

INTERNATIONAL AFFAIRS SPOTLIGHT

After B(rexit) day

VOLUME 1

NOVEMBER 2019



If we want things to stay as they are, things will have to change

Giuseppe Tomasi di Lampedusa, *Il Gattopardo*

In a rapidly changing world, our think tank aims to develop research, policy papers and education on the rules-based global order founded on the three main pillars of liberal democracies: the rule of law, checks and balances and free speech. Those have been the foundations for the achievements that we prize in the Western world, and that so many people in other regions fight for: Peace in most of our countries for one of the longest periods in history, the decline in violence and in poverty, the advance of women and minorities' rights.

The rules-based global order is being challenged on many fronts: the retrenchment of the US, Brexit, the growing paralysis of its institutions such as the WTO, external competition from regions with alternative values and rules. At the same time, the many trade agreements that the EU and other countries and regions negotiated over the last few years suggest that multilateralism, though not striving, is not quite dead yet. Nevertheless, as we look into the future, we must know that change is inevitable.

First, we need to rethink the global order's institutional setting. Since WW2, links were based on States and large supra-national institutions such as the European Union and the World Bank, who act mostly as fora for international cooperation and debate amongst States. Many of those institutions urgently need reform. Crucially, we need to include in the multilateral debate emerging countries and a broader base of civil society groups and associations, companies and universities.

Second, we need to find ways to engage with competitor models of governance. How do we deal with States that trade internationally but uphold very different, sometimes opposing values to those that are the founding pillars of liberal democracies: the rule of law, checks and balances to power and free speech? Do we engage, do we challenge them or do we attempt to find a balance of power? How do we face up to regions that have leaped in technological development and innovation?

Finally, we need to tackle global challenges such as global warming or the effects of digitalisation, effectively, finding opportunities for smart green development, and not losing sight of the core values of liberal democracies and multilateralism.

The objective of our think tank is to engage the civil society, academia and businesses in looking for answers to some of these challenges.

INÊS DOMINGOS, President of the IAN

The content of this document is the sole responsibility of the authors and any opinions expressed therein do not necessarily represent the official position of the International Affairs Network. Reproduction for non-commercial purposes is authorised, provided the source is acknowledged and the International Affairs Network is given prior notice and sent a copy.

CONTENTS

6 PREFACE

*What have the Romans ever
done for us?*

– Francisco de Abreu Duarte

10 LABOUR'S LIMBO

- Catarina Leão

**19 WHAT HAPPENS AFTER
BREXIT? A NEW EU-UK
ECONOMIC PARTNERSHIP**

- Inês Domingos

**12 BREXIT: SCHENGEN DOES
NOT CHANGE MUCH BUT
PEOPLE ARE AFFECTED**

– Carlos Coelho

**23 BREXIT, THE BROKEN LINK
AND PARLIAMENTARY
SOVEREIGNTY**

- Nuno Sampaio

**16 STRANGE HATRED OF
UNIONS**

- Filipe Lowndes Marques

28 SPLENDID ISOLATION

- Peter Nabney

**32 THE UNITED KINGDOM IN THE
BALANCE OF EUROPE AND
OF THE INTERNATIONAL
LIBERAL ORDER**

- Samuel de Paiva Pires

DEAR READER,

Today is a happy day for all of us that have worked in this project: we introduce you to the very first number of the International Affairs Spotlight.

The Spotlight has two main objectives: first, to bring transnational discussions to the public debate; then to fuel that debate with fresh ideas.

In a globalized Europe, where Portugal is one among many countries to fight for relevance in a worldwide competition, transnational relations play a key-role. The flow of ideas is now inherently transnational, with rapid changes and constant clashes. Politics became globalized, each decision and each election playing a major role on every country. Who can ignore the effect that US elections have had in the global context? What can individual European countries do when faced with the rise of a growing China? How can one single country, alone and without allies, face Russian external politics? This interconnected world is our reality, whether we like it or not, and the next step must be to discuss it, to criticize it if necessary, but mostly to generate the debate that will ultimately lead to a better understanding the emerging balance of power. The Spotlight will bring together academics and politicians, entrepreneurs and businesspeople, young and old, to enter the debate on the role of transnationality and international relations in today's world.

However, to generate debates within contained bubbles of agreement is a challenge. People discuss, but seldom disagree, as they remain inside their bubble networks, with friends who think, say and act the same. The Spotlight will be different. It is necessary, to provide an honest debate on global challenges, and to come up with creative and acceptable solutions on how to better solve them.

In each issue we will put the *spotlight* on a specific topic and invite professors and students, individuals, entrepreneurs and politicians to provide their views on the debate. We decided to start big. From all the multiple transnational challenges that we face today, there is one which has dominated Europe for the last three years, that has consumed and divided the public opinion, dethroned and elected prime-ministers based on continuous promises of an Exit to come.

When I think of Brexit, I always think of Monty Python. From the many genius movies and shows of those bards of comedy, my favorite has always been "The Life of Brian". The movie tells the alternative story of a different Messiah, much more of a common man, fustigated by the difficult times of ancient Galilea. Through Brian we understand politics, religion and activism, all following his troublesome passage as a *quasi*-Jesus who never quite makes it. And we laugh a lot throughout.

From all the different sketches, it is the famous “What have the Romans ever done for us?” that always comes to my mind.

In that sketch, the dissident Jewish community, sick of being mistreated by the Roman conquerors, devises a plan in a secret meeting. They will kidnap Pilate’s wife and end the misery they have faced. All of this is then superbly justified with the pain inflicted by the Roman empire since the times of “our fathers, fathers’, fathers’, fathers” and summarized in the topical question: *What have the Romans ever done for us?* The rest of the sketch introduces the irony: the more they pose this obvious question (for which the answer could only be nothing!), they realize that the imperialist Romans have granted them a variety of modern comforts, from aqueducts to sanitation, from roads to irrigation, from wine to education and... general peace.

The parallel with Brexit is evident. The British people have taken a choice to leave the European Union, through a highly contested referendum, with campaigns of “What has the EU ever done for us” storming the country. The “conspirators” this time were the controversial leaders of UKIP and many Tories, who galvanized a large share of British people against the EU’s influence. After all was set and done, and the so desired Brexit-result was achieved (even if by a margin of 2 per cent), Nigel Farage, UKIP’s leader, stepped away, confident that bureaucrats of Downing Street would now deliver its Messianic promise of a free and sovereign United Kingdom. It happens that, as it turns out, choosing to leave the EU is easy... to do it is harder. The reason why it is so difficult to leave comes back directly to Monty Python and to *The Life of Brian*. What happened was that when the British Government took the task in practical manners, they soon started asking the same questions as did the Jewish dissidents in that movie. Quickly they realized that over half of the British legislation was EU driven, through numerous directives, regulations and decisions. They realized that they received substantial funds from the EU. They grasped the dimension of the common market and the benefits to exports. They felt the potential flight of multinational companies from the British territory upon Brexit. In sum, they soon realized what the answer to the question “What has the EU ever done for us?” really was: a lot.

In this issue, our guest authors ask this same question in multiple ways and from different points of view. They explore how Brexit has been shaped, the political process leading up to it, the future perspectives for UK and the world we can expect from a decision that seems ever postponed.

Catarina Leão explores the upcoming elections and how the Brexit discourse has completely monopolized them. As Catarina puts it, the upcoming elections will play a fundamental role much beyond the Brexit scenario. Nonetheless, Labour’s opposition has been plagued by confusion and misleading proposals, opening the scene for the rise of Liberal Democrats and for the destruction

of the traditional British bipartisanship. Her considerations invite us to think outside of the strict Brexit discussion and to consider exactly how Brexit can completely reshape British politics, maybe forever.

Carlos Coelho, a former member of the European Parliament, shifts the discussion to the effects of Brexit on people. Although we often discuss the entire process as an economic and political challenge, we quantify how much it will cost and discuss how many governments will it take to get the job done, Carlos takes us back to what matters: the people. The UK, and London particularly, is home to an astonishing number of EU citizens who call that territory their home. And they do it because they were told that we were a Union and that borders meant only something for the outside world, not between sister nations. Here, Carlos Coelho makes a strong argument that the UK was always one step in-one step out. A cat that scratches the door to get out but that, once the door is open, looks back at the coziness of the house and hesitates. The problem is that the cat seems to ignore the millions that stand in the limbo.

Filipe Lowndes Marques looks at internal British cohesion and the fate of the Union (not ours but theirs). By analyzing the problematic challenge of the Irish backstop, Filipe puts forth the argument that the Brexit process might risk way more than just British credibility in the international scene. It is the United Kingdom, as a true **United** Kingdom, that might be put in jeopardy with the attempted exit. The ghosts of past confrontations and the stability of the Good Friday Agreement all play a crucial role in ensuring that there is a future for the UK as one single country. With Scotland's independence movement building, with Northern Ireland and Ireland clashing over the proposed solutions and even Wales rejecting the government's options will there be more than a United England after all is done?

Inês Domingos writes about the future economic partnership between the UK and the EU. In an increasingly changing world where trade and foreign investment work as a political power tools, that may turn out to be the most important ingredient for the success of both the EU and the UK in the competition for global influence.

Nuno Sampaio takes us step by step on describing the succession of events leading up to the Brexit scenario. In his paper, we are confronted with the facts that some have forgotten, reminding us of the beginning of the long road with David Cameron and the referendum. Nuno Sampaio's more profound analysis is however on the role of the parliament and on the balancing of powers between the executive and the legislative branches of government. In a country with such traditional parliamentary tradition, the author recalls that the power has shifted from the Crown to the Parliament, then from the Parliament to the Cabinet and only from there to the prime

minister. This means that parliamentary sovereignty remains a key aspect of the Brexit discussions and should not be minimized by the changing executives.

Peter Nabney analyzes Brexit from three points of view, namely politically, economically and structurally. In his piece we find a critique of the ulterior motivations of Brexit, then revealed as misconceptions of sovereignty and economic autarchy, nothing else than a short-term “pipedream”. Peter alerts us to the dangers of a utopic Brexit whereby the relative importance of the UK, both in economic and international relations’ points of view, is considerably diminished with its exit. Either by the rising internal conflicts of secession of Ireland or Scotland, Brexit’s ultimate risk is the destruction of the United Kingdom as a whole.

Samuel de Paiva Pires explains Brexit as part of a deeper sentiment of longing. According to the author, a part of the British people still misses the old British empire and Brexit presented an opportunity to bring back those feelings once again. The UK has always been in a difficult relationship with the EU, Samuel argues, from deliberately ignoring opt-out clauses to human rights’ protections to the rejections of the Schengen area, but Brexit will not bring the benefits it has promised. It will rather leave the United Kingdom in a weaker position, externally less relevant in the global markets, and internally exposed to the risk of a collapsing Union.

We sincerely hope you enjoy this issue, not only because it represents the first of many, but because of the central and topical nature of the Brexit debate.

FRANCISCO DE ABREU DUARTE, *Editor of Spotlight*

**Catarina Leão, Oxford University*

10 With an election around the corner, the United Kingdom has not yet fully embodied the election campaign spirit. While most of the older traditions in British politics are dwindling, it seems like Brexit was at least able to set a new one: the decision of critical matters exclusively moments before important deadlines. At least in Oxford, there is yet no sign of any momentum building for the upcoming election. And when it is discussed, much to anyone's lack of surprise, only Brexit is in the agenda. The implications of the December 12th election seem to only revolve around Brexit-related issues, and since June 2016, that is true for all British politics in general. The UK has been reduced to Brexit. And neither the people nor politicians care about any other topic, no matter how urgent they might be.

The worst part, in addition to this lack of interest for non-Brexit politics, is that the very own topic of Brexit itself has provoked a staleness over time that dissuades serious public debate on this matter. As a result, torn between simplistic answers, the public opinion becomes increasingly polarised. Furthermore, as this was not enough, both leaders of the two most historic British parties cannot create public consensus: both Boris Johnson (Tories) and Jeremy Corbyn (Labour) are wild cards, further polarising public opinion.

In this context, all possible solutions prove to be difficult solutions. On the table there is BoJo's finally approved deal, a "hard-Brexit" seemingly banned by the Parliament (but who knows), and the undoing of the whole Brexit process. All three have been equally plausible in different moments in time and right now, before the December 12th election, that is again the case. "Brexit has meant Brexit" for three years and a half, but it is still yet to happen. In terms of voting options, Boris Johnson seems to be either in favour of his deal or a hard-flavoured Brexit, so a vote for the Conservative Party will always be a vote for Brexit. Corbyn, on the other hand, is harder to read. With a divided electorate: pro-Brexit traditional working-class voters and anti-Brexit left-inclined younger voters, Corbyn's Labour is in a deadlock. While trying to please both sides, the Labour leader's position on Brexit is yet to be fully revealed which weakens the party's position before the coming election. Labour's limbo confuses voters — if only they knew what the party's real stance on Brexit is, it would be easier to cast a vote. In fact, polls show that since the end of the past year, the voting intention for Corbyn's Labour has been declining, probably as a result of this dynamics. This void in the political space has been filled in by the Liberal Democrats, who are completely out of the closet in terms of their anti-Brexit position. The intention to vote for the LibDems has increased roughly ten perceptual points from the end of 2018 until today (source:

The Economist, November 2nd-8th 2019 edition). If the election was held today, the Conservative party would win with roughly 35% of the votes, while Labour and the LibDems would respectively receive 25% and 19% of the votes. The interesting question here is how many of these Labour voters would vote for the LibDems instead, if Corbyn was to come out as openly pro Brexit. If Corbyn has said in the past that the people had made their decision in June 2016, and that Brexit had to be honoured, his lukewarm position, that inclusively goes back and forth, shows he is paying careful attention to the risk of losing his younger electorate to the Liberal Democrats.

Corbyn's limbo is therefore an important piece of the puzzle in order to determine the results of the coming election. However, if nothing is done until the very last moment, as it has been the tradition, the more likely scenario is a winning Conservative party backing BoJo's deal. On the other hand, if Corbyn comes out as anti-Brexit, would there be the possibility of a Labour-LibDems anti-Brexit coalition designed to stop the process? It seems unlikely, but the backing of a second referendum by both parties combined in order to stop a BoJo's deal does not seem that absurd. To those who plausibly believe, as I do, that Brexit is a strictly political issue and that should have not been decided in a referendum due to the perils of direct-democracy (and let us blame Cameron for thinking otherwise), a second-referendum may be a bad solution. However, I am starting to think that an impasse that has the potential to keep unraveling *ad infinitum*, causing a centralisation of British politics around Brexit indefinitely, may be a far worse solution than a second-referendum designed to put a stop to a situation that incompetent and polarised political leaders cannot resolve.

If a mistake has been made to start with, maybe doing it a second time is the only way to fix the situation. If we want "the people to decide", we must be consistent. If this was the avenue already taken, no matter how wrongly so, we need to honour that decision for the sake of consistency: let the people truly decide. Three years ago, they had no idea for what kind of deal they were voting for. Now, three years after the first time they voted, they are in a much better situation to understand the implications Brexit will encompass and the kind of deal it is limited to. A referendum should have never been a solution on the first place, but maybe is the key to the impasse. We will have to wait for the last moment and see.

**Carlos Coelho*, Member of the European Parliament

Nathalie Loiseau is a Member of the European Parliament. Previously, she was French Minister for European Affairs, the woman whom President Macron entrusted with the responsibility of accompanying Brexit. Loiseau delighted the French and international press when she revealed that she baptized her cat with the name "Brexit".

In the morning meowing desperately to leave, the door opens, and the cat hesitates between entering and leaving. The owner must push the cat out into the street, but it shortly returns to scratch the door, while meowing loudly until the owner opens it again and allows it to return.

When Loiseau confessed that she had no cat and that she had made up the story, they all forgave her because the caricature was delightful. It is not only accurate today, with successive postponements, delays, and hesitations in the process of leaving, but is also the **portrayal of indecision and uncertainty that we continue to live**. The United Kingdom has always been a hesitant member of the European Union: in and out, always wanting an “à la carte” Europe, choosing benefits and eschewing responsibilities. As a Member State of the Union, it has not fully signed the Charter of Social Rights, doesn’t participate in the Euro, and doesn’t belong to the Schengen area ... In essence, it has **always sought the best of both worlds: to benefit from all advantages and avoid all obligations**. This was the blocking force of many reforms that we have put off for too long in Europe.

The United Kingdom is not in Schengen

In addition to the fact that the United Kingdom has never participated in Schengen (which makes nothing much different in this respect in pre- and post-Brexit border controls in this respect), since the time of Prime Minister Cameron it has been decreasing or eliminating its participation in various dimensions of the Area of Freedom, Security and Justice (AFSJ). The UK preferred opting out in different programs and regulations, did not consider itself bound by the EU Charter of Fundamental Rights, "expelled" the European Police College (which was transferred to Hungary), reduced judicial cooperation and dropped the Arrest Warrant, even when there were good examples of its effectiveness, with benefits for the UK in combating international crime. The decision by the Cameron Government to no longer apply the European Arrest Warrant was reversed only by a decision of the British Parliament which amended some of the measures adopted by its Government following the entry into force of the Lisbon Treaty.

The **departure of the British from the Europe of Citizens** is a clear expression of what has always been their favourite dimension: the Internal Market, the Europe of goods, services and capital.

Schengen was a hated symbol not only because it *Europeanised* border controls (reducing the perception of British sovereignty) but especially because it reinforced the freedom of movement so attacked in the English press.

But the important thing is the people!

But if so, if the UK does not participate in Schengen, what drastically changes with Brexit to have so many people worried? Many years ago, I read a book by a British liberal, Shirley Williams, called "Politics is for People". She recalled that what really matters in politics is that when it is done with dignity and a spirit of service, it is thinking of those whose lives are affected by the decisions we make.

In this regard, about **5 million people are directly and especially affected by Brexit**. There are 3.5 million "European" citizens living in the UK and 1.5 million Britons in other EU states. In the case of the Portuguese, the relationship is even more unequal: for about 400 thousand Portuguese in Her Majesty's lands, there will be less than 40 thousand Britons living in Portugal.

And **the status of all these people changes radically with Brexit**. As an EU Member State, the United Kingdom is required to recognize citizenship status for any "European" in its territory. People cannot be discriminated on grounds of nationality, benefits from social protection, they can reside, set up businesses and work freely and without the need for requesting special authorization.

With Brexit, these 5 million people are no longer citizens and become migrants. Their status and protection change significantly. And all British in the future will become "foreigners" in the other Member States of the Union. All "Europeans" will also be considered as third country nationals on British territory.

Provisional Standards May Be Insufficient

It is true that the Exit Agreement includes rules to mitigate the effects of this change of status for "Europeans" already in the United Kingdom and for Britons in other EU states.

Those who have been legally registered in the United Kingdom for at least 5 years may apply for settled status and those who have not yet fulfilled this requirement but are legally established in

the United Kingdom by the exit date, may apply for pre-settled status up to 5 years in order to be able to apply for permanent residence status.

These regulations, however, do not confer an automatic right. People will have to apply for these permits and the British authorities have the right to grant them or not. And any future regulation may condition them to requirements that are not known today, such as the link between the existence of offenses and the attribution of this status. No one can guarantee, for example, that in future a poorly parked car cannot have consequences for granting these permits.

Problems of interpretation and bureaucratic and administrative difficulties will most likely multiply.

It is true that many countries have already started establishing contingency plans foreseeing a Hard Brexit (an exit without agreement). Portugal did it too. And granted, by law, rights to British citizens who are in Portugal on the condition of reciprocity for the Portuguese who are in the United Kingdom. But bilateral negotiations will be a consequence of the relative strength of each state. Spain did it as well, but it is in a more comfortable position. There are almost 400 thousand Britons in Spain (the largest British community in another EU Member State) and only about 180 thousand Spaniards in British lands. Portugal is in another situation. For every British in Portuguese lands, there are 10 Portuguese in the United Kingdom...

Data from European citizens may be less secure

The Exit Agreement provides for security cooperation clauses. On both sides there seems to be an interest in pursuing intergovernmental cooperation on intelligence.

The United Kingdom has never hidden its desire to maintain access to European databases, particularly the Schengen Information System (SIS), but also to others within the area of Freedom, Security and Justice. This, when it was detached from almost all instruments and policies in this area.

The Schengen Task Force, which I have chaired in the European Parliament in recent years, pointed out and denounced the fact that the United Kingdom is using the databases (i.e. the data contained therein, including those of European citizens) in **disregard of legal rules, in particular those relating to the protection of personal data.** We then recommended that the provisional authorization given to the United Kingdom should be revoked and we should interrupt the access that made our data vulnerable.

The fact that Brexit is being negotiated has made this debate inopportune but its consequences for the future are clear. If, as an EU Member State (and subject to its scrutiny) the United Kingdom

has not complied with the law and made our data more vulnerable, will it be more diligent in the future, if it continues to have access to it and is no longer subject to the European Commission's inspectorate through Schengen Evaluation System?

Having your cake and eating it

The shallowness with which the British Government looks at Brexit is a consequence of the illusion that one can be outside the European Union by continuing to benefit from many of its projects.

And many Britons believe that. They think it is possible to be outside, not to be subject to common rules, to have no financial responsibilities and to be free to respect freedom of movement while still benefiting from the Internal Market, Erasmus, science and innovation support policies, among several others.

It would be the same as any of us leaving a club, no longer paying dues, and wanting to continue to benefit from yoga classes, pool access, and keeping the stadium seat.

The Portuguese call it “wanting sun on the threshing floor and rain on the turnip field” and recognize that it is an impossible situation. It makes no sense that he who leaves the club gets a better deal than those who remain. If that happened, it would be an act of self-destruction because everyone inside such a situation would rather go out. And that would be the end of the EU.

No one is currently in a position to guarantee whether or not there will be Brexit. But if so, we should look at the United Kingdom leaving as an opportunity for the Union to play a role in the long-standing reforms that have been blocked by a Member State that has always had one foot outside and one foot inside. And protect our citizens by reinforcing freedom of movement within the Schengen area and security measures associated with it.

**Filipe Lowndes Marques, Morais Leitão, Galvão Teles, Soares da Silva e Associados, British-Portuguese Chamber of Commerce*

In order to leave one union, the United Kingdom risks breaking up its own.

The withdrawal agreement negotiated by Boris Johnson with the European Union establishes that Northern Ireland will remain aligned with EU rules, which will apply to that region alone and not to the rest of the UK. However, although Northern Ireland will de facto remain within the EU's Customs Union, it will de jure remain within the UK's customs realm, meaning the region would still benefit from any post-Brexit trade agreements the UK agrees with other countries.

It is instructive to remember that the DUP opened the door to this solution when it signed on to Boris Johnson's original plan which accepted the different regimes for Northern Ireland and the rest of the United Kingdom, although with the important difference that Northern Ireland, after an initial period, would have the right to, unilaterally, decide whether it wanted to maintain or terminate this arrangement. This was the first time that the Unionists had accepted a solution along these lines but were surprised and disappointed when the final agreement reached with the European Union kept the principle but removed their say in the termination of that solution.

This means that in practice, although much downplayed by the government, and as Britain will be out of both the Customs Union and Single Market after Brexit, regulatory and customs checks and controls will be needed for goods going from Britain to Northern Ireland. It is of course hoped that the extent of these checks will be reduced thanks to a series of tariffs exemptions, but this in effect amounts to the so called "Border on the Irish Sea", which was always dismissed as an option by Unionists and by Theresa May.

This sea border will remain in place until a workable mechanism is found which preserves the status quo on the island of Ireland but which also permits that both countries have different customs and tariffs rules. This is of course the solution which has eluded all the Brexit negotiators since the referendum, and it is difficult to see how this seemingly intractable problem can be solved in the near future.

The practical import of this solution is that Northern Ireland will firm up their ties with the Republic of Ireland while having a different regime from the rest of the United Kingdom. These closer ties to the Republic have always been fiercely resisted by the Unionists in Northern Ireland (and why the DUP has not approved this new proposal), who see this as a step towards the

possibility of a united Ireland (in the sense that the longer Northern Ireland remains aligned with the Republic and the EU, the more risk there is of during this period an argument being made that if they are so aligned - and non-aligned with the rest of the United Kingdom - the more sense it arguably makes to just treat both as a single entity).

And the risk is not limited to Northern Ireland. Scotland, where a majority of 62% voted to remain in the European Union, has already stated that they want (at least) to have the same regime as Northern Ireland. As early as 2016, notwithstanding that clear remain vote, the Scottish Government put forward compromise proposals to keep the whole of the United Kingdom in the Single Market and Customs Union, and if that did not prove possible, for a differentiated deal for Scotland to stay in the Single Market (which is in practice what Northern Ireland will now have).

The view in Scotland is that it will be at a competitive disadvantage in relation to Northern Ireland and why should Northern Ireland be entitled to have a different regime from one Scotland would also like to have? Of course, the practical difficulty is similar to the Irish border question – how would it be possible to have this customs border along Hadrian's Wall? And if this solution is not workable, we can expect the demand for a second independence referendum to be reinforced (Nicola Sturgeon has already said that before year end she will ask the UK Government to approve another independence referendum), with the real risk of a different result, and yet another piece of the United Kingdom dropping out.

Even Wales, where a majority voted to leave, has grave reservations over this withdrawal agreement, and the Welsh Assembly voted against it on the 22nd of October (even though this vote has no practical legal consequences, as the Supreme Court ruled in 2017 that the UK did not have to consult the devolved administrations before triggering Article 50). The Welsh First Minister stated that the deal would clearly damage the Welsh economy and that the arrangements for Northern Ireland would result in a "hard border in the Irish sea" and amount to "a huge breach in the economic integrity of the United Kingdom". So, it seems the plan on the table causes grave discomfort (to say the least) to all the other nations of the United Kingdom.

It is true that England has 85% of the population of the United Kingdom, but it is worrying that it seems gradually to be less concerned about the other four nations. A poll in 2019 showed that Conservative voters, in order to achieve Brexit, would be willing to "lose Scotland" – an astonishing result. The terms of the final agreement, as discussed above, also show a government willing to accept a Northern Ireland proposal that the Unionist party is opposed to.

Over the last two and a half years, since the referendum, we have seen British politics departing from its reputation (deserved or undeserved) as a pragmatic, solution driven and common sense-based system, envied by many other European countries, tired of their own acrimonious and ineffective systems. Europeans have been watching, with increasing surprise, this “television comedy-drama series” (as a comic website called the Brexit process), that has revealed British politicians to not be very different from their European counterparts (if I were British I would call them “continental counterparts”, a true reflection that they have never really, even after all these years, considered themselves European).

The British historical two-party first past the post system is failing in its main objective, which always was to encourage parties to propose policies that would appeal to most of the voters, which necessarily implies a wider breadth of opinions rather than a narrow ideological position. Both the main British parties appear in the last couple of years to have been pushed to their extremes, and have ceased to be the broad church that has ensured their success in the past. The internal “purges”, the constant defections and the ever more extremist language of the us-and-them are all symptomatic of this crisis, and in part explain a certain lack of reasonableness that has led to no generally accepted solution being found for this Brexit problem.

In conclusion, in this desperate rush to “Get Brexit Done” on any terms, the United Kingdom runs the real risk of jeopardizing its own union. Is this “animosity” towards the European Union really worth running this risk?

***Inês Domingos**, President of the International Affairs Network and former member of the Portuguese Parliament

As the debate rages on about whether the UK Government will manage to have its exit deal approved after the General election, the debate about the future relationship has been somewhat sidestepped. In an increasingly changing world where trade and foreign investment work as a political power tools, that may turn out to be the most important ingredient for the success of both the EU and the UK in the competition for global influence.

Political Declaration on the Economic Partnership

So far, the future relationship is dealt in the Political Declaration, which is non-binding and is mostly a platform for future negotiation. On the future Economic Partnership, some broad principles are stated but even those may change. This means that a lot of work remains to be done.

The declaration commits to an ambitious trading and customs arrangements for goods, on the basis of a free trade agreement. However, there is no mention of frictionless trade for goods. The UK will leave the Common fisheries policy.

For services, the declaration sets the bar at a liberalisation beyond WTO rules but little more. Financial services will be treated as a third country, digital trade will be allowed dependent on data flows continuing and transport services will be dealt in separate agreements. Intellectual property will go beyond WTO rules, but geographic denominations will be renegotiated. There is a basis for cooperation on energy infrastructure, Euratom and carbon-pricing. On public procurement the UK and EU will go beyond WTO rules but no clear indications so far of what the terms are.

Finally, on the politically charged issue of labour mobility the political declaration defines it will be standard for service provision and there will be visa-free travel for short periods and specific arrangements for specific workers (researchers, etc).

What type of deal in the future?

The Political Declaration leaves ample room for negotiation. At this stage though, it looks like it is pointing to a Free trade Agreement. Both a Free Trade (FTA) agreement and a Customs Union (CU) provide tariff-free trade between the signatories. The difference lies in the tariffs applied to other countries. In an FTA the external tariffs may be different for the signatories, while in a CU they are the same. An FTA would allow for zero tariffs between EU and UK and would permit the UK to enter other free trade agreements independently. However, crucially, it would be far

from making trade frictionless as it would require border controls to check the provenance of products. Adding the single market to a CU would mean the UK would have to accept free movement (which is politically difficult) but would allow for the current degree of financial market integration, which represents 40% of UK trade. This would amount to joining the European Economic Area, which means that the UK would be under EU jurisdiction *de facto*, with no opportunity to influence the rules, which again a hard sell in the UK.

The UK Government estimates the impact on GDP would be close to 5% for the FTA agreement, as it brings little more than trading under WTO rules, and just over 2% for an EEA solution. The Political declaration suggests that there is no support for any solution beyond but an FTA agreement, with some clever technical solutions on customs to reduce friction. This may be costly for both sides.

The regulatory debate

This may turn out to become a very thorny issue in the future negotiations about an economic partnership. Where the British Government previously committed to aligning with EU's regulatory practises, the bar is now set lower, as the UK commits to level-playing fields remaining in accordance with standards set at the end of the transition period. This solution appears to be compatible with an FTA agreement but less so with a CU.

The regulatory issue is an important political one for the current conservative Government. The UK is consistently ranked in the top of economic freedom indicators. For instance, in the latest Heritage foundation Economic Freedom indicator, the UK ranked 7th globally and was the second highest EU country. In contrast, France ranked 70th globally, and was the third lowest ranked country in the EU. This reflects very different views of economic governance that have influenced the UK's position within the EU and will not doubt remain a source of contend in future negotiations.

But this could limit the scope of the economic partnership, as the EU has always feared that the UK would engage in a race to the bottom in order to gain a competitive advantage over the EU. When announcing the deal, EU negotiator Michel Barnier said "The precise nature of commitments should be commensurate with the scope and depth of the future relationship and the economic connectedness of the Parties." This basically means that the closer the UK aligns on regulatory issues the closer the future economic agreement will be.

Both the EU and the UK will lose

There are undoubtedly some advantages to the divorce that both sides like to underline. On the EU front, there is a sentiment that the UK has worked as a break in advancing some aspects of integration and regulation. On the UK side, there is a sense that the country will benefit from being freer to engage with other regions and may forego regulatory burdens it feels are excessive.

But those advantages come at a cost for both the EU and the UK, as the global power of influence of two separate regions will likely add up to less than the combination of both.

The EU is about to lose a partner that pushes for more economic freedom. A partner that is home to the largest and deepest financial market in Europe, which is unlikely to be replaced by any other marketplace in Europe to the same standards. The UK has also traditionally been an important link between Continental Europe and the US, which is particularly important as the US, even before Trump's Presidency, has started turning inwards. This transatlantic link will be particularly missed by countries such as Portugal, that have historically created bonds away from the centre of Europe.

But the UK also has much to lose. Firstly, even with some form of economic partnership, the UK loses automatic access to the largest internal market in goods and services. The end of free movement may feel like the UK will take back control and only accept the very best, but it will have important implications for scientific research and for services, ranging from higher education to the financial sector and the healthcare and services to households sectors where the manpower from Europe adds significant value. Also, though the UK may become free to negotiate free trade agreements with other regions, its power will become much diminished without the full weight of the internal market behind it.

Finally, and perhaps more worryingly, this separation risks undermining Europe's economic and political power. As the US shies away for the rest of the world and China is trying to pick up the torch in foreign direct investment, trade and even within global institutions of economic governance such as the WTO, the UK is splitting-up from the EU at the worst possible time. It will take considerable patience and humility on both sides to negotiate a future economic partnership that limits the damage to Europe's soft power.

Two areas for future cooperation

There are many areas for economic cooperation in the future. Here we list two that combine economic profit with the capacity to raise Europe's global influence:

First, in digitalisation and robotics the EU is a clear laggard, relative to the US, China, and the Asian region. It will take considerable effort and cooperation between the UK and the EU to attempt to close the gap. Not only funds are necessary but also research and expertise. The UK is a leader in financial digitalisation and technology (fintech) and that knowledge can be expanded to other areas with the contribution from researchers and entrepreneurs in both regions and public and private funding. The EU multi-annual financial framework can provide significant public funds that can be leveraged by private funding, particularly from the UK, which has one of the deepest and largest financial sectors in Europe.

Second, the cooperation on foreign direct investment is fundamental. One of the economic reasons of Brexiteers for breaking with the EU was the ability to negotiate new agreements with other regions and countries. However, strategic coordination with the EU, particularly on FDI is fundamental to preserve Europe's role, for instance in emerging African economies, to ensure that all European investments abroad have the same level of corporate and public governance principles and practises, and there is no race to the bottom on our core values. This is also an opportunity to boost the case for sustainable growth and environmental protection. There is an opportunity for the EU, together with the UK, becoming the leading investors in "Green" sustainable development.

Brexit is, at least in the short term, expected to have a negative net effect in both economies. The future economic partnership should attempt to minimise the loss and leverage on the strengths of both the EU and the UK.

Footnotes:

Institute for Government (2019). "Brexit deal: Political Declaration on future UK-EU relationship", October 2019. <https://www.instituteforgovernment.org.uk/explainers/brexit-deal-political-declaration>

Miller, T., Kim, A. B., & Roberts, J. M. 2019 Index of Economic Freedom. Heritage Foundation. <https://www.heritage.org/index/pdf/2019/book/methodology.pdf>

Winters, Alan (2018). "What are the Options for the UK's Trading Relationship with the EU after Brexit?" The UK in a Changing EU. Economic and Social Research Council (ESRC). Kings College London. <https://ukandeu.ac.uk/explainers/what-are-the-options-for-the-uks-trading-relationship-with-the-eu-after-brexit/>

* **Nuno Sampaio**, *Instituto de Estudos Políticos, Universidade Católica Portuguesa*

In the last three years, we have witnessed how the process leading up to Brexit was accompanied by several developments of the British political system, leading to continued failures in the approval of the withdrawal agreement and delays to the United Kingdom's exit from the European Union.

If we go back further in time, we recall that, straight after the 2014 EU Parliament elections, upon entering the informal session of the European Council which would analyze the results and choose the new President of the EU, David Cameron would declare:

« We need an approach that recognises that Brussels has got too big, too bossy, too interfering. We need more for nation states, [...] It should be nation states wherever possible and Europe only where necessary. »

And that whoever who lead the EU would have to simply accept that.

It is not out of the ordinary for a British prime minister to reaffirm the traditional British skepticism regarding an 'even closer Union' but Cameron was at the time pressured by particular circumstances. One year away from legislative elections, Cameron led a coalition government where his party did not have the majority of the seats in the Parliament (something rare in Westminster) and had just witnessed UKIP's victory in the elections to the European Parliament with 27% of the votes, sending the Conservative Party to a modest third place.

Moreover, those declarations were aimed above all at the choice of Jean-Claude Juncker as President of the European Commission, chosen through the method of the *Spitzenkandidat*. In the end, the UK would vote against that nomination (with another vote from Hungary), in one of the few times that the European Council would have had to formally vote on the nomination, instead of the traditional informal consensus.

This event would later lead a cabinet member of Cameron's government to declare that the *Spitzenkandidat* method, which the UK had tried to stop through all available diplomatic channels, had had a great influence in the events leading up to Brexit¹.

The promise to hold a referendum on the UK remaining in the EU was old and had been key to the rise of David Cameron as leader of the Conservative Party but had been hindered by the need to establish a coalition with the Liberal Democrats in 2011. Cameron reaffirmed it in his electoral manifesto to the 2015 elections saying that the EU needed to change and that it was time for the British people – not politicians – to have their say. He claimed that only the Conservative Party

would deliver real change and real choice on Europe, with an in-out referendum by the end of 2017ⁱⁱ

The time for the British People

The conservatives won the 2015 May elections with an absolute majority. In November of 2015, in a letter addressed to the President of the European Council, Donald Tusk, the British PM initiated the negotiation process with the remaining member states towards reform in several areas, among which immigration, ensuring that it would be absolutely clear, ‘in a formal, legally binding and irreversible way’, that the UK would not have to contribute to an even closer Union. In February of 2016 an agreement was reached, and Cameron summoned a referendum to be held on the 23rd of June, in which he would defend the UK to remain in the EU.

Referenda are instruments of direct democracy which, paradoxically and in theory, are not typical of democracies such as the one in Westminster, as Arend Lijphartⁱⁱⁱ explains. However, if we look at recent history, we notice that holding a referendum in the UK is not something unheard of. Nevertheless, from the 12 referenda held since the 1970’s only three (European Community 1975; Electoral System 2011; remaining in the EU 2016) had general character, the other nine concerned specific parts of the country and the relations between the central government of the UK and the different parts of the kingdom (Northern Ireland, Wales, Scotland).

The night of the 23th of June 2016 was long and the dawn brought a surprising result for most observers. With a high participation rate of over 30 million constituents (72%), a majority of 52% would choose to leave the EU, beating by a small margin the remainders. Defeated in his promises to the British people and European partners, David Cameron left the scene, leaving behind all the problems.

It became clear from a very early hour that a merely binary choice, especially one taken with such small margin, did not contain the answers to some of the very pressing questions. When and how would the UK leave the EU? In what terms would the future relation be? How would that referendum affect the relationship with Scotland, which in 2014 had voted to remain in the UK but whose vote to remain in the EU had been a significant 62%?

The exit of the UK from the EU is as relevant as legitimate and complex. It is not just a question of a positive or negative answer, but it’s about a set of indissociable questions, interdependent, with substantive basis. To place a decision of such nature in a binary method, non-continuous and largely majoritarian, is to forget the complexity of what needs to be discussed and agreed upon. The problem, or the argument, is not that the constituents would be less qualified to make that

choice than their representatives. As one could witness during the process in the Parliament, the challenge is to answer questions which require extensive debate and the search for common ground.

People v. Parliament or Government v. Parliament

In the day following the referendum, one of the first questions which arose was to know who could and how could the article 50.^o of the Lisbon Treaty be activated, meaning, the formal request of the UK to leave the Union. Would there be any automatic procedure between the popular vote and the exit of the UK from the European Union? Would the result suffice so that the British Government, now led by Theresa May, simply notified the European Council of its actions, or should the British Parliament still have something to say?

On the 3rd of November 2016 the decision of the High Court was turned public: according to the constitutional principle of parliamentary sovereignty, the Government could not alone activate the article 50.^o and the approval of the British Parliament was required:

«It is common ground that the most fundamental rule of UK constitutional law is that the Crown in Parliament is sovereign and that legislation enacted by the Crown with the consent of both Houses of Parliament is supreme»^{iv}.

This legal reasoning would be then confirmed by the Supreme Court on the 24th of January.

Regarding the fact that the UK does not have a written constitution, whereby the rules concerning organization of the political powers of political institutions as well as the sovereign power of the Parliament to amend those laws, the great scholar of French political systems Maurice Duverger use to recall, with wit: *«In this sense, some say that the British Parliament can do 'everything, apart from changing a man to a woman'»*.

On the 29th of March 2017, the House of Commons approved a law that conferred upon the PM the power to notify the European Council of the request to leave, thus starting the procedure that should have led to the formal exit by the 29th March 2019. However, as we are all aware, this was not the case. After having rejected the withdrawal agreement twice, on the 26 of March 2019, the Parliament approved an amendment to retake control over the Brexit agenda and, in a series of votes, it rejected the withdraw agreement and once again delayed the exit date. Facing the continuous disapproval by the Parliament, both the UK and the EU agreed on an extension of the period until 31st October 2019. However, exhausted after three rejections of her deal, Theresa May would resign and abandon the leadership of the Conservative Party and the Government in July 2019.

What seemed initially to be above all a dispute between the legitimacy of an instrument of direct democracy and another of representative democracy, quickly turned into a dispute between the executive and the legislative branches of power.

Elections, an exit to the exit?

26

Boris Johnson, a Brexit supporter from day one, took the leadership of the Government committed to establishing a new deal and to comply with the final deadline of the 31st of October to get Brexit done. However, Johnson, just like May, did not possess the same power as others had in the past. As Walter Bagehot superbly synthesized in 1867^{vi}, the *Cabinet* system of government is characterized by the fusion between the legislative and executive powers, hence giving a great deal of power to the PM who controls the majority in the Parliament.

What happened during this process was that neither Theresa May nor Boris Johnsons ever enjoyed the control of such majority, because the Conservative Party has been divided with frequent ‘rebellions’, from both Members of Parliament who defend a *hard Brexit* and of those who opposed Brexit. That is why Theresa May attempted to increase the Conservative’s majority in 2017 with early elections. Those elections would end up having the opposite result, and the Conservative Party would lose its absolute majority in the House of Commons. With those internal divisions and without an absolute majority, there was no longer a link between the executive and legislative powers which could have enabled the PM to control the process.

It was in this context that Boris Johnson failed to fulfil the promise of delivering Brexit before the deadline of the 31st of October. He now has but one remaining option to be able to deliver Brexit. Although the *Fixed-term Parliaments Act* of 2011^{vii} made it much more difficult for a PM to call early elections, the Parliament agreed to call early elections, which will be held on the 12th December 2019, at the same time as it failed to approve Johnson’s withdrawal agreement. We will see if these elections will finally allow the PM to take back control of the legislative power in the House of Commons.

Paradoxically, it is in the restauration of the link between the executive and legislative powers that lies the definitive separation of the UK from the EU. However, this lengthy procedure has already taught us that anything concerning Brexit that is subject to approval, be it a referendum, be it the precise terms and conditions of the future relation with the EU, the Parliament will have to be heard. In the evolution of the customary system that characterizes the British system of government, the power passed from the Crown to the Parliament, then from the Parliament to

the Cabinet and from there to the PM. But the old British parliamentary sovereignty will always have the last word.

Footnotes

¹ «Líderes “digerem” eleições e procuram novo rosto para a EU», 27 maio de 2014, <http://pt.euronews.com/>.

² Korsi, D. (2016, 10 de outubro). «Why we lost the Brexit vote», Politico, Europe edition (<http://www.politico.eu/article/why-we-lost-the-brexit-vote-former-uk-prime-minister-david-cameron/>).

³ *The Conservative Party Manifesto 2015*. <https://www.conservatives.com/yourmanifesto>

⁴ Lijphart, A. (1989). *As Democracias Contemporâneas*. Lisboa: Gradiva.

⁵ The High Court of Justice « R (Miller) -v- Secretary of State for Exiting the European Union». <https://www.judiciary.uk/judgments/r-miller-v-secretary-of-state-for-exiting-the-european-union-accessible/>

⁶ Duverger, M. (1985). *Os Grandes Sistemas Políticos*. Coimbra, Almedina, p.224.

⁷ Bagehot, W. (1867). “The English Constitution: The Cabinet”. in *Parliamentary versus Presidential Government*, Ed. Arend Lijphart, London and New York, Oxford University Press, 1992, pp. 66-71

⁸ⁱ <http://www.legislation.gov.uk/ukpga/2011/14/contents/enacted>

***Peter Nabney**, Manager, ex Country Manager ING Portugal

A report commissioned by the Conservative government in the early 1960's on the future of Britain concluded that by 1970 the world would be dominated by three large economic blocks namely, America, USSR and Europe and if Britain remained outside of Europe it would remain left behind and become isolated on the world stage. Ironically many of the young voters in the 1973 referendum that carried the vote to enter the EEC were one and the same that voted to Leave the EU in the 2016 referendum. So now that the UK will leave the EU, albeit as yet we do not know under what circumstances, does the UK risk splendid isolation?^a

We have to remember that the 2016 referendum result essentially reflected the desire of UK citizens to reinstate sovereignty over their borders although admittedly it is more complex than that as the majority in Northern Ireland and Scotland voted to remain in the EU. So immigration became the principal theme and little else was openly discussed and debated in the lead up to the referendum to allow a proper balanced assessment by the people.

As the real implications of EU exit have become clear over the past three years what can we surmise will be the effects of leaving? It comes down to a trade-off between perceived enhanced sovereignty, the expected economic fall-out and the changing social fabric of the nation state.

Political - Sovereignty

There is no question that the motivation for the 2016 referendum was purely political, to appease the Euro sceptics in the Conservative Party, as there had been no groundswell of public pressure to either stay or leave the EU. In hindsight it is somewhat disingenuous for those Brexiteers to twist the whole Brexit conundrum as being Parliament v People when the people never asked for the vote in the first place. However, the lies and falsehoods surrounding Brexit that we have all become accustomed to, have coincided with populist agendas across many countries so it remains to be seen if this is the beginning of a new order or a temporary phenomenon of eccentric leadership.

On the question of sovereignty which is at the core of the referendum vote there is clear visibility that the UK will regain control over inward immigrant flows as EU citizens will no longer have a right to reside in the UK (except arrangements for pre-existing EU residents). Furthermore, legal sovereignty will return and financial contributions to the EU will cease. However, what will this new found sovereignty look like? Firstly, the likely long-term break-up of the Union with Scotland,

endeavouring to go it alone and Northern Ireland, eventually succumbing to a united Ireland will dilute the concept of UK sovereignty and severely diminish UK standing in any residual transatlantic alliance. Secondly, by going it alone the UK becomes a stand-alone mid-sized country dwarfed in a world dominated by large economic groups (US, China, EU, to be joined in time by India) and second tier large populous emerging nations such as Indonesia, Brazil, Mexico and Turkey therefore, its most likely default position will be alignment with the US in order to maintain access to the Global order. Any such North Atlantic pact in which the UK is the junior partner will compromise UK sovereignty through forced adoption of US style deregulation, deterioration of standards for protection of workers and consumers and US interference in UK economic policy. Thirdly, negotiating new trade deals will be less about tariffs and quotas and more about environmental, safety and sanitary rules of different jurisdictions which means ceding a degree of sovereign control.

Economic - Trade

The Brexiteers have espoused the new paradigm of 'Global Britain' which is predicated on moving the centre of gravity away from Europe and leveraging off the imperial past and transatlantic nexus. This is a complete fallacy as we look at the world today with the ex-colonies locked into their own trade regions (Australia and India as examples are totally interlocked with Asia) and the unfavourable geopolitical situation against a backdrop of global trade frictions. Again it should be remembered that the grand debate of the 1960's to join or not to join the Common Market boiled down to a choice of either remaining at the centre of the Commonwealth (a sort of Global Britain of the times) or turning to the new Continent. The difference with today is that there still was a vibrant Commonwealth trade network in the 1960's, so by looking to join the Common Market the UK was turning its back on the legacy 'Global Britain'. The same Conservatives party that led Britain into the Common Market in 1973 is now intending to lead the UK out of the EU in 2020.

Economic analysis shows that the UK will be significantly worse off outside the EU under most plausible scenarios. Put in perspective the EU is UK's largest trading partner accounting for almost half of UK exports and the degree of economic fallout will depend on the trade deal negotiated with the EU – Single Market/Customs Union/WTO. The greatest economic losses would result from a WTO scenario in which the estimated aggregated effect would be a reduction in GDP of 5% reflecting higher trade costs. Disaggregating there would be significant regional deviation within this contraction with the Northern manufacturing regions much worse off. The other trade scenarios would be more beneficial but would still lead GDP contraction compared to the status quo. Furthermore, the disruption to the UK manufacturing value chain, with just in time supply

systems imbedded across the EU, is unquantifiable but substantial. The three main economic challenges currently facing the UK are low productivity, dearth of housing supply and an ageing population. None of these factors are a result of EU membership but are UK centric. Leaving the EU can only exacerbate these problems as a post Brexit UK will strictly control immigration and immigration can be an important conduit to improved productivity, balancing better the age demographics and creating more diversity in society.

Social Fabric

As already highlighted Brexit can be simply viewed as a determination to reinstate sovereignty but looking at the distribution of the vote we can see some deep divisions which are likely to become more polarised in years to come. In the context of being an anti-establishment vote it reflects the class differences already imbedded for decades but exacerbated in recent years by the political elite. The referendum clearly shows that manual workers (64%) voted Leave whereas professional and managerial classes (57%) voted Remain. Ethnic divisions were also polarised with white voters marginally in favour of Leave but Asian (67%) and Black voters (73%) largely Remain. As mentioned above at home nation level there were severe fault lines but also between English cities (predominantly Remain) and provinces (Leave). More strikingly older voters were more likely to have voted Leave and overwhelmingly the young (18-24 years) voted Remain (73%). So evidently beneath the surface there are many divisions in (English) society and the most obvious manifestation of increased polarisation resulting from Brexit has been the rise in attacks on ethnic groups (>40%) since the referendum. In the longer term it is likely that the age fault line will become the most damaging threat to the social fabric in the UK as it is the young who will be tasked with the execution of separation from the EU in all its forms which is something they patently do not support.

Global Chumps or Global Champs

In the short run Brexit has very little going for it. The much sought after sovereignty is a mirage and a nostalgia of the past. Turning your back on your largest trading partner which is also your neighbour with some utopian ideal of a global market that is there for the taking is a pipedream. The fall in foreign direct investment alone will push the UK out of the world's top ten. The real prospect of a breakup of the Union with the consequent breakdown in social cohesion is a ludicrous by-product of Brexit and will severely weaken the UK going forward. Brexiteers have selective memory recall overlooking the fact that the Scots were key in building the Empire and largely the pioneers of conquering new export markets in the 18th and 19th centuries so they would be key to any new UK Incorporated onslaught on new and old geographies.

So, once all the dust has settled and a decade has passed what is the likely scenario for the UK in 2030?

Starting from a base in 2020 with the weakest political leaders in living memory the next ten years were plagued by a series of minority governments/coalitions resulting in political paralysis. Whilst the NHS survived (out of necessity with an ageing population) and the big infrastructure spent in 2020/2022 provided a temporary boost, the promised 'fantastic' trade deals never materialized and America didn't step up to the plate as we were no longer part of the EU with privileged access to a large internal market. The economy tanks as jobs dry up and inflation returns as the pound is locked in a doom loop and with a junk investment grade rating EU, Chinese, Japanese and Indian investment moves elsewhere. Scotland finally achieved independence in 2025 and will rejoin the EU in 2030. Public demonstrations become the norm with pressure mounting for a new referendum as the EU extends an olive branch to return to the fold.....

^a The term splendid isolation dates back to the early 19th century with Britain's exit from the Concert of Europe in 1822 and the ensuing diplomatic practice of avoiding permanent alliances.

THE UNITED KINGDOM IN THE BALANCE OF EUROPE AND OF THE INTERNATIONAL LIBERAL ORDER*

* **Samuel de Paiva Pires**, *Professor of Political Science and International Relations at the University of Beira Interior and at the School of Social and Political Sciences of the University of Lisbon*

Precisely 120 years ago the Boer War began, which was the starting point of the decline of the British Empire, a mere two years after Queen Victoria's Diamond Jubilee, which, on the other hand, symbolized Britain's heyday.¹ We should always be wary of the analogies and lessons of history, but it should be noted that, just as the British first underestimated the Boers and eventually entered a war which they were only able to win at very high human, financial and political costs, Brexit also highlights how one part of the British political elite underestimated the possibility of Vote Leave winning the referendum, and another, those who campaigned and voted to leave the European Union, underestimated the ease and costs of the process. Whether the United Kingdom and the European Union reach an agreement or the United Kingdom leaves without an agreement at all, the financial and political costs will be very significant for both parties.

It has been repeatedly stressed by many observers that many of Brexit's major players, especially those members of the Conservative Party who over the years pressured David Cameron to hold the referendum, are pervaded by a sense of nostalgia for the British Empire. Although it is still considered a great power, in fact the United Kingdom does not rank as high in the hierarchy of powers as it did in the past, and certainly among the various causes behind Brexit is, as the statements of many Vote Leave supporters have shown, the aspiration to project itself more assertively in the international order than it has been able to as a member of the European Union. Ernest Bevin's 1947 statement that "Her Majesty's Government does not accept the view that we have ceased to be a Great Power"¹ seems to remain valid, and it is tempting to find in this refusal and in the nostalgia for the Empire determinant variables that would explain Brexit – which, incidentally, is in line with the spirit of the times in Western liberal democracies, pervaded by populist and nationalist movements whose foreign policy aspirations have been well summarized in an isolationist and unilateralist American slogan recovered by Donald Trump: "America First." A third variable can be added, the discontent of the 'losers' or 'left-behinds' of globalization, one of the main causes of the emergence of various contemporary populist movements, along with the cultural backlash, two theses analyzed by Pippa Norris and Ronald Inglehart.¹ Much of the classical working class, typically part of the Labour Party electorate, voted in favor of leaving because it felt

undermined by neo-liberal globalization in favor of certain social classes in other countries, and one of the main arguments used by the Vote Leave campaign was the threat of increasing immigration that would reinforce labor insecurity.

I believe, however, that the root causes of Brexit can be better understood through a long-term historical perspective of British foreign policy regarding the relations with the European continent. Watching the episode “The Writing on the Wall” of the famous BBC series “Yes, Minister” from 1980 one will be amazed at the glimpse of what British foreign policy towards the European Union would be like. In it, Sir Humphrey Appleby declares that Great Britain has had the same foreign policy objective for 500 years, creating a disunited Europe, and without explicitly spelling out the balancer role played by England (later, the United Kingdom) in the European balance of power, he touches upon it – by stressing that in several conflicts the British fought alongside the Dutch against the Spanish, the Germans against the French, the French and Italians against the Germans, and the French against the Germans and Italians – to justify the entry into the then European Communities for the purpose of destroying the project of European integration from within, which Britain had failed to achieve from the outside. Back to reality, this purpose would have been on the mind of General De Gaulle, who in 1963 vetoed the entry of the United Kingdom into the European Communities for fear that it was an American Trojan horse potentially destructive of the whole European project.¹ It was a fear based on the British efforts to dilute the Common Market project, the foundations of which were laid down by the Treaty of Rome, signed in 1957, into what would be a simple free-trade organization between all Western European countries, to which Britain tried to persuade the six founding members of the European Communities. Failure to do so would drive the United Kingdom to lead the establishment of the European Free Trade Association (EFTA), created in 1960. However, the successes of the Common Market, the tendency for the formation of large regional economic blocs, the economic crisis in the United Kingdom and doubts about the solidity of its “special relationship” with the US led Her Majesty’s government to apply for membership of the European Communities, which would be vetoed a second time, again by De Gaulle, in 1967, and was only accepted after the latter’s replacement by Georges Pompidou.¹

A skeptical and even cynical international relations analyst, notwithstanding the foregoing paragraph, might agree with Sir Humphrey concerning the British goal of entering the European Communities, especially given the partly unforeseen impact that Brexit will have on the European integration project. This is, however, a restrictive and overly simplifying view of British foreign policy and the eminently peaceful project partly responsible, together with the US and the Atlantic Alliance, for a truly exceptional period of relative peace in Europe’s history in recent centuries.

Moreover, in fact, the main objective of British foreign policy was merely to preserve the balance between the European powers, thwarting the hegemonic aspirations of any of them, which meant an essentially reactive foreign policy in which Great Britain was the aforementioned balancer in the conflicts across European soil.

The first power to develop such a policy was not even England, but France led by Cardinal Richelieu, the inventor of the concept of *raison d'État* upon which he predicated French support for Protestants who, during the Thirty Years War, fought the Holy Roman Empire. Following the Peace of Westphalia, the balance of power system would gradually emerge in the following centuries, within which England would fulfill its national interest of preventing the hegemony of a single power over Europe. This was achieved through various coalitions in which, whenever one of the powers expanded with the aim of conquering the continent, Britain sided with the weaker states. This role reflected its geopolitical reality, whose survival would be threatened by any continental empire. But, according to Henry Kissinger, the strategy of how to pursue this policy, whose original architect was William of Orange and which initially didn't even please the isolationist British public opinion, was contested by Whigs and Tories in a parallel similar to the disagreement within the US after the two world wars. The Tories advocated intervention on continental soil to restore the balance of power when it was threatened and participation in permanent alliances that would have a decisive influence on the preservation of peace, while the Whigs, with an isolationist perspective, believed that Britain should only be involved when it was actually threatened by an attack from the continent.¹ Even the system of periodic meetings proposed by Lord Castlereagh at the Congress of Vienna, following the defeat of Napoleon Bonaparte's hegemonic aspirations, to the general public as well as to the British government was too similar to a European government.¹

From this perspective, the exit from the European Union could be considered as part of a long isolationist line that has infused British foreign policy towards Europe for centuries and allowed it to thwart any threats to its independence from the continent and to maintain an empire on a global scale. This is the basis of the Brexit supporters' view that such a process is the key to the United Kingdom being no longer bound by Brussels – deliberately ignoring the opt-out clauses that it benefits from, which keep it apart from the single currency and the Schengen Area – and regaining control over its fate by assuming greater international relevance.

However, this ignores four realities: first, the major great powers are substantially more powerful than the United Kingdom, which as one of the leading voices of the European Union would always be able to project greater power in its relations with them than outside the European integration

project. Secondly, a markedly isolationist policy such as Brexit has not only already had negative impacts on the way other states perceive the United Kingdom, but will impact the future of NATO and of its relations with the European Union, will weaken the role of the United Kingdom within other international organizations and might even threaten its permanent seat on the UN Security Council, since its legitimacy as a representative of Europe will be lessened, but especially if Scotland becomes independent. Thirdly, Europe today is much less marked by conflict, particularly of a military nature, and much more by peaceful cooperation based on economic integration and prosperity through free trade, hence Brexit is a policy contrary to both the British commercial character and the main objective of British foreign policy of preventing the hegemony of a single power on the European continent – even though Germany’s hegemony in the European Union has been achieved through economics rather than weapons – and will eventually destabilize Europe by, in Robert Kagan’s words, “exacerbating the imbalance of power and leaving an already weakened France alone to face a powerful but increasingly isolated Germany” and contributing to the potential reemergence of the German question by striking “another blow to the institutions that were established to address” it.¹ The British may have forgotten Margaret Thatcher’s words: “By its very nature, Germany is a destabilizing, rather than a stabilizing, force in Europe.”¹ Lastly, Brexit is pervaded by populism, which is now an internal threat to what Michael Doyle calls the liberal zone of peace, an update of the democratic peace theory derived from Kant’s essay on perpetual peace,¹ which began in the 19th century and is currently comprised of around 100 countries,¹ where the United Kingdom is a core piece and has the potential to contribute, together with Donald Trump in the US and other populist movements on the European continent, to negative structural changes in the international order that will also affect itself. Although authors such as Daniel Deudney and G. John Ikenberry remain optimistic and consider that Brexit ultimately reveals the resilience of liberal institutions by showing the enormous difficulties in breaking up institutional ties and arrangements developed by the various states within them,¹ others, such as T. G. Otte, foresee that the fragmentation of the European project, the core of the transatlantic strategy since the Marshall Plan, will make Europe a source of instability.¹

International relations are at present much more complex than in previous centuries, and interdependencies are denser and deeper, so any slight disturbance at one point of the international system can have effects elsewhere or throughout the whole system. According to game theory, Brexit is a no-win or lose-lose situation. It’s bound to have remarkable and structural impacts where all parties will be harmed, especially the United Kingdom itself, that has adopted a high-risk strategy with minimal potential gains.¹ In 1856 Lord Palmerston defined the British national interest as doing “what may seem to be best, upon each occasion as it arises” and half a century

later Sir Edward Grey reinforced this inaccurate formulation: “British Foreign Ministers have been guided by what seemed to them to be the immediate interest of this country, without making elaborate calculations for the future.”¹ The United Kingdom may be about to realize that pursuing immediate interests in the present world without major calculations for the future carries enormous costs. The British economy will contract and its influence on the world will fade.¹ It is always risky to make such predictions and I may be wrong, but it is unlikely that Brexit will be anything but a Pyrrhic victory.

Footnotes

Deudney, Daniel, and G. John Ikenberry. «Liberal World». *Foreign Affairs* 97, n. 4 (2018): 16–24.

Freire, Maria Raquel, ed. *Política Externa: As Relações Internacionais em Mudança*. 2nd ed. Coimbra: Imprensa da Universidade de Coimbra, 2015.

Jervis, Robert, Francis J. Gavin, Joshua Rovner, and Diane N. Labrose, eds. *Chaos in the Liberal Order: The Trump Presidency and International Politics in the Twenty-First Century*. New York: Columbia University Press, 2018.

Kagan, Robert. «The New German Question». *Foreign Affairs* 98, n. 3 (2019): 108–20.

Kant, Immanuel. *A Paz Perpétua e Outros Opúsculos*. Lisboa: Edições 70, 2009.

Kissinger, Henry. *Diplomacia*. 2.nd ed. Lisboa: Gradiva, 2002.

Norris, Pippa, and Ronald Inglehart. *Cultural Backlash: Trump, Brexit, and Authoritarian Populism*. Cambridge: Cambridge University Press, 2019.

Patrício, Raquel de Caria. *Uma Visão do Projecto Europeu: História, Processos e Dinâmicas*. Coimbra: Almedina, 2009.

Smith, Steve, Amelia Hadfield, and Tim Dunne, eds. *Foreign Policy: Theories, Actors, Cases*. 3rd ed. Oxford: Oxford University Press, 2016.

Zakaria, Fareed. *O Mundo Pós-Americano*. Lisboa: Gradiva, 2008.

