

IPS Corporate Associates' Dialogue: “The Road to Brexit: Why does it matter to Asia”

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ON 19 April 2017, the Institute of Policy Studies held a dialogue with Mr Roland Rudd on “The Road to Brexit: Why does it matter to Asia?” Mr Roland Rudd is Chairman of Open Britain, a cross-party group campaigning for the best deal that the United Kingdom (UK) can strike after its 23 June 2016 referendum decision to withdraw from the European Union (EU). Mr Rudd is also the founder and Chairman of the global strategic communications firm Finsbury. The dialogue was chaired by IPS Special Advisor, Professor Tommy Koh, and attended by 69 participants.



The backdrop to the dialogue was British Prime Minister Theresa May's statement the night before that she was proposing to hold a general election on 8 June 2017 to seek a strong mandate to carry out negotiations related to leaving the EU.

Mr Rudd started his remarks by highlighting the narrow 4% margin between those who voted to leave the EU – Brexit - and those who wanted to remain in it. He said that British leaders were ignoring the 48% who voted to remain, acting as if the Brexit camp had won a resounding victory.

It was for this reason that Mr Rudd had started Open Britain, a fully funded and staffed organisation to fight against a “hard, destructive Brexit”. It aimed to recruit both members of parliament and ordinary citizens to this end, with membership already at half a million, with efforts to double that by the end of 2018. Mr Rudd acknowledged that opposing Brexit was difficult, “like a hurricane blowing in your face”, but said that it was important to stand up for one’s beliefs.



British General Elections

Theresa May had thus far prioritised party unity by trying to keep the right wing, anti-EU members of her party close to her government. Statements such as a “bad deal (on leaving the EU) was worse than no deal”, or that a “citizen of the world was a citizen of nowhere”, were meant to mollify that group. To aid this effort, she had developed an “extraordinary symbiotic relationship” with right wing newspapers such as the Daily Mail. That newspaper, he said, has never had a Prime Minister “it supported more or is more supported by” than Mrs May.

While Mr Rudd considered it a forgone conclusion that the Conservatives would return to parliament with a majority, he opined that the party’s strength might be overstated. This was not due to the Labour party as he felt that its leader Jeremy Corbyn was “weak, lethargic” and a “facilitator” of a Hard Brexit, who had “deliberately sabotaged” the efforts of the Remain campaign. (To add, Mr Rudd felt that the right path for the Labour Party was for Mr Corbyn to step down, and the party to be led by a “radical centrist”, which might help the party recover at least 5 percentage points in polls. But he said that Mr Corbyn is unlikely to step aside, being

“quite a selfish chap”.) A Conservative landslide might be overstated because Mr Rudd expects the Liberal Democratic Party (LibDems) to regain the many seats they lost in the last election in 2015 when they prevailed in only 8 out of the 30 they had going into it. He intimated that Conservative Party pollsters believed the same. He also expected the Scottish National Party to continue to do well, and that the outcome would likely strengthen their bid for a second independence referendum.

Mr Rudd also believed that the general election would ultimately have very little impact on the thinking of the EU and the 27 other member states on Brexit negotiations.

Brexit: Aspirations and Policy

Next, Mr Rudd elaborated on the position of the right-wing members of the Conservative Party and sections of the British press on their policy position on leaving the EU. They supported what is called a “hard Brexit” in which no deal with the EU would be reached, where the UK would be required to seek new trade deals through the World Trade Organization (WTO) and where it tried to emulate the achievements of Singapore.

Mr Rudd felt that this group did not understand Singapore very well: Singapore was relatively open to immigration, the state actively shapes trade and economic policy – an “interventionist” state, and it is an enthusiastic member of its regional grouping (ASEAN); whereas they were anti-immigration, pro-free market, and were actively trying to leave their own regional grouping.

Mr Rudd also highlighted the issues related to a reliance on the WTO, stating that the UK would be bereft of the trade deals that it had relied on the EU to make and would now have to start from scratch on replacement deals. It left the UK in a situation where they had to rub shoulders with dubious leaders out of desperation. He also lamented the deterioration of British soft power because of Brexit, as it meant that Britain would lose its ability to influence the EU. He saw the UK as an important component of the forces pushing for competitive markets and liberalisation in the EU. With the Brexit, both the UK and the EU would be worse off.

Optimism

Despite all these issues, Mr Rudd ended by saying that he was optimistic about the future. He felt that there were still opportunities, albeit very remote ones, to either soften or reverse Brexit, if, for instance, the British government were unable to reach a deal, or the global geopolitical situation changed in a way that encouraged a rethink. He believed that the government was counting on some type of deal being made with the EU, saying that the British finance minister knew that the current customs infrastructure would be inadequate when Britain leaves the EU, but no new infrastructure was being built, implying that there was some belief a deal would be made.

Ultimately, Mr Rudd felt that it was important that those who disagreed with a hard Brexit were willing to “critique, to stand and to say that Britain is best when it is open and tolerant, and when it is a great trading nation.” “To focus inwards, to become more insular, more isolated” was bad for Britain and the world.

Discussion

The key theme of the question and answer session was the uncertainty the Brexit vote had generated and its impact on the general election and the UK's future trade deal negotiations.

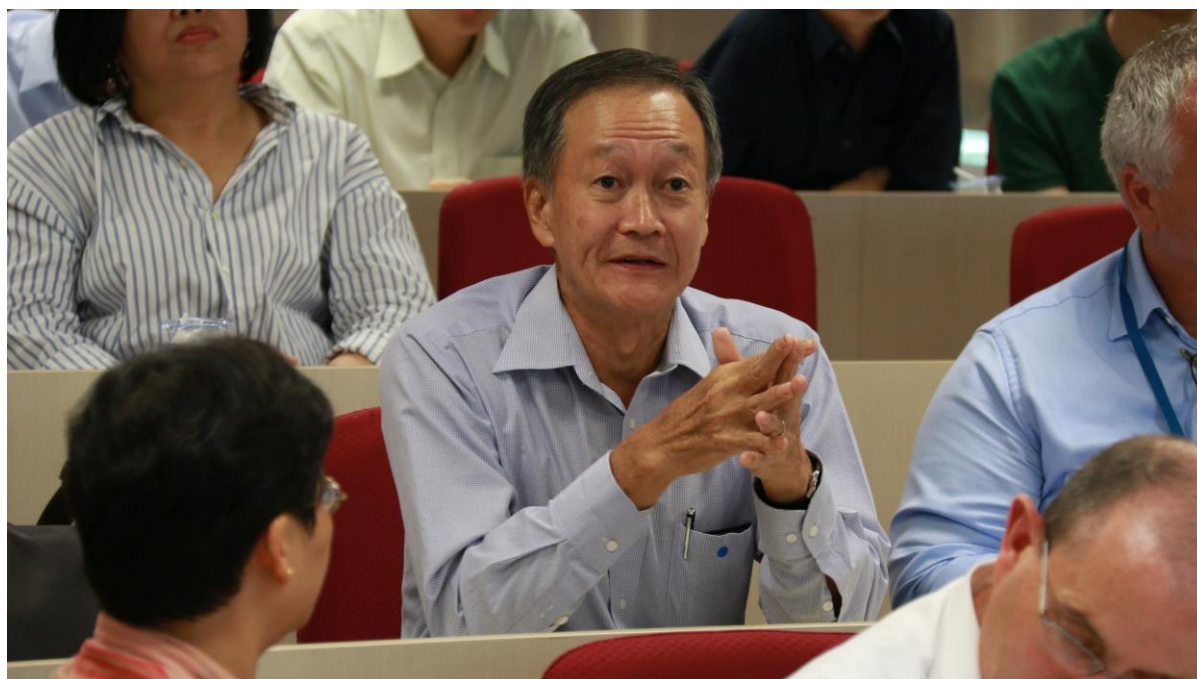


One participant was worried that Brexit negotiations would cause British multinational corporations to delay investing in Singapore until uncertainty dissipated. Another asked if that uncertainty would lead these companies to lie low until the outlook became clearer.

Mr Rudd agreed that the uncertainty had “added a layer of complexity”. It was Mr Rudd’s feeling that because of this, both the British government and the EU leadership had concluded that some sort of deal regarding Brexit must be reached. However, there were many “stumbling blocks along the road to a deal” as any proposal would need to go through the EU leadership, the other 27 EU nations, as well as the EU parliament. Compounding this was that the UK would have to apply to join the WTO and it was “not axiomatic how we would slip in and how it would work”. Other global cities, such as New York and Frankfurt, would be beneficiaries of this uncertainty, as banks for instance relocated staff out of London to avoid it.

Some asked if the UK was ready for Brexit negotiations, considering the wide range and complexity of the negotiations. Mr Rudd highlighted the leaked exit letter of Ivan Rodgers, former Permanent Representative of the UK to the EU which revealed that the UK had neither the number of staff needed to handle the workload required to achieve a successful deal nor the right type of people who would be willing to “put some of these hard, difficult, choices (about Brexit) to the PM”.

The nature of the problem was illustrated by a question about Britain's foreign policy priorities, to which Mr Rudd said that the British government appeared to have no clear priorities and was doing things "on the hoof". If there was a priority, it was perhaps to conclude a trade deal with the United States, with other trade deals following closely behind. This placed the British government in a quandary as it did not want to be seen cosy-ing-up to national leaders who are deemed morally questionable, or be told by major trading partners such as China, that their preference was to deal with the UK through the rubric of the EU, an option no longer open to the UK.



Also, given the suggestion that Mrs May was beginning to acknowledge that a Brexit deal was necessary for Britain's future, a participant posited that she had always been a closet Brexiteer. Mr Rudd rejected that notion saying that Mrs May had shown enough evidence as Home Secretary that she saw the practical benefits of the UK being in the EU even if she "was not a great believer in the European project". Having said that, Mr Rudd recognised that Mrs May was a "party person" who had taken a position so as to foster party unity. That and a strong mandate at the general election would allow her to try to get a good deal for the UK. After all, he believed, Mrs May would want to avoid having a disastrous UK economy as her legacy.

On the upcoming election, Mr Rudd was asked what position former Labour Prime Minister and passionate pro-European Tony Blair would take. Given that the current Labour leader Jeremy Corbyn, and by extension the Labour party, had become a facilitator of Brexit, Mr Rudd said that Mr Blair could not just declare "I'm tribal labour, I don't like the leader, but let's just go along with it", referring to Corbyn and his plans. Mr Blair should instead endorse a progressive alliance, and encourage voters to back pro-European labour MPs where possible, and the pro-European Liberal Democrat party otherwise. He acknowledged that Mr Blair could not simply endorse the Liberal Democrats outright, but should openly back a "principled, pro-European cause".

The final theme of the discussion centred on Mr Rudd's expressed optimism about the UK's future. When questioned about the source of it given the great sense of foreboding, Mr Rudd accepted that Brexit had the potential to leave Britain "meaner and poorer". However, since the referendum result, those who wished to remain in the EU had begun to speak their mind and reassert themselves.

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