

LECTURE

The makings of Brexit and the road ahead

By Philip Rycroft



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ABSTRACT

On the cusp of the UK's exit from the EU, Philip Rycroft reflected on his seven years at the centre of the UK Government to ask how we reached this point in the country's history. In this lecture he examines the underlying causes of Brexit and the political response through the Coalition years and the Cameron and May Governments. He describes the challenges that will come in the next stages of Brexit and asks how the response to those challenges relates to the discontents that drove Brexit and what it means for the future of the United Kingdom - if, indeed, the United Kingdom has a future.

This lecture was delivered on 03 October 2019 in Cambridge by Philip Rycroft, in his inaugural public event as distinguished honorary researcher at the Bennett Institute for Public Policy and POLIS at the University of Cambridge.

The event was chaired by Professor Stephen Toope, Vice-Chancellor of the University of Cambridge.

It is the second of two lectures by Philip Rycroft published by the Bennett Institute – the first published in July 2019, entitled [Place policy after Brexit](#).

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Who could have predicted ten years ago where we would be at this moment? If anyone had written then that we would be on the verge of exiting the EU, possibly with no deal, the most scything of possible exits - that the Prime Minister of the day would have been in the virtual dock for denying the legislature the right to scrutinise the executive; that Scotland would be edging towards a second independence referendum so soon after the first; that our politics would so fractured and opinion in the country so deeply polarised - they would have been greeted with disbelief.

And rightly so. For such a scenario was at the outer edge of what was imaginable. The received wisdom of the day, from political pundits and pollsters alike, has almost always been wrong. The Coalition government would fold by Christmas – although it was never clear which Christmas. The Scottish independence referendum would be conclusive for the Union. The 2015 election would result in a hung Parliament. The country would vote remain. Mrs May would win an increased majority in 2017. In no way and in no guise would the country get close to a no deal exit.

Events appear now to have a momentum of their own. Prediction is a mugs' game. The wheel of the ship of state spins wildly. Political horizons have contracted; we can no longer see beyond the end of the week, never mind the month. We are engulfed by the present; who dares to look ahead?

But look ahead we must. Through the tumult the new will emerge. And we need to make sense of where we have come from to have some chance of shaping where we are going. A brave endeavour in tough times, but a necessary one.

I want to look at some of the underlying causes of Brexit, the social and economic factors that many would now see as causative of a vote to upturn the established order of things.

With the benefit of hindsight, I will reflect on how the Coalition government interacted with and influenced the temper of the times, to understand how decisions taken and not taken set us on the path we are now on.

I will review briefly the story of Brexit to date and what that might mean for the next miles on this rocky road.

I want to end by looking at what the Brexit process has already done to the country, what, advertently and inadvertently has been upended and what more is to come, before asking in conclusion how the country might respond.

But first to seek to understand the causes of Brexit discontents.

If we go back to 2012, we might have all been beguiled in that hot summer, as the London Olympics came to a triumphant conclusion, to believe that the UK was in a pretty good state. The country had weathered the worst of the financial crash. The economy was growing again, the fiscal deficit was more or less under control. A novel experiment in government at UK level, a coalition, was proving to be surprisingly stable and enduring. What could possibly go wrong?

We can now see what was going wrong, or at least appreciate how what at the time looked singular turned out to be cumulative, how what looked proximate had deeper roots.

At the time I suspect most of us underestimated the corrosive impact of the series of scandals that undermined public trust in the institutions of the country. The expenses scandal brought a wave of largely undeserved contempt for our elected, and unelected, members of Parliament. By seeking to keep necessary increases in remuneration partially hidden from view through a byzantine expenses system, our politicians brought the wrath of a misunderstanding nation down on their heads. There is a moral to the tale as in so many tales of political discombobulation; if you don't let the pressure out of the cooker a bit at a time, it will blow up on you.

The media was coruscated by the ghastly revelations of intrusion into private lives that led to the Leveson enquiry and agonised debate over the balance between freedom of speech and the right to privacy. Meanwhile, public confidence in what was reported to them took another knock. At the same time, too many of those who are our secular saints, the big characters of the world of entertainment, turned out to be deeply reprehensible individuals, completely unworthy of trust, never mind adulation.

Institutions and the collective life of the country can weather such storms, even if they come on as thick as they did in the late noughties and early teens of this century. But layered on top of the outworking of the financial crash they had an impact altogether more toxic. Recessions caused by a financial crash are notoriously slow in the recovery and the political consequences cut deep. It was not just trust in bankers that took a knock but the whole edifice of a market economy. And who can be surprised at public anger at the perception that many filled their boots while exposing the country to unacceptable risk and then avoided the consequences. The consensus confidence in the open market that had sustained the governments of Thatcher, Major, Blair and Brown was shaken.

In a deeper layer still bubbled the discontents that come with economic, technological and social change. Whether what we have experienced is more dislocating than the changes that prompted the Luddites to smash the power looms and the Captain Swing rioters to overturn the threshing machines is a moot point; each society will believe that what it is going through is more profound than anything that has come before. For those who see in globalisation, in mass immigration, in the triumph of socially liberal attitudes nothing more than a threat to their way of life and concept of community, the last couple of decades has been a profoundly uncomfortable time.

A functioning democracy finds means for frustrations to vent, can garner the discontents and channel them into meaningful political activity and seek solutions in forward momentum and does not get jammed in a retrospective for an illusory past. But was discontent, particularly in England, disenfranchised? Where was the layer of governance that gave confidence that the local voice was heard? With so much held at remote distance, in Whitehall and beyond, where was that sense of – that word – control?

Did we understand all that? For sure; none of this was hidden from view. The historical record will show no lack of debate on each element of this discontent nor absence of proposed solutions. But what was perhaps underappreciated was the cumulative and corrosive effect of

so much thrown together; who quite understood how turbid were the waters on which we rode?

For the Coalition Government, the priority was to stabilise the economy and fix the deficit. It's easy to forget the sense of crisis as the new government formed. With Greece on the brink and a fear that the UK would be sucked into a spiral that was out of control, the incoming government had to get a grip and do so fast.

That it did. Whatever else may be said of the Coalition government, it weathered the storm, got the economy back on its feet and put the deficit on a downward trajectory. The roof was fixed – or at least part of the roof. For of course controlling the deficit brought with it austerity. Choices were made, to relieve the tax burden by increasing the personal allowance, reducing corporation tax and freezing fuel duty while clamping down on government expenditure. Some budgets were hit particularly hard, none harder than local government. So the lived experience of austerity had a compounding effect on precisely those communities most exposed to the uncertainties of a globalising world and most dependent on local services to mitigate the sharp edges of a market economy.

The Coalition government was not blind to all this. From both parties came antidotes to discontents, some short-term political palliatives, others a serious attempt to redress and reform. At one end of the spectrum there was the notional cap on net migration, at the other the introduction of the pupil premium, the extension of free school meals and the introduction of extended support for childcare. The Regional Development Agencies were swept away, replaced by Local Enterprise Partnerships, in design meant to be more responsive to local circumstance. The Northern Powerhouse was explicit recognition of the lack of voice for the north. A brave programme of constitutional reform sought to reconnect the democratic process with the people: to make the first past the post system more proportionate, to bring party funding properly into the light of day, to turn the House of Lords into a democratic chamber.

Some of this was a weak palliative to the stronger dose of austerity, some of it was too slow in gestation to have much of an immediate impact, some of it foundered in the politics of coalition. None of it was proof against the Brexit floodtide.

The Coalition Government, as any government, was distracted by events, from Libya and the Syrian crisis, to Leveson and flooding. But two distractions were more symptomatic of the times and, for the perceptive, might have given a clue as to what was to lie ahead.

The first was the Scottish referendum. This was a long campaign, running for over two years. This was in part because the choice of timing on when the referendum should be held was handed over by Prime Minister Cameron to the Scottish Government, a concession made lightly that Alex Salmond, supreme campaigner, exploited to the full. He knew that a long campaign suited the insurgents in this referendum and it nearly worked for him; anyone closely involved will remember the lurch of excitement or fear when the Sunday Times poll a few days out from referendum day put the Yes side ahead.

The handling of the timing question was in some ways symptomatic of the wider approach to the campaign. Whitehall and Westminster did not, I think, see the result as in doubt. The Nationalists went into the campaign with support in the mid-30s and the polls were slow to

shift. The problem was deemed to merit a tactical response, for example the publication of the series of analytical documents to set out the benefits of the Union, but there seemed to be no pressing need for a more strategic re-positioning.

It's hard in retrospect to understand that complacency. The referendum was literally an existential question for the United Kingdom. It is very difficult to imagine any other nation entering into such an enterprise with the sangfroid that characterised the reaction of the metropolitan elite, both political and wider.

That complacency unwound late in the day as the polls tightened and then swung briefly in favour of independence. That prompted the vow, the commitment by the leaders of the three main UK parties to offer further devolution to Scotland in the event of a vote in favour of the Union. What might have been a strategic offer to re-position Scotland in the Union, to appeal to the middle ground of those who might be tempted by independence but could be persuaded by a settlement that gave Scotland more control of its own affairs to stay with the Union, was rushed out late in the day in a way that smacked of panic.

For those of us closely involved in the campaign, the signs that things were not going well were there well before the infamous Sunday Times poll. The government was doing its own polling and week by agonising week, we watched the lead for the Union erode. It was clear as early as mid-2013 that the 'yes' campaign was well ahead in the ground war, the town-by-town, street-by-street and village-by-village mobilisation of support for independence, driven by airy promises of a prosperous future secured on the bounty of the North Sea. The polling showed clearly where support was ebbing away from the Union; in the West of Scotland, in previously solid Labour territory, more among men than women, more among the low skilled and school educated than among the professional and university educated.

This trend intensified in the last weeks, not least as Alex Salmond wielded the NHS as a stick with which to beat the pro-Union campaign. This was audacious. Health is devolved to Scotland. Decisions on spending on health have been taken by the Scottish Government since devolution. But Salmond successfully portrayed a vote for the Union as a threat to the NHS in Scotland, an astute (if dishonest) manoeuvre to make the status quo look like the risky option.

We would be far more alert to the type now; a campaign that mobilised discontent on the promise of returned sovereignty and the wresting back of control and resource from the domineering other.

This was the first blast of the populist trumpet. In its outworking, the campaign demonstrated beyond doubt the risk of that early complacency. The Nationalists came very close. That picture of a distraught and exhausted Salmond, snapped through a car window at Aberdeen airport late on referendum night, reflected not just the exhaustion of a long campaign, but the devastation of someone who thought victory was theirs.

Meanwhile, Prime Minister Cameron had his own political battles to fight. You have the man's own account now of what he did and why. What the country saw was a series of tactical retreats in the face of insurgent pressure from within the Conservative party, goaded by the surge in support for Nigel Farage and UKIP: the commitment to leave the European Peoples' Party; the legislation to subject any future treaty change to a referendum; the commitment to a

programme of publications to assess the benefits to the UK of EU membership; the grinding resistance to adoption of Justice and Home Affairs measures; above all, the commitment in January 2013 to an unequivocal in – out referendum.

On both fronts, then, in the face of the pressure of a nationalist campaign in Scotland and the pressure of a Eurosceptic insurgency that was successfully cannibalising the Conservative party, the initial response was the same: cauterize and contain. Tactical responses to existential questions. The tools of normal politics deployed in abnormal times.

The Bloomberg speech offering the EU referendum came some time before the lessons of the Scottish referendum had been learnt. If the success of the Salmond-led campaign had been fully absorbed, would the promise of an EU referendum have been so confidently offered?

In the event, what had worked – just – in Scotland, failed – just – in the EU referendum.

On timing, Cameron went long in Scotland and got burnt. He went short on the EU referendum and got burnt. A short campaign worked better for leave, who had already built considerable momentum. In Scotland, the strength of the UK Union had been the dominant narrative for decades. The Nationalists needed time to erode it. In the EU referendum, the dominant narrative had become a ridicule and distrust of the EU. The remain side needed time to address this.

In Scotland, the SNP government produced a manifesto for independence that could be forensically challenged. The brave promises could be picked apart, one by one. In the EU referendum, the remain side were fighting wraiths and ghosts. In a short campaign, the leave side got away with a prospectus that was almost entirely unspecific about how the UK would confront the challenges of life outside the EU.

In Scotland, the received wisdom became that it was the economic argument that won it, that Project Fear prevailed. But Project Fear was always a cheap caricature. The campaign for the Union started with the value of the present, of the pound, of shared security, of an integrated economy, of the emotional bonds of shared endeavour and the comfort of shared cultural and social experience and contrasted all that with the risks of separation. The EU campaign started – and stopped – with the risks of exit. The emotional appeal was muted, hampered by years of connivance at sniping at the EU.

By contrast, the leave side worked faithfully from the Salmond play book, deploying remarkably similar language and tropes to those used by the Nationalists in Scotland. Batten on discontent by making this a fight against the establishment. Belittle expertise. Make the future look more risky staying in than coming out. Promise a future freed from the arrogant and unaccountable other.

In retrospect, it might seem strange that the lessons of the Scottish referendum were not better learnt, both in terms of the sheer unpredictability of a polarising campaign in uncertain times and in the handling of the short-term exigencies of campaigning. Why was this so? At one level, it was almost as though the Scottish experience had just not cut through deeply enough. For so many in the southern establishment, it was a distant rumble that did not merit much of an afterthought. At a deeper level, was there simply a failure to understand the power of populism, of how a determined insurgent campaign could mobilise an unsettled public to throw their lot

in with the prospectus that upended the status quo? And how much did this reflect a decay of Unionist sentiment, within the Conservative party and more widely?

The insurgency of course did not stop with victory in the referendum. If Prime Minister Cameron had failed to learn the lessons of the Scottish referendum, so Prime Minister May appears to have failed to have learnt from his mistakes in dealing with the insurgency. Like him, she attempted a tactical approach to enfold and contain the insurgents and, as with Cameron, the attempt failed.

The main delineations of the story are clear. The key moment was the commitment at the Conservative Party conference in October 2016 to the early triggering of the Article 50 procedure. This rallied the faithful but at the price of giving away what was really the only strong card that the UK held, control of time. This was then compounded by the vigorously drawn red lines of the Lancaster House speech, launching the UK on a path out of the Customs Union and Single Market, and so towards the hardest end of the Brexit possibilities. And doubled down again with the insistent refrain that no deal was better than a bad deal.

How limited was the credit this put in the Eurosceptic bank became evident over time as the contradiction in those Lancaster House redlines crystallised. The commitment to no hard border on the island of Ireland was important and necessary, but on the face of it incompatible with the UK coming out of the Customs Union and Single Market. The Withdrawal Agreement as finally negotiated represented a complex and workable means to address the conundrum and did so in a way which was consistent with Prime Minister May's determined insistence that the future relationship with the EU should be characterised by frictionless trade.

But all this painful process ground on as opinion, on both sides of the debate, hardened further. That is the effect that referendums have. Once forced to make a choice, even on an issue like membership of the EU that was far from top of mind for many voters pre-2015, people will tend naturally to defend the choice they have made. Opinion once formed shifts only slowly. Again, we see in Scotland the same effect since the 2014 referendum. Politics has polarised further over the question of identity. Scotland remains a country divided.

Into this bitter brew Mrs May had to play the subtleties of the Withdrawal Agreement. Despite framing this as the necessary means to preserve the union of the United Kingdom, compromises that might once have washed as a fair price for Brexit were deemed a betrayal.

Where does this leave us? Struggling, I think, to comprehend the whirlwind that is upon us. Nearly three and a half years out from the referendum, the campaign is still being fought but with opinion more deeply polarised. What were outlying propositions in the early days now frame the debate: a no deal Brexit or revocation.

The failure to contain the Eurosceptic insurgency and the failure to manage the populist surge to which it gave rise will continue to be profoundly unsettling. The consequences will be on us for many years to come.

At heart, Brexit is driven by a simple idea; the return of sovereignty from the institutions of Brussels to the UK. That as a political objective is perfectly clear. In many ways the idea is unexceptionable; questions on the nature and bounds of sovereignty continue to drive national and international politics at pretty much every level.

The challenge of Brexit is that coming out of a voluntary union between nation states, probably the most sophisticated the world has ever seen, turns out to be quite a complicated operation. Behind that simple idea – leave – there is no agreed manifesto nor consensus on what a settled future might look like. Instead, the Brexit process has driven a disruptive trail through the life of the country that will take many years to fix. The notion that once out we can return to some sort of pre-lapsarian normal is for the birds. Just so if, against the odds, we end up through another referendum staying in. There is no return to the status quo ante; the world has changed, irrevocably, forever.

I want to conclude by looking at some of the things we will need to work through as a country, whatever comes next.

I barely need to point out that the Brexit tide has swept through the institutions of our state in a way almost inconceivable just a few years ago. A constitution reliant on precedent and convention looks increasingly shaky as precedent and convention are ignored or upended. The courts have been drawn more deeply into the political process than the codes of our unwritten constitution have ever envisaged. Parliamentary procedure is loosed from the moorings of Erskine and May.

The credibility of those who would normally be seen as the guardians of process and due order has serially been called into question; the judiciary, the civil service, Parliament itself.

Politics has fractured. We contemplate an election under the first past the post system the outcome of which is almost impossible to call, as four parties in England poll in the low teens or above. A system calibrated to provide a conclusive outcome in a contest between two political parties passes a point of disequilibrium to deliver uncertainty, possibly another hung parliament, possibly a majority on a woefully low proportion of the electorate.

This Union of the United Kingdom has been shocked by Brexit. The outcome of the 2014 referendum in Scotland, far from being seen as decisive, is called into question; Brexit is deemed a material change on the offer made to the people of Scotland by the unionist side in 2014. In Wales, support for independence is on the rise; parallels there, perhaps, to the way in which the SNP tore into Labour support in Scotland as Labour struggled to cope with a political polarisation around a question of identity, not class struggle. In Northern Ireland, the devolved institutions have all but disappeared beneath the Brexit waves, the future uncertain as a nervous people look to the unwinding of the economic integration with Ireland that underpinned the Good Friday agreement.

Already the economy across the UK has taken a Brexit hit. This is not Project Fear; this is simple numbers. GDP growth in the UK has been between 2 and 3% lower than a basket of comparative countries since the referendum. Investment growth has stalled. Companies have spent millions on preparing for no deal or shifting their operations in anticipation of a long-term future of a hard border between the UK and the EU. Resources that should have been spent on fixing the main problem in the British economy, our low rate of productivity growth, are lost or diverted.

This has already impacted on the public finances. Lower growth means lower tax revenues means less to spend on the pressing priorities of a post-austerity Britain.

How much of this loss of growth is reversible if, at the end of the day, the UK stays in the EU is a difficult question to answer. What is more certain is that it will be compounded by exit, whatever form that takes. The harder the Brexit, the greater the friction introduced into our trading relationship with the EU, the greater the long-term cost.

All this uncertainty washes out into the wider institutional framework of the country. There are few organisations that will not in some shape or form be already dealing with the impact of Brexit. For so many, the Brexit process impels a re-thinking of place in European and international networks, a re-conceiving of position in the global market.

Out in the wider world, the UK's reputation as a stable, sensible and perhaps rather boring country lies in tatters. If we leave, we have no clear idea of what our long-term future relationship with the EU will look like nor how that will be balanced by trade deals with other countries around the world. The UK will have to work out how to exert its influence in a world dominated by competing power blocks for each of which UK concerns will have far less relevance. If we stay, re-calibrating a shattered relationship with the EU will be intensely fraught and the work of many years.

If we leave, we face the enormous challenge of recalibrating the inherited European rule book to suit our new status outside the EU. We already know that the devolution settlements, conceived and delivered on the premise that we would be staying in the EU, make this a doubly complex task. We sometimes forget that repatriating the rules also means repatriating the political controversies that surround them. What will be the nature of the post-Brexit regulatory state? How far will the UK compromise on the freedom to regulate on the so-called level playing field issues – state aid, competition policy, environment, health and safety and labour market laws – in order to secure a good trade deal with the EU? When it comes to the choice between a great trade deal with the US and sticking with EU sanitary and phyto-sanitary rules, which way will the UK go? How will the government balance political and economic considerations in deciding on the parameters of the immigration rules post-freedom of movement for EEA nationals?

If we stay, we will at least be spared some of the urgency of these questions as the EU rule book continues to apply. But the UK will continue to be an actor in the making of those rules. After all we have been through, it is hard to imagine UK ministers getting much space to broker the compromises that are the bread and butter of EU decision-making.

Given where we have come from, there are huge paradoxes in all this. If the thesis that the leave campaign mobilised the discontent bubbling away in the country is right, the act of leaving – and just of trying to leave – makes the addressing of those discontents so much the harder. The institutions of state that the country will rely on to manage the post-Brexit world are weakened. The economy is less able to generate well-paid jobs and the tax revenues that are needed to deal with disadvantage. All political life is sucked into the Brexit vortex, absorbing whatever time or attention might have been given to redressing the representational disparities in England. In the pursuit of the reassertion of sovereignty for the UK Parliament the very existence of that Parliament comes under threat from the drive to break up this, the other, Union.

For all the proximate politics, for all the misjudgements and mistakes and failure to understand the nature of the political upheaval the country was facing; for all the deeper social malaise and the fallout of the financial crisis, is there something else going on? Is there something English in all this? Are we witnessing the agonies of a nation not reconciled to its place in the world, a nation still tugged by its own history, discontent with what it has but uncertain as to what it wants? If so, we may at some point witness the final paradox. At the end of all this, will we see an England returned to what it once was before the dizzy arc of Empire, a modest power off the north-west European continent, with a reluctant Wales in tow, ill at ease with itself and its neighbours?

Whichever way you look at it, Brexit is not the end of something, but the start of something. Whether you see it as an essential step for the UK to remake itself in a brave new world or as a fatal wrong turn from which we must re-trace our steps, there are huge challenges on the road ahead.

There is nothing pre-destined about any of this. The choices we make on that road will emerge from the clash of political ideas and from the democratic process. There is a wide open market for new thinking as to how we address the long-term discontents of the country, how we re-enfranchise both politically and economically those who feel left behind by globalisation, how we re-invigorate the sense of this Union in a way that works for all its parts, how we build a long-term, sustainable and productive relationship with the EU, how we move beyond Brexit to address the deeper challenges we face, of environmental sustainability, of an ever-increasing pace of technological change, of an aging society in a less stable world. There is opportunity in re-making and one has to have confidence that the pragmatic, tolerant centre ground of British politics will reassert itself as decisions on our future are taken. We should live in hope.



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