



**PROGRESSIVE
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NATIONAL FOCUS

Brexit Britain 2020: Johnson triumphant, Labour in meltdown, where next?

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This chapter examines the political prospects for Brexit Britain in the light of the December 2019 general election result. It examines the reasons for Boris Johnson's decisive victory and Labour's devastating defeat. Brexit has now happened, but there is no clarity about Britain's future post Brexit national strategy and political economy. Much depends on the outcome of the 'future relationship' negotiations with the EU in 2020, which the chapter considers. A 'bad' trade deal for Britain must be likely: a major political clash with the EU is possible that could have large consequences for the future EU-UK relationship. Boris Johnson, with his victories in former Labour seats in the industrial towns of the midlands and the north, has created a new Conservative coalition. But the politics of this new coalition are as yet uncertain. Will they still lead in the direction of 'Global Britain'? By what means will the Conservatives seek to retain their newfound working class support? The chapter ends with a discussion of the huge challenges facing Labour in remaking itself as a credible party of government.

The historic significance of Brexit

Legally Britain ceased to be an EU member on 31 January 2020. This not just marks the closure of a seven year political and parliamentary controversy (since David Cameron made his fateful promise of a referendum on our EU membership in January 2013), or at least its first stage. It is the end of an epoch in British history with untold, unknown consequences. This epoch began in 1962 when Prime Minister Harold Macmillan launched Britain's first application to join the European Economic Community; since then, until 2016, our EU membership was regarded by governments of every party as a vital part of Britain's 'national strategy', both in terms of the UK's ability to compete in world markets (and pay for the imports on which our standard of life depends) and our leverage post-Empire to punch above our weight in the world.

1962 in turn marked the close of three decades of national protectionism and imperial preference which the economic crisis of 1931 had ushered in. And 1931 marked the final retreat from free trade which had been the orthodoxy since the repeal of the Corn Laws in 1848, though Joe Chamberlain bitterly divided the Conservative party in the early 1900s by launching his campaign for Tariff Reform. We are now entering a period of what must be a profound reassessment of Britain's place in the world and how as a country we earn our living.

What will be Britain's new national strategy post Brexit? The general election offered few clues. Andrew Gamble, in a brilliant lecture last November,¹ sketched out four broad possible futures for the UK political economy beyond Brexit.

- *Global Britain or Singapore-on-Thames*: the UK positioned as a low tax, light regulation jurisdiction able to trade freely and take commercial opportunities wherever they arise. To achieve this, Brexiteers are prepared to accept if necessary, an economic shock "if it is the catalyst for a significant restructuring of the UK economy, pushing the Anglo-liberal model further in a deregulatory direction, resuming the journey that was interrupted after Thatcher's fall in 1990".
- *European Britain, or social democratic Britain*: a close relationship with the EU, effectively keeping the UK in the single market and geopolitically, "firmly within the orbit of the EU, committed to multilateral cooperation and upholding the rules-based international order".
- *Green New Deal or Red/Green Britain*: a significant rupture with the Anglo-liberal status quo, but support for the EU on the basis that 'another Europe is possible'. "An interventionist, entrepreneurial state to enable a shift to a decentralised non-hierarchical economy, answerable directly to local communities, with financial services and corporate capital reorganised to support a local, sharing, everyday economy and a radical redistribution of wealth".
- *Protectionist Britain or Fortress Britain*: "anti-globalist, anti-free trade, and anti-immigration, as well as anti-EU and multilateral institutions". Gamble believes this world view would draw support from those most adversely affected by Brexit in the older industrial areas. "Populist, nationalist, anti-establishment and anti-elite". "Unlikely to capture the Conservative and Labour parties as presently constituted" but historically strong – among the Tariff Reformers and Social Imperialists in the first half of the 20th century and in Labour's 'alternative economic strategy' of the 1970s and 80s, championed by Tony Benn against successive Labour leaderships.

Which course Britain will take (and in Gamble's judgement, this may take several general elections to determine) depends on the large uncertainties of domestic politics in the coming years: the character and political positioning of Boris Johnson's 'new' Conservative party, and how Labour responds to its devastating defeat.

1 SPERI lecture, London, 8 November 2019.

Britain and Europe post Brexit: The looming clash

It pains me to write this, but the brave attempt to force a second referendum with the hope of stopping Brexit is over and done. Yet the general election has resolved little else.

'Brexit is a process, not an event', as new Conservative MPs are about to discover. Michel Barnier, the European Commission's chief Brexit negotiator, made this clear from the start of the Article 50 negotiations in the early summer of 2017. Three major issues had then to be settled in the first stage: the status of EU citizens living in Britain; the financial aspects of the 'divorce' settlement; and the avoidance of a hard border in Northern Ireland. The original Brussels plan was to sort these so that a Withdrawal Agreement could be ratified by early 2019 and negotiations on the future relationship then begin. For these negotiations a transition period of two years to the end of 2020 was agreed, extendable by a further two years by mutual agreement.

Barnier identified four baskets of issues for these negotiations:

- Trade: in Brussels' eyes, that covers everything from market access and customs issues to state aid rules and competition policy, data protection rules for cross-border data transfers, social, environmental and consumer regulation, free movement of people and much else besides.
- Security: police and intelligence cooperation, access to common databases, the European arrest warrant (a growing area of EU activity).
- Foreign policy and defence cooperation.
- Other areas of potential cooperation such as research and education programmes.

In truth, each of these baskets contains multiple parcels, the full complexity of which will only be appreciated when in due course each is unwrapped. We hear a lot about the first basket – relatively little about the rest – in part because elite opinion in Britain has always seen the EU as about economics and trade and ignored its wider reach.

The Johnson government has chosen to downplay the complexity of the task it is facing: in the Conservative view, Brexit has been 'done' on 31 January, with only a few irritating technical details about the future relationship to tidy up. It is rumoured that the term 'Brexit' is to be banned from Whitehall and ministerial discourse. The Department for Exiting the European Union is to be wound up (probably a good thing because inter-departmental coordination is probably best achieved through the Cabinet Office under the direction of the prime minister). Yet, call it Brexit or not, the reality is that the UK is about to embark on the most complex set of international negotiations in its history.

The future UK-EU trade deal covers around 40% of UK exports of goods and services, over 12% of total UK GDP, broadly like the whole of UK spending on health and education combined. The huge economic significance of this bilateral trade negotiation far outweighs the significance of any trade deal with any other part of the world, including the United States, but I somehow doubt ministers will acknowledge that fact. Even if advocates of 'Global Britain' are correct in their assumption that

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in time the UK's new sovereign right to strike its own trade deals will reorient the UK economy to parts of the world with higher growth potential (I am sceptical),² the economic relationship with the EU is likely to remain by far the most significant of all external relationships for years to come, certainly for the duration of a Johnson premiership.

Little has so far been 'agreed' on the future trade relationship. The Political Declaration accompanying the Withdrawal Agreement³ contains what little there is. This is not a legally binding mandate for the forthcoming negotiations, rather a political statement skilfully drafted to mean what both the UK and EU wanted it to mean for their own immediate purposes. The British point to the ambition for a 'no tariffs, no quotas' deal in goods and the creation of a "free trade area, combining deep regulatory and customs cooperation": the EU adds the crucial qualification that "the future relationship will be based on a balance of rights and obligations (...) must be consistent with the Union's principles, in particular with respect to the integrity of the Single Market and Customs Union and the indivisibility of the four freedoms." Textual exegesis of the Political Declaration however reveals some subtle shifts from the May to the Johnson draft: the ambition for "frictionless trade" and a "high level of regulatory alignment" in goods has disappeared. The Johnson government talks of a 'looser' relationship, whatever that may mean.

On two big issues the Political Declaration amounts to little more than waffle. (To avoid sounding like an anorak, a little more detail is added in footnotes.) First 'no tariffs, no quotas' amounts to a significantly lower level of ambition than "frictionless trade" because it does not avoid border checks (in themselves time-consuming and costly) due to the potential absence of regulatory alignment on standards and compliance with EU rules of origin. Without a solution to these issues, huge, potentially existential, problems for some UK manufacturers could arise, especially for firms that have built their business models on extensive cross-EU border supply chains.⁴ This is a key issue for high profile foreign manufacturers such as Nissan, Airbus and Siemens, which are often situated in the Midlands, Wales and the North and whose continuing presence in the UK has huge symbolic as well as economic significance.

Secondly, the absence of tariffs and quotas is irrelevant to trade in services.⁵ This amounts in all to 40% of British exports and the share is growing. We also enjoy a big surplus with our

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- 2 Most trade economists believe geographical proximity is the most important factor in determining the degree of potential trade integration between countries. An interesting exception to this rule was the UK recovery in the decade immediately following the Second World War, when global exports boomed, especially to markets protected by Imperial preference in the British Empire and Commonwealth.
 - 3 Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom. 19 October 2019.
 - 4 On regulatory alignment, while it is difficult to envisage a manufacturer with an extensive Continental export business wanting to diverge from EU standards, how do they ensure their UK suppliers have complied with those standards, especially if as a result of new trade deals that the UK concludes, goods have been admitted to the UK market which are not EU-compliant. On rules of origin, even if a deal could be negotiated with the EU that *for these specific purposes* continued to treat the UK as part of the single market (a contentious proposition in itself), there would be no legal obligation on third countries in the rest of the world that have trade deals with the EU, to treat the UK as compliant in a similar way. For example, UK car exports to Korea could be hard hit.
 - 5 For UK service companies, the key issues where the EU single market matters are legal rights of establishment in EU member states, mutual recognition of professional qualifications, and free movement of people. Also, as a member of the EU, UK-based companies have been able to bring claims of unfair discrimination before Continental courts and ultimately the Commission and the ECJ: with Brexit that protection will automatically be withdrawn.

EU partners in services trade with the UK unlike the large deficit in goods. My suspicion is that the Conservatives calculate that they can afford to neglect services. While opinion in the City of London is divided on the future relationship, the Bank of England is insistent that the UK financial services cannot be an EU rule-taker. For different reasons, the hedge fund and private equity millionaires, many of whom are big Conservative donors, want to escape EU rules in the belief that deregulation will follow and make them richer. The demonology of the Left helps them get away with it. When people think of services, they think of greedy bankers. But *only a third* of our EU service exports consist of financial services, and indeed much of that is highly worthy and respectable activities in the City of London such as capital raising for businesses throughout the European single market. The *remaining two thirds* include great British success stories such as law, accountancy, consultancy, architecture, design, digital companies, TV and film production, and cultural centres of excellence. Of course, a bad Brexit deal for services will hit profits, but the greater loss will be the number of creative and rewarding jobs for this and future generations of young Britons.

The third problem the Conservatives face is their self-imposed deadline: no extension of the transition period beyond this coming December. In the government's view, this timetable is perfectly achievable because the starting point for the negotiations is that Britain and the EU are already fully aligned. But that misses the whole point of Brexit to which the Johnson government is particularly attached – the ability to diverge in the belief that this restores national sovereignty and sets Britain free to steer a destiny as Global Britain without the 'burden' of EU laws and regulations.

There is no way that the EU will be relaxed about this ambition. In the eyes of our partners, the creation of a freewheeling competitor, right on their doorstep, is a huge threat. This is not just an obsession of Commission bureaucrats, though it is: Chancellor Merkel and President Macron have made it clear that if Britain goes its own way in this manner, then a price will be paid in the conditions of access to EU markets. These will become a lot more difficult. The choice is Britain's.

In my view, a 'barebones' trade deal on goods might be negotiable by next Christmas, leaving lots of other issues for 2021 and beyond. Such a deal will most emphatically *not* be a good deal for Britain – in the jargon, more Canada minus, than Canada plus plus. In all reputable forecasts, such a deal would seriously diminish UK growth potential in the medium term. Its content might involve some 'mutual recognition' of technical standards, sector by sector and the possibility of some divergence if 'equivalence'⁶ is maintained. However, for the EU, such flexibility would be conditional on across the board binding commitments to maintain equivalent standards of social and environmental regulation as well as EU-model rules on

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⁶ Measuring regulatory quality by outcomes not by an exactly similar rule book.

governance of state aid, competition and public procurement. Such commitments could not simply be aspirational: they would require enforcement mechanisms (perhaps through joint EU-UK committees, but where the European Court of Justice basically remains the decider of what complies with EU law) and penalties for non-compliance, for example the ability on the part of the EU to withdraw 'equivalence' at short notice and the rapid imposition of trade sanctions if the rules are breached.

Brexiters bluster that EU member states will not allow such insistence on 'doctrine' to put at risk their huge trade surpluses in goods with the UK. I am not so confident. The member states with the largest trade surpluses with the UK – Germany, France, Belgium and the Netherlands – are also the strongest defenders of the integrity of the single market, in contrast to member states to the EU south and east, which sometimes take a more relaxed view as being in their own interests.

Another major problem for this autumn is fishing. Brexit restores Britain's position as an independent coastal state: the UK regains sovereignty over who fishes in UK waters. Brexiters promise a renaissance of UK fishing. Maybe. However, half the fish presently landed in the UK is sold to the rest of the EU. Will the EU agree to unfettered access for UK fish to EU markets if the fishing boats of EU member states are banned from UK waters? One would have thought a sensible compromise was negotiable here, particularly as fishing accounts for only some 0.5% of UK GDP,⁷ but the politics of fishing are not calm and rational: Continental member states have significant fishing interests as well as the UK. To say Spain will be vocal on this subject is a massive understatement. Also, President Macron, facing elections in May 2022, cannot afford to be denounced as a soft touch.

On the EU side, the politics of determining this 'future relationship' with the UK will be far more complex than those shaping the Withdrawal Agreement. On the latter under the Lisbon Treaty, the EU took decisions by qualified majority. In trade deals with "third countries", which Britain has now fatefully become, unanimity is the rule. Every EU member state has a potential veto. When it comes to doing a deal, the ball is no longer only in Britain's court. The hard December deadline exposes the UK to high risks. The combination this autumn of a confrontation over fishing rights, with an EU determination to secure provisions that limit the potential for a 'race to the bottom', is potentially toxic. National interests will come into play: some member states will be tempted by the prospect of UK-based financial institutions and global companies reassessing their longer-term commitment. Sir Ivan Rogers, the former UK Permanent Representative to the EU, forecasts a difficult, even poisonous autumn.⁸

I have no doubt that for sound geopolitical reasons, at a time of great turbulence in transatlantic relations, crisis in the Middle East and a see-sawing China-US relationship, European leaders want to maintain a close relationship with Brexit Britain. On defence and security, President Macron could not have been more explicit. I am sure this is Boris Johnson's first instinct as well,

7 There are also differing interests within the sector. Inshore fishers on the west coast of Scotland are more concerned about maintaining their strong exports of salmon, lobsters and shellfish to the Continent while on the east coast deep sea fishers are itching to break free of the EU quota regime and EU competition in UK waters.

8 Speech by Sir Ivan Rogers to the University of Glasgow, 25 November 2019.

as the January 2020 Iran crisis suggests. But the EU system is not set up to deliver political 'grand bargains', at least very easily. The core of European unity is economic, based on complex Treaties and a patient construction of common rules enforced by supranational mechanisms. The EU will *never* accept that Britain can enjoy the 'market access' benefits of membership without meeting the obligations that go with it. Given the Johnson government's preference for a loose trading relationship, the British government will have to accept that Britain will face discrimination against its exports in EU markets that it does not face now: that is the harsh reality of Brexit. It must try to reach a deal that safeguards UK economic interests to the limited extent it can. Britain will in the medium term at least, be the poorer therefore. It is a tough political sell.

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Can a destructive clash be avoided? Boris Johnson has a Master of Arts in political escapology. The Withdrawal Agreement he negotiated last September displayed on his part, a remarkable flexibility of approach. In ditching his solemn commitment to the Northern Irish Unionists that there would be no border in the Irish Sea, he showed a supreme gift for turning a fundamental betrayal into a famous negotiating triumph, with Conservative backbenchers cheering him on. To achieve a deal within his self-imposed timescale, he will most likely have to accept unpalatable safeguard clauses and make some concessions on EU fishing in British waters. This will annoy the Scots (on fishing) as well as the ERG group of hard line Brexiteer backbenchers.⁹ He may have enough political capital in the bank to pull this off. This may follow a period of bluster about 'no deal', though why a course of action he rejected in the early autumn of 2019 could suddenly seem attractive in the winter of 2020, is unclear. He may agree to extend the transition deadline if he can put the blame on the hopelessness and divisions of the Europeans. There is real risk he will try somehow or other to excuse his own failures with a populist attack on Brussels. He may simultaneously switch his attention to a trade deal with the US, which will enrage member states even more. There could well be adverse consequences for all the other elements of the post Brexit relationship with the EU, such as the defence and security partnership as well as future research and industrial cooperation. Who knows, but we are in for bumpy autumn, and a 'bad deal' could hit the economy hard against a background of weak economic growth.

The new Conservative party

Much depends on the character of Boris Johnson's 'new' Conservative party, his strategy for re-election in 2024 and his government's national strategy for post-Brexit Britain. Johnson has transformed the Conservative party. Many Tory supporters of Britain's EU membership either

⁹ Ed: The European Research Group is a Eurosceptic research group within the parliamentary Conservative party. It provides information and research for Conservative MPs.

retired at the last election or had the Whip withdrawn before it. In addition, there are new Conservative MPs for many midlands and northern constituencies which would previously have been regarded as 'hopeless'. A significant number of successful Conservative candidates were selected at the last minute from shortlists drawn up by the Johnson office.

The true character of this 'new' parliamentary party will take time to emerge. Many commentators have pointed to a potential tension between the Global Britain enthusiasts for a free economy, deregulation and Singapore-on-Thames, on the one hand, and those on the other, who find themselves representing old industrial constituencies where, as Gamble has pointed out, the instincts of their electorates are likely to be protectionist and populist. There is a genuine tension here, but I suspect it is exaggerated. The new northern MPs were elected to deliver Brexit. I doubt if they will be pushing for a 'soft' Brexit in order to protect their constituents: rather they will be cheering Johnson on, when he tells Brussels to get lost. The new 'Red Wall' MPs will be more rank populist than 'One Nation'. The core of Conservative support in these 'Red Wall' seats comes from the elderly and retired who are impervious to the economic arguments against a hard Brexit. Pro-Europeans never found a way to persuade this large group to put the futures of their grandchildren first. A significant factor is that since 2010, pensioners have been protected against the hard edge of austerity, enjoying steady real-terms increases in their standard of living while poorer working families have been harshly squeezed. This is the phenomenon of materially contented but nonetheless resentful populism.

Populism is part of Johnson's political currency. In the General Election campaign, he sought to exploit the release from prison of the London Bridge suspected killer as an example of Labour being 'soft on crime', backed by a Conservative press demanding that the only remedy for such offenders was "to lock 'em up and throw away the key", a response that ministers cravenly did little to contradict. We can expect an attitude in that vein to welfare scroungers, irregular immigrants, refugees and asylum seekers (unless the conscience of the nation can be stirred). Yet in all probability the immigration policies that will be pursued after December 2020, when free movement ends and Britain regains full control of its own border, will do very little to curb actual numbers. The UK has always had full control of its borders in the case of non-EU citizens: since the Brexit referendum, their number has soared while net migration from the EU has dramatically fallen.

Where the Conservatives may have more difficulty in meeting the expectations of their new supporters is on public services such as the National Health Service (NHS) and effective reforms to Britain's creaking social care system. When it comes to immigration it may be possible to square Global Britain's support for lower taxes and an open economy by means of an opportunist populism. When it comes to additional large amounts of additional public spend, the task is harder.

This goes to the core of the new post-Brexit 'national strategy'. In my view they are bound to recognise (internally, if not for public consumption) that the Brexit they are opting for will cause economic disruption. They need to develop a new growth model for the UK. This new model economy will, I suspect, be based on three big domestic initiatives:

- Increased public spending on research and innovation, where Dominic Cummings, the prime minister's Rasputin, is emerging as British universities' best friend, including

initiatives, such as creating an MIT of the North, outside the ‘golden triangle’ of Oxford, Cambridge and London.

- A step change in infrastructure investment to integrate labour markets across and between regions and enable the benefits of new poles of economic growth to be more widely spread beyond their city centre cores.
- A new effort (where much before has failed) to enlarge training opportunities in apprenticeships and technical skills (essential to ensure that new money piling into infrastructure and research does not simply lead to sucking in better-educated EU citizens).

When it comes to real impact, all this is medium to long-term stuff. It may not have produced clearly visible results much before the 2024 general election. For the coming five years, the general economic outlook does not look promising and if the forecasters are right, the immediate impact of Brexit will make matters considerably worse. The Conservatives will not want the central plank of their policy – Brexit – to take the blame for weak economic performance. That suggests that the government will be desperate to cover up any bigger hole in the economy that their Brexit deal creates.

Weighty arguments will be made for a large fiscal stimulus while the economy goes through an inevitable period of adjustment and restructuring. This stimulus will ensure that living standards continue to grow and public services are protected, while the government’s plans for new investments raise growth potential and tackle weak productivity, which in turn should boost tax revenues and close the public deficit. Such a policy will be awkward for the Chancellor as he may need to breach his own recently announced fiscal rules. But I cannot see this problem over-concerning the prime minister. Rising public deficits and debt will not discombobulate the financial markets if they are presented as part of a clear investment plan to set the economy on a new path. Such a problem might come later if the supply side shocks of Brexit are bigger than anticipated and result in a widening UK trade deficit and cast market doubt on the government’s ability to finance its programme due to its dangerous dependence on overseas borrowing – the “kindness of foreigners”, as the Bank of England governor Mark Carney put it.

But Johnson will also seek to keep the flame of Global Britain alive. While for tactical reasons, the government will avoid any suggestion of a ‘bonfire’ of EU regulations and standards in pursuit of competitive advantage, it will nonetheless work towards this goal incrementally. This is likely to go hand in hand with the negotiation of new trade agreements with the rest of the world, particularly a new trade deal with the United States, which the government will regard as a hugely symbolic victory for the goal of Global Britain.

In other words, the national strategy will be Global Britain eased by public spending ‘goodies’ and laced with a strong dose of opportunist populism. Who can tell now whether this programme will succeed or fail – or somehow be been blown off course? A ‘bad’ Brexit may create a political opportunity for a revived Labour party and a resurgence of pro-European

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feeling. But equally the Conservatives may turn to anti-Brussels populism to explain their woes, which may or may not be effective. We shall see.

How will Labour respond to defeat, Brexit and the new Conservatives?

The historic pattern of UK politics when governments are elected with a large parliamentary majority, is for the Opposition to disappear into irrelevance. Its profile may then slowly rise as mid-term blues damage the incumbents, government backbenchers start to be restless about the prospect of holding their seats, leadership challengers to the prime minister emerge and the next general election begins to loom ominously across the horizon. Oppositions always bluster about 'holding the government to account'. However, with a solid majority of Johnson loyalists, the executive under the control of Boris Johnson is now the master of the legislature, though this is not good enough for the Conservatives. Their manifesto makes clear that they are looking for ways to strengthen the executive over remaining dissident voices such as the House of Lords and the Courts, in the name of enforcing the 'people's will'. This Rousseau doctrine has gained new legitimacy as a result of the 2016 referendum. Johnson wants to curb a Supreme Court that can strike down government Bills and executive decisions in the name of human rights, or some Strasbourg or ECJ precedent. In their eyes the strengthening of the executive against the courts is one of Brexit's great prizes: they call it the re-assertion of parliamentary sovereignty!

This Conservative dominance gives Labour a much-needed opportunity to sort itself out and begin the long and painful task of remaking itself as a credible governing alternative. But the first doubt one has is whether the party's MPs, trade unions and members fully grasp the true depth of the existential crisis Labour faces.

Labour has now lost its fourth general election in succession – 2010, 2015, 2017 and now 2019, by far the largest margin of all.¹⁰ Assuming the Conservative government lasts its full five-year term, the Conservatives will by 2024 have been in office for fourteen years, a longer period than New Labour's three terms from 1997 to 2010, and comparable in length to the other two post World War Two periods of extended Conservative rule 1951-1964 and 1979-1997. In the 79 years since 1945, Labour will have been in power for a mere 30 of them.

One of the comforting (and potentially misleading) findings of the British Election Study is that voter volatility has dramatically increased: only half of voters supported a single party consistently over the last four elections. So big swings of opinion are theoretically possible in

10 In 2010 the Conservatives had to form a coalition with the Liberal Democrats to provide a stable working majority. In 2015 the Conservatives gained enough seats from the Liberal Democrats to secure a small overall majority of 12. In 2017 Theresa May, despite a poll position as strong initially as Boris Johnson's in 2019, fought a disastrous campaign. Against the predictions of most experts, and the expectations of most Labour 'moderates', Labour with Jeremy Corbyn as leader surged to 40% of the vote. Deprived of their overall majority, the Conservatives were forced into a 'confidence and supply' agreement with Northern Ireland's Democratic Unionists. However, in 2017 Labour still lost badly – winning only 262 seats against the Conservatives' 318. The two-party system reasserted itself in a remarkable way. It seemed Labour had done brilliantly, but in cold reality it hadn't.

future, but so far that volatility has expressed itself in all kinds of different and contradictory directions. At the next general election, Labour faces a huge mountain to climb. Without a humble recognition of that reality, the climb may prove insurmountable.

In 2019, the pattern of recent general elections was reinforced. Labour performed nearly as well as in 2017, and in some places better, in London and big cities, university towns, among most ethnic minorities, graduates and in areas with concentrations of younger people. Labour's 32% vote share was boosted by massive victories in 'cosmopolitan' urban seats. Labour is now a party of progressive cosmopolitan city dwellers: the workplace with the strongest Labour identification is the university!

**Labour is now a party
of progressive
cosmopolitan city
dwellers**

Look now, by contrast, at Labour's working-class support:

- Among the most disadvantaged social category (social class DEs)¹¹ the Conservatives had a 13-point lead, as against an 8-point Labour lead under Ed Milliband in 2015. This 2015 lead sank to 3 points, despite Corbyn's 'brilliant defeat', in 2017.
- Among households with an income of less than £20,000 a year, the Conservatives were ahead 45-34, an 11-point lead as against a 7-point Labour one in 2015.
- Among voters with an educational level no higher than GCSEs (exams young people take at 16) the Conservatives led by a staggering 58-25. This group includes the Conservative bastion of self-employed trades people and people who did well for themselves in earlier generations, before going to university became the norm for half 18-year olds.

These figures are brutal for Corbyn Labour. The Corbyn leadership pitched itself as Labour party shorn of neo-liberal Tory-lite Blairism, once again proud standard bearers of the working class against the elite vested interests lining their pockets. The truth is that working people in all parts of Britain overwhelmingly rejected Corbyn Labour. Whatever claim Corbyn can justifiably make for his principled integrity and consistency, he will tragically now have to live with the fact that Gordon Brown and Tony Blair did far more for working people, through the minimum wage, tax credits, Sure Start, wider educational opportunities and radically improved NHS, than he will ever now achieve.

Labour did particularly badly in the old industrial *towns* of the English north and midlands, and especially former mining areas. This so-called 'Red Wall' crumbled with often massive swings against Labour.¹² Shocking as these results are, they reflect long-term international trends, not confined to Britain. Witness Hillary Clinton's loss of Michigan and Pennsylvania to Donald Trump. Witness the switch in socialist support to Marine Le Pen's Front National in the old left-wing strongholds of France's Pas de Calais and Nord.

11 Ed: Social grading in the UK divides up households based on the job of the highest earner. The grades range from A (people in higher managerial and professional roles) to E (which includes casual workers and the unemployed receiving state benefit).

12 In Blyth Valley in the one-time Northumberland coalfield, the swing against Labour was 10.19%; in Bassetlaw in Nottinghamshire it was 18.42%; in Bolsover in Derbyshire 11.45%; in Rother Valley in South Yorkshire 10.8%; in Workington in Cumbria 9.73%; in Leigh in Lancashire 12.28%; in North West Durham 10.48%.

This long-term decline in areas of once overwhelming strength well predates the emergence of Brexit as an issue. Brexit may have been a trigger for Leave-supporting working class voters, but it is hard to argue that there is a long-term underlying cause. For example, in the old mining seat of Ashfield in Nottinghamshire, the Liberals ran Labour very close in 2010. In West Cumbria, the fascist British National Party (BNP), UK Independence Party (UKIP) and strange collections of independents have been running Labour hard in local elections for a decade or more.

Many Labour activists blame this situation on economics. "If only socialist policies could bring back decent paid jobs" and reverse the deindustrialisation of the 1980s; the decline of shopping centres in the towns; the drift of talented young people away to universities and the cities where the jobs of the future are found. "If only!" I firmly support a more active regional policy with a place-centred focus, a greater emphasis on investment in transport and digital connectivity and localised regeneration, together with genuine decentralisation of decision making.¹³ However, there are formidable problems in making such policies work and creating a new economic backbone for areas in structural economic decline. It is socially justified to make the effort, and it would help, but I am not persuaded it would resolve Labour's political problem.

Political analysis must be based on objective truth. These constituencies are not the poorest areas in Britain: they are not as deprived as some inner-city areas, such as in Glasgow and London (both of which, incidentally, voted Remain in the Brexit referendum) or Leave-voting Cornwall. Employment remains relatively high, though they do contain real pockets of poverty and worklessness (often through several generations). Regional differences in pay exist, but they are not nearly as high as regional differences in productivity (for example because of public sector national pay scales), and in terms of disposable household incomes, they narrow once social security benefits and differential housing costs (very large in London) are considered. The redistributive welfare state still works to an extent, even under the Tories!¹⁴

It is a big error to ignore the cultural and sociological explanations (that are related to economics and occupational structure) that have long been undermining the foundations of traditional Labour support in midlands and northern towns. What characterises many of these seats is that their historic occupational base was the coalfields and in some cases, iron and steel and railway jobs: jobs where the nature of the work encouraged a high degree of collective solidarity, where the nature of the work gave men status and self-respect (unlike some service jobs of today), where commitment to the trade unions was central to daily life, and where loyalty to the political expression of that collective spirit, the Labour party, was unquestioned. For two or three decades after the old jobs had disappeared that spirit survived. Now it is mostly gone. I am not arguing that there is no longer a 'working class', but there is no longer working-class solidarity of the old kind. The trade unions are now strongest in the

13 The last Labour government tried very hard through the Regional Development Agencies, which the Conservatives abolished. Policies for the regeneration of the great northern cities were on the whole a great success: the RDAs found the policy problem of 'towns' more intractable and to make any real impression takes far more money than they had available.

14 I am grateful for these insights to a presentation given by Torsten Bell, Director of the Resolution Foundation.

public sector and sociologists would classify most of their members as middle class: they have limited reach into the modern working class, which is predominantly based in the service sector, where the typical workplace is fewer than 50 employees, and are particularly weak in their appeal among women and young people. With collective anti-Tory solidarity broken by structural change beyond repair, the deep unpopularity of Jeremy Corbyn with traditional white working-class voters proved an even bigger trigger for the collapse of the Red Wall than Brexit. One can complain about the unfair bias of the 'mainstream media', but all Labour leaders have had to face this and overcome it.¹⁵

Labour, however, must be very wary of the argument that the road to recovery lies through renewing ourselves as the party of the working class in its heartlands. Yet, at the time of writing, this seems to be the predominant Labour response. "How does Labour win back working-class support?" should be a different question from the emotionally charged and in my view erroneous question of "how does Labour once again make itself the party of the working class?". Yet in the early weeks of the Labour leadership election, candidates are absurdly falling over themselves to stress their working-class roots and their activism on the picket lines in the industrial disputes in the coal mines and Wapping in the 1980s. (For the record, I write this as the son of a Carlisle railway clerk: my mother was the daughter of a West Cumbria coalminer and leading trade union activist). This is not the route to remaking Labour.

For one thing regaining the seats lost in Labour's 'Red Wall' is a necessary condition of winning an election, but it is by no means a sufficient one. The focus on Labour's collapse in its former heartlands underplays the scale of Labour's defeat. After the 1992 election defeat, Labour member of the House of Lords Giles Radice famously ascribed Labour's electoral problem to 'southern discomfort': the party's inability to win marginal seats in the southern and midlands regions of England, below the line between the Wash and the Bristol Channel. Tony Blair's massive victories in 1997, 2001, and to a lesser extent 2005, were based on an ability to win and hold such seats. Take some examples of the Conservative majority today in such seats compared with Tony Blair's victories.

Majority	1997	2005	2019
Crawley (Gatwick Airport)	11,707 (Lab)	37 (Lab)	8,360 (Con)
Dartford (Ken'ts Thames estuary)	4,320 (Lab)	706 (Lab)	19,160 (Con)
Harlow (Essex new town)	10,514 (Lab)	97 (Lab)	14,063 (Con)
North Warwickshire (Birmingham outer suburbs)	14,767 (Lab)	7,553 (Lab)	17,956 (Con)
Nuneaton (Warwickshire ex-mining)	13,540 (Lab)	2,280 (Lab)	13,144 (Con)
Stevenage (Hertfordshire new town)	11,582 (Lab)	3,139 (Lab)	8,562 (Con)
Swindon North (Wiltshire expanded town)	7,688 (Lab)	2,571 (Lab)	16,171 (Con)

15 Remember the 'demon eyes' campaign against Tony Blair.

