'BREXIT': A POLITICAL ECONOMY APPROACH

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To understand the future of the UK no matter the decision on Brexit, the authors argue it is imperative to understand what led to Brexit in the first place. Almost unmistakable, whatever the future of Brexit, the British economy is smaller because of the referendum to leave than it would have been otherwise.

1. Introduction

On June 23rd 2016 the UK decided in a referendum by a small but clear majority to 'leave' the European Union. This unexpected decision was preceded by several months of intense and polarised debate and arguments about the advantages and disadvantages of continued UK membership of the EU. The intense debate and fierce argument about 'Brexit', however, did not end with the announcement of the referendum result. Two related questions dominated the post-referendum political landscape. First, *why* a majority of voters in the UK, unexpectedly, voted for 'Brexit'? Second, *how* was the referendum decision to be implemented?

The two questions are closely interconnected because understanding the reasons *why* voters in the UK voted to leave the EU is helpful in formulating an answer to the question of *how* the UK should exit the EU: if we understand the main motivation for voting 'leave' it is easier to implement the type of exit that best fits the 'will of the people' as expressed in the 2016 referendum. 'Leave' supporters, of course, question the need or indeed the usefulness, beyond the normal concerns of academic inquiry, of such a debate. After all, people in the UK voted to 'leave' the EU because they wanted to leave the EU and the process of leaving the EU is simply to leave the EU!

Unfortunately, neither question can be answered in such a simple and straightforward way. The Lisbon treaty of 2009 stipulates that for a member state to leave the EU it must first *trigger* article 50, "in accordance with its own constitutional requirements" and *negotiate* an agreement about the "arrangements for its withdrawal" within a period of two years. Given that no full member ever exited the EU, this process was and still is, uncharted territory. Some of the legal and political complexities of triggering article 50 have escaped notice and, therefore, debate during the referendum campaign. For example, what were the "constitutional requirements" in the UK for triggering article 50? After a legal challenge and

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an acrimonious legal battle, the constitutional issue was finally settled by the UK Supreme Court ruling that Parliament should trigger article 50.

This, however, did not put an end to the political wrangling about what should happen *after* article 50 is triggered. A 'negotiated exit' means that the UK can, in principle, negotiate a 'soft', a 'hard' or a 'com promise' Brexit and remain consistent with the referendum instruction of exiting the EU. The process of 'leaving' the EU turned out to be far more complicated than anyone anticipated during the referendum campaign.

Analysing the reasons *why* voters in the UK voted for Brexit is also important because the 'Brexit' referendum decision may have been due to the emergence of a much wider political phenomenon often referred to as *populism,* affecting voter behaviour beyond the UK. This wider issue of the spread of populism is beyond the scope of this paper, which is concerned mainly with developments in post-2016 referendum UK. Section 2 examines the *why* question and concentrates on the issue of immigration and its possible crucial impact on the referendum result. Section 3 considers an additional contributory factor in explaining Brexit referendum result: the weaknesses and inconsistencies of the 'remain' campaign. Section 4 reviews the protracted debate on *how* the 'will of the people' is to be implemented and some concluding thoughts are presented in section 5.

2. *Why* **'Brexit'?**

A widely accepted explanation for the unexpected electoral outcome of the June 2016 referendum on continued UK membership of the EU, is based on the so called 'angry voters' theory. The 'angry voters' were losers from the effects of globalisation and of the Great Recession, who felt that their 'concerns' have been persistently ignored by 'liberal elites', generating an anti-establishment sentiment. These were popular 'concerns' relating to economic insecurity but also to perceptions that low wages, shortages in housing, education and health care were primarily due to immigration. Such concerns could easily be exploited by populist politicians using familiar tactics: demagoguery, lies, deceptions, over-simplifications combined with scapegoating and appeals to nationalism and nativism. Was the 'leave' campaign a populist campaign?

There is no doubt that leaders of the 'leave' campaign claimed to be articulating the concerns of 'the people' about Europe and particularly about immigration. Mr Michael Gove, a cabinet minister and leading 'leave' campaigner, declared in one of the televised debates that he was 'on the side of the people against the elites' and that 'we have had enough of experts. Populists tend to subscribe to 'conspiracy theories' and Mr Gove was suggesting that many independent economic organisations 'conspired' to distort the truth about the economic uncertainties of 'Brexit'. One of the achievements of the 'leave' campaign was that it successfully shifted the debate away from the uncertain economic consequences of 'Brexit' ('we have had enough of experts') to the certainty of re-gaining control of national borders through 'Brexit' ('no unrestricted immigration'). The message was that voting 'leave' was patriotic, rational and non-racist. In the next section, we will discuss how and why this transformation took place.

2.1 Immigration: The Story of Two Conversations

During the 2010 general election campaign in the UK the leader of the Labour party Gordon Brown, was recorded on camera having a conversation with Mrs Gillian Duffy, a lifelong labour party supporter and voter. After this conversation, Mr Brown returned to his car but forgot to switch off his microphone and was recorded describing Mrs Duffy as 'that bigoted woman'. During their conversation, Mrs Duffy raised several issues including immigration. She stated that "you can't say anything about the immigrants" but she was wondering about all these Eastern Europeans who were coming into the country. "Where are they flocking from?", she asked. Mr Brown tried to address her concerns by explaining that EU migration was a two-way process with many UK citizens living in EU countries. The conversation between Mr Brown and Mrs Duffy would have probably gone completely unnoticed had Mr Brown not forgotten to switch off his microphone. By describing Mrs Duffy as a 'bigoted woman' the incident became headline news but EU migration did not become a major election issue. Mr Brown apologised personally to Mrs Duffy and the economy remained the dominant election issue in 2010.

A few decades earlier another conversation took place between a conservative politician, Mr Enoch Powel, and one of his constituents. This conversation was never recorded but it was recounted by Mr Powel himself in a speech in Birmingham on the 20th of April, 1968. In this speech, which subsequently became known as the 'rivers of blood' speech, Mr Powel repeated a conversation he had with one of his constituents, "a middle-aged, quite ordinary working man employed in one of our nationalised industries". The constituent told Mr Powel that if he had the money he wouldn't stay in this country because "in 15 or 20 years' time the black man will have the whip hand over the white man".

Mr Powel, unlike Mr Brown, did not find the views expressed by his constituent in any way objectionable. On the contrary, he thought the constituent was "a decent, ordinary fellow Englishman" saying what hundreds of thousands of citizens in the country were saying and thinking. It was his duty not to ignore these views which as it happened coincided with his own views on the matter of 'commonwealth' immigration: there were already too many 'commonwealth' immigrants in the country and it was 'madness' to permit the continued 'influx' of dependents which will result in an even larger immigrant and 'immigrant-descended' population. The simple and rational solution was to stop the inflow and promote the maximum outflow of immigrants. Failure to implement this policy urgently was like watching a nation "busily engaged in heaping up its own funeral pyre". Looking ahead, Mr Powel was filled with foreboding like the Roman who saw "the river Tiber foaming with much blood".

Enoch Powel was dismissed from the shadow cabinet by the then conservative party leader Mr Edward Heath following his 'inflammatory' speech. His views were widely condemned and his pessimism about the future of race relations in the UK was rejected by all major political parties. Multiculturalism was embraced by mainstream politics and Enoch Powel was politically marginalised. It could be argued that he was the victim of his own success. Powel's views may, unintentionally, have contributed to Heath's unexpected election victory

in 1970 which ensured Powel's political demise. His views on immigration, however, resonated with the public at large with opinion polls consistently showing large majorities in favour of his proposed policies on immigration.

Opinion polls are of course, opinion polls, not an actual election result. In the intervening period between the 'rivers of blood' speech in 1968 and the 'bigoted woman' incident in 2010, the strength of public opinion on immigration policy was never directly tested, either in the form of a national referendum on immigration policy or a general election dominated by the issue of immigration. Things were about to change with the 2015 general election in the UK.

In 2015 the conservative party included in its election manifesto the promise of a referendum on continued UK membership of the EU. Having unexpectedly achieved an overall majority in the general election of 2015, Mr David Cameron, the then Prime Minister, fulfilled his manifesto promise by announcing that a referendum on continued EU membership was to take place on the 23rd of June 2016. The UK voters had to decide whether they wanted to 'remain' in or 'leave' the EU.

What is the connection between a referendum on continued EU membership and immigration policy? There is, of course, a clear connection between the two because continued membership of the EU entails un-restricted and un-controlled migration from the EU. How significant was this connection during the 2016 referendum? The question on the ballot paper was simply: do you want to 'remain' or 'leave' the EU? Although at the early stages of the campaign the debate was dominated by the economy, it seems that towards the end of the campaign the debate was in fact transformed into a debate on immigration policy. It was as if the referendum question effectively changed to the following simple choice: do you want to 'remain' in the EU and have un-restricted immigration from the EU or do you want to 'leave' and regain control over immigration into your country from the EU? People's concerns about immigration once again came to the fore.

2.2 Addressing People's Concerns on Immigration

The Government in its *White Paper* on 'Brexit' states that record levels of net migration in the UK over the last ten years "has given rise to public concern about pressure on public services, like schools and our infrastructure, especially housing, as well as placing downward pressure on wages for people on the lowest incomes. The public must have confidence in our ability to control immigration. It is simply not possible to control immigration overall when there is unlimited free movement of people to the UK from the EU" (see, also Whyman and Petrescu, 2017, chapter 6).

People's 'concerns' about immigration, have not changed dramatically during that long period between the 'rivers of blood' speech and 'Brexit'. Enoch Powel's concerns were about 'Commonwealth' immigration; those of the 'Brexiters' in the 2016 referendum were primarily about 'European Union' migration. The concerns themselves, however, remained remarkably very similar. These were typically concerns about (a) the total number of immigrants, (b) their geographic concentration, (c) the projected, 'unsustainable', growth of

immigrant and 'immigrant descended' population; and (d) the overall impact on jobs, wages, housing, education, health care and social services as well as the non-economic impact of immigration on the overall culture, social cohesion and national identity of the country.

Following Enoch Powel's 'rivers of blood' speech, a political consensus emerged in the UK whereby these popular concerns about immigration were addressed and debated without using inflammatory language like: "the black man will have the whip hand over the white man" or that it is 'madness' not to stop the inflow and maximise the outflow of immigrants. Although overtly racist and xenophobic discussion of immigration was virtually confined to the extreme right-wing fringe of politics, nevertheless a certain degree of uneasiness was still present in public discussions about immigration. There was always apprehension that expressing an anti-immigration view could be linked to racism, xenophobia and prejudice.

The significance of the 2016 referendum was that, for the first time in a national election, this link appears to have been decisively broken. In 2016 voters like Mrs Duffy could express opposition to immigration without being described as bigots. The 'leave' campaign presented a political demand on immigration that aimed at putting an end to unlimited free movement of people from the EU to the UK. The 'leave' campaign insisted that this demand was not based either on prejudice or ignorance. It was **not** directed against EU immigrants *per se,* but against un-restricted, un-limited and un-controlled EU immigration. It was also **not** based on a failure to understand and acknowledge the valuable contribution of immigration, past present and future, to the UK economy and society. It was a rational, no-racist and patriotic demand that a sovereign nation state should be able to enjoy the benefits of immigration without subscribing to unlimited free movement of people. It was, therefore, up to the 'remain' campaign to provide a credible alternative narrative on immigration and a convincing justification as to why free movement of people was indeed a good idea.

3. Europe and the UK: The Dangers of 'Semi-Detachment'

The EU is not just an economic union but also a political project as well. It is generally known as the 'European Project'. A central element of the 'European Project' is the aspiration, expressed in the opening sentence of the Treaty of Rome in 1957 and repeated subsequently in all important EU treaties, of 'an ever-closer union among the peoples of Europe'. Although this aspiration has never been precisely defined, it is generally assumed to mean the prospect of establishing greater economic *and* political integration in Europe which may eventually take the form of a European 'supra' national or federal state.

The UK's attitude towards the 'European Project' was mostly problematic. It was at best ambivalent and at worst openly hostile. Its initial hostility took the form of a refusal to join the original six European nations that formed the European Common Market in 1957, preferring to join the EFTA, a trading block without aspirations of eventual political unification. Even after becoming a full member, under both labour and conservative governments, the UK's attitude towards the 'European Project' remained decidedly lukewarm and un-enthusiastic. This attitude of 'semi-detachment' took the form of various 'opt-outs' negotiated by successive UK governments from developments perceived to be

pushing the EU towards greater political integration such as the single currency and the abolition of borders through the Schengen agreement. Eventually, the UK's position of 'semi-detachment' from Europe was formalised when David Cameron negotiated in 2016, prior to the referendum, an 'opt-out' from the requirement to participate in the creation of 'an ever-closer union'.

The Cameron 'opt-out' did not provoke any noticeable negative reaction from leading pro-Europeans in other political parties in the UK. In fact, it was viewed overall as a welcome strategic move. It provided the 'remain' side with an excuse not to discuss and to defend a seemingly unpopular cause and deprived the 'leave' side of a potent, from their perspective, debating argument concerning the political future of Europe. There was little point in discussing an issue on which both sides appear to be in broad agreement: 'an ever-closer union' was not a good idea. However, once 'unrestricted' immigration from the EU became a central issue in the campaign, this strategy backfired. If 'an ever-closer union' is a bad idea why is 'free movement of people' a good idea?

The European Single Market requires its members, which need not necessarily be member states of the European Union, to adhere to the so called 'four freedoms', the free movement of goods, services, capital and people. What is the reasoning behind this supposedly non-negotiable and inviolable rule? Economists since Adam Smith have argued that the economic benefits from the free flow of goods, services and capital can only be fully achieved if there is also free movement of labour. In fact, any restriction on the free movement of any single component of the four freedoms could have adverse repercussions on the others. From the standpoint of economics, the 'four freedoms' are inseparable. There is also a political justification for the 'four freedoms', however, which is arguably more significant than the economic one.

It makes economic sense to have free movement of labour when goods, services and capital move freely. It also makes sense in terms of economic efficiency to have a single currency for all transactions within a single market as well as not having costly border controls when crossing national boundaries. This is how a single market operates within a nation state. In a national market, there is a common currency, there are no internal borders and therefore no border controls and there is complete freedom of movement. Significantly, in a national market there is free movement of people, not just free movement of labour or economically active persons. This does not necessarily mean that the creation of a single market of several sovereign nation states in Europe must replicate the way a single market operates within a nation state. Yet this is effectively what the European political leaders who signed in 1992 the Treaty on the European Union (TEU), also known as the Maastricht Treaty, decided to do.
The TEU laid the foundations for the current system of governance of the EU and the single market. The two most important and far reaching decisions of the TEU were first, the establishment of European Citizenship and second, the establishment of the completion of Economic and Monetary Union as a formal objective of the EU. The first decision established the principle of the 'free movement of people' within the EU and the second led to the creation of a 'single currency'. Both are usual features of a single market within a nation state but they are not essential for the functioning of a single market between sovereign nation

states. Indeed, currently the UK and other states participate fully in the single market without a common currency. The introduction of 'free movement of people' and a 'single currency' had more to do with politics rather than economics. It related to the vision of a politically united Europe. It was intended to advance the aspiration of 'an ever-closer union among the peoples of Europe' and contribute towards the achievement of greater political integration in the EU.

Since 1992, 'free movement of people' and a 'single currency' became a reality in the EU. The long-term viability of both, however, is now being questioned because of lack of progress in the process of political integration. The euro-zone crisis demonstrated vividly the immense problems that can emerge by operating a monetary union without a political union while the 'Brexit' crisis raised similar concerns about 'free movement of people'. Many of the current problems that threaten the stability and the very existence of the EU, such as fiscal transfers, sovereign bail-outs and free unrestricted movement of people, *would not be so intensely divisive issues in a federal political system.* In this sense an 'ever closer union' is part of the solution and not part of the problem with EU membership. The problem is that there is no clear road map as to how this is to be achieved. The shock of the 'Brexit' decision in the UK brought to the fore the existing tensions in the EU as to how the European project is to be completed. These tensions between federalists and anti-federalists had their counterparts in the UK referendum campaign.

The populism of the 'leave' campaign was undoubtedly a significant factor that led to the 'Brexit' result. Many of the conditions for the emergence of a classic populist campaign were present. There was disillusionment and discontent among losers from globalisation who experienced wage stagnation and economic insecurity, which in turn generated an anti-establishment sentiment exploited by right-wing populists using familiar tactics. The 'leave' campaign, however, claimed, above all, to be articulating the concerns of 'the people' about unrestricted EU migration, successfully shifting the debate away from the economic uncertainties of 'Brexit' to the certainty of re-gaining control of national borders. During the campaign, however, the passionate anti-Europeanism of the 'leave' side was not matched by an equally passionate and enthusiastic pro-European stance by the 'remain' side.

The pro- European side could not provide a credible and principled defence of the central issue of the campaign concerning the 'free movement of people' because a large majority of the 'remain' side never fully subscribed to the ideal of a politically united Europe - an ideal upon which the concept of European citizenship was based. The Eurosceptic opposition to an 'ever-closer union' was consistent with *rejecting* 'unrestricted' migration; the opposition to an 'ever closer union' by the 'remain' side was not consistent with *accepting* 'unrestricted' EU migration. The 'remain' side must, therefore, accept its share of responsibility for the 'Brexit' electoral outcome.

For the 'remain' side supporting the idea of freedom of movement of people in the EU was a case of 'damned if you do and damned if you don't'. A more robust and principled pro-Europeanism during the referendum campaign would not have been perceived as genuine and credible; rejecting the aspiration of 'an ever-closer union' while accepting free movement of

people, however, was inconsistent. In this sense, once the decision was taken to hold a referendum on continued membership of the EU, 'Brexit' was an accident waiting to happen. The 'remain' side possibly over-estimated its ability to sell the message to the British voters that it was worth staying in a club with unacceptable and unpalatable rules for purely economic benefit. A majority of UK voters decided that accepting the club rules was too high a price to pay for continued membership of the club.

Another metaphor used to describe the troubled relationship between the UK and the EU is the 'marriage' metaphor. The 'leave' campaign wanted a 'divorce', citing 'irreconcilable differences' and insisting that a 'divorce' was a better option than remaining in an unhappy, 'loveless' marriage. An 'amicable' divorce would enable both parties to have a fresh start. The 'remain' side, on the other hand, appeared to be satisfied with a 'marriage of convenience', arguing unconvincingly that the 'loveless' marriage had a long- term future. A 'love affair' with the European Project is clearly not essential in order to remain a member of the EU but some affinity and connection with the project would have been helpful in defending in a referendum the fundamental principle of free movement of people in the EU. The 'remain' campaign could not present the principle as part of a wider ideal, having 'opted-out' from the aspiration of 'an ever-closer union'. At best it was defended as part of a general commitment to 'internationalism' but more frequently as simply a 'necessary evil' or a 'price to be paid' for the economic benefits of membership of the single market. Decades of 'semi-detachment' from the European Project by the pro-European side in the UK had its consequences.

4. The Implementation of the 'Will of the People'

In the 2016 referendum, the question on the ballot paper was simply: do you want to 'remain' or 'leave' the EU? Although voters were asked a simple question, deciding on the answer to this question was not an easy or simple matter. There were, clearly, several different complex dimensions which had to be considered, such as the uncertain economic consequences of exit, the cost of EU membership, its effects on national sovereignty and national identity and, of course, immigration.

Voters, whether in a general election or in a referendum, are simply asked to cast a vote; they are not asked to explain and give reasons why they voted one way or another. We can, therefore, only speculate as to what the dominant consideration or concern was in people's minds when casting their vote on June 23rd 2016 in the EU referendum. Normally, of course, the only thing that matters, in an election, is its outcome. What is beyond any doubt is that in the EU referendum a majority in the UK voted to 'leave' the EU. However, given that after triggering article 50, there were alternative pathways to exiting the EU, it is important that those entrusted with negotiating the implementation of the 'will of the people', as expressed in the referendum, knew what type of 'Brexit' people voted for.

The leadership of the 'leave' campaign was in no doubt that the majority voted not only to exit the EU but also to put an end to the free movement of people from the EU into the UK, stop contributions to the EU budget, end the juristiction of the European Court of Justice and

regain control of the UK's ability to conduct independent trade deals around the world. This interpretation of the referendum result was endorsed by the Prime Minister in her Lancaster House speech on 17 January 2017. Mrs May claimed that what the British people voted in the EU referendum was for what has come to be known as a 'hard' Brexit. This means that after 'Brexit' the UK must leave the Single Market and the Customs Union. To do otherwise would be undemocratic and contrary to the 'will of the people'.

There was, indeed, a clear, unambiguous and democratically expressed view that the UK should 'leave' the EU. Was there a similar majority view about ending free movement of people and therefore exiting the Single Market, membership of which requires acceptance of free movement? The 48% that voted 'remain' clearly accepted 'free movement' as a condition of EU membership. To claim that the referendum result indicates that a majority of British voters was also opposed to free movement of people it must be assumed that all, or nearly all, of the 52% that voted 'leave' also wanted an end to the free movement of people from the EU into the UK. This may, of course, be a reasonable or even a realistic assumption. It is not possible, however, to claim with certainty that a democratic majority voted in favour of ending the free movement of people. It is entirely possible that some of the people who voted 'leave' were not against free movement of people.

The Prime Minister in her Lancaster House speech argued that exiting the EU but remaining in the single market "would to all intends and purposes mean not leaving the EU at all" and therefore voters knew perfectly well that "a vote to leave the EU would be a vote to leave the Single Market". The possibility, however, that a small but unknown fraction of 'leavers' had no problem with free movement of people cannot be ruled out. Some voters, for example, may have been impressed with the so called 'Norwegian Model'. Norway, an independent, sovereign nation, decided through a referendum in 1994 to remain outside the EU but is maintaining economic links with Europe through membership of the European Economic Area. Could it be the case that a fraction of 'leave' voters, for whatever reason, were not opposed to free movement of people? There is no hard evidence about the size of this fraction of un-typical 'leave' voters but it would be fair to assume that it was probably relatively small. If there was a huge majority in favour of 'leave', this consideration could be dismissed as trivial and insignificant and be ignored. Given how small the 'leave' majority was, however, it would require only a small swing among 'leave' voters to eliminate the presumed majority for a 'hard' Brexit. It is not possible, therefore, to claim with certainty that a democratic majority of the British people voted in 2016 for a 'hard' Brexit. Yet this is what the British Prime Minister claimed in her Lancaster House speech. Mrs May in formulating the government's strategy for the 'Brexit' negotiations was indeed acting, as if the 2016 referendum produced a landslide victory for the 'leave' side.

4.1 Parliament v The People

The UK is a parliamentary democracy in which, in line with most advanced democracies in the world, virtually all decisions of government are taken not directly by the people but indirectly by the people's representatives. The government is accountable to Parliament and ultimately to the people in general elections. There is no constitutional requirement or convention for national referenda in the UK. A sovereign Parliament can decide at any time to have a referendum on any issue by passing a referendum law. Parliament, however, used this option of national decision making only three times in the UK's long history of democratic politics, in 1975 (on remaining in what was then the EEC), in 2011 (on the alterative voting system) and in 2016 (on Brexit). The decision to join the European Economic Community was *not* taken by means of a national referendum. The UK joined the EEC because in 1970 it elected a conservative government that had a commitment in its election manifesto that it would apply for membership of the EEC. On 1 January 1973 the UK joined the EEC because Parliament approved the negotiated terms of entry. It is not entirely clear what role Parliament would play in the process of approving the terms of exiting the EU. The previous two referenda produced decisive results in the form of super-majorities of about 67%, in support of maintaining the *status quo* which was also supported by a majority in Parliament. The 'will of the people' and the 'will of Parliament' happily coincided. The 2016 Brexit referendum, however, produced a result, by a small majority, that put a wedge between the 'will of the people' and the wishes of the people's representative in Parliament. There is currently in the UK without doubt a serious conflict between direct and indirect democracy.

In a representative democracy politics is often described as the 'art of the possible'. Compromise, mutual accommodation and give-and-take are common features of contemporary politics. This is inevitable if the danger of what John Stuart Mill called the 'tyranny of the majority' is to be avoided. A referendum, however, as a means of national decision-making, leaves very little room for compromises. It promotes a 'winner-takes-all' mentality, which insists on the minority accepting completely the will of the majority. 'The people have spoken' is a phrase often used by the victors in a referendum to emphasise that the rest of 'the people' must submit to the will of the majority. For this reason, a second referendum on the terms of exiting the EU would do nothing to help finding the compromise that is necessary to solve the political turmoil and constitutional upheaval created by the UK's unnecessary, flawed and ill-prepared first referendum in 2016.

If a second referendum reverses, probably by a small margin, the result of the first referendum the victors will almost certainly adopt the same uncompromising attitude, insisting on 'remaining' when nearly half of the people want to 'leave'. The losers will feel cheated and betrayed and the resentment of those who had voted 'leave' because they wanted to express an anti-establishment sentiment, will be increased. The polarisation in the country will be magnified and enhanced. If, on the other hand, the second referendum replicates the result of the first, it will simply re-enforce and solidify the 'winner-takes-all' attitude on the 'leave' side thus destroying any chance of a political compromise on this issue.

The 2016 referendum will probably prove to be for the UK a costly mistake and a far cry from David Cameron's original claim and reckless miscalculation that a referendum would

settle, 'once-and-for all', the question that caused perennial divisions within his party concerning the UK's relationship with the EU. The EU referendum not only failed to end conflict and division within the conservative party but extended these conflicts and divisions to the rest of the society in the UK.

The 'remainers' view Brexit as a national calamity that must be prevented while 'leavers' consider a reversal of Brexit as a shameful betrayal of democracy. The chasm between the two sides is huge and, without both sides abandoning their entrenched positions, seemingly unbridgeable. A 'soft' Brexit whereby the UK formally 'leaves' the EU but 'remains' in the customs union and or single market beyond the end of the transition period, is an obvious and, perhaps the only, plausible compromise. This, of course, is not ideal for either 'remainers' or 'leavers'; but compromises never are. It is interesting to note at this stage the findings of the The Office for Budget Responsibility reported on the 29th of October on the UK economic and fiscal outlook. It stated that the UK "economy was 2% to 2.5% smaller by mid-2018 than it would have been if the referendum had not been called".

5. Summary and Conclusions

Two broad but related questions seem to dominate public debate in post- 'Brexit' referendum UK. First, why the British people, against all expectations, voted to leave the EU; and second, how is this unprecedented decision to be implemented? Regarding the first question, many elements and features of the EU referendum campaign in 2016, fit in well with the narrative that 'populism' played a pivotal part in producing the unexpected 'Brexit' result. The circumstances of the campaign fulfilled many of the preconditions for the emergence of a 'populist' style of political action. There was disillusionment and discontent among 'angry' voters, whose 'concerns' have been ignored by 'liberal elites' and mainstream politics, generating an anti-establishment sentiment. It is this sentiment that can be exploited by populists through demagogic promises and over-simplifications combined with scapegoating, appeals to nationalism and nativism. The concerns that mainstream politics appeared to have been ignoring were particularly relevant in the area of immigration policy. There was widespread concern, especially among working class communities that low wages, housing shortages, problems in health care, education and other public services were mainly due to the 'influx' of record levels of EU migrants. The 'leave' campaign, claiming to be the genuine 'voice' of the people on this issue, argued that the only way that the people's concerns about immigration could be adequately addressed was by exiting the EU.

This is not the first time that British politicians claimed to be expressing the views of ordinary people on immigration policy. Enoch Powel was a famous case in point whose vies were rejected by mainstream politics as inflammatory, racists and xenophobic. During the 2016 referendum campaign, however, for the first time the link between an anti-immigration stance and racism and xenophobia was broken. The 'leave' campaign drew a distinction between being against immigration and being against 'uncontrolled' immigration. This meant that the slogan 'we want our country back' can be presented as an expression of a rational, non- prejudiced and ignorant, demand. Wanting to re-gain control over national borders is not due to any xenophobic dislike of immigrants nor to a failure to appreciate the valuable

contribution that immigration can bring to an economy and society. It was simply the desire by a sovereign nation state to be able to determine for itself the type and quantity of immigrants that it wants to allow into the country.

The passionate and enthusiastic opposition to 'uncontrolled' immigration staged by the 'leave' campaign was not matched by an equally passionate and enthusiastic defence of the principle of free movement of people in the EU by the 'remain' side. It appears that the pro-European side in the referendum campaign was caught between a rock and a hard place. After years of 'semi-detachment' from the European Project it was not possible to offer a credible and principled explanation as to why free movement of people considered by the EU to constitute an 'inviolable' rule; vital for the preservation of the integrity of the single market, was indeed a good idea. Opting-out of the aspiration of 'an ever-closer union', following previous opt-outs from the single currency and Schengen, did not make it any easier for the 'remain' campaign to provide such an explanation. The unexpected electoral outcome of the EU referendum, therefore, may have as much to do with the skilful manipulation of the immigration issue by the 'leave' campaign as with the failure of the 'remain' side to provide a credible alternative narrative about free movement of people in the EU.

The academic analysis of the 2016 EU referendum is still on going and in due course we may have more definitive answers, to the extent that this is possible, to the *why* question. If, however, we assume that the issue of free movement of people was crucial in determining the outcome of the referendum, does this not mean that the answer to the *how* question is fairly straightforward? If people voted to end 'unrestricted and uncontrolled' immigration, the UK should exit the EU and the Single Market. This is the assumption adopted by the Prime Minister who in her Lancaster House speech declared that "we do not seek membership of the Single Market. Instead we seek the greatest possible access to it through a new, comprehensive, bold and ambitious Free Trade Agreement". This new agreement would therefore preclude membership of the Single Market.

At the time of writing and as the article 50 process reaches its final stage, it is possible that the UK government may, under pressure from Parliament, abandon some of its 'hard' Brexit red lines as modified by the so called Chequers agreement and reach a compromise in the final withdrawal agreement with the EU; in which the will of the majority of the people to 'leave' the EU and the will of the majority of MPs of minimising the damage of exiting the EU may coincide.

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