Jumping off the Cliff? Editorial

The referendum vote on 23 June 2016 marked a moment of change in Britain. The rejection of a broad political class and a prime minister elected just a year before meant that the one choice denied to Theresa May as she assumed occupancy of Number Ten was continuity. The rejection of advice and instruction of transformation was not confined to Britain’s membership of the European Union – complex and wide ranging as that is – but also demanded answers to wider dissatisfaction from national to local economics, to globalisation, to democracy.

Brexit presents profound risks to the economic wellbeing of Britain, especially if the government fails to secure the kind of comprehensive trade deal that it confidently proclaims that it will. For many that confidence exuded by leading Brexiteers, defies reality and yet, until the actuality of negotiations and the power imbalance in favour of Brussels hits home, it is a sentiment that has come to define the mood since the referendum.

Months on from the referendum, what became known as ‘project fear’, the Remain campaign orchestrated from George Osborne’s Treasury, perhaps did a disservice to the reality that many analysts see as inevitable. Pulling Britain out of the largest single market in the world, turning its back on institutions which have secured peace and protected shared values, including around social provision, can only cause damage to British interests. But the view has prevailed that the UK will be able to demand the deal it wants from the EU, cherry picking the provisions it likes best while rejecting accompanying responsibilities. That there was not an ‘instant DIY recession’ as the Treasury predicted and instead the British economy in the second half of 2016 strengthened on the back of consumer spending, only confirmed the irrelevance of expertise for many supporters of Leave. Alas there are worrying underlying measures on the horizon that have all but been ignored. Creeping inflation has at last closed the gap with earnings growth – something that took so long to recover after the last recession. Families are dipping into their savings at the fastest rate since 2008 in order to maintain spending and business confidence is deteriorating with a corresponding effect on investment in the coming year. Meanwhile, there has already been a steady trickle of jobs out of the City of London’s financial centre, the industry which has come to dominate British economic ‘success’ since deindustrialisation drew so many other previously vibrant economic regions into decline.

And it was those post-industrial regions which voted so heavily in favour of Leave on June 23rd. The results revealed such a division in society between the old and young, the skilled and the unskilled. A rejection of globalisation and its implications characterised this vote as much a rejection of the EU. After all the EU has been responsible for so much of the structural funding which poured into many of the poorest regions. Any yet it is these people who, in popular language, have been ‘left behind’. They have been left unskilled, uncompetitive and precarious. The irony is that in proclaiming that ‘June the 23rd was not the moment Britain chose to step back from the world, it was the moment we chose to build a truly Global Britain’ Theresa May was scrabbling for a new vision but it was one at odds with an electorate which wanted to reverse the effects of globalisation.

For this reason, the task which now faces the government is not only to carry out the self-harming wishes of the electorate to extract Britain from the EU but it also has to tackle the concerns of so many citizens that the economy does not work for them. The vote, after all, marked a moment of change and a rejection of existing priorities. For many who campaigned to Remain, the fight is not yet lost. Unfortunately, the conditions which would most likely to

Whatever the future, we need to understand better how we got to where we are and the implications for citizens and local economies in this brave new world. This is the ambition of this special edition. The articles included in this volume vary widely, covering many of the challenges that now face the UK as it both tries to carve a new image in the world and address inequities at home. In Viewpoint, there are analyses on the impact on Ireland’s insurance industry and separately a deconstruction of the fantasy vision exuded by Brexiteers. In Features there is research into the impact of structural funds, regional economic development, and the case for merging inclusive growth with deliberative democracy. And there is an In Perspective piece illustrating the disenfranchisement of young voters, who will inevitably inherit the consequences of the current predicament.

What binds these papers is recognition that the future is now highly uncertain and volatile. Change is inevitable and has the potential to reach into every corner of economic and political life. Brexit has the potential to be very damaging to the very people in post-industrial towns and cities who voted to leave the EU. What can or should be put in place should now be the subject of serious public debate.

To end more positively, there could be reason to be hopeful. The conciliatory tone of Theresa May’s letter triggering Article 50 and with it the request to create some sort of Special British–EU partnership embracing trade, security and even values is not the language of ‘Hard Brexit’ favoured by many on the right of British politics. Meanwhile there are signs that the European Union itself might be poised to reform. Coinciding with the 60th anniversary of the signing of the Treaties of Rome, a position paper published by the Commission itself set out five possible future scenarios for the remaining 27. These are: 1. Carry on 2. Just the single market 3. Those who want to, do more 4. Do less better 5. Do much more together. Make no mistake, Europe’s elite remain incredibly ambitious for the EU project. But this is the strongest indication yet that they are prepared to countenance change the model, perhaps even radically, to ensure its survival. At the centre of these possibilities is the long discussed idea of a multi-speed Europe. Depending on just how many speeds and how it is structured, there could yet be a place for Britain in the European Union.