When Polanyi Met Farage:
Market Fundamentalism, Economic Nationalism, and Britain’s Exit from the European Union

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1. Introduction

The United Kingdom referendum on European Union (EU) membership rolled a variety of different issues into one simple question: Should we remain in the EU, or leave it? This paper argues that although the Leave campaign brought together radically different and largely incompatible ideas about Britain’s role in the world outside the EU, the underlying sentiment of the Brexit vote was economic protectionism. The European Union, since the drive to complete the Single Market began in the mid-1980s, has become, more than a political union, a market system (Jabko, 2006) in which the interests of capital predominate (Blyth, 2013; Streeck, 2016). The United Kingdom (UK), as a liberal market economy which has consistently promoted this pro-market vision of the EU, has exposed its citizens more than most other member states to the upheavals this process of marketisation has generated.

The article will argue that this protectionist response can be best understood as part of what Karl Polanyi (1944) described as a ‘double movement’: the imposition of the market logic in ever more areas of social life, followed by a protective counter-movement to subordinate the market to political constraints. In this sense, Brexit is the lagged consequence of the process of liberalisation and marketisation the British economy has undergone since the 1980s, catalysed by the effects of the financial crisis of the late 2000s, which were particularly severe for the UK (Pettifor, 2017). In other words, notwithstanding the many cultural and constitutional issues at play, Brexit is fundamentally an economic phenomenon, part of a broad revolt against market liberalisation that has broken up an what appeared to be an unshakeable pro-market consensus in British politics.

As in other countries, the anti-system, anti-liberal sentiment that helped Brexit triumph has taken on a strongly nationalist character, which is most clearly on display in the UK Independence Party (UKIP), but also increasingly in the Conservative Party too. But nationalism is not the only possible expression of social anxiety at the upheavals wrought by inadequately regulated markets, and the Brexit vote was preceded by the dramatic changes in the Labour Party with the election of Jeremy Corbyn, who has articulated anti-market and anti-austerity sentiments on the left. Whilst Corbyn is a strong supporter of openness to migrants and refugees, his lukewarm endorsement of the Remain campaign showed that Euroskepticism was not confined to the nationalist right. This pattern of opposition to market liberalism from both right and left can also be observed in most other European countries and the United States, and this article starts from the premiss that Brexit is not a uniquely British phenomenon, but rather one of many cases of anti-market backlash that can be observed across the advanced democracies.

The article proceeds as follows: the next, second, section outlines Polanyi’s theory of the double movement, and the third shows how it can be applied to the development of the British economy since the 1980s. The fourth section shows how the Leave campaign drew on protectionist ideas, and the fifth section presents evidence on voting patterns to show that these ideas were effective in mobilising support for Brexit. The final section concludes.
2. Another Great Transformation? The EU from Single Market to Troika

It is well known that Britain’s four decades of involvement in the European Community/Union were that of an ‘awkward partner’ (George, 1994), and the British public always lacked the instinctive support for, or at least acquiescence in, the European project that characterise most of the other EU15 states, particularly those in continental and Southern Europe. Britain’s choice to depart the European Union is therefore unexpected but not entirely surprising; if any country was likely to leave the EU, most would agree it was the UK.

That said, Britain is far from the only country to have significant anti-European political movements and popular opposition to European integration. Indeed hostility to Europe, and in particular the euro, has been a common factor in the disparate array of populist and anti-system movements that have exploited the tensions arising out of the Global Financial Crisis and the Great Recession that followed it. The populist right in Finland, France, the Netherlands, Austria, Germany, Italy, Poland, and Hungary all express skepticism if not downright hostility to the EU. On the anti-system left parties such as Syriza in Greece, Podemos in Spain, the Bloco de Esquerda in Portugal and Mélenchon’s France Insoumise have all articulated, if not outright Euroscepticism, at the very least hostility to current European economic governance.

So there are strong grounds for interpreting the Brexit vote as just one, albeit very dramatic, example of a broader trend: the growing strength of economic nationalism (Clift and Woll, 2013) in a wide variety of European countries, which has been brewing for some time and which has accelerated with the economic failures of the last decade. British Euroscepticism rails against the transfer of powers from the national to the supranational level, but it also reflects the loss of political control over the economy more broadly, as governments forego the right to intervene to protect their societies from market forces. Brexit, alongside similar populist and protest movements in other EU member states, can be interpreted as a political response to the increasing marketisation of British and European economic life.

This article draws on Polanyi’s concept of the double movement to theorise these dynamics. Polanyi’s epic work *The Great Transformation* described the emergence of modern capitalism in 19th and 20th century Europe as a process of ‘commodification’, through which the market logic of exchange permeated social life and traditional institutions inconsistent with this logic were swept away. This was particularly noticeable in the labour market, with the cash nexus determining people’s ability to survive materially in a way which was unprecedented in human history, and the financial market, where the value of money was taken as overriding other social needs. Polanyi described this process as a ‘disembedding’ of the economy from social life, which brought not only material deprivation and economic insecurity but also social and cultural distress as communities and places were transformed or even destroyed in the name of economic progress.

Polanyi argued that the social and cultural havoc wreaked by this process inevitably generated a political response, as those affected demanded protection from the hard edges of the market and a ‘re-embedding’ of the economy in the social fabric. He described this dialectic as a double movement, a battle between
the needs of production and social needs, with the spread of market forces contrasted by protective counter movements. The emergence of modern welfare states in the twentieth century in response to the economic crises of the interwar period is a reflection of this double movement: western democracies all to varying degrees adopted extensive ‘decommodifying’ social policies protecting incomes, health and shelter (Esping-Andersen 1990). However, the double movement could also take a more sinister form: the political reactions to the economic distress caused by market failure in the 1920s and 1930s varied from the socially progressive policies adopted by Social Democrats in Sweden or the United States, to the brutal militarism and nationalism of Italian Fascists and German Nazis (Berman, 2006).

Can Polanyi’s explanatory framework be applied to contemporary democracies (Fraser, 2013; Block and Somers, 2014)? The process of European integration since the mid-1980s has mostly been a process of market-building (Jabko, 2006). The Single European Act of 1986 began a drive to deepen the European market by removing non-tariff barriers to trade, undermining many of the subtle institutional impediments to market competition across national borders. This process of market-making was quite explicitly intended to end economic protectionism, exposing companies and workers to Europe-wide market forces. ECJ judgements set about promoting free movement of people by opening national welfare systems to other European member state citizens, potentially placing public finances of the wealthier countries under strain (Liebfried and Pierson, 1995). Workers are increasingly participating in an international labour market, where citizenship provides little protection from competition. The extension of European integration to the monetary and fiscal spheres, with the creation of the euro and the related constraints on public deficits and debt, further restricted the ability of member state governments to cushion citizens from the downsides of the market.

The parallels with Polanyi’s account of the 1930s are particularly striking in the management of the sovereign debt crisis in the eurozone (Eichengreen, 2014). Hostility to the euro, and to the austere interpretation of its rules adopted after the financial crisis, are a feature of the discourse of most of the anti-system and populist parties that have emerged in the eurozone. Outside Germany, the main beneficiary of the euro, the single currency has acted in much the same way as the inter-war Gold Standard, with strict limits on monetary expansion mandating adjustments through ‘internal devaluation’ – lower nominal wages and spending (Blyth, 2013). Moreover, the European Commission has doubled down on austerity by enforcing strict fiscal discipline, imposing draconian budget cuts on member states that requested financial bailouts.

Britain of course did not join the euro, and the devaluation of the pound after autumn 2008 and adoption of quantitative easing by the Bank of England in 2009-2012 (and again in 2016) provided an important monetary safety valve for the economy. Moreover, although Britain did adopt a deficit reduction plan which imposed harsh austerity, this was not mandated by the European Commission, but was a political choice made by the Conservative-Liberal Democrat coalition government elected by UK voters in 2010. Britain’s economic policy after the financial crisis was not entirely pro-cyclical, nor was it the result of European Union pressures. We need to look more deeply into the nature of the
British political economy to understand how Brexit can be seen as a Polanyian counter-motion.

3. The Double Movement in the UK: Market Fundamentalism and its Consequences

It is ironic that Britain, under no less a Eurosceptic icon than Margaret Thatcher, was a driving force behind the completion of the European Single Market, legislated in 1986 thanks to the efforts of British Commissioner Lord Cockfield. But there is no obvious contradiction between Thatcher’s liberalising zeal in reforming the UK economy and her enthusiastic sponsorship of the Single European Act. Both were informed by free market thinking. The removal of non-tariff barriers to trade at the European level was consistent with Thatcherite deregulation of financial, product and labour markets in the UK, both being informed by the expectation that giving free rein to market forces and the unrestricted operation of the price mechanism would deliver substantial economic gains, as well as reinforcing a consumerist vision of individual liberty.

This acceleration of European economic integration through market liberalisation took place in the midst of a radical shift in the British economy away from government interventionism, corporatism and welfare provision, towards a much more market-oriented regulatory framework. As a result, the UK, much more than other European member states, was subject to a double dose of ‘market fundamentalism’ (Block and Somers, 2014): the Conservative government’s programme of privatisation and enthusiasm for contracting out public services was compounded by European level state aid and competition rules. Labour market deregulation favouring temporary and agency work and easing dismissal rules, and the various pieces of legislation curbing trade union rights, created a more competitive labour market in which workers’ bargaining power became increasingly individualised; the opening up of the single market for labour, through the various measures facilitating freedom of movement, potentially exposed British workers to competitive pressures. Timid efforts, driven by the Delors Commission, to contrast this liberalising zeal with European-level standards of social protection were successfully resisted by Britain’s Conservative government, which secured opt-outs from the Social Chapter.

The UK then was at the forefront of the turn to the market in European economic policy. British workers were subject to increasing ‘commodification’, in that their rights to collective bargaining and their protection from social risks were significantly reduced, to a much greater extent than in other Western European countries. However it is somewhat paradoxical that the ‘counter-movement’ provoked by these developments should take the form of Euroscepticism, since most of the impetus for commodifying reforms came from within, and most of the relevant reforms pre-date the completion of the European single market in 1992. Indeed, the effects of Thatcherite reforms on the income distribution in Britain were almost immediate. The Gini coefficient for disposable income inequality rose from 0.25 in 1979 to 0.34 in 1991; measures of absolute and relative poverty and wage inequality all saw dramatic
increases (Gosling and Lemieux, 2004). In the course of the 1980s, Britain became a much more unequal society, and this had little to do with changes at the European level.

Initially, the political response to Thatcherism was contained to British politics: the poll tax riots of 1990 contributed to Thatcher being forced out and replaced by the more pragmatic John Major, who adopted a more welfarist approach, allowing public spending to rise and ease the pressures on the income distribution. Major was succeeded by a Labour government that won three consecutive elections on the back of a political strategy based on rebuilding public services and protecting the welfare state, albeit within a pro-market framework. The political pendulum in Britain swung noticeably away from Thatcher’s market fundamentalism after 1990. But the New Labour episode failed to build a sufficiently resilient protective cushion to shield British society from the disastrous financial collapse of the late 2000s.

Labour’s strategy was a hybrid of a highly liberalised market economy with increased redistributive efforts through taxation and public spending (Hopkin and Wincott, 2006). Although the Blair government developed an ambitious anti-poverty strategy, social transfers for working age households were tied to strict conditionality, and little was done to enhance labour protections or boost the protective role of trade unions. Progress was made on child poverty and fiscal policy was clearly progressive (Joyce and Sibieta, 2013), but the weakly regulated labour market with very decentralized wage bargaining and high levels of flexible (i.e., temporary or part-time contracts) working, especially for low-skilled workers, meant that market trends were pushing strongly in the other direction. The Blair government’s decision to give immediate access to the British labour market to citizens of the new 2004 member states significantly increased the supply of labour, potentially mitigating the effects of the booming economy on worker bargaining power. In any event, overall levels of disposable income inequality did not substantially decline under Labour (Hopkin and Viarengo, 2012).

Part of the reason for this was the spectacular growth of the financial sector, which had begun in the mid-1980s with the Thatcher government’s Big Bang reforms, but which if anything accelerated under Labour. The boom in financial services delivered disproportionate gains to high income groups (Hopkin and Alexander Shaw, 2016), whilst facilitating a credit and housing boom which encouraged high levels of personal debt and priced many out of home ownership. Even while the economy continued to grow through to the beginning of the financial crisis in 2007, wage growth for most workers slowed down in the early 2000s (Machin, 2015). As well as benefiting higher income groups disproportionately, economic growth in Britain was very concentrated in spatial terms, with London and the South-East enjoying high growth rates, and little progress elsewhere (Dorling, 2006). Levels of productivity in much of post-industrial Britain are similar to the poorest countries in the European Union (Bessis, 2016).

Even before the financial crisis, almost three decades of market liberal policies in the UK had generated very uneven patterns of income growth, a heavy reliance on credit-fuelled consumer spending to generate demand, a consequently volatile business cycle, and a large share of the workforce with few qualifications, on low wages with low job security and a high dependence on the
benefits system. The livelihoods of UK citizens were subject to the vagaries of market forces driven by an unstable financial system. The liberal labour market regime and limited income support through the welfare state meant a growing ‘privatisation of risk’: most people in the UK had to deal with economic insecurity individually, rather than enjoying a more collective insurance against threats such as unemployment, poor pension provision, and inadequate housing. A society of individuals increasingly alone in dealing with economic difficulties was ill-prepared for a major downturn.

In 2008, the wheels came off this growth model (Hay, 2013) and the UK economy suffered its sharpest contraction since the Great Depression. Although unemployment did not rise as much as many had expected, the effect on wages was catastrophic: between 2008 and 2014 median real wages fell by around 8-10 per cent (Machin, 2015), a worse performance than any OECD country other than Hungary, Czech Republic and Greece (OECD, 2016). Housing prices, which had soared in the pre-crisis area, particularly in the South-East, fell back, exposing mortgage-holders to the threat of negative equity or even repossession. Consumers who had built up unsecured debt in the era of cheap loans found banks far less willing to extend credit. A growth model built on plentiful credit in which households were encouraged to make leveraged bets on real estate and make private provision for retirement, exposed large numbers of people to serious hardship, with limited state help available.

Moreover, the 2010 election ushered in a period of fiscal retrenchment which came down heavily on the sectors of society hardest hit by the financial crisis. The austerity programme of the Cameron government made some significant cuts to social transfers, albeit protecting pensions, and substantially reduced grants to local authorities. Public investment was also reined in, at least until 2013. This had the effect of weakening the mechanism through which the return of growth to London and the South-East could feed through public spending to the rest of the UK. On the other hand, the financial system responsible for the crisis, was bailed out by swift government action and spared fundamental reform once the emergency was over, with ‘arms length’ regulation maintained (Froud et al, 2010). The banks rescued by the Brown government were placed in the hands of City insiders, who continued to receive generous compensation despite continued losses. In this context appeals for a fundamental change in how the British economy works could prove effective.

4. Taking Back Control: Brexit as Economic Nationalism

The evidence presented above shows that market liberal policies have led to the commodification of the UK workforce and threatened the social fabric. This is a necessary but not sufficient condition for the emergence of a protective counter-movement. It still remains to be demonstrated that Brexit constitutes part of such a movement. This is complicated by the catch-all and often deliberately ambiguous, and at times wilfully misleading, nature of the Leave campaigns, which brought together different strands of Euroskeptic thinking. However there are clear indications in the referendum campaign that economic protectionism was a key part of the Leave message.

One faction of the pro-Brexit camp can be seen as unsympathetic to any
kind of protectionist counter-movement. Some globalist neoliberals campaigned for Leave, arguing that EU membership hindered the free play of markets by imposing unnecessary regulations or because of the imposition of common tariff barriers that restricted trade between EU member states and the rest of the world (Hannan, 2012). Some such figures, in particular those associated with parts of the financial sector, were motivated by hostility to European banking regulation developed since the global financial crisis, which was perceived as undermining free markets. Others drew on the unconventional belief that ‘genuine’ free trade could only be achieved by leaving the EU and ridding the UK of any tariff barriers to external trade (Minford, 2016). Complaints about EU standards and rules and their consequences for consumer items such as lightbulbs, kettles, and bananas were a staple of anti-EU propaganda that drew on the idea of regulatory overreach.

However, much of the rhetoric deployed by the various Leave campaigners are infused with protectionist or market-curbing aspirations. The most obvious of these is hostility to the freedom of movement of people across EU borders. Concerns about migration were tied to the potential that the ease with which non-UK workers could move to Britain in search of work, subjected UK nationals to higher risks of unemployment and downward pressure on wages. Although studies have tended to show only small or negligible effects of EU migration on UK wages and employment (Dustmann, Fabbri and Preston 2008, Nickell and Saleheen 2015, Portes 2016), it seems that for many Leave voters, migration was perceived as a threat to living standards, and the Leave campaign sought to emphasise this at every opportunity. The proposal to restrict access to the UK labour market to UK nationals, by constraining free movement from the EU, can be interpreted as a proposal to curb the operation of the price mechanism of the UK labour market by restricting supply, a clearly protectionist move.

Of course opposition to freedom of movement was not based solely on economic concerns, but also contained a strong cultural component, especially amongst older voters who are less threatened by the labour market consequences of migration. In areas of previously very low migration, such as rural areas in the East of England, the big increases in the Eastern European population appear to have motivated high shares for Leave (see Goodwin and Milazzo, 2017). This is also consistent with Polanyi’s double movement thesis, with the broader social upheavals to ‘habitation’ (place and community) a major source of the distress wrought by labour commodification. Again, demands for restrictions on migration constitute demands for regulation of the labour market to restrict supply and protect not only wages but communities from the perceived threat of outsiders. The strand of the Leave campaign close to UKIP sought to connect fears of uncontrolled immigration in general relating to the Syrian refugee crisis with EU freedom of movement, as in the infamous ‘Breaking Point’ poster unveiled by Nigel Farage.

A further plank of discontent was the strain placed on public services by sudden rapid increases in the population in some areas where migration increased quickly. Pressure on housing, education and health services purportedly resulting from immigration was frequently invoked in Leave propaganda. This pressure stemmed at least in part from the austerity measures inherent in the government’s deficit reduction programme, and until the
The referendum campaign Cameron had avoided challenging claims that migration, rather than government cuts, was to blame. Indeed, immediately after winning the 2015 election, the Prime Minister dedicated a speech to EU immigration, arguing that ‘under the free movement rules, national welfare systems can provide an unintended additional incentive for large migratory movements...Changes to welfare to cut EU migration will be an absolute requirement in the renegotiation’\(^2\). The evidence in fact showed that migration from the 2004 enlargement countries was particularly fiscally positive, whilst non-EU migration was a net negative (Dustmann and Frattini 2014).

By accepting the fiscal case for cutting migration, Cameron opened the door for Leave campaigners to exploit popular anger at austerity to mobilise support for Brexit, by tying the failures of the government’s deficit reduction plan to EU membership. In spite of the fact that governments since 2010 had been aided by immigration in their attempts to repair the damage to Britain’s public finance resulting from the financial crisis, the Conservatives had adopted the contradictory stance of committing themselves to a reduction in net migration. As a result, pro-Remain voices in the government were hindered in their ability to defend intra-EU labour flows as beneficial for the economy, whilst Leave campaigners, and in particular the right-wing press, consistently attacked immigration as a source of economic strain. Migrants were blamed for shortages of school places\(^3\), a problem aggravated by the Cameron government’s decision to scrap the Migrant Impact Fund established by the previous Labour government. Similarly, pressure on the NHS was blamed on the scale of migration\(^4\), and most notoriously, several leading Leave figures, including leading Conservatives Gove, Duncan Smith and Johnson, associated themselves with the misleading claim that EU membership cost Britain £350 million, money that they argued could be spent plugging gaps in the NHS budget.

We can see that the Brexit campaign was able to mobilise grievances surrounding the visible failures of liberalisation of the labour market and the fiscal consequences of the inadequately regulated financial system to EU membership. Although there was no real evidence that EU membership was to blame in any direct way for these failures, the weakness of the Labour opposition meant that there was no strong progressive argument for addressing austerity and insecurity through social democracy, rather than economic nationalism. The Labour party had spent two decades freeing itself of a reputation for economic interventionism, and had embraced free markets, economic openness and enthusiastic participation in the European project in the period before the financial crisis, leaving it with little credibility to suggest an alternative economic model. Similarly the Liberal Democrats, the most openly pro-European party, were held back by their involvement in the coalition government that had opted for austerity under Cameron. The key beneficiaries of this situation were UKIP and the Eurosceptic right of the Conservative Party, who could present themselves as offering the only viable alternative to austerity, insecurity and cultural threat.

The referendum campaign was not limited to economic issues, and the Leave campaigns also emphasised ideas of national sovereignty and democracy, and the problems they associated with the UK having to apply EU rules, and accept the supremacy of EU law and the rulings of the European Court of Justice. The slogan ‘Take Back Control’ invoked the promise of the UK regaining the
ability to take decisions and pass laws on matters of concern without interference from supranational institutions. The Vote Leave website argued: ‘Because EU law is supreme over UK law we cannot scrap any (EU) rules...This loss of control is deeply damaging and undemocratic. Elections should be about the public choosing who makes the laws. Instead, all our politicians have to do what the EU says - not what we say’.

The sovereignty argument is not necessarily a protectionist one, and indeed many prominent Leave campaigners linked Brexit to greater economic openness, although usually in terms of trade in goods, rather than the kinds of service industries that would imply more open borders. In this sense, the demand for national sovereignty can be seen more broadly as a demand for the reconstitution of a democratic political sphere capable of ‘taking back control’ of a series of policy decisions that have been ‘outsourced’ to supranational institutions or national-level technocratic agencies, and removed from everyday political debate (Mair, 2013). The workings of the EU have been subject to a long-running debate about its ‘democratic deficit’ (see Follesdal and Hix, 2006).

Most of the relevant areas subject to this trend relate to the economy, both macroeconomic tools such as fiscal and monetary policy, and microeconomic issues of market regulation. In a global economy increasingly internationalised and governed by rules set at the supranational level, it appears that economic policy escapes any form of accountable political authority whatsoever (Blyth, 2003). The EU is of course perhaps the clearest example of this, as the UK and the other member states bind themselves to shared rules, rules mostly informed by a pro-market vision which restricts the ability of democratically elected sovereign governments to intervene with market dynamics. This trend towards the ‘regulatory state’ (Majone, 1994) was targeted by the Leave campaign, not only in its opposition to the supremacy of EU law, but also in invoking hostility to unelected ‘experts’, such as Treasury and Bank of England officials who argued that Brexit would have nefarious consequences for the British economy6.

Whilst this demand for national sovereignty was not necessarily protectionist, it was a necessary condition for economic protectionism to be achieved, and the Leave campaign’s emphasis on immigration and the inability to control it inside the EU illustrates a clear link between national policy autonomy, democracy, and protection from the market. The EU’s firm application of the principle of free movement of people has been the most glaring example and the one most visible to British voters, but similar arguments could be presented for the other three freedoms too. The UK government would not be able to protect British goods and services from the competitive Europe-wide market even if it wished to, due to state aid rules and regulatory convergence. These competitive pressures have led to weaker companies failing, and can be seen as driving a race to the bottom in social provision and labour market regulation in an attempt to maintain competitiveness. Similarly, freedom of movement of capital has exposed Britain to financial volatility and fuelled part of the housing boom which has destabilized the household economy of British families. The minority ‘Lexit’ strand of pro-Leave thinking emphasised these arguments.

The exposure of British society to market forces has been driven predominantly by decisions taken by successive British governments, and European integration has been reconciled with high levels of social protection
elsewhere in the EU. However the feeling of 'loss of control' that was expertly exploited by the Leave campaign can be seen as the consequence of a quarter-century long process of liberalization driven by both British politicians and the forces of economic internationalization and European political cooperation. The demand to ‘take back control’ is in part a demand for protection from a globalized market economy, and a plea to re-embed the market in the national social fabric.

5. Support for Brexit: A Vote Against the Market?

Having shown how the main messages of the Leave campaign were consistent with protectionist and anti-market thinking, it still remains to be demonstrated that Brexit won support on this basis. This section will assess the electoral and political characteristics of the Brexit vote with a view to showing how they reflect unease at the incursion of market dynamics into social life. This unease was a product both of material economic distress and the more cultural and social upheavals related to migratory movements as the UK labour market recruited large numbers of workers from other EU member states.

The most straightforward reason for seeing Brexit as articulating an anti-market counter-movement is its appeal to lower income, less educated voters in poorer areas of the UK. This 'left behind' thesis (Ford and Goodwin 2014) holds that support for UKIP in recent elections is driven largely by older, less educated, working class men who are generally losers from economic change and feel threatened or irritated by cultural changes brought by immigration and the rise of liberal cultural values. The available evidence on the 2016 referendum voters suggests these same characteristics were also predictors of the Leave vote, suggesting that economic hardship was driving the result. Leave voting decreased with income, and also with educational qualifications, both of which are indicators of individual exposure to economic risks (Clarke, Goodwin and Whiteley, 2017). As Goodwin and Heath (2016) summarized, vulnerability to poverty, unemployment, low skills, and perceptions that one’s financial situation had deteriorated over the recent period were all strong predictors of the Leave vote, a patterns consistent with the double movement hypothesis.

The importance of economic distress can also be seen in the geography of the vote. Outside Scotland and Northern Ireland, Remain polled comfortable majorities only in London and prosperous smaller cities such as Oxford, Cambridge, or Brighton, usually with higher incomes and much higher shares of university graduates than the UK average (Goodwin and Heath, 2016). In contrast, very high shares of Leave votes were found predominantly in poorer, former manufacturing areas of England and Wales. Colantone and Stanig (2016) find that Leave voting was higher in areas most exposed to heightened global economic competition. The effects of long-term economic decline were compounded by the short-term consequences of fiscal austerity. Labour’s expansion of public spending up to the crisis had mitigated the effects of the decline of manufacturing, but harsh constraints on public spending on social protection after 2010 had their greatest effect in those areas. The Leave vote was strongest in regions which suffered the greatest spending cuts (Harrop 2016, Becker, Fetzer and Novy 2016). The three areas with strong support for Remain - London, Scotland and Northern Ireland – are all territories with devolved
administrations and favourable public spending arrangements (Phillips, 2014),
leading to an attenuated impact of austerity measures (although the Remain vote
in Scotland and Northern Ireland was clearly also linked to identity and
constitutional concerns).

Age was also a strong predictor of the Leave vote. Tangled up with the
other key variables of education, which declines with age cohort in the UK, and
also to some extent income (pensioners having lower income than prime
working age citizens), age appears to have an independent effect. This has been
interpreted as a sign of a cultural backlash against globalisation, increasing
immigration, and rapid shifts in cultural norms (authoritarian views on issue
such as family life and the death penalty are strong predictors of the Leave vote
[Kaufmann, 2016, Inglehart and Norris 2016]). The younger cohort voted
decisively to Remain, despite facing much greater economic insecurity, at least in
the short term, than the older population. The strong Leave vote amongst
pensioners, whose incomes have risen more quickly than the working age
population since the financial crisis, could suggest that for many voters the
cultural ramifications of rapid shifts in population driven by labour market
trends were as important as material economic factors. However older voters
are also disproportionately dependent on public spending on pensions, health
and social care, and were therefore directly affected by austerity, particularly in
its effects on public services.

The predominance of older voters in the Leave camp, alongside the clear
evidence of public disquiet over immigration, has led some scholars to dismiss
the economic motivations for Brexit in favour of a more cultural explanation. As
the NatCen report into the vote described, ‘the Leave victory was not about
demographics alone... matters of identity were equally, if not more strongly
associated with the Leave vote – particularly feelings of national identity and
sense of change in Britain over time’ (Swales, 2016). Clearly immigration was a
touchstone issue, and high levels of concern about immigration since the mid-
2000s clearly fuelled the pressure for a referendum, and contributed to the
Leave’s success. NatCen’s data showed that immigration was the second most
important issue for voters after the economy (Swales, 2016: 13), and Clarke,
Goodwin and Whiteley’s (2017) analysis suggested attitudes towards
immigration were important predictors of the Leave vote. Moreover, although
Leave-voting areas on average had low shares of migrants in the population than
Remain-voting areas, the rate of increase of immigration was a predictor of
Leave vote (Goodwin and Milazzo, 2017).

Economics and identity are often presented as opposing hypotheses in
the debate on the rise of populism (Norris and Inglehart, 2016; Curtice, 2016).
This analytical distinction is misleading: the political economy of the post-crisis
period in the UK brought together wage stagnation, reductions in social
expenditure, greater economic security and high levels of migration as part of
the same process of economic adjustment. These different factors can be
separated analytically and measured through separate survey questions, but
they are experienced together. Hobolt (2016) shows that whilst economic risks
were an important motivation for the Remain vote, Leave voters justified their
choice in terms of immigration and sovereignty. The socio-demographic
characteristics of Leave voters are clearly related to their social attitudes – a
preference for cultural homogeneity and traditional values correlate with low
levels of education and therefore exposure to the sharp end of labour market competition with migrants, although the real measurable effects of this competition appear small.

The dramatic changes brought by globalisation, the extension of market relationships to new areas of social life, and the acute shock to material living standards resulting from the financial crisis, could be expected to produce a powerful political counter-movement. The Brexit vote displays the characteristics of a protest against the social, economic and cultural consequences of a long process of marketisation of the British economy.

6. Conclusions

This article has presented the vote for Brexit as an expression of an anti-market ‘counter-movement’, drawing on Karl Polanyi’s account of the double movement of market liberalization and anti-market political movements in the nineteenth and first half of the twentieth centuries. I have argued that the wave of pro-market policy since the 1980s, both at the UK level and supranationally through the EU, has generated a political reaction, catalysed by the 2008 global financial crisis and resulting austerity. Interpretation of the key messages of the Leave campaign and the characteristics of the most likely Brexit voters confirms that the project of leaving the EU was in large part a protectionist one, and that exposure to the hard edges of the market reforms of the past decades was a strong predictor of openness to this project.

The vote for Brexit is not an isolated event, but part of a wave of populist, anti-elite revolts: a new ‘anti-system’ politics Western democracies are experiencing, shaking the existing consensus around economic integration, free markets and liberal values. This wave takes a variety of forms, but has in common a robust, even violent, rejection of the mainstream political elites and their values, and a demand for governments to act on the sources of social and economic distress and inequality. This article views Brexit as a part of this new anti-system politics, a reaction to the increasing impotence of established political elites to address the upheavals wrought by global market capitalism. This reaction has become particularly acute since the financial crisis of the late 2000s, which affected Britain disproportionately, and the failure of austerity policies to revive growth, crystallising the ineffectiveness of existing policies to deal with economic stagnation.

This policy failure is compounded by a perceived refusal of politicians to engage with the broader public, and a lack of real choice between the mainstream political parties. What is especially striking about the referendum and its aftermath is that the UK appears to be a country viscerally divided on fundamental issues of economic organisation, international relations and even the very survival of the UK state itself. Yet politics since the early 1990s had revolved around a broad consensus of the main political parties on all these issues, a consensus which is now falling apart in the face of the evidence of intense political polarization in the population. Brexit expresses one side of this divide, but the spectacular growth of Scottish nationalism and the radicalisation of the Labour party also express deep-seated discontent at how Britain is currently governed. The liberal, pro-market consensus of the 1990s and 2000s is
now a minority position, besieged by the demands of social forces of both left and right for protection from uncontrolled markets. This scenario would not have surprised Karl Polanyi.

Notes

3 See for example, Priti Patel, ‘Uncontrolled migration is putting unsustainable pressures on our public services’, April 18, 2016. http://www.voteleavetakecontrol.org/_priti_patel_the_shortage_of_primary_school_places_is_yet_another_example_of_how_uncontrolled_migration_is_putting_unsustainable_pressures_on_our_public_services.html
5 Voteleavetakecontrol.org 'Briefing: Taking Back Control from Brussels' http://www.voteleavetakecontrol.org/briefing_control.html
6 ‘Britain has had enough of experts, says Gove’, Financial Times June 3, 2016. https://www.ft.com/content/3be49734-29cb-11e6-83e4-abc22d5d108c

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