Brexit as a Cause and a Consequence of Political Change in the UK

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It is difficult to overstate the impact that the 2016 decision by the United Kingdom (UK) to leave the European Union (EU) has and will have on the country's politics and society. The referendum held that year became an opportunity for the crystallisation of various discontents and disaffections—not all of them directly linked to the EU itself—and opened up a substantial rupture within the underlying assumptions of British statecraft.[1] In particular, the self-image of British politics as being driven by pragmatism has hindered—and will continue to hinder—the ability of politicians and society to work a way through these challenges.

The Impact

Historically, the British approach to its international relations has been one of engagement.[2] To take Palmerston's famous line, the UK has no eternal allies, only eternal interests, which in turn has translated to a persistent desire to maintain a margin of manoeuvre and an unwillingness to become too entangled in any one set of relationships. Certainly, this was one part of the "Leave" campaign's arguments in the 2016 referendum; the constant deepening of European integration risked shackling the UK to a group of countries that is in long-term relative decline, hindering its capacity to reorient to the new centres of political and economic power.

Such a benign reading evidently carried some weight in public discourse, but the decision to withdraw from the European Union still represents a fundamental shift in the country's approach. The underlying geopolitical situation has not changed, the rise of China notwithstanding: as both France and Germany have shown, EU

[1] For an overview of short- and long-run factors in the determination of the referendum, see Farrell, Jason and Paul Goldsmith. *How To Lose A Referendum: The Definitive Story of Why The UK Voted for Brexit.* Biteback, 2017. Also Menon, Anand. "Why the British Chose Brexit: Behind the Scenes of the Referendum." *Foreign Affairs* 96 (2017): 122.

[2] Sanders, David, and David Patrick Houghton. *Losing an empire, finding a role: British foreign policy since 1945*. Palgrave, 2016; Jessop, Bob. "The organic crisis of the British state: Putting Brexit in its place." *Globalizations* 14, no. 1 (2017): 133-141.

membership is not incompatible with active foreign policy or a strong presence in export markets. Even if Europe is not growing as fast as East Asia, it remains the most important region for UK trade, as well as a key underpinning of its security architecture.

In this light, Brexit is exceptional in its intention to move further away in its relations with partners, something that has no equivalent in post-1945 British history. Recall that during this period, the UK was central in the construction of global and regional organisations: indeed, it is possible to argue that the EU itself has never looked more "British" than it does now, after over 40 years of effective shaping of institutions and policies.[3]

With the reversal of what was—in effect—a central plank of foreign policy, Brexit raises questions about the rest of the country's engagements with international organisations. The case for permanent membership of the UN Security Council will become even harder to defend, while the weight of the UK in other bodies will necessarily be less than as a part of the European Union, even if its interests no longer have to pass through that intermediate level of negotiation and compromise. Most importantly, the credibility of the UK as an international partner has now entered an extended period of uncertainty, as others wait to see how it responds and develops through this changing situation.

And the effects go well beyond the UK's international relations. They can also be seen in political, economic and social spheres.

European integration has long been a contentious area of British politics.[4] Both the major parties, Conservative and Labour, have endured internal splits and changes of policy over the past decades. The Conservatives in particular have spent the entire period since the 1991 signing of the Maastricht treaty riven by the tensions between the economic rationality of uploading neo-liberalisation to a continental scale and the political implications of limiting national sovereignty. It was this split that drove much of the process that led not only to the outcome of the referendum, but also the decision to hold one in the first place.[5] Prime Minister David Cameron saw such a vote as a means of creating some immediate space in his dealings with

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[3] Usherwood, Simon. "Bruges as a lodestone of British opposition to the European Union." *Collegium* (2004): 5-16; Daddow, Oliver, and Tim Oliver. "A not so awkward partner: the UK has been a champion of many causes in the EU." *LSE Ideas* (2016). http://eprints.lse.ac.uk/66177/ (accessed 31 January 2018).

[4] For an overview see Menon, Anand, Rachel Minto, and Daniel Wincott. "Introduction: The UK and the European Union." *The Political Quarterly* 87, no. 2 (2016): 174-178. The seminal text remains George, Stephen. *An awkward partner: Britain in the European Community*. Oxford University Press, USA, 1998.

[5] Shipman, Tim. *All out war: The full story of how Brexit sank Britain's political class*. HarperCollins UK, 2016; Oliver, Craig. *Unleashing demons: The inside story of Brexit*. Hodder & Stoughton, 2016; Daddow, Oliver. "Strategising European Policy: David Cameron's Referendum Gamble." *The RUSI Journal* 160, no. 5 (2015): 4-10.

backbench members of parliament (MPs), rather than as a strategic moment to resolve those tensions. As the political debate since June 2016 has shown, the division and uncertainty about European policy remains as stark as ever.

The loss of the referendum immediately resulted in Cameron's resignation from office and the installation of a new government under Theresa May, whose authority and competence were fatally compromised by the decision to call a snap General Election in 2017. Her position as Prime Minister currently appears to be based on little more than an inability of opponents within the party to agree on who might replace her and a feeling that it makes political sense to let her wrap up the process of departure from the EU, so that she might carry all the blame for any and all subsequent problems.

At the same time, the Labour party faces its own problems around Brexit, conditioned as much by leader Jeremy Corbyn's own ambivalence towards the EU as by tactical considerations of how to inflict the most damage on the Conservatives. Neither party was able to articulate a clear line during the 2017 General Election on what Brexit should look like, a situation that looks no easier for Labour after their unexpectedly strong performance in that vote.[6] The collapse of the strongly anti-EU UK Independence Party (UKIP) and the continued weakness of the strongly pro-EU Liberal Democrats suggest that EU policy alone will not be enough to motivate voters.

The irony of this is that in public policy terms, there is little else to consider other than Brexit and its effects. As May's government has found, while one might have ambitions to pursue the usual range of policies in office, there is little bandwidth to do much more than tread water. The need to push through not only the negotiations with the EU on leaving, but also a dozen pieces of major legislation to cover the domestic changes necessary leave little Parliamentary time. The uncertainties over the economic effects have also tightened public finances and financial planning.

The political effects are also being felt beyond Westminster. As competences are returned from the EU, there is much debate about what might be taken down to devolved bodies in Scotland, Wales and Northern Ireland. Even if the Scottish National Party was unable to reignite the idea of Scottish independence, the closing of access to EU funding and the reassertion of London's dominance make it likely that the balance of devolution will be called more into question in the coming years.[7] More pointedly, the impact of Brexit on the border between Northern Ireland and the Irish Republic has left a highly intractable problem for the continuation of the Good Friday Agreement that has regulated community relations and which is

[6] Shipman, Tim. *Fall Out: A year of political mayhem*. HarperCollins UK, 2017.

[7] McHarg, Aileen, and James Mitchell. "Brexit and Scotland." *The British Journal of Politics and International Relations* 19, no. 3 (2017): 512-526.

the bedrock of the post-Troubles landscape: a return to violence is unlikely, even if the situation faces more difficulties than ever before.[8]

Economically, the main impact of the 2016 referendum has been to create uncertainty. Many businesses had put investment and planning decisions on hold following the 2015 General Election, as they awaited the outcome of the referendum: almost two years after that latter vote, they still remain unsure about much of the detail of the future UK-EU relationship. The main consequence of this has been a push by both individual companies and trade associations to lobby the government for clarity on positions and to minimise disruption. In particular, there has been a concern to avoid a double transition; from EU membership to an interim arrangement, and then once more to a final new relationship, when that can be agreed. This has meant that there has been very strong pressure for the interim period to look very similar to membership, a wish that closely accords with the EU's preferences.[9]

Notwithstanding this, the major question for business remains whether the UK can retain its position as an entry-point to the EU market, something that has long made it attractive to international direct investment. While the UK's favourable tax arrangements, legal system and global language will remain, the loss of any access for goods or services might mean there is less attraction. This has been seen in the financial sector in particular, with banks and other financial service providers either relocating to other EU member states or at least setting up subsidiaries there, should passporting rights be lost.[10]

Of course, restricting access to EU markets will also mean that some domestic operators will see an improvement in their position, as competition is reduced. However, the global effect is liable to be negative, especially given the reliance of the British economy on EU nationals working in areas such as agriculture and health: in an economy currently running at very low levels of unemployment, inflationary effects on wages or even an inability to cover some activity might result in the short- to medium-term.

Significant though the political and economic impact of Brexit might be, it is at the personal and social level that the most consequential effects are likely to be felt.

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[8] Gormley-Heenan, Cathy, and Arthur Aughey. "Northern Ireland and Brexit: Three effects on 'the border in the mind'." *The British Journal of Politics and International Relations* 19, no. 3 (2017): 497-511; Tonge, Jonathan. "The impact of withdrawal from the European Union upon Northern Ireland." *The Political Quarterly* 87, no. 3 (2016): 338-342; Murphy, Mary C. "The EU Referendum in Northern Ireland: Closing Borders, Re-Opening Border Debates." *Journal of Contemporary European Research* 12, no. 4 (2016).

[9] http://www.cbi.org.uk/business-issues/brexit-and-eu-negotiations/ (accessed 31 January 2018).

[10] Burton, Lucy. 2017. "City to lose 10,500 jobs by Brexit as fifth of firms flag relocation plans, says EY." *Daily Telegraph*, December 11. http://www.telegraph.co.uk/business/2017/12/11/city-lose-10500-jobs-brexit-fifth-firms-flag-relocation-plans/; also see https://www.ipsos.com/ipsos-mori/en-uk/there-real-threat-finance-sector-brexodus (accessed 31 January 2018).

The EU referendum represented a moment for voters to express their various dissatisfactions with the political system, a process encouraged by the Leave campaign.[11] Such dissatisfaction is unlikely to be addressed by a government whose handling of the withdrawal negotiations is considered by most to be poor.[12] The increase in racially-motivated crimes since the referendum suggests that more xenophobic elements of society might feel emboldened, even as the extensive population of EU nationals in the country reconsider whether they wish to remain somewhere that has yet to secure their current rights or to offer a clear plan of how things might change.[13]

The tightening of public finances and the lengthening of austerity politics impose further pressures on society, especially those in greatest need: the funding of health care, through the National Health Service, is a particular area of concern.[14] The absence of a clear political path through Brexit and the wider modernisation of the UK's social provision leave a gap into which new political forces might be able to enter. In particular, while the UKIP vote fell very markedly between 2015 and 2017, this does not mean that there is not a constituency for a new populist movement, as has been seen elsewhere in Europe. As the past few years in the UK have shown, it is dangerous to assume that the unlikely does not happen.

Why So Big?

The scope and depth of the impact of the decision to leave the EU are both very substantial, but it is also important to reflect on why this might be. Here, three separate but interrelated points need to be kept in mind.

Firstly, the European Union is not a typical international organisation. This manifests in a number of ways. In legal terms, it has created a novel contract between its signatories, extending rights down to citizens and creating a federalised system of arbitration, with the European Court of Justice becoming the new court of last instance for matters relating to the organisation. In policy terms, it combines sectoral policies with cross-cutting market regulation, meaning that it plays some role in every area of public policy. In some cases that might simply be a light-touch mechanism for sharing of best practice between governments, but in others it is a complete movement of decision-making and implementation to the European level,

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[11] Shipman, *All out war*; Oliver, *Unleashing demons*.

[12] https://whatukthinks.org/eu/are-voters-changing-their-minds-about-brexit/ (accessed 31 January 2018).

[13] http://blogs.lse.ac.uk/brexit/2016/10/21/xenophobia-britannica-anti-immigrant-attitudes-in-the-uk-are-among-the-strongest-in-europe/ (accessed 31 January 2018). Also see the *28Plus* project (http://www.28plus.eu/ (accessed 31 January 2018).

[14] Jessop, "The organic crisis of the British state". Also see https://www.ipsos.com/ipsos-mori/en-uk/issues-index-december-2017-more-britons-see-brexit-and-nhs-important-issues-month (accessed 31 January 2018).

with many variants in-between. Institutionally, there is not only the direct election of representatives to the European Parliament, but also a small constellation of regulatory agencies and bodies with highly specific functions: the convenience of the EU architecture means that member states have inclined to piggy-back projects that might otherwise have been more discretely structured. This also explains why many policy areas have been drawn into the EU's fold, such as security and defence: the path of least-resistance has increasingly been that of building on the mass of interactions that already exist within the Union.

The consequence of this is a profound entanglement of the UK—like every other member state—into the EU.[15] Regulatory frameworks are profoundly shaped by membership, be that through sector-specific rules or more generic ones about non-discrimination on nationality, public procurement or workers' rights. That pervasiveness makes it hard even to identify what might be the consequences of changes in the legal and regulatory environment, let alone address them. To take an obvious example, many contracts and pieces of legislation make explicit reference to access to the EU's court for legal remedies: while it might be simple to change that to UK courts, the powers of the latter will differ in ways that might affect the range of possible action.

This basic and extensive entanglement is further reinforced by the second factor, namely time. For over 40 years the UK has been part of the EU and its predecessor organisations. Entire sectors of regulation have emerged during that period, such as e-commerce or climate change, while most others have been transformed. This has meant that in many regards, EU membership has become internalised into the social, economic and legal fabric of the country. More critically, it has meant leaving the Union is not a return to the *status quo ante*, but to a situation that the country has never experienced before, because the world of today is not that of 1972.

The ramifications of this are felt in different ways. One immediate example has been the lack of trained trade negotiators in the UK, since the EU has held that competence and there has been no need for a domestic capacity (except those British nationals that have pursued such a career within the Union itself): the need to rebuild that capacity for the withdrawal process resulted in an international recruitment drive.[16] Likewise, the shift in the 1990s from the General Agreement on Tariffs and Trade (GATT) to the World Trade Organisation (WTO) raises the issue

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[15] See Scharpf, Fritz W. "The joint-decision trap: lessons from German federalism and European integration." *Public administration* 66, no. 3 (1988): 239-278; Wessels, Wolfgang. "An ever closer fusion? A dynamic macropolitical view on integration processes." *JCMS: Journal of Common Market Studies* 35, no. 2 (1997): 267-299.

[16] Vaughan, Richard. 2017. "Ministers blow £1m on headhunters for Brexit trade negotiations." *iNews*. August 2. https://inews.co.uk/news/politics/ministers-blow-1m-headhunters-brexit-trade-negotiators/ (accessed 31 January 2018).

of not only the UK's schedules, all of which were agreed as part of the EU, but also its membership.[17] Finally, the extent and duration of individuals' movement across the EU's territory means that any restriction on citizens' rights will affect a substantial number of long-term residents, both EU nationals in the UK and UK nationals in the EU. Put differently, the EU has been the "normal" state of affairs for some long time now.

All of which makes the third factor even more important: the lack of preparation for the decision to leave. As part of Cameron's decision to hold the referendum, it was decided that the government should not prepare any contingency plans for any particular outcome, for fear that such work would leak and suggest a lack of confidence on the part of Cameron on the outcome.[18] Since neither side in the referendum was obliged to—or, indeed, had—prepared a strategic document outlining the next steps after their victory in the campaign, there was a complete absence of policy in the immediate aftermath, further heightened by the resignation of Cameron himself the morning after.

If such immediate confusion might have been understandable, much less so has been the continued lack of appropriate and adequate preparation for subsequent steps in the process. While May did delay the triggering of the formal procedure until March 2017, the time was not used to produce a detailed and comprehensive plan or a vision of the intended end-goal: The White Paper of February 2017 set out a number of areas for discussion rather than a preferred course.[19] The decision to call a snap General Election shortly after the formal notification was also not a planned step, but one taken without the impact on negotiations being a priority consideration.[20] Even as the talks enter their final phase, heading towards an intended signing date in October 2018, the EU still repeatedly calls for "clarity" on the UK's aims and intentions, as a necessary part of building a mutually-acceptable text.

The Future

The temptation is to see the current situation as one with no good outcome for the UK. By its own analyses, there will be a substantial economic cost to leaving the EU, as well as a number of significant political and strategic question marks over

[17] https://tradebetablog.wordpress.com/ (accessed 31 January 2018) is an excellent source for discussion of this aspect of Brexit.

[18] Shipman, *All out war*.

[19] https://www.gov.uk/government/publications/the-united-kingdoms-exit-from-and-new-partnership-with-the-european-union-white-paper (accessed 31 January 2018).

[20] Shipman, *Fall Out*.

its place in the world.[21] Even if it were to abort the departure process and remain in the Union, some of those costs would still be incurred and the UK would still have failed to address the social and political concerns that led to the referendum in the first place.

At the root of this is a critical point of failure, namely an unwillingness or inability to engage the British public in a strategic debate about what society they want to have in the UK. At no point in the post-1945 history of the country has there been a critical juncture that might have stimulated such discussion: the long-run viability of a system that still draws on the arrangements laid under the restoration of the monarchy in the 17th century has contributed to a political culture that prefers to muddle through, rather than build grand designs.

In the case of European integration, this has translated into a reactive approach, responding to developments rather than agenda-setting. The unwillingness to concede sovereignty in the immediate post-war period left continental Western Europe to form the initial European Economic Community and to set the basic rules and structures of what followed: only once that was demonstrated to be viable and consequential did the UK finally join in the 1970s. Unlike the French state, which had long decided that the best way to secure French interests was through pursuing a leadership role within Europe, Westminster has continued to treat the EU as a distant "other": ministers "go to Europe" to "fight for British interests", rather than presenting it as a system in which the UK has a voice and a vote throughout the decision-making cycle.[22]

The sole exception to this model came in the 1980s, when Margaret Thatcher was a prime mover in promoting the completion of the single market, working with counterparts to set in place the necessary treaty revisions and legislative programme. That initiative arguably remains the bedrock of the Union's system; an irony given current British desires to secure a post-membership deal that breaks up that single market's structure of freedom of movement for people, goods, services and capital.[23]

As the later years of Thatcher's time in office showed, the UK has too often failed to recognise that the EU is a dynamic organisation, still finding its settled form. Just as Thatcher came to turn against integration as it moved from single

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[21] Walker, Peter. 2018. "Government will publish leaked Brexit papers." *Guardian*, January 31. https://www.theguardian.com/politics/2018/jan/31/government-will-not-oppose-labour-motion-on-leaked-brexit-papers (accessed 31 January 2018).

[22] Daddow, Oliver. "The UK media and 'Europe': from permissive consensus to destructive dissent." *International Affairs* 88, no. 6 (2012): 1219-1236.

[23] Young, Hugo. *This blessed plot: Britain and Europe from Churchill to Blair*. Overlook Press, 1998; Jensen, Mads Dagnis, and Holly Snaith. "When politics prevails: the political economy of a Brexit." *Journal of European Public Policy* 23, no. 9 (2016): 1302-1310.

market to single currency, so too there is now a substantial risk that the UK will assume that because it is leaving the Union, that Union no longer matters to it. The 27 remaining member states will continue to be the UK's largest single export market, millions of nationals will live in each other's territories and the deep and pervasive economic and social links across the Channel will still be there.

If the past 70 years have taught us anything about UK-European relations, then it is that crisis-management and problem-avoidance is not a sustainable strategy. The UK used to be unhappy on the outside of the integration processes of the 1950s and 1960s; then it became unhappy on the inside. Unless and until there is a meaningful debate about what the UK wants to achieve in the world—and in itself—then it is more than likely that it will simply become unhappy on the outside once more.

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