

Theresa May's new third way

The Prime Minister is trying to steer a path between globalism and nationalism

James Forsyth



Forget left and right — the new divide in politics is between nationalists and globalists. Donald Trump's team believe that he won because he was the America First candidate, defying the old rules of politics. His nationalist rhetoric on everything from trade to global security enabled him to flip traditionally Democratic, blue-collar states and so to defeat that personification of the post-war global order, Hillary Clinton.

The presidential election in France is being fought on these lines, too. Marine Le Pen is the nationalist candidate, a hybrid of the hard right and the far left. She talks of quitting

the European single currency and of bringing immigration down to 10,000 a year, while cursing international capitalism with an almost socialist fervour. Her likely second round opponent, the ex-finance minister Emmanuel Macron (profiled on p. 12), is the globalist candidate: a former Rothschild banker who believes in a eurozone budget, the Schengen borderless area and the need for France to deregulate.

James Forsyth and Fraser Nelson discuss the new Third Way:

Theresa May's strategy is designed for a nationalist vs globalist era. Her response isn't to embrace either extreme, but to try to chart a third way between them. She wants to be the politician who squares the circle, who makes globalisation work for those who feel left behind by the current system. Nationalistic enough to speak to her country's concerns; globalist enough to make Brexit Britain a champion of free trade and an international success.

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rip. But this is a shallow reading of British conservatism. Indeed, May is attempting to tackle these problems precisely because she is a British Conservative.

The genius of the British political system is that it is more responsive to popular concern than any other form of government in the world. This is why our Parliament has so many anachronisms: an upper chamber with unelected hereditary peers; a state opening where Black Rod summons the Commons to the Lords to hear the monarch while a government whip is held hostage at Buckingham Palace — it's what happens when you haven't had a revolution for more than 300 years. The British system has, instead, evolved through the ages. Its responsiveness and adaptability explain how this country has avoided both extremist governments and powerful populist parties, and why a House of Commons that was overwhelmingly in favour of Remain has adjusted so quickly to the vote to Leave.

There is no shortage of concern about how the economic system is operating; the wealthiest have had by far the best of the post-crash recovery. So, in true British fashion, the May government is attempting to respond to this concern. And its response is distinctly conservative too. May likes to point out, as she did in *The Spectator's* Christmas interview, that since Edmund Burke, conservatives have believed 'that if you

value something, if you want to preserve it, there will be times when you have to be prepared to reform it and to change'. This is the paradox of conservatism: you preserve through change, and sometimes radical change.

May thinks that we have reached that moment with globalisation and 21st-century capitalism. At Davos last month, she quoted Burke again, reminding the gathered global elite that 'a state without the means of some change is without the means of its own conservation'. She declared that this 'great Conservative principle — change in order to conserve — is more important than ever in today's complex geopolitical environment'.

It is more important than ever because of the growth of aggressive nationalism. If their concerns are not addressed, more and more Western voters will turn to aggressive nationalist leaders. Add to that an international system already having to deal with a revanchist Russia and a rising China and the global order starts to look unstable.

Alarmingly, too many leaders want to respond to these concerns either by trying to ignore them or by doubling down in defence of the current system. The European political class might think the nation state is a thing of the past but lots of voters don't. May grasps that Britons look to the nation state for security — in all senses. If the public believe the nation state has their back, they are much more likely to accept the creative destruction inherent in a liberal, open economy.

In her conference speech in October, May made a point of mocking those who find 'ordinary working-class' people's 'patriotism distasteful'. It was a far cry from the days when David Cameron's spin doctor Andy Coulson had to fight to get the Union Flag back on to the stage at Tory conference. The globalists also got a tongue-lashing when, in the most memorable line of her premiership so far, May declared: 'If you believe you're a citizen of the world, you're a citizen of nowhere.' This line was a calculated, and brutal, rebuke to Davos man. It caused great offence in certain quarters; one grand media panjandrum went to see May to complain about it to her face. But May's real aim was to show the voters that she loathed cheating bankers, Philip Green and other private jet users just as much as they do. From this position, the calculation went, voters would trust her to try to make globalisation and markets work for them rather than throwing the baby out with the bathwater and opting for full-blown populism and protectionism.

This is the key to understanding May: she isn't trying to fight globalisation but to save it.

She really does want Britain to be a global champion of free trade. She has virtually nothing in common with Le Pen or Trump. When she said at Davos that she is ‘determined to stand up for free markets, free trade and globalisation’, she wasn’t just telling the audience what they wanted to hear.

Those around her point out that changing things in order to conserve them has been a hallmark of May’s career. As party chairman, she told the Tories that they were seen as ‘the nasty party’ and needed to change if they were to win again. In government, she told the police that they needed to change to maintain public trust and win over minority communities. But as she knows, globalisation is a far bigger thing to try and reform than the Tory party or the police: by definition, it crosses national boundaries. Make life too difficult for businesses here, and they’ll simply move elsewhere.

In No. 10, they recognise that what they are attempting is of a different magnitude than anything May has taken on previously. But there is confidence that national policy can have a real impact. ‘Global forces are not so powerful that domestic measures can’t make a significant difference,’ one senior figure tells me — though her team acknowledge that change won’t happen immediately. They argue that those who feel left behind ‘know better than anyone’ that these problems are complex and won’t be solved overnight; and that what these voters want, as the necessary reforms work their way through, is an ‘understanding that the government gets their sense that the system isn’t working for them’.

In Downing Street they believe that their industrial strategy, education reforms, changes to corporate governance and plans to address workers’ rights in the so-called ‘gig economy’ will, in the medium to long term, begin to remedy these problems. Whether she’s right or not, May’s focus on such issues is striking. She is Britain’s first true post-crash Prime Minister.

If this is the new politics, it is slightly ironic that a 60-year-old is the trendsetter. May is ten years older than David Cameron, but she is politically more a product of our times than he was. Most of Cameron’s thinking had taken place before the financial crisis hit. He was preparing to govern in an era in which, in Oliver Letwin’s phrase, politics was socio-centric, not econo-centric. After the crash, he was having to work out on the hoof

how to respond to the challenges that it had thrown up. May has taken office having had plenty of time to reflect on the events of 2007-2008 and how they influenced our politics. Indeed, perhaps just as important as the crash — and the problems it exposed with the financial system — has been the nature of the recovery. The UK has experienced a ‘jobs miracle’ but other aspects of the recovery have been disappointing. Between 2007 and 2015, real wages declined by more than 10 per cent. Home ownership rates have also fallen by more than 10 per cent.

It is too early to tell if May's third way will deliver. But the public seem keen on it. The Tories lead Labour by, depending on your pollster, 18 or 16 points. Obviously a lot of this is down to Jeremy Corbyn. But it is worth noting that May is viewed considerably more favourably than her party, particularly in regions where the Tories have struggled: Scotland and the north of England.

It is hard to deny that a new style of politics is needed if the forces of protection and populism are to be halted. In Britain, France and America, less than half of voters see globalisation as a force for good. Indeed, Trump's election victory becomes much less surprising when you consider that per capita GDP growth in the US has averaged less than 1 per cent a year since the turn of the millennium. In the post-war era, it grew at more than twice that rate.

If mainstream politicians don't — or can't — respond to these concerns, then it will be the extremes that benefit. Just look at the eurozone, where the refusal of the established parties to abandon their support for the single currency as it is currently constituted — despite the economic misery it has caused — has been a boon for fringe parties. In Italy, the Five Star Movement, headed by a former comedian, has a growing chance of leading the next government. In France, Marine Le Pen is on course to score more than 40 per cent in the second round of the French presidential election.

Aggressive nationalist governments lead to disaster: Kaiser Wilhelm made sure that an earlier era of globalisation was brought to a dramatic halt by the first world war. Who would feel safe in an era when four of the five permanent seats on the UN security council are occupied by Vladimir Putin, Xi Jinping, Marine Le Pen and Donald Trump?

To save globalisation it is now necessary to reform it. If May feels that quoting Burke is too Anglophone, she might want to remind her fellow leaders of Tancredi's advice in *The*

Leopard: 'If we want things to stay as they are, things will have to change.' They must heed this wisdom. To leave the field clear for aggressive nationalists would be a historic mistake. But clinging to a mid-1990s globalist politics would be doing precisely that.

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