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#### **Britain After Brexit**

## A TRANSFORMED POLITICAL LANDSCAPE

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In January 2013, British prime minister David Cameron, confronted by growing support for the far-right U.K. Independence Party (UKIP) and by a rebellious Euroskeptic wing within his own Conservative party, pledged to hold a referendum on the United Kingdom's membership in the European Union. By all accounts, Cameron never expected that such a vote would actually be held. Rather, he considered the promise of a referendum as a way to appease Euroskeptics within Conservative ranks and to hold his fractured party together until the May 2015 general elections which Cameron was widely expected to lose.

But Cameron won the elections, and he had to make good on his promise to hold an up-or-down vote on Britain's EU membership: Leave versus Remain. Cameron campaigned on behalf of Remain, but to the surprise of pollsters—and indeed the prime minister himself—the citizens of the U.K. on 23 June 2016 voted by 52 to 48 percent in favor of Leave. Cameron resigned as prime minister the next day. But instead of resolving his party's problems, the referendum has exacerbated them. Though it is not yet clear that all of their leaders understand this, both the Conservative Party and the Labour Party are now in deep crisis—and so is British democracy.

In fact, the weakening of the British party structure goes back many years and has little to do with the EU. Nor is this trend unique to the United Kingdom. All across Europe, and indeed all across the democratic world, power has been draining from national governments. "Winning an election may still be one of life's great thrills, but the afterglow is diminishing," Moises Naím wrote in his 2013 book *The End of Power*,

and he is right. Western politicians of all kinds now complain that they have far less influence and control than their predecessors did.

The effects of globalization have been felt with special force in the U.K., which has one of the most internationally integrated economies in the world. The spread of free trade means that decisions that affect people in Britain may well be made in China, Texas, or Bahrain. The growth in international wealth, especially in the developing world, means that fashion trends in Asia can shape manufacturing decisions in Britain. At the same time, the breakup of empires—the British empire, the French empire, the Soviet empire—over the past century means that New Delhi can now affect London just as much as London affects New Delhi. The growth in asymmetric warfare has given tiny terrorist movements a degree of international influence that conventional military powers such as the U.K. cannot match.

The spread of ideas through the Internet and Hollywood movies leaves all politicians with fewer opportunities to reach their constituents, let alone to help shape popular culture. Above all, the rise in the power of financial markets means that governments have far less leeway than they once had in making economic decisions and in shaping the business climates in their own countries. On Black Wednesday in September 1992, the U.K. government was forced to drop out of the European Exchange Rate Mechanism by the combined efforts of hedge funds. More recently, the Greek government has found that it is unable to pump up public spending as it wishes, because financial markets will not tolerate it.

#### The EU's Ambiguous Role

In each of these spheres—political, cultural, and financial—the European Union played an ambiguous role: It imposed some constraints upon U.K. politicians, but also expanded their power in other areas by giving Britain a role in shaping the decisions of European leaders. But because the EU was regarded as a "foreign" institution, always treated warily by British politicians and journalists, it became the scapegoat for the broader changes that have genuinely undermined the power not only of the British state, but of most other states as well.

The impact of these changes on domestic politics has been profound. Above all, the changing nature of global economics and culture has narrowed the ideological range of British politics. In the 1990s, the Labour Party abandoned socialism for a watered-down version of free-market economics, not because it wanted to do so, but because Tony Blair recognized that socialism had ceased to be a real option in a world where so much of policy is dictated by international markets. In the 2000s, David Cameron abandoned a "small-c" conservative vision of Britain, dropping his party's opposition to gay marriage and promoting "green" causes, among other things. Many Tories disliked these changes, but again, cultural shifts that seemed to be beyond their control forced them into acceptance.

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Yet when both parties shifted to the center, dissatisfied groups proliferated on the fringes. The Labour Party acquired an angry far-left caucus that schemed to take over the leadership. It finally did so in 2015, aided by reforms to the party's internal electoral rules that were ushered in the year before. The reform did away with the party's tripartite electoral-college system, which gave one-third of the vote each to Labour members of the House of Commons and the European Parliament (EP); to trade unions; and to individual party members. The old formula was replaced by a "one member, one vote" system that restricts votes to individual party members and weights their votes equally. By virtue of this change, left-wing protest candidate Jeremy Corbyn was elected party leader with an unprecedented 59.5 percent of the vote, despite having won the support of only 20 of his 220 Labour colleagues in the House of Commons. Meanwhile, elements within the Tory party that had accepted Cameron's changes as unfortunate necessities (but went on disliking them) inflamed intraparty divisions, and some of them went so far as to defect to the UKIP. Though there are many obvious differences between these "far-left" and "far-right" groups, it is important to note that both tend to oppose some of the same things: centrist politics, global trade, immigration, and the European Union.

Three other factors specific to the United Kingdom also helped to draw power away from Parliament and away from the traditional parties. The first was the devolution of U.K. politics under the previous Labour governments, which created new centers of power in Wales, Northern Ireland, and above all Scotland. The growth of the Scottish National Party (SNP) was made possible by the rise in influence of the Scottish Parliament, in which the SNP is the largest party. But the SNP also took advantage of Scottish dissatisfaction with the centrist direction of the British Labour Party, taking enough votes from Labour to deprive it of the prospect of a U.K. electoral majority for the foreseeable future.

A second factor was the transformation of Britain's EP elections into "protest votes." In part because British media, unlike some of their Continental counterparts, never took EP elections seriously, and in part because turnout numbers were low, British voters felt comfortable sending fringe parties to the European Parliament. Even the extreme-rightist British National Party (BNP) won 6.3 percent and 2 seats in 2009, helping to bring many of that party's anti-immigration views into the U.K. mainstream, though the party failed to win any seats in 2014. The UKIP, by contrast, greatly improved its performance in the 2014 EP elections, finishing first among U.K. parties with 27.5 percent of the vote and 24 seats (up from 16.5 percent and 13 seats in 2009). The rise of the UKIP was significantly aided by the budgets, platforms, and institutional support that its elected representatives received from the European Parliament.

The third factor, harder to quantify, is the role of London as an international financial capital—perhaps the world's most important. The

success of the City of London has brought billions of pounds in taxes to the U.K. treasury. But the same success has also attracted immigrants, from the very wealthy (who drove up property prices, making it difficult for British people to live in London) to workers, mostly in the service industries, from all over the world. For British citizens who did not live there, London came to have a "foreign" aspect, deepening their sense that the metropolitan "elite" residing in the capital was somehow alienated from the rest of the country. The fact that both Tony Blair and David Cameron were perceived as close to the City and its money may have had a significantly negative impact on the way they were perceived by centrist Labourites and centrist Tories outside the capital.

#### The Referendum Exacerbates the Crisis

Cameron's referendum was designed to defeat the UKIP, as well as the "far-right" wing of the Tories, and to reestablish his camp of "modernizers" as the dominant force in the party. But his effort backfired. Several leading Conservatives seen as centrist politicians—most notably Boris Johnson, the popular two-term mayor of London—joined the anti-EU side, giving a comforting mainstream gloss to the Leave campaign. So did some influential media, notably the *Daily Telegraph* and *Daily Mail*, newspapers that are not regarded as "extreme" by their readers. At the same time, the Labour Party under Corbyn's leadership barely campaigned, putting few resources and no enthusiasm into the Remain campaign. Afterwards, Corbyn even refused to say how he himself had voted.

But the narrow referendum victory of the anti-EU forces has left the U.K. party structure more skewed than ever. The Tory party is now dedicated to the Leave agenda. The modernizers are out, and the Euroskeptic and culturally conservative "right" has gained more influence than ever before. Meanwhile, the Labour party is still dominated by the Euroskeptic and anti–free trade "left." That leaves a very large part of the population—including most of those who voted Remain—essentially unrepresented by either of Parliament's two leading parties.

The referendum also delivered yet another blow to parliamentary democracy, further draining power from elected representatives. Given a free vote, a majority of MPs would choose to have the U.K. remain within the EU. But the referendum has ensured that they do not have a voice, and are in effect disenfranchised from the most momentous set of British political decisions since the Second World War. It is unclear how Parliament will now be able to shape changes in Britain's trading relationships or its new foreign-policy arrangements.

Assuming that the referendum does in fact result in Britain's definitively leaving the European Union, it will have a mixed impact on Parliament. On the one hand, once Britain is outside the EU, one will certainly be able to claim that Parliament has more control over a wide

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range of issues and policies inside the country. On the other hand, the first few years after Brexit is officially announced will be partly spent filling the gaps left behind by the departing EU. Just for a start, there will be demands to replace agricultural and structural subsidies as well as billions of dollars in research funding. Failure to meet those demands could further alienate British citizens from their government.

Post-Brexit British governments will also be expected to fulfill promises made during the referendum campaign. Many British voters thought that they were voting to end immigration, failing to realize that at least half the immigrants who come to the U.K. every year—those from South Asia, Africa, and the Caribbean—are not affected by EU laws. It also will be difficult to reduce the number of Europeans living in the U.K. unless there is a program to expel them—and unless the U.K. is prepared to countenance similar expulsions of its own citizens from the Continent. Many British voters also believed that by favoring Brexit they were voting for greater spending on the National Health Service and the rest of the British welfare state. These voters may become even more dissatisfied when they discover that Brexit will not, in fact, provide anything close to the additional £350 million per week for the British budget that some Leave campaigners had claimed it would.

Finally, exiting the EU will leave British politicians with less influence and less impact on the rest of the world. Unless they are able to negotiate a closer relationship with the EU, they will no longer help to shape its foreign and trade policy; its regulations; or its decisions on justice, security, and borders. They will not be represented by MEPs in the European parliament, and they will not be present at meetings of the European Council, where Europe's heads of government make joint decisions on a huge range of issues. Though it may take several years for the impact of this change to be felt, the end result will be a deepening of the sense that Westminster "doesn't matter."

There is a strong risk that, in order to compensate, Britain may drift farther away from the other democracies of the West. New trade officials will be eager to make quick deals with China, and these may require political concessions. Russian, Kazakh, and Arab money will matter more in London as European partners drift away, raising the risk that the U.K. financial system will become more dependent on foreign companies and partners who seek political influence in exchange for deals. The British political system is already heavily influenced by the foreign and offshore cash that now flows through London. Groups such as Conservative Friends of Russia and Conservative Friends of the Chinese, both of which have many prominent parliamentarians as members, openly lobby on behalf of those countries inside the U.K. political system.

Attempts to rethink or to reimagine British political parties, and in particular to soften the divide between the Tories and Labour, have a long history. This goes back to the creation of the Social Democratic Party (SDP) by

centrist defectors from the Labour Party in 1981. This new party formed a political and electoral alliance with the remnant of the historic Liberal Party, which had governed Britain for much of the nineteenth and early-twentieth centuries before Labour displaced it as the chief rival to the Tories. The SDP-Liberal Alliance won 25 percent of the vote but only 23 seats in Parliament in the 1983 elections, and its totals slipped to 23 percent and 22 seats in 1987.

The two parties formally merged in 1988, adopting the following year the label of Liberal Democrats. Although they never quite reached the quarter of the vote achieved by the SDP-Liberal Alliance in 1983, the Liberal Democrats were able to win a greater number of seats—a high of 62 in 2005, and 57 in 2010. In the latter year, under the leadership of Nick Clegg, the Liberal Democrats made the decision to join the Tories as junior partners in a coalition government. This move, however, undermined their own standing, and in the 2015 elections they were able to retain only eight seats, as the Conservatives won an outright majority.

These efforts to recast the British political debate and to create an attractive centrist option had some temporary successes, but they all ultimately failed. Under Britain's first-past-the-post electoral system, none was able to draw enough votes from the two leading parties parties to gain real power.

Right now, several groups are seeking to find ways of launching new political parties, or at least political movements, that can recapture the center and restore popular trust in politics and politicians. In due course, they may be able to reorient British politics around the issues that people care most about, rather than around old "right-left" divisions that no longer mean very much.

Finally, it is critically important that the British government understand that we are entering an era of vitally important foreign-policy decisions. It does not matter what the Leave campaign believed in advance of the vote: The international perception, correct or otherwise, is of a U.K. that has turned in on itself and is disengaged from the outside world. The British government should bend over backward to correct that perception. The U.K. should increase its support for NATO and its military commitment to Europe, and find new ways of connecting politically and economically with the Continent.

To preserve its independence, the U.K. also needs to push back against money laundering, whether through the U.K.'s extensive offshore connections or through its property market. The British government needs to recommit itself to supporting and promoting democracy and free markets all around the world. A free and democratic Britain will not thrive in a world where others have put up trade barriers and blocked political and intellectual freedom. Countries that do not export and promote their own values usually find that, sooner or later, they are living in accordance with the values of somebody else. A retreating Britain will be a weaker Britain, with profound and unpleasant consequences for everyone who lives in the British Isles.