

NWX-WOODROW WILSON CENTER

Moderator: Maria-Stella Gatzoulis
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Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen-only mode until the question-and-answer session of today's call. At that time, if you would like to ask a question you may press star 1. Today's conference is being recorded. If you have any objections, you may disconnect at this time. I would now like to turn the meeting over to the Honorable Jane Harman, Director, President, and CEO of the Wilson Center. You may begin.

Jane Harman: Thank you, operator. And good morning to many on the East Coast. This is the day after a kind of big event on the East Coast, if anyone missed it. And good afternoon to those maybe in Europe. Also wanting to learn from the experts we have on the call.

This - the title of this Ground Truth briefing -- which is about our 145th -- is Brexit, What now? And that's a question a lot of people are asking. Brexit is official in Britain, but it doesn't take effect until the end of the year. I personally am headed -- next Wednesday -- to Munich, Germany for my 20th -- imagine that, I must have been five when I started -- my 20th Munich Security Conference.

And I mention this because it is a huge defense slash security focused -
- obviously -- event. And this year -- so I understand -- it will be attended by

at least three major leaders in the region. They include Macron, Johnson, and...

Man 1: Trudeau.

Jane Harman: ...Trudeau. Also the - my guest for the American secretary of defense will be there. I don't know about our Vice President, Pence. He has attended in past years. But there will be a huge attendance of people who obviously will be focused to some extent on Brexit. And NATO will be out in force, too. And obviously there is some conversation right now in NATO about the impact of this. Britain will remain in NATO but the issue is how will the European Union change because of this.

So I'm very interested to learn what will happen. John Milewski is moderating this conversation with Wilson and other experts, whom he will introduce in a moment. Let me thank him for doing this. And let me thank those from and connected to the Wilson Center for participating. Over to you, John Milewski

John Milewski: Thank you Jane. Good morning everyone. Welcome to a Wilson Center Ground Truth briefing. A little bit about - when I'm not hosting a Ground Truth briefing, one of the things I do here at the Wilson Center is an interview series available both in video and podcast called Wilson Center Now.

You can visit our new - new look Web site just launched this week. Wilson Center dot org. You can find that content, an archive of all of our previous Ground Truth briefings as well.

So let me introduce you to our panel today. Michelle Egan is a Wilson Global Fellow and a global Europe program - with the Global Europe program and a professor with American University's School of International Service. Also

joining us, a colleague of Michelle's. Garret Martin, a professorial lecturer with the American University School of International Service where he also serves as co-director of the Trans-Atlantic Policy Center. And a little more about Garret in a moment.

And also with us in the studio, Kent Hughes, a Wilson Public Policy Fellow and a former Director of the Wilson Center's Program on American and Global Economy. And in many matters -- including this one -- (Kent) serves as our resident economist. He'll help us sort through those aspects of the issue.

Those of you who joined us had expected to also hear from Michael Geary -- a Global Fellow at the Wilson Center -- who was joining us from Norway. Michael came down with a bad sore throat overnight. He is under the weather and unable to participate in an audio-only discussion based on the condition of his throat.

And that's where I wanted to give a special thanks to Garret Martin, who stepped in at the last minute. I hope you had time for breakfast Garret

Garret Martin: I did. I did. I don't know if I can do a good Michael Geary impersonation, but I will do my best.

John Milewski: You're very close. Your accent is very close to Michael's. I think it's going to work out just fine. The operator mentioned that -- if you would like to get in the queue to ask questions -- you should press star 1 on your telephone. I'll give you a reminder a little later as we get closer to taking those questions.

Let's begin with a question for Michelle. Because Michelle, when you and I first met many years ago -- when you were doing a residential fellowship here at the Wilson Center -- you were ahead of this story. Most of the world had

not been using the term Brexit yet. You were on it before that initial vote. And it's been a long and winding road to get to where we are today, which in some ways is just the start of yet another process.

I'd like to get you from some personal reaction to the arc of the story from your perspective. And what it finally felt like when the deadline arrived and the deal was done.

Michelle Egan: Well I think the first issue I should say is that -- looking at it from the perspective of those within the UK -- there was both almost a grieving but also a celebration. So it looks to me like the country is as divided now as it was three years ago during the referendum.

And I think that a little bit of the discussion now -- the sort of salience of it -- will probably disappear from the public view. Because most people feel Brexit is done. I actually think that legally it's done. Britain's left the EU politically. Britain has left the EU.

But I actually think that -- for most people -- will not be paying attention for the next nine, ten months when the real deal and real negotiations take place. And that'll be for the experts.

John Milewski: Thanks Michelle. What - did you hear from anybody in the UK at the time of the ball drop? Boris Johnson wanted to essentially create a celebration that would rival Times Square on New Year's Eve. Did that work?

Michelle Egan: In terms of social media, my social media lit up. And, you know, it was a cross-section of people from all walks of life and all countries. I'm also getting a lot on my Twitter feed. I have - I live near a car factory. It's actually a GM American one.

And that raising the prospects that -- you know, depending on this deal -- it's highly likely that some of these major manufacturing -- particularly in the car sector -- may end up closing down. So I think there's going to be the - I think the initial issue from most people is, you know, the ball may drop. But the next day looked exactly the same as the day before.

So I think it's going to take some time before certain sort of economic effects kick in. We've already seen very sort of low productivity and low growth rates that the Bank of England has told us. But once we start seeing sort of, you know, we're not going to see a lot probably until the actual real deadline, which is the 31st of December this year.

John Milewski: The latest real deadline. Garret, let me ask you about an aspect of this discussion that hasn't been prominent. We've focused largely on internal politics in Great Britain with some overlap with relations with the EU in the march up to this initial deadline. But - and everyone has been focused on the economy. And in a minute we're going to ask (Kent) some questions about that.

But you've done a lot of work on foreign policy. What should we expect in terms of the UK's relationship not just with the EU but with the rest of the world on the morning after? Is there a significant change in that regard?

Garret Martin: Well thank you John. I think that is a very important question. I think -- just to echo one point -- that I think the, you know, the Irish Prime Minister (unintelligible) spoke of it being half time at Brexit. I think it's also important not to lose sight of this story is going to take years. And even that calendar deadline of the 31st of December 2020 could be subject to change if there is an extension.

So my sense is that this story is going to have long legs and it's far from over. And it's going to consummate. Not maybe to the same extent, but it's going to matter greatly for the - UK politics for years to come. I think from the perspective - it is also very important to think that for 47 years the UK was part of a club that gave it a certain foreign policy identity.

It gave it a certain natural sense of partnership with its EU allies and other member states over the years. So the question now is it's a significant choice. So there is opportunity, but there's also significant dangers and difficulties for the UK ahead. What kind of foreign policy identity do they want to take over in the forthcoming years?

And it's also important to keep in mind that three and a half years ago -- when the referendum took place in June of 2016 -- the international landscape was rather different. Now we are very much in an era of great power competition.

There's significant tension -- whether over trade and security -- between the EU the US and China and various combinations. So for the UK that's also a very dangerous landscape. It's going to find itself having to make some - it has already had to make some awkward choices such as over Huawei. And I anticipate that there will be many more of those down the line.

For instance, what will be the continued approach of the UK towards the Iran nuclear deal? Will they have to make a certain choice? It will have to make certain choices over trade. Is it going to be in this or under the gravitational pull of the United States or the EU? It may not be able to do both. So I think that's going to be something that we really need to follow closely as well.

John Milewski: Thanks Garret (Kent), I want to ask you - earlier Michelle said that the

morning after looked a lot like the night before. There are echoes of Y2K spinning in my head, where there were all these discussions of how drastically things might change at 12:01 on that. And it didn't happen. It didn't happen.

Have we set the bar too high as far as expectations of seismic change in the after - immediate aftermath of Brexit?

Kent Hughes: Well the fact that you have this year-long agreement that doesn't run out until the end of this year -- December 31 -- things aren't going to change dramatically overnight. On the other hand, people have been anticipating some kind of Brexit-like break. So if you look at the world of finance, you have firms moving to Frankfurt. Or "Bankfurt" as it's called.

They're moving to Dublin. Everybody speaks English. That made it easier for their staff. The interim agreement they have is not too clear on what the future of financial relations will be. Can the US - can the UK -- which has been really the financial heart of the EU -- can it continue to provide all these complicated services dealing with derivatives and so forth?

So I think Michelle is right that - not that we're going to have a sudden crisis today. But that this is something that's going to go on for this next year. And - as our other colleagues suggested -- this is going to be a major question for UK relations with the EU. An internal EU debate about what links do they want to maintain with Britain?

And as the UK attempts to form other kind of trade relationships -- including one with the United States -- you don't know what that will lead to.

John Milewski: Jane Harman, you had a question.

Jane Harman: I do. Let's remember why Brexit happened. First, there was a lot of disinformation -- or misinformation -- and some believe mischief from outside powers like Russia. Second of all, it was a dreadful campaign on the side of Remain. It was dramatic. The sky is falling. Oh my God.

And it didn't convince very many people. Third though, there was some real dissatisfaction with the bureaucracy and restrictions of the EU. And that's where I'm trying to go here.

The EU is under some stress. A lot of people think it needs to change. And I'm asking whether Brexit is the first of many exits from the EU or whether actually the EU might change? And let's just imagine there could be a reconnection in some way -- at some point -- of UK to a revamped European Union. I don't want to use the same words "European Alliance". Is any of that possible?

Kent Hughes: Well, I'm not the real expert on EU by any means. But I think that would be well down the road. But it's not it's not impossible. There is a real disjunction between northern and southern EU. And southern EU is really not as competitive as Germany, let's say. And that's what in part they need to be. So that's something that the EU has to continue to work on.

The - in the British case I think there were three forces, just looking at it as an outsider. In part there were two economists who had London finance very vibrant. Much of the rest of England was not feeling that way. There was a sense that Britain was changing too rapidly and they weren't used to it. And finally I think -- this is just from reading -- that there's a sense of imperial nostalgia.

Jane Harman: Yes.

Kent Hughes: Britain was Great, Britain had an empire. You see some of that in Russia, some of it in Turkey. So I think those three forces will have to work themselves out. And they tend to be - I think the nostalgia is strongest among - I hate to say it -- people my age. And not the younger generation that will soon be taking (part)

Jane Harman: Well the voting showed that the kids wanted to remain, but their voter turnout was low. It's...

Kent Hughes: Sounds familiar.

Jane Harman: ...echoes of what's going on here. But some of the older people -- especially outside London -- were the ones who wanted to leave. Do you think any other country will leave the EU in the short term?

Kent Hughes: I don't think so. We met recently with a group of journalists mostly from southern Europe -- Spain Portugal Italy and so forth -- and I was saying, well don't you think that the Euro works to your disadvantage and...

Jane Harman: Yes.

Kent Hughes: ...not a single person wanted to get rid of the EU. They all wanted to stay. So if that's a proxy for...

John Milewski: That's not the nostalgia vote, right? And as you suggest, the nostalgia is a potent and potentially dangerous drug. Michelle, (Garett), your thoughts on this?

Michelle Egan: Well I think the first issue is that if you're another member state and you're

looking at how long this process has dragged out, what's been the effect on investment? What's been the effect in terms of societal effect, you know, with a deeply divided society on this? I would be very hesitant to go the Brexit route.

So from that point of view it's also a warning lesson of how difficult it is to extract yourself from the largest economic trade bloc. That said, I think the EU is thinking about the future of Europe. And that's the sort of discussion they're going to have going forward, recognizing the stresses and tensions that they have.

But I also think that the EU has somewhat adapted to the changing both political and geopolitical and economic environment. And they've moved to what we call a model of differentiated integration. So if you look now, the old model was everybody has to do this. Everybody has to harmonize. There's uniformity.

The new model is -- that sort of emerged after Maastricht -- is well you can opt out of defense. So Ireland and Denmark are not part of the defense. Or you can opt out of the Euro Zone, as Sweden and Britain did. Or -- for example -- conflict management or some of the external missions.

You know, that's very much if you want to participate. So there are leaving this more flexible model of integration available. But I do think that the Congressman (Harmon)'s very good point about it's often seen as a bureaucratic entity. And that leads to a lot of criticism of red tape.

And here I think that this is a very British perspective. And it's going to be a huge point of contention in the trade - upcoming sort of trade-beyond-trade discussion. Because the word that's being bandied around is a level playing

field, which means the EU does not want the British to sort of have a race to the bottom.

That said, the British today announced -- you know, the chancellor announced -- let me know which European environmental and labor regulations you don't like that are too much red tape. That's going to be a tremendous bone of contention between the UK and EU because nobody wants to be undercut - - particularly the EU -- by their next door neighbor.

John Milewski: Garret, we'll get your thoughts on this. But I want to add to the question another layer. In some ways what we're talking about is what if this works? Much of the discussion has been all about all the potential pitfalls for both the UK and the EU.

But if this is the shining success that Boris Johnson envisions, is it possible that other European countries will want a little bit of that action for themselves?

Garret Martin: Well I think that the next ones we're joining question to already very salient questions of Congresswoman Harman I think there's a couple of points to think about. Yes. It's by which metric will we decide it's been a success? And it could be successful both. It doesn't necessarily have to be a zero sum game.

In certain fields -- such as of a common European defense -- the UK had become more of an obstacle in certain initiatives. So it's possible that actually there's been sort of steps taken by the EU on greater integration, cooperation on defense that this could actually liberate the EU. But it will remain to be seen.

I think it'll depend by what metric and over what period of time. I think - will

there be other states that follow a Brexit model? I don't think in the immediate future because it was quite a spectacle of disunity and difficulties for the UK. And if the UK -- one of the largest member states -- had such difficulty negotiating with a united bloc, imagine what it would be like for a much smaller country.

It would be a very formidable task to negotiate with the united bloc against it. So I think -- at least for the foreseeable future -- I don't anticipate anybody else following down in the same path. I think there are -- of course -- real challenges for the EU.

The story in my view of the last 10 years has been cohesion and solidarity have really been undermined. We saw that over the financial crisis, which pitted northern and southern Europe. We saw that over the migration crisis, which essentially pitted the countries of Eastern and Central Europe -- that did not want to show solidarity -- and the front line states like Italy and Greece.

So I think that's the solidarity and cohesion. I think that's been a significant challenge. The EU has shown formidable unity against external players such as the UK and the Brexit negotiations. But they will need to address their internal sources of that have put them on a different paths. Especially on issues of the rule of law, which I think are going to be a formidable challenge down the line.

As for yes, the EU is not without its fault. It can be overly regulated. But it's also -- to be fair -- part of it has been a problem of the narrative that's been put forward by national politicians over years.

They've been very quick to sort of nationalize success and to (Brussel-ize) failure. To basically blame Brussels for some of their policies that they

had to implement. And to be very quick to sort of put forward their own successes. So it's also not -- that perception of Brussels -- is also not helped by national policymakers.

John Milewski: Thanks Garret I want to remind our listeners that you are listening to a Wilson Center Ground Truth briefing on the aftermath of Brexit. This podcast is part of the center's Ground Truth Briefing Series, available wherever you get your podcasts and also at Wilson Center dot org.

We're going to return to our panel now. But before we do I want to remind those of you on the line that if you'd like to get in the queue to ask a question, do so by touching star one on your keypad -- star one on your phone -- and we'll get to you as quickly as possible.

Before we head there, I'd like to ask the three of you to put your heads together -- and we'll go to each of you individually -- but if you would help us begin building the to-do list. And maybe if you think of the top three things that are out there that are either speed bumps or priorities or imperatives that must be accomplished over the course of the next 12 months.

Michelle can we begin with you?

Michelle Egan: The first issue would be trust. And here making sure that the withdrawal agreement is implemented, particularly in relation to an open border between Northern Ireland and the Republic of Ireland. That would be my first issue. The second issue that I think that needs to be thought through is the unity that the 27 displayed under the guidance of (Bodinier) was quite extraordinary.

Now that we're in the phase of trade -- you know, trade and other negotiations -- states are going to have offensive interests in the EU. Keeping that unity

will be a challenge. And then I think the third issue will be - the third issue that I think will be quite significant is looking at the effects of Brexit and mitigating the effects of Brexit on other member states.

What is going to be the impact on the Netherlands or Ireland in particular? And they're coming up with a budget debate for a seven-year budget. And having Britain out of that budget negotiations means that, you know, there's less funding. Who is going to put up funding to match it?

And who's going to be, you know, if you're impacted by Brexit economically - - and you're Ireland for example -- which you are now a net contributor to that budget. So the dynamics of budgetary politics and finance will be very important.

John Milewski: Sorry about that. Garret, go ahead. Thank you, Michelle

Garret Martin: Well first of all, let me fully agree. I think trust is a key here because, you know, it's been a difficult three years. And you could see that there was significant frustration built up over the constant extensions, the conflict and drama. And trust is such an important and valuable commodity in any negotiations. So I think that's number one.

Number two -- just to sort of add a couple of other issues on the horizon -- you - some commentators have talked about this being the chest-beating phase of negotiation. And I think you have to allow a little bit of that because fundamentally there's still a significant domestic constituency -- or member state constituencies -- here that are going to pay attention.

So you have to allow a little bit of domestic space and face-saving for all participants. It can't go for too long but you have to allow a little bit of this.

And so being judicious in the calendar and the timeline of the negotiations is going to be important. And certainly -- and this is going to be incredibly difficult to avoid -- is preventing or mitigating any external issues coming up.

And creating linkage to complicated negotiations that are going to be already very difficult. Just to give you a concrete example, a few years ago when they were trying to negotiate T-TIP between the EU and the US once you had the Edward Snowden NSA scandal that immediately became linked to pursuing what were already difficult negotiations.

So it's going to be really incumbent upon the UK and the EU to not let outside atmospherics add even more difficulties here.

John Milewski: Thanks. And a little -- if you excuse me for intervening with a bit of technical direction -- but Garret and Michelle, we're getting a little bit of an echo effect from your microphones which I think has a lot to do with the proximity. So if you could either create a little more distance or even perhaps consider sharing that would help.

Garret Martin: Oh, so I think Michelle has moved to hopefully that will address some.

John Milewski: Okay, excellent. Thank you. (Kent), you're up. I know it's always difficult after we've had...

Kent Hughes: I know...

John Milewski: ...two excellent presentations to play cleanup.

Kent Hughes: Three very persuasive presentations. I wanted to start with the last item that Garret mentioned, which was the external conditions. The Huawei - it's one of

several kind of challenges EU as a whole will face with regard to China. The - right now the black swan of course is the virus that's spreading. We don't know how far or how fast or how virulent it will prove to be.

But looking beyond that, as China returns to its usual 6% growth pace and the Belt and Road Initiative and so forth. The EU will have to think how to participate in the Belt and Road Initiative. How to make sure that that doesn't overcome any of its own strategic interests.

I think the T-TIP question is not likely to come up right away unless there's a change in the American administration. We don't know what that will be. This is going to be another close election. It's unlikely that President Trump would pursue a T-TIP kind of approach.

A third area is that the cold effort of Britain to have new trade relationships. Boris Johnson has said he wants a Canadian-like relationship. Well, that took seven years. And it does cover a lot of goods, but not much with regard to services and virtually nothing on financial services which has got to be a concern for Johnson.

You have the question about what would it be like if it's just WTO rules? Well again, WTO rules are not terribly onerous in terms of tariff rates. But you have a situation in which the world has changed. You now have the Toyota just-in-time inventory.

I'd be curious really to hear what Garret and Michelle think about Germany's role internally in terms of the negotiations. They've had a rough patch right now. Or slipping toward or have - maybe already in a one-quarter recession. And they are very much more tied to England than the auto industry and so forth.

Complicating that is that Europe has a 10 percent tariff on autos. We've seen President Trump raise and thinks it's unfair. So that might be an area in which there would be some German interest in having a serious renegotiation.

But all of this does rely I think -- as both Michelle and Garret said -- the question of trust where there's been a lot of bruised feelings. Right now of course you had everyone outside parliament waving the Union Jack. It's the - - in the American context -- you'd say they were spiking the football in the end zone. And I think it's smart for the EU to let some of that happen and just ignore it.

John Milewski: We'd like to hear your questions. The way to make that happen is to hit star one on your phone or keypad and we'll take your questions as soon as possible. In the meantime Garret or Michelle, I'm wondering if either of you would like to comment on the Germany factor that (Kent) raised?

Michelle Egan: I will yes. I mean in terms of, you know, there's a huge amount of investment of Germany in the UK in terms of the auto sector. And it's not just the auto sector, it's all the component parts and the related, you know, supply chain. So it's a huge area of, you know, employment for the UK.

That said, you know, and the sales. You know, it's very integrated in terms of the production process between various different member states. That said, one of the things to realize is that the new mandate that the EU put out was really interesting that we don't just focus on trade.

They chose Article two one seven two one eight, which means they are looking at an agreement that is well beyond just trade. That it is justice, criminal law, enforcement, you know, security. It's a - way beyond any sort of

standard free trade agreement if they can get that far.

And so the question becomes is, is it in Germany's interest also to have Britain involved in sort of security, cooperation, intelligence sharing, and continuing other areas as well?

So, you know, it's not just trade and it's not just the economy here. It's how much Germany and others would like Britain to be part of those networks. I would say that where Britain loses -- and where other states may gain -- is the fact that the Europeans are moving heavily in terms of European defense, European defense industrial policy, European procurement.

That's where Britain is going to be excluded. And that gives avenues and opportunities for other member states

Garret Martin: Well just to, you know, just to add I mean I think some very excellent points here on Germany. I would also add that there's great political uncertainty in Germany. We know that Angela Merkel will eventually step down no later than 2021.

But we do feel like we're in a bit of a transition phase. And where that has an effect on Germany being unwilling to maybe take major decisions for a while. So I think that's something to consider.

Second, I think Germany has taken the path of really -- in the last few years - - preserving as much as possible EU unity. That's been key in a number of different domains. And so I think that will continue to be an important factor in how it approaches negotiations.

And of course Germany being a major export nation, they're already suffering

some of the impacts of the trade wars between the United States and China. So I think at the very least they will try to do their utmost to prevent a no deal Brexit, which might hurt, you know, the UK more than the EU.

But would have a negative impact at a time when, you know, the Eurozone and the EU economy has rebounded from some of the challenges over the years. But it's still -- I would say -- a relatively weak recovery. And I think any (sort of) further external shocks -- and of course if Germany's economy struggles -- there is a knock on effect in the rest of Europe. So I think for Germany that's been a key consideration here.

John Milewski: On the question of security cooperation, are any new vulnerabilities created as a result of where we stand today in this transition period? Or is it pretty much business as usual?

Garret Martin: I think it remains business as usual at least for the foreseeable future. I think security cooperation is probably an area where I think there is a willingness on both parts to cooperate. I think for the UK they naturally believe that they have something to offer to the table. And I think the EU is, you know, willing and wants to keep the UK involved.

I think -- again -- it will be more of a question does that goodwill -- goodwill on that domain -- does that get affected by some of the other more troublesome and difficult subjects? And I'm thinking in particular of financial services of course, but also fisheries.

Fisheries may not be an important part or significant part of the economy but it has huge emotional resonance in the UK and for some of key member states because it really pits or really opposes two key issues that came with Brexit.

On the one hand you have the desire to reclaim sovereignty, whatever that means. But then there's also the reality of interdependence. I mean, yes the UK has a lot of great fishing waters. And they will want to use that as a leverage.

On the other hand, they sell most of their fish back to the continent. So, you know, it'll be interesting to see if security cooperation basically gets affected by some of these other more difficult subjects.

Kent Hughes: Yes, I think Garret's right. You already see France and the French fishing fleet expressing concern that they might be blocked from British waters and not have the same access. So I think that is something that's been quite an emotional issue among British fishermen. And a sign of what your sovereignty might mean.

Do you have your 200 mile economic zone now and so forth and so on. And so I think that that's interesting that there are other issues that are going to force themselves onto the table that might affect other areas even in research as well as national security.

John Milewski: You are listening to a Wilson Center Ground Truth briefing on the aftermath of Brexit. Brexit, What Now? Our guests today are Michelle Egan -- a professor at American University and a Wilson Global Fellow -- a colleague of Michelle's, Garret Martin, also a professor at American University and co-director of the Trans-Atlantic Policy Center.

And with us here in the studio Kent Hughes, the Wilson Center a public policy fellow and an economist. And we're going to take your questions at any time you'd like to ask one by pressing star one on your phones. I'd like to ask you a question now as a follow up to a phrase that Garret introduced to the

equation several minutes ago. A great powers competition.

I'm wondering, any advantage for any of those competitors as a result of Brexit? Does this strengthen or weaken China's hand? Are there any calculations like that that we could make at this time? (Kent), let's start with you on this round.

Kent Hughes: Well if anything I'd say it would probably strengthen China's hand. China really does have a long term strategy that involves both economic prominence, technological prominence, and increasingly a military presence.

So for instance -- during the financial crisis -- part of the EU was pressing for austerity. Germany certainly was leading the effort. As a result, Greece decided to sell or lease some of its public property including the port in Piraeus which was acquired by China.

So any degree of disunity in Europe which would imply continued disunity in the transatlantic relationship would probably be to China's advantage.

John Milewski: Michelle, any thoughts on this great powers competition question and advantages or disadvantages?

Michelle Egan: Well Britain will be a much smaller economy negotiating a free trade agreement with the United States. And the big issue here will be rule alignment -- regulatory alignment -- because how much does it want to keep with EU rules and regulations in a whole host of sectors from agriculture, livestock, products, and so forth?

And what will the United States won in terms of concessions in any trade agreement? And those will be particularly difficult. You know, if you don't

follow European data privacy rules, that impacts data flows. And we're seeing a lot of US companies really be cognizant of GDPR. The data flows. The second issue is Chinese foreign direct investment.

The EU has recently passed legislation -- coming into effect this year -- to much more closely scrutinize Chinese foreign direct investment. It is nothing like the US CFIUS that looks at, you know, critical infrastructure, defense, and so forth. It's - a lot of it is sort of delegated to the national level.

And there will be national variation on how they evaluate and scrutinize Chinese foreign direct investment. But Britain will be outside of that regulatory regime. So the question becomes is what will Britain do in terms of open markets attracting Chinese foreign direct investment? So both my issues are in the trade sphere.

John Milewski: And Garret, when you raise the specter of a great powers competition and the impact on that scenario. What were - what did you have in mind?

Garret Martin: Well, I think for the UK I think it was more of a point that they're going to face some difficult choices. I think, you know, in 2016 division of Global Britain was probably being some kind of free agent that could sort of build alliances of circumstance with different partners on different subjects. It's going to be more complicated.

I think great power competition is going to pose a number of challenges for the EU. In a sense that as long as the EU is consummated by negotiations with the UK, it's time away from dealing or navigating its complicated multifaceted relationship with China.

And it's equally difficult relations in later years with the United States. On one

hand you could say great power competition. The EU risks being crushed between two giants.

On the other hand -- one other aspect which could be interesting -- is it could bring a certain amount of fluidity to the sort of larger international stage. On certain subject the EU might find itself cooperating with China against the United States.

Or it's possible as well -- because, you know, we do see quite a strong bipartisan support in the United States to take a tougher line on China -- if that leads with a subsequent or a future administration to try and build a common platform with the EU in terms of containing China, that could actually be a benefit to the EU as well.

So I think figuring out the exact impact of great power competition is really hard to decipher. But it's going to be I think a key question for these major actors.

Kent Hughes: That's - I think this regulatory question is really central. That's what the T-TIP -- the Trans-Atlantic Trade and Investment Partnership -- negotiations were really going to get at. I think one thing that makes the US a bit different is that our major companies are almost entirely global. And almost all of them have big stakes in Europe both in terms of investment and markets.

So they are increasingly caught between what might be a sort of flexible let's say regulations in the US but nonetheless regulations they have to meet in Europe. You saw that kind of split already over California's attempt to have higher standards for fuel emissions in automobiles.

And the auto industry kind of split. So I think that it may be that long term,

Europe's determination to have higher -- as we say -- higher standards may really in the end affect the US standards as well.

John Milewski: Now that we've looked at sort of the external competition factors, I want to turn our attention once again inward. The intramural aspects of Brexit. And Michelle, if we could begin with you. How divided are we talking in terms of the larger UK? And we keep hearing discussions of Scottish independence for example. And how seriously should we take these things?

Michelle Egan: One of the most significant decisions in January was the fact that all three assemblies and parliaments -- the Stormont in Northern Ireland, the Scottish Parliament, and the Welsh Parliament -- all three voted against the withdrawal agreement.

Now you might turn around and say that's symbolic because, you know, certain powers are not devolved to the parliaments. But the fact this is the first vote ever that all three have voted something down. So that was designed to send a message.

I think the second issue will be -- given the new composition of the Conservative Party that gained seats in northern England areas that are considerably depressed -- the question will be, you know, they will need to manage that new set of constituencies with economic problems and income inequality.

And, you know, a very, very different political and economic climate than exists in sort of London where most of the politicians are based. And I also think that, you know, there is two potential. You know, one we talk about the Scottish IndyRef Two. And there is no appetite for that in the Conservative Party. Particularly Boris Johnson, who sees himself as a One Nation Tory.

And secondly, you know, a number of remain voters -- those who wanted to remain in Scotland -- are now sort of shifting the needle a bit. But there is a sense that - not to do this too early in Scotland. You know, to make sure that this is -- if it's the decision that the Scottish Nationalist Party -- they have to pick and choose.

They also have to go around Johnson and mobilize. And that question is he's resisting that.

The second issue would be Northern Ireland. And, you know, this relationship is by far the most tricky because they've promised an open border. And in the withdrawal agreement is the prospect of a border poll. And the border poll has to be in the north. And they've really got to be sure that there's a shift towards interest in, you know, a united Ireland.

And then there would be presumably a border poll in the south as part of the Good Friday agreement. And so there's a real, real, real strong sentiment -- both in the United States but also in Ireland - in the Republic of Ireland -- of watching what has happened in the north.

Plus you have an upcoming election in the Republic of Ireland, in the south. And you're seeing Sinn Fein surge in the polls. Now that's not to say they will part - be part of a governing coalition or they will be the winner. It's, you know, the polls are pretty evenly split. But Sinn Fein is the one party that is both in the north and in the south.

And so, you know, you have to look at the dynamics of not only within Britain politics -- within the different unions so to speak -- but we also have to look at what's going to be going on in the Republic of Ireland.

John Milewski: And that election in Ireland is this Saturday, correct? First time we've had a weekend election in Ireland.

Michelle Egan: That's correct.

John Milewski: Well how soon will we know the results? It's not going to be an Iowa scenario, is it, where we still don't know the final count.

Garret Martin: I mean (I don't know), that's quite a complicated system of election, a single transferable vote. So it might take a little bit of while to see the results to count. And then it's unlikely that any party would be able anyway to form a government on their own. So they would have to be some coalition negotiations.

So it might take a little bit of time for the dust to settle. If I may jump in on the on the on the Irish election.

John Milewski: Oh sure, please.

Garret Martin: Otherwise, I think one point that a lot of observers raise in terms of explaining Brexit is a resurgence of English nationalism. I think that's also important in terms of what it means for the future of the integrity of the United Kingdom. I think that genie is out of the bottle and he's not going to be put back easily.

So I think -- as Michelle correctly mentioned -- we'll have to follow closely what happens in Scotland. I presume that the next elections for the Scottish Parliament -- I believe in 2021 -- are going to be a referendum on should there be a referendum for Scottish independence again.

Boris Johnson is saying no for the moment, but if the SNP has a large majority supporting in a mandate, will he be able to remain an obstacle? Secondly I think -- on the question, you know, of Ireland and Northern Ireland -- de facto Northern Ireland will be separate from the UK in a sense.

If it's subject to a slightly different regulation and rules, that creates a separation. And what does that mean for the unionists in Northern Ireland who want to remain attached? What does it mean for those who -- in the, you know, in the republic in the South -- who probably never thought a unification was actually a serious prospect.

And now they have to think about it, is it something that they're prepared to pay the cost both economically and otherwise? So, I think that's going to be a very fascinating and challenging I think for all actors involved for the foreseeable future.

Kent Hughes: (It's like) the second one Garret said. That the latest Economist has this differentiation between British nationalism and English nationalism. And we're urging Boris Johnson to be an all-union nationalist. Which would of course mean trying to maintain a subtle degree of loyalty among the Welsh and the Scottish and the Northern Irish.

I think that's probably possible. Boris Johnson seems a very creative and flexible politician. But I would defer to my European betters who would know much more how strong is that English nationalism.

John Milewski: We have a question from someone who will bring the median age of this discussion down a notch or three. He is a student at James Madison University. (John Chevits) (John), go ahead. You have the question.

(John Chevits): Hi. Thank you for taking my question. First of all my question is for a Doctor (Hughes) Earlier you brought up the potential future of the EU's participation in the One Belt One Road Initiative.

And I was wondering -- now that the UK has officially separated from the EU -- what kind of future participation can we expect from the UK in the One Belt One Road Initiative?

Kent Hughes: Well the UK is also a member of the Asian Infrastructure Investment Bank. Something that was really a Chinese initiative. And it is going to be one of the sources of funding for the Belt and Road Initiative.

So I don't see any difficulty per se in Great Britain participating in that if they wish. And if China is welcoming. And they really are welcoming investment by other countries. So I think it's - a greater question is will it take a while for Great Britain to settle on its own longer term economic strategy?

They would like to have a free trade agreement with the United States. They'd like to have a free trade agreement with some of the Asian countries, and so forth. So that will depend again when they look at their own economy. And what is - what are the strengths they have that they can build on?

John Milewski: Thanks (Kent) I want to ask you a question that I learned at a documentary production class taught by a 60 Minutes producer -- when I was a student -- which I still find one of the most useful questions as a generalist speaking to experts. And that is I think we'll take the temperature of this discussion.

Is there anything really important we haven't spoken about yet at this juncture? I want to make sure I get this on the table before we run out of time.

Are there some pressing issues or thoughts that you have that our conversation has not touched upon yet? Michelle?

Michelle Egan: I think it's covered economics, politics, societal. And I think that perhaps the missing issue is how have the opinion polls changed over the last three years? And if, you know, how have the opinion polls changed? And then the, you know, there was a shift upwards towards remain. But that now - that ship has sailed. So I think that's one issue.

I think the second issue perhaps, would be what would be the implications for the Labor Party if there was independence in terms of - particularly for Scotland. Remember that, you know, the Labor Party has lost a tremendous amount of seats in England. But they're also competitive with the SNP in Scotland.

What would be the long term implications for that party with this union?

John Milewski: Excellent, thank you. Great food for thought. Garret, any thoughts of things that - unexplored up to this point?

Garret Martin: Sure. I mean, just to build a little bit on what Michelle was saying, just to put in maybe in a broader European context. I think the fate that affected Labor in this recent election is one that has affected a lot of the social democratic or center left parties in Europe.

There are some exceptions, but it's been quite common for center left parties to struggle greatly. And what we're seeing them is forces on the right have essentially capitalized and offer a strange mix of sort of ardent nationalism, anti-immigration, with economic protectionism.

So it - will Labor be able to avoid the fate that happened to the Socialist Party in France for instance? What happened to the left in Hungary or in Poland? And what will that mean for the future of British politics?

Secondly -- and this is a harder one to figure out -- is what is the legacy of the very corrosive debates that you had for three and a half years, not only between political parties. Between the media in the UK and the political class.

And we saw there was an episode earlier this week where, you know, Downing Street was trying to sort of remove certain press outlets from coverage and there was a boycott. You know, we've seen that in this country, in the US. Will there be more corrosive relationship between media and political power?

And then thirdly, I would say what does it say for the trust in the political class in the UK? There were three years of a spectacle, of parliament unable to agree on anything for a while. And so what does that say in terms of the broader trust of public opinion in the ability of the political class to address the key many issues that they face.

Whether -- as Kent mentioned earlier -- some of the regional and the urban rural divide that you see in the UK, the difference between the dynamic center of the economy and the less dynamic centers. Issues over national health and so forth. So what, you know, what will this mean for political trust in the long run?

John Milewski: Very interesting. You know, you - we began with Michelle talking about trust. And now we sit here in Washington D.C. on the morning after the acquittal of President Trump in the impeachment trial. And trust is a major issue in China, in their treatment of the Corona virus.

And I think these themes are universal. This might be a moment in history.
And Britain just might be one part of the elephant. (Kent)?

Kent Hughes: Well the element that we didn't really talk about is how Brexit might affect the US role in the world. That for 70 years -- more or less -- the world has expected a certain kind of leadership by the United States.

And in that context, the EU has certainly been important. The transatlantic relationship has been very important. In many ways I think the US look to England as kind of a proxy. Saw the world more as American business did, and so forth. An American voice inside the EU, that clearly would change.

And the question, too, is -- if the US were to continue to have a less active role of leadership -- to what extent can the EU and Britain -- working together perhaps or independently -- fill some of that role?

John Milewski: Well I want to thank all three of you for offering some very interesting insights and analysis. And I almost wish we could go on because some of the questions you just raised in this final round are even more compelling.

So thank you very much for joining us today. Thanks also to our listeners. And we hope that you all consider joining us again for another Ground Truth briefing. Watch for announcements on upcoming topics and guests at WilsonCenter.org.

Until then for all of us here at the Wilson Center, for our guests around the world and in Washington I'm John Milewski Thank you for joining us.

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