

How will a post-Brexit UK become a 'Global Britain'?



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EXECUTIVE SUMMARY

This month, following the deepest review of the UK’s foreign posture since the end of the Cold War, Prime Minister Boris Johnson launched a long-awaited, integrated international relations strategy.

The new strategy seeks to answer one of the fundamental questions that remains unresolved since the 2016 Brexit referendum — what kind of country does the UK want to be as it moves on from its EU membership.

Johnson favors the UK becoming a buccaneering nation that will double-down with countries outside of Europe. However, the referendum showed that the people who voted to exit the EU hold diverse, and sometimes divergent, views. Some Leave voters, for instance, focused on the costs of EU membership, including the UK’s financial contributions to the budget of Brussels, in the hope that the money could be redirected toward domestic policy ends.

While Johnson is putting his prime ministerial power behind his “Global Britain” vision, and the upside of opportunities this could bring, he faces significant challenges in the post-Brexit international landscape.

The two pillars of UK foreign policy in the postwar period — its US and European alliances — are now in flux. Johnson is

misaligned with US President Joe Biden on a number of key issues and also faces tricky post-Brexit relations with EU neighbors.

This creates a headache at a time when Johnson wants to recalibrate UK international policy in every part of the globe, and when the nation faces massive challenges, from Russia’s stridency to the rise of China.

One critical question is to what extent the UK should remain a European-aligned economy. Many Brexiteers argue that diverging, significantly, will boost growth by developing stronger links with key non-EU industrialized nations and emerging markets. Take, for example, the Gulf Cooperation Council states, which are a key UK target for developing deeper relations.

Some post-Brexit divergence is inevitable as the economies of the UK and EU evolve. However, the UK’s ability to leverage this, in the short term at least, can be overplayed, as even some Brexiteers acknowledge.

Despite the historic change that Brexit brings, it is therefore far from sure that Johnson will be able to deliver fully on his Global Britain vision.

Moreover, almost two years into his volatile premiership, the window of opportunity to act on his agenda might be closing fast as the countdown on his term in power continues.



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Staff members take down the United Kingdom’s flag from outside the European Parliament building in Brussels on Brexit Day, January 31, 2020. AFP

British Prime Minister Boris Johnson this month launched a long-awaited integrated international relations strategy, following one of the deepest reviews of the UK’s foreign posture since the end of the Cold War¹.

This important new strategy has received global attention. The UK’s defense and aid budgets are among the biggest in the world, as is its diplomatic network and its economy. As a result, the country’s international influence remains significant².

Its future foreign policy is therefore not only a key issue for England, Scotland, Wales and Northern Ireland. It also matters to the rest of the world because if the nation’s role on the world stage is reduced, it will be less able to bolster international security and prosperity at a time when both are uncertain in the midst of the coronavirus crisis and the post-pandemic world to come.

In a previous generation, former Foreign Secretary Douglas Hurd famously stated that the UK had been able to “punch above its weight” in the postwar era³ despite no longer being a great power. That statement might still be true today but is under increasing scrutiny as some critics suggest the nation risks fading into foreign policy irrelevance⁴.

The new strategy seeks to address this issue head-on and answer one of the fundamental questions that remains unresolved since the

2016 Brexit referendum: what kind of nation does the UK want to be as it moves on from nearly half a century of membership of the Brussels-based club.

Johnson favors the UK becoming a buccaneering nation that will double down with countries outside of Europe in the 2020s, from Australia to Argentina, Canada to China. One manifestation of this is the UK’s formal application in January to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam⁵.

However, the Brexit referendum showed that the people who voted to exit the EU expressed diverse, and sometimes divergent, views. Some Leave voters, for instance, focused on the costs of EU membership, including the UK’s financial contributions to the budget of Brussels, in the hope that the money could be redirected toward domestic policy ends.

This pressure for the UK to retrench internationally is given extra force by the country’s strained finances, post-pandemic. As a result of this budgetary challenge, last fall the UK government temporarily cut the nation’s commitment to international aid from 0.7 percent of gross domestic product



A pro-Brexit demonstrator with a banner is seen outside the Houses of Parliament in London on October 30, 2019. AFP

to 0.5 percent.

While this was much criticized in Westminster, a YouGov poll in November indicated that two thirds of the population favored reducing the amount spent on overseas aid⁶.

While Brexiteers clearly do not hold uniform views on foreign policy, Johnson has put his prime ministerial power behind a “Global Britain” narrative designed to showcase the UK’s continued international leadership ambitions, from Asia-Pacific to the Americas. As a step toward realizing these ambitions, Johnson last November pledged £16.5 billion (\$22.7 billion) for increased defense spending in the next few years, and

wants the nation to continue to play a major role in international security, including through its membership of NATO⁷.

While the UK military budget will increase significantly, the government announced this month that it is reducing the size of its army to 72,500 regular soldiers, the lowest number since the early 18th century. Investment will be redirected to new technologies such as drones and robotics, to equip the military to fight what are perceived to be the wars of the future in cyberspace.

However, the prime minister’s Global Britain plans go far beyond the military to encompass wider diplomacy. In 2021 the UK holds the rotating presidency of the G7, and it

chaired the UN Security Council in February. In November it will host, in Glasgow, Scotland, the UN-led 26th Conference of Parties (COP26) on climate change⁸. This event will be a massive test of the UK’s post-Brexit capacity to shape international relations, with the likelihood of much pressure to agree sweeping reductions in global greenhouse-gas emissions beyond the levels already set by the 2015 Paris Agreement.

Yet after the domestic divisiveness of Brexit, the UK’s place in the world remains contested and this creates barriers to Johnson’s Global Britain narrative taking hold across the nation.

The start of new eras in UK politics traditionally have been marked by watershed elections, such as in 1945 when Labour swept Winston Churchill from power⁹, or the dawn of Thatcherism with the Conservative victory in the 1979 General Election. Both of these overturned the settled ways of the nation’s government, economy and society¹⁰.

Brexit is seen by some as a similar watershed moment. Instead of a new consensus, however, it may prove to be a dissensus that defines UK politics going forward.

This is not only because of disagreements over some areas of foreign policy. Domestically there are also challenges to internal unity, with Scotland and Northern Ireland’s place in the union increasingly being debated, and also a constitution and party system that is in a state of flux, making it significantly harder for a major new settlement to emerge¹¹.

The consensus that emerged in 1945 and 1979 were the products of changes, long in the pipeline, linked to wider international trends and events, such as the Great Depression, the end of the Second World War, and the collapse in the early 1970s of the Bretton Woods international currency-exchange system.

However, even these resets were by no means complete or fully accepted. Margaret Thatcher was prime minister from 1979 until 1990 but despite her best efforts to cut state spending, it still remains relatively high in comparison with international counterparts, and was so even before the pandemic. Meanwhile the nation’s relative decline — which she sought to reverse — continues, according to many¹².

Johnson wants to use Brexit to transform

Brexit is seen by some as a similar watershed moment

the UK’s political economy, identity and place in the world by using it to help rebalance the economy and pursue his Global Britain agenda. While his big victory in the 2019 general election gave this agenda a fillip, his often-inept handling of the pandemic in 2020 has eroded his political capital¹³, despite the successful UK vaccination roll-out so far in 2021.

With few fixed principles and lacking a clear ideology, a habit of disregarding detail in favor of showmanship, plus the problems that the pandemic has brought, he is finding it difficult to lead let alone sustain a coherent, lasting consensus. The result, following the still-divisive 2016 Brexit referendum, is that instead of a defining narrative, the UK’s sense of itself and its place in the world remain disputed¹⁴.

The 1945 and 1979 resets revolved largely around political economy, and Johnson hopes this can be true in the 2020s too. One key debate here is around a rebalancing of the UK economy, with some Brexiteers favoring a so-called “Singapore-on-Thames” model of international trade and deregulation¹⁵.

Imbalances in the economy have long been a concern in UK politics. Johnson wants to use Brexit and his Global Britain vision to help expedite a “leveling-up” domestic agenda, by reaching out to socioeconomically disadvantaged sections of the population. These include the Midlands and North of England, areas in which the Conservatives made historic electoral in-roads in 2019¹⁶.

However, the ultimate outcome, in terms of a potential new economic model, remains unclear. Conservatives have long struggled to balance a commitment to globalization and international trade with sovereignty and nationalism.

In addition, the possibility of embracing a deregulated, low-tax, Singapore-on-Thames approach also faces a number of problems. Firstly, it can misread the situation in Singapore, where state involvement can still be significant. Moreover, the economic costs and disruption of moving to such a model might well hit hardest those disadvantaged communities it is supposed to help.

Yet another issue is the fact that following last month’s budget, the tax burden in the UK is at its highest level since the late 1960s, to help pay for about £400 billion of pandemic-related spending¹⁷.

Understandably, Johnson has sought to highlight what are, potentially, very significant opportunities for the UK in the post-Brexit political and economic landscapes, including in the fast-growing economies of the Asia-Pacific region and the Americas. Yet, in addition to the potential upsides of Brexit, there are also key challenges to face.

The two pillars of UK foreign policy in the post-war period — its US and European alliances — are in flux. After the perceived closeness of his relationship with Donald Trump, Johnson is out of sync with Joe Biden on a number of key issues. The UK prime minister also faces tricky post-Brexit relations with his EU neighbors.

This creates a headache for Johnson at a time when he wants to recalibrate UK international policy in every part of the globe — and when the country is already facing other significant challenges, from Russia's stridency to the rise of China on the international stage¹⁸.

One critical question is the extent to which the UK should remain a European-aligned economy. Many Brexiteers argue that diverging from the EU will boost growth by encouraging the development of stronger links with key emerging markets, such as China and the Gulf Cooperation Council (GCC) states. Other key targets include Commonwealth nations such as India, Australia and Canada, along with important industrialized countries such as Japan and the US.

Take the example of GCC nations, which already enjoy strong investment and trade relationships with the UK and are key targets for enhanced relations. Outside of the EU, the GCC is, alongside the US and China, one of the largest export markets for the UK, with total bilateral trade that was worth about £45 billion in 2019¹⁹.

Liam Fox, the UK's former defense and international trade secretary, who was nominated by Johnson last year as a candidate to lead the World Trade Organization, has said that the UK and GCC countries could work together much more²⁰, including in sectors such as health sciences and financial and legal services.

In an effort to develop these growing commercial relationships, the UK government has already approached

GCC countries for post-Brexit trade deals. While such agreements might take years to negotiate, many countries in the region already have relatively low barriers to trade, which enables business to operate in a more frictionless fashion than would otherwise be the case.

Some post-Brexit divergence is inevitable as the UK and EU economies evolve. However, the UK's ability to leverage this, in the short term at least, can be overstated. Some Brexiteers, including Fox, have argued that new UK trade deals are only a means to an end and that the economy needs to be better configured to benefit from them.

So as Brexiteers increasingly seek to articulate where and how they want the nation to diverge from the EU, there is some recognition that this will not be a simple process. Historically, Europe has been the UK's main trading partner, except when the world economy descended into protectionism and the UK opted for imperial preferences.

One of the biggest options for divergence is greater alignment with the US. A trade deal with Washington has long been one of Johnson's goals, as it potentially offers significant scope for lowering or eliminating tariffs on goods.

Yet such an agreement is not the political priority for the Biden administration that it was, rhetorically at least, for the Trump team²¹. The new US president's disdain for Brexit, and his uneasy relationship with Johnson, is part of the reason why Biden has indicated that he prioritizes a potential trade deal with the EU over one with the UK, flipping Trump's stated preferences.

In addition, the structure of the UK economy, the costs of change, and the continued pull of the EU as a regulatory superpower might temper such ambitions in any case.

Taken together these factors mean that despite the historic change that Brexit brings, it is far from certain that Johnson will be able to forge a sweeping new UK political, social and economic settlement that synthesizes his Global Britain vision and wider domestic ambitions.

Moreover, almost two years into his volatile premiership the window of opportunity to act on this agenda might be closing fast, as the countdown on his term in power continues.

Pro-Brexit campaigners walk during the first leg of the March To Leave march in Sunderland on March 16, 2019. AFP



NOTES

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