



EU Centre Commentary Series

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Brexit: British General Elections and What next?

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(Image Source: Marco Verch, Flickr)

The deadline for Britain to leave EU has been extended from 31 October 2019 to 31 January 2020 giving prime minister Boris Johnson time for a general election to end the tug of war between Parliament and two Prime Ministers both seeing their deal with the EU stymied. It cost his predecessor, Theresa May, her political life. Unless he succeeds in his election gamble, it may also end Johnson's political career and make him one of Britain's shortest serving Prime Ministers. A paralysed parliament cannot be ruled out. If so, Britain is kept in the limbo with no end in sight for the Brexit process. Even if an overwhelming majority of MPs in the outgoing Parliament and most likely also in the incoming one rejects a no deal Brexit, it may happen by default through Britain's inability to form a majority for something else.

At stake is not only Britain's future in Europe, but its societal model, economic policies, and place in the world. Furthermore the United Kingdom may break up. The risk of Scotland leaving the Union is growing and Northern Ireland may move towards unification with the Republic of Ireland.

British General Election in December

The election will be held on 12 December 2019. Observers agree that this may be the most unpredictable election in modern times. And maybe also the most important one that would decide Britain's long term future.

According to polls, the Conservatives lead with 41 percent compared to Labour with 29 percent, the Liberal Democrats at 16 percent and the Brexit Party garnering 6 percent. Similar polls beckoned when then Prime Minister May called an election 8 June 2017. Surprisingly the result was a hung Parliament making it impossible to find a majority for a deal to take Britain out of the EU.

The outcome will be determined by what the electorate see as the key issue. Is it Brexit, Boris Johnson's handling of Parliament or domestic policies?

Prime Minister Boris Johnson focus on *Brexit*. What else can he do as everybody knows the election was called because he couldn't get a majority for his deal? He blames the Parliament for derailing his tactic and thwarting his efforts to take Britain out by 31 October 2019 'deal or no deal'. He seems to have support among voters for such a line with an earlier survey revealing that 83 percent of voters blame Parliament for a Brexit delay. On top of that he will cast himself as the ordinary citizen's spokesman up against the establishment trying to reverse the result of the June 2016 referendum. If opinion polls are correct such a platform may win an election.

He is, however, open for attacks from two flanks. The Brexit Party may lure hard core Brexit Conservatives away, capitalizing on his unfulfilled pledge to take Britain out of EU on 31 October and not seek another extension. Originally the Brexit Party said it would stand in all constituencies, but under pressure backed down and announced to stand aside in constituencies with a Conservative MP. It does not remove the threat to the Conservatives, however, as Boris Johnson needs to win constituencies held by Labour, and not only keep what he has. According to the Financial Times, pollsters estimate that the Brexit Party takes two votes from the Tories for every one vote taken from Labour.

The Liberal Democrats may also tempt pro EU Conservatives to join their camp as it is the only party with a consistent and coherent policy in favour of remaining in the EU. The Liberal Democrats together with two other smaller political parties, Greens and Plaid Cymru, all of them in favour of remain, has formed an alliance under the label 'Unite to Remain' covering 60 constituencies hoping that together they can block a Conservative victory. The tricky thing for Boris Johnson would be that despite gaining the popular vote, the Brexit Party and Unite to Remain might rob him of getting a majority of MPs at Westminster due to the "first past the post" electoral system. This is a game that may be played at the margin.

If the election focus is switched to *respect for Parliament* and the Prime Minister's sometimes arrogant posture it may be a different story. Over the preceding month there is a good deal of evidence that he tried to bypass or circumvent Parliament, and did his best to force the withdrawal agreement bill (WAB) through with a timetable out of tune with the requirements of such a massive piece of legislation. Some voters may share the view that Parliament mobilized every procedural trick to stop Brexit. It is, however, not the same as voting for a Prime Minister who is ready to run roughshod over Parliament. They may think it is all right in the Brexit case, but fear that he may do the same on issues of far more importance to them in their daily life; that is *domestic policies*.

Many voters are fed up with Brexit and do not want to vote on that theme again after a referendum in 2016, a general election in 2017 and European Parliament elections in May 2019 – two months after Britain according to the original timetable should have left the EU. In their eyes, what matters now is the future of Britain and, on that score, it cannot be taken for granted that Boris Johnson will win. In fact, Labour achieved a surprisingly good result in 2017 precisely because it managed to draw attention away from Brexit and convince voters that it paid more attention than the Conservatives to many domestic issues – education, health and social welfare. According to newspapers Labour is storming ahead of the other parties in the general election's social media campaign by using 'short, clear, strident' messages which hammer the Establishment. Despite warnings about the importance of social media, the Conservatives most-liked tweet ranks 17th with Labour accounting for the seven top ones.

Boris Johnson may try to steal the thunder from Labour. He actually did so in Parliament on 30 Oct at Prime Ministers question time. He then promised 'unprecedented funding for the National Health Service'. The problem is that the Conservatives is the incumbent and many voters ask why such funding was not made available earlier. When promising to boost the size of the police force to 'make Britain safe', it didn't take long for opponents to point out, that this would only bring the police force back to levels in 2010, that is, before the Conservative government axed a large number of posts – incidentally when his predecessor, Theresa May, was Home Minister.

Britain's Future Societal Model

When future historians ponder why Britain left the EU, they will probably point to the different societal models as the main reason.

Britain's, or England's to be precise, societal model is very much free market, as little regulatory frameworks as possible and low standards for protection of workers. It is more American inspired than is the case for Continental Europe. England and the U.S. lauds the market forces. Despite the Beveridge report, published in England in 1942 introducing social welfare, protection of workers and their rights have always been lower than among most EU members.

When negotiating the Treaty on European Union prior to its signature February 1992, the main British demand was to be exempted from its Social Chapter. The British felt that the Social

Chapter would jeopardize its societal model by introducing minimum standards for workers' rights and conditions for the workforce.

British membership of the EU was an attempt to see whether these two different societal models could be reconciled. The answer was given with the Brexit vote. It could not be done. The majority of the English voters rejected the continental model and preferred to stick with the English free market model.

As a consequence of this, Britain may in the future move closer to the U.S. despite the gravity model for trade telling that its most important economic partners are found on the other side of the channel and not the other side of the Atlantic Ocean.

The reason to speak of England instead of Britain is that Scotland may secede from Britain because the Scottish societal model is closer to the European one.

Scotland and Northern Ireland

Scotland may demand a second vote about seceding from the UK. In the first vote in 2014, 55 percent voted to reject independence. At the Brexit referendum in 2016, 62 percent of the Scottish electorate voted to stay in the EU. It will not be easy for many Scots to live in a world outside the EU knowing that it happened against their will. Nicola Sturgeon, the First Minister of Scotland has already raised the demand for a second vote for Scotland to secede from UK.

Geopolitically Scotland seceding from Britain is interesting because the nuclear deterrent is located at Faslane which is in Scotland. Many countries would find it odd to see an amputated Britain without a nuclear deterrent as a permanent member of the United Nations Security Council.

The process of Northern Ireland becoming part of the Republic of Ireland will gain pace albeit it is difficult to predict precisely when and how it will happen. Demography favours such a move as forecasts tell the current majority of Protestants will disappear in 2021 when the majority will be Catholic. Although the attitude vis-a-vis joining the Republic of Ireland does not automatically follow religious lines, it is normally assumed Catholics are more likely to welcome such a step.

Thus, Brexit may catalyse the breaking up of the United Kingdom.

Britain's Economic Future

Economically the writing is on the wall. Growth used to be higher in the UK than for the Eurozone, but forecasts for this year tells that Britain has lost its lead with both running at 1.2 percent. The balance of payments shows a deficit of 4 percent of Gross Domestic Product (GDP). The national debt is approaching 100 percent of GDP, a figure not seen since the 1960s. The deficit on public finances is forecasted to 1.8 percent of GDP. If the Conservative Party is re-elected, or if Labour wins and follow up on its promises, deficit will go up. The debt interest payments are 3.5 percent of GDP, the highest figure since 1995 continuing upwards with current policies.

The impact of Brexit with questions about future trade rules is illustrated by Japanese and French car manufacturers saying they will reconsider current plans for production; some even went further questioning their future in Britain in case of no deal.

A recent analysis by the National Institute Economic Review says that under the assumption of a vote to remain, Gross Domestic Product would have been around 2½ per cent higher at the end of 2019 than now appears likely.

There are many uncertainties over a forecast for the British economy outside EU, but the main point is that all hard facts point to a dismal future while those seeing a bright future outside has very little evidence to support such a view.

At the end of January 2020, we will know whether Britain leaves the EU without a deal or if a deal is approved by the newly elected Parliament on what terms it is leaving. A remote possibility, which cannot completely be ruled out, is that the Parliament dictates a second referendum.

It is, however, by no means the same as the end of negotiations. Now, the hard part commences. After leaving with or without a deal, Britain and the EU will start to hammer out the future relationship governing trade, investment etc – in fact almost the whole spectrum of economic relations. It will not be easy.

Many Brexiteers want to create a kind of low-cost, low-wage and low tax economy with less stringent regulatory framework enhancing competitiveness. But such a model is a pipe dream. The EU will be adamant in the trade negotiations that Britain shadows its rule set if it is to gain privilege access to the single market.

It is foreseen that a new deal for future relationship shall be agreed before end 2020. Wisely enough, recalling how time consuming such negotiations are, a possibility for an extension to 2022 was built into the Withdrawal Bill agreed by both Boris Johnson and Theresa May. To get Nigel Farage to withdraw candidates in constituencies held by the Conservatives, Boris Johnson promised to rule out an extension to 2022 and to pursue a Canada style free trade agreement. Experience from international trade negotiations makes the expectation that such an agreement can be negotiated and agreed before 2022 immensely unrealistic. The worrying observation is that as long as a deal is not clinched, uncertainties remained.

The argument is sometimes forwarded, that Britain out of the EU can boost exports to countries like the U.S., China and India, but it has never been explained why out of the EU would make that easier than as a member of the EU. Surely, few economists see Britain prosper as a low cost producer up against China and India and even more on their home markets.

Furthermore that require access to these countries' home market, which is not available as Britain used to trade as an EU member state. Britain would have to enter into free trade agreements with

countries around the world instead of being ‘shackled’ by agreements negotiated by the EU on behalf of all 28 member states.

Such agreements usually take five to ten years to negotiate. Uncertainties in this period about future terms for trade and investment will make it difficult for Britain to attract foreign investment not to forget the hesitation of domestic companies to invest in such a climate.

On top of that, other countries know very well that Britain needs an agreement more than they do. They can afford to play the long game and wait for Britain to give in to their demands. An example is the U.S. stance with President Trump and others saying that a free trade agreement can be negotiated fast while other sources reveal that the price will be access to the British market for some agricultural products – hormone beef, and chlorinated chicken – which is banned in Britain. The idea of being allowed to bid for parts of Britain’s National Health Service has also been mentioned.

The lesson to take away from the whole Brexit saga may well be that in today’s world it is hard for a country to do well by breaking away from institutionalized economic integration with adjacent countries. This becomes even more risky as the prevailing economic sentiments anti-globalisation sentiments portends weaker globalization and a stronger regionalization trend.

About the EU Centre

Established in 2008, the EU Centre in Singapore was a joint project funded by the European Union (EU), the Nanyang Technological University (NTU) and the National University of Singapore (NUS). From 2016 – 2019, the Singapore Management University (SMU) also became a partner and contributed to the operations of the EU Centre.

The EU Centre was a joint partnership of these three local universities, and was the Coordinator of a 3-year Jean Monnet Network grant (Sep 2016 – 2019). The Network, comprising the EU Centre, Universitas Indonesia, University of Malaya and Maastricht University, had jointly organised a series of summer programmes and activities that was tied to two research themes on Multiculturalism and Multilateralism.

From 1 November 2019, the EU Centre has integrated into the NTU's College of Humanities, Arts and Social Sciences (CoHASS), and has also physically moved from its former location at the Executive Centre of NTU@One North to the NTU main campus. This integration is a result of decisions taken at the end of the third grant from the EU that has been key to supporting many of the activities and events, and also in consideration of the long term sustainability of the Centre.

The primary mission of the EU Centre is to promote knowledge and understanding of the EU, its policies and development of its relations with Singapore and Southeast Asia through research, publications and different outreach programmes.

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