

# UNDERSTANDING BREXIT

Why Britain Voted to Leave  
the European Union

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## Why Britain Voted to Leave the European Union

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United Kingdom – North America – Japan  
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# LIST OF ABBREVIATIONS

AES	Alternative Economic Strategy
AIFMD	Alternative Investment Fund Managers Directive
ASLEF	Associated Society of Locomotive Engineers and Firemen
BAME	Black, Asian and Minority Ethnic
BNP	British National Party
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EDL	English Defence League
EEC	European Economic Community
EFSM	European Financial Stabilization Mechanism
EMS	European Monetary System
EMU	Economic and Monetary Union
ERM	Exchange Rate Mechanism
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
NATO	North Atlantic Treaty Organization
QMV	Qualified Majority Voting
SDP	Social Democratic Party
SGP	Stability and Growth Pact

SNP	Scottish National Party
TTIP	Trans-Atlantic Trade and Investment Partnership
UKIP	United Kingdom Independence Party
WTO	World Trade Organization

# CHAPTER ONE

## INTRODUCTION: 'BREXIT MEANS BREXIT!' OR DOES IT?

On 23 June 2016, the British people voted narrowly to leave the European Union (EU). In the toxic political aftermath of the Brexit referendum, many Leave supporters were already expressing paranoid fears that the will of 'the people' to leave the EU would be subverted by liberal elites and Brussels bureaucrats. The newly elected prime minister, and Remain supporter, Theresa May, tried to calm their concerns with the now infamous phrase: 'Brexit means Brexit'. While this phrase has become widely parodied as a robotic and meaningless tautology (which, of course, it is), it does serve to highlight a common-sense view that the meaning of Brexit does not extend beyond the political and legal relationship between the United Kingdom (UK) and the EU. The main purpose of this book is to question this simple assumption and to demonstrate how this narrow definition of Brexit does not exhaust its possible meanings and significance. Questions about the sovereignty of the United Kingdom were undoubtedly important during the referendum, and the question of national sovereignty provided the master frame for the Leave

campaign — reflected in the campaign mantras of ‘I want my country back’ and ‘take back control’. There is also the possibility, however, that the issue of sovereignty was a proxy for a range of economic, cultural and political concerns and insecurities that extended far beyond the constitutional and legal status of the relationship between the United Kingdom and the EU. The issues of immigration, political disengagement and economic insecurity were particularly important concerns that found expression in the referendum, and these were successfully harnessed and articulated by the Leave campaigns.

During the past decade, there has been a rapid growth in immigration to the United Kingdom, particularly immigration from EU member states in Central and Eastern Europe. Immigration was a central issue in the EU referendum, and public anger and insecurity around this issue was systematically exploited by the Leave campaigns. The issue of immigration signalled concerns about the pressure that the large-scale and unplanned influx of EU workers was placing on labour markets, housing and public services. It also expressed deeper cultural insecurities and fears connected to how immigration, alongside broader processes of imperial decline, globalization, European integration and UK devolution, was impacting negatively on British culture and the meaning and significance of ‘Britishness’. This was linked to a longstanding process of political disengagement amongst many segments of the British electorate, which was illustrated by declining turnout during elections, declining support and membership of the main political parties and an increasing distrust and disillusionment with political elites and ‘expert opinion’. Political elites became widely perceived as remote and unrepresentative and associated with ‘progressive’ and ‘politically correct’ opinions and values that had become disconnected from the opinions and values of ‘ordinary’ people. Concerns over immigration, British identity and political

elites dovetailed with a range of grievances, anxieties and insecurities connected to the restructuring of the British economy. The global importance of the City of London as a financial hub highlights the importance of the financial sector to the British economy and successive governments have privileged the sector over industrial and manufacturing sectors. The 'financialization' of the British economy resulted in the de-industrialization of many areas that were formerly dominated by industries such as mining, steel-making and ship-building and this produced devastating long-term problems such as declining employment opportunities and decaying communities. During the past two decades, the reform of the professions and public services have generalized insecurity amongst intermediate and middle-class segments of society, and many lower-level service sector jobs have become increasingly precarious and linked to insecure working practices such as zero-hours contracts and enforced self-employment. The 2008 financial crisis, and the subsequent austerity programmes, exacerbated the negative effects of these economic trends and developments, and the resulting grievances and anxieties were captured and articulated by expressions of radical right political populism resulting ultimately in Brexit. Paradoxically, this conservative reaction against globalization was mobilized, orchestrated and financed by a fragment of the political and economic elite with libertarian and hyper-globalist values and interests. While these developments only coalesced into a visible populist force during the past decade, the underlying dynamics and contradictions have been decades in the making.

The central argument of this book is that the roots of Brexit can be traced back over many decades, and that such an historical analysis is vital if we are to understand *how* and *why* Brexit happened. The decision to leave the EU is the most visible tip of an iceberg of long-term social, political

and economic change. Hidden beneath the surface of this iceberg is a matrix of economic, socio-cultural and political dynamics that have wrought fundamental changes to the British state and British society, and the relationship between the United Kingdom, Europe and the rest of the world. Brexit was the point at which four long-term trajectories of British development converged and precipitated an event of seismic magnitude that disrupted decades of what seemed like inevitable transnational integration and development. First, the post-imperial crisis of the British state fuelled a discourse of British exceptionalism and a range of contested interpretations of 'Britain', 'Britishness' and 'Europe' that attempted to maintain this 'exceptionalism' in the context of post-imperial decline. This resulted in the United Kingdom being peripheral to the process of European integration and fuelled ambivalent and negative public attitudes towards European integration. Second, the 'financialization' of the British economy created a tension between the global and European integration of the British economy and a pattern of de-industrialization and economic insecurity that undermined the legitimacy of elites and elite projects such as the EU. Third, the secular decline in the strength and coherence of British culture and identity and a trajectory of cultural decline resulting from immigration, loss of empire, the devolution of the United Kingdom and the transnational dynamics of globalization and European integration. This encouraged the emergence of new popular nationalisms and sub-nationalisms and increasingly politicized and Eurosceptical forms of English identity. Fourth, the de-alignment of party political representation in Britain and the increasing convergence of mainstream parties around an agenda of economic and social liberalism. This created a crisis of legitimacy amongst the marginal and insecure that could be harnessed and exploited by Eurosceptic movements and parties of the populist right. These dynamics were

interrelated and mutually reinforcing and culminated ultimately in the 'perfect storm' of Brexit.

Brexit has long historical roots and its consequences are likely to stretch decades into the future. Two decades ago, the ideology of 'Third Way' social democracy (Giddens, 1994, 1998), combined with an established academic (Albrow, 1996; Beck, 2000; Giddens, 1990) and business (Friedman, 2000; Ohmae, 1995) orthodoxy, to stress the inevitability, irreversibility and desirability of globalization. This made European integration and the division of the world into regional trading blocs one of the defining and ineluctable characteristics of the age (Castells, 2000b; Giddens, 2006; Urry, 2003). The idea that Britain could or should leave the EU was firmly relegated to the arcane world of right-wing think tanks and policy geeks. The speed at which this idea has not only entered the political mainstream, but been presented to the British people as an in-out referendum, highlights the intensity of the dynamics underpinning Brexit. Lanchester (2016) has argued that Brexit illustrates the operation of an 'Overton window' (see Beck, 2010) that defines the acceptable range of political thought in a culture at a given moment and which is subject to movement. The idea of Britain exiting the EU moved in a relatively short time-frame from right-wing think-tankery to journalistic fellow travellers, to the fringe of electoral politics and then, after hardening into serious possibility, to the political mainstream. Brexit will perhaps emerge as the moment when neo-liberalism and globalization reached the limits of their contradictory development. Brexit has challenged the enduring myth that neo-liberalism and globalization are the inevitable and inexorable facts of contemporary life. The populist movement that led to Brexit challenged key elements of globalization such as immigration, transnational regulation and the dominance of technocratic experts. It articulated a demand to re-establish national economic governance, which included controls on

immigration, the introduction of tariffs on international trade, state aid for industry and national industrial strategies. Brexit provides empirical proof that globalization was never inevitable, and confirms the well-founded arguments of sceptics who highlighted consistently how transnational constructions were social constructions and always contingent (Hardy & McCann, 2017; Martell, 2007; Ray, 2007). This could ultimately be a difficult lesson for the hyper-globalist elites that orchestrated Brexit to learn: Brexit unleashing a populist anti-globalization force and demands for national control that will prove inimical to its own long-term interests.

In retrospect, it is perhaps not so surprising that Brexit happened, and that it happened in a nation known as ‘reluctant Europeans’ and an ‘awkward partner’ in the EU (Hobolt, 2016). The quotidian reality of the EU, and the specificity of the UK’s relationship with the EU, should perhaps have been good indications that a Brexit was not only possible, but perhaps inevitable. The EU exhibits many of the flaws attributed to it by its Eurosceptical critics. The logic of European integration was always intended to insulate the regulation of European markets from democratic scrutiny and control, and the ‘democratic deficit’ is fundamental to the organizational logic of the EU (Carchedi, 2001; Milward, 2000; Streeck, 2014, 2015). This was evident from the origins of European integration with the post-war development of coal and iron markets in the European Coal and Steel Community (ECSC) to its broader manifestation as the common market and customs union following the formation of the European Economic Community (EEC) in 1957. This included a broad competition and trade policy and a single market in agriculture and fisheries regulated by the Common Agricultural Policy (CAP) and the Common Fisheries Policy. In the late 1980s, the *Single European Act* (SEA) established the single market resting on the ‘four freedoms’ of goods,

people, capital and services. In the 1980s, neo-liberalism was embedded into the institutions and practices of the EU (Bieler, 2006, pp. 9–12; Van Apeldoorn, 2001). This began with the European Monetary System (EMS) in 1979, which aligned member state economies with the German economy through the Exchange Rate Mechanism (ERM) to prevent currency depreciation and to maintain low inflation. The Maastricht Treaty or *Treaty on European Union* (TEU) of 1992 resulted in Economic and Monetary Union (EMU) and the introduction of the single currency in 1999. This vested control of monetary policy in a politically-unaccountable European Central Bank (ECB) and the 'convergence criteria' leading to EMU, reinforced by the 1997 *Stability and Growth Pact*, imposed cuts in public expenditure and borrowing, and limits to budget deficits and government debt. In 2000, the Lisbon Summit launched a new method of 'open coordination' to sustain economic growth, through the setting of benchmarks to encourage economic competitiveness, liberalized financial markets and a knowledge-based economy. Following the 2008 economic crisis, the 2012 *Treaty on Stability, Coordination and Governance in the Economic and Monetary Union* produced an institutional framework for the regulation of Eurozone economies through which the European Commission can issue sanctions against nation states with 'excessive' deficits or macro-economic imbalances. While these mechanisms of neo-liberal rationalization are, to some extent, balanced by 'social cohesion' measures, such as the 'Social Chapter', the undemocratic and technocratic tendencies of the EU are clearly more than a figment of the Eurosceptical imagination.

The British public has been consistently the most Eurosceptic member state in the EU since joining in 1973. Despite this history of wariness and often outright hostility to European integration, the United Kingdom has been

remarkably successful in shaping the policies and institutional trajectory of the EU. In 1988, Margaret Thatcher made a speech to the *College of Europe* in Bruges, which attacked the incipient federalism of the EU. While this is often seen as a defining moment in the deepening of Euroscepticism in the United Kingdom, the substantive agenda set out by Thatcher in this speech became the accepted principles of European integration: namely, intergovernmentalism; enterprise and the eradication of barriers to trade; and the strengthening European security under the umbrella of North Atlantic Treaty Organization (NATO). In addition, UK political leaders secured ‘opt outs’ in respect to the Euro, the *Schengen Accord* on free movement and aspects of the Charter of Fundamental Rights. The success of the United Kingdom in Europe was achieved in a context of deepening Euroscepticism. In contrast to other EU member states, leading members of a governing political party, the Conservative Party, were vehemently anti-EU and this allowed Euroscepticism into the political mainstream (De Vries & Edwards, 2009). Despite being an ‘awkward partner’, the United Kingdom managed to carve out a privileged position for itself within the EU (Menon & Salter, 2016, p. 1301) that, nevertheless, remained mainly unrecognized and unappreciated by an ambivalent British public. The tension between relative effectiveness and relative hostility helps to explain the absence of a long-term or systematic attempt to convince the British people of the benefits of EU membership (Menon & Salter, 2016, p. 1298) and illustrates further why Brexit should not be considered such a surprise after all. There should also have been warning signs from previous EU referenda. Despite the confidence of the Remain side that elite support could deliver victory in the referendum, the examples of previous EU referenda in Denmark and Ireland showed that referenda generate highly unpredictable results and that voters often

reject the recommendations of mainstream parties and experts (Franklin, Marsh, & McLaren, 1994, 1995; Hobolt, 2009). Indeed, Brexit is part of a European-wide phenomenon where populist parties have achieved electoral success pursuing an agenda based on concerns about immigration, lack of economic opportunities and disenchantment with the political class (Hobolt & Tilley, 2016; Kriesi et al., 2012). These developments provide an important context for understanding the development and strength of Euroscepticism in the United Kingdom, but to properly understand Brexit we need to dig deeper and wider.

## UNDERSTANDING BREXIT

In recent years, Euroscepticism has increased across EU member states. Populist parties and movements have emerged across Europe and exit from the EU is often central to their political programmes (Hooghe & Marks, 2007; Taggart, 1998; Usherwood & Startin, 2013; Vasilopoulou, 2013). There is a body of established research on the origins and form of opposition to European integration. This research has usefully differentiated between 'hard' and 'soft' Euroscepticism, and has attempted to locate the origins of Euroscepticism at the intersection between ideology and the organization of party political systems. This can provide useful comparative insights into how Euroscepticism varies in intensity and form across time and space, and why it has been particularly virulent in the United Kingdom. However, it provides only limited insights into *why* the United Kingdom has so far been the only member state to not only consider leaving the EU, but to actually initiate the exit procedure. It fails to adequately address the political economy of Brexit or the relationship between Brexit, culture and identity. It is only by

examining the politics of Brexit in this broader analytical framework that we can adequately address the question as to why a Brexit was always more likely than a Frexit in France, a Grexit in Greece or a Nexit in the Netherlands. The main chapters of this book explore the geo-political, economic, socio-cultural and political developments and dynamics that will provide a deeper understanding of *why* Brexit happened and *why* and *how* it happened *now*.

In Chapter Two, I explore the geo-political and economic dynamics associated with Brexit. I begin with an exploration of the geo-political roots of Brexit, with a focus on how the attempt to maintain the status of the United Kingdom as a ‘world power’ in the context of post-imperial decline defined the peripheral relationship of the United Kingdom to European integration. In the context of this decline, a range of Eurosceptical political discourses emerged on the right and left of British politics that attempted to redefine the meaning of ‘Britain’, ‘Britishness’ and ‘Europe’ in ways that confirmed and re-affirmed this ‘exceptionalism’. These discourses framed the accession of the United Kingdom to the EEC and continued to frame the relationship between the United Kingdom and the EU throughout the following four decades. This is followed by an exploration of how the uneasy relationship between the United Kingdom and ‘Europe’ has also been defined by a structural mismatch between the developmental trajectories of the British and Continental economies. I highlight how the development of a dynamic form of financialized ‘Anglo-capitalism’ resulted in London becoming a dynamic growth hub in the global financial system, and the ways in which this created an increasing tension between the European and global integration of the British economy. This financialized trajectory was also responsible for the de-industrialization of the British economy and increasing levels of economic and social inequality and insecurity in the

post-industrial heartlands. This consistently threatened the legitimacy of the British state and resulted in the 'state projects' of Thatcherism and New Labour, which attempted to encourage the dynamism of the UK's financialized economy, while building the active consent to this ongoing accumulation amongst strategically important sectors of British society. I demonstrate how both the 'organic' patriotism of Thatcherism and the universal cosmopolitanism of New Labour contributed to the accretion of Eurosceptical attitudes within British society and to the building of significant middle-class and working-class support bases for the radical right programme of populism that would culminate with Brexit. The 2008 financial crisis intensified inequality and marginalization in the United Kingdom and, in the context of high levels of EU immigration, Eurosceptical attitudes intensified and provided the context for a form of radical right populism that would develop into the support base for the UK Independence Party (UKIP), the Leave campaign and ultimately Brexit. The chapter concludes with a discussion of how this tension between 'market fundamentalism' and a radical right reaction is anticipated in the work of Karl Polanyi (1944, 2001), and how this was reflected in the tensions between the 'libertarian' and 'conservative' segments of the Brexit coalition.

In Chapter Three, I explore the socio-cultural dynamics underpinning Brexit through a critical evaluation of the 'two tribes' thesis that has dominated popular discourse and debates on Brexit. This thesis suggests that the two sides in the referendum campaign represented opposing cultures marked by dominant and subaltern identities: Remain-supporting 'winners', marked by the cultural values of cosmopolitan liberalism and multiculturalism, and Leave-supporting 'losers', marked by the values of communitarianism, nativism and patriotism. The chapter highlights how this discourse can undermine an

effective analysis of the socio-cultural dynamics of Brexit. The ‘scapegoating’ of marginal groups such as the ‘white working class’, who are often presented as too ‘stupid’ and ‘prejudiced’ to recognize their own ‘real’ economic interests, ignores or downplays the real anger and alienation that underpinned support for Leave in marginal communities. This focus also downplays the importance of middle-class supporters of Brexit who, in terms of absolute number of votes cast, were more significant than working-class supporters of Brexit. The chapter critically evaluates the category of the ‘left behind’ Brexit supporter, and highlights how the concept is useful only if it is broadened from a narrow socio-economic category to a cultural disposition across sections of the working class, intermediate class and middle class. Within this broader framework, the ‘left behind’ can be linked to the ‘class trajectory’ of individuals across the class structure in situations where personal social decline is linked to wider class decline and expressed as a form of ‘resentful nationalism’ (Fenton, 2012; Mann & Fenton, 2009). The chapter concludes with an exploration of the ‘culture wars’ that developed around the issue of immigration before and during the referendum campaign, and the ways in which class, race and nation were combined in forms of toxic ‘resentful nationalism’ to deliver support for Brexit.

In Chapter Four, I explore the political and electoral dynamics underpinning Brexit. The chapter highlights the divisions and corrosive effects of the ‘Europe question’ in British politics throughout the post-war period. The attempt by the 1997–2010 New Labour governments to depoliticize this question and to develop a technocratic approach to European integration fanned the flames of an insurgent radical right populism that harnessed concerns and grievances over EU immigration and the post-2008 austerity programmes and pinned the blame squarely at the door of the remote and undemocratic EU. The chapter demonstrates how

the development of New Labour was part of a broader process of political realignment that resulted in political parties becoming increasingly disconnected from their political support base and subject to declining democratic legitimacy. In the context of the declining support for the mainstream political parties and increasing turbulence in patterns of political support and alignment, popular grievances and concerns found expression in forms of Eurosceptic populism that were successfully harnessed and articulated by UKIP and the Eurosceptic right in the Conservative Party. This is followed by an exploration of the socio-economic and socio-cultural composition of the coalition that developed to express this populism, both within and beyond UKIP, and how this coalesced into an effective campaigning force in the EU referendum. The chapter concludes with an assessment of how the elite-led and funded Leave coalition was able to effectively mobilize public support through a populist repertoire of contention focused on how the EU was a corrupt and undemocratic institution that protected the interests of rich and powerful elites, and how leaving the EU would enable 'the people' to 'take back control' of Britain's economic and political destiny and protect the British way of life through the strengthening of borders and controls on immigration.

In the concluding chapter, I explore the economic, cultural and political trajectories of post-Brexit developments in Britain. The main economic trajectory has been a deepening crisis of free market neo-liberal capitalism, which is reflected in the rhetoric and policy proposal of both the Conservative Party and the Labour Party. However, this rhetorical embrace of 'organized capitalism' is not reflected in the negotiating position of the British government in the Brexit negotiations, and this has the potential to aggravate further the grievances and anxieties that underpinned support for Brexit. The populist forces associated with Brexit assaulted the

longstanding liberal consensus from the right, and the chapter proceeds to explore how this defines the key socio-cultural trajectory of Brexit towards increasing levels of ethnic, racial and inter-cultural tension and hatred. In the face of insults, threats and intimidation, many EU migrants have left or are planning to leave the United Kingdom. The chapter then explores the main political trajectory following Brexit, which has been towards the de-alignment of the main political parties on the basis of a range of issues and concerns raised by Brexit. The resulting tensions have generated political paralysis in the ruling Conservative Party, and an unstable and ambiguous coalition within the Labour Party, between the Corbynite leadership and membership base, the 'New Labour' parliamentary Party and the party's working-class and predominantly pro-Brexit support base. The chapter concludes by assessing the importance of Brexit as part of a global trajectory of anti-elite, nationalistic populism that has developed across the world following the 2008 financial crisis.