

POLICY BRIEF

# RECONSIDERING THE POPULIST MOVEMENT POST-BREXIT

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Cover image: Ed Everett, 'Waiting for the vote', creative commons.

## Executive Summary

Populism played a key role in Britain's exit from the European Union (Brexit). However, understanding populism post-Brexit requires a more nuanced understanding of British voter identity and the current state of the United Kingdom's (UK) economy. Indeed, the Brexit referendum's outcome and the rise of populism has set a "[destabilising precedent](#)" for democracies around the world. This experience though affords Australia with numerous insights into how to adapt its domestic and foreign policies to counteract emerging challenges associated with populism. This policy brief recommends that the Australian Government reconsider and consolidate a new position in two key areas: [representative democracy \(or governance\) and institutionalism](#). The Australian Trade Minister, in forging a bilateral trade agreement with the UK, should consider the ongoing economic impacts of populism on the UK economy wherein British trade growth has weakened. Australia should pursue a trade agreement with the UK post-Brexit however, more lucrative regional and global markets should be prioritised.

## Governance

The growth of populism globally reflects a growing [distrust in institutions](#). This policy brief proposes that Australia adopt proportional representation voting in its House of Representatives to curb the potential for vote wastage and the disruption caused by populism to liberal democracies. Civic participation and community engagement in policy creation is [pivotal](#) in ensuring the government works for the public good. To cultivate trust in institutions, the Australian Government should engage with community and civil society organisations and trade unions to maximise the aggregation of voices informing policy preferences.

## Institutions

The Australian Trade Minister should note the EU is an attractive institution for Australia. This is because the EU is Australia's [second largest trading](#) partner and largest source of foreign investment. The EU enhances Australia's economic growth and will continue benefiting from trade with the remaining 27 member states. However, Australia has adopted a '[forward leaning posture](#)' towards securing a Free Trade Agreement (FTA) with the UK. Despite benefitting Australia's agricultural exports against European

competitors, the agreement can lead to [political risks](#) for Australia in its negotiations with the EU. Over-emphasising the UK's importance to other trade partners can have detrimental impacts on Australia's economy.

Furthermore, Australia could explore other avenues to enhance inter-governmental institutional links, especially given the recent Brexit negotiations fallout resulting in severe instability in the UK's political landscape. For instance, the Australian Government should continue prioritising institutional links with the Association of South East Asian Nations (ASEAN) and the United Nations (UN) Bureaucracy.

In summary, Australia will likely have more success remaining an active member or associate of the aforementioned institutions, as pursuing trade agreements with the UK is straining Australia's ability to prioritise effective institutional links.

The Australian Government should adopt measures to enhance voter confidence in government and increase trust in institutions to deliver positive economic outcomes for Australians.

## **Background**

As a [consequence](#) of the UK referendum, populism transpired a shift in values, away from trust in the elite and institutions to a hybrid of nationalism and popular sentiment dominating the UK political space. This policy brief will explore the implications of this on the UK, and more broadly Australia. Firstly, foreign policy became more politicised, leading to the creation of two rival social cleavages. This policy brief analyses the effects of the populist movement on the British identity and the associated challenges posed to UK governance. Secondly, this policy brief will argue, the result of the UK referendum to leave the EU has caused a significant decline in the UK's Gross Domestic Product (GDP) and nullified its utility as an entry-point for Australia into the EU single market.

The [UK populist movement](#), a development that transcended mainstream political thought and predicated on nationalism, was a key driving force in influencing these factors. This policy brief will focus on this movement and the impact populist politicians, such as Nigel Farage, have had on Western liberal democracies and identities.

## **Brexit and British Identities**

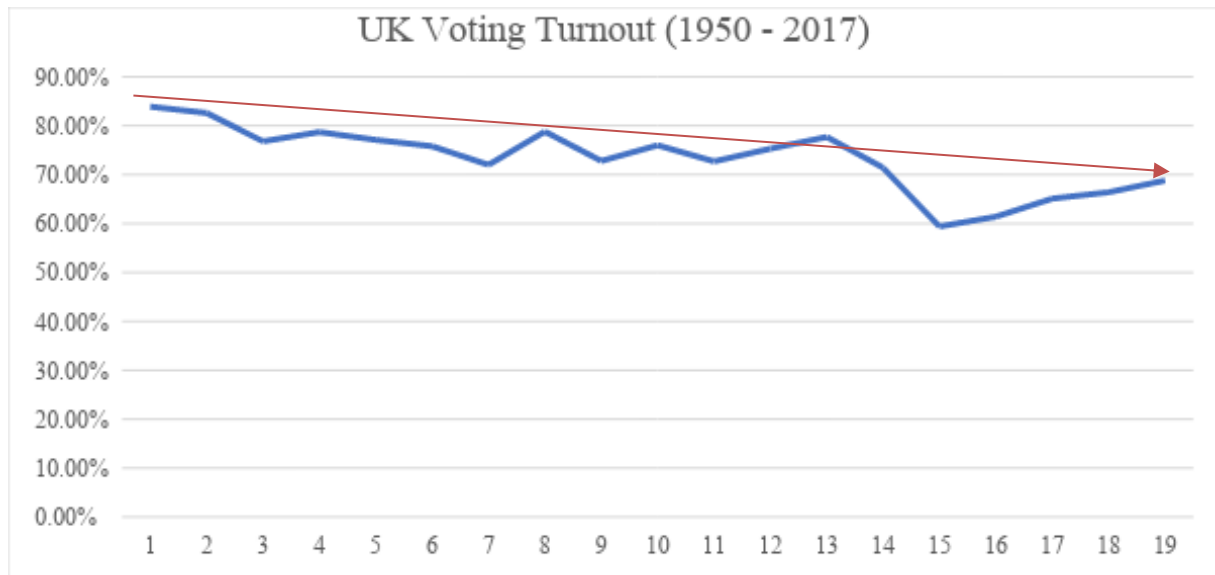
British society remains polarised post-Brexit, leading to the creation of rival social cleavages. This division stems partly from competing visions within society about Britain's international position and foreign policy. These visions have resulted from [alternate identity constructions within Britain](#) because through social engineering populists ideationally repositioned Britain by reconceptualising its global role within the national imagination. Understanding these developments helps to provide insight into how and why British foreign policy has become politicised.

Throughout the referendum, many leaders of the Leave campaign used populist rhetoric to mobilise the British electorate. In their language, the populist idea that society was divided between [‘the people’ and ‘elite’](#) was advanced. For instance, Nigel Farage, a leading Leave personality, professed to have an unmediated relationship with the British voters [claiming that Brexit would](#) “be a victory for real people, a victory for ordinary people, a victory for decent people” and that “[w]e have fought against the multinationals, we have fought against the big merchant banks, we have fought against big politics, we have fought against lies, corruption and deceit” to attain victory. This [anti-elite and crisis narrative](#) affirmed that Britain's withdrawal from the EU would enhance national influence and allow the UK to reclaim its former status as a powerful and independent global free-trading nation. For [“Britain needs fundamental](#) change so that we can control our borders, trade freely around the world and return power to Parliament to block harmful EU rules”. This language combatted the Euro-centric and cosmopolitan ‘elite’ identity that had, from the perspective of the pro-Brexit social cleavage, carelessly devolved British sovereignty to the EU.

The politicisation of foreign policy challenges the current system of proportional representative democracy government. This is because the growth of populism highlights a growing distrust of political institutions by the British public. Indeed, given that institutions help to inform policy debate, their delegitimation undermines both a decision-maker's strategic understanding and authority. [This weakens the government's ability to enact reform and respond to political problems.](#) Curbing populism post-Brexit involves the need for a reversal in the British identity and for Australia to similarly recognise that institutions are necessary for democracy and representative government.

## Electoral Reform and Voting Turnout

In democracies with non-compulsory voting, such as the UK, there has been a [consistent downward trend in voting turnout](#). This is illustrated below, where there is a noticeable decline in the UK's post-war era voting turnout:



1 = 1950, 2 = 1951, 3 = 1955, 4 = 1959, 5 = 1964, 6 = 1966, 7 = 1970, 8 = 1974 (1), 9 = 1974 (2), 10 = 1979, 11 = 1983, 12 = 1987, 13 = 1992, 14 = 1997, 15 = 2001, 16 = 2005, 17 = 2010, 18 = 2015, 19 = 2017

This has been attributable to numerous factors. A key variable is the UK's First Past the Post (FPTP) voting system wherein the electoral candidate with the most first preferential (or strict majority) votes wins. FPTP violates many normative conditions in traditional social choice theory however, below we will consider an informing contradiction:

Voter(s)	(40%)	(30%)	(30%)
Ordering	A	B	C
	B	C	B
	C	A	A

Above is a hypothetical example of a FPTP voting system – where there is a representative population (UK) as well as preferential ordering sets of the said population. Here, (A) is the clear winner under the FPTP system, with some 40% of the vote – however, (A) is also the least preferred candidate by a significant majority  $B > C > A$  &  $C > B > A$  – some 60% of the population.

This suggests that under FPTP voting systems it is possible to select candidates who may be least preferred alternatives in a population and may contribute to voter dissatisfaction with the status quo. If this occurs often then what are the implications on a nation's psyche and overall levels of unity?

If segments of a population perceive that they are misrepresented by 'the majority' this may create feelings of angst and disillusionment against established national institutions. In terms of the EU referendum outcome, there is considerable evidence of this given the geographic spread of the vote. As [Goodwin and Heath note](#):

“Leave won the vote in the UK by 3.8% but its lead was even more striking in England, where it extended to nearly 7 points. Leave also won the popular vote in Wales, securing 52.5%...Only in Scotland, Northern Ireland and London did the Leave vote fail to surpass 50 percent.”

This links with the policy brief's preceding section, and is an explanatory reason for aggregate population dissatisfaction with the 'status quo' wherein people feel misrepresented.

## **Trade**

As a bloc, the EU is the UK's largest trading partner. According to the 2017 UK Parliamentary Report, '[Statistics on UK-EU Trade](#)', UK exports to the EU were £274 billion (44% of all UK exports) and UK imports from the EU were £341 billion (53% of all UK imports). Under all Brexit scenarios, the UK's national economy, according to figures compiled by the Treasury and various government departments, could decline by approximately [3.9%](#) within a fifteen-year timeframe. Moreover, in the case of a no-deal Brexit, the UK could experience an economic decline of [9.3%](#).

### **Before March 29, 2019**

The UK is an active participant in approximately [40 FTA's with 70 different countries](#). Such partnerships include:

- Economic Partnership Agreements with developing nations
- Association Agreements that is centralised on broader economic and political cooperation

- Trade agreements with countries outside of the EU, such as Switzerland and Turkey, and
- More conventional FTA's.

### **After March 29, 2019**

During the Brexit implementation period, the UK will pursue arrangements with partner countries to ensure its membership with the EU can be treated as 'sustained', for the purpose of serving various international agreements, including trade. However, in the event of a no-deal Brexit, the implementation period will be unratified. Consequently, the UK government will have to promptly enforce [bilateral UK-third country agreements](#). In leaving the EU, the UK will have to regularise its arrangements with the World Trade Organisation, complicated by the fact that its original commitments and priorities complied with EU schedules.

Due to the deficiency of economic diversification, and the UK's inability to prioritise trade with growth markets outside of the EU - such as Asia and other emerging markets - this has contributed to various economic instabilities. What lessons can Australia learn from this?

### **Australia**

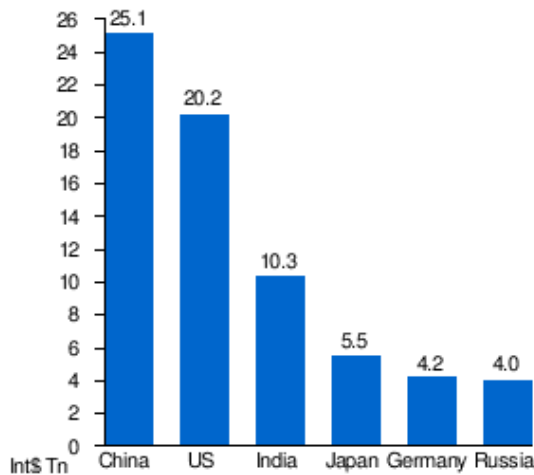
Australia's relationship with the EU will experience fundamental change if Brexit is implemented. Australia has benefited from a constructive trade relationship with the EU given that the EU remains [Australia's largest trading partner in two-way services trade and its largest investment partner](#). However, once the EU loses Britain, a major constituent state, Australia then loses a ['like-minded state on neoliberal trade'](#) and will thereafter confront a different trade negotiator. Due to Brexit, Australia now faces a strained relationship with a fractious EU and cannot afford to redirect its focus to the UK at the expense of the EU. However, this major challenge illustrates that Australia is well-positioned to redefine its international trade and investment partnerships.

Lastly, the UK's populist experience provides Australia with insights. For example, Brexit will result in the erosion of the UK's regional and international primacy. This is because the UK predominantly centralised its economic priorities within the EU

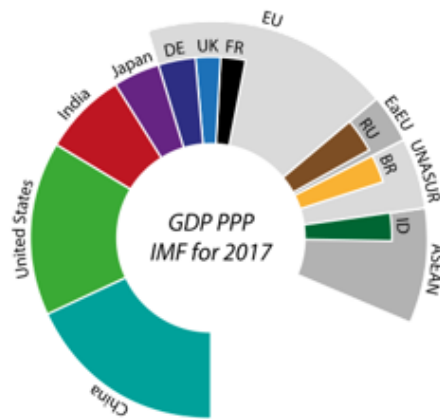


and neglected forging stronger global relationships. How can Australia learn from this? According to the International Monetary Fund estimates, the following shows a graph of the largest economies by Purchasing Power Parity (PPP) GDP in 2018:

*International Monetary Fund Estimates of Largest Economies by PPP and GDP, 2018*



*Top 10 countries by GDP (PPP) in 2017*



As illustrated by the data, Australia should continue concentrating its trade with growth economies in Asia. Disproportionately focussing on the UK post-Brexit would hinder Australia’s ability to prioritise other broader institutional links. For instance, by prioritising institutional links with ASEAN and the UN Bureaucracy, Australia will more likely be successful in its membership within these links due to the benefits of economic diversification.

A diversified economy is paramount because a [sustainable cycle of economic activity](#), where businesses continually interact and support one another, thereby growing in proportion to the economy’s growth, is created. A primary benefit of a diversified economy is that a wide range of businesses within the economy are supported. For example, large companies/offices require office supply stores. As more businesses are able to pursue their operations, this leads to growth in supporting industries. A diversified economy provides avenues to foster support services to the growing demands of the community. The Australian Government should consider the benefits of this flexibility, allowing Australia to be unfixed, nor tied or reliant on a single industry or market sector.

Generally, people's dissatisfaction with democracy has reached an [all-time high](#) in Australia, which is complemented by an increase in the cost of living and stagnant growth in real wages. Inequality within Australia is only increasing, and the ordinary person is suffering from the status quo in its current institutions. Labour law academics, Andrew Stewart and Tess Hardy, and economist Jim Stanford of the Centre for Future Work [elaborate upon this further](#):

Wages stagnation [is] contributing greatly to rising financial fragility. The damage could extend well beyond the economy, and eventually jeopardise the stability of our social and political institutions...the fragmentation and extremism which now characterise much political discourse, can at least partly be understood as consequences of the loss of confidence among Australians.

These trends are easily exploited by populists. Consolidating and building trust in institutions will help to combat wage stagnation and other economic insecurities. To complete this objective, the Australian Government should clearly distinguish the actions that are entailed in trustworthy conduct. For example, listen to the concerns of the Australian community and deliver promises that can be realistically achieved. By posturing towards a diversified economic periphery and consolidating institutional trust, the by-product will both satisfy the national interests (from the viewpoint of the Australian community) in serving the public good and negate a repetition of the UK's populist experience.

## **Conclusion**

Rather than the narrow nationalistic policy that has been demonstrated in the UK, Australia needs to adopt a positive-sum approach to representation. The Australian Government, in learning from Brexit, needs to acknowledge that populism poses an imminent threat to representative democracy and its effects are economically and socially widespread. Firstly, Australia should re-evaluate its governance structures, shifting to a proportional representation system in the House of Representatives to curb the appeal of populism. Secondly, in a globalised liberal institutional order, Australia should continue actively participating in various institutions, such as the UN and ASEAN, to build trust and solidarity against populist threats. Lastly, the Australian Government

should condone anti-institutionalist sentiment and emphasise that the economic benefits gained from institutional participation will be evenly distributed towards the public good.