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BREXIT AND THE CAT*

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Erwin Schrödinger's Cat model is a thought experiment from quantum mechanics to visualise "neither dead, nor alive" types of transitional situations. This essay draws certain parallels between this Cat and the Brexit process. A process that has been initiated but, in a strictly legal sense, not yet unleashed. It might be officially launched one day by the UK government, but without any certainty as to whether it would be completed at all. There seems to be no trade policy model, which would be optimal for both sides: keeping the UK within the Single European market for goods and capital, while introducing constraints on the free flow of labour is not a real option. A possible strategy for both parties may be procrastination: declaring that Brexit is underway, but maintaining the pre-2016 conditions of economic co-operation and integration, prolonging the current Cat-like situation.

Keywords: integration, Brexit, trade policy

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* The author thanks Boglárka Konka for her very useful and dedicated research assistance. A caveat is due regarding the use of literature: this work could not be built on usual academic literature due to the short prehistory of Brexit. This is why no articles from academic journals have been used – the first ones on this topic can be expected later in 2016. Policy studies, expert papers, and think tank assessments provided the bulk of the literature background to this essay. And a curious coincidence: this paper was completed on the day when former British Prime Minister David Cameron surrendered his MP mandate (September 12, 2016).

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Brexit seems to be a term with a clear-cut content, but it is probably not. The United Kingdom's secession from the European Union was only initiated (or, in a strictly legal sense, recommended), but by no means launched by the British electorate on June 23, 2016. What is the current state of the process? Is it underway, is it perhaps accomplished ("the post-Brexit condition of European integration", or "Europe after Brexit", or even "the Brexit of June 23, 2016"), or is it in a condition which can by no means be described in terms of the binary (Y/N) logic often used in economics?

A curious creature is invited to help outline the problem in a thought experiment. This being was conceived by a Nobel Laureate in Physics (1933), Erwin Schrödinger, and is called Schrödinger's Cat. The model based on the cat was constructed in order to shed light on a fundamental problem of quantum mechanics, but it is sometimes used to visualise the co-existence of more parallel states of a given system – be it natural, social, or simply imaginary.

"A box is prepared for a cat's occupancy. Inside this box, there is a small sample of radium. Also in the box is a detector of radiation, which will detect any decays of radium nuclei in the sample. The sample has been chosen so that there is a 50–50 probability that within any hour-long period, one decay will occur. On the occurrence of such a decay, a circuit will close, tripping a switch that will break a beaker filled with a deadly liquid, spilling the liquid onto the floor of the box, and killing the cat […].

The cat is now placed in the box, the lid firmly shut, and an hour ticks away. At the hour's end, a human observer approaches the box and opens the lid to see what has happened. According to one extreme view of quantum mechanics […], only *at that moment* will the system be forced to 'jump' into one of the two possible eigenstates[1] – cat alive and cat dead […]" (Hofstadter 1985: 468).

According to another, more widely accepted view, none or both of this system's two eigenstates exist between when the lid is closed and when it is reopened. A third approach tends to suppose the existence of a third state – one which is somewhere between the two extreme states, but at an unknown, not measurable, and not even definable distance from both. The cat is neither alive, nor dead in this special state – if it exists at all.

The European Union's (and of course the UK's) Brexit problem (and, potentially, Brexit experiment) may offer an interesting parallel from international economics to the Cat model. The lid may have been closed by the plebiscite but, seemingly, an unexpected international coalition may appear based on the common interest in procrastinating its reopening.

[1] The condition of a complex system in which at least one of its fundamental variables/components shows stability (author's remark).

In the following, we try to identify certain key problems of the Brexit process that could not only delay its conclusion, but also lead to some kind of incomplete Brexit ("the third state" according to the Cat model). That is, the process could potentially be blocked somewhere on the road between EU-28 and EU-27 (European integration without British membership and participation) and, *par la force des choses*, generate a hitherto unknown kind of partial or incomplete EU membership.

Our Cat-oriented essay consists of three parts. First, the political conditions of complete or incomplete Brexit are put under brief scrutiny. Second, trade policy issues, including the possible frameworks of maintaining free trade across The Channel are surveyed. The third part assesses possible strategies.

1. SOME BREXIT POLITICS

The result of the British referendum of June 23, 2016, is not legally binding. The exit mechanism specified in Art. 50 of TEU (Article 50 of the Treaty on the European Union) was not activated by the referendum (Oulds 2015: 66). No-one else than the government of the country wishing to withdraw from the European Union has to announce this decision in order to set in motion the process of withdrawal for a two-year period. In case no agreement is reached on the terms of withdrawal and the new relationship between the seceding country and the EU by this deadline, membership is automatically discontinued. The two-year period can be extended only with an unanimous decision of the member countries.

The formal exit process might be made lengthy and difficult by the fact that the exit should be formalised by an international treaty between the seceding country and the European Union. To make matters worse, only the treaty's ratification by each member state can complete the process (Łazowski 2016: 2). Until then, the country leaving the EU would be in a Cat-like status: *de jure* a member, but *de facto* considered a non-member by international investors, multinational firms, and officials of foreign governments.

It is a widely shared view that a perhaps decisive fraction of the majority of the British electorate voting for Brexit only wanted to send a warning signal to Brussels without any serious intent to leave the EU. There is one telling survey result on the percentage of the populations of various EU countries favourable to the EU. The acceptance of the EU decreased from 54 to 44% in the UK, from 83 to 72% in Poland, from 80 to 47% in Spain, from 78 to 58% in Italy, from 69 to 38% in France, from 58 to 50% in Germany between 2004 and 2016, and from 37 to 27% in Greece between 2012 and 2016 (Stokes 2016: 3).

In other words, there has been a growing discontent with the European Union in a significant part of the member countries, and the UK was not an outlier regarding either the change or the size of this popular dissatisfaction. However, it has been the only member country which repeatedly expressed its reluctance to deeper integration along with its wish to obtain special exemptions in various fields where integration is expected to progress. Its opt-outs from the euro project or Schengen are just two well-known examples.

Prime Minister Theresa May's exit strategy seems to be based on her much quoted statement, "Brexit is Brexit!" The obvious first meaning of this message is the unconditional acceptance of direct democracy: the result of the referendum expresses the decision of the electorate, which is therefore politically binding, irrespective of its potential lack of legal validity. On the other hand, however, she has also made plain her decision not to take the issue to Parliament. This in a country that has earned a well-deserved reputation of a very strong concentration of legislative power in Parliament. To date, there have been only three referenda in the entire UK, with the first (1975) and the third (2016) on the issue of the country's participation in European integration.

Apparently, Brexit would not enjoy a majority support in Parliament. This solution may, however, carry a not negligible legal risk: it might undermine the British initiative to exit on the domestic side, and open it to cassation. In a legal process of this type, the alleged supremacy of direct over parliamentary democracy may not find acceptance in court.

This could yield a surprising result: the British electorate expressed its will to exit, the EU is ready to negotiate it, but the British government's request to Brussels to launch the secession process lacks legal validity. The potential conflict between direct and parliamentary democracy remains unresolved, Brexit is on the launching pad, but it may remain there indefinitely. A typical Schrödinger's Cat situation.

On the EU side, the political consequences of an accomplished Brexit would be far-reaching for at least two reasons. The first and more obvious one is the following. Let us assume that Brexit really takes place in the full legal sense and the UK can walk away with favourable conditions of post-membership regarding trade and flows of capital in the first place. This might create a strong incentive for other countries with some predilection for Euroscepticism to initiate Nedxit, Cyxit, Grexit, Czexit, or else. It should be recalled that the Brexit idea was put to referendum in the UK without any serious reference to the possible conditions of the exit process.

The second political implication of Brexit would be linked to **a major shift in the structure of the European Parliament.** This shift would occur in favour of the very countries whose ideas on European regulation were rejected by the majority of the British electorate. The Eurosceptical part of the British Conservative Party was persuaded to support Brexit with the argument that "free trade and inter-governmental co-operation" would be the basis of the post-Brexit status of the UK in Europe (Liddle 2015: 19).

It has been shown that the so-called liberal bloc (including the UK, the Nordic countries, the Netherlands, the Czech Republic, Slovenia, Slovakia, Ireland, the Baltic republics and, in many cases, Germany) would lose its blocking minority owing to Brexit (from 41 to 33%, while the threshold for blocking minority is at 35%) (Irwin 2015: 15). The exit of the UK would not only significantly weaken its own camp in European legislation, but would also *de facto* paralyse it.

A "rule maker" would become a "rule taker" in case the UK wants to maintain a close, probably some kind of associate relationship with the EU (Irwin 2015: 14; McFadden – Tarrant 2015).

European supporters of further deregulation will lose their significant support from the UK with Brexit (Kierzenkowski et al. 2016). This is one important paradox arising from Brexit: the UK has been one of the driving forces of deregulation in the EU, and its exit will strengthen the pro-regulation side.

It cannot be taken for granted that the EU would envisage a close institutional relationship with the UK after Brexit (McFadden – Tarrant, 2015: 61). In any event, the EU is very likely not to allow the UK to go for **"cherry-picking"** when negotiating on the level of post-Brexit co-operation in various fields and sectors. "Cherry-picking" would mean, in this regard, maintaining a level of co-operation close to integration in fields where the UK is interested in this (e.g. trade policy or regulation of capital flows), and minimise co-operation in fields where it would prefer much weaker links with the EU (e.g. contributions to the EU budget and labour market regulation).

There are fields where "cherry-picking" would be a very serious challenge for British negotiators due to the double peaked preferences of the UK in certain sectors. One of these fields is agriculture. On the one hand, it belongs to the sectors under very strong and centralised EU regulation, which the UK rejects. On the other hand, a significant part of the current incomes of British farmers come from EU subsidies (60% according to some sources: McFadden – Tarrant 2015: 30) which they may lose when Brexit is completed. In case the British treasury would compensate them for this loss, part of the net budgetary gain of the UK from Brexit would disappear. A further increase of British subsidies for agriculture could be generated by the fact that three-quarters of British agricultural exports currently go to the EU in an annual value of close to USD 15 billion (Mansfeld 2015: 12).

A significant part of these exports would disappear due to the high external tariffs of the EU on agricultural goods and food (13.2% on the average: Irwin

2015: 22). Low average British farm size is already a factor of competitive disadvantage (McFadden – Tarrant, 2015: 30).

The problem of double peaked preferences might make adjustment to Brexit very difficult for other key sectors of the British economy, mainly those with a strong export orientation towards the EU. Let us take, for example, the car industry: the renewal of this industry took place in the 1980s due to Margaret Thatcher's strict industrial policy discontinuing the massive subsidisation of uncompetitive sectors (cf. Edwardes 1985).[2]

This renewal was financed to a great extent by non-European multinational firms (Toyota, Nissan, and Honda in the first place, and partly also GM and Ford) which expanded or just created car assembly lines in the UK in order to multiply their export capacities to the EU. Sizeable chunks of these capacities might become uncompetitive after Brexit.

On the other hand, carmakers located in the UK also strongly and frequently complained on too restrictive European labour, environmental, and public procurement regulations – the second peak of their preferences.

There is a high probability of a British "cherry-picking" strategy with respect to the legal pillars of post-Brexit co-operation. Free flows of manpower and capital are two of the four crucial "liberties" codified as the guiding principles of European integration. The ideologists and propagandists of Brexit had repeatedly expressed that they are firmly against the free movement of labour across the Channel, above all due to the problem of immigration from within the EU that was claimed to increase the unemployment of British subjects (Blockmans – Weiss 2016).

Many of them also insisted that the UK's future relationship with the EU should include free trade of goods, and free movement of capital and financial services (Liddle 2015: 19). These are two fields in which the UK is certainly disinterested in re-introducing administrative or customs barriers *vis-à-vis* the EU.

This request was one of the reasons why the term "cherry-picking" was coined. It was also due to this request that the Bank of England communicated its not-for-Brexit stance based on its strong institutional interest in maintaining the freedom of flows of capital (Bank of England 2015), which could, of course (Blockmans – Weiss 2016), not be granted if separated from other fields of integration.

Some leading Brexiteers presented the referendum as a choice between two extreme solutions. One of these would have been "taking back control" of immigration policies (but staying in the Single European Market at the same time, which is a contradiction close to nonsense), as opposed to the UK's dissolution

[2] Most traditional British car brands and companies (Austin, Morris, Leyland, Hillman, Wolseley, and Riley among others) did not even survive up to the 1990s.

in a kind of European superstate. This latter option is, however, missing from the current portfolio of strategic thinking of the European political mainstream.

The Brexit camp did not pay attention to the subtleties of a string of possible mixed options. These mixed options could potentially include package deals. Certain deals could serve British interests. They could combine, for example, old capital and new labour market regulations.

Further liberal capital market regulations between the EU and the UK would be in line with the often expressed interest of the City of London,[3] itself a supporter of reforms within the EU (TheCityUK 2015). A certain degree of the deregulation of the labour market could ease bureaucratic European employment rules. Some of these rules harm competitiveness by raising implicit labour costs,[4] even without restrictive British immigration policies.[5] As a compensation, the UK could agree on further payments into the EU budget even as a non-member, similarly to Norway.

Such compromises, however, could be treated with some reluctance in Brussels. The reason is that the EU's negotiating strategy with the UK will likely exclude any elements, which could be understood as an incentive for other member countries to leave. Just as the UK might be interested in slowing down exit negotiations in order to see more clearly which elements of Brexit enjoy domestic political support, the EU could propend not to urge the UK in the hope that at least some elements of the Brexit process could be reversed.

2. TRADE POLICY: STAYING WITHOUT BEING THERE?

Most Brexiteers did not have a clear vision on the future of EU–UK trade (Emerson 2016a: 2), therefore it is to be expected that trade policy issues will not be on top of the political agenda when the technical details of Brexit are discussed. The trading system between the EU and the UK has, however, yielded much to British manufacturing (Booth et al. 2015) owing to trade creation as a result of intra-EU free trade.

3 One of the earliest British publications on a possible Brexit dealt with the concerns of the City (Springford – Whyte 2014). See also Lannoo 2016.

4 A telling example is the regulations on driving trucks over 3.5 tons. These regulations include daily, weekly, and bi-weekly driving limits in hours, and the length of unbroken daily and weekly rests along with the prescribed length of rest after 6 or 11 days of driving (Mansfield 2015: 25).

5 Certain low value-added sectors of the British economy could fear collapse in case of a disappearance of East European workers (cf. McFadden – Tarrant 2015: 29).

An overall lack of customs duties within the EU could be compared to a WTO trading system in which the average weighted mean external level of MFN[6] customs duties is below 3% (and less than 1% for the average weighted mean external tariff of the EU) (Booth et al. 2015: 27). These are levels that are close to fully liberalised trade if only customs duties are considered as tools of trade policy. This would be, however, a too much restricted view.

The discontinuation of free trade between the EU and the UK could cause major disturbances and losses of competitiveness in Europe to a string of British industries for two further reasons:

1. while the average level of customs duties has certainly been reduced within the WTO, so-called tariff peaks exist for some sensitive sectors exporting from outside to the EU (e.g. 10% tariffs for cars, and 5% for car parts) (McFadden – Tarrant 2015:20);
2. the current pattern of international trade liberalisation in the WTO focuses on eliminating RTBs.[7] These tools of implicit protectionism could easily reappear post-Brexit between the EU and the UK, constraining trade between them to a significant extent.

Most authors agree that there are four to five options of the post-Brexit regulation of EU–UK trade (Hulsman 2015; Mansfield 2015; Emerson 2016; de Vries – Hoffmann 2016; McFadden – Tarrant 2015). Four of these are analogous to existing models of trade between the EU and neighbouring partners (Norway, Switzerland, Turkey, and the EFTA), and the fifth would be nothing else than a non-preferential trading relationship based on MFN tariffs and WTO rules. This last option would imply a re-orientation of British trade to the US and the Commonwealth countries. It is not too often considered a viable choice, and will be discussed here only to a limited extent.

The Norwegian option is the closest to *de facto* EU membership, and it is generally regarded as a low-key version of Brexit. Norway is a member of the European Economic Area (EEA) and enjoys full access to the Single European Market. It has to adopt EU standards and regulations, but it has a certain influence in shaping them, in the first place regarding environmental regulations (Oulds 2015: 73; McFadden – Tarrant 2015: 7).

[6] Most Favoured Nation treatment: single tariff levels to be applied in trade between all WTO members, except for preferential customs duties within PTAs or FTAs (Preferential Trade Agreement, Free Trade Agreement).

[7] Red Tape Barriers – non-tariff barriers to trade such as rules of origin, standards, sanitary, phitosanitary, veterinary, environmental, and other regulations, with impacts on imports.

Norway is a significant contributor to EU spending, although not directly to the budget as such, but to various social and cohesion funds.

British Eurosceptics vehemently oppose this model of post-Brexit co-operation because the Norwegian financial contribution to EU programmes is surprisingly high: in 2011, its per capita level reached 80% of the per capita contribution of the UK to the EU budget (McFadden –Tarrant 2015: 12). A similar result: "if the UK's net budget contribution is calculated on a similar basis to Norway it would fall by just 9%. If calculated on a similar basis to Switzerland it would fall by 55%" (Irwin 2015: 26).

The opposition of the pro-Brexit camp to this solution is tellingly expressed by the dictum "no say, still pay" (Emerson 2016b: 10), although the role of economic arguments was relatively limited in the pro-Brexit camp (Łazowski 2016: 2). The UK would thus give up its influence on EU-level political decisions and still remain a significant contributor to its spending, a really bad compromise not only from a pro-secession point of view.

The Swiss option is based on sectoral free trade agreements concluded one by one because the country is not a signatory of the EEA in spite of its EFTA membership. Switzerland applies EU regulations in those sectors only where free trade makes this necessary (Irwin 2015: 6). The primordial objection of the EU with respect to this system is the problem of "cherry-picking", i.e. the potentially too strong role of the partner country in specifying the sectors covered by these agreements.

This concern of the EU is expressed by the "guillotine clause", which treats all bilateral EU–Swiss agreements as a single package with the same length of validity and date of expiry (McFadden – Tarrant 2015: 14). The Swiss side, as opposed to the Norwegian case, is not consulted on developing sectoral regulations of the EU. These factors make it quite unlikely that either the EU or the UK would go for such a regulatory framework of bilateral trade. The EU has stressed that its sectoral agreements with Switzerland need an "ambitious and comprehensive restructuring" (Emerson 2016b: 13).

The Turkish option is the customs-union based solution (excluding non-processed agricultural produce). In case of this choice, the UK would maintain the common external tariffs of the EU, avoid contributing to the EU budget, and continue to have free access to its internal market in most sectors (not all). It would, however, lose all its influence on shaping EU regulations, and its preferential access to third markets based on the existing FTAs of the EU (Irwin 2015: 6). In the customs-union based system, the UK would be obliged to apply the EU's preferential external tariffs to third countries, but the reciprocation of this would not be automatic and would depend on the UK's one-by-one negotiations with these countries (Emerson 2016b: 10).

The Turkish option is often regarded as a quite strong version of Brexit, making trade liberalisation the main element of post-Brexit co-operation, but abolishing the free movement of agricultural goods, people, capital and services (Mansfeld 2015: 4). Its "UK-style" extended version covering, for example, financial services might be potentially envisaged (Ernst and Young 2016: 5). This extension would still generate significant trade-related losses to the UK. Such losses would be due to the country's reduced access to a string of hitherto preferential markets. It might also provoke strong resistance in Brussels. The Turkish option seems to be a less promising sub-version of the Norwegian option (Emerson 2016: 16). It is hardly likely to gain strong political support within the UK.

The FTA (or EFTA) option still leaves many details open. It should be negotiated in-depth, keeping an important trade-off in mind. This trade-off is very likely between strong liberalisation in fields where at least one of the parties would be interested in it on the one hand, and the level of independence the UK would wish to keep in trade policy issues on the other (Irwin 2015: 6). In other words, this could be a lighter version of the Norwegian option in which the UK could be interested if it had a wide choice of "cherry-picking".

This option could include a variety of possible scenarios. The number of these is probably strongly limited by the EU's reluctance to set up such a post-exit trade policy model, which could serve as a positive precedent case for other potential candidates considering leaving the European Union. The feasibility of this option is therefore rather questionable. It is certainly not one that could easily emerge from a negotiation process shorter than two years.

The survey of the four most often cited trade policy options made it clear that none of them would offer a post-Brexit solution on which the two parties could swiftly reach an agreement. A fifth possible approach as already noted could be avoiding any kind of negotiations on future trade policy co-operation between the EU and the UK by simply applying the WTO system based on MFN tariffs to their bilateral relations. The practical feasibility of this model is beyond doubt, since lengthy negotiations could be skipped if the two-year deadline is to be kept. However, the WTO-model would mean a significant deterioration of competitiveness for certain important British export sectors facing the EU's external MFN tariffs. More than 35% of British goods exports to the EU belong to such high MFN-tariff commodity groups such as chemicals, cars, clothing, food, beverages, and tobacco (Booth et al. 2015: 17).

Exponents of this model therefore raise the possibility of a strong restructuring of the UK's trade relations towards its important external partners, principally the US and the Commonwealth.

There has been a certain re-orientation of British goods trade from European to overseas markets in recent years.[8] This change of focus, however, was accompanied by a deep structural shift in all British exports, with a growing role of services exports to the detriment of goods exports. It is telling that British goods trade with the EU bore a more than USD 100 billion deficit, while British trade in services with the EU yielded a surplus of about USD 80 billion in 2012 (McFadden – Tarrant 2015: 23).

According to a traditional approach, most services are for domestic consumption only (so-called "sheltered" industries), but the UK is strongly competitive in just those services which, as opposed to "classical" services (e.g. hotels, restaurants/catering, healthcare, local transportation, gardening, housekeeping, hairdressing, and many others) are internationally traded. These include financial services, legal services, telecommunications, exports of technology, consulting, international air and sea transport, and business services.

This structural shift is taking place, in a great number of cases, within firms and not, as often described in the international trade literature, between industries[9]. Many manufacturing firms based in the world's leading industrial countries are growing from goods exporters into service exporters. For example, jet engine manufacturers (GE, Pratt & Whitney, or Rolls-Royce) increasingly compete with complex aerospace solutions instead of selling only engines. Some pharmaceutical firms sell packages of therapies instead of drugs, and many construction companies export real estate development related services with building as only part of the project.

A new British export or trade policy strategy based on such a double shift (from goods to services and from Europe to overseas) would be very challenging for the economics profession. Some think-tanks have made more or less explicit references to the feasibility of such a strategy (Hulsman 2015; Buckle – Hewish 2015; Irwin 2015), but it is not in sight yet.

One of the reasons for this hiatus could be that the Brexit camp as such still lacks any common strategic ground due to the "low level of professionalism of pro-Brexit arguments" (Emerson 2016a), and this criticism applies especially to trade policy. The second, probably more relevant reason seems to be that the UK was the champion of TTIP within the EU (Irwin 2015: 23), but the TTIP project may fail regardless of Brexit. The elaboration of the UK's own over-

[8] The relative share of the EU within the UK's foreign trade decreased from 55 to 45% between 2002 and 2012 (Mansfield 2015: 9). Currently, only Malta has a lower share of the EU in its foreign trade among the EU-28.

[9] Cf. the problem of inter- *vs*. intra-industry trade (Krugman et al. 2015).

seas trade strategy (targeting primarily the US and the Commonwealth) replacing TTIP would need both strong domestic political support and ample time.

The Cat is back. Our survey of the post-Brexit trade policy options of the UK has revealed that the second step after exiting the EU's trading system (the Common Market in old parlance) is not only far from obvious, but also quite unpromising to the UK in any direction. The lid will be closed when Her Majesty's Government launches the process of Brexit. At least in the trade policy sense, it is highly questionable whether it could be opened within two years from the Brexit announcement to Brussels.

3. HOW TO CONTINUE WITH BREXIT?

Our survey of some Brexit-related political issues could support those arguments that express doubts on the predictability of the real likelihood of Brexit, and the feasibility of its main scenarios outlined so far. Open questions range from the degree of legitimacy of British political decisions initiating the process, through the optimal mix of pro- and anti-co-operation patterns of sectoral regulations of EU–UK relationships, to the level of the acceptance of any possible final deal by British political, economic, and social interest groups.

If this deal will be concluded at all. It could be potentially recognised by a future political leader of the UK that finalising a definitive post-Brexit set of rules governing EU–UK relationships could create much more political tension in the country than maintaining a "yes to Brexit, but no to its realisation" kind of vague situation for a while.

Such a situation might accompany the entire negotiation process. Even judgements on the process as such, regardless its content, could be conflicting ones since the understanding of Brexit shows a wide variety of diverging views. Some people speak of it in past, others in present, and others again in future tense. This confusion of the time dimensions might support our analogy between Brexit and Schrödinger's cat. Namely, that Brexit may find itself currently in the "third state".

As a member of the European Union, the United Kingdom has been belonging to a system of economic and, to a certain extent, legal integration in which it had to bear significant costs and enjoyed certain important benefits. The pro-Brexit camp (or, to be more accurate, pressure group) feigned that it was familiar with the details of the gains/losses balance of European integration for the UK, and it declared that this balance was unfavourable for the country. However (from February 2016), "the 'Leave' campaign has so far been unable to come up with a credible and easily understandable "Brexit' scenario" (Weiss – Blockmans 2016: 14).

The much less aggressive and less loud anti-Brexit camp did not, as a matter of fact, say that this balance was beneficial for the UK. Some of its members rather pointed to measurement and comparison problems owing to which the balance could not be stricken.

They preferred to make reserved statements on gains and losses along the line of "There are further effects on immigration, foreign investment and regulations. Although harder to quantify, Brexit is also likely, on balance, to depress income through these channels" (Ottaviano et al. 2014: 1).

Similarly, "the balance of competence for the free movement of goods and intellectual property rights was in the UK's interest" (Emerson 2016: 51). Or "Brexit would not only be bad for the UK, but would also be on balance bad for the EU. Both parties could waste years negotiating a new relationship. At a time when the post-World War II international order is under strain and Europe's societies are increasingly threatened by protectionism, it is abundantly clear that the EU needs more than ever to be able to resolutely face the big global challenges" (Blockmans – Emerson 2016: 17).

Literature available in English on Brexit seems to yield a further thought-provoking result. This result is completely in line with sources cited above pointing out the quite limited intellectual and research background of the pro-Brexit camp. We have gone through 31, mostly scholarly, but not necessarily theoretical publications on the Brexit issue, all of them from the time period 2014–2016. Of these, 26 can be considered to convey a straightforward anti-Brexit position. A further 5 studies represent reserved, more or less neutral or agnostic standpoints on Brexit, with one or two among these noticing the possibility of certain Brexit-related gains for the UK in some narrower sectors. This is all. None of the materials surveyed expresses any kind of pro-Brexit opinion regarding any major field of European integration.

This is a stalemate-like situation in which important parts of the British and international economics research community have tried to outline and prove the dangers related to and the deficiencies of the Brexit process. The majority of the British electorate disregarded these warnings or was simply unaware of them. Mass psychology overwhelmed scholarly thinking.

The euphoria of the winners in the first few post-Brexit days (and also part of the Brexit camp) seems to have evaporated. A limited part of the British political elite remained on the deserted battlefield with the mission to accomplish the perhaps only past majority wish of the people. They are fully aware of the major pitfalls of their undertaking, while the anti-Brexit camp is well and alive in the UK. Stopping the process is not a real choice in a deeply democratic society, bringing it to its conclusion would involve sizeable economic risks.

The strategic options of the two main institutional players in this game seem to be far from being equivalent. The EU is, at least at the moment, reduced to passivity: it has to await the first step, the British government's declaration on initiating the two-year-long exit process. But the legal and economic risks outlined above are a serious constraint on a really active attitude on the UK side. It has to find an effective blend of activity and passivity, capitalising on its first-mover-advantage.

A quite feasible option of the British government might be the Cat strategy: stretching the Brexit process for as long as possible and gaining an EU-wide consensus to continue it after two years. This option would also include frequent statements expressing British insistence on Brexit, but seeking to maintain the "third state". That is, trying to emulate such an imaginary airplane, which has performed a normal takeoff, but would prefer never to land. Neither alive nor dead, like the Cat.

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