

Just about everyone seems to be preparing for the Brexit nightmare scenario

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Just about everyone seems to be doubling down on preparations for the Brexit horror scenario: Britain crashing out of the European Union with no deal.

Also known as a “hard Brexit,” [banks](#), [think tanks](#), lobby groups, and the [country's largest firms](#) have continually warned that it could have nauseating consequences. To name a few: The country's car industry is [at risk of “becoming extinct.”](#) up to [500,000 jobs could be lost](#), and overseas investment could plummet [by as much as 20%](#).

On Thursday (July 19), the UK's financial regulator said that it was gearing itself up for such a state of affairs—and said that up to £26 trillion (\$34 trillion) in derivatives contracts [could be in jeopardy](#). Then the EU sounded the alarm the same day. In a new [15-page document](#), it pointed to nearly 70 “[preparedness notices](#)”—the term the EU uses for its carefully worded communiqués on the specific impacts of Britain's departure—and said that “everybody concerned needs to be prepared.”

One part in particular strikes at the core of Britain's Brexit dilemma:

The European Council has consistently recalled that a third country cannot have the same rights and enjoy the same benefits as a Member State. Therefore, preparing for the United Kingdom being a third country is of paramount importance, even in the least disruptive scenario.

Earlier this week, the Irish government said that it was [preparing to hire](#) 1,000 extra customs officials as part of its contingency planning. Ireland's prime minister even went so far as to warn that planes leaving the UK could be [prevented from using Irish airspace](#). On Wednesday, even Britain's new Brexit secretary, Dominic Raab, launched plans to inundate businesses and households [with advice](#) (paywall) on how to prepare for a no-deal scenario.

A hard Brexit is becoming more and more likely, considering there really are only two viable options—no deal or a “soft Brexit.” That's because EU officials have repeatedly said that it would never allow an “[a la carte](#)” Brexit, such that, to get access to the bloc's single market, the UK must adhere to all of the EU's “[four freedoms](#)” (pdf).

A soft Brexit is deeply unpopular with hardliners who want to leave the bloc, considering it would prevent Britain from controlling immigration—[one of the main reasons](#) voters opted to leave. It would also make the UK subject to the bloc's rules without a seat at the EU's decision-making table—and fly in the face of the nearly half of leave voters who wanted [decisions about the UK to be made in the UK](#)(paywall).

But prime minister Theresa May still brokered an agreement with her cabinet two weeks ago that looks very much like a cherry-picked proposal. [A spate of resignations](#) followed within days. On Monday, the right-wing fringe of her party managed to get four amendments to it passed. All of them are [at odds with the spirit of the agreement](#), but one of them will prevent the UK from agreeing to the customs “backstop” solution, which aims to prevent a hard border in Northern Ireland—something the EU has said the [entire withdrawal agreement hinges on](#).

And so Britain seems to be hurtling towards the hardest of “hard” Brexits, with all the attendant economic implications. And even though every man and their dog seems to be preparing for this nightmare scenario, May’s handlers [seem bizarrely unperturbed](#): “the progress of talks so far,” her spokesperson said, “suggests that is not where we will end up.”