

"This is the peer reviewed version of the following article: Kostadinova, V. (2017) 'Brexit is unlikely to provide answers to governance problems under globalisation.' *Economic Affairs*, 37(1), pp.135-40, which has been published in final form at <http://onlinelibrary.wiley.com/doi/10.1111/ecaf.12219/full>. This article may be used for non-commercial purposes in accordance with Wiley Terms and Conditions for Self-Archiving."

SPI	Journal Code				Article ID				Dispatch: 03.01.17	CE:
	E	C	A	F	1	2	2	1	9	No. of Pages: 6

Discussion

BREXIT IS UNLIKELY TO PROVIDE ANSWERS TO GOVERNANCE PROBLEMS UNDER GLOBALISATION

Valentina Kostadinova*

Q1

2016 may well go down in history as a year when political and economic tides turned. The election of Donald Trump as the United States (US) President is the most prominent event to suggest this. Many see this as the culmination – so far – of a backlash against the forces and values underpinning the processes of globalisation, bringing to prominence protectionist responses. For many, though, the harbinger of change was the outcome of the 23 June referendum on the United Kingdom's (UK) membership of the European Union (EU).

Among the plethora of analyses of this decision and its possible repercussions are the recent contributions by Schwartz (2016) and Bourne (2016) in this journal. The current article continues this debate, arguing that the popular vote for the UK to leave the EU ('Brexit') highlights many questions about how we are governed today.

I see Brexit as a protest vote in which many British citizens who felt disenfranchised re-engaged with the political process. It clearly demonstrates that current UK political structures have failed to deliver on the expectations of many, in the process creating deep societal polarisation. But the fall-out from Brexit can provide an opportunity for readjusting British and EU¹ governing structures so that they better meet the expectations of their respective populations. To capitalise on this opportunity, however, it is necessary first to understand the key grievances that led to the Brexit vote. Second, the measures undertaken in response will have to address present dissatisfactions – but crucially without wiping out the gains from globalisation processes, most notably increased overall wealth. In other words, the challenge today is to readjust our governing arrangements in ways that allow for the more equitable distribution of the fruits of globalisation. If the response to the Brexit vote now fails to strike this balance it will be unsustainable; it will not manage to live up to the test of our times. The likely repercussion from this would be further, and more serious, political and economic turmoil.

The following two sections elaborate on these points in turn. The key contention is that the ideas presently on offer for addressing the grievances highlighted by the referendum are unlikely to strike a good balance in distributing the outcomes of globalisation. This conclusion rests on consideration of the thrust of the solutions offered by the Leave campaign and more recently by the 2016 Conservative Party conference. This doubtful ability of Brexit to deliver opens up avenues for exploring governing arrangements that are potentially more sustainable in the long term. The final section outlines some brief thoughts on this, sketching out ways for tackling the key obstacles to establishing reformed governing arrangements better adjusted to a globalised environment.

*Lecturer in Politics, University of Buckingham. Email: valentina.kostadinova@buckingham.ac.uk

1 **What informed the Brexit vote?**

2
3 The vote to leave the EU was not based on a single issue. Attempts to identify the grievances that
4 affected the outcome of the referendum must take into account a diverse and at times cross-cutting
5 range of issues. Menon and Salter (2016, p. 1314) sum them up well along two main axes: economic
6 and material circumstances and attitudinal positioning. An elaboration on these variables facilitates a
7 better understanding of the specific needs and expectations of the British people which governing
8 structures should aim to address, but are not doing so satisfactorily at present.

9 With regard to economic and material circumstances, the evidence on the vote shows that on
10 average Leave supporters were less well-off than Remain voters in terms of education, income, or
11 career avenues (for more details see Lord Ashcroft Polls 2016, pp. 2–3). Furthermore, material and
12 economic conditions led to clear geographic divisions in the voting outcome (BBC 2016), with some
13 indication that the Leave vote was systematically higher in regions affected more strongly by the
14 surge in Chinese imports over the last 30 years (Colantone and Stanig 2016). Thus, social and
15 economic concerns over access to opportunities and wealth distribution seem likely to have been key
16 to affecting the vote to leave. This indicates a failure, in both the UK and the wider EU, to alter the
17 relevant governing structures so that they ensure preservation or even improvement in the standard
18 of living of individuals and some regions through well-paid jobs and good-quality affordable services.

19 Attitudinal positioning is encapsulated by the distinction between those who dislike difference
20 and those who embrace it. Kaufmann (2016, pp. 3–4) refers to this as the order–openness divide.
21 Broadly speaking, the more one leans towards the order end of the spectrum, the more one values
22 issues like belonging, certainty, roots, and safety. In contrast, those more inclined towards openness
23 prioritise issues like excessive individualism or cultural equality. Confirming this argument, the data
24 show that voters who thought that phenomena such as multiculturalism or globalisation are forces for
25 ill supported by large majorities leaving the EU. They see more threats than opportunities from the
26 way the society and the economy are changing (Lord Ashcroft Polls 2016, pp. 10–11).

27 This is a plausible explanation for the salience of sovereignty in the Brexit debate. The idea that
28 the ultimate decision-making power should remain with the British government, whether in the field
29 of legislation or on the issue of borders, was the key concern of Leave supporters (Lord Ashcroft
30 Polls 2016, p. 6). This is the result of the belief, ultimately going back to shared feeling of national
31 identity, that British decision-makers will better protect and promote the interests of British voters.²
32 Such grievances relate, at least partly, to the EU’s democratic deficit. This term denotes the EU’s
33 problems in making its decision-making and policy processes transparent to the public and its
34 perceived lack of accountability and responsiveness to the demands of EU citizens. Such issues
35 indicate a failure of the European integration project to develop governing structures that meet the
36 expectations of citizens when it comes to the relationship between authority, accountability, and
37 legitimacy.

38 Regardless of the specific reasons that informed the vote to leave the EU in each particular case,
39 the official Leave campaign spoke to many of the above grievances, suggesting that it had the answer.
40 For those who voted to leave out of a desire to preserve sovereignty because they were closer to the
41 order end of the order–openness axis, this campaign promised more control. For those motivated
42 primarily by economic concerns, the Leave campaign contained pledges, or suggestions of pledges,
43 for greater spending on the National Health Service, schools, or housing.³ Furthermore, the premise
44 of these solutions was re-articulated as the way forward by the Conservative Party during its 2016
45 annual conference. Arguably, however, as the next section explains in more detail, these responses

1 are unlikely to address today's pressing challenge of enabling continuation of the benefits of
2 globalisation while ensuring their more equitable spread.

3 4 5 **Why are the solutions suggested by the Leave campaign unsustainable?**

6
7 Scepticism about Brexit's ability to address present challenges rests on two key points. First, it
8 arises out of the following conundrum: while it provides a pathway to alleviating the attitudinal
9 grievances discussed above, there is a danger that this will come at the expense of closing global
10 flows down. Such a closure would likely halt the positive outcomes of globalisation processes as
11 these rely on openness. This not only would threaten future increases in cumulative wealth but
12 would also likely be accompanied by economic and political turmoil as it will aggravate current
13 grievances about access to opportunities and the distribution of wealth. This expectation rests on
14 data suggesting that most individuals are not willing to sacrifice the positives of globalisation. For
15 example, according to a poll conducted on 14 June 2016, while 61 per cent of respondents said
16 they would be willing to accept a short-term economic slowdown in order to tighten controls on
17 immigration, 68 per cent indicated that they would not be happy if this hit their own pockets
18 (ComRes 2016). The Chancellor of the Exchequer's statement that on 23 June the British people
19 did not vote to become poorer (Hammond 2016) shows that politicians are aware of this dilemma.
20 The difficult balancing act the British government will have to achieve in the forthcoming Brexit
21 negotiations on the free movement of people/Single Market access nexus⁴ encapsulates this
22 conundrum.

23 Furthermore, the present terms of the Brexit debate in the UK gives the impression that
24 individual actors can steer globalisation processes in their preferred direction. Undoubtedly this is
25 true to some extent. The potential effect American protectionism can have on global economic
26 relations clearly demonstrates this. Nevertheless, I would suggest that this underestimates the role of
27 structural factors. From this viewpoint, there is only so much impact that actors can have on unfolding
28 structural processes. In other words, even if the outcome of the 23 June referendum shows the clear
29 view of an actor (the British electorate), there are limits to its ability to implement its preferences in
30 practice. Arguably, the best one can hope for in the aftermath of the referendum is the emergence of
31 a narrative that aims to tackle the grievances expressed but crucially also recognises the changing
32 context in which this takes place. At present I remain unconvinced that the solutions proposed by
33 Brexiteers fully account for, or respond to, the deep structural changes that international affairs have
34 undergone as a result of globalisation processes. This is my second reason for being sceptical about
35 Brexit. More specifically, as elaborated on below, globalisation has fundamentally changed the form
36 and context of state power. In turn, this leads to challenges to the traditional organisation of politics
37 along national lines. Despite such changes implying a move away from traditional governing
38 arrangements, the current debate seems stuck in advancing solutions based on Westphalian
39 principles,⁵ which are premised on state sovereignty.

40 Although states continue to be sovereign, they face increasing challenges to their ability to
41 successfully perform their key functions, whether as providers of security or of wealth for their
42 citizens, by acting on their own. This is what William Wallace means when he makes a distinction
43 between sovereignty and autonomy. As he explains, sovereignty is the ultimate primacy of the power
44 of the state, while autonomy is a relative (not an absolute) concept assessed with reference to
45 external constraints and domestic vulnerabilities to outside developments (1994, p. 53). For many, at

1 present a state's inability to attain certain goals is a symptom of loss not of sovereignty but of
2 autonomy. An illustration of this development is Trump's campaign slogan 'Make America Great
3 Again'. Although no one doubts that the US remains a sovereign state, the slogan expresses a
4 grievance over America's limited ability to successfully attain its policy goals in practice. This is partly
5 the result of it becoming more vulnerable to external developments. This increasing strain between
6 sovereignty and autonomy is a result of the surge in complex interdependencies which have
7 accompanied the present phase of globalisation (for more details, see Held and McGrew 2002, p. 2).
8 Thus, a crucial structural change that is taking place at present and that is altering the form and
9 context of state power is the limitation that interdependence imposes on the ability of state
10 policymakers to attain the desired outcomes from the policies they enact.

11 This pushes the state to search for novel ways of preserving its stance and performing its key
12 functions. Over time, interaction and cooperation with other states have emerged as a promising way
13 of attaining these goals. The EU is one particular form of it. Its supranational elements have the
14 benefit of addressing a crucial obstacle to achieving agreed-upon mutually beneficial goals, namely
15 the fear that one or more parties might renege on the provisions they have agreed to. Of course,
16 international cooperation takes other forms as well, which at least nominally allow the preservation
17 of national sovereignty. NATO is often cited as an example of such cooperation. The proponents of
18 this view, however, seem to overlook the point that in practice NATO's mutual defence clause
19 potentially poses even more severe danger to national sovereignty as it involves committing national
20 military forces to action, the ultimate decision a sovereign state can make. Thus, the second structural
21 change we are witnessing today is that, despite its different forms, under current conditions of
22 interdependence states find it necessary to cooperate at unprecedented levels in an effort to achieve
23 their preferred outcomes.

24 This, however, challenges the traditional organisation of politics, which since the emergence
25 of the Westphalian system in the seventeenth century has been conducted within the boundaries
26 of national states. The other key feature of politics in Western democracies has been that
27 authority and power are linked to accountability, loyalty, and legitimacy through the electoral
28 process (Wallace 1994, p. 75). Today the electoral process is increasingly unable to hold to
29 account those responsible for a particular decision, as in many cases these people are not
30 national politicians but are increasingly likely to be foreign businesspeople or decision-makers. In
31 turn this undermines the legitimacy of developments in a country, ultimately leading to
32 backlashes against the authority and power exercised by national politicians, precisely what
33 happened with the Brexit vote.

34 The shock of the referendum outcome has rightly focused attention on these matters of grave
35 importance. The level of dissatisfaction and polarisation the vote reveals signifies an urgent need to
36 attend to the underlying grievances. The problem, however, is the failure of the solutions proposed in
37 the present debate to indicate a credible way forward. As discussed above, at present we are left
38 hoping that a balance will be found between the contradictory pressures exercised by globalisation,
39 but this is unlikely because we are yet to come to terms with the structural challenges that the
40 traditional organisation of politics and the exercise of state power face. Only after we have done so
41 will we be in a position to establish governing institutions that enable a more equitable distribution of
42 the fruits of globalisation.

43 The next section offers brief thoughts on the key principles that should guide reforms of
44 governance arrangements, the key obstacles to attaining them, and ways of overcoming these
45 obstacles.

Reformed governance arrangements: key principles, obstacles, and remedies

The overall thrust of future governance arrangements should be towards achieving two key interrelated outcomes. First, they should aim to restore the links of authority and power to accountability, loyalty, and legitimacy. Second, they should enable wealth distribution that diverse and significant sections of the population perceive as equitable. Some blueprints for the new governance arrangements in the EU have already been discussed in the literature. This debate is wide-ranging, embracing both those who advocate scaling back EU institutions (e.g. Vaubel 2016) and those who broadly speaking think the EU should expand them further (Schmidt 2009). Ultimately, the actual form of the new governance institutions will be determined by the struggles between the proponents of these different views. Therefore, at present it is difficult to foresee the particular way in which events will unfold.

Nevertheless, I think that if the arrangements are to be able to live up to the principles outlined above, they will have to be innovative, adjusting the new settlement to the changed environment. In that endeavour we will keep coming up against familiar problems, namely the attachment to traditional solutions and world views, Westphalian understandings of the state as sovereign, expectations that national politics or elections can resolve the problems of the day, and loyalty to the nation. I see these understandings as the key obstacles to framing a successful response to today's challenges. I think that the best way to overcome them is to increase awareness of the historical contingency of these phenomena.⁶ Such an approach will underscore the fact that over time the governing arrangements in different kinds of political communities have evolved while loyalties have shifted. Hopefully this realisation will facilitate greater openness to the impending shifts. Furthermore, seeing present governing arrangements and political practices from a historical perspective will highlight the crucial role the state has played in establishing the nation as a political and social community (for more details see Ferrera 2005a, esp. chs 2–3; Ferrera 2005b; Mau 2005; Bartolini 2005, ch. 2). This reveals the enormous power states still exercise in moulding our thinking about the world, including how we are governed. As argued here, however, maintaining the perspectives states impress upon us is increasingly unlikely to provide us with the means of utilising the opportunities on offer in today's world. Therefore, the sooner we stop taking the state or national identification for granted, the sooner we will be in a position to think creatively about how we can perform the governing functions needed for a thriving political community in ways compatible with our present environment.

Notes

1. This is the case because of growing discontent, not only in the UK but also in other member states, with the way the EU works.
2. Crucially, such expectations disregard shortcomings in the British political system, which ultimately also lead to deficiencies in the ways British decision-makers protect and promote the interests of British voters.
3. For a brief overview of the overall message of the Leave campaign, see Why Vote Leave at http://www.voteleavetakecontrol.org/why_vote_leave.html (accessed 1 October 2016).
4. The free movement of people/Single Market nexus refers to the trade-off between protecting British economic interests that require the ability to trade with the EU's Single Market and the perceived need to restrict free movement of EU nationals due to the referendum result. Given that the EU's position at present is that the freedoms of the Single Market are not separable, these two goals seem contradictory. The particular way in which the contradiction is resolved will be the focal point of Brexit negotiations between the EU and the UK.
5. For a succinct overview of the Westphalian governing arrangements and their current challenges, see Taylor (1994).
6. There is rich literature that engages with these issues in detail: Walker (1995), Krasner (1993), Anderson (2006) or Philpott (1999).

References

- Anderson, B. (2006) *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. London: Verso.
- Bartolini, S. (2005) *Restructuring Europe: Centre Formation, System Building, and Political Structuring between the Nation State and the European Union*. Oxford: Oxford University Press.
- BBC (British Broadcasting Corporation) (2016) EU Referendum: the Results in Maps and Charts. <http://www.bbc.co.uk/news/uk-politics-36616028> (accessed 1 December 2016).
- Bourne, R. (2016) 'Why Did the British Brexit? And What Are the Implications for Classical Liberals?', *Economic Affairs* 36(3), 356–363.
- Colantone, I. and P. Stanig (2016) 'The Real Reason the UK Voted for Brexit? Jobs Lost to Chinese Competition', *Washington Post*, 7 July. https://www.washingtonpost.com/news/monkey-cage/wp/2016/07/07/the-real-reason-the-u-k-voted-for-brexiteconomics-not-identity/?utm_term=.5b3c20c0f8a6 (accessed 7 December 2016).
- ComRes (2016) Sun EU Referendum Poll June 2016. <http://www.comresglobal.com/polls/sun-eu-referendum-poll-june-2016/> (accessed 13 October 2016).
- Ferrera, M. (2005a) *The Boundaries of Welfare: European Integration and the New Spatial Politics of Social Protection*. Oxford: Oxford University Press.
- Ferrera, M. (2005b) 'Beyond National Social Rights?', in N. McEwen, and L. Moreno (eds), *The Territorial Politics of Welfare*. Abingdon: Routledge.
- Hammond, P. (2016) "'People did not vote on June 23rd to become poorer or less secure.'" Hammond's Conference speech: full text', *Conservative Home*, 3 October. <http://www.conservativehome.com/parliament/2016/10/an-economy-that-works-for-everyone-hammonds-conservative-conference-speech-in-full.html> (accessed 7 December 2016).
- Held, D. and A. McGrew (2002) 'Introduction', in D. Held and A. McGrew (eds), *Governing Globalisation: Power, Authority, and Global Governance*. Cambridge: Polity.
- Kaufmann, E. (2016) 'It's NOT the Economy, Stupid: Brexit as a Story of Personal Values', *British Politics and Society*, LSE, 7 July. <http://blogs.lse.ac.uk/politicsandpolicy/personal-values-brexite-vote/> (accessed 1 October 2016).
- Krasner, S. (1993) 'Westphalia and All That', in J. Goldstein and R. Keohane (eds), *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change*. London: Cornell University Press.
- Lord Ashcroft Polls (2016) 'How the United Kingdom Voted on Thursday ... and Why', 24 June. <http://lordashcroftpolls.com/2016/06/how-the-united-kingdom-voted-and-why/> (accessed 1 October 2016).
- Mau, S. (2005) 'European Social Policies and National Welfare Constituencies: Issues of Legitimacy and Public Support', in N. McEwen, and L. Moreno (eds), *The Territorial Politics of Welfare*. Abingdon: Routledge.
- Menon, A. and J. Salter (2016) 'Brexit: Initial Reflections', *International Affairs* 92(6), 1297–1318.
- Philpott, D. (1999) 'Westphalia, Authority, and International Society', *Political Studies* 67(3), 566–589.
- Schmidt, V. (2009) 'Re-envisioning the European Union: Identity, Democracy, Economy', *Journal of Common Market Studies* 47, 17–42.
- Schwartz, P. (2016) 'Brexit will Not Be a Catastrophe If ...', *Economic Affairs* 36(3), 364–368.
- Taylor, P. (1994) 'The State as Container: Territoriality in the Modern World-System', *Progress in Human Geography* 18(2), 151–162.
- Vaubel, R. (2016) 'Institutions for European Cooperation', in P. Minford and J. R Shackleton (eds), *Breaking up is Hard to Do: Britain and Europe's Dysfunctional Relationship*. London: Institute of Economic Affairs.
- Walker, R. B. J. (1995) *Inside/ Outside: International Relations as Political Theory*. Cambridge: Cambridge University Press.
- Wallace, W. (1994) 'Rescue or Retreat? The Nation State in Western Europe, 1945–93', *Political Studies* 42(1), 52–76.

Author Query Form

Journal: Economic Affairs

Article: ecaf_12219

Dear Author,

During the copyediting of your paper, the following queries arose. Please respond to these by annotating your proofs with the necessary changes/additions.

- If you intend to annotate your proof electronically, please refer to the E-annotation guidelines.
- If you intend to annotate your proof by means of hard-copy mark-up, please use the standard proofing marks. If manually writing corrections on your proof and returning it by fax, do not write too close to the edge of the paper. Please remember that illegible mark-ups may delay publication.

Whether you opt for hard-copy or electronic annotation of your proofs, we recommend that you provide additional clarification of answers to queries by entering your answers on the query sheet, in addition to the text mark-up.

Query No.	Query	Remark
Q1	AUTHOR: Please confirm that given names (red) and surnames/ family names (green) have been identified correctly.	

WILEY

Online Proofing System

1. Corrections should be marked with the Adobe Annotation & Comment Tools below:

You are logged as: author COMPLETE PROOF REVIEW

Journal Code: ANTI12009 Article ID: 12009 Dispatch: 11.03.14 CE: ME: No. of Pages: 17

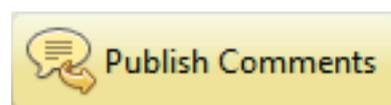
Race, Waste, and Space: Brownfield Redevelopment and Environmental Justice at the Hunter Point

1
2
3
4

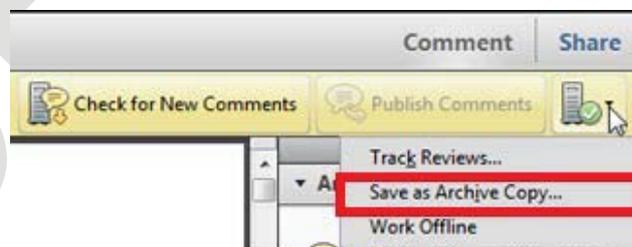
Check for New Comments Publish Comments

Annotations
Drawing Markups
Comments List (1)

2. To save your proof corrections, click the 'Publish Comments' button. Publishing your comments saves the marked up version of your proof to a centralized location in Wiley's Online Proofing System. Corrections don't have to be marked in one sitting – you can publish corrections and log back in at a later time to add more.



3. When your proof review is complete we recommend you download a copy of your annotated proof for reference in any future correspondence concerning the article before publication. You can do this by clicking on the icon to the right of the 'Publish Comments' button and selecting 'Save as Archive Copy...'.
Note: Once you click 'Complete Proof Review' you will not be able to mark any further comments or corrections.



4. When your proof review is complete and you are ready to send corrections to the publisher click the 'Complete Proof Review' button that appears above the proof in your web browser window. Do not click the 'Complete Proof Review' button without replying to any author queries found on the last page of your proof. Incomplete proof reviews will cause a delay in publication. **Note: Once you click 'Complete Proof Review' you will not be able to mark any further comments or corrections.**



Firefox, Chrome, Safari Users

If your PDF article proof opens in any PDF viewer other than Adobe Reader or Adobe Acrobat, you will not be able to mark corrections and query responses, nor save them. To mark and save corrections, please follow these [instructions to disable the built-in browser PDF viewers in Firefox, Chrome, and Safari](#) so the PDF article proof opens in Adobe within a Firefox, Chrome, or Safari browser window.