Brexit and the North East
Seminar and discussion
Tuesday 3rd July, 2018
Acknowledgements

Newcastle University Institute for Social Renewal (NISR) is very grateful to the excellent speakers (Professor David Bailey, Professor Danny MacKinnon, Dr Cathrine Degnen, and James Ramsbotham) for their presentations. This report draws on the presentation topics and following discussions. We very gratefully thank the participants for their ideas and contributions.
Abstract

What will life be like after Brexit? What will Brexit mean for the North East region’s economy and industries, their workers, families and children’s futures? We’re nine months away from leaving the EU, yet many questions remain unanswered about the terms of the exit deal. Leaked government analysis earlier this year showed that the North East region will be hardest hit by Brexit. Media reports highlight the potential damage to the UK car industry and Nissan is the region’s largest private sector employer. What are the implications of EU exit on this and related industries in our region? Will day to day life be affected? Recent leaked reports have identified that a no-deal Brexit could lead to food, petrol and medicine shortages – or is this ‘project fear’? You are invited to a discussion of these and other issues facing Brexit and the North East.

Introduction

The impact of leaving the European Union (EU) and the North East region was a focus of discussion on 3rd July 2018 that attracted a large audience of members of the public, business leaders and academics as well as Fergus Hewison (BBC Newcastle reporter) and subsequent BBC Newcastle radio coverage (https://www.bbc.co.uk/programmes/p069r1rq).
Speakers

Professor David Bailey, Aston University, esteemed academic, columnist, media commentator and influential business expert on economic restructuring and industrial policy, perhaps best known for his knowledge of UK and West Midlands car manufacturing, will be sharing his perspective on current Brexit developments, focusing on the implications for our region.

James Ramsbotham, Chief Executive of the North East Chamber of Commerce, represents 3,000 business in the region from small and medium enterprises up to multinationals. His previous career included banking and strategic marketing at Barclays Bank and twelve years in the British Army.

Professor Danny MacKinnon, Professor of Regional Development and Governance and Acting Director of CURDS, Newcastle University, an economic and political geographer, with expertise in economic and regional development, adaptation and change in post-industrial regions focusing on inclusive growth, renewables and the offshore wind sector.

Dr Cathrine Degnen, Senior Lecturer in Social Anthropology, Newcastle University, and successful Economic and Social Research Council award winner will be speaking about her forthcoming research on Identity, Belonging and the role of the Media in Brexit Britain. Her expertise spans identity, social change, transformation and class.
Presentation Summaries

**Professor David Bailey** Brexit, UK Auto and industrial policy

Nissan is the region’s largest private sector employer and Professor Bailey talked about the implications of Brexit on the car industry which will depend on a number of issues including what the final trading arrangements will be between the UK and the remaining EU countries and the economic policies of the UK post-Brexit. Regardless of the terms of the exit deal, most economists consider that leaving the EU will have a detrimental impact on the UK’s economy but the risk to the economy is greater the more we deviate from current EU arrangements as the EU is the UK’s major trading partner.

The UK auto-sector is successful and has the highest productivity in Europe, it has attracted £8bn of investment over the last 3-4 years and the broader industry employs over 800,000 people, some of whom are highly skilled workers from the EU. Over half (57%) of our auto-exports are to the EU and the success of the auto-sector is linked with being a member of the Single Market and the recent exchange rate depreciation. Risks to the car industry post-Brexit include slower economic growth and hence lower car sales, investment delays and export delays. Although the lower exchange rate may help exports, there is the potential that the imported components for car manufacture are higher, risking the profitability of the UK plants and the current uncertainty of the Brexit deal may mean that auto-makers place work with non-UK plants.

**Professor Danny MacKinnon** Brexit, Devolution and Regional Development

Professor Danny MacKinnon outlined that the terms of the Brexit deal negotiations are heavily shaped by Westminster and there is a sense that Brexit is reigniting fundamental questions relating to England’s governance. There is a great deal of uncertainty surrounding the outcome of the Brexit negotiations and some conflicting analyses and predictions about what this will mean for the economy and the regions. Older industrial areas tended to vote strongly for leave and regional inequalities are likely to increase as a result of Brexit where there is the risk of increased marginalisation in the North East and Midlands post-industrial areas. The proposed Industrial Strategy represents a science-led and sectoral approach, rather than being place-based.

The Brexit vote has been linked with the rise in populism and economic nationalism internationally and the current Brexit negotiations reflect Westminster’s voice rather than those from the regions and their localities, although there is lobbying from the regions.
Dr Cathrine Degnen Social and Cultural Perspectives on Brexit Britain: Identity, Belonging and the Media

Dr Cathrine Degnen described the background to her forthcoming Economic and Social Research Council funded research, ‘Identity, Belonging and the role of the Media in Brexit Britain’. Media depictions of the leave and remain voters are deeply polarised, based, amongst other things, on region, age, education and income. Much of the research about ‘Brexit Britain’ is based on large surveys and aggregated data. Survey data is useful but her forthcoming research will enable a deeper understanding to be gained as it will provide an opportunity to explore the complex national, regional and local histories and explore peoples’ views and feelings about the vote. The role of the media and how everyday use of the media frames people’s identity formation and questions of immigration, national and European belonging will be explored.

Her research will be spread across six sites nationally (Newcastle and Sunderland, Exeter and Devon, and Leicester and Boston, Lincolnshire) and will involve 12 months of community-based ethnographic fieldwork involving participant observation and interviews with people of different ages, from different social classes, ethnicities and with a range of migration and citizenships. How participants’ attitudes are shared and reproduced (or not) within families, across generations, amongst friendship networks and neighbours will be explored.

James Ramsbotham A Business Perspective of Brexit and the North East

James Ramsbotham, as Chief Executive of the North East Chamber of Commerce, represents the views of 3,000 members’ businesses in the region ranging from small and medium enterprises up to multinationals. Surveys of their members has enabled the Chamber of Commerce to fully engage with business leaders’ views, the majority of whom are in favour of remaining in the Single Market and Customs Union. Smaller businesses are less likely to be in favour of this because they tend to have local / UK customers and supply chains than larger businesses so any effects of customs and border controls are considered not to directly impact on them. However, any downturn in the economy due to Brexit will affect their businesses too as local people are likely to have less money to spend on goods and services.

Brexit has potentially huge implications for businesses nationally and in the region and there is a lack of guidance and a feeling of unpreparedness from the UK government, especially in the event of leaving the EU without a deal. As a region, we export a greater percentage of our products to Europe than other regions in the UK do and we are heavily reliant on the export market. Leaving the EU without a deal will mean an increase in customs staff will be needed, and no recruitment or training of UK customs appears to be underway. To support local businesses to prepare for Brexit, the North East Chamber of Commerce has produced a guide ‘Business Brexit Checklist’ (https://www.neechamber.co.uk/updates/knowledge/blog/business-brexit-checklist-cross-border-trade) to help local businesses through the transition period.
Following the presentations, there was the opportunity to ask the expert panel questions and a rich and lively discussion followed. Key questions from the discussion are included in the following section.

**Discussion**

There was a discussion around Nissan and how Brexit indecision is impacting on their planning. Long term investments are at present on hold at Nissan— it is not known what will come next. There has been talk about whether there will be any compensation for a “hard” Brexit but it was generally agreed that this was unrealistic as costs would be too high.

A question was raised about the longer term impact of Brexit. Has anyone looked at how long negative economic impacts will last and how long will it take to get back to current levels? It was noted that the London School of Economics (LSE) study focusses on the short term (up to 5 years) but indicates that the North and Midlands will suffer economically for longer.

There was a discussion around alternative post-Brexit scenarios including no tariffs, free-trade etc. It was suggested that although Britain can do trade deals with rest of world this won’t compensate for the loss of our closest neighbours and trading partners. Also, the UK may get trade deals but will have to accept other standards and risks (e.g. Trump’s recent behaviour on tariffs).

Some noted that a free trade emphasis is out of step with international economies - 20 years ago this may have been more possible and it was highlighted that free markets will mean some regions will benefit but others not, which could lead to more inequalities.

A question was raised about the impact of Brexit on rural counties, and the effect on farming and other rural industries. The Centre for Rural Economy at Newcastle University has been trying to model the impacts of Brexit on the agricultural sector and farmers from a “soft” to a “hard” Brexit which will include the removal of direct payments (payments to farmers under the EU’s Common Agricultural Policy). Direct payments will be withdrawn in about 5 years. If direct payments are taken away then 70% of British farms will be loss making based on scenario somewhere between “soft” and “hard” Brexit. The details of the UK post Brexit domestic policy for farmers is yet to be known. There are suggestions that any funds available will be targeted to uplands, but this is not confirmed as yet.

There was then a discussion around place based strategies. Whilst there was lots of expectation surrounding the government’s recently published Industrial Strategy White Paper, it was found to be disappointing by many. Many people would argue that we need effective regional level governance in order to develop place-based industrial policy. Currently governance structures are confusing and there is limited funding, and less money than previously. Some felt that a place-based strategy has potential and is a promising direction, but isn’t developing quickly or clearly enough.
A question was raised about business owners that are in favour of Brexit and what their motivations and reasons were. It was suggested that it might be that smaller businesses, that don’t rely on international trade, are more likely to be in favour of Brexit. Faster growing small firms tend to be in favour of the EU and the single market because of common regulations.

There was a discussion around the political party Labour and its’ stance on Brexit. Labour is unclear on Brexit but has an agenda for industrial and regional strategies which are about investment-led economic growth aligned with technology to regenerate regions, recognising the need for redistribution of wealth.

It was noted that an investment focus is what’s needed but attendees were concerned that this hasn’t been promoted enough by Conservative, Labour or other political parties. Ideas on investment in infrastructure would be especially welcomed. It was noted that the level of expenditure on infrastructure outside of London is a fraction of that inside London. Some suggested that this can only be tackled by a more federal approach; one of regional power. Thus, some attendees thought the impact of Brexit ought to provide evidence for a need to change UK governance with a new emphasis on regions and also the various national and governance structures of Scotland, Wales and Northern Ireland.
Feedback

‘Learnt more from these sessions than everything in the media and political programmes on BBC, Channel 4 etc.’

‘Information and insight into what is and not happening in the NE however nothing on was is being done in preparation.’

‘Expectation exceeded. If only the media had been as informative over the last weeks and years.’

‘I am fully in support of the NE Brexit group and the team at NISR. It would be great to continue to collaborate; to share ideas and events with representatives from universities, local authorities, professional membership bodies and members of the public.’

‘Very good event displaying a broad range of topics and attendees to ensure a productive and varied discussion throughout.’

A very informative session – good pace, good time management, good opportunity to ask questions. Very clear expositions of some of the key factors influencing/arising from Brexit.’

‘Clearly not much support for Brexit – any benefits?’

Suggested Areas for Future Attention:
- Public Spaces and the Public life of post Brexit UK
- Civic Society: Voluntary and Community Sector
- Rural impact
- Agency. What can we do ourselves? How can we influence change?
- Democracy
Tweets

@carryonkeith Thanks to the @Social_Renewal for inviting me its Brexit seminar. Summary so far: Brexit impacts will range from bad to disastrous; Leave ‘promises’ contradictory and undeliverable; and No Deal is the worst ‘deal’. On the plus side, the pastries are nice.

@_catdeg Great conversations today at this @Social_Renewal event; thank you very much for the invite to speak about our upcoming ESRC research project on identity, the media and Brexit Britain @NCLSociology @UofESPA @UKandEU @ESRC #anthropology #ethnography #media #brexit #identity

@dzulfian Very interesting talk by @dgbailey at @Social_Renewal on the impact of Brexit on car manufacturers and local economy. He explained (picture) how Brexit would impact transnational company’s (mid-long term) strategies, decisions & investments. uncertainty. @regstud @CURDSNewcastle

@ECWard25 Interesting discussion around what Brexit means for the North East economy at @Social_Renewal. Feeling in the room that a ‘no deal’ is the worst deal, and moving forward a place based approach to policy is a must #brexit #IndustrialStrategy

@obriencpeter72 @dgbailey offering a brilliant, forensic analysis of the UK automotive industry @Social_Renewal #IndustrialStrategy

Media Coverage

Today’s North East (BBC Radio Newcastle)

The impact of leaving the European Union on the local area was the focus of a discussion at Newcastle University yesterday.

https://bbc.in/2KlwQw2 (listen from 49:54)