

[UK Spirals Into Political Crisis After EU Vote](#)

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The leave side of the Brexit referendum had no coherent proposal or description of what sort of future relationship with the EU, the UK would have. This lack of clarity has led to many banks and other financial organisations looking to move staff and operations elsewhere in the EU.

As the votes in the United Kingdom's EU (European Union) referendum were counted in the early hours of 24 June, the pound fell vertiginously as "Brexit" became first probable and then the definitive result. The UK had voted 52% to 48% to leave the EU, a Union it had been a member of for 43 years.

Political crisis followed hard on the heels of the slumping pound and tumbling stock markets. David Cameron resigned as Prime Minister opening up a contest for leadership of the Conservative Party, whose winner will be the UK's PM. Meanwhile Nicola Sturgeon - Scotland's First Minister - put the prospect of a second independence referendum for Scotland on the table, calling it "highly likely", with 62% of Scottish voters backing staying in the EU, in strong contrast to English and Welsh voters who backed the "leave" campaign.

On 26 June, a series of resignations from the shadow cabinet triggered a crisis for the Labour Party and Jeremy Corbyn's leadership came under question. The right wing of the Labour Party, unhappy with Corbyn's success last year in being elected Labour leader, was only too ready to use Corbyn's lacklustre performance in the EU referendum campaign as an excuse to try to provoke a new leadership contest.

Meanwhile, Sinn Fein called for a referendum on unifying Ireland to avoid the EU's external border running between the Republic of Ireland (which is in the EU) and Northern Ireland (where the population had also, like Scotland voted to stay in the EU), and Spain called for joint control (with the UK) of Gibraltar - whose British population had voted by almost 96% to stay in the EU.

The economic, political and constitutional crisis unleashed by the Brexit vote is, of course, one not only for the UK. EU leaders in the other 27 member states were

not only quick to express their regret at the British vote but also to insist that the UK's departure should be managed relatively quickly and that the rest of the EU would remain united.

Yet the EU is already under strain – from the eurozone crisis and the refugee crisis – and populists in France and the Netherlands rapidly called, after the Brexit vote, for referendums on EU membership in their countries too. The Euro also fell on the currency markets and stock markets fell across the EU with the turmoil affecting wider global markets too.

How Did It Come to This?

The UK joined the EU in 1973, 16 years after it was first set up as a project to promote peace and prosperity in Europe after the carnage of the World War II. Britain was long a slightly awkward member, not sharing the political enthusiasm of some member states for ever closer political and economic union, staying out of the Euro when it was created 17 years ago, and also opting out of the EU's border-free "Schengen" zone.

Yet at the same time, the UK had been an influential player in the EU – it was one of the driving forces behind the creation of the EU's large "single market"; it played a big role, after the Berlin Wall fell in 1989, in ensuring the EU enlarged to the new democracies in central and eastern Europe, and it promoted, for better or worse, a strong free trade stance. While the UK never fully matched the political influence of France and Germany, it was, with them, one of the "big three" in Europe.

The Labour Party slowly put its doubts about the EU behind it in the 1980s, accepting that the EU provided social protection for workers as well as large open markets for business. But the Tory Party went in the opposite direction. As the Tories increasingly split internally during the 1990s – Margaret Thatcher being pushed out over her growing dislike of the EU, and the Tories then losing the general election in 1997 amidst their disarray and in-fighting over Europe – the Tory eurosceptic wing became more influential within the party.

And so, when David Cameron got into power in 2010, after 13 years of a new Labour government, the question of the EU was never far away. Cameron himself was a mild eurosceptic, keen to impede any major new political developments in the EU while keeping the UK on the inside. But most of all, he wanted to ensure the Tories did not implode again over Europe.

Yet three years ago in 2013, Cameron made a fatal promise to hold a referendum on the EU if the Tories got back into power in the general election of 2015. He did this to paper over divisions within the party – a tactic which worked in the short term, and then exploded spectacularly during the months of campaigning since the start of this year, ahead of the 23 June EU referendum.

Losing the Argument

The “remain” in the EU campaign put its biggest emphasis on the economic benefits of the UK staying in the EU, while the “leave” campaign increasingly emphasised immigration and the fact that there is free movement of labour within the EU, exploiting populist and xenophobic concerns about immigration as well as encouraging voters to see immigration, not the Tory government, as the cause of their concerns on education, the National Health Service (NHS) and housing.

Despite warnings from the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the Bank of England and the Treasury, as well as the leaders of the Conservative, Labour, LibDem, Green and Scottish National Party all supporting remaining in the EU and only the populist and far right Nigel Farage’s UKIP (UK Independence Party) supporting leave, but crucially along with several members of the Tory cabinet including Boris Johnson and Michael Gove, British voters chose 52% to 48% to leave the EU.

This has been rapidly interpreted as a popular and populist backlash against the establishment elites, and globalisation. While there is some truth in this, the closeness of the vote also shows that the British public was in fact divided almost down the middle. With Scotland and Northern Ireland voting to stay in the EU, against England and Wales voting to leave, a political and constitutional as well as

economic crisis has been unleashed.

It is hard to underestimate the impact of this decision. The UK has essentially voted for a policy that is already and will continue to damage its economic outlook, that is creating political crisis and chaos at home, that has fatally undermined its role and influence in the EU and the wider world, and that is and will also prove damaging to the rest of the European Union, and with effects further afield.

It is an act of folly that is creating shockwaves that will continue for many weeks, months and years ahead. The UK has essentially chosen a “Little England” path – making a disturbing choice to cut off from its European partners and its influence in the EU and globally. It is an act of extraordinary political and economic self-harm.

Yet it is a choice that has deep roots. The UK political discourse over the last decades has failed to counter the euroscepticism of the Tory Party and of much of the mainstream, eurosceptic media. Nor has there been robust defence of the positive, creative and economically beneficial effects of immigration from inside and outside the EU on the UK economy.

Holding a referendum at a time when the EU was also in crisis over the eurozone, the large numbers of refugees attempting to come to Europe, and the growth of populism in a number of its member states was another huge error by Cameron.

Nor did he make any real attempt to portray – in his campaigning for the remain side – the UK as being a strategic and influential player in the EU. Indeed he could not. As Prime Minister, Cameron had chosen to position the UK on the EU’s sidelines – not getting involved in the euro crisis, refusing to take more than the smallest number of refugees from Syria – and then negotiating more opt-outs from the EU as part of his reform deal to persuade the British public to back remain in the referendum.

As a “Little England” Prime Minister – reducing the UK’s influence in the EU over

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the last six years and with barely a foreign policy to his name – Cameron was ill-equipped to suddenly make a strong and strategic case for the UK to remain in the EU. Instead, he was reduced to making a narrow, short term costs and benefits case for what the UK got from the EU and with no answers as to why he had failed in his declared aim of cutting immigration into the EU.

In the end, the referendum was lost through the votes of mainly working class Tory and United Kingdom Independent Party (UKIP) voters. While Labour voters were 63% in favour of staying in the EU, a number of Labour voters in poorer, run-down areas also backed the leave campaign. Corbyn, long known as fairly eurosceptic in his views, made a half-hearted and unconvincing case for staying in the EU while accepting it was far from perfect.

Yet it was Tory voters who voted for leave 58% to 42%, so in the end a Tory Prime Minister, having called a referendum he didn't have to call, failed to persuade his Tory voters to back him.

With political and economic crises developing apace, the UK has entered deeply troubled times and the EU too now has to deal with the shockwaves. Scotland may well hold another independence referendum in the next two years and if successful it would aim to stay in the EU as an independent member state. The UK would have been split asunder.

Cameron's gamble has taken the UK out of Europe and may lead to the end of the UK as we know it today. While the UK's exit from the EU could take as little as two years, it will take much longer to negotiate a new trading relationship with the EU, and the UK will also need to negotiate new trade deals with the rest of the world, since it will no longer be part of EU-negotiated deals.

Whether there is any way out of this mess, and to stay in the EU after all, looks unlikely. One of the extraordinary features of the referendum campaign was that the leave side had no coherent proposal or description of what sort of future relationship with the EU, the UK would have. This lack of clarity has led to many banks and other financial organisations now looking to move staff and operations

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elsewhere in the EU, a process starting within the first few days of the result.

Some hope that perhaps the UK could hold another referendum - to overturn this result, or even that Westminster where the majority of MPs support the EU, could somehow block the result. But with a 72% turnout and 4% lead in the final result, this for now looks unlikely.

The UK has embarked on a strange and crisis-ridden journey, and where it will end is quite unclear.

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