

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries or regions.

Labour's Brexit Dilemma

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- Britain is scarred by both economic and cultural insecurities, but it is the latter that explains the 2016 vote for Brexit. Leave voters chose to 'take back control' from urban, liberal Britain, as much as from the EU.
- In the last 18 months the views of Leave voters have barely shifted but it has become clear that it will be hard if not impossible for Britain to leave the EU's economic area – not least because of the status of Northern Ireland. This sets the scene for a fresh political and cultural crisis unless politicians can find a new way to align pragmatism and emotion.
- The British left faces a particular challenge because it can only win by securing the support of both cultural liberals and cultural conservatives. Ultimately Labour will almost certainly prioritise the UK's economic interests and back an EEA-type relationship or even EU membership. But it must bide its time, because it needs to follow as well as lead public opinion and develop a convincing domestic response to cultural fears.

The Two Insecurities

Two forms of insecurity are blighting Britain. First, there is economic insecurity. We have already seen a »lost decade« of stagnant pay, labour productivity and living standards. Official projections now suggest that people in the UK will be barely better off in the mid-2020s than the mid-2000s.

And there's more. We have a housing crisis, with home-ownership beyond the reach of most young people. The labour market is rapidly changing and increasingly precarious. Consumer debt is rising to pre-crisis levels. And now, after years of spending cuts, people can see the impact of austerity on public services and social security.

But second, there is cultural insecurity. Many people in Britain today fear that the pace of change is too fast. They yearn for tradition, order and national pride. They feel left behind, as other people and other places get on. And they sense that the bonds of community are weakening and that immigration is changing the UK for the worse.

People with these emotions are not trapped in the permafrost of an intolerant past. They are citizens of today, not of an imaginary 1950s. Across every section of the population attitudes are shifting on issues such as gay rights, gender roles, mixed-race relationships and sexual conduct. But nevertheless, lots of people are still feeling culturally insecure as Britain's attitudes, cultures and social behaviours become more diverse.

Many people know both these insecurities. In particular, both cultural and economic insecurity is rife in post-industrial, working class Labour constituencies, in towns in relative economic decline, and among people with no post-16 qualifications. But others see one of these insecurities far more than the other.

Economic insecurity is being experienced most profoundly by the young. During the last decade, in material terms, workers under the age of 30 have fared worst. When they face insecure, low quality work we call them »the precariat«. As a cohort they earn no more than people of the same age a generation ago and they are much less likely to own a home.

On the other hand, cultural insecurity is experienced most profoundly by retirees, who in material terms have

fared best over the last 10 years. On average, older people now have higher living standards than working-age households, as their pensions have been protected. And they own far more wealth and property than younger adults, so have gained from rising asset prices. But the fear of change and loss has hit them hard.

Insecurity and Brexit

These twin insecurities are the backdrop to Britain's Brexit choice. Both these insecurities have been intensifying, but it was cultural not economic fears that best explain why Britain turned its back on Europe in June 2016. Whether someone chose to vote Leave or Remain was predicted far better by their views on the death penalty than their personal economic circumstances. Age not income or even class is the new political dividing line in Britain.

The vote to Leave was a cultural insurgency. It was a revolt against liberal, urban Britain – against London, against the cultural elite, against immigration. The referendum was won with the slogan »take back control«, but the control was to be rested from the cosmopolitan British establishment as much as from the EU.

People who voted to Leave were protesting against the free movement of people within Europe. But beside that, their choice was little influenced by questions of policy. Brexit did not prevail as an economic project. Few voted Leave because they believed in the right's neo-liberal, free-trading vision or the old left Bennite dream of socialism in one country. Nor were issues of sovereignty decisive, when considered as technical policy. The public was drawn to questions of independent law-making, jurisdiction, trade and foreign policy not as substantive issues but as touchpoints for a nostalgic nationalism.

It is true that the Leave campaign lied and misled. But we must not make the mistake of dismissing or patronising the people who voted Leave. They knew what they were doing. Months before the final vote when Remain was ahead in the polls, a Fabian Society study showed that Leave's arguments had more emotional cut-through than Remain's and warned that when people were exposed to them many would turn to Brexit.

The Story Since the Referendum

Since June 2016 in many ways nothing has changed. Public opinion on the merits of Brexit has barely shifted. Almost all Remain voters oppose leaving, almost all Leave voters support it. There is very little evidence of regret from Brexit voters, and rather more of Remain voters who disagree with the decision also accepting that it has been made and wanting the job done. Indeed, lots of people think that the UK has already left, or can't understand why it hasn't.

But something else has changed. Britain's business and political elites now truly understand the economic and institutional dangers of a hard, fast Brexit. Before the referendum the Remain campaign was called »Project Fear« by its opponents, but it never really succeeded in painting a picture of just what Brexit would mean in practice. Remain campaigners did not really know themselves.

Now each week new examples are revealed of the chaos that looms for business sectors, supply chains and local economies. In minute detail, we are discovering the implications for energy, healthcare, finance and manufacturing, not to mention aviation, ports and Northern Ireland. We know that a cliff-edge, »no deal« Brexit would lead to unimaginable chaos and deep recession. And that even an agreed but rapid transition is impossible, not just because of the complexity of the negotiations but because of the huge demands in terms of domestic law, institutional capacity and massive business upheaval.

So what does this mean for the path to Brexit? In the short term, after April 2019, there are just three options for Britain. One, don't leave at all. Two, stay in the European Economic Area to retain access to the internal market and customs union. Or three, choose economic chaos and depression. Following the successful conclusion of the 'phase one' negotiations in December, the middle option is by far the most likely.

The Two Barriers to »Lancaster House«

What is much less clear is the UK's eventual destination after the transition, however long it turns out to last. Most of the British public, the business community, and the political class would probably settle for something close to the vision Theresa May painted in her Lancaster House

speech of January 2017. The UK would enjoy a status somewhere between the »associate« relationship of Norway and the comprehensive economic agreement struck with Canada. Britain would not be in the internal market or tariff zone but, when compared to Canada, would have broader access to the EU market and more regulatory harmonisation. And the deal would include preferential migration status for our fellow Europeans although not free movement of people as we know it today.

But there are two huge roadblocks on the road to Lancaster House. First, it is not clear that this version of Brexit would be acceptable to the rest of Europe. In the first 12 months after the referendum this was the issue that was debated most. From a British perspective, Lancaster House might represent a »Goldilocks« deal – neither too close nor too distant – and have the potential to heal the domestic divides created by the referendum. But could the EU27 see a half-way house between Canada and Norway as a proportionate, balanced new set of rights and responsibilities, rather than the UK trying to »have its cake and eat it«? Is this Britain trying to take all the benefits of the club but none of the burdens, in a deal so good that other member states might be tempted to follow? Everyone watching the Brexit process has always known that this is a question for the EU not for Britain to decide (making the UK government's abrasive and jingoistic approach to negotiation rather bewildering).

But recently a different barrier to this middle-ground Brexit has started to loom large. Regardless of what the rest of Europe thinks, there is growing doubt whether such a hybrid settlement is even possible. The more we know, the harder it looks. With the UK outside the EEA, just how will we be able to achieve »frictionless« borders for trade in goods, so that integrated just-in-time supply chains can be maintained? In the case of services and finance, how would the EU and Britain determine what degree of regulatory alignment was »different, but similar enough« not just on Brexit day but indefinitely? And how can an open border between the UK and Ireland be maintained, if compliance with different regulatory regimes must be assured?

These sound like technical debates and they are. But they all boil down to the question of whether the UK's economic relationship with Europe can be »half-in, half-out«. When it comes to regulatory convergence and open borders can the UK be »half pregnant«? These is-

sues have come to a head with respect to Ireland, where economic integration and an open border lie at the heart of the 1998 Good Friday peace agreement. But the Northern Ireland question is simply forcing Britain to confront these issues sooner than would otherwise have been the case. They apply to the rest of the UK too.

Conservative ministers have been adamant that solutions can be found, with »flexibility and imagination«, and this view is re-stated by the UK in the December phase one agreement. But even if they are right, how long will they take to agree and how long to implement? Certainly, much longer than the two year transition period currently envisaged between 2019 and 2021.

Perhaps this will turn out to be the darkest hour before the dawn and the twin barriers to a »Goldilocks« Brexit will melt away. The EU is centripetal by instinct so maybe it will opt for the closest degree of integration the UK is prepared to offer. And the technical solutions may present themselves with time. But from where we stand today, it would be a mistake to make either these assumptions, let alone both. There are few grounds for thinking that Britain can achieve its stated Brexit goals, even before considering how unstable, divided and rudderless its government is.

The most likely outcome is probably a minimal divorce deal that kicks the can down the road, by setting up an open-ended period of negotiation and transition without a clear end-point in sight. During such a period the UK is now committed to remaining within the EU economic zone, following the December phase one deal. The negotiators' report states that in the absence of an agreement, the UK will maintain »full regulatory alignment« with respect to EU provisions affecting the Irish relationship. This is a critical development. It means that the »no deal« default is EEA membership, or something very similar, not a cliff-edge.

An Impossible Divorce and the Crisis to Come

For historians, Brexit presents a fascinating comparison to the American confederacy and the South's attempt to secede. In 1861, after 85 years, the United States had become both a *demos* and a *polity*. The North was unable to recognise a democratic decision to divide, just as we see with Spain's Catalonia crisis today.

By contrast, after 60 years of Europe, departure from our union is democratically permissible under the Lisbon treaty. And to British eyes the EU is neither a *demos* nor a *polity*, which is why the UK has been the awkward partner for so long. And yet EU member states are far more economically and institutionally integrated than 19th century America, in our age of transnational manufacturing, finance and services and ever-growing technical and regulatory complexity.

Britain is discovering that it may be as hard to leave Europe's economic area as it was for America to split apart. While the Brexit referendum has proved that Europe is fragile and reversible as a political union, everything we have learnt since has demonstrated that Europe as an economic union and a community of law is very hard, if not impossible, to escape. The irony is that this is a vindication of the sort of economic Europe the UK always wanted.

However, if it is true that it will be near impossible for the UK to depart the EEA any time soon, then Britain is approaching a terrible political and cultural crisis. In 2018 the political and business classes will say, ever more loudly, that travelling further from the EU than Norway or Switzerland either cannot be done or will take a very long time. But set against this, a sizable proportion of the population will be angry that their Brexit choice is being defied.

Some British politicians clearly hope that a formal departure in March 2019 - into a transition period on EEA terms - will draw the sting. After that Brexit will be fact and all further detail will be lost on the public. But this hope seems naïve given the political sway of the Brexit hardliners, who will shout betrayal if there is anything short of a clean-break Brexit, while remaining deliberately unrealistic on the practicalities. The UK therefore faces a head-on collision between the pragmatism of economic and political insiders and the emotion of many culturally insecure sections of the public. This risks giving rise to a virulent new strain of populism, that could make Ukip look tame by comparison.

The Left's Response

The British left's position on Brexit makes sense only once this brewing confrontation between pragmatism and emotion is understood. Most Labour party politi-

cians have always been pragmatically pro-European. But they know they cannot afford to further alienate older working-class traditionalists if they are to win an election soon. And since Labour made its recent electoral progress while pitching itself as an anti-establishment insurgency, there are clear risks in its MPs now acting as the political »grown-ups« – never mind as the political wing of British business.

At the 2017 election Labour under Jeremy Corbyn assembled a remarkable political coalition, although one that was the result of the Conservatives' weakness as much as Labour's strengths. The party's support mainly consisted of Remain voters, with Labour successfully uniting urban Britain, from the young and economically precarious to the liberal professional classes. That explains the extra seats it gained.

But Labour also won the support of sufficient Leave voters to hold on to most (though not all) of its Euro-sceptic heartlands. Working-class social conservatives turned against Theresa May's policy platform and robotic personality and they tuned into a Labour campaign that focused on economic not cultural insecurities. Importantly they could focus on economic issues because they did not see Labour as a cultural threat. This was partly because Leave voters saw Brexit and the end of free movement as a »done deal«, so they could focus on other things. It was also because Jeremy Corbyn had always looked so lukewarm personally about Europe. He was the right leader for an extraordinary Brexit election, where hardly anyone ended up talking about Brexit.

The Corbyn revolution is a paradox when it comes to Brexit. Jeremy Corbyn and most of his inner circle are life-long anti-Europeans. But almost all his grassroots supporters, who have so transformed the Labour membership, are passionately pro-EU. Within Labour views on Brexit do not map onto a left-right axis. Remainers and Leavers are found across the party, from Blairite centrists to Corbynite hard left.

For now Corbyn himself is resisting definition, along with most of his parliamentary party. There is a gaggle of Labour MPs who backed Leave publicly and continue to do so, and a larger minority who are campaigning stridently for permanent membership of the single market and customs union (and ideally to Remain). Most Labour politicians are in between however. They person-

ally don't want to leave, but understand the perils of crossing their constituents.


Corbyn has a personal choice to make. But Labour's broader dilemma is really a product of the UK's strange first-past-the-post electoral system, which has created an almost impossible electoral quandary. For around 70 per cent of Labour voters supported Remain but 70 per cent of Labour constituencies were majority Leave.

Following and Leading

For the time being Labour can avoid picking sides by saying it respects the outcome of the referendum and then pitching itself just a little softer than the government, each time the Conservatives moderate their position. The Labour frontbench, led by shadow Brexit secretary Keir Starmer, is avoiding setting out a clear position of its own, while torturing ministers from opposition. It simply sets tests for a successful Brexit that it knows cannot be met and shines a beam on the chaos and conflict within Tory ranks. But if Labour comes closer to power it will need to decide where it stands. And Jeremy Corbyn will need to choose personally, as the anti-European leader of a pro-European party.

Ultimately, Labour is a pragmatic, empirical movement so it will probably choose Brexit on EEA terms, or even re-entry, given the near impossibility of Brexit on the basis of Lancaster House. The party will conclude that the material interests of Labour's economically insecure core voters will be best served by the UK maintaining EEA terms for a very long time. But it will plead with the EU for some minor tweaks to free movement provisions, as a reward for a more accommodating stance. And should the political conditions change, Labour will be tempted to make the case for re-entry. If the party's friends across Europe want to maximise this possibility they should promise now that the door will remain open for the UK to return on its existing terms.

Labour will only be able to make the case for EEA terms while avoiding a toxic, populist backlash if public opinion has started to move however. In particular, a significant slice of working-class Leave voters will need to come to see that soft Brexit (or staying in) is the price of prosperity. For the time being, Labour must follow as well as lead public opinion.



It can lead in a *negative* way by undermining the Conservatives and exposing the contradictions and pitfalls of the government's position. But it must bide its time before setting out its own *positive* alternative, while arguing for Britain to take more time – to work through the technical issues but also to create breathing space for the public mood to change. It is a very Fabian strategy.

And while Labour waits, the party must develop a strong domestic agenda that responds to the twin insecurities. It needs answers to both the economic risks and the cultural risks different people face. For the British left will not be able to bring pragmatism and emotion together until it appears to be addressing the underlying causes of the Leave vote.

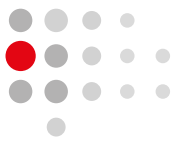
That will mean developing a bold new politics that is distinctly to the left of new Labour on economic issues, because the old economic order has failed. But it also means being »centrist« on the other axis of politics, between social liberalism and social conservatism. This is the only way to create an electoral coalition that can

unite towns and cities, young and old, and people with no qualifications and people with degrees – to pitch a »big tent« that bridges the cultural divide.

Being a centrist on the cultural axis will mean constructing a left political project that expands the power people have over their lives, that builds stronger feelings of security and that cherishes tradition, place and nationhood – while doing all these things in a way that is open, egalitarian, collectivist and internationalist. It must be liberal *and* conservative.

And the left's response must not just come in terms just of public policy but in the stories we tell and the emotions we feel. The left needs poetry not just prose to win hearts and minds. We need to convince people, especially Leave voters, that 'we get it' when it comes to both the twin insecurities and that we have answers people can believe in.

If we can do that, then we can convince people about Europe too.



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