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Brexit Dilemmas: New opportunities and tough choices in unsettled times

Abstract

Concluding the BJPIR's Brexit special issue, this article seeks to set the unsettled times and unexpected events associated with the Brexit in historic context and tease out the prospects for a 'bespoke' UK exit agreement. Drawing on classics of social science history – by Barrington Moore, Gourevitch and Davis - it reflects on 'suppressed historic choices' and historical periodisations. Three key dilemmas are interrogated: the Brexit dilemma (control of immigration/regaining of sovereignty vs. EU market access); the Brexiteers' dilemma (sustaining economic prosperity while restricting immigration); and the Remainers/soft Brexit dilemma (of weakening Parliamentary democracy by staying in the Single Market).

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Introduction

The years 2016 and 2017 were particularly unsettled in the UK. Political events were difficult to read and firm conclusions hard to draw. Risky at the best of times, prediction was a perilous business for media commentators and social scientists. There was, though, a wide consensus on one point: the implications of Brexit were transformative, at least for the UK and probably for Europe and the wider world. Many commentators and politicians - supporters as well as opponents - turned to superlatives to evoke these transformations. Indefatigable BBC political editor Laura Kuenssberg (2017) called it 'the biggest challenge we have faced since the Second World War'.[ii] David Davis (2016), Secretary of State for Exiting the European Union and longstanding Conservative Eurosceptic, has described it as the 'biggest change for a generation'. While evaluating the implications of Brexit differently, prominent pro-EU politicians share Davis' sense of Brexit's significance. For Ken Clarke - who has held a hatful of Cabinet posts, including Chancellor of the Exchequer and Home Secretary - it could prove to be a 'historic disaster'. Europhiles' superlatives describe what they see as the mismanagement of Brexit. Clarke has said that he has 'never seen anything as mad or chaotic' as the Government's approach to leaving the EU (Addley, 2017), a striking claim from the UK's longest serving MP. Former Deputy Prime Minister Nick Clegg (2017) has described Brexit as 'the biggest con trick in politics' with a 'very narrow victory' taken 'in the most uncompromising and damaging way possible'.

In the introduction to this BJPIR special issue Wincott et al. (2017) considered how far in the UK's choice reflected general trends in Europe and around the world towards populism and system-

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challenging politics (see also Hopkin, 2017, Wilson, 2017) and the ways in which it might trigger or reinforce political tendencies of this kind. While (at the time of writing) the sense that an immediate contagion from Brexit to populist Eurosceptics elsewhere in Europe faded, important underlying sources of instability arguably remain. Emmanuel Macron's electoral successes in France were critical to the early summer 2017 renewed optimism in Brussels about the EU. Yet Macron's success also illustrates the weakness of conventional and established party politics. Unsettled times are not limited to the UK. They do not always benefit Eurosceptics.

This article is focused on the UK. After the introduction, it develops three major sections. The next reflects on issues on contingency, inevitability and the potentially historic consequences of Brexit. The second substantive section considers unsettled times in 2016 and 2017. The final section touches on external and internal challenges posed to the UK state by Brexit. They are linked by a core question about the capacity of the state. Brexit needs to be set in the context of a reduction in the size of Whitehall. The Institute for Government has tracked Civil Service capacity for Brexit, finding that numbers fell during early 2016. By September 2016 Whitehall was smaller than it had been since 1939 (Boon, 2016). The section addresses external (trade and security) Brexit challenges and then three internal issues: devolution, the internal structure of the UK state and the possibilities of secession; the relationship of Brexit of electoral and party dynamics across the UK; and the prospects for UK political economy.

The remainder of this introduction considers the overarching dilemmas raised by Brexit for the UK. First, a difficult choice may need to be made between retaining access to EU markets on the one hand and gaining control of (or reducing) immigration while eliminating the authority of EU institutions over the UK (particularly Court of Justice, but also the Commission) on the other. This 'Brexit dilemma' is clearly reflected in UK public attitudes: clear majorities exist for reducing/controlling immigration and expansive access to EU markets. Both the Labour and Conservative party leaders have sought to evade the terms of the Brexit dilemma. Jeremy Corbyn, for Labour, has insisted that the UK end free movement of people and leave the Single Market while aiming for extensive access to that Market in the name of a 'Jobs First' Brexit. As Prime Minister (PM), Theresa May has targeted a 'deep and special' and 'bespoke' Brexit, while robustly insisting on full exit from the Single Market and Customs Union and allowing no post-exit role for the Court of Justice of the European Union (CJEU). But, from the EU side, the choice appears stark: accept current arrangements (such as the Single Market) on existing terms, or relinquish any privileged access to them.

Other dilemmas nest below this general choice. Robust advocates of Brexit and those who prefer Remain or the softest possible form of Brexit each face difficult choices. A 'Brexiteers' dilemma' concerns sustaining economic growth while restricting immigration (the obverse of Parker's (2017) 'progres-

sive's dilemma'). The UK faces deep political economy challenges, including low productivity exacerbated by a territorially unbalanced economy. Low and weakly improving productivity makes expanding the labour force a key driver of economic growth. The UK economy may have become structurally reliant on immigration (see Thompson, 2017), which is a ready source of new workers who may also be particularly skilled and/or productive. Perhaps that is why some libertarian free traders endorse a permissive approach to migration, although influential free trade Brexiteers have made a sharp distinction between skilled and unskilled immigrants (Ashton et al., 2016). In principle, global free adjustment of all factors of production would include labour. Of course, this approach does not address political demands for Brexit based on anxiety about immigration (see Goodwin and Milazzo, 2017; Thompson, 2017). Equally, while a freewheeling capitalist approach to the UK economy might trigger a positive transformation of its prospects, that transformation - perhaps through a Schumpeterian (1942) 'gale of creative destruction' - could prove socially and politically unsettling (see Hopkin, 2017). May's approach to the Brexiteers' dilemma has been much more interventionist. Grounded in an Industrial Strategy, its aim was to use government power to build up domestic sources of prosperity and enhance the skills and productivity of UK workers. To succeed, it would have to 'solve' the UK's productivity problem – a difficult challenge that would take time to overcome.

 'Remainers' also face a deep challenge in addressing widespread public concern about immigration. Political disillusion seems to have motivated many Brexiteers, particularly a hostility towards the socially detached 'Westminster elite'. It would surely deepen should the basic decision to 'leave' be reversed. But Remainers' 'softness dilemma' has a different, and more political, focus. Chalmers (2017) shows that the UK's EU membership weakened representative democracy in the UK – and, unless clear steps are taken to address the role of legislatures, the process of Brexit is likely to weaken it further. The dilemma is that the soft form of Brexit – to allow the UK economy as much as possible to keep running on its current rails – entails a deeper challenge to the UK's democratic institutions. When the UK leaves the EU, its political institutions lose their capacity to help shape its rules and processes. Chalmers suggests that the UK may find it difficult to move away from EU rules and regulations. Even so, the softer the form of Brexit, the tighter the enduring EU-based constraints are likely to be.

The 'historic' character of Brexit
Brexit raises questions of determinism and contingency on the one hand and periodisation on the other. First, analytically, transformative moments beg questions about inevitability and contingency, determinism and choice (see Thompson, 2017). When we are close to events, their fragility, complexity and contingency seem clear. After time has passed – and when painted onto a larger historical and geographical canvas – the choices and alternatives that seemed tangible in real time tend to fade away. In his macro-comparative historical sociology of Injustice, Barrington Moore (1978) conceptualised these 'paths not taken' as 'suppressed historical choices'.

Since the referendum was called, the UK and Europe have experienced many moments of contingency and switchback. A different path might have been followed or an apparently defunct alternative might have come back to life. Cameron need not have committed his party to hold a referendum. Its outcome could have been different. May might not have become PM. She did not have to call a general election in 2017. Neither the electoral nor governmental outcomes it generated – including the loss of the government's majority - were inevitable. For example, after the June 2017 general election, May was widely seen as a temporary PM, unlikely to lead her party into the next general election. She promised to stay on as long as her party wanted her to lead. But when might she leave: before the summer recess – perhaps linked to 'Repeal Bill' legislation; around the party conference at the start of the autumn; because of failures to pass core domestic legislation preparatory for Brexit; or due to conflict over Article 50 negotiations programmed to end in March 2019? None of that was clear.

Not all the contingency relevant to Brexit is confined to the UK. Electoral events elsewhere in Europe might also have turned out differently. A range of anti-EU candidates and parties might have been elected. Most dramatically, of the four candidates who won between 20 and 24 per cent of the first round French Presidential vote, two were Eurosceptics. Having won the Presidency – and then a striking National Assembly majority – Macron became the darling of Brussels. Yet again, a very different result such as a Presidential run-off between Marine Le Pen of the far right Front Nationale and Jean-Luc Mélenchon (of the hard left La France Insoumise, or 'France Unbowed') was not wholly implausible let alone impossible. It certainly would have generated a very different atmosphere in Brussels and the Brexit negotiation context.

A rich range of potential outcomes has seemed to offer 'real' possibilities for the UK's future relationship with the EU. At the time of writing, they included:
- a rapid Brexit with no deal agreed with the EU;
- a 'deep and special' 'bespoke' relationship (which might also include a slower and phased transition to the eventual permanent arrangement);
- a deal based on the EU's Custom's Union;
- an agreement similar to Switzerland's pattern of bilateral deals and arrangements associated with the European Free Trade Area (EFTA);
- or something like the 'Norwegian' option, perhaps including European Economic Area (EEA) membership.

The possibility of rescinding the UK's choice to leave the EU cannot be wholly excluded. Equally, we should not assume that the EU itself will remain the same throughout the Brexit process. Macron's electoral successes in France buoyed the mood of pro-EU Europeans. The EU might move to

deep integration, whether for a core set of countries or its whole membership. Or fault-lines could appear in the Eurozone, resentment against migrants could strengthen or populist politics re-emerge. And more scope could be created within the EU for the management of migration and the movement of people.

Second, if it is transformative, Brexit should be – or at least mark – a turning point between distinct periods of some kind. The division of history into periods is a near ubiquitous feature of political analysis, but explicit and considered use of periodisation as an analytical tool, taking its limits into account, is much less common. Davis (2008) has provided key critical perspectives on periodisation. She brilliantly exposed how largely un-interrogated use of periodisation smuggled ideas about medievalism and the middle ages on the one hand, and the era of modernity on the other, into a wide range of contemporary analysis. Of course, simplification and generalisation are an inescapable part of periodisation and to making sense of transformative change more generally. For more recent times, political economy and geopolitics are widely underpinned by periodisations (examples include: <u>les trente glorieuses</u>, the golden age of the welfare state/economic growth/full employment – see Hay and Wincott 2012, Wincott, 2013; classical imperialism, the cold war). The timing of these periods is so familiar as to be taken for granted. Both the 'golden age' and the cold war began after the Second World War. They ended respectively around the Oil Crisis and 'stagflation' of the mid 1970s and with the liberalisation of the Soviet Union and when the Berlin Wall came down at the end of the 1980s. In relation to the welfare state, it is striking both that the nomenclature of an 'age' is generally attached to a period of less than thirty years and that its 'end' coincides fairly closely with the UK joining the European Economic Community.

However, the conceptual work done by these periodisations is generally ignored. When they come to be reified, treated as natural historical facts rather than analytical concepts, periodisations easily turn into totalising generalisations, which blend social, political and economic features into a homogenised epoch. 'Epochal generalisations' (Wincott, 2013) of this kind can distract attention from the potential layering and interaction of distinct aspects of society, politics or economics, and the continuities that often endure through apparently transformative moments. At least with respect to political economy (which I know better than geopolitics), the question of whether a particular 'period of time' constitutes a coherent period or an 'age' generally has not yet been sufficiently addressed. A related issue concerns what precedes or follows a coherent period. Should we expect episodes or even longer phases of muddle and confusion between settled periods? Close reading of Gourevitch's distinguished analysis of the <u>Politics in Hard Times </u>(1986) is revealing. It shows that, from the late 1900s, the capitalist democracies spent more years in 'muddled times' of confusion and crisis than they did in 'normal' periods of economic growth (see Hay and Wincott, 2012: 29-30).

Does Brexit mark the end of an age or are we in the midst of a muddled phase? It might represent a switch from one age to another, or inaugurate a new age after an episode of confusion. It could be the start of unsettled times. We should not assume that Brexit is a moment of generalised 'epochal' change. It will surely interact with a range of other features – or layers – of the UK's economy, politics and society. Some significant continuities with the past are likely to remain. The choice to leave the EU and political processes that have followed in its wake may disclose and dramatise limits, ambiguities and underlying wicked problems as well as revealing unrecognised and unexpected resilience and strength. It may also bring to light prior features of the UK that analysts had neglected and may endure. (For example, Chalmers (2017) suggests that EU membership etiolated the practice of representative Parliamentary democracy in the UK. Without an explicit remedy, Brexit may weaken it further.) Brexit will also interact with patterns and developments elsewhere in Europe and across the world.

Unsettled times, Brexit and the 2017 General Election

In her analysis of contingency and inevitability in the UK's choice to leave the EU, Thompson (2017) came down on the latter side, but contingency may have played an even larger part. David Cameron's decision, as PM not to mount a direct attack on his cabinet colleagues on the Leave side was arguably a contingent tactical error. In the interest of future Conservative harmony, assuming Remain would win, he chose not to tar Boris Johnson and Michael Gove by association with Nigel Farage. More generally, apparent disunity among the Leavers – between the official Vote Leave group and more radical 'GO Movement' groups (which emerged when 'Grassroots Out' founded by Tory MPs Peter Bone and Tom Pursglove with Kate Hoey from Labour, gained support from Leave.EU and the UKIP leadership). Vote Leave could maintain some distance from positions associated with GO, like the 'Breaking Point' poster unveiled by Farage. The Remain campaign was weakened by the absence of refractory equivalent to GO on the Leave side.

Cameron's choice to resign after the referendum was not inevitable. Of the potential candidates to replace him, choosing one from the Remain side did not seem likely. Before being dramatically and decisively undermined by his erstwhile partner Michael Gove, Boris Johnson seemed to be in the strongest position to replace Cameron. In the Telegraph on 26 June, Johnson (2016) reached out to Remain voters, sought to reassure EU citizens living in the UK and UK citizens in the EU, asserted that sovereignty rather than immigration was the motivation for Leave voters, and sought to place the UK at the 'top table' for foreign policy, defence and counter-terrorism. Even after Johnson and Gove had fallen away as candidates, another Leave campaigner, Andrea Leadsom, seemed as likely as May to replace Cameron. Leadsom's candidature failed after a damaging claim that, as a mother, she was better suited to the role than May, a woman with no children. In the end, May became PM without a formal contest.

As PM, May sought to exert control over Brexit, adopting an opposite strategy to that outlined by John-son. Her initial approach may have stored up problems, for example for Northern Ireland (Gormley-Heenan and Aughey, 2017) and Scotland (McHarg and Mitchell, 2017). Despite the relatively narrow margin for Brexit, May did little to engender the consent of the losing side and effectively asserted that leaving the EU was the settled will of the people(s) of the UK. In its own terms, initially the strategy was notably effective. Her down-to-earth pragmatism -'getting on with the job' - seemed set to suc-ceed. The idea of a 'soft' Brexit was associated with continued membership of - or unfettered access to - the EU's Single Market, perhaps through EEA membership, like Norway - or only of EFTA, like Swit-zerland. As May insisted that the UK would neither participate in the free movement of people nor come under the jurisdiction of the Court of Justice of the European Union, both these options were closed off. She interpreted the referendum as a call for the UK to control its own borders, particularly in relation to immigration, and to restore sovereignty by ending the jurisdiction of the Court of Justice of the European Union over the UK. Leaving the Customs Union was also seen necessary to free the UK to pursue fully independent new trade arrangements beyond Europe. Free trade Brexiteers, such as Patrick Minford (2016), pushed for a 'no deal' exit, to be followed by unilateral tariff reductions. They may have expected it would lead to a reduction in the scale of the UK state. May also embraced the possibility of 'no deal', although it was probably more a negotiating strategy to create pressure for a 'deep and special' deal than a desired outcome. Nevertheless, May's insistence that 'no deal' was a via-ble solution for the UK contributed to the general perception that she was negotiating for a 'hard' Brexit. Ironically, had one of the referendum Brexiteers become PM, s/he might have taken less of a hard line.

Although hard versus soft Brexit set the terms of discussion, from early on May herself used different language. She set out her stall for a 'bespoke' arrangement. Any 'off-the-peg' alternative would, of course, need to be tailored alterations to fit the UK-EU relationship. Even so, May has eschewed alter-natives such as the Single Market and/or Customs Union or World Trade Organisation terms. Instead she argued for a 'deep and special partnership' with the EU – an idea to which David Davis returned on 19 June 2017, as Article 50 negotiations started. It was the first limb of May's strategy to escape the Brexiteers' dilemma. But achieving this bespoke deal within the tight timeframe for the Article 50 ne-gotiations was always going to be difficult. For example, in late June 2017 the European Parliament's Brexit lead, Guy Verhofstadt, criticised May's 'bespoke' concept. He warned that: 'The more complex and bespoke the future agreement is, the longer it will take to agree and the greater the risk of further uncertainty' (cited in Murphy, 2017).

An Industrial Strategy, aimed at enhancing effectiveness and productivity, while rebalancing the UK economy, was the second limb of May's approach. By enhancing 'domestic' productivity and skills, the strategy could reduce the UK's reliance on immigrant workers. But, while easy enough to describe, the

virtuous cycle of enhanced productivity, an improving skills base, increased investment and economic growth, achieving an upward spiral, is much more tricky. At the very least, an effective Industrial Strategy of this kind would almost certainly take a long time to bear fruit. Moreover, May's approach - sometimes described as a form of 'Red Toryism' - was sharply at odds with robust advocacy of Brexit from a libertarian free trade position.

On 18 April, May called a snap general election to be held on 8 June 2017, reversing her prior position commitment not to hold an election until 2020. The 'no election' position was part of a 'no nonsense' political persona: both practical and principled, with the accent on 'getting on with the job' rather than 'playing politics'. Initially announced on 30 June 2017, May repeated the commitment in September on Andrew Marr's influential BBC Sunday morning politics show. As late as 20 March 2017 her official spokesperson said 'There is no change in our position on an early general election, that there isn't going to be one ... it is not going to happen .... we have been clear that there isn't going to be an early general election and the Prime Minister is getting on with delivering the will of the British people' (Heaven, 2017).

Brexit was central to calling the election, although it only played a limited role in the campaign. Winning a larger parliamentary majority that would run beyond the projected end of Article 50 negotiations would have strengthened May's position to negotiate a 'bespoke' Brexit and pass related legislation at Westminster. She sought to capitalise on her personal ratings, the comparatively strong position of the Conservative Party, apparent Labour divisions and the perceived weakness and supposed limited appeal to traditional voters of its leader, Jeremy Corbyn.

May's snap election gamble backfired spectacularly. If the Brexit referendum was a surprise, June 2017's election result was as remarkable. Labour gained an additional 32 seats (and a total of 262). Meanwhile, a net loss of 13 seats took the Conservatives from 331 seats to 318, below the threshold for a majority (326 of 650 MPs). A constraining Westminster arithmetic resulted. The militantly Protestant and socially conservative Democratic Unionist Party (DUP) won 10 of 18 seats in Northern Ireland, where the party system is wholly distinct from that in the rest of the UK. From June 9 only one potentially viable arrangement between political parties existed to generate a government-constituting majority. That was a deal between the Conservatives and the DUP (described by May as 'our friends and allies' on the Friday morning after the election).

Moreover, longstanding divisions in both of the largest UK parties remain deep. Referendum Remainers made up '176 of the current crop of 317' Conservative MPs after the 2017 election (Owen, 2017), while the debate on the Queen's speech (which set out May's programme for government), showed up Labour divisions. Chuka Umunna tabled a Queen's speech amendment to keep the UK in the Single

Market, supported by around 50 Labour MPs, including shadow cabinet members later dismissed by Corbyn. These divisions, together with the fact that no single party could command a majority, together with the positions taken by various parties on Brexit during the campaign, combined to generate considerable confusion around the UK's position for the Article 50 negotiations.

May's weakened position, and particularly the possibility that she might be replaced as PM - either through a change of Conservative Party leadership or as a consequence of another general election – makes the negotiation of her preferred 'bespoke' Brexit more challenging. As arguments around Brexit are likely to feature prominently in any change of this kind, it might be expected also to trigger the re-set of the UK's negotiation with the EU. But any re-setting of the UK stance after the summer of 2017 would eat further into the (already short) time for negotiations. And contingency planning for this eventuality would be tricky. In these circumstances, instead of a bespoke deal, the UK could be left to choose or default to WTO rules, or to begin from an 'off-the-peg' arrangement, perhaps based on the Single Market/EEA or Customs Union, which could then be modified or tailored better to fit the UK-EU relationship.

These circumstances – together with the sense of threat to Conservative MPs from the Labour revival and the desire to avoid another election – made it possible for May to mount a retrieval attempt for her Premiership. At the time of writing, it remained unclear whether May could stay on as PM through the Article 50 negotiation period. She had successfully put a government together, published the Repeal Bill (on 13 July) and weathered an initial period in office through to the summer recess of Parliament (from 21 July). Subsequent events - both the start of the negotiations and the allied programme of domestic legislation under the banner of the Repeal Bill - seem likely to make things still more difficult for her. The possibility of a bespoke arrangement - one which would allow the UK to have a deep and special economic and security relationship with the EU, while leaving the Single Market and Customs Union, reducing or eliminating UK payments into the EU and developing new advantageous trade relationships with third parties - seems likely to fade (as Verhofstadt's comments, cited earlier, hint). During July 2017 members of the Cabinet rehearsed their views on Brexit (and austerity) publicly, apparently unconstrained by the traditional practice of collective Cabinet responsibility. Criticism of May's inflexibility – particularly the idea she was unwilling to countenance the CJEU having a role in adjudicating any aspect of post-Brexit arrangements – and its limiting impact on the UK's negotiating position were aired publicly by figures close to chief negotiator David Davis (see Stewart, 2017). In early July there were also reports that officials began to press ministers on the Brexit dilemma: confronting government with the choice between market access and control of immigration/independence from the CJEU (Henley, 2017). If the scope for a bespoke Brexit does fade, then May's ability to command a majority in the House of Commons could be tested to destruction. It had become hard to imagine her leading a Conservative Government that softened its position on Brexit,

the Single Market or Customs Union significantly. Equally, rejecting these institutions could also undercut her support in Parliament if doing so were to rule out a frictionless border in Ireland, bank passporting rights for the City of London and limit Scotland's access to European markets.

In a number of important ways the position of those opposed to Brexit - or at least to its 'harder' forms - has been strengthened. While May played her negotiating cards close to her chest before the election, she was willing to countenance a 'no deal' exit, and had ruled out maintaining membership of the Single Market and Customs Union. These positions were not widely challenged before the election; they have been called back into question since May lost her majority. By mid-June 2017, the Prime Minster had found herself reliant on two groups of territorially distinct Parliamentarians, both with an interest in keeping some borders as open as possible. The DUP are the first group here. Emotionally and expressively they are strong Brexiteers and the only party of government across the UK explicitly to adopt a pro-Brexit policy in the 2016 referendum. However, in practical terms, the DUP embrace the need for a frictionless border with the Republic of Ireland and articulate a clear desire to maintain economic links with the European Union. Scottish Conservatives form the second distinct group. From having been more or less wiped off the UK political map, they bucked the electoral trend in 2017. Spearheaded by Ruth Davidson, leader of the Scottish Conservatives, they added 12 additional seats to the single constituency they held before the election. The basic position of the Party was much less hostile to the EU in Scotland than England. Immediately after the election Davidson used her enhanced status to argue forcefully for a 'softer Brexit'. Half the new Scottish Tory seats were in the northeast, where opposition to membership of the EU was relatively strong (note that the Remain side won in all Scotland's local authority areas). At least one of the new intake - Ross Thomson in Aberdeen South - had campaigned for Brexit. The area has a relatively large fishing industry, in which opposition to the EU is particularly strong. Davidson has also insisted that no compromise should be made on leaving the Common Fishery Policy (which is not part of the Single Market/EEA).

But those minded to change course also faced difficulties. The Conservative Manifesto pledged to leave the Single Market and Customs Union, while Labour's included a commitment to ending free movement of people. Labour's position is incompatible with membership of the Single Market, althhough the Manifesto did not make a full commitment to 'leaving' it. Comments during and after the campaign by Jeremy Corbyn strengthened the impression that the Labour leadership was committed to leaving the Single Market. His close ally, Shadow Chancellor John McDonnell, stated in terms that Labour would not place the issue of the single market 'on the table' of Brexit negotiations because, he felt, it would be inconsistent with the referendum outcome (Swinford, 2017). McDonnell's stance may reflect widespread public concern about immigration (Goodwin and Milazzo, 2017), shared by many Labour voters. Equally, the manifesto expressed concerns about treating migrants as scapegoats for economic and social problems (compare with Parker, 2017).

After the election, other senior Labour figures sought to retrieve the possibility of retaining membership of the Single Market or Customs Union (Doughty et al, 2017). Like Conservatives pursuing similar policies, their position is constrained by the Manifesto on which they were elected. Labour gained votes disproportionately from referendum 'Remainers'. Fully 82 per cent of the electorate supported parties with manifesto commitments to end free movement of people. The Liberal Democrats and Scottish National Party had made retaining membership of the EU or Single Market an explicit part of their manifestos. The election was not perceived as a conspicuous success for either of them. Just as the Parliamentary arithmetic made a Labour-led coalition impossible, there was very obviously no scope for a 'soft Brexit' government to be installed after the election.

Re-orienting the UK state

State capacity

Prior to the election, Brexit's challenge to the UK's state capacity was powerful. There are internal and external dimensions to it. Whitehall will need additional capacity for Brexit in at least four areas: analysis, co-ordination, legislation and implementation (Menon et al., 2017). Analytic capacity includes the ability to develop new policy options, advise ministers on the negotiations and respond to EU negotiating positions. Co-ordination is an issue across Whitehall itself but also involves more complex connections with devolved administrations, local government and non-state actors, such as business. Through active choice or by default, Brexit may be a moment at which the State ceases to do some things. That possibility, indeed, may be a big part of its attraction for libertarians. Even so, it is likely to involve a substantial volume of new, complex and often contentious legislation. Finally, after Brexit, the state will have to implement new policies, likely to include immigration systems and border checks as well as at least some new regulatory regimes. Analysis, co-ordination and implementation capacity will also be needed as the UK seeks to engage externally in relation to international organisations, such as the UN (see Dee and Smith, 2017), and with other states and partners on a range of issues from security and trade to the environment and climate change.

The Civil Service has already been restructured, most notably through the creation of the Department for Exiting the EU (DExEU) and a new cabinet position of Secretary of State for International Trade. The purpose of creating DexEU was to mobilise the capacity to conduct the Article 50 negotiations effectively and to take advantage of emergent opportunities and new relationships. As an EU member, the UK has, in effect, moved areas or aspects of policy and administration 'offshore' to Brussels, for example in relation to trade policy, agriculture, the environment and fisheries. In at least some of these areas, we can expect an effort to reconstruct state capacity during and/or after the Brexit negotiations.

<u>External relationships</u>

Simply keeping track of any changes in the ways that other states - in Europe and around the world - regard post-Brexit UK is a big task (see Adler-Nissen <u>et. al</u>, 2017). For example, the UK's relationship with the USA seems set to change. Rees (2017) argued that US policies may have pushed the UK towards Brexit. Wilson (2017) has detected close parallels between Trump's America and Brexit Britain. But both see Brexit as complicating the UK-US relationship - other things being equal, ultimately weakening its foundations. After Brexit, developing the UK's stance towards the US and pursuing it consistently and coherently across UK state agencies could prove challenging. Perhaps recognising these dangers, Theresa May seemed reluctant to criticise US President Donald Trump, who threw her something of a lifeline by promising a 'powerful' UK-US free trade deal agreed 'very quickly' (a proposition whose implausibility is one to question) at the Hamburg G20 summit within a month of May's dreadful 2017 UK election performance and result.

An attraction of leaving the EU is the freedom the UK could acquire to develop new trade relationships. The closer the UK's involvement with the Customs Union and Single Market after Brexit, the more restricted will be the additional freedoms gained of this kind. May's invention of the Secretary of State for International Trade post aimed to (re)create capacity in this area. It suggested May was predisposed to leave, and move decisively away from, the Single Market and Customs Union. Equally, a purist free trade version of Brexit might make smaller demands on this new ministerial office. If the UK pursues the unilateral removal of tariffs and trade barriers recommended by some free trade Brexiteers (Minford, 2016) fewer trade experts might be needed. For other supporters of Brexit, however, negotiations of this kind are the key to capturing the new opportunities offered by leaving the EU. Equally, in the short term the UK will need trade experts in the Article 50 negotiations, especially if a 'bespoke' deal is being pursued. So, Brexit itself may divert resources and attention from the pursuit of new trade opportunities. The likely complexity of these various discussions raises the possibility that the UK will end up having little in the way of new arrangements in place or ready to implement as it leaves the EU - which could amount to a free trade exit by default. Early signals from other parts of the world on new trade relationships suggest that improved access to the UK's labour market would be a critical part of most possible deals (see Adler-Nissen <u>et al.</u>, 2017). Given the part played by anxiety about immigration in motivating Brexit (see Goodwin and Milazzo, 2017) and May's continuing commitment to reducing the UK's net migration rate, new trade deals that involve facilitating migrant access to UK labour markets might not prove popular.

The option of an 'off-the-peg' basis for negotiation is not available for foreign and security policies in the way it might be for the economy. The UK is a leading European security power, and countries like Norway have closely structured economic relationships with the EU, but no EEA equivalents for foreign and security policy. If the UK does seek to maintain ongoing security and foreign policy relation-

ship, that will involve sustaining a significant Brussels presence in this field, co-ordinated with White-hall and the military. There have been some hints that the UK might deploy security capacity as a bar-gaining chip in the wider Brexit bargaining process. But there is also a risk of losing status in security policy. For example, after the 2017 general election the <u>Sunday Times</u> reported that the UK was 'set to lose one of the most senior military commander posts in Nato … deputy supreme allied commander Europe … because of Brexit' (Hookham, 2017: 20). One of the post's responsibilities is to command some EU military missions. Rees (2017) shows that UK's relationship with the US - its the highest pro-file, longest established partnership - has been marked by ambiguity and ambivalence. Re-setting and re-building international security relationships during and after the Brexit negotiations will be a major undertaking (compare Dee and Smith, 2017 on Brexit and British UN diplomacy), whether the UK's status is enhanced as a result of regaining sovereignty or diminished by losing leadership in Europe.

<u>Internal implications</u>

Negotiating the UK's exit from the EU seems likely to divert resources and attention from other White-hall priorities. Even so, Chalmers (2017) has argued that Brexit may further concentrate power with the executive at the expense of Parliament. There are at least three other domestic domains - the UK's territorial structure, its unsettled electoral politics, and political economy model - with which Brexit has the capacity to interact in challenging ways. In each case, there is an underlying issue or set of is-sues that long predates Brexit, but each of these concerns is complicated by the process and conse-quences of the UK leaving the EU.

The first concerns the UK's territorial structure and constitution. Remain majorities in Northern Ire-land and Scotland had already put territorial strains on the UK, enhancing the possibility that either or both territories might leave the UK (Gormley-Heenan and Aughey, 2017; McHarg and Mitchell, 2017). After the 2017 general election, the immediate prospect of a second Scottish independence referen-dum seemed to recede. Measured against a historical yardstick the SNP's electoral performance was remarkable, winning a comfortable absolute majority of Westminster constituencies (35 from 59 seats - more than three times higher than its largest haul pre-2015). However, the party had fallen back from its astonishing near 'clean sweep' result in the 2015 election, when they won all but three seats. The situation in Northern Ireland became even more complex (Gormley-Heenan and Aughey, 2017). Without a bespoke deal to keep the Irish border flexible, May's pre-election approach to Brexit seemed to increase the possibility of Northern Ireland leaving the UK and the creation of an all-Ireland state. Should the 2017 election result lead, in the medium term, to a Conservative administration reliant on DUP support, pressure will be increased on the UK government to keep the border flexible. That might reduce the chances of Irish unification. But any UK government reliant on DUP support would find it difficult to be - and be seen to be - impartial in dealings with the two communities and all political par-ties in Northern Ireland. In those circumstances, hostility and resentment from Nationalists and Re-

publicans seems likely to grow. After the election Conservatives at Westminster stressed their commitment to 'our United Kingdom', but its current territorial boundaries can hardly be guaranteed.

Even if the UK stays together as a state, leaving the EU will change the structures and character of devolution. Devolution developed in the context of the UK's EU membership, which is written through its practices and routines. The EU also served as a kind of external support structure for a strikingly asymmetric, largely informal, weakly institutionalised form of devolution (Hunt and Minto, 2017). The UK has a flimsy set of structures and practices for managing the relationships among the UK and the devolved governments. For example, one of the main types of forum - the Joint Ministerial Committees (JMCs) - have a patchy record and have met only intermittently through the history of devolution. That the JMCs could operate in this way reflects wider characteristics of the UK's territorial constitution (McHarg and Mitchell, 2017): it is ambiguous and uncertain, poorly articulated and contested. Mutually inconsistent - centralist and devolved/decentralised - constitutional narratives have long co-existed. Prior to the 2017 general election McHarg and Mitchell (2017: 13) had argued that the government at Westminster was denying Scotland - and by extension the other devolved governments - a 'decisive … constitutional voice in the Brexit decision' and that the (Great) Repeal Bill would 'test the ability of the mechanisms of the political constitution to provide adequate security and voice for the devolved governments … in the implementation of Brexit.' Since the election the political constitution has moved on. Aspects of the Brexit decision may be re-opened and its implementation may be set on a somewhat different path. Devolved actors, particularly the DUP and Scottish Conservatives, seem set to play a key role. At the time of writing, it was less clear what role devolved institutions were to play in the processes of Brexit.

Secondly, the 2016 referendum and 2017 election illustrate the unsettled state of UK electoral politics. Taken together, they suggest that the electorate is unwilling to provide a permissive consensus for political elites. In both events, the side with a fast-moving refractory wing – the GO Movement for Leave and Momentum for Labour – outperformed expectations and was perceived as 'winning' the campaign, with incumbents being punished. Although the election generated a remarkably strong overall result for the two largest parties, it was not a return to the perceived status quo ante of class politics. Increasingly, electoral experts have adopted valence politics perspectives. But both the referendum and general election were polarising events. Neither was a competition about competence with a shared or convergent agenda. The absence of a strategy to secure consent from the referendum's losing side after July 2016 may have entrenched the polarisation. Equally, both the Labour and Conservative parties and their traditional electorates display deep divisions over the EU. The EU issue cuts across historic patterns of party loyalty.

Both electoral events also revealed electoral divergences between the UK's nations and territories. The dynamics of the English electorate provided an important source of volatility in these votes. In 2016 English identity was linked to support for Brexit (Henderson et al., 2016; Henderson et al., 2018). It is not clear that any party managed to mobilise this potential electorate in 2017, although UKIP sought to present itself as an English party. A tangible, but still somewhat latent, politics of England lies under the dynamics of Brexit. And English politics could interact with distinctive processes in each of the other three territories, making the UK's multi-national union more fragile. The election and its aftermath – particularly the governing arrangement between the Conservatives and the DUP – dramatised this fragility.

Third, Brexit has complex implications for the UK's political economy. Some on the right see leaving the EU as an opportunity to implement a free trade minimalist state. Leaving the EU without an agreement might generate this position by default. Had Remain won the referendum, the UK political economy status quo might have been maintained, despite being marked by long-standing wicked problems. But May's pre-election position differed from both. It mixed social and economic interventionism with fiscal austerity and support for leaving the Single Market/Customs Union. May's stance suggested that the UK economy was unbalanced, unfair and socially unsustainable. The 2017 election result may have indicated that much of the UK electorate agreed with her.

Painting in broad brushstrokes, the UK economy and public finances have been sustained by dynamic and lucrative financial services together with a buoyant housing market and confident consumers. The dynamism is concentrated in a few places - with London and the Southeast of England predominant. Outside London, university towns and cities with diverse, well-educated, younger populations perform relatively well economically. Yet the young people who contribute to their dynamism often find housing costs are prohibitive in these places. Moreover, the UK's level of per capita productivity has remained stubbornly low for generations, apparently impervious to corrective policies. Had enhancing worker productivity in the UK been a less painful process, migration might not have become as important to UK economic growth. Where economic growth is not driven by productivity improvements, it hinges on increasing the size of the labour force. As well as filling skills gaps of various kinds, immigration has been a quick way of enlarging the UK's labour force.

So the political economy context for Brexit negotiations mixes long-standing wicked problems and challenging dilemmas. The UK's productivity disease falls into the first category, as do problems with housing - both were Economic and Social Research Council (the major UK social research funder) priority areas from 2015. Sustaining the UK's economy and avoiding damage to its public finances require that the financial service sector and house prices remain buoyant, each of which tends to reinforce the dominance of London and the Southeast of England. If Brexit weakens the City of London,

that might lead to a territorial re-balancing of the UK economy, perhaps on the back of a painful economic downturn. If territorial rebalancing is achievable in the context of London-based financial services retaining their current character, it seems likely to be a slow process.

Parker's 'progressive's dilemma' (2017) is thrown up by the perception that immigration undercuts social provision. But an open migration regime may have become structured into the UK's growth regime (Thompson, 2017). As a result, if leaving the EU means restricting immigration, the UK may find itself in the obverse situation. Polls indicate that a large majority of the UK population sees immigration as a problem, but if any resulting migration restrictions undercut growth, the UK might find itself caught in the 'Brexiteers' dilemma'. Finally, reducing immigration may also pose social challenges, particularly in diverse urban communities where significant population segments share Parker's rejection of the progressive's dilemma. Labour won unexpected 2017 victories in constituencies like Bristol North West, Canterbury and Kensington. In places like these, with large young and student populations and Remain majorities in 2016, restricting or reversing migration may be socially disruptive.

Conclusion

Brexit may open new economic opportunities for the UK. Whether it does could hinge on the pre-exit strength of the economy. The stronger the economy, the more likely the UK is to prosper after leaving the EU – although for some free traders Brexit may trigger a bracing process of economic restructuring. By contrast May's Industrial Strategy suggests her concern about UK economy weaknesses, which make Brexit more challenging, and may be exacerbated by it (for example, by restricting the supply of immigrant labour). The Strategy is her proposed solution to the Brexiteers' dilemma.

Equally, Brexit has revealed, and possibly deepened, problems with UK-level political processes. Westminster has not engaged effectively with EU regulatory processes, and Brexit may marginalise UK representative democracy further, as and if the UK executive dominates successor regulatory processes (Chalmers, 2017). While a soft Brexit might be attractive to (erstwhile) Remainers on economic grounds, it would have a deleterious impact on UK democracy and accountability: that is the dilemma they face. The UK's territorial constitution appears fragile. Electoral politics seem volatile and unsettled – notably so in the hitherto neglected Anglo-British core of the UK state (Henderson et al., 2016). The social foundations of mass democracy are not what we once thought they were, posing difficult issues for both Labour and the Conservatives.

So, the view of Brexit as 'historic' notwithstanding, challenging continuities may significantly shape the UK's future economic and politics prospects. Reconciling immigration control with frictionless access to the EU economy – two objectives which command majority public support - is an overarching chal-

lenge. The UK government's vision of a deep, special bespoke arrangement was dreamt up to reconcile this Brexit dilemma. But Europeans seem reluctant to cooperate in this tailoring project. If there is a change of PM or government and so the Article 50 negotiations have to be reset, there may not be time to negotiate a bespoke agreement. The only possibility might be more limited adjustments to an off-the-peg deal.

Brexit feels 'historic', but so far little seems to have been settled. The choices that will come to be seen as defining the UK's future may have already been made. Equally, there is sense of events running fast, too quickly to be fully understood or brought under political control. In short, it feels more like muddle than a new era. But perhaps that is how the early stage of a new age feels.

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[i] I should like to thank Alan Convery, Sue Evans and John Peterson for very helpful comments on this article and these three plus Gareth James for their wider support of this special issue project. I have learnt a great deal from all the authors who have participated in this special issue and in the workshop held in Edinburgh in February 2017 – thanks to all of you.

[ii] Emphasis added to this as well as subsequent quotes.