

Britain After Brexit¹

It is now just over two years since Britain left the EU. The first year was transition, in which nothing significantly changed. It has now been out for over a year. How have things gone, and what are the prospects for the immediate future?

1. Brexit

Brexit itself was a strange phenomenon. The decision to leave was taken on the basis of a referendum, in which a majority voted against the recommendations of virtually all 'establishment' figures, right across the political spectrum. A strong economic case was made against it,² and it was also argued that Britain leaving the EU would pose particularly difficult problems in respect of Northern Ireland. The Brexit referendum itself left things radically unclear as to what Brexit would mean (i.e. as to what a government seeking to implement it would be aiming for); and the process of negotiating an agreement with the EU would also, of necessity, be complex.

Part of the problem was posed by the fact that why people voted for Brexit was itself complicated.

There were some underlying issues about Britain's being a member of the EU. There were deep-seated misgivings about how the EU had developed, in the first place. Britain had not gone through the process of being invaded in either the First or the Second World War (although the cost of the First World War had been high in terms of manpower, and the economic consequences of the Second World War were devastating).³ But this meant that while there was a willingness to accept a free trade area (although not necessarily the limitations on sovereignty which would of necessity go with it⁴), there was deep hostility towards Federalist tendencies within the EU.

Politically, the EU aroused suspicions on the part of those who favoured a strongly market-based approach to issues of public policy, and who tended to see themselves as culturally closer to aspects of the U.S. While suspicions were also raised on the traditional Left, who saw the EU's approach as hostile to the kind of state ownership, control and subsidies that they favoured. (Indeed, some people on the Left have thought that the EU looked in some ways too close to comfort to some of Hayek's ideas about inter-state federalism.) More deeply, a key

problem was that British institutions (for example trades unions) had, historically, grown up on a competitive pluralist rather than the corporatist basis that was found in a number of Continental countries. In addition, the British tradition of Parliamentary Sovereignty, and of English Common Law, were at odds with the constitutional and legal approaches that dominated the EU.

Two other issues loomed large. First, Britain was already struggling with the consequences of large-scale immigration from Commonwealth countries. Adjustment to this was clearly something that would require a good deal of time. But the extension of the EU, and of free movement of labour within it, led to large-scale migration to Britain from Eastern and Central European countries which had not been anticipated by the British government.⁵ While all this provided net benefits to the economy, it added to pressures on the housing market, and adversely affected those who were particularly dependent on governmental provision of goods and services. In addition, while everyone benefitted from, say, immigrants working in the Health Service and in transportation, the most obvious competition for jobs, and also the costs of adjusting to new neighbours whose social background was different, fell onto poorer people.

Second, there was the background problem of the loss of industrial employment, and the impact of this on the social structures which had been built round it. In part, this was a matter of jobs moving to other countries; e.g. China. But as has been widely commented, there has also been a massive impact from developments in IT and automation, which would have meant radical changes in employment, even if there had not been a shift of jobs overseas.⁶ Adjustment to the loss of industrial employment was difficult in Britain. Britain had had a long history of incompetent management and poor labour relations. It also – as compared with Germany – had a poor record in technical education. And when – with Thatcher – a political regime came into power which was positive about markets and entrepreneurship, it faced the ‘Dutch disease’ problem posed by a currency the value of which had been raised by the economic consequences of North Sea Oil.

In addition, the British Conservative Party under Thatcher had, in broad terms, suffered from a lack of well-worked out ideas about what they might actually do. It is striking that when Sir Keith Joseph, who played a key role in the revival of market-orientated ideas in the Conservative

Party, set up the Centre for Policy Studies as a location in which market-oriented policy and speech-making could take place to influence the Conservative Party, he was, initially, sceptical about 'denationalization' – which, renamed, came to be a key Thatcherite policy of 'privatization'.⁷ When privatization was embarked upon by the British government, there seems to have been little thought given to, let alone good quality public debate about, what this would mean in less than obvious cases, such as power supply, transport, health and education.⁸ Not only was there an unwillingness to accept that there needed to be learning by trial and error with respect to the new institutional arrangements that would be created. But there has been a general unwillingness to learn from what had been done in other countries.

A consequence of all this was that, in broad terms, former industrial areas – typically, in the North of England – languished. While London and the South East performed much better, economically. Here the City of London developed into a particularly significant international financial centre, with a concentration of all kinds of expertise relating to finance and ancillary services. While significant economic growth came also from commercial activity which spun off from research activities in the universities of Oxford and Cambridge. Socially, these developments led to the development of a meritocratic elite, with important networking and social interconnections which linked them to the EU, the United States, and beyond. The population of London itself became increasingly cosmopolitan. By contrast, the former industrial areas in the North of the country did not thrive in a comparable manner, especially the smaller towns. As compared to London and the South East, they offered fewer attractive employment prospects, and frequently offered poor-quality housing, and a relatively unattractive climate. There was, often, a drain of the most talented and employable people from other parts of the country to the South East.

In the face of all this, what had been traditional support for the Labour Party in these areas started to falter. The Labour Party had, historically, been a product of an alliance between the Trades Unions, and more middle-class socialist groups. But in more recent years, Trade Union membership fell with the decline of employment in industry. This

meant, however, that the kind of direction that Labour had given to its working-class supporters into mildly socialist, and socially 'progressive' directions, faded with time. In addition, the Labour Party tended to become increasingly strongly based in cities, and appealed to ethnic minorities and to young graduates – the numbers of whom became increasingly significant, with the increase in those attending universities. This meant that there tended to be increasing support for 'woke' issues, rather than the more traditional economic concerns of the industrial working class. This in turn meant that the Labour Party had less appeal in their traditional formerly industrial Parliamentary seats in the North.

A final significant factor was UKIP – a political party which argued strongly for Brexit. While it did not perform well in British elections (other than for the European Parliament, an institution which few people in Britain took seriously), it put increasing pressure on the Conservative Party. Indeed, the then Prime Minister, David Cameron, championed a referendum about Brexit, in the hope of settling the issue and, in this way, securing the Conservatives against further electoral erosion to UKIP. The Brexit referendum was a disaster for Cameron. He had favoured continued membership in a reformed EU. But he was not able to get concessions which would have helped him, politically, from the EU. He was on the losing side in the referendum. But it had significant consequences in the longer-term for the Conservatives. For a number of voters in former Labour seats in the North, shifted their support to UKIP, and voted for Brexit.

Cameron, having lost the referendum, resigned the leadership of the Conservatives. But they were still in power. They were then faced with the difficult problem of trying to negotiate with the EU what the terms should be under which Britain left. The result was difficult and chaotic – many people were still strongly opposed to the idea that Britain should leave at all, while it was completely unclear what kind of exit Britain had voted for. (E.g. it was not clear what Brexit implied in terms of the single market, the customs union and the European Court of Justice.) In the event, Boris Johnson gained the leadership of the Conservatives, and fought an election on the slogan 'Get Brexit Done', while favouring a particularly radical interpretation of Brexit.

In getting this through Parliament, he behaved in ways that broke with a number of Parliamentary traditions (which were important in Britain as a constraint on the power of the executive, just because Britain does not have a written constitution). In addition, when they did not give him the support that he wished for, he deprived several senior and experienced parliamentarians of their membership of the Conservative Party. He also behaved in ways that were constitutionally problematic, and suffered a rebuke for this in the law courts. He ended up fighting – and winning – an election, in which he successfully appealed to Brexit voters in the North, claiming that he was going to follow a policy of ‘levelling up’ the country.

The Conservative Party, which Johnson currently leads, are in a difficult position. Johnson has a considerable majority. But its supporters consist of an odd mixture of: (i) older, more traditionally-minded people, to whom the Conservatives offer nothing, but who have nowhere else to go; (ii) affluent people in the South East of England, who are concerned to defend their economic position – e.g. by way of ensuring that as few houses as possible are constructed, and other forms of development take place, near their expensive houses; (iii) former Labour, then UKIP, supporters, who expect Johnson to ‘level up’ the country. Johnson’s problem – even at the best of times – was that it was not clear how these interests could all be satisfied at once. And, in addition, the Conservatives faced the problem that a lot of their core supporters are elderly, and in consequence, that their numbers will decline over time.

2. Post-Brexit Problems

Johnson’s Conservatives were successful in the General Election that took place in December 2019. In part, this was on the strength of his undertaking to ‘Get Brexit Done’, which appealed to the impatience of people who had voted for Brexit and had been dismayed by what seemed to them the lack of progress with actually accomplishing it. In part, it reflected a problem about the Labour Party. To tell a long story briefly, under Tony Blair, Labour – reinvented as ‘New Labour’ – had, in effect, continued an explicitly meritocratic, Thatcherite approach to the

economy, while increasing spending on the National Health Service and welfare. Their expectation was that this could be financed by the increased government revenues that would be generated by its economic policy. But the kind of approach that New Labour favoured was hit, just after Blair left office, by the financial crisis of 2008, while his personal prestige was hit by his unpopular espousal of the invasion of Iraq. More generally, a problem about Blair's approach was thought to be his over-reliance on the manipulation of media, and on focus groups for the development of policy. (He gave the impression of being the kind of person who, if asked what his fundamental moral and political principles are, would pause to take soundings from focus groups before answering.) After other leaders who were not successful, Labour elected Jeremy Corbyn as their leader. He was an old-style leftist, but based in London.

Corbyn was someone with high personal integrity (as contrasted with New Labour's Focus Groups and media spin). But he carried a lot of baggage – e.g. by way of association with radical groups overseas whose activities were sometimes unsavoury. He was perceived as not having taken action when anti-Israeli views led people in the Labour Party into explicit antisemitism. And while he was acclaimed by urban activists in some large cities, his views – and his persona as projected by hostile news media – did not go over well with traditional Labour voters in the North of England.

Johnson won an impressive victory. But he was left with some difficult problems. He was committed to 'getting Brexit done', on the basis of a very quick timetable, and seemed more interested in accomplishing this than in getting an agreement with the EU which would actually work well for Britain, e.g. in respect of service industries which played a major role in its economy. He tended to be keen on large populist gestures, but impatient of details. A key problem, here, related to Northern Ireland.

Northern Ireland was problematic, because it had – when Ireland became independent of Britain – been carved out, from areas in which a

majority of the population were the descendants of settlers from England and Scotland. They had been encouraged to move to Ireland – over many centuries – as a bulwark against the possibility that the Irish would ally with the Catholic powers of Spain or France, against Protestant Britain. They developed their own distinctive culture, identifying strongly as 'British', and running Northern Ireland to their own advantage. The growing Catholic population in Northern Ireland were treated badly; but at the same time, they carried a background heritage of identification with the cause of a united Ireland and, within this, a certain sympathy for armed resistance to the British. This led to the 'troubles', in which, subsequent to organization for Catholic civil rights, there was terrorist activity by some Catholic Republicans, but also by Protestant 'loyalists'. There was armed resistance by some of the republican groups against the British armed forces, and subsequently the bombing of a variety of targets in Britain itself.

The 'Belfast Agreement', brokered in part by the Americans, forced a form of power sharing in Northern Ireland between the different communities, and led to an uneasy peace. But a major problem was posed by Brexit, just because Ireland itself remained in the EU. There were multiple inter-connections between people and the economies in the North and South, and there was free movement of people back and forth. Brexit threatened all this, and there was a risk that the erection of a formal border between North and South would lead to wholesale evasion of customs regulations, and provide a symbol which might lead to a resurgence of armed strife, and threaten the Belfast Agreement.

It was simply not clear how this problem was to be resolved. Johnson, in a populist move, went for an option which had Northern Ireland remain within the EU's single market for goods, and thus for their free passage between Northern Ireland and the South. This, in effect, created a border across the sea between Britain and Northern Ireland, between Britain and the EU's single market. But at the same time Johnson declared that there could still be free movement of goods between Britain and Northern Ireland, which was completely at odds with the agreement that he had just signed with the EU. A problem, here, was that it created immense practical difficulties for the economy

of Northern Ireland which was closely integrated with that of Britain. But this was exacerbated by the fact that the Protestant Unionists in Northern Ireland identified strongly with Britain, and were deeply opposed to any idea that they were not fully integrated with the UK. This problem has not yet been resolved, and as I write, it has led to what appears to be the complete breakdown of shared government arrangements in Northern Ireland in which the Republicans and the Protestant Unionists had participated.

A second issue, was that it was not clear what Brexit itself was supposed to amount to. Critics of Brexit – who have, so far, been proved correct – had argued that Brexit would do damage to the British economy. The full extent of this is not clear, because various provisional arrangements were made, which meant that the full force of the consequences of being outside the EU did not immediately hit home. But all kinds of problems have arisen. Small companies both in the EU and in the UK are finding that it is simply not worth carrying the additional costs involved in the preparation of paperwork and so on, which are now involved in exporting. While, as such agreements as the British government did make with the EU did not cover services – which play a key role in the British economy – there is a risk of long-term problems for some of the financial operations of the City of London.

In addition, a key tension about Brexit was unresolved. Some of those who strongly favoured Brexit, had hoped that it would allow Britain to become a kind of Thatcherite 'Singapore on Thames' – that they could get rid of regulations, and to become a truly dynamic market economy. But it was not clear that those who had voted for Brexit wanted this at all, and, in fact, could be said to have in fact preferred a more statist economy, closer to what was favoured in much of the EU! Expectations had been generated that all kinds of free trade agreements might be negotiated by post-Brexit Britain. But, to date, all that has been accomplished are versions of agreements to which Britain was already party as a consequence of EU membership, and an agreement with Australia, the character of which has worried Britain's farmers, and also some environmentalists.

Another significant policy – targeted at the Conservatives’ new Northern supporters – was the idea of ‘levelling up’. The hope was, somehow, that prosperity could be restored to depressed Northern towns. A lot of words were spoken, but in concrete terms it was not clear what could be done, other than moving branches of government from London to the North, and spending more money in the North, particularly on transportation. A new High Speed train line was planned from London to the North. Building was started in London, but there were endless planning objections in areas in which traditional Conservative supporters lived. While it became clear that the economic case for making a link between the North West and North East, which was part of the scheme, would be prohibitively expensive. The government abandoned this part of their plan, promising instead to improve the existing communications systems. But not only was this, symbolically, a climb-down. But the process of improving existing communications links will take a long while, and will involve disruption to existing links while they are being improved.

I am personally sceptical about the very idea of ‘levelling up’. It is something that, described in different terms, the British government has been attempting to do since the middle of the last century. But the operation of a market economy is not readily open to direction of this kind, while there is a risk that if economic activity is situated in places purely on political grounds, it simply becomes a drain on the rest of the economy. This is not to say that some things cannot be done. There have been successful examples of Japanese car manufacturers locating in North-East England. **The Economist** offered a useful study of how investment in better transportation between small towns in the North and the larger cities there, would be likely to have a productive effect. In addition, it would be a useful move for the government to re-invigorate technical education, starting in the North of England. But these measures would require careful thought and economic analysis, and would not provide quick results. The government has recently announced some ‘levelling up’ plans; but there is no new money attached to them.

3. Covid

A cynic might say that Covid did Boris Johnson a favour. Not only has it provided him with a political platform in which he can display himself as introducing measures in the National Interest. But as the consequences of Covid have been devastating everywhere, problematic features of his government's policies do not stand out. Beyond that, the disruption to the national and international economy which has taken place as a consequence of Covid, has meant that it is less easy to see just which problems are the consequences of Brexit. In addition, Johnson often stresses his own personal background as a scholar of classical languages. He must be made happy by the population at large gradually becoming more familiar with the Greek alphabet, as a consequence of its being used to name Covid variants!

More seriously, his government – along with others – will face huge problems servicing the debt incurred in taking emergency measures, of various kinds, in the face of the pandemic. While it has become more and more clear that, across huge parts of the economy, government services are hopelessly inadequate, and require a great deal of investment. The National Health Service, despite extensive spending under Blair, is simply inadequate in terms of both personnel and facilities. While provision for the elderly and infirm is even worse – leading to additional problems for hospitals, which ended up with lots of elderly people in beds who could have been discharged, had there been anywhere for them to go where they could be given care.

The government has increased taxation to provide additional funding to the NHS and care services. This has just started in the Spring of 2022, at the point when people are also facing a massive increases in their heating bills. An underlying problem, is that real wages, for most people, have been static for a long time. While attempts to deal with the consequences of the global financial crisis have led to cuts in government expenditure which have had bad consequences on services which it was committed to providing. In broad terms, nothing seems to

work well, and – not least in the face of Brexit – the prospects for underlying improvements in Britain's economic performance seem dire.

4. Meanwhile...

Johnson faces problems of his own. Early in 2022 he ran into a controversy about gatherings of government employees and his political staff, at which food and wine was served and at least one of which he attended, at a time when the rest of the country was obeying strict 'lockdown' rules. These meant, for example, that people could not visit elderly relatives when they were dying in hospital, and people could not meet readily at weddings or funerals. Johnson has developed a persona of a kind of patriotic exhibitionist, always ready to say reassuring things, but whose actual conduct does not match up to what he says. Earlier in his career, he made his name as a journalist simply making up news stories hostile to the EU. The pro-Brexit campaign often featured statements which were misleading. While Johnson simply denied that there were problems concerning British trade with Northern Ireland, in the agreement that he had signed with the EU.

Somehow – in a manner reminiscent of Trump's supporters' attitude towards him – the usual consequences of behaving in this way don't seem to follow. Johnson simply brushes off criticism, and refuses to answer questions, other than by repeating slogans. His personal life has been chaotic, and he even fends off questions about how many children he has.⁹ There has also been a scandal concerning the funding of a refurbishment of the apartment in which he and his wife are living, in Downing Street.

I think that it would take some real effort to address the problems that he and his government will face. But while Johnson is intelligent, he is not known for his application, and one wonders if other people will be able to keep things going. All this, it seems to me, will make it increasingly difficult for Johnson's government – and, indeed, any other government that might follow – to address the real problems that Britain faces, in a rational manner. I hope that I will be proved wrong.

Appendix: Boris Johnson as Mr Micawber

I had completed this piece in the first part of 2022, and was – as I indicated – left wondering what might happen. How would Boris Johnson weather the economic disasters of Brexit? What on earth would he do with the problems about Northern Ireland and the EU? And how would he handle the politically difficult problem that he and his colleagues had been having parties in the government offices at 10 Downing Street, in breach of the rules that he had made? Not only did it look as if there was one rule for the powerful and a different one for ordinary people. But, in this case, the ordinary people were, for example, prevented by Johnson's regulations from saying goodbye to close family members dying in hospital. While it would appear if Johnson has repeatedly lied to Parliament about the whole business. So far, Johnson has been saved by circumstances.

Indeed, this serves to bring out a feature of Boris Johnson's political life. Over and over. when one might have thought that political disaster is staring him in the face, Johnson is saved – not by his skill, but by something turning up. In this respect, he resembles the character in Charles Dickens' well-known mid-Nineteenth Century novel, *David Copperfield*. The improvident Micawber is responsible for one financial disaster after another, but is always buoyed by the hope that 'something will turn up'. Johnson, as I have indicated, was rescued from having to face the economic disasters of Brexit and of Northern Ireland, by covid. He was, then, able to arrange for an investigation into the 10 Downing Street parties by a senior civil servant. She took a while to produce her report. But it was then decided that this could not be released in full, because the police needed to investigate whether there had been a breach of the law. The consequences of this have started to come to light, with Johnson being fined a small sum of money for breaking the covid quarantine regulations. This has led to a lot of upheaval in Parliament. But Boris has been sheltered from what would otherwise have been something devastating, politically, in part by the time that all this has taken. But, more important, Russia invaded Ukraine, and Johnson was able to appear on the international scene as a statesmanlike figure... One wonders, next time Johnson gets into political trouble, what will appear on the scene to stop him receiving his just deserts – the end of the world, perhaps?

¹ At the end of 2019 I was invited to write a piece for *Ideje* about the situation in Britain just prior to the December 2019 election; this piece offers an updated view of what things are like today.

² It is widely claimed that Britain will suffer a 4% loss in GNP. See, for example 'The Parable of Boris Johnson', **The Economist**, January 22nd, 2022: <https://www.economist.com/leaders/2022/01/22/the-parable-of-boris-johnson>,

³ A problem made much more difficult, by Britain not readily accepting that it needed to abandon its empire and pretensions to being a world power.

⁴ I.e. that any free-trade agreement is likely to require: (a) agreement on common standards and regulations, rather than these being determined just by the legislature of one country; (b) an independent body to adjudicate disagreements (to which the judicial system of any one country would be subservient).

⁵ In part, the problem seems to have been that British governments simply under-estimated the number of people who would find it attractive to move to Britain.

⁶ A problem about the situation in Britain, however, is that it would have been difficult to introduce innovation. (It is striking just how many problems there were about the closing of uneconomic and typically dangerous coal mines.)

⁷ I have discussed this in my 'Lunching for Liberty and the Structural Transformation of a Public Sphere', **Il Politico** (Univ. Pavia, Italy) 2018, anno LXXXIII, n. 1, pp. 68-96; see note 21 on p. 77.

⁸ I was told, when I took up the position of Director of Studies of the Centre for Policy Studies (an organization sympathetic to the economic approach of Thatcher's government), that Mrs Thatcher did not want any additional policy-suggesting 'study groups' to be formed. For a particularly useful overview of what some of the issues were facing privatization and deregulation, see 'Symposium: Privatization - The Assumptions and the Implications', **Marquette Law Review**, 71, Spring 1988.

⁹ It is reported to be eight; cf.: <https://www.independent.co.uk/life-style/health-and-families/boris-johnson-how-many-children-baby-b1973470.html>