

Inquiring Minds Topic – 11 November 2016

Roger Palms, Moderator

“Was Brexit Part of a Greater Nationalist/Populist Movement?”

“The Leave Campaign is really the Trump campaign with better hair,” William Hague, a pro-E.U. foreign secretary, describing a “transatlantic mirror-image” of resentment toward foreigners and protest against the political class.

“We have an old-fashioned view that the best people to run Britain are the British. That shouldn’t be a radical concept”—Steward Jackson, MP.

1. In a time of international trade and transnational corporations, what is Brexit and the European-wide surge toward nationalism telling us?
2. Did Donald Trump create a new “America First” longing or did he tap into a feeling that was already there?
3. Brexit may not have been a one-off. What do you see happening next? Is there a nationalism/populism trend? Will there be a new referendum for Scotland to leave?
4. In Brexit we saw a backlash against the EU. Why are some in the UK beginning to have “buyer’s remorse”?
5. Do you think Brexit will affect you personally? Why? How?
6. As other European nations pull inward, will this trend encourage Vladimir Putin’s expansionism?

For Britain’s ‘Brexit’ Bunch, the Party Just Ended

By PETER S. GOODMAN OCT. 7, 2016 *The New York Times*

LONDON — For those blithely inclined toward the view that [Britain](#) would somehow find a way to sever its relationship with the [European Union](#) free of drama, Friday was a sobering day of reckoning.

As the British pound plunged some 6 percent against the American dollar, the markets offered a reminder that divorce tends to be messy, expensive and laced with uncertainties. It rarely ends happily.

The precipitous drop seemed to attest to an increasingly unmistakable reality: Britain’s vote to exit the European Union has put its commercial relationships with the world on uncertain and potentially perilous ground.

“The world believes that the U.K. is going to be poorer in the future, and find it more expensive to trade,” said Paul Johnson, the director of the Institute for Fiscal Studies, an independent research institution in London. “Essentially, the world is betting against the pound.” And against the British economy.

The immediate cause of the plunge appeared to be a [speech by the French president, François Hollande](#), in which he endorsed the view that Britain must be forced to swallow unpalatable terms of departure to discourage other European Union members from eyeing the exits.

“The U.K. has decided to do a Brexit, I believe even a hard Brexit,” Mr. Hollande said. “Well, then, we must go all the way through the U.K.’s willingness to leave the E.U. We have to have this firmness.

“If not,” he continued, “we would jeopardize the fundamental principles of the E.U. Other countries would want to leave the E.U. to get the supposed advantages without the obligations.”

Hard Brexit, Soft Brexit, Brexit Over Easy. No one really knows what these terms mean (and the last one is made up). But, crudely, they divide potential outcomes into the ones in which Britain maintains effective inclusion within Europe’s single market — a realm sprawling from Ireland to Romania, holding some 500 million people — and the ones in which Britain winds up outside.

The week began with an [admission from Britain’s new Conservative prime minister](#), Theresa May, that access to the European market is likely to be a casualty of Britain’s pursuit of a primary aspiration expressed in the Brexit vote: imposing limits on immigration.

European leaders have been resolute that free movement of people across the borders of member nations is a nonnegotiable cost of admission in the common market.

But Brexiteers had steadfastly maintained the illusion that Britain could have it both ways — that it could retain access to the European market while still controlling immigration. In destroying that idea, the prime minister’s admission badly rattled the markets.

The stakes are considerable. Britain ships nearly half its exports to other European Union members. The giants of global banking have turned London into a financial center rivaling New York, using hubs here to extend their reach across the rest of the European market. Investment has poured into Britain from around the world as major manufacturers have set up factories so they can sell their wares across Europe without incurring tariffs.

To one degree or another — and no one really knows how much — Brexit puts all of this in play.

Negotiations between Britain and Europe are expected to commence sometime early next year. Settlement results must be ratified by the remaining members of the European Union, meaning that Britain’s economic prospects are now tethered to the vagaries of domestic politics in 27 other countries.

The British Treasury surveyed the trading arrangements the government might strike with Europe after a Brexit vote and concluded it could lop some 6.2 percent off the gross domestic product by 2030. That would leave the average household worse off by about 4,300 pounds a year (about \$5,300).

But those who were campaigning to leave dismissed such talk as fearmongering. They described a swashbuckling and reinvigorated Britain that would break free from a stagnating Europe to instead focus on improving trade with faster-growing countries like China, India and the United States.

Some have focused on the upsides of a declining pound, which makes British exports cheaper on world markets and renders Britain a more affordable tourist destination.

But this misses the fact that nearly one-third of the goods and services consumed in Britain are imported. In dollar terms, the price of those goods and services is spiking. Eventually, economists assume, this inflation will work its way through the economy, further depressing growth by crimping consumer spending and potentially sowing unemployment.

During the campaign, those in favor of leaving offered assurance that, whatever resulted, Britain would ultimately secure a beneficial trade deal with Europe.

But Ms. Merkel took direct aim at that argument, telling a gathering of industry leaders that any wavering on the principle of free movement of people would pose “a systemic challenge for the entire European Union.”

The sudden plummeting of the pound appeared to signal that investors were absorbing the intricacies of this dynamic, and seeing through the Brexiteers’ claims that Britain could impose limits on immigration while also negotiating a settlement with Europe that would maintain access to the common market.

Boris Johnson, the former London mayor who campaigned for leaving the European Union and is now foreign secretary, managed last week to maintain the government line while simultaneously making fun of the charade. “[Our policy is having our cake and eating it,](#)” he told the British tabloid, The Sun.

But on Sunday, as Prime Minister May addressed a gathering of her governing Conservative Party in Birmingham, she essentially dumped the cake in the bin.

“We have voted to leave the European Union and become a fully independent, sovereign country,” Mrs. May declared. “We will do what independent, sovereign countries do. We will decide for ourselves how we control immigration.”

In short, a “hard Brexit” appeared to be in Britain’s future.

Europe’s Populist Surge: A Long Time in the Making—By Cas Mudde, *Comment* November/December 2016

It wasn’t until the 1980s that populist thinking truly began to make its mark, with the arrival of radical right-wing parties such as France’s National Front, which rose to prominence in the wake of mass immigration and growing unemployment by promising to return France to the mono-cultural glory of its past.

Today, populist parties are represented in the parliaments of most European countries. The majority are right wing, although not all are radical. Others are left wing or espouse platforms that are difficult to place on a left-right spectrum.

In national elections held in the past five years, at least one populist party earned ten percent or more of the vote in 16 European countries, ranging from a staggering 65 percent in Hungary to less than one percent in Luxembourg. Populists now control the largest share of parliamentary seats in six countries: Greece, Hungary, Italy, Poland, Slovakia, and Switzerland. In three of those (Hungary, Italy, and Slovakia), populist parties collectively gained a majority of the votes in the most recent national elections. In three other countries—Finland, Lithuania, and Norway—populist parties are now part of the governing coalitions.

In many EU member states, vital issues such as border control and monetary policy were no longer the exclusive responsibility of the national government. This led to the emergence of so-called TINA politics—“TINA” being short for “There is no alternative,” the line political elites often used as a shorthand for the argument that their responsibility to the EU or the IMF outweighed their duty to be responsive to the demands of voters.

At the same time, the advent of the Internet produced electorates that were more plugged in to political debates and more independent-minded (although not necessarily better informed). The Internet also severely limited the gatekeeping function of mainstream media. With far more stories and voices finding an audience, populist narratives became particularly attractive to media organizations that were chasing eyeballs as revenue from subscriptions and traditional advertising plummeted. These subtle but profound shifts set the stage for short-term triggers, such as the global financial crisis and the spillover from Middle Eastern conflicts, to turbocharge populism’s growth.

The [rise of populism](#) has had important consequences for the state of liberal democracy in Europe. Although populism is not necessarily antidemocratic, it is essentially illiberal, especially in its disregard for minority rights, pluralism, and the rule of law. Most distressing, the rise of populist illiberalism is facing less and less opposition from embattled mainstream parties, which have fallen silent or have even applauded the trend.

Even in countries without populist governments, a populist Zeitgeist has taken hold. In many cases, populists now set the agenda and dominate public debate, while mainstream politicians merely react, sometimes even adopting elements of populist rhetoric, peppering their [speeches](#) with references to “the people” and condemnations of “elites.”

Many scholars contend that European populism is an episodic phenomenon—that it creates moments rather than eras—and that although populists can succeed in opposition, they inevitably fail once in power. That is wishful thinking, and those who engage in it generally put too much stock in a few high-profile populist implosions. This sanguine view overlooks the fact that deep structural changes in European societies produced the current populist wave. Those changes are not likely to be reversed anytime soon, so there is no reason to anticipate that populism will fade in the near future. Moreover, populist parties are growing just as major establishment parties are becoming increasingly obsolete: in many European countries, it has become rare for any party to win more than one-third of the national vote.

Mainstream parties have to develop short-term and long-term strategies to deal with the new reality of fragmented party systems that include influential populist parties. Coalition governments, such as that in Belgium, that explicitly seek to exclude populist parties, will become increasingly difficult to sustain. In the many countries where populists now represent the third- or second-biggest party, a *cordon sanitaire* would force all the other parties to govern together, which would have the unintentional effect of recreating many of the very conditions that led to the rise of European populism in the first place. At the same time, it will become harder for establishment parties to govern alongside populist parties. In recent years, populist parties have been willing to serve as junior partners in

coalitions. Now, however, many populist parties are much bigger than their potential mainstream partners and will be far less likely to take a back seat.

Still, populist parties are ultimately subject to the same basic political laws that constrain their establishment rivals. Once they achieve power, they, too, must choose between responsiveness and responsibility—between doing what their voters want and what economic reality and EU institutions dictate.

This dilemma for populists presents opportunities for liberal democratic parties, be they new or old, but only if they do not simply attack the populist vision but also provide clear and coherent alternatives.

In essence, the populist surge is an [illiberal democratic](#) response to decades of undemocratic liberal policies. To stem the populist tide, establishment politicians will have to heed the call to repoliticize the crucial issues of the twenty-first century, such as immigration, neoliberal economics, and European integration, bringing them back into the electoral realm and offering coherent and consistent alternatives to the often shortsighted and simplistic offerings of the populists.

After Brexit: Chaos and Buyer's Remorse?

[Jacob Funk Kirkegaard](#), Peterson Institute for International Economics (PIIE)

June 27, 2016 5:00 PM

After the fateful decision of the British electorate to leave the European Union on June 23, the first contours of where Europe and the United Kingdom are heading are emerging. The indications might not be great for Europe but are deeply troubling for the UK. The EU's remaining 27 members must first decide how aggressive they should be in making demands to the UK as it launches the formal Article 50 procedure to leave, clearing the way for the two sides to negotiate the future economic and political status and relationship for Britain. The second question is what if any institutional response the EU should adopt.

Not surprisingly, a political divide has opened over timing and how much pressure to apply on Britain. A major point of contention will be over labor mobility. It is too early to make predictions, but it continues to be implausible that the UK can retain access to the EU's internal market, including the ability of UK-based financial services firms to offer cross-border financial services to the entire EU market without accepting the status quo on free movement of labor. But of course the ability of EU members to take jobs in Britain was a major factor in the British voters' revolt against the EU, and such a provision is unlikely to be accepted by any post-Brexit Conservative government. Hence in any conceivable future relationship, the UK economy stands to suffer a significant economic blow from departing the EU.

Giving Britain time to launch its Article 50 separation procedure will sidestep an immediate crisis in the EU-UK relationship, while giving Brexit proponents more rope with which to hang themselves as they decide what the Brexit vote actually means.

The referendum has plunged the UK into a political crisis, in which both the Conservative and Labour Parties are in open civil war. Meanwhile, Scotland and the Scottish National Party (SNP) are on the direct political path to a new referendum on independence from the UK. The chaos is real, and the surrounding uncertainty will continue to drive down the value of UK assets and investments.

Conservative backers of Brexit are already walking back some of their main populist selling points, such as promising to reduce immigration and redirect the £350 million a week contribution to the EU to other areas like the National Health Service. Redefining their approach to Brexit does not mean that the new party leaders will be less anti-EU. But the climb-downs suggest that the next Conservative government will be willing to break many campaign promises to get an agreement with the rest of the EU.

The Labour Party's divisions are even deeper than those in the Conservative Party, with leading parliament members seeking the ouster of Jeremy Corbin for allegedly campaigning half-heartedly to remain in the EU. They also fear he is too far left to win a UK general election. Corbin opposed limits to UK immigration, even as many traditional Labour voters embraced Brexit over immigration fears, for example. Yet Corbin is unlikely to be replaced. His mandate came from party members, not other members of parliament. Thus the Labour Party faces the same clash between traditional blue-collar anti-immigration sentiment and more traditional leftist humanitarianism and multiculturalism that has gripped other center-left parties across Europe. Weakened as it is, Labour will struggle to mount a serious challenge to the Conservative Party in a general election. Nor can it easily present itself as a credible centrist pro-European party to "remain" voters.

The splits in both the Conservative and Labour Parties offer opportunities for the United Kingdom Independence Party (UKIP) and the Liberal Democrats. If, as seems likely, neither the Conservatives nor Labour adopts a tougher anti-immigration policy, UKIP has a clearer political path to lasting representation in Westminster. One should not expect the party to fade away after winning on Brexit. Instead it will likely evolve into a more traditional anti-establishment and anti-immigration party appealing to the "fed up" districts in Northern and Eastern England.

Brexit might also propel the Liberal Democrats back to political relevance. Given that neither the Conservative nor Labour Party is credibly Pro-Europe now, and that 48 percent of the electorate voted to stay in the EU, Liberal Democrats may capitalize on the issue, especially if an early election is held this fall.

Assuming that the SNP retains the vast majority of Scottish seats in the UK Parliament, and that at least some Labour and Conservative members of parliament might also back continued EU membership, a new election could actually yield a majority that would scrap Brexit. Could SNP votes be decisive in keeping the UK in the EU? That would be ironic and farfetched. But the referendum was merely consultative and does not need to legally be enforced in the face of accelerating political and economic costs.

Another option avoiding a Brexit may occur if the next Conservative government launches the Article 50 negotiations to leave and then calls a general election to ratify an agreement on terms. The UK electorate would then effectively vote on whether to remain or leave, knowing the costs and benefits more clearly. This course of action would offer the UK a final opportunity to change its mind. Such a scenario presents the EU with a strong incentive to play hardball in the negotiations, ushering in a lengthy period of economically damaging uncertainty.

Yet, as economic suffering deepens, British voters may not mind being overruled by their newly elected representatives.