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Version: Accepted Version

Article:
Gamble, A. (2018) Taking back control: the political implications of Brexit. Journal of European Public Policy, 25 (8). pp. 1215-1232. ISSN: 1350-1763

https://doi.org/10.1080/13501763.2018.1467952

This is an Accepted Manuscript of an article published by Taylor & Francis in Journal of European Public Policy on 26 Apr 2018, available online: https://doi.org/10.1080/13501763.2018.1467952.

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Taking Back Control: the political implications of Brexit

The vote to leave the European Union in the referendum held on 23 June 2016 initiated a process which may take many years to complete, and is unlikely ever to be completed in the way that many Leavers hope. The complexity of the task of disentangling the UK from the European Union after forty years of membership has become clear in the period since the referendum. Whether it will come to be viewed as a major watershed in modern British history or merely an episode in the process of the UK's evolving relationship with the rest of Europe is unclear. There is unlikely ever to be political agreement on the consequences of Brexit, or on whether in the long-run it was harmful or beneficial. The vote undermined one of the pillars of the elite consensus since the 1960s, namely that the UK's future lay in being a full member of the European Union. The referendum has unleashed a new dynamic in British politics.

Many Leavers have hailed Brexit as a new 1688, a second 'Glorious' Revolution restoring English liberties and national self-confidence (Patient 2017). Other commentators see it as a new 1534, a second Act of Supremacy overthrowing foreign jurisdiction over England (Hattersley 2017). Despite the historical inaccuracy of these comparisons their purpose is to signal that Brexit is the moment when the United Kingdom, or rather England, regains its sovereignty, making all things possible again. The people reclaim the right to determine how the country should be governed, the character of its political arrangements, and its place in the world. This romantic notion of sovereignty is associated with Enoch Powell. What mattered most to him was the ability of a sovereign Parliament to determine the laws, not what the content of those laws might be. The people might vote misguidedly for socialism, but that was a secondary concern, provided they retained the power to elect representatives to a sovereign Parliament. It is a

powerful vision, and was once shared by many on the Left. But its emphasis on agency and its neglect of structural constraints risks overrating the importance of Brexit and raises expectations too high about the opportunities in a post-Brexit future. 1534 and 1688 are key dates in the story of the expansion of England from small kingdom on the fringes of Europe to far flung colonial and commercial empire. No such expansion looks possible today. This Brexit vision also exaggerates the extent of the UK's integration into Europe. The UK was already semi-detached from the European Union long before 2016. The vote for Brexit makes that status explicit, ridding the EU of an increasingly troublesome and obstructive member. From the Maastricht Treaty onwards it was clear that Britain was never going to be a full member of any new project for European integration, so the vote for Brexit while costly in the short term to both sides and the cause of much uncertainty, may ultimately lead to the working out of a more durable associate status for the UK with the EU, which removes some of the frictions but also preserves some of the benefits of Britain's 43 year membership.

This article discusses the vote itself, the fears and hopes of Remainers and Leavers, and how Brexit altered policy choices and helped unleash a new populist dynamic into British politics, which influenced the June 2017 general election, the first to take place after Brexit. It then considers some of the possible longer-term impacts Brexit may have on institutions and policies which have made the United Kingdom distinctive in the past, such as its multinational political union, its party system, uncodified constitution, centralised governance, its Anglo-liberal political economy, and its post-imperial international role. Will Brexit reverse forty years of Europeanisation and convergence towards European norms, making the UK much more distinctively British again? Or will the convergence continue even post-Brexit?

The impact of the Referendum

The Referendum result was narrow, but also clear. It was also unexpected. There had only been two nation-wide referendums before the Brexit vote, the first Referendum on whether to confirm

membership of the European Community in 1975 and the vote on whether to replace the first past the post voting system in 2011. Both were comfortable victories for the status quo, and the experience of referendums in other democracies was that this was the normal outcome (Qvortrup 2005). Fear of the unknown meant that the argument 'why risk it?' generally prevailed. The Remain campaign had many faults and its leaders made many misjudgements, but it was still able to count on the support of the bulk of the political establishment, and business leaders, as well as a formidable array of national and international experts and authorities, from the Bank of England to the IMF.

The vote was a major blow to the authority of the political class and the governing institutions of the state. It created a serious gap between Parliament and people, since although the people voted for Leave, there was a substantial majority among MPs for Remain. The Referendum was only advisory but could Parliament disregard such a clear 'instruction' from the electorate, especially when the Prime Minister had undertaken to respect the result? Most MPs concluded that they could not, but then faced another problem. No-one could be sure how to interpret that instruction, since there had been no formal manifestos and voters had many different reasons for voting as they did. The will of the people as to what kind of Brexit they wanted had to be interpreted by the Government and Parliament. It could not simply be assumed.

In the immediate aftermath of Brexit both major political parties were plunged into turmoil. David Cameron resigned immediately as Leader of the Conservative Party, triggering a leadership election, while Jeremy Corbyn faced a leadership challenge, after the resignation of most of his front bench team partly because of his lukewarm support for the Remain campaign. Both parties were forced to conduct leadership elections at the same time, which had never happened before. Both parties were shown to be deeply divided by the referendum result but in different ways. 59 per cent of voters who had supported Cameron only a year before at the 2015 general election had rejected his advice and voted Leave in 2016.

For Labour 63 per cent of Labour voters had voted Remain and only 37 per cent Leave, but 70 per cent of Labour constituencies voted Leave (Hanretty 2016).

The leadership election in the Conservative party was brutal but quick. When Andrea Leadsom withdrew, Theresa May was left standing as the only serious candidate, and she was duly elected Leader and appointed Prime Minister without the need for a vote of Conservative members. The Labour party staged a much lengthier leadership election, which ended with the same result as in 2015, Corbyn winning by a comfortable margin. The Conservatives elected a Leader who had backed Remain despite a majority of Conservative voters and members having voted Leave, while Labour confirmed in office a Eurosceptic who had voted against every EU treaty since 1983 despite a majority of Labour voters and still more members (87 per cent) having voted Remain.

Both parties had then to grapple with what Brexit meant. In 2016 voters were asked to choose between leaving and remaining in the European Union, but these terms were extremely vague and the rival campaigns interpreted them in many different ways. The Leave campaign could not agree on a unified campaign, so its campaign was run by two rival organisations, Vote Leave and Leave EU (Shipman 2016). At the time this was considered a weakness but it may have helped them to maximise their vote by delivering different messages to different groups of votes. . Voters could choose between global Britain, which would be committed to free trade, low taxes, and deregulation and Britain First, a country in which immigration would be reduced to very low levels, and government would intervene to bring back manufacturing jobs and the close-knit communities of the past.

The Leave and Remain campaigns were both largely negative, Remainers warning of the dire economic consequences of Brexit, while Leavers highlighted the flood of new immigrants which would overwhelm the UK from Eastern Europe and from Turkey if the UK voted to stay in. The Remain campaign made few attempts to make a positive case for the ideal of European integration and the pooling of

sovereignty. This contrasted with the Leave campaign which employed the old radical slogan 'take back control'. It portrayed a vision of Britain as once again an independent country in full control of its laws, its borders, and its money. Voters were told that Brexit would not only be cost-free but would also bring tremendous benefits, such as £350 million extra a week for spending on the NHS once the UK had ceased paying into the EU budget. This programme proved very popular and swayed many votes, although none of the Leaders of the Leave campaign making these promises was in a position to deliver them. They were not running as an alternative government, accountable to the electorate. This left a vacuum after the result was announced, since the actual Government comprised mostly of Remainers now had the responsibility to interpret the result and deliver Brexit.

What kind of Brexit?

The vacuum was filled by Theresa May. The Government announced it would deliver Brexit and Theresa May appointed a cabinet to do just that, finding important ministerial roles for three leading Brexiters, Boris Johnson, David Davis and Liam Fox. She achieved this by dividing the Foreign Office into three and creating two new departments, the Department for Exiting the European Union, and the Department for International Trade. But it took a long time before the new Government was ready to trigger Article 50 and commence the formal negotiations on the terms of exit. The actual start of negotiations was then further delayed because the Government called a general election. The formal negotiations only began a year after the vote.

The debate on the nature of Brexit became simplified as a choice between hard and soft Brexit. Hard Brexit, or clean Brexit, as many Leavers preferred to call it, was a maximalist position, defined as taking back control of laws, borders and money, quickly and smoothly. The most optimistic maximalists such as the group *Economists for Brexit* argued that Britain did not need a trade deal with the EU or anyone

else. Britain would be best served by declaring unilateral free trade. It did not matter what other countries did. Britain would impose no tariffs of any kind on goods entering the UK market. If Britain did not need a trade deal with the EU its bargaining hand in the negotiations over the terms of separation under Article 50 would be immensely strengthened. A slightly softer version of this stance, favoured by Nigel Lawson among others, was that Britain did not need to negotiate a separate trade deal with the EU because it could rely on WTO rules. For its proponents this outcome would give the UK the maximum freedom to strike its own trade deals and to determine its own regulatory regime. Sacrificing some access to the single market would be a price worth paying to secure that.

This maximalist position was closely allied to the promotion of 'global Britain'. Brexit was an opportunity to complete the domestic revolution in policy which Margaret Thatcher had started, and which had been halted and partially reversed under Major, Blair and Cameron. Globalists wanted a return to a policy regime which promoted low taxes, de-regulation, a minimal state, and flexible labour markets. Britain after Brexit was said to have an exceptional opportunity to recover the commercial agility and entrepreneurial drive which it had displayed in the nineteenth century. Against a background of a slowing growth in international trade and a large and growing UK trade deficit (more than 7 per cent of GDP), the urgency for Britain outside the EU to recover its commercial elan was pressing. Liam Fox claimed that British business had grown fat and lazy. Exporting should not be thought of as an opportunity but as a duty (Fox 2016), a familiar refrain of ministers in the 1960s, before entry to the Common Market.

The other maximalist position on the Leave side was the nationalist position associated with UKIP. For nationalists Brexit meant above all the opportunity to take back control by radically reducing immigration. Many Leave voters wanted to see a big reduction in the number of immigrants already in the UK. UKIP Leaders acknowledged that some immigration would have to continue after Brexit, but they wanted it to return to the levels of the early 1990s, no more than 30,000 or 40,000 a year, instead of the 300,000 which had become common in the years before the referendum, particularly following the

decision of the Labour Government not to impose restrictions on the free movement of citizens of new member states such as Romania and Bulgaria after 2004. Immigration was a source of tension with the globalists in the Leave campaign, who wanted to emphasise the wider advantages of taking back control rather than making immigration the priority. It simmered during the campaign and burst out after the vote was won. Many prominent figures in the Leave campaign were openly disparaging of the desire of the nationalists to achieve a drastic reduction in immigration numbers, because of the effects this would have on the UK economy, which for the past fifteen years had become very dependent on immigrant labour. Strict control of immigration would undermine the flexible labour market and be inconsistent with the low tax, low regulation regime which the globalists sought.

The Remainers, who formed a majority in May's Cabinet, as well as a majority amongst Conservative MPs, mostly accepted the Referendum result but advocated a minimalist position on Brexit. Staying in the single market and the customs union was a greater priority than ending free movement. Britain's trade interests were best served by negotiating some form of associate status with the EU post Brexit to ensure the least possible damage to British trade and jobs. This could be secured by joining the European Economic Area, and securing a similar status to Norway, Iceland and Lichtenstein. Minimalists fear the short-term dislocation in trade and the scale of economic adjustment that a harder form of Brexit implies, and the long-term damage to the Conservative reputation for economic competence if there was a market collapse and another steep fall in the pound as a result of hard Brexit. They argue that the British growth model developed over three decades depends in part on a very flexible labour market and expanding employment. It only works if there are high levels of immigration. Bringing immigration down below 100,000 per annum will be hard to do without destroying many key sectors of the British economy. But they are aware that if immigration is not reduced to much lower levels, Brexit will be denounced as a hoax by a new generation of populists.

Another serious misgiving of the minimalists about the impact of Brexit is that it exchanges a very strong and stable trading relationship with the EU for a set of trade deals with other countries which may well involve even more loss of sovereignty. A trade deal with India for example may require the UK to accept a much higher level of Indian immigration. A trade deal with the US may require reductions in environmental standards and protections, and the opening up of the British public sector including the NHS to US firms. Against this they cited the proven advantages of the single market in raising prosperity and productivity. Many of the minimalists accepted the political difficulties and dangers of reversing or ignoring the Brexit decision. But as the full implications of leaving the EU became apparent, they pressed the Government to secure status quo transitional arrangements after 2019, while a long-term trade deal was negotiated. Because minimalists were often at best lukewarm about Brexit, and downbeat about the opportunities it brought the British economy, many Leavers accused them of seeking to sabotage Brexit, making the transitional arrangements permanent, so that Britain never leaves.

Theresa's May position has at times appeared to be both maximalist and minimalist, globalist and nationalist. This has often been an advantage for her. When she ran for Leader many Leavers were suspicious of her and did not vote for her, arguing that to be credible the new Leader of the Conservatives had to be a Leaver. Yet despite this it was Leavers who in the early period of her government were happier with May as Prime Minister than Remainers. The balance of government policy was tilted firmly towards the demands of the Leave campaign and the concerns of the 52 rather than the 48 per cent. In a series of speeches, at the Conservative party Conference in October 2016, and then definitively in her speech at Lancaster House in January 2017, May made it clear that she now accepted the result of the Referendum. Brexit meant Brexit. The vote on June 32rd 2016 had been clear and decisive and that meant Britain was leaving the EU. The Referendum vote she declared gave the government a mandate to implement Brexit. It was quite clear what the people had voted for, namely that Britain should be a sovereign nation again with full control of its own borders and laws. Trade and investment were secondary issues to be

determined once Britain was sovereign again. Existing trade links could not be allowed to stand in the way.

May had concluded that this was the only strategy which was politically realistic. Immigration was crucial. To honour the Referendum result she had to deliver immigration control in a way which would be understood in those constituencies, particularly in the North and East of England, which had voted Leave. Her inflexibility began to alarm many minimalists, because her stance appeared to pay no heed to the grave risks to the economy and to the Union of a hard Brexit. But May and her advisers were more concerned with the political risks the Government would face if she failed to satisfy her maximalist wing whose concerns were amplified by the Conservative newspapers.

In pursuit of her strategy May reduced contact with representatives of business and downplayed their concerns, while still maintaining that she wanted a 'deep and special' partnership with the EU after Brexit, including a free trade deal. Donald Tusk, the president of the European Council, repeatedly warned that the UK could not cherry pick and must choose between a hard Brexit or no Brexit (Tusk 2017). If Britain wished to leave the EU in order to regain full control over its borders it could not expect to retain the privileged trading status which the single market conferred on member states. Yet Theresa May and several of the Brexiters in her Cabinet continued to maintain that Britain could take back control of its borders and still expect full access to the single market. It could achieve a frictionless exit. But although May flirted from time to time with this have cake and eat it approach, her basic position remained clear. She declared repeatedly that no deal was preferable to a bad deal, which many took to be a bluff, but a bluff which she might be forced to go through with and see Britain crash out of the EU without a deal of any kind. This did not worry the unilateral free trade globalists, but it caused consternation and dismay throughout business and the civil service as well as a large part of the Cabinet and the Conservative party, aware of what this could mean for the economy and for social cohesion, and for the Conservatives' reputation for economic competence

The 2017 General Election

When Article 50 was finally triggered in March 2017, May was riding high. The Conservative party had united behind her. She had won support from the pro-Brexit media of a kind which no Conservative Leader had enjoyed since Margaret Thatcher. She enjoyed approval ratings of plus 10. Jeremy Corbyn by contrast had an approval rating of minus 40. The Conservatives had a poll lead over Labour of more than twenty points, and in March it captured the Copeland constituency from Labour in a by-election, the first time a governing party had won a byelection since 1982 and in a seat which Labour had held since 1935. Despite her earlier denials that there would be an early general election the opportunity to win a personal mandate, increase her freedom of manoeuvre and be guaranteed office for a full five years, stretching comfortably beyond the point at which Britain would leave the EU in 2019, was too great to resist. An election was called for June 8th.

The election became the Brexit election, in two senses. Its outcome was heavily shaped by how people had voted in the Referendum, and the result was, like the Referendum, unexpected. Instead of increasing their overall majority the Conservatives lost the one they had, despite increasing their share of the vote and their total number of votes. May's authority was temporarily shattered. Her plans for a far-reaching reshuffle, had to be abandoned, and she had to sacrifice her two closest aides, Nick Timothy and Fiona Hill. Not only had the Conservatives inexplicably taken a step backwards, but they had allowed Labour with a populist left programme to make a big step forward. Labour's successful campaign and manifesto transformed the standing of Jeremy Corbyn, the party increased its vote share by ten percentage points, and had a net gain of 30 seats. The Conservatives had targeted Labour northern seats which had voted Leave and had a significant UKIP vote in 2015. The UKIP vote collapsed, but the Conservatives only picked up five of their target seats. 18 per cent of the UKIP vote went back to Labour, which also polled strongly amongst the young, graduates, ethnic groups and in big cities, especially

London. The surge of young voters and Remain voters for Labour saw the capture of traditional Conservative seats including Kensington and Canterbury.

The Conservatives still won sixty more seats than Labour, and they were able to stay in government by concluding a confidence and supply agreement with the pro-Brexit Democratic Unionists in Northern Ireland. But the election transformed the political situation, and made May's position highly precarious. The difficulty of carrying through a hard Brexit of the kind she had favoured before the election was made much more difficult. The hard Brexit wing of the Conservatives was already emboldened and ready to punish any backsliding. But now the anti-Brexit wing of the Conservatives was emboldened too. Both had enough votes to bring her Government down and so force concessions. Her negotiating hand in Brussels was substantially weakened, and it was questioned whether she could command a majority in Parliament to get through essential Brexit legislation.

The election showed the impact of Brexit. It confirmed a realignment of voters across traditional party lines, and confirmed that the Referendum had unleashed some new and destabilising forces in British politics. The victory of the Leave campaign which relied in part on populist appeals against the political class and established authority and expertise, created conditions in which other forms of populism could succeed. In 2017 the unexpected beneficiary of the new populist mood was Corbyn's Labour party. Corbyn's status as an outsider and his populist manifesto sparked a Labour surge. The irony of his success was that it owed much to Remain voters, yet the manifesto had been vague over what Labour's precise policy towards Brexit was. It managed to suggest that Labour would end free movement, but would also negotiate the fullest possible access to the single market and would grant EU citizens their full rights. But it soon became clear after the election that Jeremy Corbyn still believed that Britain should leave the EU and that part of leaving was leaving the single market and regaining control of immigration. His position was very close to that of the Government, and a long way from his enthusiastic young supporters who had turned out to vote Labour in record numbers. Under pressure from the party Labour's

official position was later modified and Labour became committed to staying in the single market and customs union during the transition period, as well as arguing that no arbitrary time limit should be placed on how long that should be. In 2018 it became committed to staying in a customs union in perpetuity. But the commitment to respect the referendum result and leave the EU remained Labour's official position. The leadership opposed calls for a second referendum.

Negotiations with the EU began in earnest after the election. British ministers still hoped that the EU would agree to discuss the terms of the divorce settlement alongside a future trade deal, and that this could all be agreed quickly. The EU however insisted that any discussion of a trade deal could only begin once the 'divorce settlement' had been agreed, on citizens' rights, on the divorce bill, and on the status of the Irish border, and progress on agreeing these was painfully slow. The British Government published several position papers in the summer of 2017, but many details were left vague. May attempted to break the logjam in the talks in a speech in Florence in September 2017, but her offer on the UK's budget contribution was deemed insufficient by EU Leaders. Many observers at that time believed that a deal would eventually be done both on the divorce settlement and on a trade deal, but that it would be largely on EU terms, and the trade deal would not be finalised before Britain's exit, and that the likely transition period would be too short (Grant 2017). Agreement on the divorce settlement and the transition period were agreed at meetings of the European Council in December 2017 and March 2018, but only after Britain made major concessions and discussion of the most difficult issues was postponed.

Some longer-term implications of Brexit

One of the motivations of those who led the Leave campaign was to halt the creeping Europeanisation of British politics and government, to take back control, restore British sovereignty and the accountability of Parliament to the British people, and in this way to make Britain great again. From

this perspective Brexit is about restoring and enhancing the distinctive and exceptional aspects of the UK state. How likely is this?

The picture is a mixed one. Will Brexit for example give a new lease of life to the UK multinational state? In the Referendum Scotland and Northern Ireland voted Remain, while England and Wales voted Leave. In Scotland UKIP performed poorly and all four main parties campaigned strongly for Remain. The SNP sought to use the result to argue that Scotland should not be taken out of the European Union against its will, and if the Westminster Government attempted to do so without consulting Scotland then the SNP would seek a second independence referendum. This argument may in the future have some force particularly if the negotiations fail and Britain crashed out of the EU without a deal. In the short-term the SNP made little headway, and in the 2017 general election although they remained comfortably the largest party they lost votes and seats to a resurgent Conservative party under Ruth Davidson and also to Labour. But although the immediate prospect of a second independence referendum has receded, at some stage it may return, particularly if the Brexit which now unfolds comes to be seen as damaging to Scotland. Scotland is now an increasingly separate polity and votes in significantly different ways to England. Holding Scotland within the Union remains a huge challenge for Westminster politicians and Brexit makes it that much harder.

The situation in Northern Ireland is even more complicated, because although the Democratic Unionists backed Leave and Sinn Fein backed Remain, a significant part of the Unionist vote also backed Remain giving Remain a narrow majority. One of the reasons for the vote was the status of the border with the Republic, and the risk that a hard Brexit would entail the reimposition of a hard border between North and South, threatening the peace process and economic prosperity. Resolving this issue was made one of the three core issues in the initial Brexit negotiations. It proved the most intractable. Finding a compromise to satisfy all sides was complex as many of those with long experience of Northern Ireland politics warned. The Republic of Ireland publicly stated that it would not help to engineer a new border

between North and South and proposed instead the Irish sea as the border between Ireland and the UK, allowing Northern Ireland to stay within the single market and the customs union. The May government's dependence on the Democratic Unionists ruled that out, and it was also opposed by many Conservative backbenchers. The vote for Remain in the Referendum was another sign that opinion in Northern Ireland is slowly shifting away from the connection with Britain, giving greater priority to links with the Republic. Brexit has interrupted that process and led to a new polarisation along sectarian lines. It is another example of how, far from uniting the United Kingdom around a new common purpose, Brexit has made the Union more fragile.

A second area of longer-term impact is on the constitution and on governance. Britain has long been a very centralised top-down state. Its participation in EU institutions was gradually shifting the UK policy style and governance norms. Will Brexit mean that the UK reverts to a much more distinctive and idiosyncratic set of arrangements? In the short run nothing very much will change. To simplify the process of withdrawal the Government's EU Withdrawal Bill proposed to incorporate all existing EU legislation into British law. Parliament will then consider whether or not to change any particular law. That means that very little might change, particularly if future British Governments are keen to stay as close to the EU as possible. One of the arguments for leaving the EU was to restore parliamentary sovereignty, which should mean Parliament deciding whether or not to take note of the referendum result which constitutionally was only advisory. The suggestion however that Parliament might call another referendum or reverse the referendum decision following some future general election infuriated many Leavers. 'Crush the saboteurs' was the Daily Mail's headline after May had announced the election in April 2017 (Daily Mail 2017). This kind of dilemma is present in many other fields, for example over whether to withdraw the UK from the jurisdiction of the European Court and the European Court of Human Rights. In the last twenty years Britain abandoned much of its old customary constitution (Johnson 2004). It will be hard to revive but also hard to know what the constitutional and governance implications of a post Brexit

UK will be. The UK has become used to having many policy issues dealt with at the European level, where the policy style and interest group politics are very different from that at Westminster (Richardson 2017). To avoid domestic policy fiascos British governments may need to change the policy process at Westminster. But there are no signs they are thinking of doing so.

The future of referendums is also unclear. The British political class up to now has treated referendums casually, giving little attention to the circumstances under which referendums should be held, the issues for which they might be appropriate, or the thresholds which might be necessary for fundamental questions to ensure that the result of a referendum represents the settled will of the people. Instead a majority of one, whatever the turnout, is currently all that is needed to determine the outcome of British referendums, which have now twice been called to try to resolve internal party conflicts. They have rarely settled anything. In the referendum in 1975 called by the Labour Government, two thirds voted Yes. But within eight years the Labour party fought a general election with a manifesto pledge to pull Britain out of the Common Market.

A third area of longer-term impact concerns the party system. The 2017 election showed that Brexit is both a symptom of longer term trends which are realigning British politics and also a magnifier of them. It has contributed greatly to the sense of fluidity and uncertainty in Britain, which feeds through to the volatility of public opinion, and the sudden surges and equally dramatic collapses in support for particular leaders and particular parties. The referendum revealed a very divided country, but one divided not so much by class but by age, education, ethnicity, region and nation, giving rise to new political identities - cosmopolitan and communitarian. The big cities, particularly London, tended to vote Remain, smaller towns and villages tended to vote Leave. The tendency for older people to vote Leave and younger people to vote Remain was particularly pronounced, as was the tendency for those with some form of higher education to vote Remain and those without to vote Leave. These patterns were then replicated in the 2017 General Election, accounting for the surge in both Conservative and Labour support at the

expense of third parties, including the Liberal Democrats, the Greens and most dramatically UKIP (Curtis 2017). One impact of Brexit has been to restore a two party system. In 2017 Labour and the Conservatives won more than 80 per cent of the vote for the first time since 1979. This may not last. It is hard to imagine one or other of the two main parties will not suffer a big fall in support at some stage, and third parties may again be the beneficiary. But Brexit has certainly reshaped the social bases and the identity of the two main parties, and this is likely to endure. 77 per cent of Labour's greatly increased individual membership are drawn from the professional middle classes, and 87 per cent of Labour members voted to Remain. The Liberal Democrats collapsed in the 2015 election after their spell in coalition, and in 2017 although they regained a few seats they lost further vote share. Brexit polarised British politics between Labour and the Conservatives, but the picture is confused because both parties are seriously divided, and are straddling quite incompatible positions in a bid to appeal to as many voters as possible. The Liberal Democrats, the Greens and UKIP who all have much greater clarity on their position on Brexit, may start to revive again as the inconsistencies of the two main parties become exposed. But for the moment Brexit has reshaped the political map and has broken not just the link between Britain and Europe, but has also undermined the consensus on austerity.

A fourth area of longer-term impact is on political economy. In the immediate aftermath of Brexit Leavers were jubilant that the sky did not fall in and that the economy continued to grow. The warnings that a vote for Brexit would create an immediate crisis of confidence among investors and plunge the economy into an immediate recession were not borne out. The appointment of Theresa May as the new Prime Minister helped steady the markets, while the Bank of England intervened with a package of measures, including a rate cut and an increase in bond issues. The main impact of Brexit was that the pound fell sharply on the foreign exchanges, but the inflationary consequences of this were delayed until 2017. Although the short-term effect was to boost exports by the end of 2017 the balance of payments deficit was widening again (Inman & Parkington 2017).

Before the referendum there were widely divergent forecasts of the effect of Brexit on the economy. Many of the models were flawed or partial in their use of evidence (Whyman & Petrescu 2017). The economic effects of Brexit were never likely to be immediate and catastrophic as the Treasury forecasts implied. The models also left out the effects of political intervention by the financial authorities. Similarly the expectation of some Brexiters that the UK could pass seamlessly and without friction into a much more prosperous and dynamic future was also improbable. Most economists and financial analysts continued to predict that there will be significant economic costs from Brexit over the medium term. RaboBank for example in October 2017 estimated that a hard Brexit would cost the UK £400bn by 2030 or 18 per cent of GDP (Rabobank 2017). Whether Brexit does lasting damage to the UK economy depends on how quickly government and citizens adapt their behaviour to the new circumstances Brexit brings. One of the ironies of the Brexit vote is that the areas likely to adjust most quickly and suffer least long-term damage are the areas which voted Remain, while the areas which voted Leave are likely to suffer disproportionately unless there is significant government intervention and a much more coordinated industrial strategy to assist them. That is because they have fewer young, entrepreneurial, highly educated cosmopolitan citizens and are more dependent on EU subsidies and protections which are unlikely to be fully replaced.

Some relocation of business and investment looks inevitable, and has already begun, as businesses assess the risks and the likely outcomes of the Brexit negotiations. But there will be many new opportunities as well for particular sectors and companies. The economy will be reshaped by the different pressures which the Brexit process will bring about. The 20 per cent fall in the value of the £ after the Referendum result is one of the forces bringing about that change. An economy as large and as flexible as the UK's will find ways to prosper after Brexit because although there will be losers there will also be winners. But those who take this optimistic view of Brexit also tend to think that the surest way for the potential of Brexit to be realised is for it to be as hard and as clean as possible. Only if Brexit delivers a

sharp shock to traditional ways of doing things is it likely to have a beneficial effect. The economic and political risks of a hard Brexit and a cliff edge mean however that most of British business lobbied hard during 2017 and 2018 to ensure that Brexit was as painless as possible by changing as little as possible in the UK's present relationship with the EU.

Business was divided over the merits of Brexit and is still more sharply divided over whether the UK should seek a hard or a soft Brexit. Most large industrial and financial companies, particularly those involved in the euro clearing markets, were opposed to Brexit, but there was a significant group of City firms, particularly hedge funds, who supported Brexit. Small businesses were more evenly divided between Leave and Remain. The trade unions mostly backed Remain, with varying degrees of enthusiasm, but all were united in opposing the globalist dream of slashing taxes, employment rights and labour market regulation in post-Brexit Britain.

The economy never operates independently of politics, although most economic models assume that it does. Assessing the impact of Brexit on the economy has to take account of political pressures, and political reactions to economic conditions. Polling evidence indicates that many Leave voters, particularly older Leave voters were prepared to accept an economic cost to achieve the Brexit they wanted (Mance 2017). The political risk run by all parties but particularly the Conservatives was that they may prove unable to deliver the kind of Brexit Leavers wanted. The risk that a no-deal would lead to an economic collapse, and the insistent lobbying of so much of British business against a hard Brexit pushes the British Government inexorably towards a soft Brexit. But that means that the actual Brexit which is delivered may be hard to distinguish from remaining full members of the European Union. The survival of the Conservative Government turns on whether it can successfully balance the competing claims of its warring party factions with the pressures from business and the EU itself. In 2018 May was seeking to keep the support of Brexiters in her party by offering a symbolic Brexit, the formal regaining of sovereignty in March

2019, while seeking at the same time to keep the support of Remainers by promising them that Britain would use its sovereignty to stay as closely aligned to the EU as possible.

A final longer-term impact of Brexit is on geopolitics and Britain's place in the world. NATO and the EU have been the bedrock of UK national security. The impact of Brexit will at best introduce uncertainty and at worst may permanently weaken western defence by introducing new divisions in Europe. There are specific issues about how a post-Brexit UK will continue to cooperate with bodies such as Europol and Euratom. It is assumed that Britain's continued participation in European security arrangements will continue after Brexit, but this is not certain. It depends on the negotiations being a success, and if the talks were to break down, many other forms of co-operation might be in peril. The election of Donald Trump further complicated matters, because Trump's evident dislike of the EU and of NATO and his support for reviving the special relationship between the UK and the US offers the UK the tempting prospect of making its relationship with the US once again the anchor for its foreign policy and its role in the post-Brexit world.

Churchill defined post-war Britain as being at the centre of three circles – Empire, Anglo-America and Europe. For post Brexit Britain there is no way to revive Empire and it is leaving Europe. Anglo-America and the wider Anglosphere offer Britain's best hope to redefine itself after Brexit and find external support to safeguard its domestic political union (Kenny & Pearce 2018) But relying on the Trump presidency is likely to bring disappointment. The nativist and isolationist strand in Trump's thinking (Laderman & Simms 2017) makes him an unreliable partner for a British Government which is globalist and wants to reaffirm its support for free trade and the international market order. Brexit is therefore likely to entail a diminution in Britain's influence and diplomatic weight in the world. The UK remains a member of the G7 and the G20 and has one of the five permanent seats on the UN Security Council. But it will no longer be part of the decision-making process of the EU and its relationship with the US is highly unequal.

Conclusion

Brexit has already had a substantial political impact on the UK, ending and advancing political careers, realigning the political parties, injecting a new populism into British politics, further destabilising the Union, and arousing fears that Britain may become less open, less diverse, and less liberal. There is dispute over whether Brexit will continue to be a disruptive force or whether its importance will now gradually subside. Much depends on what kind of Brexit finally emerges from the negotiations, and who will most be disappointed by the outcome. The costs of not delivering a Brexit which is endorsed by those Leavers for whom Brexit is the preeminent political issue could undermine democratic legitimacy and lead to restoration of the fortunes of UKIP or some successor party. But it is hard to see how this can be avoided, since the alternative is a hard Brexit which could produce the kind of economic shock which the Treasury warned about during the referendum.

The Referendum vote and the triggering of Article 50 makes cancellation of Brexit almost impossible to accomplish politically. Only the Liberal Democrats are campaigning for that. The bid to secure some kind of associate status with the EU, inside or outside the European Economic Area, staying in some kind of customs union, is more plausible, although there is no guarantee the EU will agree. Such an outcome would mean that sovereignty would notionally have been regained, and Britain would no longer participate in the Council of Ministers, the European Commission or the European Parliament. British passports would be blue again, although without the hard covers and large format of the pre-Common Market passports. Britain would have negotiated access to the single market and agreed a regular payment into the EU budget. Britain would have sovereign control over its borders, but it would exercise that sovereignty to admit as many workers from Europe as it does currently, reflecting the needs of the economy. Many Conservative MPs who supported Leave will be content if the European Court no longer has jurisdiction over the UK. Formal legal sovereignty may return but real political sovereignty will

not. The impact of Brexit will be to reduce still further Britain's influence and ability to shape the rules which govern its trade. After Brexit it will become even more a rule taker rather than a rule maker.

Britain's relationship with the EU will still be a major concern of British politics after Brexit. There will still be a tendency to blame the EU for anything bad that happens to Britain. Brexiters claim that Britain is leaving the EU not leaving Europe, but that remains to be seen. Many relationships will be more difficult and permanent damage may have been done to how Britain is perceived by European citizens and still more by European politicians. The long-term impact on British domestic policy is intriguing and paradoxical. Many of the leaders of the Leave campaign wagered that exiting the EU would deliver Thatcherism MkII. But the conditions are not propitious, and what Leavers overlook is that membership of the EU helped lock the UK into a particular form of economic liberalism. That is why Margaret Thatcher was such a strong advocate and supporter of the single market. It was one of the reasons for joining in the first place, and why so many in the Labour movement were opposed. But the populist temper which the Brexit vote has uncorked has breathed new life into anti-liberal and anti-capitalist forces in Britain, and shattered the Thatcherite and the Blairite consensus, and may force a radical rethinking of the UK's economic model (Munchau 2017). It might even mean that the UK becomes more European rather than less in the future. This may be one of the more lasting and paradoxical impacts of Brexit on British politics.

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Word Total: 7995

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