

# UK Election Takeaways

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## Summary

*The UK election campaign may have been boring, but it has revealed quite a bit about the current state of British politics and the prospects for the next government regardless of who wins. This note identifies eight important takeaways. Some of these are about policy. We now know a lot more about what we do not know about fiscal policy, which is one of the main divides between the parties. We have seen a rise in grey power, with policies targeting older voters, but no hint yet of a backlash from the young. We have seen a marked rise in appetite for market interventions, but not only by Labour. And on Europe what is most striking is how this has not really featured as a central issue. There are also some important takeaways that are not so much about policy, but about political debate and political stability in the UK. One is the sharp divide between Scotland and England, most obviously manifested in the rise of the Scottish National Party, but running much more deeply than that. Another is the hollowing out of the centre ground of British politics, with the rise of parties in the margins producing the first campaign in over a generation that has not been fought on the centre ground. A third is the decline in influence of the traditional media, most profoundly at the national level. Finally, and on a somewhat more positive note, we draw the conclusion that, despite all of the angst and the accusations about who may be in whose pocket, a minority government might not turn out to be as unstable as some predict.*

The UK election campaign has revealed much about the current state of British politics and the prospects for the next government. In this note we pick out the eight election takeaways we consider to be the most important and likely to endure.

### 1. The known unknowns of fiscal policy

In a campaign that was subdued by any standard, the very real divides between the parties on fiscal policy stood out.

The scrutiny of each party's plan - and the exposure of the gaps in them - means we now know quite a bit about what we do not know. For Labour the big unknown is the pace they will seek to cut the overall deficit and debt levels. This is fundamental, but is not quite so glaring when you consider that the unknown element is the amount Labour will borrow to finance investment, which many argue should grow given that interest rates are so low. For the Conservatives the big unknown is where

the cuts will fall. At the start of the campaign they were protecting spending by certain departments; by the end of it they were legislating to outlaw tax increases. This puts what remains, notably in-work benefits and unprotected departmental spending, in the firing line. It may also mean they (or Labour) will dabble with populist tax increases, as the coalition did towards the end of this parliament. For the Liberal Democrats and the SNP the unknowns that matter are not so much about what is or is not in their manifestos, but where they will seek to influence the fiscal policy of a minority government of either stripe.

## 2. The rise of grey power

This election, more than any in recent memory, saw a consensus that the National Health Service budget must not only be protected, but should be increased, even in a time of austerity. Labour's support for the NHS is long-standing and familiar. The Conservatives' is more recent and reflects the importance to them of the grey vote. The party has systematically targeted older voters through private pension reform, increases in the state pension, and the protection of pensioner benefits. As a result the impact of austerity has fallen disproportionately on the young who have seen their average incomes fall significantly in relative terms. Labour has either not challenged these policies or only done so at the margins. Rates of voting registration and turnout among the young are likely to remain well below those of the old in this election and there is no sign of that changing soon. The implications extend beyond how the burden of austerity is shared. The old are much more Eurosceptic and much more opposed to immigration than the young. The age divide may therefore not only shape the political agenda for years to come, but drive policy outcomes on some fundamental issues.

## 3. The growing political appetite for market interventions

The ambition to "fix broken markets" has been a consistent theme of Ed Miliband's leadership of the Labour Party. The political space for this has opened up both because of public concern over high bills and because the banking crisis and the re-regulation of the financial sector has over-turned a consensus in the centre ground of British politics that the government should resist the temptation to intervene in markets. We have seen signs during the campaign that the appetite for intervention is growing and extending into other areas. Both the main parties have been trying to outbid each other with housing market

interventions to support first-time buyers, with Labour also promising a (modest) form of rent controls. The Conservatives have offered a price freeze of their own, targeting commuter rail fares. And we have seen interventions in other areas, most interestingly regarding takeovers. Labour has said it will review the public interest test and the rules regarding eligibility to participate in takeover votes in order to guard against short-termism. But even the Conservatives have stepped in by pre-emptively warning off foreign bidders for BP. The next parliament may turn out to be crucial in determining whether we are seeing a modest blurring or a fundamental redrawing of the boundaries of state intervention.

## 4. The marginality of Europe as an issue

Anyone observing the election from Brussels or Berlin may be excused for wondering whether Britain is that bothered about an EU referendum. The issue of the UK's EU membership has been marginal in this election. Each of the three main parties has appeared comfortable with its position on a referendum, with none coming under particularly close scrutiny or political pressure. This underscores how immigration is now the real issue of concern, trumping Europe even for UKIP. The main parties are not that far apart on immigration. Their positions remain consistent with EU membership and do not require treaty change to implement. This does not mean that a referendum under the Conservatives would not be hotly contested and potentially close or that the Europe issue would go away if Labour wins. But it may give some comfort to those who had feared that the UK was sleep-walking towards the EU exit door.

## 5. The political estrangement of Scotland and England

The SNP has emerged as the dominant political force in Scotland. If the polls are right the party will take around half the vote and the vast majority of the seats. Nicola Sturgeon has shown she is a powerful political communicator and a shrewd electoral tactician, without being as divisive (in Scotland) as her predecessor Alex Salmond. The really important takeaways, however, may be about the other parties in Scotland and the response of the same parties in London. The Labour Party has lost much credibility in Scotland since the independence referendum last year and is no longer seen as best able to represent the interests of ordinary Scottish voters in Westminster, while the Liberal Democrats and the Conservatives are increasingly seen as irrelevant. Many voters in

England are concerned about the potential influence of the SNP, but the exploitation of this concern by the Conservatives has dismayed unionists in Scotland including senior Scottish Conservatives. This could mark the end of traditional party politics in Scotland with either new parties emerging or the Scottish membership of the existing parties separating in order to restore their appeal to Scottish voters. Quite how that will look to voters in England is unclear. What is certain is that the SNP is a big winner from this election.

## 6. The hollowing out of the centre ground

This has not been a good election for those in the centre ground of British politics. The Liberal Democrat share of the vote has collapsed and while their reduction in seats may not be quite so dramatic, largely due to the advantages of incumbency and well-targeted campaigning, the party has been under sustained attack from left and right, not to mention the SNP in Scotland. In addition, we have seen the rise of three parties in the margins, with the Greens and UKIP influencing contests if not winning many seats, along with the SNP who certainly will win seats. But the hollowing out of the centre ground runs much deeper than the decline of the Liberal Democrats. This is the first election in the UK in over a generation that has not been fought on the centre ground. Many of the tightest electoral contests have not pitted Labour against the Conservatives. For both the main parties the challenge has often been to shore up their base, to avoid defections to the margins and to get a good turnout. In turn this has meant a return to more traditional policy stances and dividing lines for the two main parties. What is not yet clear is whether this is a structural or a short-term cyclical shift in British politics. And we will not get a clearer understanding of that until we see the fall-out from the election and how the main parties position themselves in the aftermath.

## 7. The diminishing influence of the traditional media

The party leaders have managed to avoid regular sustained scrutiny from the national media. With the exception of a few set-piece interviews and stilted debates, the campaign has been characterised by the leaders dominating the news coverage through set-piece policy announcements and regional visits. Gone are the days when an election campaign would be shaped by early-morning press conferences with political editors chasing the story of the day from party HQ to party HQ. Equally, the impact of the three leaders'

debates that dominated in 2010 meant that David Cameron was reluctant to give equal billing to Ed Miliband or Nigel Farage this time around and in doing so removed what most had thought would be the spine of the campaign. The growth of social media, the parties' ability to "self-publish" and an increasing reliance on direct forms of communication meant the national media hardly got a look in. On balance Ed Miliband appears to have gained most from these trends. Solid, gaffe-free media performances combined with eye-catching policy announcements made by him, rather than his shadow cabinet colleagues, have helped to secure a reassessment of his leadership credentials.

## 8. The stabilising impact of the Fixed-term Parliaments Act

A persistent theme of the campaign has been the potential for instability if either the next government is formed by a politically awkward coalition or there is a minority government. The Conservatives have made this a central issue by questioning both the legitimacy and the stability of a Labour government that relies on SNP votes. What many commentators appear to have missed, however, is that the UK is now much better equipped for minority government than it was five years ago. This is because of the Fixed-term Parliaments Act that was introduced by the coalition in 2011. This prevents the Prime Minister of the day from choosing the date of the next election and makes it more likely that even a minority government will last the course. This - combined with a basic fact of party political life - means that even a minority Labour government that is sustained informally by SNP votes could turn out to be both stable and effective. The relevant fact is that, just as the SNP would never support a Conservative government, they would never bring down a Labour one, as they would be punished by voters in Scotland. With the SNP to the left, and the Liberal Democrats and Conservatives to the right, a minority Labour government may not only last the course, but actually be quite effective by playing one side against the other and building a majority on individual issues. This has been done before: the rule book for governing in this way was in fact written by the SNP when they ran a successful minority administration in Scotland between 2007 and 2011.

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