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A cautionary tale:
‘Brexit’, economic citizenship, and the political perils of neoliberalism

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Since the 1980s, neoliberalism’s status as a quasi-hegemonic economic paradigm in many advanced industrial economies has contributed to processes of political and social disintegration whose scope and scale researchers and policymakers are only now beginning to understand. Arguably the point of origin of politicized neoliberalism under Prime Minister Margaret Thatcher in the late 1970s, Britain, like the United States, has come to represent the elite consensus that generalizing economic prosperity would lift all boats, thereby both legitimizing the expansive view of markets as the central organizing principle of advanced capitalism and creating the social cohesion and political stability necessary to that legitimation. In the process, many brushed aside distributional concerns or questions about workers’ declining real incomes and economic inequality as the necessary, if unfortunate, side-effect of the expansion of market forces that would ultimately make everyone better off. Few acknowledged the possibility that the economic dislocation that neoliberal policies had left in their wake could threaten the ostensibly broad and deep consensus underlying market liberalism. As Britain’s June 2016 decision to leave the European Union (EU) showed, however, the social and economic dislocations wrought by market liberalism could indeed fracture society and undermine political stability. British voters, particularly among the working class and in the country’s erstwhile industrial heartland, grew increasingly disillusioned with a messianic vision resting on the twin pillars of neoliberalism and fiscal austerity, which they increasingly associated with both the Conservative Party and, in somewhat more diffuse fashion, Brussels and EU institutions. In the process, the economic dislocation generated by the policies of Conservative governments (as well as, in a somewhat softer and more attenuated sense, those of New Labour) undermined economic security and social cohesion while creating pressures for an alternative strategy of political integration for the Tories, which featured a neo-Thatcherite Euroscepticism increasingly focused
on Britain’s EU membership. As I discuss in this chapter, Brexit thus represents a cautionary tale, not only for British officials, but more broadly for continental authorities who have yet fully to reckon with the potential political price to be paid for adherence to a denuded conception of state economic power and (often sotto voce), the embrace of fiscal austerity and the economic stagnation that it underpins, and the erosion of the social contract that these stances bring in their wake.¹

The Brexit vote paradoxically represented both the predictable culmination of decades of British Euroscepticism and a seismic shock that few had predicted. Beginning with Margaret Thatcher’s famous declamation that ‘We want our money back’ (resting on a rather simplistic conception of British-EU economic relations), though stemming in part from the much older sense of British separateness from the continent, British public discourse gave powerful voice to the conviction that EU membership conferred more political and economic burdens than benefits. Though by no means limited to it, this perspective was particularly concentrated among the Eurosceptic wing of the Conservative Party. That said, much in the fashion of a German reunification that most assumed to be inevitable but not imminent, the negative result of the referendum stunned British and foreign observers alike, not least because both polling and oddsmakers had suggested that support for the ‘Remain’ side was solid up until the vote itself. These ultimately misleading snapshots of public opinion were reinforced by a longstanding, almost Whiggish view among many British voters of inevitable historical progress towards a liberal, cosmopolitan consensus, reinforced by more than a decade of Labour governments for whom such a worldview was a central part of their credo, with Eurosceptic Tories assumed to be an (admittedly vocal) minority. This led to a widespread sense among David Cameron’s governing Conservatives that ‘the centre was secure’ and that the referendum, called after long hesitation in an effort to neutralize the Eurosceptic wing of the party, would ‘be about jobs and the economy and it won’t even be close’ (Behr 2016).

Shocked as political elites were at the outcome, more astute voters might have seen it coming. Though there were a number of proximate causes for what turned out to be a revolt of many British working-class voters against the ostensible Europhile, cosmopolitan consensus, including Labour leader Jeremy Corbyn’s lacklustre and half-hearted support for membership of a Union that he had long perceived as a business-dominated cabal, the referendum’s outcome actually grew from much deeper roots. These included growing alienation among many traditional Labour voters from the socially liberal and cosmopolitan worldview increasingly embraced by their party and represented by London and the financial services sector, whose dominance developed against a backdrop of deindustrialization and economic stagnation that had plagued the industrial North, Midlands, and Wales since the late 1970s. The hollowing out of the industrial economy, combined with the perceived smug self-satisfaction of London bankers who seemed just as callous and out of touch as
EU bureaucrats, in turn created fertile ground for growing alienation of Labour’s core working-class constituency, leading to ‘lower turnout, falling identification with Labour, and growing disaffection with the political system’ (Ford and Goodwin 2017, 18).

If the groundwork for Brexit was thus lain by a combination of Tory Euroscepticism and the liberal cosmopolitanism embodied by New Labour and the Europhilic Liberal Democrats, this alloy had deeper social and economic causes. These included structural shifts in the British economy, exacerbated by a neoliberal economic philosophy embraced particularly by the Tories that viewed public investment in and support for the British social contract with suspicion. Even as global trends and public policy decisions were hastening the erosion of the postwar social and economic community and the Keynesian interparty consensus and Beveridgean welfare states that had supported it, both the Tories and Labour (the former more by design and the latter through neglect) failed to foster the development of a new social, economic, and political community to take its place. If Labour’s strategy had been one of whistling past the proverbial graveyard, the Tories’ had been a variant of what German historian Hans-Ulrich Wehler (1970) had labeled ‘negative integration’, meant to denote nineteenth-century German Chancellor Otto von Bismarck’s gambit of solidifying political support for a hollow democracy through a politics of enemies, both internal and external, not to be confused with the question of European integration. If Bismarck’s targets had been Catholics, Austria, and Socialists, since Thatcher a growing number of Tories had demonized the EU, portrayed at best as an opaque and remote (and ultimately French) bureaucracy with little concern for British welfare, and at worst a hostile external force bent on undermining British sovereignty. Having spent the better part of three decades defining the British political-economic community against the EU, even as the neoliberal commitment to austerity hastened its demise, Tory politicians were hard-pressed to offer a substantive alternative, other than pabulum about a shared prosperity increasingly at odds with many workers’ lived experience. In so doing, they accelerated the erosion of the social and economic community that had long provided the basis for political stability at home, while increasing the likelihood of a rebellion against the European institutions. In the process, British voters came to tar both Europe and the British political establishment with the same anti-elitist brush, repudiating both in favor of an alluring, though ill-defined, domestic idyll informed by equal parts nostalgia and animus.

In this chapter, I argue that the result of the Brexit referendum is best understood as a failure of social and economic community exacerbated by a neoliberal creed that justified both neglect of and attacks on the British social contract. I suggest that the combination of the Tories’ anti-EU campaign of ‘negative integration’ (relating in no way to European integration but rather to the process of building domestic political coalitions through the politics of enemies), long-term trends of budgetary austerity and cuts to social programs, which disproportionately affected
areas suffering from deindustrialization and the aftermath of the Great Recession, and growing anxiety over immigration among relatively ethnically homogeneous working-class communities, led both to hostility to the EU and a quest to regain a sense of economic community defined along increasingly ethnonationalistic lines, in the absence of an affirmative vision offered by the Tories of less parochial alternatives. I suggest that Brexit can best be understood as the product of a search for a social and economic community to replace that undermined by long-term economic trends exacerbated by neoliberal policies that failed to provide workers with needed support and avenues for adjustment. In this context, that hostility towards the EU and fears of the social and economic effects of immigration that led to Brexit were products of both social and economic anxieties and workers’ search for a renewed sense of belonging and community. I suggest further that the British case offers a cautionary tale for both other European states and the EU, offering lessons about the political risks of economic austerity and neoliberal policies, embraced by both the European Central Bank (ECB) and prosperous creditor countries in the European core, that undermine the economic bases of political consent. Given the EU’s failure to build a meaningful supranational political community, the continuation of such approaches to European economic governance seem particularly hazardous. In the conclusion, I argue that Brexit, seen from this analytical lens, also offers important lessons for those seeking to understand populist movements, particularly on the far Right, that seek to create new (and often exclusionary) forms of community to replace those that have eroded or collapsed.

The origins of the present crisis: neoliberalism and the anti-European strategy of the Conservative Party

Though the origins of the Conservative Party’s dilemma over EU membership lie in Thatcher’s simultaneous embrace of neoliberalism and elevation of Euroscepticism to official Tory policy, it was Cameron’s government that was forced to reckon with the political costs of these stances. Contrary to initial expectations that the then coalition government would be moderated by the influence of the less neoliberal and more Europhilic Liberal Democrats, Cameron and his Chancellor of the Exchequer George Osborne quickly reverted to an aggressive strategy of budgetary austerity and cuts in public spending, all in the teeth of the deepest recession Britain had known since World War II. Although Cameron and Osborne seemed committed to an economic strategy of austerity and budgetary orthodoxy, their posture vis-à-vis Europe was more ambivalent, as neither had embraced the hardcore Euroscepticism of the anti-EU wing of the party. Hearkening back to the first British referendum on EU membership of the 1970s under the government of Labour Prime Minister Harold Wilson, Tory divisions over EU membership had never been bridged, and Thatcher’s adoption of an almost reflexive anti-EU stance merely deepened them. The
vocal opposition to the EU of many Tory backbenchers evolved from a perennial irritant to the driver of a potential crisis for the party with the rise in the 2000s and early 2010s of the United Kingdom Independence Party (UKIP), whose central platform was Britain’s withdrawal from the EU and which threatened to peel off many traditionally Tory voters. As Cameron began to perceive the rise of UKIP and the hardening of anti-EU sentiment in a growing wing of his party as an existential political threat, his rhetoric became more stridently anti-EU, as he hoped to soften divisions within his party and maintain support among the working-class voters that had abandoned New Labour but which were drawn to UKIP’s facile yet alluring formula of British nationalism and Euroscepticism, packaged in the blunt, even crass language of Nigel Farage, the UKIP leader.

Cameron’s move to the right on Europe represented a second-best, defensive turn to a strategy of ‘negative integration’ in the face of economic dislocation and political disaffection stemming from British deindustrialization but much exacerbated by his government’s embrace of neoliberalism, which had helped to accelerate the erosion of working-class jobs. These so-called ‘left behind’ voters grew increasingly alienated from mainstream parties during the 2000s, and many of them shifted their support, first from Labour to the Tories and thence to UKIP. Between 2006 and 2012, the share of working-class voters saying that ‘people like me have no say in government’ grew from about 20 percent to more than 30 percent, even as the share of working-class UKIP supporters grew by 7.6 percent and the share who had left school by the age of 16 grew by 10.3 percent (Ford and Goodwin 2014, 127, 164). Perhaps even more worrying for Cameron, the share of UKIP voters stating that they had voted for the Conservatives in previous elections grew from 29 percent in 2010–11 to 45 percent in 2012–13 (Ford and Goodwin 2014, 166). In view of such trends, Cameron understandably felt pressure to sharpen his anti-EU rhetoric, though doing so did little to bridge, still less to heal, the underlying divisions in his party about Britain’s relationship with the EU. Nor did it address the underlying trends showing that working-class voters beset by the corrosion of their economic communities and rising economic precariousness felt increasingly alienated from mainstream politics.

Cameron’s strategy for dealing with this set of political dilemmas increasingly focused on the referendum on EU membership. The tensions between the competing wings of the party came to a head following the election of 2010 and within the context of the Conservative-Liberal Democratic coalition to which it gave rise. The rhetoric surrounding negotiations over the coalition suggested moderation with respect both to Britain’s posture towards the EU and to plans for economic liberalization and reform, an unsurprising fact given the Liberal Democrats’ support for Europe and for preserving the British safety net. In relatively short order, however, it became clear that the Tories would make policy with little regard for their coalition partner’s preferences, which stood in opposition to the government’s unwavering commitment to austerity and
their increasingly hard-line posture towards Europe in reaction to UKIP and deepening party fractures. With respect to the EU, Cameron faced mounting pressure to take a hard line and to fulfill his commitment to call a referendum on the Lisbon Treaty, which in 2009 he had claimed was a ‘cast-iron guarantee’ (Lynch 2011, 219), while reiterating the Tories’ opposition to the euro and plans to shift the distribution of power from Brussels back to London. As promised in his party’s election manifesto, Cameron pledged a so-called ‘referendum lock’ whereby any future treaty that ceded additional ‘significant’ powers to the EU would be subject to a national referendum. Throughout 2010, Tory Eurosceptics proposed a number of stand-alone bills that would have introduced additional limitations on Britain’s commitments to Europe, including a motion to reject the European Parliament’s request for an increase in the EU budget, a failed move to reduce Britain’s budgetary contributions, and a vote by 30 MPs to reject the EU’s bailout of Portugal. Such positions had become common in the Conservative Party, with most MPs (outside of a shrinking pro-European minority) reflecting ‘differing degrees of Euroscepticism’, rather than inhabiting a party with a ‘clear fault-line’ between Euroscepticism and pro-European stances (Lynch 2012, 85–86).

Faced with the increasing dominance of Euroscepticism within the party and fearing the mounting threat posed by UKIP, Cameron sought to use the promised referendum on EU membership to shore up his position as party leader and to quell the increasingly vocal demands to leave the EU. In June 2013, James Wharton, a hard-line Tory Eurosceptic MP, introduced a private bill that would guarantee a vote on Britain’s EU membership. Rather than working to bury the bill or mollify its supporters, Cameron came out and publicly challenged Liberal Democratic leader Nick Clegg to honor a promise in his party’s election manifesto to allow a referendum, and sent forth the party’s whips in an effort to corral votes (Watt 2013). Given the public popularity of the referendum (with one 2011 poll showing 70 percent in favor of holding one and 49 percent saying that they would vote against Britain’s membership) (Clark 2011), Cameron perhaps felt that he had little choice, though some speculated that his real goal was the renegotiation of the terms of Britain’s membership (The Economist 2013). Whatever the case, Cameron adopted an increasingly populist, even pandering strategy. Prior to an initial vote on calling the referendum on 5 July, Cameron confidently endorsed the measure: ‘I’ll do everything I can to support this Bill and get it through the House of Commons so that we can renegotiate in Europe and then put a real choice to people before the end of 2017’ (Mason 2013).

The political significance of Cameron’s commitment to the referendum must be understood within the wider context of the government’s economic policies. Just as he had adopted an increasingly hard line vis-à-vis the EU, he also moved towards an increasingly Thatcherite, neoliberal orientation on economic matters. In so doing, Cameron and his Chancellor of the Exchequer George Osborne effectively abandoned earlier promises, dating back to Cameron’s assumption
of party leadership in 2005, to advance a form of ‘liberal conservatism’ that was more Burkan than Thatcherite in orientation. This conception aimed to foster social cohesion and solidarity along the lines of nineteenth-century Conservative Prime Minister Benjamin Disraeli’s ‘One-Nation Toryism’, even as Cameron promoted traditional Tory conceptions of personal responsibility. He hoped thereby to distance the Tories from their post-Thatcherite image as the ‘economics party’ that was ‘out of touch, had failed to learn from its mistakes, cared more about the well-off than the have-nots, and did not stand for opportunity for all’ (Lee 2011, 9–10). Once elected, however, the government, over the feeble protests of the Liberal Democrats, abandoned this effort to balance between Disraeli and Thatcher, and quickly embraced unambiguous austerity and an aggressive public defense of its ostensible virtues. Announced soon after the election, in June 2010, the new government’s emergency budget proposed a £112 billion cut in public-sector borrowing (from £149 billion to £37 billion) (75 percent of which was to be realized through spending cuts rather than tax increases), a 25 percent cut in discretionary spending outside of health care and anti-poverty benefits, a 60 percent cut in public capital spending outlays, and increase in the VAT from 17.5 percent to 20 percent. In March 2011, portraying it as part of a larger effort to ‘refor[m] the nation’s economy so we have enduring growth and jobs for the future’, Osborne unveiled his first full-fiscal-year budget, a ‘Budget for Growth’, which hewed tightly to the austerity course.

In this light, the sudden reversal of policy orientation suggested the aban-
donment of pretence rather than a change in convictions, reflecting a deeply held, ‘radical’ ‘Thatcherite’ ‘fear, held by a significant portion of the party, that the state has got too strong’ and a belief, revealed only after the government was installed, that ‘the country’s over-centralisation’ must be confronted (The Economist 2010). Despite continued poor economic performance, with real GDP growth at 0.3 percent (thus narrowly avoiding a double-dip recession), unemployment at 7.8 percent, and a budget deficit of 6.5 percent of GDP at the end of 2012, the government stuck to its strategy, as Osborne released a 2013 budget that promised more of the same, prioritizing corporate tax cuts (reducing the main rate from 28 percent to 20 percent by 2015) and maintaining the basic contours of the spending levels established in his 2010 and 2011 budgets (O’Connor and Giles 2013; Packard 2013). Such moves were difficult to reconcile with Cameron’s earlier rhetoric about ‘opportunity for all’ and taking care of the ‘have nots’, as the cuts in public spending precluded the kinds of investments in public services that might have helped support the ‘left behinds’ in Britain’s hollowed-out industrial heartland. During Cameron’s coalition government with the Liberal Democrats between 2010 and 2015, austere fiscal policies cut about £20 billion per year from social security spending on active workers, while subjecting remaining benefits to increasingly strict means testing. Striking as they are, such aggregate figures mask the effect of these measures on the economically
vulnerable, who were confronted with caps on combined weekly entitlements to benefits, including housing and child benefits that disproportionately support low-income workers (Hood and Oakley 2014, 3, 8, 24–26). In place of policies that stood to help this ‘pessimistariat’, or ‘mainly male working class voters who are extremely pessimistic about the future and place little or no faith in mainstream parties and institutions’, such voters received the superficially appealing but ultimately thin gruel of anti-EU rhetoric, as the government’s strategy of what Wehler has dubbed ‘negative integration’ increasingly served as the mobilizational impetus.

Cameron’s government thus found itself backed into a corner on the referendum, even as it adopted policies that further eroded the economic security of working-class British voters and exacerbated growing resentment among the ‘left behinds’. Ironically, given subsequent (and wholly unfounded) promises that Brexit would free up millions of pounds for the National Health Service (NHS), Osborne’s budgets exacerbated the perennial underfunding of the NHS since the 1990s. It also laid fertile ground for the politically toxic interaction between voters’ feelings of economic insecurity and their resentment of immigration, which, as I discuss in the next section, constituted core drivers of the anti-EU attitudes of ‘Leave’ supporters. The Tories’ longstanding approach of combining anti-EU animus with neoliberal and deflationary policies that hastened the erosion of economic security among British workers, implied an abandonment of a longstanding economic community without a substantive vision of what the government hoped to create in its place.

This stance created a political and cultural vacuum that many British voters would seek to fill in ways that threatened to worsen the economic problems that they confronted. Although the Tories’ strategy allowed them to capture the more Eurosceptical segment of the electorate, it did little to address the long-standing and worsening sense of political alienation and disillusionment among many voters and the related sense of distrust of established political elites exacerbated by the economic aftermath of the post-2008 economic crisis (Whiteley et al. 2016). Well in advance of the referendum, this sour public discourse had already led to worrying political outcomes, such as the unprecedented success of UKIP in the 2014 European election (Kaufman 2014). Deindustrialization, the effects of the Great Recession, three decades of cuts to social programs and broader budgetary cuts that precluded investment in public goods and programs to help displaced workers adjust, and a longstanding strategy of anti-EU animus thus set the stage for voters to express their anger with unprecedented force.

**Brexit and the failure of the politics of enemies**

As several of the authors in this volume describe, the outcome of the Brexit referendum was generally unexpected by experts on British politics and the public at large, despite noisy support for it by UKIP and its supporters. Almost up until
the vote itself, oddsmakers and pollsters had the ‘Remain’ side comfortably in
the lead, even if the margin narrowed somewhat as the referendum approached.
The passivity, even fecklessness, of the Remain campaign, ostensibly led by
Cameron and his government, was both a symptom and a reinforcing cause of a
complacent, even smug ‘pro-Europeanism [that] became a proxy for the fusion
of economic and social liberalism that had been a dominant philosophy of the
political mainstream for a generation’ (Behr 2016). Much as Marx had derided
the peasantry as a ‘sack of potatoes’ — a hopelessly backward and disengaged
social class destined for decline — this perspective tended to relegate Britain’s
more parochial, anti-European working-class voters to the margins of political
discourse. It was enough, it was assumed, to proclaim the ostensibly self-evident
superiority of the pro-European perspective, which was viewed as the harbinger
of a more globalized future, focusing narrowly on the projected economic costs
of Brexit, and ‘the risks of the unknown’ (Behr 2016).

What Cameron and his advisors perhaps failed to realize, however, was that
these costs had long since been borne by working-class voters in Britain’s indus-
trial heartland, who therefore had little to lose economically, at least in the short
term, from adopting a stance of opposition to a set of opaque, pan-European
institutions that had never offered them (or, arguably European citizens more
generally) meaningful economic benefits and that represented a convenient
scapegoat for feelings of economic insecurity and social dislocation. Ironically,
Cameron’s Tories (and, to a lesser extent, New Labour as well) had long favored
the same sorts of deflationary policies, focused on ‘structural adjustment’,
fiscal rectitude, and deregulation, championed by the EU, albeit with more
of a Thatcherite bent focused on trickle-down economics and the ostensibly
economic benefits of a scaled-down state. What the two perspectives had in
common, however, was a failure to propose a substantive vision of economic
renewal to replace the Keynesian, quasi-social-democratic social contracts that
each had increasingly displaced. Despite its traditional nomenclature, the EU
was neither a ‘community’ in the social and economic sense, nor a ‘union’ in
the political sense, much as Thatcher and her Tory successors proclaimed the
importance of the British nation without working to provide it with the social
and economic cohesion that political and social stability require.7

Much as the EU had defined itself more in terms of what it was not (i.e.,
nationalistic, militaristic, and parochial) than what it was, therefore, the Tories had
defined Britain in largely negative, anti-EU terms in ways that distracted atten-
tion from the economic disintegration taking place beneath. In such a context,
it is hardly surprising that opposition to immigration and immigrants would take
center stage in the ‘Leave’ campaign, whose militants posited the recreation of a
national (and, it was implied, more racially homogeneous) community in place of
the liberal internationalist one represented by the EU. The EU was thus both the
symbolic enemy of the ‘Leave’ vision and the culprit to be blamed for the influx of
immigrants who ostensibly posed a threat to British workers’ economic security.
This complex matrix of political values, insecurity, and resentment would lead to absurd promises during the referendum campaign, including Foreign Minister Boris Johnson’s claim that Brexit would free up £350 million per week for the NHS (Johnson 2017). Not unrelatedly, it would also produce attempts to exploit the economic bases of voters’ fears of the twin ‘others’ of immigrants and the EU, perhaps most infamously in Nigel Farage’s referendum-campaign billboard showing the UKIP leader against a backdrop of hundreds of streaming, vaguely non-white people, with the superimposed phrases ‘Breaking point: the EU has failed us all’ and ‘We must break free of the EU and take control of our borders’ (Guardian 2017). The concomitance between hostility to immigration and promises to invest in domestic social policies unwittingly reflected the importance of economic security to political consent and community and the threats the Tory neoliberalism had long posed to it.

The confluence of anti-immigration stances, anti-EU animus, and generalizing senses of economic precariousness was thus a product of longstanding connections in British public discourse and the economic realities faced by many working-class voters. As Dustmann, Frattini, and Preston (2013) demonstrate, immigrants to the UK place a disproportionate burden on lower-skilled workers in competition for employment. Beginning in the 1990s, UKIP and Eurosceptical Tories were able to capitalize on such dynamics, particularly after the early 2000s when the rate of immigration from other EU countries began to rise. As many scholars have pointed out, nearly all far-Right populist parties focus on immigration, and Ivarsflaten (2008) has argued that no far-Right party has achieved success without mobilizing grievances over the issue. Though there remains significant disagreement in the scholarly literature about the respective importance of economic grievances and cultural ones focused on immigration, many argue that both factors are important, with cultural grievances more strongly linked to the intensity of support, and economic ones more closely related to their scope and extent. The interaction between these sets of grievances offers far-Right or anti-systemic populist parties and movements promising political terrain.

Regional and local patterns of support for Brexit in the 2016 referendum provide suggestive evidence for the power of this interaction effect, reflecting both the appeal of Brexit to economically stressed, deindustrialized communities and the positive relationship between historical ethnic homogeneity and anti-immigration stances, often strongly connected to prevailing economic anxiety driven as much by occupational and class position as by individuals’ negative economic experiences. Though imperfect and subject to significant regional variation, regional indicators of economic distress – unemployment rates and median earnings, for example – are modestly but consistently related to support for Brexit. In the West Midlands, for example, where support for Brexit was 59.3 percent, in 2016 median gross weekly earnings were £511 (compared to £671 in London and £566 in the Southeast outside of London),
and unemployment was 6.2 percent, compared to 3.5 percent in the Southeast and a national average of 4.9 percent (UK Office for National Statistics 2016; *The Economist* 2016). In the East Midlands, where 59.3 percent voted for ‘Leave’, the unemployment rate, at 4.3 percent, was actually below the national average, but median weekly wages were £483, the lowest in the country outside of Northern Ireland (UK Office for National Statistics 2016). In Scotland, where support for ‘Remain’, at 62 percent, was the highest in the country (just ahead of London’s 59.9 percent), unemployment in mid-2016 was 4.7 percent, while median weekly wages, at £535, were the highest in the country outside of London and the Southeast. Obviously, these figures are somewhat overdetermined, with factors such as education undoubtedly mediating these relationships; at a minimum, however, we can say that higher rates of economic insecurity are loosely connected to support for Brexit, while support for Remain tended to be highest in the country’s most prosperous areas.

When we examine such data alongside data on immigration, however, the relationships become stronger, even at the regional level. In areas with the fewest non-native residents and relatively high levels of economic insecurity, often with rates of in-migration higher than historical norms, voters were disproportionately likely to support Brexit. Long-term migration to the UK remained relatively constant from 2007 to 2017, but certain regions experienced significant increases in migrant flows between 2011 and 2016, including the East (1.4 percent), Southeast (1.5 percent), the East Midlands (1.3 percent), and West Midlands (1.2 percent) (London, by far the richest and most globally connected part of the country, experienced a 5.4 percent increase, though its distinctive and highly cosmopolitan character makes it *sui generis* (UK Office for National Statistics 2016).

Though support for reduced migration has historically tended to be slightly higher than the national average in these regions (Migration Observatory 2016), this relationship is weak and tells us relatively little on its own. Considering such data alongside figures on the regional concentration of non-native residents, however, is quite revealing. Broadly speaking, support for Brexit tended to be highest in areas that both experienced higher-than-average increases in migration and initially had lower-than-average shares of non-native residents. Of the 270 electoral districts in the UK that had a lower-than-average share of residents born outside of the UK, 229 (85 percent of the total) voted for ‘Leave’. Of the 78 districts with higher-than-average shares of non-native residents, only 44 percent voted for ‘Leave’. In this context, that data suggest that a key driver of support for ‘Leave’ was the degree of ethnic homogeneity in a district, such that even minimal increases in immigration had a disproportionately significant impact on fears about the erosion of ethnically homogeneous communities and, as a result, support for leaving the EU. Several districts with the highest support for ‘Leave’ and the lowest share of non-native residents, such as Mansfield (70.9 percent and 5.6 percent, respectively), moreover, were in the West or East Midlands (The Conversation Blog 2016). Here again, voters’ perception of
immigrants’ threat to a fragile and precarious economic community comes clearly into view, as do the political risks of ignoring such warning signs.

An analysis focused on local and regional patterns of support for or opposition to Brexit broadly supports these conclusions, even if the evidence is not always entirely straightforward. In the area of Newcastle-upon-Tyne, a northern city in a region traditionally known for industrial prowess and more recently suffering from economic decline, for example, the barest majority of 51 percent voted Remain, due in part to the presence of a major university and a relatively educated population, in line with a series of recent studies suggesting a correlation of Remain support with higher educational and socio-economic levels.\(^{11}\) Breaking this aggregate result down by locality, however, is more revealing. In Newcastle-upon-Tyne East, which is 12 percent wealthier, 9 percent younger, and 18 percent more educated than the region as a whole, 57 percent voted Remain. In the relatively less wealthy and educated Newcastle-upon-Tyne Central and Newcastle-upon-Tyne North, by contrast, clear majorities voted Leave. In nearby Sunderland, which has considerably lower levels of income and education, as well as a higher reliance on exports due to its Nissan factory, the Leave campaign won by 22 percent, significantly exceeding expectations. Like most of the Northeast, Sunderland suffers from high unemployment and low wage growth. In mid-2016 the unemployment rate in the Northeast was 7.5 percent, the highest in the country, although international in-migration actually declined between 2011 and 2016 in a region in which the share of the population born outside of the UK is quite small (UK Office for National Statistics 2016). Analyzing the referendum results in the context of this regional socio-economic profile provides suggestive evidence linking support for Brexit to relatively high levels of economic precariousness and industrial decline, and higher-than-average levels of ethnic homogeneity and native-born residents.

An analysis of referendum outcomes in portions of suburban London reveals a similar pattern, with relatively skilled and homogeneous populations in industrial areas providing robust support for Leave. Whereas London and many of its suburbs voted Remain, suburbs with relatively dominant industries reliant upon skilled labor (and therefore generally less touched by immigration) tended to vote Leave. In three areas dependent on the highly skilled aviation industry, for example, Leave support far outpaced levels found in surrounding, less industrial areas. In Spelthorne, a relatively ethnically homogenous suburban district east of London and south of Heathrow Airport, voters supported Leave by a margin of 20 points, in a region where the other five districts voted Remain. Likewise, Rushmoor, a suburban district southeast of London in which the aviation industry employs nearly 20 percent of the electorate – as it hosts Farnborough Airport and is home to the Air Accidents Investigation Branch – voted Leave by a 16-point margin. Finally, in Crawley, a district just south of London, residents voted for Leave by a margin of 16 percent, while most of the region voted Remain or very narrowly for Leave. Interestingly, in a study estimating
the effects of both a soft and hard Brexit outcome, Crawley was predicted to be the least affected in the region, sheltered (rather ironically, given its cosmopolitan and international orientation) by the aviation industry, which is actually forecast to benefit from Brexit (Dhingra, Machin, and Overman 2017, table 2). Although such regions have not suffered as much from industrial decline as erstwhile centers of heavy industry such as Newcastle, they share with their northern counterparts traditional reliance upon industrial employment, a high percentage of working-class voters, and relatively high degrees of ethnic homogeneity. These patterns also show that it is not workers’ skill levels per se that inform support for Brexit, but rather skill levels coupled with regionally concentrated ethnic homogeneity.

These patterns add weight to the conclusion that support for Brexit reflects an embrace of past or existing social and economic communities, rejection of cosmopolitanism, the anxieties of skilled labor but without elevated rates of higher education, and broad fears about patterns of national industrial decline and a related defense of existing industrial jobs. More recent studies on the relationship between changes over time in in-migration patterns, particularly in declining industrial areas with relatively high rates of native-born populations such as the East and West Midlands and the North–west, provide further support for this argument, showing that in such areas with recent increases in numbers of migrants, support for Brexit tended to be higher than average and higher than it otherwise would have been. More generally, such patterns provide evidence that the anti-cosmopolitan and ethnonationalist parochialism that the Brexit vote embodied stemmed from dynamic interactions between objective economic circumstances and subjective factors relating to their social and cultural meaning and significance.

Conclusion: the erosion of Britain’s economic community and the implications of Brexit for Europe

This chapter has analyzed the Brexit referendum outcome in the context of longer-term political and policy strategies of the Conservative Party. It has argued that Brexit can best be understood as the result of a combination of factors, both structural and conjunctural. Structurally, the process of deindustrialization since the 1980s has undermined the economic security and prospects of large segments of Britain’s industrial working class, concentrated in the erstwhile industrial heartland. This process, in combination with New Labour’s shift to the political center in the 1990s and 2000s and its embrace of cosmopolitanism and internationalism, undermined many traditional Labour voters’ allegiances and made them available for and potentially receptive to other kinds of appeals. In a more conjunctural vein, the Tories’ embrace of neoliberal economic policies and budgetary austerity left them unable to enact policies that might have helped displaced workers adjust to an increasingly inhospitable economic environment
and drove additional cuts in social policies on which many of them increasingly relied. In place of such policies, a growing wing of Eurosceptical party members embraced a strategy of what Wehler has termed ‘negative integration’, shoring up political support by demonizing the EU, which became the primary external ‘other’, thereby replacing economic appeals with cultural and identity-based ones in ways that had been familiar to American political observers since Nixon’s ‘Southern Strategy’ in the late 1960s and, more recently, with the election of Donald Trump as American president and his appeals to white supremacy. Such ‘bait-and-switch’ strategies, which embraced economic policies that undermined the economic security of working-class voters while shifting the basis of political appeals to culture and identity, worked for a while, just as they had worked for Bismarck in late nineteenth-century Imperial Germany. In the process, however, David Cameron backed himself into a political corner, promising to hold a referendum on EU membership in the vain hope of neutralizing a revolt by the party’s Eurosceptics, while advancing economic policies that made support for the referendum more likely for many working-class voters. Though most observers were shocked at the referendum’s outcome, in hindsight it seems that the ingredients for it had been in place for some time. The lessons of this episode are multiple and complex, but one clear implication relates to the limits of ‘negative-integration’ strategies in a climate of growing economic insecurity, and the political costs of an unquestioning embrace of neoliberalism.¹⁴

This chapter’s analysis of the political, economic, and social determinants of Brexit suggests important lessons for other EU member states and for the future of the Union more generally. While one should be cautious about applying lessons from one national story to another, it is clear that the economic dislocation suffered by many of Britain’s working-class voters, combined with neoliberal policies that both directly cut social benefits and precluded investment in the kinds of supportive economic policies that stand to help workers adjust, steadily undermined workers’ faith in and support for established political parties and institutions.¹⁵ Ironically, the economic policies embraced by the Tories reflect the same commitment to fiscal austerity and ‘structural adjustment strategies’ that shift the costs of adjustment from capital and finance to labor that have been embraced by the EU and more particularly by the countries of the Eurozone since the 1990s, but with renewed vigour and ideological commitment since the Eurozone crisis of 2010–11.¹⁶ The British experience suggests that political elites that persist in promulgating such policies, whether domestically or at the European level, do so at significant political peril.

Even as they vilified the EU as an opaque, unresponsive, and semi-authoritarian threat to British sovereignty, the Tories embraced a similar orthodoxy that abetted and hastened the hollowing out of the British social contract. Though Cameron himself called for Britain to remain in the EU, his tepid and detached campaign for Remain, beset by vocal opposition from growing swathes of his party, both reflected and helped to solidify a deep ambivalence about Britain’s
place in Europe. Even as the Conservatives helped to undermine Britain’s sense of economic community, then, they quite deliberately encouraged British voters to look elsewhere to replace it, though failing to perceive the long-term risks of doing so. In voting for Brexit, working-class voters thus went where the Tories had led them, opting for an insular, parochial national community defined (more or less explicitly) along ethnopolitical lines, seemingly in the vain hope that doing so would free up resources that could help to reconstruct and reinvigorate a social contract that had long been left to decay. While it may have been absurd, Johnson’s promise of £350 million per week for the NHS was thus actually quite revealing – not only of the intellectual dishonesty and cynicism of many Brexit advocates but also of the attractiveness of the appeal to many of Britain’s ‘left behinds’. It turned out that the erosion of the economic bases of the social contract had real political consequences, a fact which the ‘negative-integration’ strategy could delay but ultimately not obviate. Cameron’s resignation in the referendum’s aftermath thus had the flavour of karmic justice: in Hamlet’s formulation, he and his party had been hoist by their own petard. The Brexit strategy thus offers a cautionary tale to other European leaders, many of whom have embraced, or at least accepted, neoliberalism as a governing philosophy and austerity as a policy orthodoxy, even as support for mainstream parties of the center-left and center-right has continued to erode. At the EU level, the embrace of deflationary policies within a set of institutions that, in Peter Mair’s words, were ‘constructed as a protected sphere, safe from the demands of voters and their representatives’ (Mair 2013, 109), seems particularly short-sighted, given that these institutions lack the channels of political accountability that can both inform policies that enjoy popular support and legitimate those policies as the products of democratic political processes.

In this context, the consequences of the Tories’ economic and political strategies suggest important consequences for Europe in other, perhaps even more fateful ways. At a time when ethnonationalism is on the rise and significant numbers of European voters are succumbing to the authoritarian temptation, conventional wisdoms about the inexorability of European integration and, more broadly, the concomitance between capitalism and democracy, are increasingly being called into question. Such concerns are not merely theoretical, as far-Right parties on the continent make electoral inroads that would have been unthinkable a decade ago. In Germany, the Alternative für Deutschland (AfD), which grew out of the aftermath of the 2010–2011 Eurozone crisis as a party focused mostly on withdrawing Germany from the euro, has developed into a more generally anti-immigrant, Europhobic, and nationalistic party that won 12.6 percent of the vote and 94 parliamentary seats in the September 2017 general election, the first time since the 1950s that an avowedly far-Right party has enjoyed parliamentary representation (Financial Times 2017). As in the case of UKIP and the Brexit referendum, many of the AfD’s supporters’ anti-EU stance is informed by fears of declining socio-economic status, anxieties which are exacerbated by and
channeled within fears related to immigration (Kiess et al. 2017, 249; Ward 2018, ch. 4). In France, the more venerable Front National (FN), born as a neo-fascist party in the 1970s but which has steadily moderated the tenor of its appeal and capitalized on anti-EU and anti-immigrant sentiment, achieved its best-ever result in the 2017 Presidential elections, in which party leader Marine Le Pen amassed 33.6 percent of the vote in a second-round runoff against the centrist Emmanuel Macron. The FN’s growing support reflects a belief among its voters, many of them previously supporters of the far Left, that the party represents the only electoral force willing to stand up for the ‘left behinds’ in the wake of post-1970s deindustrialization. FN supporters also tend to value the party’s ethnonationalistic conception of France’s political-economic community. In both cases, evidence suggest that voters’ support stems from ‘sociotropic’ considerations, whereby a sense of economic decline and instability, not necessarily on the part of individuals but of the region or country more broadly, interacts with cultural insecurities and fears of marginalization to foster support for parties aiming to redefine economic and political communities in new, more exclusive ways (Colantone and Stanig 2017, cited in Ward 2018). Though France and Germany have so far held the line, the rise to power of more explicitly neofascist parties in Hungary, Poland, and elsewhere suggest that fears about the erosion of democratic legitimacy on the European continent are well founded.

This chapter has argued that decades of Tory-led neoliberal policies in Britain helped set the stage for Brexit by both allowing for the continuation of economic decline in the British industrial heartland and undermining the social safety net on which a growing number of British workers have had to rely. This economic context did not make Brexit inevitable or even likely on its own, however. Rather, it created a context in which fateful political strategies and decisions – notably the Tories’ strategy focused on hostility to the EU and the deepening cleavage within the Conservative Party over Britain’s place in (or outside of) Europe – could become politically operative. At a time in which the legitimacy of the EU is fragile at best, the project of European integration has stalled (and is arguably being reversed), and far-Right parties are making direct challenges to the EU’s authority mainstays of their electoral appeal. The economic insecurity experienced by large swathes of Europe’s citizens, particularly in countries subject to the Eurozone’s restrictions on public expenditure, provides anti-democratic and authoritarian parties with ample opportunity to attract supporters whose fears about immigration, the EU’s threat to national sovereignty, and declining social and economic status are inextricably linked. As Noam Gidron and Peter Hall have argued, support for far-Right parties in Europe often stems from real and perceived economic anxieties in combination with (related) fears of declining social and cultural status (Gidron and Hall 2017). If economic insecurity, in both its objective and subjective components, is not a sufficient cause of growing support for the far Right, in other words, for an increasing number of voters, it is a necessary one. Although the lessons of
Brexit for Europe and the EU are multiple, one important one is that political legitimacy – for a party, for a state, or for international institutions – cannot be built and sustained in the absence of a sense of a meaningful and nurturing economic community. The stakes are not merely about membership of the EU, but rather about the relationship between capitalism and democracy and the long-term survival of both. In this sense, as well as in others, Brexit offers a cautionary tale for European elites on both the national and EU levels, one which the evidence to date suggests they are reluctant to hear.

Notes

1 Continental European elites have generally rejected neoliberalism as a blueprint for domestic social and economic policies, even as many of them (particularly in the creditor nations of the Eurozone’s Northern core) have not hesitated to impose them on the debtor nations of the European periphery. For a discussion of continental European countries’ embrace of alternatives to neoliberalism, see Vail (2018).
2 Wehler’s use of the term is quite different from the much later usage adopted by Fritz Scharpf. Whereas Wehler’s discussion of Bismarck focuses on the dynamics of domestic political integration and consent, Scharpf focuses on the EU and in particular competition among regulatory regimes by EU member states. For a widely cited instance of Scharpf’s usage of the term, see Scharpf (1999).
3 For a detailed discussion of the dilemmas of ‘One-Nation Toryism’ and its relationship to neoliberalism under Cameron, see Vail (2015).
4 In a speech at Bath in 2007 that would find echoes in his promises to lead a government that ‘shared the proceeds of growth’, Cameron took a stylistic page from Disraeli, proclaiming that ‘I believe that we’re all in this together – that there is a historic understanding between past, present, and future generations, and that we have a social responsibility to play an active part in the community we live in.’
5 Such cuts largely shielded pensioners, an important constituency that disproportionately votes Conservative.
6 The term is Roger Eatwell’s (2010), cited in Ford and Goodwin (2014, 190).
7 In some respects, my argument here shares elements with the separately developed analysis of Hopkin (2017).
8 Johnson’s language here is redolent of the implicit conflict between national and international economic communities: ‘It would be a fine thing, as many of us have pointed out, if a lot of that money went on the NHS, provided we use that cash injection to modernise and make the most of new technology. The NHS is one of the great unifying institutions of our country. It is the top political priority of the British people and, under the leadership of Jeremy Hunt, it is indeed the top priority of the Conservative Party. Coming out of the EU will give us an opportunity to drive that message home.’
9 For a discussion of UKIP’s strategy, see Goodwin and Dennison (2015).
10 See, e.g., Halikiopoulou and Vlandas (2017).
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12 Voting patterns elsewhere reinforce the impression that education and affluence, markers and bearers of cosmopolitanism in equal measure, were important drivers of support for Remain. In Nottinghamshire, for example, Rushcliffe was the only district to vote Remain and it did so by a 15-point margin. Rushcliffe is more affluent than its surrounding districts like the working-class communities of Mansfield (71 percent Leave) and Ashfield (70 percent Leave) (Pritchard 2018).

13 See, e.g., Goodwin and Milazzo (2017).

14 In this context, it is worth remembering that Bismarck did not develop his ‘negative-integration’ strategy in isolation; rather, he did so while embarking on the most comprehensive and ambitious welfare state expansion ever to have taken place in Europe.

15 Labour Prime Minister Gordon Brown’s relatively robust stimulus package in the aftermath of the post-2007 financial crisis was a singular exception.

16 One of the long-term consequences of the Tories’ embrace of austerity was an abiding stagnation of real wages, which have been forecast to grow more slowly in the 2010s than at any time since the Napoleonic wars (Chakrabortty 2017).

17 For systematic data on these motivations, including extensive interviews with FN supporters, see Perrineau (2017).

18 For an excellent elaboration of the connections between the policies of the Eurozone and the rise of the far Right, see O’Brien (2018).

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