

Things Can Only Get Better.....Maybe!

By Dr. Steven McCabe, Associate Professor, Institute of Design and Economic Acceleration (IDEA) and Senior Fellow, Centre for Brexit Studies, Birmingham City University

To say that the majority achieved by the Conservatives in the General Election (GE) is something of a surprise is an understatement. Judging by the pictures published over the weekend, Boris Johnson appeared to be as amazed as the rest of the country when the exit poll was published at ten o'clock on Thursday evening precisely as the polls closed.

It suggested an outcome that Prime Minister (PM) Johnson could only have contemplated in his wildest dreams during an election campaign as he repeated, *ad nauseam*, that the imperative was to "Get Brexit Done".

Johnson's success is inversely proportional to those of Labour's Jeremy Corbyn and the LibDem's Jo Swinson, both of whom suffered bruising defeats at the hands of the electorate. Additionally, Nigel Farage is surely finished as a political force; his Brexit Party achieving, as was the case when he led the UK Independence Party, no MPs.

So, whilst Labour and the LibDems seek new leaders who are capable of rebuild confidence over the next four years in what are devastated parties, Johnson finds himself with a majority of 80 MPs.

This gives him a level of support in Parliament not achieved by the Tories for over 30 years. Quite a turnaround for Johnson who resigned in July 2018 from Theresa May's cabinet in protest at her Chequers Agreement; a government white paper setting out a plan for the UK's relationship with the EU.

Though Jo Swinson losing her seat to the Scottish National Party was the biggest casualty of the election, many decent and honourable individuals also lost their seats on Thursday. As a consequence, Parliament will be a poorer place and, perhaps, less interesting than it has been in the last twelve months.

Such is the way of politics.

The travails of the Labour and LibDem parties notwithstanding, attention now turns to what can be expected from a governing party under Johnson who enjoys a level of dominance that makes his position unassailable. No need to beg the DUP for support. No need to, initially, at least, worry about members of the European Research Group (ERG) who actively campaigned against his predecessor.

PM Johnson has a free hand to implement the deal he agreed with the EU. He will attempt to ensure a revised version of the Withdrawal Agreement Bill passed before Christmas. In that sense he will be able to make good the promise to indeed “Get Brexit Done”.

However, though technically the passage of this bill will allow the UK to leave the EU by the end of next month, the UK will continue to abide by EU laws and regulations for the remainder of the transition period that ends on 31st December 2020.

As many have pointed out, Brexit will not be complete until the UK has left the EU’s ambit and is entirely free of its jurisdiction and laws and able to create trade deals independently.

Crucially, there is the not inconsiderable matter of negotiating the future trading relationship between the UK and the EU, an objective that, based on experience of attempting to produce such an agreement, is considered hugely ambitious. Some argue it’s all but impossible.

The desire to achieve “a Canada-style free trade agreement with no political alignment”, will not be without considerable difficulties. EU members are concerned that allowing the UK too many concessions will encourage other countries to follow suit.

There is concern by some EU members that if the UK leaves without a deal, there’s a danger of allowing the UK to operate under WTO (World Trade Organisation) rules on its ‘doorstep’ that will enable it to be more competitive than its former partners. Whatever the downside for trade with the EU, such a state, a ‘Singapore on Thames’, is precisely what hard Brexiters have long advocated.

Those who want a 'softer' departure point out that a hard Brexit would undermine the rights of workers and have a potentially deleterious impact on domestic producers. Its impact would be particularly harmful to the manufacturing sector, most especially firms engaged in the automotive part.

In achieving his staggering majority, Johnson won seats in parts of the country where the Conservatives would not normally expect to be in contention. This is the upside of Brexit for them.

However, in having garnered support from those who, under normal conditions, might have voted for Labour, there is a sense that they will expect the Tories to deliver something in return. This will mean increased investment to stimulate investment.

Contrary to what those who voted to leave and who may have voted Conservative in order to "Get Brexit Done" as quickly as possible under whatever terms necessary, leaving with no deal is unlikely to assist the opportunities of the poor and disadvantaged. Johnson will know from the cabinet documents that have been produced; assuming he's bothered to read them.

Though his increased majority could allow him to try and negotiate a 'softer' Brexit deal with the EU, he seems intent on ramping up the pressure by legislating against an extension of the transition period beyond 2020. Undoubtedly, he is heading off tension within his party that he might be tempted to 'sell out'.

So, the objective for the next year, is to conclude a free-trade deal with the EU as well as security and crucial 'cross-cutting' activities such as science, education and international development. This requires consideration of over 750 procedures and protocols. Such is the magnitude of attempting to grapple with one of the most complicated trade deals ever.

Some have compared Johnson to Margaret Thatcher who achieved power in May 1979 against an enfeebled Labour administration under James Callaghan that, a few years previously, had suffered the ignominy of having to seek a bailout from the International Monetary Fund (IMF).

I beg to differ. Mrs Thatcher, whatever you thought of her, was a committed politician and absolutely respectful of Parliamentary rules. She would never have knowingly lied to the Queen.

Johnson in his desperation to achieve a majority threw commitments around like confetti at a wedding. It is on these that he will be judged.

For those who, yet again, claim his becoming PM with a secure majority will allow the 'Real Boris' to emerge, a statesman who seeks to emulate the great PMs of the past, particularly his hero Sir Winston Churchill, there must be a sense of resignation that, like the worst recidivist, it hasn't taken him long to break some of this pre-election promises.

As the *Independent's* political correspondent, Benjamin Kentish reported on Monday, it is likely that a commitment to enshrine in law existing workers' rights and environmental safeguards "will be ditched after Brexit". This promise was made to wavering MPs to show that Johnson was committed to maintenance of standards comparable to the EU.

Little wonder then that many are warning that the promises made to invest in the north of England may prove to have been an illusory distraction during the GE. In the manifesto the Conservatives produced there was the potential for up to £100 billion to be dedicated to additional capital spending on infrastructure spending over the five year Parliament.

Only £22 billion has yet been dedicated to specific initiatives leading some to speculate that the other £78 billion may be used to 'reward' voters in traditional Labour seats who "lent" their support to the Conservatives.

Notably, Manchester 'Metro Mayor', Andy Burnham, warned at the weekend that though such commitments to improve the infrastructure to encourage economic activity and growth are to be "welcomed", they may turn out to be "glib" as they are "easy pledges for politicians to make but they never come true because they are beyond the political cycle." Besides, as Burnham asserts, such vast schemes frequently take decades to come to fruition.

There is, naturally, the question of how any increased spending will be afforded which is pertinent given that Johnson has made clear his belief that taxation should be reduced? Significantly, the Office for Budget Responsibility (OBR) believe that because government borrowing is likely to be about £20bn greater than was anticipated in each year to 2023-24, in order to avoid a severe deterioration in the debt of the British economy, taxes may need to rise.

Londoners will recall that Johnson had something of a reputation for profligate spending on what are considered 'vanity' projects; the 'Garden Bridge' being an example that never got beyond the drawing board and cost £53 million, £43 million of which was public money.

It is reported that one initiative that is actively being considered is to reduce the number of constituencies from 650 to 600. This was originally proposed by David Cameron when he was PM but was blocked by the Liberal Democrats who were in coalition with the Conservatives between 2010 to 2015.

Ironically, if this change had occurred under Cameron, in the 2017 election Theresa May would have achieved a majority of 14 seats in a 600-seat Parliament. This would have allowed her to achieve her Brexit deal and, in all likelihood, she'd still be PM.

One injustice to emerge, yet again, from the GE, is that the number of seats achieved by each party bears little relation to the number of votes it receives.

The LibDems have every right to feel hard done by as a result of a 'democratic' system in which, despite having gained an additional 1.2 million votes compared to the 2017 GE (an overall increase of 4.2 per cent), but ended up with one less MP.

The inequality of the current system is all the more glaring when you realise that the Conservatives improved their share of the vote by 1.2 per cent compared to 2017 and gained only just over 300,000 votes, and they achieved a massive increase of 80 seats.

Whatever changes Johnson makes, reform of the voting system most definitely won't be one; why would he as this is what has given his party such a thumping victory?

We will undoubtedly see a flurry of announcements being made in terms of how Thursday's election is the basis of radical change. This is absolutely understandable. Naturally there will be detractors, even on the right; try reading Peter Hitchens' latest blog in the *Daily Mail*, 'A 'Tory' victory? Pity they're a bunch of Lefty bohemians', to see what is being argued by some critics.

In concluding my last comments for 2019 it's worth reflecting on what *Observer* economics writer William Keegan wrote in his latest column, 'A victory won by Brexit lies does not make those lies true', when he states his contention that getting Brexit 'done' and leaving the single market will inevitably result in economic damage for the UK.

As Keegan also states, former Conservative MP Kenneth Clarke believed that the creation of the single market was "Margaret Thatcher's greatest achievement."

That irony aside, over the next five years, Johnson will be judged on how much improvement he achieves for those whose future prospects and prosperity were so utterly undermined by the policies of Thatcher's government in the 1980s.