



Shifting Tides: Labour's Rise and the Future of UK-U.S. Relations

Center Forward Basics

September 2024

Overview

The United Kingdom (UK) operates as a parliamentary democracy, where the majority party in the House of Commons determines the prime minister, who serves as both head of government and leader of the majority party. This system fosters a close alignment between the legislative and executive branches, making divided government a rarity. The two dominant political parties, the Conservatives and Labour, typically represent conservative and liberal ideologies, respectively, and alternate in shaping the country's policies on economics, social issues, and foreign relations. Following the 2024 general election, Labour's Keir Starmer assumed the role of prime minister, signaling a political shift after fourteen years of Conservative governance. This transition raises important questions about the direction of domestic and international policies, particularly regarding the long-standing "special relationship" between the U.S. and the UK. This Basic will examine the structure of UK politics, the results of the July election, and the effect of the election on the U.S.

UK Politics

The United Kingdom is a parliamentary democracy. The majority party in the legislature, in this case, the House of Commons, determines which Member of Parliament will be selected as the prime minister. As the head of government, the prime minister leads the Cabinet and the majority party in the House of Commons. In other words, whichever party holds a majority in the legislature nominates their party leader for the position of prime minister. This system means the same party almost always leads the executive and legislative branches, and divided governments are extremely rare, if not impossible.

The major parties in the UK are the Conservatives, or "Tories," and the Labour Party. The Conservative Party, led by Rishi Sunak, controlled the government and had five prime ministers over those fourteen years, including Sunak, Liz Truss, Boris Johnson, Theresa May, and David Cameron. Policies such as cutting taxes, free-market economics, Brexit, and limited migration, as well as sending asylum seekers to Rwanda, are typically associated with the Tories. By contrast, the Labour Party led by Sir Keir Starmer, considered a center-left party, promotes policies including government investment raised by taxes, a 2030 ban on gas and diesel car sales, housing reform, and voting for 16- and 17-year-olds.

The United Kingdom held a general election on July 4th, 2024, and the Labour Party won a majority for the first time in fourteen years. Conservatives lost 251 seats in the 2024 election, bringing their total to 121 and handing control of the UK government to Labour, which holds 411 seats out of 650. Labour's victory led to King Charles III's call for Keir Starmer to form a government and assume the role of prime minister.

Similar to a change in the U.S. presidential administration, a new British prime minister brings a new cabinet with them. Positions with large implications for U.S.-UK relations, such as Foreign Secretary, Chancellor of the Exchequer, and Secretary

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In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

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of State for Business and Trade, are now held by Labour Members of Parliament who are sitting members of the legislature. Representatives of the U.S. government, including President Biden's Cabinet, are getting acquainted with their new counterparts.

U.S.-UK Relations

The United States and the United Kingdom have maintained a special relationship since 1815, when the U.S. and UK re-established diplomatic relations after the War of 1812. Winston Churchill coined the term "special relationship" after World War II to express the unique ties that bind the two countries. Churchill argued that an organization like NATO would not reach "its full stature and strength" without the relationship shared by the U.S. and the UK. In addition to the alliance cemented in NATO, the U.S. and the UK had alliances during the Korean War, the Gulf War, Operation Iraqi Freedom, and the War in Afghanistan.

The U.S. played a role in the peace process in Northern Ireland and helped broker the Belfast Agreement, or the Good Friday Agreement, in 1998 to end the conflict known as the Troubles. Since 1986, the U.S. has used USAID to fund the International Fund of Ireland. These projects centered on economic opportunities and engagement in Northern Ireland. The U.S. has allocated more than \$543 million to this idea throughout its lifetime.

In 2023, under Prime Minister Rishi Sunak, the U.S. and the UK announced the Atlantic Declaration for a Twenty-First Century U.S.-UK Economic Partnership. The Declaration resolves the two countries "to partner to build resilient, diversified, and secure supply chains and reduce strategic dependencies" in the face of shared challenges such as Russia, China, non-state actors, and climate change. Both parties agreed to follow the Action Plan for a Twenty-First Century U.S.-UK Economic Partnership (ADAPT) in five steps: ensure American and British leadership in emerging technologies; advance cooperation in economic security and supply chains; partner on an inclusive and responsible digital transformation; build a clean energy economy; and further strengthen our alliance across defense, space, and health security. Leaders from the U.S. and UK continue to work towards completing these steps even as the British government transitions.

Effect of UK Election on U.S.

Regarding foreign policy, observers do not expect a significant shift in the UK's foreign policy concerning the U.S. or the EU. Both major parties are strongly in favor of British membership in NATO and support Ukraine in its war against Russia. As of July 2024, the Conservative government had given £12.5 billion in its aid package to Ukraine, £7.5 billion of which is in military aid, third only behind the U.S. and Germany. The Labour government is also expected to push to raise NATO defense spending to 2.5% of GDP.

A Labour government is fully committed to AUKUS, the trilateral security partnership with Australia and the United States. Last year, the partnership delivered SSN-AUKUS, a conventionally armed, nuclear-powered submarine (SSN) based on technology developed by all three parties. The UK is expected to deliver its first SSN-AUKUS to the Royal Navy in the 2030s. Australia will provide the first SSN-AUKUS built in Australia to the Royal Australian Navy in the early 2040s.

American businesses also should not expect a significant change in policies relating to business but rather a realignment of priorities. At a meeting of the G7 nations, the new Business and Trade Secretary Jonathan Reynolds announced the UK is back on the world stage and "open for business." Secretary Reynolds emphasized the new government's goal to foster public-private partnerships. Labour will likely take a more hands-on approach to the market than the previous Conservative government, as expected with the transition from right to left.

Labour has no intention of rejoining the EU, its single market, its customs union, or allowing for the free movement of people between the UK's borders with the EU. Instead, the UK may begin to move to remove trade barriers between their nations and the rest of Europe. These negotiations will also depend on how the EU responds to the UK's terms, as the bloc is not

enthusiastic about a Brexit trade deal. Instead, the new British government intends to negotiate a new security pact with the supranational organization. Labour's manifesto states the party intends to use this new pact to rebuild relationships with key allies on the continent while simultaneously strengthening NATO. In the UK, Labour plans to cap the corporate tax rate at the current level of 25% and has promised to respond if tax changes in other countries pose a risk to UK competitiveness. Much of the party's manifesto also focused on the energy transition and a plan to become a clean energy superpower.

The transition from a Conservative to a Labour government in the United Kingdom represents a significant political shift. Yet, its impact on foreign policy, particularly U.S.-UK relations, is expected to be minimal. The Labour Party remains committed to critical alliances like NATO, the AUKUS security partnership, and ongoing support for Ukraine. On the domestic front, Labour's approach to governance will likely feature increased government involvement in the market, focusing on fostering public-private partnerships and driving the transition to clean energy. Like the U.S. Congress, the UK Parliament will be in recess until early September, so the new government has had little time to begin its 100-day plan. While much remains to be seen regarding Labour's ability to fulfill its manifesto promises, the party's early signals suggest continuity in the UK's international commitments alongside a renewed focus on domestic economic reform with a manageable impact on the U.S.

Links to Other Resources

- Atlantic Council - [Experts react: Labour is back. Here's what to expect from the new UK government.](#)
- George W. Bush Presidential Library - [U.S.-UK Special Relationship](#)
- Hansard - [Defence Spending](#)
- The Labour Party - [Labour Manifesto](#)
- U.S. Embassy in London - [Our Relationship - Policy and History](#)
- UK Government - [UK "open for business" as Trade Secretary heads to G7](#)
- UK Parliament - [His Majesty's Government: The Cabinet](#)
- The White House - [The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership](#)
- The White House - [Joint Leaders Statement on AUKUS](#)
- Wilson Center - [Foreign Policy Choices in the 4 July UK Elections](#)