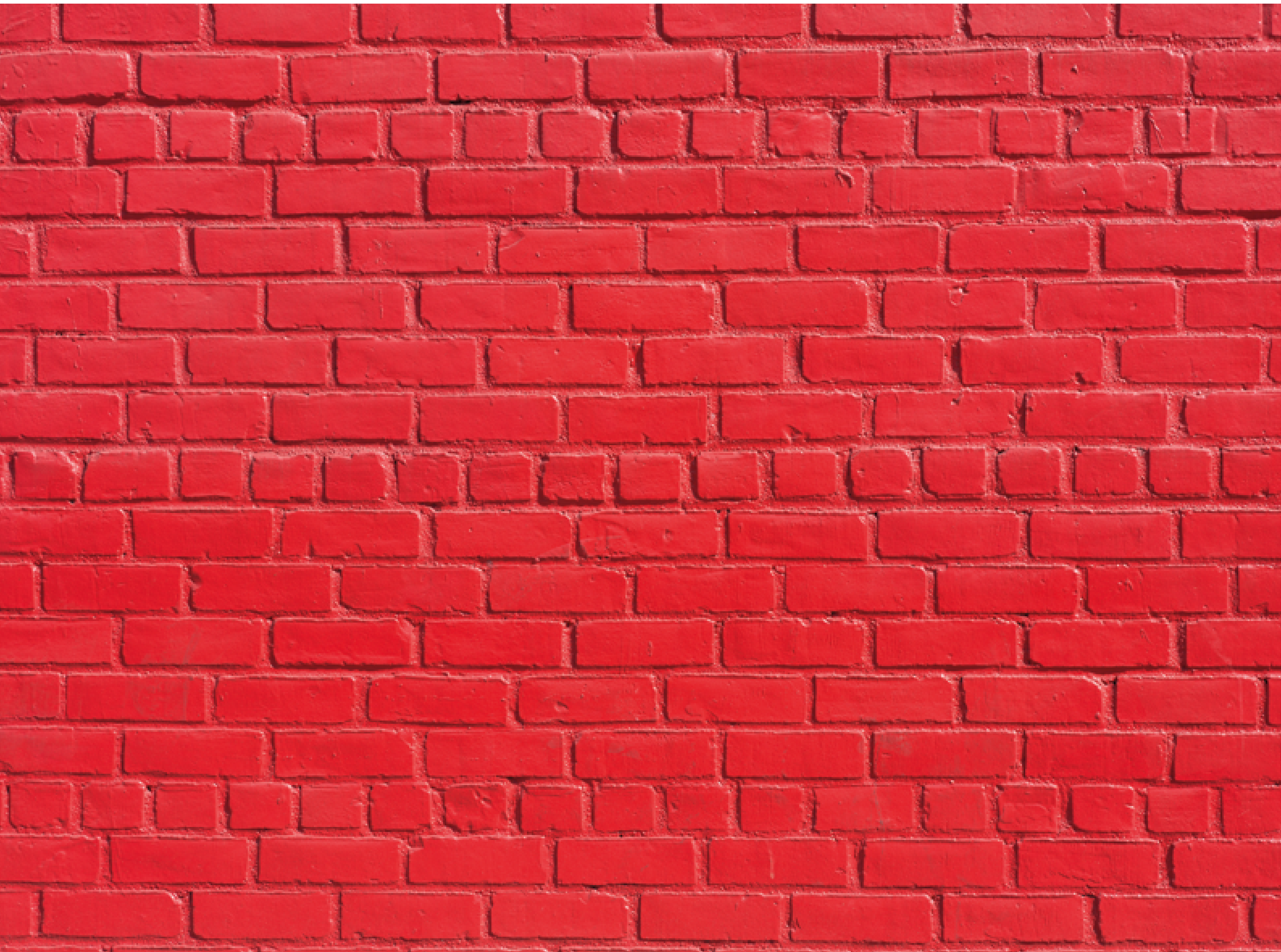
DO NOT DELAY BREXIT

The View from the Red Wall

JUNE 2020



CENTRE FOR BREXIT POLICY

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The Centre for Brexit Policy (CBP) is a new think tank backed by cross-party politicians who support the UK leaving the EU. It has been formed to propose the critical policy changes enabled by Brexit that will boost national prosperity and well-being in years to come, as well as help ensure that Britain fully 'takes back control' when it leaves the European Union.

The CBP aspires to trigger a deep and wide debate about what Brexit should mean for the UK over the next decade or two. By providing a focus for the development of post-Brexit public policy, the CBP hopes to help formulate an overarching framework for the UK that maximises the opportunities Brexit affords. This will be promoted to Government, Parliamentarians, and the public welcoming contributions from those who want to see Brexit open a new and fruitful chapter in our country's life.

The CBP has three core objectives:

- **Identify the benefits and opportunities of Brexit across the full spectrum of economic, trade, social, foreign, defence and security policy areas proposing new policies for the Government's agenda**
- **Continue to make the intellectual, evidence-based case for a 'real' Brexit and provide the Government with clear and constructive advice on how to deal with ongoing negotiation and implementation issues. A 'real' Brexit means regaining full control over our laws, borders, seas, trade, and courts**
- **Check any attempts to dilute a real Brexit, as well as serving as a catalyst and rallying point for positive news stories that, over time, will be able to persuade and demonstrate the many substantial advantages of Brexit**

Delivery of these objectives will be based on professional, substantive fact-based research by experts in their fields leading to authoritative reports, short papers, OpEds, events, and briefing meetings - both within and without Government.

The CBP is supported by a cadre of expert CBP Fellows drawn from multiple disciplines to provide additional expertise and experience in developing an agenda for policy change that will ensure the British people benefit from Brexit. Additional support is provided by a CBP Business Forum to bring a business perspective to shaping CBP's agenda, provide input to policy proposals, and deliver a pro-Brexit business voice.

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FOREWORD BY GRAHAM STRINGER MP

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The lasting memory of the 2019 election will be that it was the moment that the "Red Wall" was torn down by the Conservative Party. The Labour heartlands and 24 constituencies that had not voted Conservative for decades turned blue. The Conservatives had not won Burnley for more than a century. Astonishingly, the majority in three of these constituencies (Dudley North, Bassetlaw and Great Grimsby) was greater than 20 per cent.

There is no hiding from the fact that last December's election was disastrous for the Labour Party. There has been much debate over the reason why Labour collapsed. Some activists said that they were getting negative feedback on the doorstep about Jeremy Corbyn, others said voters felt disconnected from the Party. These are valid reasons; however, it is clear to me that the Labour Party's position on Brexit angered and alienated many traditional Labour voters across the Midlands and the North.

The Labour Party manifesto committed the Party to renegotiating a Brexit deal, striking an agreement on future relations with the EU within three months of taking power then staging a public vote by June 2020. If this were not confusing enough, the Party ruled out a no-deal Brexit - effectively binding the UK to whatever dreadful deal the EU might offer.

Both Labour and Conservative strategists will be carefully analysing the views of voters in the Red Wall seats as their votes could determine the result of the next general election. What is absolutely clear - from the EU referendum in 2016, the European Parliament elections in 2019 and the General Election in 2019 - is that Red Wall voters wanted to leave the EU and want to, in line with the Conservative slogan, 'Get Brexit Done'.

In this important new report - *Do Not Delay Brexit: The View from the Red Wall* - published by the cross-party Centre for Brexit Policy (CBP), new polling demonstrates that extending the transition period beyond the end of 2020 is a deeply unpopular move amongst voters in the Red Wall. Extending the transition, something the Remain campaign continues to push for, would be a calamitous move. Thankfully, both the Conservative Party and the Labour Party have emphatically ruled out an extension.

The Prime Minister and countless members of the Cabinet have said that the UK will not extend the transition period. Earlier this month, Leader of the House, The Rt Hon Jacob Rees Mogg MP, could not have been clearer: *"To quote Margaret Thatcher - will we have an extension? No, no, no!"*

Labour Party Leader, The Rt Hon Sir Keir Starmer MP, recently set out Labour Policy on the transition period. It supports leaving the EU at the end of the year and would not seek any extension to that: *"I would seek to ensure that the negotiations were completed as quickly as possible. I've not called for a pause because the Government says it's going to get it done by the end of the year"*.

This month, the CBP commissioned a poll of Red Wall seats. This was carried out by Savanta ComRes and found that overall, 51 per cent of Red Wall voters believe that the transition period should either remain as it is or be shortened, in comparison to just 42 per cent who want an extension.

What is most telling - both the Government and the Labour Party should take note - is the response when asked whether extending the transition period would make them more or less favourable to the Conservative Party. The results are clear that neither the Conservatives nor Labour would have anything to gain and everything to lose from an extension.

The other striking element of the polling was the positivity people feel about life outside of the EU. When asked what would be better or worse as a result of an extension of the Transition Period, voters said everything would be worse off, including the cost of living, level of taxes, price of food, price of non-consumer good, waiting times for social housing, average wage. The only thing they thought would be marginally better was the NHS (by just 1 per cent).

It is not just the Red Wall voters who want to stick to the current timetable. As CBP's poll last month demonstrated, 44 per cent of the electorate are in favour of ending the transition period at the end of this year or quicker, while only 40 per cent wanted it extended into 2021 or beyond.

As a politician, I am only too aware that politics is about winning elections and opinion polling is crucial to that. However, I am also acutely aware that just because something is popular, does not mean it is always the right thing to do.

As the polling demonstrates, delivering Brexit and exiting the transition period by the end of 2020, whether there is a deal or we leave on WTO terms, is the popular thing to do. But it is also the right thing to do.

It is the right thing to do for our democratic credibility. Do not forget that the British people have voted six times to leave the EU (at the 2014 European elections, 2015 UK general election, 2016 EU referendum, 2017 general election, 2019 European elections and 2019 general election).

It is the right thing to do for the UK economy. The Remain campaign treats Brexit and the Coronavirus as two completely separate things. This is completely the wrong approach. The economic benefits of Brexit will provide individuals, businesses and communities across the UK with a crucial part of the tonic for economic recovery. Brexit provides the freedom of manoeuvre that is essential for economic strength, reinforces successful trading in growing non-EU markets, enhances the chances of reaching a deal with the EU and provides certainty to business.

It has been four long years since the British people voted in the EU referendum and finally, the country nears the end of the negotiation saga and people can start to enjoy the benefits of Brexit. The main proponents of extending the transition period are the same people who ran the failed Remain campaign in 2016 and the failed second referendum campaign. They have absolutely no interest in extending the Transition Period by one or two years. They have weaponised the Coronavirus crisis to try to reverse Brexit.

Sticking to the current timetable of transition is the right thing to do for our nation.

DO NOT DELAY BREXIT

The View from the Red Wall

INTRODUCTION

Ensuing that the Transition Period (TP) terminates at the end of this year is one of the key ingredients in delivering the Government's Brexit policy. Any extension would fundamentally undermine its strategy.

The Government is proving admirably robust on the matter, insisting that the United Kingdom will not countenance an extension. The opposing view, however, is still well represented, insisting that with the country's health and economic well-being in severe jeopardy, 2020 is not the year to embark on a final, traumatic break with the European Union, which has been our home for nearly 50 years.

Advocates for an extension call for the UK to postpone its departure by one or two years. They argue that this will give business time to steady itself after the chilling effects of the lockdown and enjoy a breathing space before it has to adapt to whatever may emerge from the current talks with Brussels over the future trading relationship.

They also argue that the Government does not have the bandwidth to cope with two major upheavals at the same time - restarting and rebuilding a stalled economy and resolving the outstanding matters in our relationship with the EU.

We take the opposite view. Coronavirus is not a reason for extending the TP. Coronavirus is a reason for completing our exit, with or without a free trade agreement (FTA), no later than the date enshrined in UK law - 31 December 2020.

The reasons are numerous, but they can be summarised simply:

I. **Red Wall voters underpin the democratic mandate to leave on time as expressed repeatedly over the past four years**

II. **Leaving as scheduled this December 31st is essential to recovering from Covid-19 and 'levelling up'**

III. **Any extension will lead to huge costs**

I - RED WALL VOTERS UNDERPIN DEMOCRATIC MANDATE TO LEAVE ON TIME

When responding to the calls for an extension of the TP, it is easy to lose sight of the most fundamental reason not to extend. That is, the consistent democratic mandate for leaving, as expressed repeatedly by the electorate. This paper reinforces that fundamental demand by illuminating the strong views of Red Wall voters - those people who delivered victory to Boris Johnson last December 12th.

DEMOCRATIC MANDATE REQUIRES LEAVING ON TIME

In the last five years and in five national polls, the British people have voted clearly and consistently in favour of leaving the European Union. In 2015, the Conservatives promised that, if elected, they would hold a decisive in/out referendum on the UK's EU membership. The Party was returned to Government with more votes and MPs. The EU Referendum Act was passed by a ratio of six to one in the Commons. In 2016, the referendum was held and 17.4 million people voted to leave the EU.

In 2017, the Conservatives stood on a manifesto pledging that "we will no longer be members of the single market or customs union." The Conservatives won more votes than any party for 25 years. At that time, the Labour Party also stood on a platform of upholding the referendum result, so more than 85 per cent of the total votes cast were for parties advocating leaving the EU.

In the 2019 European Parliament elections, with the Conservative Party advocating the old Withdrawal Agreement (WA) and securing only 9 per cent of the vote, the newly-formed Brexit Party topped the polls on an explicitly "no deal" platform, winning in Wales and every English region outside London.

Finally, when Boris Johnson led the Conservatives to the polls pledging to 'Get Brexit Done', having secured a new Withdrawal Agreement, he won an 80-seat majority in the House of Commons. The UK formally left the European Union at 11 pm on 31 January 2020.

RED WALL STRONGLY SUPPORTS BREXIT MANDATE

This consistent 5-year democratic mandate is decidedly underpinned by voters living in the Red Wall constituencies.

> *"Brexit is the main thing. We need to get it done. It's been going on for three years now and that's what Boris Johnson really needs to focus on so we can move past it."*

Tony Usherwood, West Bromwich voter, December 2019.

The 2019 General Election saw the Conservative's promise to 'Get Brexit Done' unlock the Red Wall constituencies where the party's brand had been toxic for generations. Parliamentary seats like Bolsover, Blyth Valley and Bishop Auckland, Labour's impregnable fortresses, are now at the heart of Boris Johnson's majority and authority.

The Conservative Party's manifesto pledges to leave the European Union by 31 January and to "not extend the implementation period beyond December 2020" were reinforced with promises to "level-up" Britain.

Speaking from the steps of Downing Street after winning the election, the Prime Minister promised the nation to "make 2020 a year of prosperity, growth and hope". For him, that meant *"better infrastructure, better education, better technology… we are going to unite and level up, bringing together the whole of this United Kingdom"*.

This was reinforced on the eve of leaving the European Union at the end of January, when he said *"this is the moment when we begin to unite and level up"* before heading to a Cabinet Meeting being held not in London, but in Sunderland.

In his first budget, Chancellor of the Exchequer, Rishi Sunak, announced the UK's largest infrastructure investment since the war, £600 billion for new roads, rail, hospitals and regeneration projects, many targeted at Red Wall constituencies and surrounding regions.

And then Covid-19 struck, providing political opponents with a last-ditch opportunity to derail Brexit.

RED WALL POLLING OPPOSES TRANSITION PERIOD EXTENSION

Six months on from the election, 10 weeks after the start of lockdown, what do constituents in those crucial Red Wall seats now think about Brexit and the promises and assurances they were given?

"Getting Brexit Done" remains the key priority, with 51 per cent of Red Wall residents believing - despite the Covid-19 pandemic - that the TP should either remain as it is or be shortened, with only 42 per cent believing it should be extended. These findings from a Savanta ComRes poll commissioned by the Centre for Brexit Policy is a vivid reminder, if any is needed, to Boris Johnson and his ministers that their newly acquired powerbase was serious when it voted to 'Get Brexit Done' in 2019.[1] They have not been deflected from that opinion by the pandemic.

The survey, based on a sample of 2,093 adults in 34 Red Wall seats, also finds that a delay would play badly for the Tories in a future general election. By a clear margin - 30 per cent to 25 per cent - the public in these seats say they would be less favourably inclined towards the Conservatives if the TP were extended.

Asked if they would be less likely or more likely to vote Conservative in a general election if there was a delay, by 8 percentage points (26 per cent to 18 per cent) they said they would be less likely to back Boris Johnson's party. This gap widened to 19 percentage points in the strongly pro-Leave North East region of England (32 per cent less likely as opposed to 13 per cent more likely).

By a margin of 51 per cent to 42 per cent they want the Government to stick to its publicly declared position and reject offers from the EU to extend the TP for one or two years after December 31, 2020. This rises to 56 per cent versus 43 per cent - a margin of 13 percentage points - among the key group of "Switchers" who voted Labour in 2017 but defected to the Conservatives in 2019 and handed Boris Johnson his 80-seat Commons majority.

The majority of people in these battleground seats insist on no delay to the final chapter of Brexit despite the health and economic havoc wreaked by Covid-19, which has sparked calls by Remainers for the departure deadline to be pushed back.

By a narrow margin, Red Wall residents also think that an on-time departure will help the UK recover economically from the ravages of Covid-19.

Some 45 per cent of people say the best option for economic recovery is to leave in accordance with the agreed timetable of 31 December 2020 or to leave earlier than that. They are opposed by 44 per cent of people who think that an extension of the TP into 2021 or 2022 is the best bet economically.

One of the most striking findings of the poll is the degree of optimism among Red Wall residents about the impact of Brexit. Asked if various key indicators of national well-being would get better or worse if the

1 Savanta ComRes interviewed 2,093 UK adults aged 18+ online between 2 and 8 June 2020. Those adults were from the following UK parliamentary constituencies, commonly referred to as the Red Wall: Ashfield, Barrow and Furness, Bassetlaw, Birmingham Northfield, Bishop Auckland, Blackpool South, Blyth Valley, Bolsover, Bolton North East, Burnley, Bury South, Colne Valley, Darlington, Don Valley, Dudley North, Gedling, Great Grimsby, Heywood and Middleton, Hyndburn, Leigh, Newcastle-under-Lyme, North West Durham, Penistone and Stocksbridge, Redcar, Rother Valley, Scunthorpe, Sedgefield, Stoke-on-Trent Central, Stoke-on-Trent North, Wakefield, West Bromwich East, West Bromwich West, Wolverhampton North East, Workington.
Data were weighted to be representative of the local population by age, gender, region and 2019 vote. Savanta ComRes is a member of the British Polling Council and abides by its rules

Government extended the TP, only one area, "the NHS in general" is expected to get better - and that by a margin of only one percentage point (27 per cent to 26 per cent).

Everything else is expected to get worse if there is a Brexit delay:

- 50 per cent thought the cost of living would worsen compared to 15 per cent who thought it would get better (35 per cent worse if Brexit delayed)
- 48 per cent thought that the price of food would worsen, compared to only 15 per cent who thought it would get better (33 per cent worse if Brexit delayed)
- 45 per cent thought the level of taxes would worsen, relative to 10 per cent who thought it would get better (35 per cent worse if Brexit delayed)
- 40 per cent thought that the price of non-food consumer goods would worsen, versus 17 per cent who thought it would get better (23 per cent worse if Brexit delayed)
- 39 per cent thought the amount of jobs available would worsen, compared to 23 per cent who thought they would get better (16 per cent worse if Brexit delayed)
- 34 per cent thought the number of people coming to the UK to live and work would worsen, relative to 23 per cent who thought they would get better (11 per cent worse if Brexit delayed)
- 32 per cent thought that waiting times for hospital treatment would worsen, compared to 17 per cent who thought they would get better (15 per cent worse if Brexit delayed)
- 32 per cent thought that waiting times for social housing would worsen, versus 14 per cent who thought they would get better (18 per cent worse if Brexit delayed)
- 30 per cent believe that the amount spent on infrastructure, such as new roads and railways, would worsen, compared to 21 per cent who thought it would be more (9 per cent worse if Brexit delayed)
- 30 per cent thought the average wage in the UK would be worse, compared to 18 per cent who thought it would be better (12 per cent worse if Brexit delayed)
- 21 per cent thought that school places for children would worsen relative to 16 per cent who thought they would get better (5 per cent worse if Brexit delayed)

We interpret these findings to imply a strong belief by Red Wall constituents in the benefits of delivering Brexit.

The survey also explored levels of trust among the Red Wall public in Boris Johnson and the Conservative Government to deliver the promises it made in its manifesto to negotiate a trade agreement with the EU in 2020 and not to extend the TP. It found that the Prime Minister enjoyed a net trust rating of plus 7 percentage points to keep these commitments with 42 per cent of people trusting him and 35 per cent distrusting him.

Levels of trust were much higher among committed Conservative voters (those who backed the party in the 2017 and 2019 elections) than among "Switchers" who changed from Labour in 2017 to Conservative in 2019. Among the former group, nearly three quarters of Conservative voters (73 per cent) trusted Mr Johnson. But this fell to 51 per cent among the Switchers, indicating that the Prime Minister is viewed with some doubt among his recent converts.

Red Wall people are also unimpressed by the way the Government is handling the negotiations with Brussels. One third of the public (33 per cent) say ministers are doing well, but 40 per cent say they are doing badly - a rating of minus 7 percentage points.

At a political level, the Government's commitment to end the TP on 31 December and 'Get Brexit Done' is underpinning the support of Red Wall voters, despite being at the sharp end of recent job losses and the threat of Covid-19 to levelling up the economy. If the TP was to be extended and Red Wall fears of a worsening situation were thereby brought to the fore, support for the Government could evaporate.

II - LEAVING AS SCHEDULED ESSENTIAL TO RECOVERY AND LEVELLING UP

A prerequisite for 'levelling up' is recovering from the effects of the Covid-19 pandemic. Leaving the TP as scheduled achieves this because doing so

- **Allows the freedom of manoeuvre that is essential for economic recovery**
- **Enables successful trading in growing non-EU markets**
- **Provides certainty to business**
- **Improves the chance of reaching a deal with the EU**

ALLOWS ESSENTIAL FREEDOM OF MANOEUVRE FOR ECONOMIC RECOVERY

Given the historic scale of the levelling up challenge - both politically and economically - the UK will require maximum flexibility to organise the necessary post Covid-19 economic recovery.

The Bank of England is predicting the biggest UK recession for 300 years and the Office for Budget Responsibility forecasts a 13 per cent drop in national income over 2020 - three times the 4.2 per cent slump of the 2008/9 financial crisis. Eight million workers are currently furloughed and unemployment has already doubled to two million. With many of those furloughed unlikely to have a job to return to, the jobless total could well hit 20 per cent or six million - twice the three million at the peak of the 1980s restructuring of the economy.

With a debt to GDP ratio of over 100 per cent and a fiscal deficit of 15 per cent or around £300 billion this year, conventional economic remedies will not be enough. The Government will need the maximum economic latitude to help firms get back on their feet, prime the pumps of the financial life support system, incentivise entrepreneurs, back innovation, hold down or cut taxes, especially business taxes, and preserve the public services that form so much of the nation's social fabric.

Levelling up Red Wall regions may require strategic state subsidies and incentives for new investment and regeneration. Attracting high growth industries will be critical for their success. Dafni Papoutsaki, research fellow at the Institute for Employment Studies, says *"It won't be enough this time just to help people to look for jobs. In many parts of the country, we're going to need to be much more active in supporting investment and new job creation."*

Many of the measures required are not permitted by the European Union. While it will be essential for the UK to deploy tax policy, regional support, sectoral support, loans and grants in order to fuel the post-Covid-19 economy, all of these could be considered as state aid by the EU and therefore restricted.

Although the Covid-19 crisis has seen the UK and other member states chose to ignore these rules and the EU consequently has relaxed them, they almost certainly will be reintroduced in future. If the UK remains in the TP, these rules will restrict the UK Government's ability to act for as long as we remain in the TP (notwithstanding that we would have no say in the creation/implementation of these rules).

A new approach to regulation, once the UK is out of the TP, will improve innovation to the benefit of the British people and help stimulate economic growth. The economic benefit of improved and simplified regulation has long been acknowledged.

- An extensive Cardiff University study estimated the potential benefit of increased labour productivity from better regulation after leaving the EU to be between 2 per cent and 6 per cent of GDP, depending on the degree to which government would be able to capitalise upon the opportunities)[2]
- A study by Open Europe concluded that the 100 most important EU regulations cost the economy £184 billion per annum (more than 8 per cent of GDP) - with the top four (Working Time Directive, Climate Change and Renewable Package, Energy Performance Certificate, and Temporary Agency Workers Directive) costing £97 billion per annum (4.4 per cent of GDP) [3]
- The EU's own estimates suggest the cost to business is large, as much as 4-6 per cent of GDP [4]

A boost of 2 per cent to 8 per cent of GDP would represent a very significant benefit to the economy - a boost of £44 billion to £180 billion. There also would be the intangible upside of avoiding future burdensome rules arising from the EU.

Provided such deregulation does not produce serious negative effects on public safety and having due regard for the unintended consequences of regulation, post-Brexit simplification should provide a welcome fillip for the economy and stimulate growth. Such deregulation, combined with eliminating the all too often well intended protectionist purpose of regulation and controls - not least the precautionary principle - will help facilitate trade arrangements around the world as non-tariff barriers (NTBs) are removed through mutual recognition.

A clean break Brexit would also enable us to take back control of our much shrunken fishing industry and give a shot in the arm to our coastal communities, already among the poorest in the UK.

ENABLES SUCCESSFUL TRADING IN GROWING NON-EU MARKETS

To pull the country out of the Covid-19 recession/slump as soon as possible will require among other efforts for UK trade policy to concentrate on fast growing global markets. While we should continue attempting to secure a Free Trade Agreement (FTA) with the EU, it should not be secured at the price of damaging the UK's independent trade policy or domestic regulatory freedom.

The EU's regulatory system is heading in an ever more anti-competitive direction. This is leading to real economic consequences for the bloc. The real annual growth rate of the GDP of the EU over the two decades 1999-2018 was 1.4 per cent while that of our 14 largest WTO trading partners was 3.3 per cent.[5] There is no reason to expect these relative rates of growth to change in coming decades. Why hitch ourselves to the failing, bureaucratic EU model when the rest of the world shows far more dynamism and success?

If the UK were leaving an excellent trading relationship with the EU for a markedly inferior one, there might be a case for extending the transition to make it as gradual as possible, to reduce the impact and damage of a sudden hard landing. But it is not. The UK is leaving an extremely unsatisfactory and unsuccessful trading relationship in the reasonable hope and expectation of creating a better one on the basis of its proven success trading under WTO terms.

The wish to extend the transition is based, much like the wish to remain an EU member, on the idea that trading as a member of the EU has been a great success, because it has been tariff and quota-free and frictionless, whereas trading under WTO rules is far more difficult because of tariffs, regulatory requirements and customs procedures, which will threaten UK incomes and jobs. This idea is false.

2 Minford, et al (2015), An Economic Analysis of a Troubled Relationship (Chapter 2), Second Edition www.e-elgar.com/shop/gbp/should-britain-leave-the-eu-9781785360329
3 Harry West, 'How a WTO-based Brexit could yield the UK £100 billion per year', Briefings for Brexit (Sep 2019)
4 ibid
5 data.worldbank.org/indicator/NY.GDP.MKTP.KD?end=2018&start=1999

Exiting the TP as scheduled is essential to capitalising on the growth potential of non-EU markets. While there is rightly much focus on agreeing FTAs with non-EU countries, implementing such agreements will take time and FTAs cannot be agreed with every country in the world. Exiting the TP on schedule will enable the UK to mount two parallel trading strategies:

- Building immediately on its impressive past success trading around the world under WTO rules
- Reinforcing WTO trading over time by negotiating FTAs

Building on Past WTO Success

Evidence over the past twenty years leaves little doubt that trading as a member of the EU has been an expensive failure while trading under WTO rules with the rest of the world has been a remarkable success.[6] This experience shows that the advantages of frictionless and tariff free exporting to our near neighbours in the EU, as well as the supposed disadvantages of trading under WTO rules to countries scattered around the world, facing tariffs, quotas, NTBs, and fluctuating currencies, have been vastly exaggerated in the post-referendum debate.

Furthermore, this evidence demonstrates that because the UK has proved more than capable of trading under WTO rules elsewhere in the world, there seems no good reason why it cannot do as well with the EU (with the possible exception of a minority of UK exporters who have been protected by the EU Common External Tariff and have not created markets or elsewhere in the world).

- **Since becoming a member of the Single Market/Customs Union, UK goods exports to the EU have been flat while exports to WTO partners have grown substantially** [7]
- **The UK enjoys a healthy goods trade balance with its WTO trading partners and suffers a chronic trade deficit with the EU**
- **The goods export success of non-EU developed countries trading with the EU under WTO rules provides a precursor to the UK's future trading under WTO rules with the EU, beginning on 1 January 2021.** On 1 January 2021, if no trade agreement with the EU is agreed, the UK will have access to the EU single market on exactly the same terms as the US, Australia, New Zealand, India, and numerous other partners. These nations are the best guide to how UK trade might fare in a WTO scenario since they have been trading with the EU under WTO rules for some time. [8]
  - The mean compound annual growth rate of all EU Single Market members exporting to other members is 5.4 per cent, but the UK's rate over the two decades was only 2.1 per cent
  - In contrast, the growth rates of other developed countries exporting to the EU under WTO/GATT rules are higher than that of the UK ranging from 2.4 per cent (Singapore) to 3.0 per cent (US) to 8.8 per cent (Korea). Only Japan has a lower rate than the UK.
- **The more limited evidence on services exports of developed countries to the EU under WTO rules arrives at the same conclusion** [9]
- **EU trade agreements with third countries over all the years of UK membership have never matched the UK's comparative advantages and thus have been of zero benefit to UK trade.** In any case, three of the six high-value trading partners of the UK that have agreements with the EU - Norway, Switzerland, South Korea - have already signed agreements with the UK to continue the present terms of trade. Discussions with two more, Japan and Canada, are on-going with no signs of major stumbling blocks.[10] The sixth, Turkey, cannot progress a future trade relationship until it knows the terms of any EU-UK trade agreement.

6 www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasetsuktradeallcountriesseasonallyadjusted with export deflator
7 Two decades of the data have been the subject of intensive analysis by Michael Burrage & Phil Radford, WTO vs the EU: an assessment of the relative merits of the UK's trade relationships, 1999-2018, London: Civitas, 2020 (forthcoming). Available at: www.civitas.org.uk
8 http://data.imf.org/regular.aspx?key=61013712
9 https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do: Burrage & Radford, Civitas, op.cit
10 https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries as of 4 May 2020

Negotiating FTAs in Parallel

Until we exit the TP, we cannot implement FTAs with the rest of the world that already accounts for 55 per cent of our trade. As soon as the UK exits, it can implement FTAs thereby accelerating its export performance to the Rest of the World (ROW), providing a boost to GDP, and optimising global supply chains.

A US-UK FTA is a cornerstone of the UK's independent trade strategy, supported by FTAs with fast-growing Asian and Pacific Rim countries that encompass 70 per cent of the world's GDP.

- **US-UK FTA**. Boris Johnson has instructed International Trade Secretary, Elizabeth Truss, to lead UK-US talks for an FTA and formal discussions are well underway. In addition to the obvious importance of the US, there are some very important geo-political dimensions to the UK-US FTA:
  - Many of the products currently supplied by the EU-27 at relatively high prices can be sourced more cheaply from the US thereby lowering costs for UK consumers. This is especially important for low income UK citizens, many of whom are located outside of the South East of England.
  - Moreover, establishing an FTA with the US is economically equivalent to establishing FTAs with the rest of the non-EU world because the US can supply any product currently imported from the EU (or any other country) and the US trades at (lower than the EU) world market prices. This will allow the UK to
    - Realise the full economic gains of global free trade
    - Insulate itself from the harmful effects of EU-UK tariffs and other potentially hostile trade actions by the EU
    - Avoid economic damage from any increasingly likely tariffs or other trade actions imposed by the US on the EU
  - It can help ensure a coherent joint approach by the UK and US towards a liberal economic order, involving trade openness, competition, property rights protection and a reduction of anti-competitive government distortions which will be critical to creating global prosperity and lifting people out of poverty.

  Furthermore, advancing the US FTA quickly will put further pressure on the EU to agree to a sensible deal with the UK and establishing free trade with the US is likely to create a magnet for EU companies establishing operations in the UK in order to export freely to the vast US market.

- **Asian and Pacific Rim FTAs.** These fast growing markets are more likely to emerge from the Covid-19 crisis quicker than those of the Western world. Furthermore, these countries are committed to further and deeper trade liberalisation, as well as free and undistorted markets that would not be held back by the slower moving WTO membership as a whole. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is an existing trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam that may represent an ultimate end point for our negotiations. This plurilateral CPTPP approach would benefit from UK accession, creating a powerful counterweight to intransigence in the WTO, and market distortions in China. Some important steps have already been taken:
  - The UK began formal FTA talks with Japan on 9 June reflecting its particular importance to the UK automobile industry, as well as the fact that Japan believes its recently agreed FTA with the EU is not satisfactory
  - In addition, the UK already enjoys observer status with the Association of Southeast Asian Nations (ASEAN), which provides a good entry point to CPTPP centres
  - And, there is a strong desire by the CANZUK (Canada, Australia, New Zealand, UK) to forge new trading relationships at the earliest opportunity

All of these countries consider an on-time UK exit from the TP as a key determinant in their calculation of how much political capital to expend in negotiations with the UK. Unless the UK acts now, it is in danger of losing this opportunity. This is because a delay in exiting would likely affect three key assumption made by the UK's negotiating partners - ie, that the EU-UK trading relationship will be in the form of an FTA, that negotiations will be timely, and that the UK will not be closely aligned with the EU's regulatory approach. An extension of the TP would signal to the UK's negotiation partners that some or all of these factors might change.

Several studies have estimated the long-term economic impact of the UK implementing FTAs.[11] Their conclusions range from FTAs having essentially no economic impact to a positive boost of 8 per cent of GDP. In addition, the Australian Government estimated that global free trade actually boosted their economy by about 5 per cent of GDP over a twenty year period.[12] A mid-point 3 per cent boost to GDP would provide a long-term boost to the UK economy of about £66 billion. The present value of such a boost is £1.1 trillion.[13]

As part of this boost, consumer prices would drop substantially - 8 to 16 per cent according to Cardiff University.[14] Such a decrease in prices is consistent with the historical observation that consumer prices rose about 20 per cent when the UK first joined the EU Single Market and Customs Union.

PROVIDES CERTAINTY TO BUSINESS

For more than four years, UK businesses have been hampered in their ability to plan their future by the lingering uncertainty of Brexit. On several occasions it has appeared that the fog of uncertainty was lifting and UK Limited encouraged by the Government rose to the occasion by changing internal procedures, modifying supply chains, adjusting inventory levels, rebalancing the workforce, and so on. Unfortunately, each time the apparent clarity was dashed with the result that often expensive preparations have been wasted.

Business is good at coping with change - that is what business is all about. The Covid-19 crisis has demonstrated the fantastic and timely accomplishments of UK businesses in responding to the crisis whether it be producing ventilators in short order, constructing new hospitals, developing required medicines, or coping with the lockdown. Give business a challenging objective and it will find a way. However, uncertainty is a killer. Declining investment levels over the past four years are testament to that.

We are now approaching another period where there is the promise of decreased uncertainty for business by virtue of the statute requirement to exit the TP on 31 December and the Government's objective to bring trade talks with the EU to a head in sufficient time for businesses to be able to plan for the specific nature of the December exit. The Government is to be commended for this approach.

However, those who are advocating for an extension to the TP, if successful, would once again ramp up uncertainty for at least two years and likely for much longer. The uncertainty would not be just a matter of when and how the UK would exit the TP but, most likely there would be a number of years during whch the Brexit debate would be re-run. This would be paralysing for UK business.

11 centreforbrexitpolicy.org.uk/wp-content/uploads/2020/05/CBP-Brexit_delayed_is_Brexit_Denied_.pdf

12 CIE (2017) 'Australian Trade liberalisation - analysis of the impacts', Report prepared for the Australian Ministry of Foreign Affairs, Centre for International Economics, Canberra and Sydney. dfat.gov.au/about-us/publications/trade-investment/Documents/cie-report-trade-liberalisation.pdf

13 The present value of an infinite stream of payments is given by the formula 1/(r-g), where r = the long-term discount rate and g = the annual growth of the payment. The boost of £66 billion builds up over 10 years; so, on average, it is an annual boost of £33 billon. If this grows at 2 per cent pa and is discounted at 5 per cent, the present value of this stream is £1.1 trillion

14 Minford, P. (2019) 'Brexit effects of the new EU deal: a critique of the models and assumptions used in its evaluation', www.economistsforfreetrade.com/publication/brexit-effects-of-the-new-eu-deal-a-critique-of-the-models-and-assumptions-used-its-evaluation

IMPROVES CHANCE OF REACHING DEAL WITH EU

The forces for delay claim that an extension of the TP will buy time in order to secure a better deal with the EU. We believe this is a nonsensical view. On the contrary, we believe that

- An extension of the TP undermines the UK's negotiating position
- Covid-19 has strengthened the UK's negotiating position
- Sticking to the scheduled exit date motivates the EU to negotiate realistically

Extension Undermines UK's Negotiating Position

If the UK were to delay Brexit, the EU would have more time to construct a new vision under which it would try to force the UK into a subordinated and less successful role. The UK would continue to be exposed even more directly to EU and particularly Eurozone risk and the consequences of its unfair trading platform. It seems unlikely that additional time would be employed to enter into a more favourable deal for the UK.

There is also the issue that the EU's laws may operate in a way that fails to protect UK interests during an extended transition. The EU is already adjusting its state aid laws. These form an essential underpinning of its economic structures and are used to advance its interests. It is not at all clear how they might be applied during an extended transition, but they could well be applied in a manner that would be detrimental to the UK, given that the priority will be to find monies and legal constructs to prop up the Eurozone without requiring Germany to mutualise the debt burden (given Germany's reluctance to do this).

Thus, there is likely to be an increased displacement of risk and costs onto non-Eurozone countries, which the UK (being governed by the EU acquis) would be prevented from challenging, given that the internal logic of EU law would regard the offloading of risk and cost from the Eurozone in this manner as a justifiable means to achieve the EU's intended ends.

Covid-19 has Strengthened UK's Negotiating Position

The EU entered into the Covid-19 crisis in a much weaker financial position than the UK (and much weaker than before the global financial crisis) with some countries in extreme difficulty and very large disparities in debt-to-GDP across the Eurozone effectively preventing the mutualisation of the debt required to support the EU's highly indebted companies.

Two decades of lost growth in Italy, coupled with the necessity for more debt-burden, are causing unrest in the south. The massive indebtedness in the southern Eurozone states that has arisen from the lack of a sovereign Eurozone debt-raising body is becoming unsustainable in its current form. The southern countries are unable to fund their way out of the Covid-19 crisis to the same degree as countries in the northern Eurozone, leading to massive disparities in economic, financial, lifestyle and health outcomes. The disparities have become acute and highly politicised within the EU.

Until recently, Germany and France have been seeking to realise different types of power-based advantage out of the situation but also have been consumed by their own Eurozone problems. Germany has had the additional problem that it is being looked at to take on joint and several liability for Eurozone debt - at least in part - because of its relative economic success. Mutualising the level of current and future debt obligations of the southern Eurozone that would be required to remove the financial risk, trade dumping and subsidisation effects mentioned above would require a massive adjustment in its own economic trajectory and the aspirations of its citizens.

Thus, at the heart of the matter is a profound disagreement between the so-called 'Frugal Four' (Austria, Denmark, the Netherlands and Sweden) who believe that any Covid-19 Recovery Fund should be based on 'loans for loans', and the ClubMed countries (Cyprus, France, Italy, Greece, Malta, Portugal, Spain) who want grants, with their debts effectively underwritten by all EU member states. In recent weeks, however, the fundamental underlying desire to preserve the 'European Project' has begun to soften this disagreement.

Consequently, Germany, for so long a champion of loan-based solutions, recently joined with France to propose a fund mechanism that included a proportion of grants. The European Commission has taken this a step further, proposing a new 750 billion euro fund comprising both grants and loans. Negotiations about this between the 27 member states have only just started and are unlikely to be resolved until the end of the year at the earliest. At the same time, Germany's top court recently ruled that the European Central Bank's mass bond-buying to stabilise the eurozone partly violates the German constitution, potentially undermining the whole process.

Solving these profound divisions dwarfs any issues facing the EU from Brexit. Paolo Gentiloni, a former Italian prime minister and now the EU's economy commissioner, said in May that *"what is clear is the uneven level of the recovery and the risks this creates to our single market and the necessary convergence, especially within the euro area. This is something that I could even define as an existential threat to the building of the Union."*

Meanwhile, the commercial interests of Germany - the driving political force behind the EU about to take on its Presidency - may motivate them to ensure a good free trade deal with the UK and to ultimately drop demands for UK rule-taking. The costs of no deal for France far outweigh its protectionist preferences. It has become clear from Mr Barnier's and Mr Frost's public statements about the recent UK-EU negotiations that the UK - buttressed by a firm line from No 10 - is in a far stronger position than before.

Given the colossal potential financial risks and liabilities, it makes no sense for the UK to remain de facto subject to the EU under the terms of an extended TP.

Exiting On Schedule Motivates EU to Negotiate Realistically

Maintaining the scheduled exit date supports the UK's ability to address legal remedies for some important defects in the EU's structure and the remaining issues contained in the WA, including the Northern Ireland Protocol.

- **Forces EU to Confront Unpalatable Remedies.** The flawed legal structure of the Eurozone creates financial risk and unfair trading relationships with non-Eurozone countries. Once the UK exits the TP, it will be obliged to construct mechanisms to protect the UK financial market (and, in so doing, other non-Eurozone financial markets - principally the US) from the financial risks created by the incomplete Eurozone. It also will be better positioned to address the unfair trading platforms afforded by the artificially low-valued euro and TARGET2 subsides. Such initiatives are likely to take the form of:
  - Regulations for Eurozone-facing UK financial companies that would prove highly costly to Eurozone financial companies; the UK would also need to ensure that those Eurozone financial businesses seeking to access the UK's global markets through a meaningful on-the-ground presence, would need to do so through an expensively capitalised subsidiary (which would not be capitalised on the basis of the Eurozone's fiction of the sovereignty of its government debt), which would render more expensive access to the UK's global capital market that Eurozone corporates and sovereigns so critically require.[15]
  - Imposition of anti-dumping tariffs under WTO law on sales from Eurozone companies that benefit from the artificially low Euro to restore prices to the levels that would have existed in the absence of these structural advantages.[16]
  - Imposition of countervailing duties to undo the effects of TARGET2 subsidies on sales into the UK's market.[17]

  These initiatives, which can be implemented only once the UK leaves the TP, will be very expensive for the Eurozone, will impede its access to global capital markets, and will undermine a major plank of the EU's apparent competitiveness - particularly for Germany and the Netherlands. These potential outcomes will not be to the EU's liking and will provide the UK with a potential source of leverage during the current trade negotiations.

15 Managing Euro Risk, Barnabas Reynolds, David Blake and Robert Lyddon, Politeia, February 2020
16 How to Level the EU's Playing Field, David Collins, Politeia, April 2020
17 Ibid.

For example, the EU may decide it is in their interest to agree an Enhanced Equivalence deal in financial services with the UK. None of this can be achieved if the UK were to accede to an extension of the TP. And given more time the EU would no doubt seek to construct a new edifice of arrangements that preserve its unfair and unconscionable advantages, to the detriment of the UK and others.

Normally, it is not considered advantageous to impose tariffs or duties on incoming sales to the UK since the UK consumer then pays more for what flows into the UK, dampening the UK's economy. However, if the UK were to enter into a trade deal with the US, removing tariffs and reducing NTBs with that vast market, the UK consumer would in fact benefit. Eurozone exporters would be forced to adjust their prices to absorb tariffs and duties out of their excess profits in order to maintain their competitiveness in the UK's market.

So, the UK consumer would be the winner and the UK would protect itself, as it is entitled to do under international and WTO law.

- **Focuses Resolution of Northern Ireland Protocol/WA Issues.** For similar reasons to the above, the UK must unshackle itself from the WA, including the Northern Ireland Protocol, which applies EU state aid law to the whole of the UK, the provisions on citizens' rights, which allow the European Court of Justice (ECJ) to govern such matters for 100 years or so, and from the European Investment Bank (EIB), which is the vehicle being used for the riskiest of funding of the Eurozone's problems.[18]

  This agreement was intended, as it had to be under Article 50, to be an agreement entered into on the basis of an understanding of the framework of the future trading relationship between the UK and EU: the parties "shall negotiate and conclude an agreement with [the UK], setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the [EU]." That framework is contained in the Political Declaration, which, in Article 4, recognises the UK's sovereignty.

  Under the WA, the EU is obliged to progress the negotiations for the future framework expeditiously, using "best endeavours, in good faith and in full respect of [the UK's …] legal order", as set out in Article 184. This is a serious undertaking under international law.

  Currently the EU has not been progressing the negotiations to finalise the FTA text at the end of the year and has been proffering approaches inconsistent with UK sovereignty, leading to serious issues of compliance with its obligations under the Agreement.

  If now the EU changes course and negotiates a reasonable FTA, the WA should be re-vamped to reflect the agreed, sovereign-to-sovereign nature of the future relationship in all its aspects, removing most of its provisions and effects, including those applying EU law and ECJ jurisdiction. This is the outcome the EU agreed to deliver, and it should be held to that - not least, since it reflects the reality that the UK has left the EU as a sovereign nation and, subject to a few points involving the tying up of loose ends, any new arrangements must respect that underlying truth.

  There are numerous ways in which proper respect for UK sovereignty can be achieved. For instance, in Northern Ireland it can be done through the use of Alternative Arrangements and/or Mutual Enforcement to ensure an invisible north-south border - the outcome both parties agreed they would achieve.

  Properly drafted, these arrangements would not encroach on UK (or EU) sovereignty and would not involve any application of EU law (or any role for the ECJ) in Northern Ireland, nor the application of EU state aid law in Northern Ireland or indeed across the UK as a whole. Nor would it involve the absurdity of EU-law-driven checks being made across the Irish Sea. Notably, it would not be to the detriment to the EU commercially.

  The application of EU law to Northern Ireland was always an absurdity that was created by the EU's untenable insistence that, somehow, the arrangements could be detached from negotiations regarding long-term trade. Making this intellectual shift in approach is crucial to ensure the UK is not adversely affected through the prism of any Northern Ireland arrangements by EU trade dumping, subsidisation and its dumping of financial risk through the anomalous arrangements for the Eurozone outlined in the previous section.

18 There are numerous other aspects of this agreement that encroach on UK sovereignty, in relation to matters as diverse as the use of geographic indicators (which are restricted until an FTA is entered into) and the UK's sovereign bases in Cyprus.

III - TRANSITION PERIOD EXTENSION LEADS TO HUGE COSTS

The UK already faces large non-quantifiable financial liabilities stemming from its participation in the current 7-year budget cycle known as the Multi-Annual Financial Framework (MAFF), which terminates on 31 December of this year. These obligations will carry over for years in the future. It can only be hoped that Brussels does not find a way to increase these obligations before 11 pm on 31 December.

However, a larger danger is becoming entrapped in the next 7-year MAFF that begins next January 1st. This will happen if the TP is extended.

Negotiations between the remaining EU-27 states on the new MAFF are already fraught because of the absence of the UK's huge net budget contribution. The additional strains on the EU budget caused by the Covid-19 crisis (currently estimated to be in the region of €1.5 trillion for ClubMed countries) will only increase the desire of the EU-27 to milk the UK for the largest possible financial contribution if we were to agree an extended transition. While in the TP, the UK will have no voice to influence such decisions.

In addition, the massive indebtedness in the southern Eurozone states that has arisen from the incomplete constriction of the Eurozone and the lack of a sovereign Eurozone debt-raising body is becoming unsustainable in its current form.[19] It is becoming increasingly evident that the default of one or more Eurozone countries cannot be dismissed. The UK does not want to be near such a ticking time bomb when it explodes. An extension of the TP could likely lead to precisely that outcome.

While it is impossible to quantify in any precise way the potential UK financial liabilities from such outcomes, some reasonable conservative estimates of minimal exposures can be made. The CBP has carried out such an exercise and concluded that the potential UK obligation arising under the new MAFF could easily be on the order of £100 billion. [20]

However, this would not be the only cost resulting from an extension of the TP. In practice, if Brexit opponents are able to exert sufficient political pressure to cause not only an extension U-Turn on the part of the Government but also to force through a majority vote in Parliament to rescind current legislation calling for the TP to end on 31 December, it is highly likely that Brexit opponents would demand the maximum two-year extension. Demonstration of such political power in Parliament would almost certainly lead to the end of Brexit.

If this were to happen, the UK would continue making annual EU Budget contributions, and would lose the benefits of FTAs with non-EU countries, of better regulation, and of better control of unskilled immigration. We estimate that the present value of only these losses could amount to the staggering figure of £4.5 trillion, in addition to the £100 billon figure stated above. [21] And, of course, such a figure does not quantify untold potential negative impacts on the UK's democratic integrity, sovereignty and position in the world.

19 Managing Euro Risk, Barnabas Reynolds, David Blake and Robert Lyddon, Politeia, February 2020
20 Brexit Delayed is Brexit Denied, pp 28-29; www.centreforbrexitpolicy.org.uk/wp-content/uploads/2020/05/CBP-Brexit_delayed_is_Brexit_Denied_.pdf
21 Brexit Delayed is Brexit Denied, page 30; www.centreforbrexitpolicy.org.uk/wp-content/uploads/2020/05/CBP-Brexit_delayed_is_Brexit_Denied_.pdf

ANNEX - CONCLUSIONS OF SAVANTA COMRES POLLING

Q. The United Kingdom formally left the European Union on 31 January 2020. There is now a transition period until the end of 2020 in which the UK and EU are negotiating additional trade and other arrangements. The current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period, and no new trade deals can be implemented until its end. New rules will take effect on 1 January 2021.

To what extent do you think the UK Government is handling these EU negotiations well or badly?

Net: Well	Sum: Well	Sum: Badly	Very well	Quite well	Neither well nor badly	Quite badly	Very badly	Don't know
-7%	33%	40%	9%	23%	22%	20%	20%	5%

Base: All respondents (n=2,093)

- In the Red Wall, 2019 Conservative voters who voted Labour in 2017 are twice as likely to believe that the government is handling EU negotiations badly than those 2019 Conservative voters who also voted Conservative in 2017 (27% vs. 13%).

Q. As a result of the Coronavirus pandemic, there have been some suggestions that the transition period for the UK to leave the EU should be extended beyond 31 December 2020, into 2021 or 2022. However, others say that the transition period should remain as already agreed between the UK and the EU, and end 31 December 2020. Which of the following statements best represents your view on the length of the transition period?

The transition period should remain as currently agreed, ending 31 December 2020	45%
The transition period should be extended beyond what is currently agreed, ending in 2021 or 2022	42%
The transition period should be shortened, so that it ends before the currently agreed date of 31 December 2020	5%
Don't know	7%

Base: All respondents (n=2,093)

- Overall, 51% of the Red Wall believe that the transition period should either remain as it is or be shortened, as a result of the Coronavirus pandemic.
- In the Red Wall, 2019 Conservative voters who voted Labour in 2017 are nearly twice as likely to believe that the transition period should be extended than those 2019 Conservative voters who also **voted Conservative in 2017 (43% vs. 23%).**

Q. Thinking about if the current government did extend the transition period beyond what is currently agreed, ending in 2021 or 2022, to what extent would it make you more or less favourable towards the Conservative Party?

Net: More favourable	Sum: More favourable	Sum: Less favourable	Much more favourable	Slightly more favourable	No difference	Slightly less favourable	Much less favourable	Don't know
-5%	25%	30%	6%	19%	43%	12%	17%	3%

Base: All respondents (n=2,093)

Two in five Red Wall 2019 Conservative voters (40%) would be less favourable to the Conservative Party should they extend the transition period, while just a quarter (24%) say they would be more favourable.

Q. Thinking about if the current government did extend the transition period beyond what is currently agreed, ending in 2021 or 2022, to what extent would it make you more or less likely to vote for the Conservative Party at the next General Election?

Net: More likely	Sum: More likely	Sum: Less likely	Much more likely	Slightly more likely	Would make no difference	Slightly less likely	Much less likely	Don't know
-8%	18%	26%	6%	12%	52%	9%	17%	4%

Base: All respondents (n=2,093)

- If the government were to extend the transition period, around one in five adults in the West Midlands (22%) and Yorkshire and the Humber (19%) would be more likely to vote Conservative Party, in contrast to just one in eight (13%) adults from the North East. Conversely, in the North East a third of adults (32%) would be less likely to vote Conservative.
- In the Red Wall, over a third of 2019 Conservative voters who voted Labour in 2017 would be less likely to vote Conservative if the transition period was extended, as opposed to just a quarter of whom would be more likely (35% vs. 26% respectively).

Q. Which of the following options do you think will best help the UK recover from the economic effects of the coronavirus pandemic and subsequent lockdown?

The transition period remaining as currently agreed, ending 31 December 2020	39%
The transition period being extended beyond what is currently agreed, ending in 2021 or 2022	44%
The transition period being shortened, so that it ends before the currently agreed date of 31 December 2020	6%
Don't know	11%

Base: All respondents (n=2,093)

- In the Red Wall, over half of 2019 Conservative voters who voted Labour in 2017 think the extension period remaining as agreed will best help the UK recover from the economic effects of the coronavirus pandemic and subsequent lockdown, as opposed to just two in five who think it being extended will best help (53% vs. 38% respectively).

Q. Thinking about if the current government did extend the transition period beyond what is currently agreed, ending in 2021 or 2022, to what extent do you think each of the following would get better or worse?

	The NHS in general	The amount of school places for children	The amount spent on infrastructure such as new roads and railways	The number of people coming to the UK to live and work	The average wage in the UK	Waiting times for hospital treatment	The amount of jobs available in the UK	Waiting times for social housing	The price of non-food consumer goods	The price of food	The level of taxes	The cost of living
NET: Better	1%	-5%	-9%	-11%	-12%	-15%	-16%	-17%	-23%	-33%	-35%	-35%
SUM: Better	27%	16%	21%	23%	18%	17%	23%	14%	17%	15%	10%	15%
SUM: Worse	26%	21%	30%	34%	30%	32%	39%	32%	40%	48%	45%	50%
Get much better	7%	4%	4%	5%	4%	4%	5%	3%	3%	3%	2%	3%
Get slightly better	20%	12%	17%	18%	14%	13%	18%	11%	14%	12%	8%	12%
Stay the same	44%	56%	43%	37%	48%	48%	34%	45%	39%	34%	39%	33%
Get slightly worse	17%	13%	21%	21%	20%	20%	24%	19%	29%	35%	31%	34%
Get much worse	9%	8%	9%	13%	10%	12%	15%	13%	10%	13%	14%	15%
Don't know	2%	7%	6%	6%	4%	4%	4%	9%	5%	2%	5%	3%

Base: All respondents (n=2,093)

- In the Red Wall, only the NHS in general (1%) is net believed to get better as a result of Brexit extension, with all other criteria tested believed to overall get worse.

Q. In the 2019 Conservative manifesto, the party promised to "negotiate a trade agreement [in 2020] … and we will not extend the [Brexit transition] period beyond December 2020."

To what extent do you trust or distrust the Prime Minister, Boris Johnson, to stick this commitment?

Net: Trust	Sum: Trust	Sum: Distrust	Strongly trust	Somewhat trust	Neither	Somewhat distrust	Strongly distrust	Don't know
7%	42%	35%	13%	29%	20%	17%	18%	3%

Base: All respondents (n=2,093)

- In the Red Wall, while nearly three quarters of 2019 Conservative voters who also voted Conservative in 2017 (73%) trust Boris Johnson to stick to his manifesto commitment of non-extension, just half of 2019 Conservative voters who voted Labour in 2017 (51%) share this trust.
- all the tested causes apart from stopping further payments to the EU (-1%).

Savanta ComRes interviewed 2,093 UK adults aged 18+ online between 2 and 8 June 2020. Those adults were from the following UK parliamentary constituencies, commonly referred to as the Red Wall: Ashfield, Barrow and Furness, Bassetlaw, Birmingham Northfield, Bishop Auckland, Blackpool South, Blyth Valley, Bolsover, Bolton North East, Burnley, Bury South, Colne Valley, Darlington, Don Valley, Dudley North, Gedling, Great Grimsby, Heywood and Middleton, Hyndburn, Leigh, Newcastle-under-Lyme, North West Durham, Penistone and Stocksbridge, Redcar, Rother Valley, Scunthorpe, Sedgefield, Stoke-on-Trent Central, Stoke-on-Trent North, Wakefield, West Bromwich East, West Bromwich West, Wolverhampton North East, Workington. Data were weighted to be representative of the local population by age, gender, region and 2019 vote. Savanta ComRes is a member of the British Polling Council and abides by its rules.

DO NOT DELAY BREXIT

The View from the Red Wall

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