Brexit and the Changing Discourse of the Conservatives

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The road to Brexit has been strewn with falsehoods, hype and fantasies. Boris Johnson, as an opportunistic campaigner for leaving the European Union and now Prime Minister, has excelled in this genre of political communication, and played a key role in securing electoral support for Brexit. He has not been alone, as this review of the Conservative discourse shows. However, a longer term examination of the European Union as viewed by British Conservatives, including by Margaret Thatcher who promoted the Single Market strongly, suggests that Britain's historically different approach to the EU – favouring trade but not economic and political integration – perhaps made something like today's Brexit inevitable.

On most accounts, Brexit is economically irrational. Before Covid-19, a small band economists led by Patrick Minford did argue that it could boost the United Kingdom's growth by as much as 7 percent over fifteen years, notably as cheaper imports would stimulate the competitiveness of the UK economy [1]. By contrast, most mainstream forecasts have consistently estimated that GDP is likely to be between 3-4 and 8-9 percent lower by 2030 than it would be, depending on the type of Brexit [2].

Covid-19 has made these forecasts out of date. But Brexit will compound Britain's economic difficulties in the immediate future – deal or no-deal. At one level, reviewing the inconsistencies and falsehoods of the Brexit discourse may therefore seem redundant. The immediate economic consequences of the June 2016 referendum were not as bad as previously forecast, yet the many fantasies of a happy Brexit have been stripped away, replaced by posturing that a no-deal exit would not be so bad, given the bigger shock of Covid-19. This is reckless reasoning [3]. But as the economically irrational process of Brexit reaches its sorry conclusion, reviewing the Conservative discourse on European integration suggests that profound tensions between the UK and its neighbours – especially over economic and monetary union (EMU) – were practically inevitable.

The Background, Gambles and Fantasies of the Brexit Discourse

Britain always was ambiguous about its engagement with "Europe". It joined late in 1973, and spent a decade renegotiating its entry, until Margaret Thatcher got the UK budget rebate in 1984. In doing so, she established Britain's approach with its partners as a win or lose game [4] (In the meantime, the UK had stayed out of the exchange rate mechanism (ERM) of the European Monetary System (EMS), launched in 1979). Thatcher then became more cooperative, sending a close ally to the European Commission, Lord Arthur Cockfield, who was instrumental in initiating the Single European Market (SEM), in 1986. Yet for Jacques Delors the SEM was a step to more integration, including EMU and a social Europe. By 1988, this was too much for Thatcher who warned about the creation of a "European super-state" in her famous "Bruges speech" [5]. Having taken the path of deep integration in pursuit of market liberalisation, she laid the foundations of Euroscepticism.

Britain's chaotic experience of joining the ERM in 1990, and leaving ignominiously in deep recession in September 1992, was decisive in the rise of this Euroscepticism. It massively discredited the Conservative Party's reputation for economic management, and helped New Labour come to power in 1997. Yet exiting ERM also allowed the British authorities to shape a new macroeconomic regime,

(1) MINFORD P. (2019), "No Deal is the best deal for the UK", *Economists for Free Trade*, March 11.
(2) HM GOVERNMENT (2016), "The best of both worlds: the United Kingdom's special status in a reformed European Union", White Paper presented to Parliament, February; RIES C. *et al.* (2017), "After Brexit: Alternative forms of Brexit and their implications for the United Kingdom, the European Union and the United States", RAND Europe; HANTZSCHE A. *et al.* (2019), "Why we stand by our assessment of a £70bn Brexit impact", NIESR blog, 14 Nov; LAURENCE A. & BADIANI R. (2020), "Brexit and the UK economic impact", IHS Markit, 21 August.
(3) WOLF M. (2020), "A no-deal Brexit amid the pandemic would be disgraceful", *The Financial Times*, May 21.
(4) WALL S. (2020), *Reluctant European*, OUP, p. 36.
(5) THATCHER M. (1988), "Speech to the College of Europe" ('The Bruges Speech'), 20 September.

contributing to the long boom until the global financial crisis (GFC) of 2007-2008. This success entrenched doubts about EMU, which Britain refused to join.

The GFC broke the boom, and when the Conservatives returned to power in coalition with the Liberal-Democrats in 2010, they began a policy of austerity to cut the post-GFC fiscal deficit of 10 percent of GDP. Years of flat growth and welfare spending cuts followed, while net immigration expanded to 330,000 the year before the June 2016 referendum [6]. This context helped UKIP (the UK Independence Party) become a political force, and in January 2013 led David Cameron to announce his bid to reform the EU and then put continued membership to a referendum. It was a high-stakes gamble, reflecting British ignorance of how "Europe" works, and carelessness about the use of a referendum.

In his speech announcing the referendum (at Bloomberg's London!), Cameron called for "fundamental questions" to be asked and for "a new European Union", based on: competitiveness; reforming the EU's "sclerotic" bureaucracy; "flexibility" in the geometry of the EU and recognition that "ever closer union" was not a UK objective; the primacy of national parliaments; and a Eurozone that also "work[s] fairly for those inside it and out" [7].

The British could have found support for these views in other EU member states, but their increasing political isolation and misunderstanding of the EU doomed Cameron's call for change. In 2009, Cameron had taken the Conservatives out of the European People's Party (EPP) group in the European Parliament, thus cutting political links with other centre-right parties in Europe. At the EU summit in December 2011, he vetoed EU treaty change to deal with the Eurozone crisis, in order to push back new regulation of financial services. In 2014, Cameron was alone with Viktor Orban in opposing Jean-Claude Junker's appointment as President of the Commission.

Cameron's renegotiation, finalised in February 2016, produced mixed results. The proposed deal "protected the UK's rights... within the Single Market, but outside the Eurozone"; exempted the UK from possible "Eurozone bail outs"; committed to "extending the Single Market"; "carved" the UK out of "ever closer union"; and provided the UK with some capacity to withhold welfare benefits from (new) EU migrants [8]. In presenting the deal to Parliament, Cameron also fixed the 23 June date for a simple in-out referendum. Having failed to understand EU decision-making, Cameron also failed to think through the consequences of a Leave vote, gambling voters would support the status quo.

The result of what was meant to be an advisory referendum was a surprise. Britain woke up dumbfounded on Friday 24 June. David Cameron immediately announced his resignation, while Boris Johnson and Michael Gove, leaders of the mainstream "Vote Leave" campaign, were lost for words at their win, built much on falsehoods. During

the referendum, Johnson – having hesitated to back Remain – had repeatedly and wrongly argued that Britain "taking back control" would save £350 million per week for its National Health Service. In Parliament, he argued EU regulations were costing the economy £600 million per week – a gross calculation at best [9]. For his part, Michael Gove (then Justice Secretary and in 2020 minister responsible for Brexit preparations) is most remembered for claiming "[t]e day after we vote to leave, we hold all the cards and can choose the path we want" [10], and stating that "people...[had] had enough of experts" warning of the economic damages of Brexit. For his part, David Davis (later the first Brexit minister to negotiate with Brussels) claimed Britain was well-equipped to negotiate trade deals with the EU and throughout the world [11]. More generally, Brexiters promised that a free Britain was destined for "sunlit uplands" [12]. They also played the immigration card – shamelessly. Nigel Farage, the leader of UKIP and the "Leave.UK" campaign, used images of refugees crossing Europe to state that Britain had reached "breaking point", while Vote Leave claimed that staying in the EU would lead to massive migration from Turkey.

There was also a malevolent side to Brexiter fantasies about the EU breaking up. For example, Gove in a keynote speech declared that "Britain voting leave will be the beginning of [...] the democratic liberation of a whole Continent" [13].

What Brexit means

It took half a year for the Conservatives (governing alone since their successful election victory in 2015) to begin setting out the consequences of Brexit, for which no-one had planned. Controlling immigration loomed large and has shaped policy. At the annual Conservative Party conference in October 2016, Theresa May took an overtly nationalist line. She had been elected as leader of the Party in the summer, on the promise that "Brexit means Brexit". So while stating she wanted "to give British companies the maximum freedom to trade and operate within the Single Market", she also asserted Britain would "not give up control of immigration all over again" or "return to the jurisprudence of the European Court of Justice" [14]. This of course was and is contradictory, and was best summed up by Boris Johnson who stated to *The Sun* tabloid that "we'll have our cake and eat it" [15]. A more consistent approach

(6) Office of National Statistics, "Migration Statistics Quarterly Report", August 2020.
(7) CAMERON D. (2013), EU speech at *Bloomberg*, 23 January.
(8) HM GOVERNMENT (2016), *ibid*.

(9) JOHNSON B. (2016), "Oral evidence: The economic and financial costs and benefits of UK membership of the EU", HC 499, Questions 1129-1358, Treasury Select Committee, 23 Marc"h.
(10) GOVE M. (2016), "The facts of life say Leave: why Britain and Europe will be better off after we vote Leave", 19 April, www.voteleavetakecontrol.org/michael_gove_the_facts_of_life_say_leave.html
(11) DAVIS D. (2016), "The Economic Case for Brexit", 26 May, www.daviddavismp.com
(12) Andrea Leadsom specifically used this expression in her leadership bid for the Conservative Party after the resignation of David Cameron.
(13) GOVE, *ibid*.
(14) MAY T. (2016), Keynote speech at Conservative Party conference, 5 October.
(15) NEWTON DUNN T. (2016), "We'll have our cake and eat it", *The Sun*, 30 September.

"Hands Across the Divide", a sculpture in Derry, a border city in Northern Ireland, March 18, 2019.

Photo © XINHUA-REA

"The imperative of keeping the Irish border open was not just about frictionless trade, but more about maintaining the Good Friday peace agreement of 1998, which has been embedded in European integration."

was put forward by Nigel Lawson, formerly Margaret Thatcher's "brilliant" Chancellor of the Exchequer who had come out of retirement in France to support Vote Leave. Writing in *The Financial Times*, he argued that Brexit was a chance "to finish the Thatcher revolution", and as control of immigration made it impossible to stay in the SEM, Britain should not waste time trying to negotiate a special deal with the EU, but pursue its own deregulation to boost trade and growth [16].

In January 2017, Theresa May set out more clearly what Brexit meant in a keynote speech. Although more detailed and calling for the creation of a "Global Britain", her declaration restated the aim to take control over immigration and specifically noted while it hoped a future agreement with the EU "should allow for the freest possible trade in goods and services", it could not "mean membership of the Single Market". Moreover, May said she "want[ed] tariff-free trade with Europe and cross-border trade there to be as frictionless as possible", yet Britain would not be "bound" by the Common External Tariff. Significantly, she made little mention of Northern Ireland [17].

Theresa May spent the next two years trying to overcome these contradictions, which were indeed sharpest over Northern Ireland. There, the imperative of keeping the boarder open was not just about frictionless trade, but more about maintaining the Good Friday peace agreement of 1998, which has been embedded in European integration. This was an issue that the English had characteristically forgotten to discuss before the referendum, and May ultimately failed to get the deal she negotiated with the EU through Britain's Parliament because of the "backstop" it included. This protected the open border in Ireland by keeping Northern Ireland in the SEM, and the UK in a common customs area with the EU, as long as a future trade agreement was not concluded. Boris Johnson, after becoming Prime Minister in July 2019, finally overcame these problems with the Withdrawal Agreement (WA) signed in October, and in which Northern Ireland remains in the SEM for goods, with the UK responsible for collecting EU tariffs on products entering Northern Ireland that are "at risk" of going to the Republic of Ireland. Even though this creates a de facto customs border in the Irish Sea, Johnson could claim that Brexit was "oven ready". This helped him win a big election victory in December 2019, to "get Brexit done", and so gave him Parliamentary approval for leaving the EU at the end of January 2020.

Yet in September 2020 it became clear that the deal was not done. As negotiations with the EU continued on a

(16) LAWSON N (2016), "Brexit gives us a chance to finish the Thatcher revolution", *The Financial Times*, 2 September.
(17) MAY T. (2017), "The government's negotiating objectives for exiting the EU: PM speech", 17 January.

free trade agreement after the transition period, the new Johnson government prepared its own internal market framework for the UK, and openly challenged the state aid arrangements set out in the Northern Ireland Protocol of the WA. Under Article 10 of the Protocol, EU state aid provisions shall apply to the UK as a whole. As state aid became a major obstacle to trade negotiations during 2020, with Britain wanting to have sovereignty to make its own policies, and possibly creating unfair competition, the Johnson government declared in Parliament that it would be willing to break international and domestic law if necessary [18]. Leaving aside the broader consequences of a government announcing it is ready to break the law, this amazing volte face raises profound questions about the enforceability of any trade deal, and dispute-settlement has become a major issue in negotiations.

Such inconsistency goes hand-in-hand with the increasingly wild "boosterism" of Boris Johnson in boosting the UK's future prospects and bravado in negotiations with the EU. In February 2020, he gave a keynote speech at the Old Royal Naval College in Greenwich, warning about "autarkic rhetoric" across the world and "market segregation" due to Covid-19. He claimed that Britain would fight for "freedom of exchange" as it had always done since Smith and Ricardo, and was "ready to take off its Clark Kent spectacles and leap into phone booth and emerge [...] as the supercharged champion, of the right of the populations of the earth to buy and sell freely among each other" [19]. Then, in mid-October 2020, he declared that unless there was "some fundamental change of approach" by the EU, Britain would have to "move on" without a deal, "with high hearts and complete confidence" [20]. So while Johnson also argued strongly in his Greenwich speech that Britain wanted to keep high environmental, food safety and social standards, and would be careful about state aid, there are doubts about his seriousness.

Discussion and conclusion

Brexit is hard to analyse in rational terms: Jacob Rees-Mogg (another key Brexiter and Leader of the House of Commons under Johnson) admitted in 2018 that the "overwhelming opportunity for Brexit is over the next 50 years" – while carefully expanding his investment fund business in Dublin [21]. More immediately, parts of northern England voted Conservative for the first time in 2019 in support of Johnson and Brexit, but will be badly hit by failure to keep goods trade flowing freely.

Brexit discourses thus have a destructive and adventurist side which escapes economic rationale. They recall Francis Fukuyama's view that the *End of History* would lead to a "growing 'Common Marketisation' of international relations", but would be "a very sad time": there would, for example, be no more "willingness to risk one's life for a purely abstract goal" [22]. These words in turn echo Enoch Powell, a brilliant, nationalist, racist, proto-Thatcherite Conservative politician of the 1950s to 1980s. Writing after the 1975 referendum, when 67 percent of UK voters decided to stay in the Common Market, he asserted that "[n]ever again [...] will an Englishman live [...] or die for his country" [23].

Indeed, Europe as a peace project and quest for "ever closer union" has never had the same resonance in Britain as elsewhere. As Lord David Frost, Johnson's Brexit negotiator, stated in February 2020, his own doubts about membership arose as he could not see Britain being committed to going beyond a "partnership agreement in trade" [24]. This fundamental reticence about deepening EU integration follows much from Britain's different experience of World War II. It is not just a question of nostalgia for the past, or paranoid fantasies about a (German-led) European invasion [25]. As Michael Portilllo, a former Conservative Defence Minister in the 1990s, has recalled, Britain's political institutions survived the War. In contrast, for most European countries, EU institutions "underpin" their national ones [26], (re)constructed since the War (or even since the Cold War). The process of European integration thus has a significantly different political meaning in the UK. Steps to ever-deeper integration – especially EMU – perhaps therefore made Brexit inevitable at some point. Whether leaving the EU restores British sovereignty – in the way voters expected – remains to be seen. Whether the UK's own constitutional and national structures (dating from the late 17th and early 18th centuries) will survive Brexit is also an open question.

(18) ALLEN GREEN D. (2019), "When lawmakers approve lawbreaking", *The Financial Times*, 15 September, and related Financial Times video "Can the government breach the Brexit Withdrawal Agreement?", 11 September.
(19) JOHNSON B. (2020a), PM speech in Greenwich, 3 February.
(20) JOHNSON B. (2020b), PM statement on negotiations with the EU, 16 October.
(21) DEMIANYK G. (2018), "Jacob Rees-Mogg Says it Could Take 50 Years to Reap The Benefits of Brexit", *Huffpost*, 22 July.

(22) FUKUYAMA F. (1989), "The End of History?", *The National Interest,* Summer.
(23) POWELL E. (1975), writing in The Daily Telegraph, and quoted by BUTLER D. and KITZINGER U. (1976), *The 1975 Referendum*, London, Macmillan, p. 274.
(24) FROST D. (2020), *Lecture: Reflections on the revolutions in Europe*, 17 February.
(25) These are brilliantly analysed in O'TOOLE F. (2018), "The paranoid fantasy behind Brexit", *The Guardian*, 16 November.
(26) PORTILLO M. (2014), "Britain has the best of both worlds on the fringes of Europe", *The Financial Times*, 7 November.