

The Isolated State We're In

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There's an increasing acceptance that Britain is a country that is not working and, in popular parlance is 'broken'. Intriguingly, this is a view that's shared across the political spectrum.

Telegraph columnist Charles Moore (2023) points out that though the expression 'Broken Britain' was used by Conservative opposition leader David Cameron to criticise Labour whilst Gordon Brown was still PM, it's now being applied to the Conservatives who've been in power since May 2010.

Writing in the New Statesman last week in advance of its annual conference, Trades Union Leader Paul Nowak believes "Nothing in this country works anymore" and that 13 years of government by the Conservatives has "literally broken Britain" (2023).

Nowak, like many other critics of the current government, argues for a new approach, one explicitly based on achieving a fairer society.

As many suggest, that so many problems have become apparent in recent months, including public buildings – particularly schools – in danger of collapse because of use of aerated concrete, hospital waiting lists at record levels, strikes affecting a range of services, high inflation and anaemic economic growth, will, as Charles Moore contends, require skill and commitment uncharacteristic of those either in power or those aspiring to become the next government.

With an election due in the next year or so, there's little amazement opinion polls show the Conservative government led by Rishi Sunak to be well behind.

Latest data collected by polling organisation YouGov on 7th and 8th of September show that the Conservative Party lags 22 points behind the Labour Party with the former on 24% and latter on 46% (YouGov, 2023).

A recent Opinium survey carried out for the Observer (Helm, 2023) indicated Sunak's approval rating was -25% (24% approve, 49% disapprove) (Helm, 2023). For comparison, opposition leader Keir Starmer's approval was -7% (28% approve, 35% disapprove).

Opinion that Britain is increasingly broken is demonstrated by an Ipsos survey undertaken for the Standard in July (Cecil, 2023). According to Ipsos, when respondents were asked whether they thought Britain was getting worse as a place to live, 76% believed it was.

For comparison, when this question was posed in May 2008, as the impact of the Global Financial Crisis were being widely experienced, the figure was 71%.

Data collected for this poll will come as 'cold comfort' for Sunak and his government in that those surveyed believe it is doing a poor job in "managing the economy, taxation, public expenditure" and that is demonstrating inability to improve the health service, deal with crime or to control immigration.

Citizens increasingly feel, it seems, the current government bears responsibility, direct or otherwise, for the state of decline in Britain.

There's also a belief that even if there's a change of government at the general election and Labour win power, an unwillingness to commit to the levels of spending required to fix the widespread problems will mean improvement will not be experienced for quite some time, if at all.

Some speculate that the state we're in has resonance with the late 1970s when Britain, beset by extremely challenging economic circumstances, was widely viewed as the 'sick man' of the European Economic Community it had joined on 1st January 1973.

Many assert that the inequality that exists today has direct linkage to the policies implemented in the 1980s under Thatcher who came to power in May 1979.

One very consequence of Thatcher's ideology was the brutal impact on communities who experienced rapid decline in employment in manufacturing.

Such communities, located outside of London which benefitted from financial deregulation, suffered from an inevitable increase in deprivation as unemployment rose and average wages for those who gained reemployment were forced to accept lower wages.

Though Labour under Blair and Brown implemented an approach purposefully intended to address some of the major social issues Britain faced when it was first elected in May 1997, a lingering sense of being 'left behind'/forgotten communities, exacerbated by austerity implemented by the coalition from 2010 onwards, is widely believed to have resulted in the outcome of the 2016 referendum.

Leaving the European Union in order to respect the will of the people has undoubtedly created an economic legacy that's going to undermine Labour should it achieve power at the next election.

As Anoosh Chakelian, Britain editor of the New Statesman, explained in her recent article 'Welcome to Doppelgänger Britain – a world without Brexit' in which she examined what economist John Springford believes the UK would look like had it voted Remain, we'd potentially be enjoying economic growth of 5%, foreign investment of up to 11% and 7% goods would now be traded with the EU (2023).

Under current leader Keir Starmer, Labour has strenuously sought to emphasise its intention not to reopen the question of rejoining the EU.

Instead, we're regularly informed, Labour intends to make Brexit work.

Many remain unconvinced.

The Guardian's Jonathon Freedland would appear to be one of those who believes that Labour's 'make do and mend' approach in which it's proposed that Labour will seek to, at glacial speed, "get us closer to what we had – without admitting that we've lost anything" (2023).

Notably, on Monday, Starmer proclaimed his intention, should Labour win the next general election, to seek a major rewrite of the Trade and Co-operation Agreement Boris Johnson signed when it's subject to review in 2025.

Starmer told the Financial Times, he "owes it to his children to rebuild relations with the EU," and he believed it was possible to achieve a "closer trading relationship with Brussels and a new partnership with business at the heart of his efforts to bolster Britain's economic growth" (Parker, 2023).

Freedland in concluding his piece in taking issue with Starmer's adamant defence of there being "no case" to rejoining the EU, believes the arguments for the leading the campaign for this country to once again take its place "only gets stronger" (ibid).

However, though many will applaud Fredland's argument that Starmer should wholeheartedly embrace rejoining the EU, it highly unlikely he'll do so anytime soon.

Sadly, it seems, for any major party leader to be willing to do as Freedland suggests, would require a massive shift in attitude among British people which would mean any referendum would be guaranteed to be won by the 'rejoin' campaign.

As such, UK citizens recognise come to the same conclusion as a wide swath of economists; that leaving the largest collective trading bloc on earth amounted to economic self-destruction.

However, this is unlikely for at least a generation.

Rejoin will require the UK to give up the pound and be a far more willing participant than it proved to be previously.

Any campaign would be every bit as bitter the 2016 referendum, probably more so.

Believing the UK could enjoy the opt-out agreements it enjoyed before leaving is simply ludicrous.

Accordingly, it must be concluded, Starmer's utterly cautious approach will continue in the short to medium-term.

This stance is supported by the author of a recently published book, *What Went Wrong With Brexit: And What We Can Do About*, written by Peter Foster who's the Financial Times' public policy editor and previously Europe editor at the Daily Telegraph during the referendum.

Emma Duncan in a Times review of Foster's book believes that, in part, it recommends how the next likely PM should deal with the continuing challenge Brexit is proving to be for this country (2023).

Significantly, she points out, Foster is not in the same camp as Freedland in rejecting the notion that any campaign to rejoin should happen in the short to medium-term. Even a 'partial return' on Norwegian terms would be problematic.

Rather, Duncan describes, Foster's view is, it would seem, exactly what Labour is currently proposing in that there is an arrangement based on what's called 'dynamic alignment' which will require the UK to be willing to make concessions ensuring its internal rules become ever closer to EU rules and achieved at a slow pace "piece by piece" (ibid).

Notably, Duncan makes the point of how little Brexit, "the most dramatic political event since the Second World War, with far-reaching consequences for our economic and political life", is discussed (certainly in comparison to four years ago). She hopes Foster's book is a catalyst for more wide-ranging debate about our relationship with the EU.

On Monday, in response to Starmer seeking to rewrite the Trade and Co-operation Agreement, a number of experts believed there's little likelihood of any major rewrite as long as the UK remains outside the single market and customs union.

UK in a Changing Europe's Anand Menon believes that Starmer's explicit view that the UK will remain outside the single market is "not going to 'fix' the economic impact of Johnson's Brexit deal."

Wolfgang Münchau, director of Eurointelligence described Starmer as being "delusional".

Some, including John Springford, deputy director of the Centre for European Reform thinktank accuse Starmer of engaging "Cakeism" is seeking to enjoy benefits of membership whilst remaining outside the EU.

However, in what felt like a coordinated development following Starmer's announcement of seeking a closer relationship, leading EU members France and Germany proposed the notion of an there being an associated membership.

Critically, any nation becoming an associate member of the EU it would be expected to participate in the single market, contribute to the organisation's annual budget and be willing to be governed by the European Court of Justice.

Steve Anglesey, writing in *The New European*, in acknowledging this proposal has similarity with the EU's current deal with Norway, points out that because there'd be a commitment to free movement of people (as well as goods), it's "would be seized on by Brexiteers as opening the immigration floodgates", and therefore would be resented by 'traditional' Labour supporters who voted leave in the 2016 referendum and backed Johnson's Conservative Party in 2019 to 'Get Brexit Done' (2023).

Therefore, it appears, and assuming Labour win the next general election, Starmer will maintain his position that renegotiation of the Trade and Cooperation Agreement is the best strategy.

Unfortunately, many assert that this is not going to transform this country's fortunes.

John O'Brennan, professor of European integration at Maynooth University in Ireland, probably speaks for many in contending "Bolt-ons to the FTA with the EU isn't going to make much difference to the [UK] economy."

It seems that regardless of whatever attempts made by Starmer to engage in reproachment with the EU, the UK's state of economic (and social) affairs will potentially become even more dire.

The Organisation for Economic Cooperation and Development (OECD), which is internationally renowned earlier this week predicted that as well as having the highest inflation rate in any G7 country, Britain's economy will grow this year at the slowest rate of all advanced countries bar Germany and Argentina this year (Mitchell, 2023).

In the article 'British politicians owe voters some candour on tax', the *Financial Times'* Martin Wolf, based on the contents of the Office for Budget Responsibility July report *Fiscal Risks and Sustainability*, carefully examines the UK's financial position and the difficult choices confronting whoever governs after the next general election (2023).

Wolf concludes, "Taxation is ultimately driven by spending. How much (and where) a country spends, and how it pays for it, is a political decision. It defines the sort of country it wants to be. That is the issue, not fantasies of cuts that pay for themselves or magically engender growth."

It's a fair bet to predict the Conservative Party under Rishi Sunak will not commit to the honesty about taxes Wolf seeks.

Rather, in an attempt to stay in power, or at least stem losses, it's entirely possible taxes may be cut next spring.

Labour's, on the other hand, state their intention to maintain strict adherence to financial prudence and hope that it can achieve economic growth through political stability coupled with improved relationships with the EU.

This Labour earnestly hope, will allow them the financial 'headroom' to fix the multitude of problems confronting all of us who live in 'Broken Britain'.

There are many who believe that success is based on hope rather than expectation.

As opposed to D:Ream's 1993 hit song 'Things Can Only Get Better', used to greet Labour's return to power in May 1997, the best we can hope after the next election is that things don't get much worse. Such is the reality facing this country for many years to come.

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