

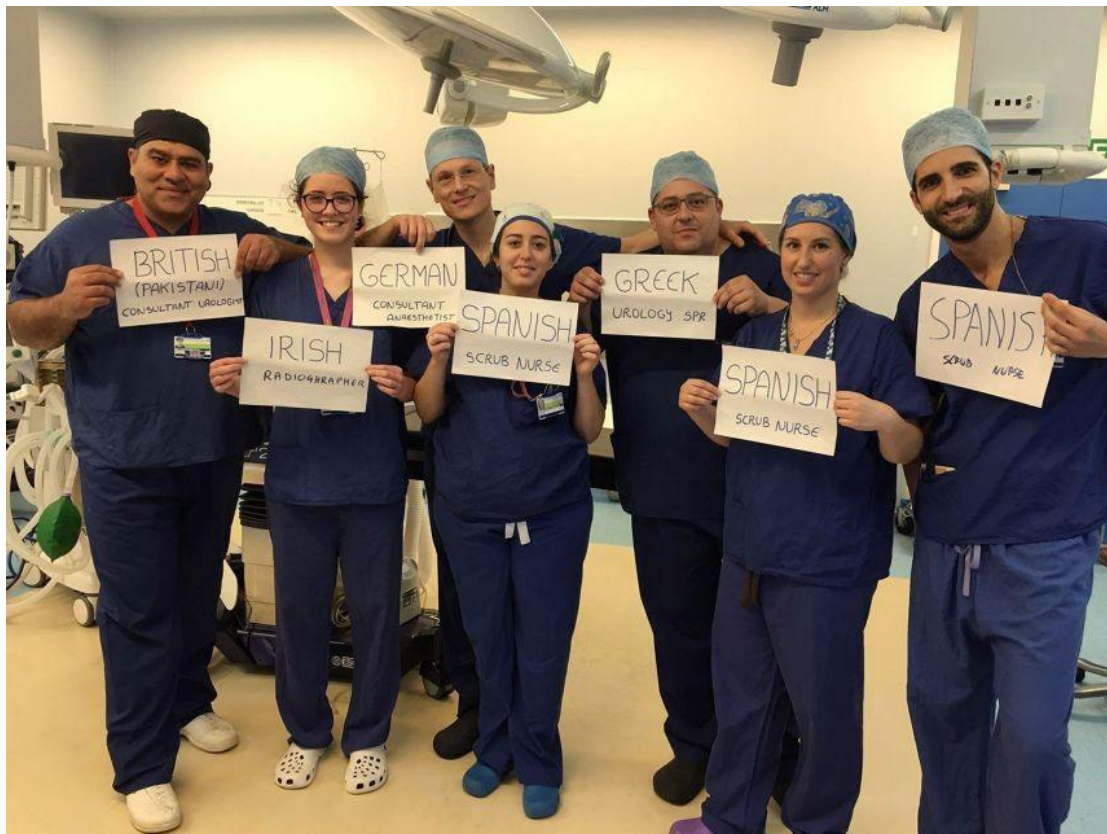


Editors: Paul Rivlin and Brandon Friedman

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## Brexit: England's Arab Spring

Paul Rivlin



Junaid Masood, who posted the picture while working at Homerton University Hospital in east London, said 'Immigration has been the backbone of the NHS'/Source: [The Independent](#) (UK)

The result of the UK referendum on continued membership in the European Union (EU) can be seen as an "English Arab Spring": a vote against the establishment by millions who felt politically and economically alienated. In their best-selling book, *Why Nations Fail*, Daron Acemoglu and James Robinson suggest that one factor explains the success of nations more than any other: inclusiveness. This meant increasing political rights and

expanding economic opportunities for all; countries that succeeded followed the path of inclusiveness, those that failed did not.

In recent years, partly because of the effects of the 2008 international financial crisis, many in the UK began to feel more and more alienated. Anger was focused on institutions: political parties and governments in London and the supra-government in Brussels, where the EU is headquartered. For some, it was focused on one issue: immigration.

The British are known for understatement, but on June 23rd they shocked the world, and perhaps themselves, when in a referendum 17.4 million (52 percent) voted to leave the European Union (EU) and 16.1 million (48 percent) voted to remain. The turnout was almost 72 percent; 13 million did not vote. Prime Minister David Cameron had warned that a victory for those wanting a British exit (Brexit) would lead him to immediately invoke Article 50 of the EU's Lisbon treaty, thereby triggering the process. In fact, the morning after the referendum, he announced his resignation and left the decision on Article 50 to his successor. As a result of the referendum, the UK has been thrown into a political and economic quagmire.

The breakdown of the referendum vote was as dramatic as the result. "Leave" won in England and Wales with 53 percent of the votes, but lost in Scotland and Northern Ireland, where "Remain" received 62 percent and 56 percent respectively. (Northern Ireland is the only part of the UK that has a land border with another country, the Republic of Ireland, which is a member of the EU). Within England, almost 60 percent of London voted for Remain, while in the Midlands and the North the majority for Leave approached 60 percent. There are voices in Scotland calling for it to remain in the EU, which would involve a renewed attempt to gain independence from the UK. There is even a petition in London calling on the mayor to keep the city in the EU, something that involves separation from England as well as independence from the UK! There was also a clear correlation between age and the voting pattern: younger voters were much more in favor of Remain than older ones. According to surveys, 73 percent of 18-24 year olds voted Remain, while 60 percent of the 65+ group voted Leave. Some younger people complained that their elders were making a decision that would affect

them more (i.e., for longer) and that their votes should have more weighting than those of older voters who will suffer the consequences for a shorter period of time.

Why did the majority decide that the UK should leave? There are several important reasons and they have significance far beyond the UK and the EU.

First, many in the UK have never felt European. This is age-related and applies more to older people than younger ones. There has also long been a traditional British dislike of the EU based mainly on the loss of sovereignty implied in membership. Second, the EU bureaucracy, including foreign officials, made decisions that were perceived by many as ‘interfering’ with or contradicting UK interests. Although the total employed directly by the European Union – about 45,000 – is comparable with the numbers employed by a single UK county, Eurosceptics pointed out that the EU is another layer of government that in some cases supersedes the UK state bureaucracy at the local and central government levels. In this sense the EU is seen as undemocratic: it is distant and its decisions, which affect life in the UK, are made by committees in Brussels dominated by foreigners.

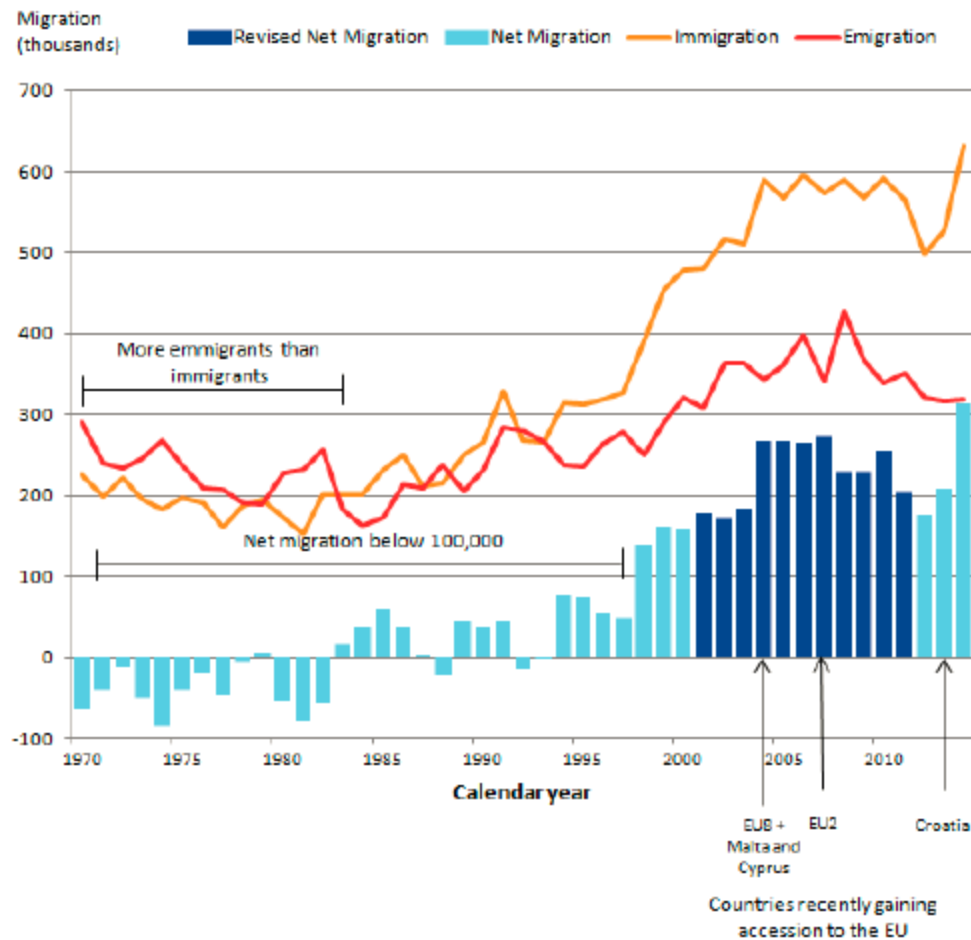
Third, by virtue of being one of the richer members, the UK is a net contributor to the EU budget. "Why should this continue?" asked Brexiteers, as they promised to reallocate funds to the National Health Service, regarded by most citizens as a the most precious British institution.

Fourth, the limits on sovereignty meant that the UK could not fully determine its own immigration policy. This was the most sensitive issue in the referendum.

Table 1 shows how immigration into the UK has increased from about 200,000 a year from 1970 to 1990 to an average of 400,000 in 1991-2003 and to around 600,000 since then.

Table 1

## UK Migration, 1970-2015

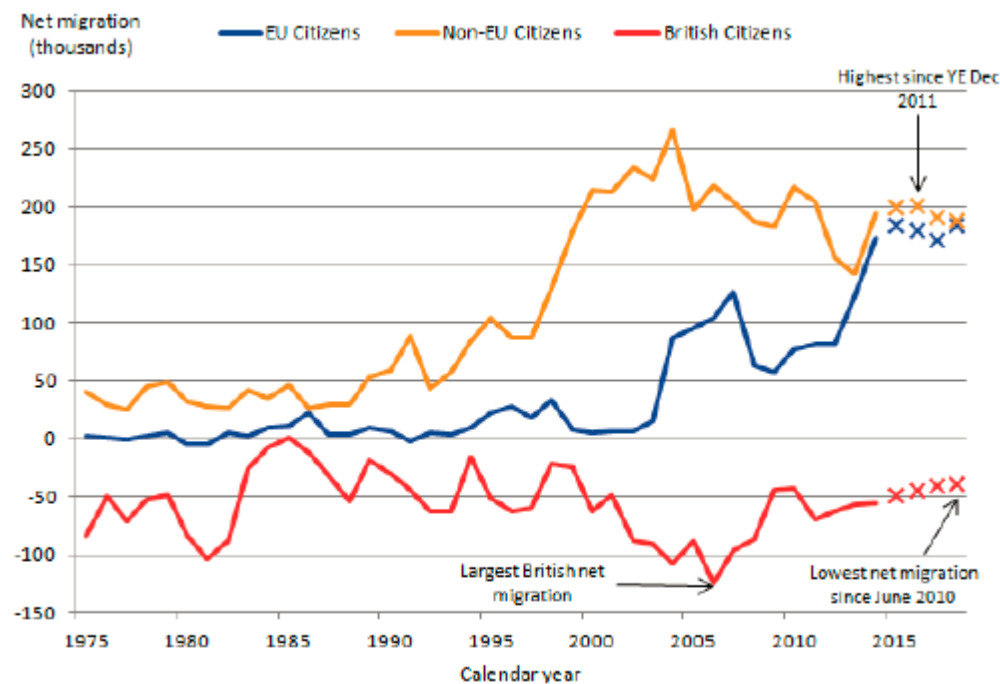


Source: Office of National Statistics: Migration Statistics Quarterly Report: May 2016

Table 2 shows the composition of immigration. Between 1975 and 1995, immigration from the EU averaged 20,000-25,000 a year. Between 2003 and 2006, it jumped to 100,000 and then, after a fall rose to 150,000. Non-EU immigration rose from 50,000-100,000 in 1975-1995 to 250,000 a year in 1995-2005 falling to 200,000 since then.

Table 2

## Long term net migration by citizenship, 1975-2015



Source: Office of National Statistics: Migration Statistics Quarterly Report: May 2016

Immigration from both inside and outside the EU caused anxiety. Immigration from the EU was the inevitable result of relinquishing sovereignty, a consequence of joining the EU in 1973. When the UK, Denmark, and Ireland joined in 1973 there were nine member states. Beginning in 2007, countries in Central and Eastern Europe started to join and by 2013, there were 28 member states. The population of the EU – the number that could potentially migrate – rose from 262 million in 1973 to 508 million in 2015. Immigration from outside the EU, which caused even greater public anxiety, was the result of UK government policy alone. Neither the Labour governments of 1977-2010, nor the Conservative-led or Conservative governments since then, introduced immigration controls. With the war in Syria causing millions to flee, the pressure on EU states to accept refugees increased, as did the threat posed by Islamic terror groups. This was despite the UK having an "opt-out" that meant that it did not have to accept EU rulings on accepting refugees from outside the EU. It also had opt-outs on the Euro and the Schengen open borders agreement (See *Iqtisadi*, March 2016) all indications of Euro-skepticism.

The vote to leave was influenced by the fact that neither of the main political parties was seen to have addressed the issue of immigration. This resulted in the referendum becoming a massive protest vote by voters on both the left and the right. The

Conservative Party was, as usual, split on the issue of EU membership, while the Labour Party leader's half-hearted attempt to get the party's supporters to vote Remain failed. Labour is now also in a state of chaos with attempts by Labour MPs to remove the leader of their party.

Another issue that influenced the vote, which has implications for the US elections and elsewhere, was the way those citizens worst affected by globalization and austerity policies rejected the advice of the political establishment.

The Brexit campaign was anti-establishment even though it was led by right-wing figures including government ministers. It championed those who suffered from globalization and austerity with a message that resonated with Labour voters in Northern England, who backed it in large numbers. The division between London and the North revealed a sharply polarized country. The establishment, including the UK's huge financial services sector in London, favored globalization and the angry working class, largely outside London, did not. The warnings from the Treasury, the Bank of England and the IMF that Brexit would result in lower trade, less investment, and slower growth did not convince Brexit voters, who viewed those bodies as the same 'experts' who had enabled the 2008 international financial crisis that brought about austerity. The 17 million who voted Leave felt that the economy had failed to work for them.

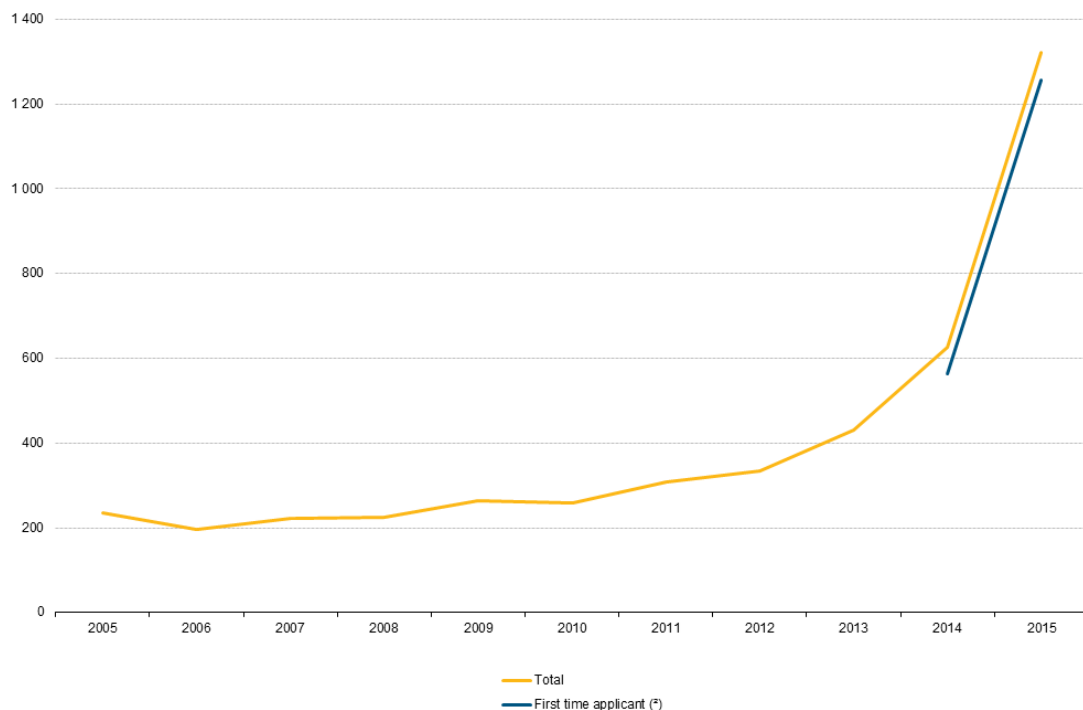
The UK has had, until recently, one of the fastest growing economies in the EU. It was not, however, immune to the 2008 crash. The effects of the crisis were large, given the UK's huge banking sector, its lax financial regulation, and the overblown real estate boom. Since 2010, a Conservative-led coalition began to implement austerity policies designed to reduce the state's budget deficit, which had grown exponentially following the bank bailout by the previous Labour government. Bank debt had become public debt and, as in other countries, the burden of rescuing depositors and others threatened by the collapse of the banks fell on the taxpayers. Those using public services and relying on welfare benefits also paid the price when those services were cut in attempts to reduce government spending.

Not only were Syrian and other Middle East migrants an issue, but possible Turkish membership in the EU was mentioned in the referendum campaign. Brexiteers warned against Turkish membership that would add 76 million new (Muslim) members. David Cameron said that Turkey would probably not be ready to join the EU “until the year 3000,” at its current rate of progress.

Immigration is an issue not only in the UK but throughout the EU. In 2014 there were nearly 3.8 million new immigrants in EU countries and almost 41 percent of them were from outside the EU. The arrival of huge numbers of asylum seekers from the Middle East and North Africa has given rise to tensions throughout Europe (see Chart 3). Germany has provided asylum to more than the rest of the EU but has tightened entry restrictions, as have other members. The agreement with Turkey signed in March 2016 eased the pressure on member states, but the political implications of that deal have caused anxieties in the EU (See: [Iqtisadi, March 2016](#)).

Chart 3

Non-EU asylum seekers in EU 28 states, 2005-2015 (thousands)



(\*) 2005–07: EU-27 and extra-EU-27.

(\*) 2005–2013: not available.

Source: Eurostat (online data codes: migr\_asyctz and migr\_asyappctza)

What conclusions can be drawn from this dismal set of events? The combination of globalization and austerity has brought about the British equivalent of the Arab Spring and has resulted in the downfall of the British prime minister. Governments of both parties have neglected the physical, social, and educational infrastructure needed if the country was to cope with the effects of globalization. Deindustrialization has been a long process and has particularly affected the North and Midlands of England, as well as Scotland and Wales. At the same time, London, with its concentration of financial services, has done better. The resultant increase in income inequality has been large and the UK now has one of the most unequal income distributions in the OECD.

Thus Brexit became a protest vote on economic and political issues. In this it is a rejection of the establishment and similar to support for Donald Trump in the US and the far right in Europe, most notably Marine Le Pen in France. The similarity with the Arab Spring is remarkable given the huge differences between the UK and the Arab world.

The UK's economic and political future looks uncertain at best – no one knows if and when Article 50 will be enacted – or grim at worst. Its internal unity is threatened now more than ever. The EU now faces a new internal threat to add to its external challenges. Finally, the world economy has been hit by another source of uncertainty and faces the possibility of a depression.

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