

The UKIP factor: the insurgency shaking up British politics

4 November 2014

Summary

The rise of the UK Independence Party over the last two years, driven by support from older, lower income voters, signals the beginning of truly multi-party politics in Britain. UKIP makes the outcome of the May 2015 UK general election very hard to call, even if the party may not achieve its ambition of being kingmaker and there is a ceiling to its rise. UKIP is also powerfully shaping British policy on both migration and Europe. For the Conservatives and Labour, UKIP's rise is making it very tough to build broad electoral coalitions to secure a parliamentary majority.

UKIP and its leader, Nigel Farage, have been making much of the political weather in Britain over the last two years. In the European Parliament elections in May 2014 the party came first, the first time in a century that neither Labour nor the Conservatives topped a national poll. The party now has nearly 400 councillors across the UK, and in the recent Clacton by-election, Conservative defector Douglas Carswell triumphantly became UKIP's first elected Member of Parliament.

UKIP has travelled a long way from its founding as the 'Anti-Federalist League' by London School of Economics academic Alan Sked in 1991. Originally a purely eurosceptic party, UKIP has evolved into a right-wing, nationalistic populist party; it is more moderate than parties such as France's National Front and the Sweden Democrats, and most similar to Norway's Progress Party. In national opinion polls, UKIP is currently averaging 17% of the vote, and its championing of the issues of EU withdrawal and immigration

is setting the agenda of much of the political debate, forcing the other parties to respond. Where the party draws support from, and how much, will impact significantly the performance of other parties at the 2015 elections, and could determine the outcome.

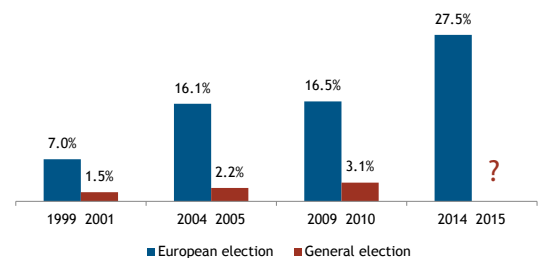


Fig 1: UKIP national share of the vote

The unhappy party

Since late 1990s UKIP has generally polled well at European Parliament elections, offering voters a one-off opportunity to protest about Europe, but by at the subsequent general

election, this support had largely evaporated. However, over the past two years the party has established a firmer foothold in British politics. Following Chancellor George Osborne's unpopular 2012 budget, UKIP's poll rating started rising. After a number of second-places in Westminster by-elections, the party came close to winning its first parliamentary seat in the February 2013 Eastleigh by-election, building enough momentum to elect over a hundred councillors in the May 2013 English county council elections, where it gained a projected 23% share of the vote. Since then, the party's share in the polls has remained consistently in the mid-to-high-teens.

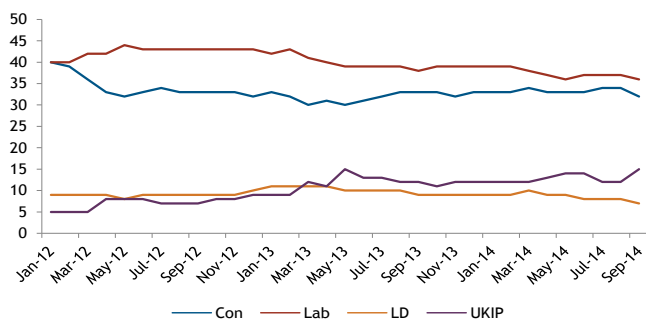


Fig 2: Monthly party polling averages
Source: Yougov

UKIP's support is overwhelmingly older, more male, and more working-class than that of other UK parties. According to UK polling agency Populus, 61% of the party's voters are over 55, 65% are male, and around half come from the lower C2DE 'social grades' - around ten percentage points higher than the general UK population. The party draws support from voters who are uncomfortable with modern Britain, feel 'left behind' by the elite-driven social liberal consensus of the other main parties, and perceive themselves or their communities to have been the losers of globalisation. The average UKIP voter has a lower income and fewer qualifications than the population as a whole. And they are the most pessimistic - 52% think their own finances will get worse in the next year.

UKIP has also benefited from the Liberal Democrats being in government for the first time in decades: from being the repository of protest voters the Lib Dems are now a target of the protest vote. More broadly, UKIP has been able to exploit the groundswell of discontent with the UK's political establishment and a widespread lack of trust in politicians. The 2014 British Election Study suggests that UKIP voters are more than twice as likely to say they have no trust in MPs, and they distrust both Prime Minister David Cameron and opposition leader Ed Miliband by huge majorities. Many of

these voters are using UKIP as an outlet for their dissatisfaction, particularly large numbers of 2010 Conservative voters, up to a fifth of which now back Nigel Farage's party.

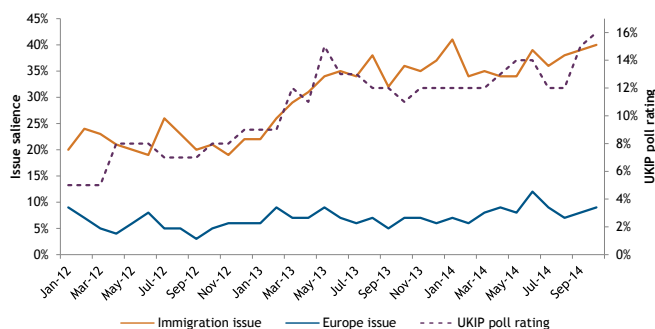


Fig 3: UKIP polling (right axis), issue salience (left axis)
Source: Yougov monthly averages, IPSOS-Mori Issues Index

The rise of UKIP does not reflect a growth in straightforward opposition to Britain's continued membership of the EU. The context of UKIP's rise has been the squeeze on living standards in the UK - real wages have fallen for seven consecutive years - and a decade or more of what by historical standards have been high levels of immigration. It is the growth of migration as a salient issue in British politics, not Europe, that tracks the rise of UKIP most closely. In contrast, concern about the European Union has remained relatively low on the list of voters' preoccupations in recent years (*only 9% of those polled* by IPSOS Mori raise it as an 'important issue facing Britain'). UKIP's success has been due to its ability to intertwine immigration with the issue of Britain's membership of the EU.

The agenda-setting party

Inevitably, UKIP's success has forced the mainstream UK parties to respond, and all three establishment parties have moved to address the concerns of UKIP's supporters. The Conservatives have done so most explicitly, moving to try and staunch leakage of anti-immigration and anti-European support to UKIP. However, this runs the significant risk of being counterproductive. Cameron's 2013 promise of a referendum on EU membership has so far had little impact on limiting UKIP's growing support. This is because for UKIP voters, concern about the European Union is only secondary to the issue of controlling migration. Cameron's recent pledges on limiting freedom of movement within the European Union are also unlikely to halt UKIP's rise, mainly because UKIP voters do not actually trust Cameron to be able to deliver, and are likely to be proven right given the lack of support for this sort of reform in other European capitals.

Thus, despite Cameron's overtures [recent polling](#) shows that only 5% of UKIP supporters say they are 'moving towards' the Conservative Party; in fact, more Labour voters are actually openly contemplating a vote for the Tory Prime Minister. In contrast, [23% of Conservative](#) supporters say they are moving towards UKIP, as well as 12% of Labour supporters. By trying to appease UKIP voters, Cameron is risking the loss of centrist voters - [33% of the public](#) think Cameron has moved to the right in the last 6 months. The focus by the Conservatives on UKIP's issues may simply highlight what will be viewed as a response lacking credibility, while deflecting more moderate potential supporters.

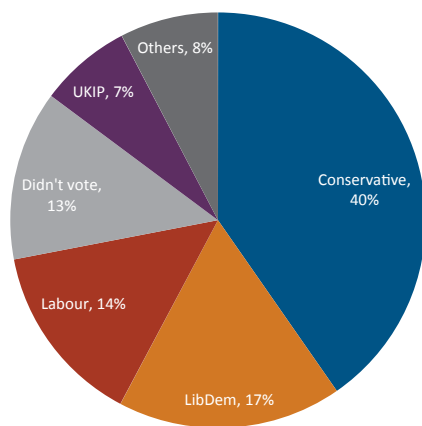


Fig 4: The parties current UKIP supporters voted for in 2014
Source: British Election Study, June 2014

The UKIP challenge to the Labour Party, for now, is less intense and more indirect, although Labour has a sharp problem of its own in a growing threat to its Scottish MPs from the Scottish National Party. In England, UKIP is making it hard for Labour to add to its vote. Traditionally, voters dissatisfied with the government have switched to backing the opposition - now they are backing UKIP. Despite the Conservatives flatlining in the polls since 2012, Labour's vote has been steadily declining. This is primarily because Labour is holding on to fewer of its 2010 voters, as an increasing number float to UKIP and other parties. In October 2012 Labour was holding on to [91%](#) of its 2010 voters; in October 2014 this figure had declined to [78%](#). The Labour leakage to UKIP may be strongest among some of Labour's core voters. People that voted Labour in 2005 - the last general election the party won - make up 23% of UKIP's current support.

UKIP also challenges the Labour Party more directly in some of its heartlands. In parts of the North of England, where the Conservative Party is relatively unpopular and the Liberal Democrats have lost their appeal since entering government, UKIP is positioning itself as the only alternative to the

hegemony of the Labour Party, most successfully in the Heywood and Middleton by-election in October 2014 where the party came within 600 votes of winning a safe Labour seat. Although they may not oust many Labour MPs directly, UKIP's hope is that a strong 2015 vote in Labour heartlands will provide a springboard to advance in 2020.

The polarising party

Despite the party's rise in the polls, under Britain's first-past-the-post system UKIP is very unlikely to translate its share of the vote into a proportionate share of parliamentary seats. With a handful of exceptions, the UKIP vote is not geographically concentrated but broadly spread across England and Wales. This will limit its ability in 2015 to win seats in the House of Commons. By contrast, the Liberal Democrats have the prospect next year of polling nationally a record low vote share, but having its support concentrated and allowing it to win a much bigger share of seats in parliament than its national vote share would suggest. In the event of a hung election outcome in 2015, the Liberal Democrats look likely to be better placed than UKIP to be kingmaker.

Nevertheless UKIP's vote will influence the result of many more seats and the outcome of the election. The key figures are that Labour-to-UKIP switchers are outnumbered three-to-one by Conservative-to-UKIP switchers. Therefore the larger the UKIP vote, the tougher it will be for the Conservatives to advance to an overall majority in the House of Commons or to remain the largest party. The Conservatives will be hoping that continuing economic recovery, talk of tax cuts to come and warning that "a vote for UKIP is a vote for Miliband in No10" will put a lid on UKIP's support. Polling in marginal constituencies shows [34% of UKIP supporters](#) say they would vote Conservative if there is a prospect of a Labour win. The Conservative nightmare would be a strong UKIP vote in 2015 splitting the centre-right vote in many constituencies and giving victory to Labour, a re-run on the centre-right of the 1983 split on the centre-left between Labour and the SDP-Liberal Alliance.

There is evidence, particularly in the aftermath of the Clacton by-election, that UKIP is firming up its support beyond being simply a protest vote. Recent polls show [only 41% of voters](#) agreeing that the party is a wasted vote, down from 57% in May. If UKIP wins the Rochester and Strood by-election on the 20th of November, the Conservative message that splitting the right-wing vote allows Labour into office may have a lot less traction.

Nevertheless, UKIP's rise has its limits. Demographically, UKIP has the narrowest base of the UK parties, and though the party has grown exponentially in recent years, it has been as a result of deepening its support among a relatively narrow base of 'left behind' voters, and not widening its support among the electorate at large. To break out beyond these potential redoubts and replicate the growth in the 2000s of the Liberal Democrats in parliament, UKIP would need to grow support across a much broader range of the population. It is not clear how far it has the ability and capacity to do this.

UKIP to this point has grown by polarising, and this is a self-constraining strategy. Most voters are hostile to it, with [around half of voters](#) agreeing that UKIP "is full of oddballs and extremists". It is also possible that UKIP's rise may actually be harming its core policy of withdrawal from the European Union. Recent [IPSOS-Mori](#) polling shows support for EU membership at its highest in 23 years, with 56% now in favour, even as UKIP rises in the polls. UKIP may be toxifying the eurosceptic cause.

The rise of UKIP in the last two years has altered the political dynamics of Britain. It is adding a new political player, and makes the 2015 general election markedly more unpredictable. Although it is impacting on both major parties, it is hurting the Conservatives most, and in the longer-term,

a continued strengthening of UKIP would create a permanent split on the centre right of the political spectrum. The post-WW2 duopoly of Labour and the Conservatives was successfully broken by the Liberal Democrats over the past 20 years. UKIP's success now raises the prospect of Britain having a four-party system - squeezed uncomfortably into an electoral system envisaged for two. The consequences for both the next election and the subsequent coalition negotiations will be important to watch.

This Global Counsel Insight note was written by Roberto Robles, Research Analyst at Global Counsel.

Businesses and investors wanting to know more about the potential impact of UKIP on British policy and the 2015 UK general election should contact the author via e-mail: r.robles@global-counsel.co.uk.

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