

Becker, Sascha; Fetzer, Thiemo; Novy, Dennis

Article

Who Voted for Brexit?

ifo DICE Report

Provided in Cooperation with:

Ifo Institute – Leibniz Institute for Economic Research at the University of Munich

Suggested Citation: Becker, Sascha; Fetzer, Thiemo; Novy, Dennis (2017) : Who Voted for Brexit?, ifo DICE Report, ISSN 2511-7823, ifo Institut - Leibniz-Institut für Wirtschaftsforschung an der Universität München, München, Vol. 15, Iss. 4, pp. 3-5

This Version is available at:

<https://hdl.handle.net/10419/181252>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Determinants of Populist Voting

Sascha O. Becker, Thiemo Fetzer and
Dennis Novy
Who Voted for Brexit?¹

INTRODUCTION

The UK referendum on European Union membership on 23 June 2016 was a key moment for European (dis) integration. Although the outcome had been expected to be tight, in the days running up to the referendum bookmakers and pollsters predicted a win for the Remain side. Many observers were left puzzled and keen to understand who voted for Leave. Various newspapers and blogs were quick to link the referendum vote to key characteristics like the age profile of the population (Burn-Murdoch 2016). It was also pointed out that the Brexit vote relates to class identification and social attitudes more generally (Kaufmann 2016a). In our paper (Becker et al. 2016) we follow these early contributions and analyse the Brexit referendum vote in greater detail. We study the EU referendum result in England, Wales and Scotland in a disaggregated way across 380 local authorities (and across 107 wards in four English cities). We relate the vote to the fundamental socio-economic features of these areas. Figure 1 plots the Vote Leave shares across the local authority areas (excluding Northern Ireland and Gibraltar).

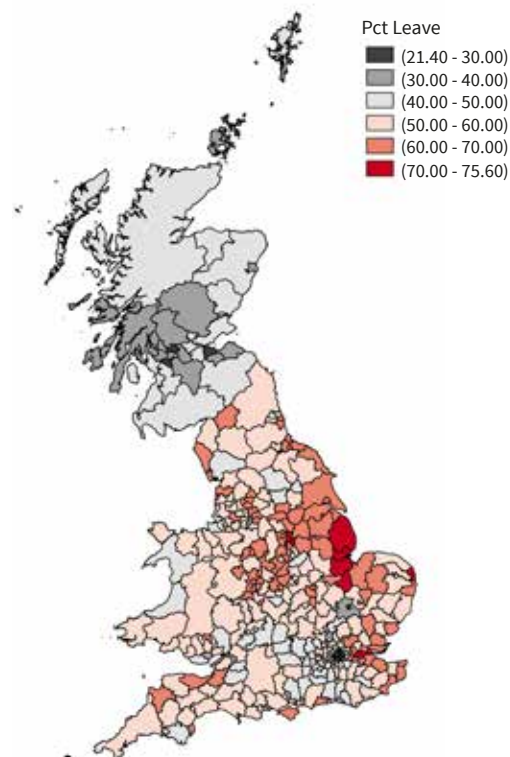
We capture different subsets of socio-economic variables that best ‘predict’ the actual referendum result. We cannot possibly give a causal explanation of the referendum result, because the election outcome is obviously multi-causal and multi-faceted. In other words, our results reflect a broad range of correlation patterns.

Figure 2 reports the goodness of fit in regressions that use different sets of explanatory variables. This helps to shed light on the relative explanatory power of different salient “issues”. For example, we find that demography and education (i.e., the age and qualification profile of the population across voting areas) explain just under 80% of the Vote Leave share. The economic structure explains just under 70%. Variables in this group include the employment share of manufacturing, unemployment, and wages.

Surprisingly, and contrary to much of the political debate in the run-up to the election, we find that relatively little variation (under 50%) in the Vote Leave share can be explained by measures of a local authority area’s exposure to the European Union. These measures include a local authority’s trade exposure to the EU (albeit measured at a coarser spatial resolution), its receipts of EU structural funds, and importantly, the extent of immigration. We find evidence that the growth rate of immigrants from the 12 EU accession countries that joined the EU in 2004 and 2007 is linked to the Vote Leave share. This link mirrors findings in Becker and Fetzer (2016) who study the role of immigration from Eastern Europe explaining the growth of UKIP. It stands in contrast to migrant growth from the EU 15 countries or elsewhere in the world. It suggests that migration from predominantly Eastern European countries has had an effect on voters, albeit quantitatively small. However, we cannot identify the precise mechanism – whether the effect on voters is mainly

Figure 1

Map of the Leave Share (in %) Across Local Authority Areas in the 2016 EU Referendum



Source: Becker, Fetzer and Novy (2017).

© ifo Institute



Sascha O. Becker
University of Warwick.



Thiemo Fetzer
University of Warwick.



Dennis Novy
University of Warwick.

¹ <https://doi.org/10.1093/epolic/eix012>

Parts of this chapter were previously published at VoxEU.org <http://voxeu.org/article/fundamental-factors-behind-brexit-vote>.

economic due to competition in the labour and housing markets, or reflects changing social conditions instead.

FISCAL CONSOLIDATION

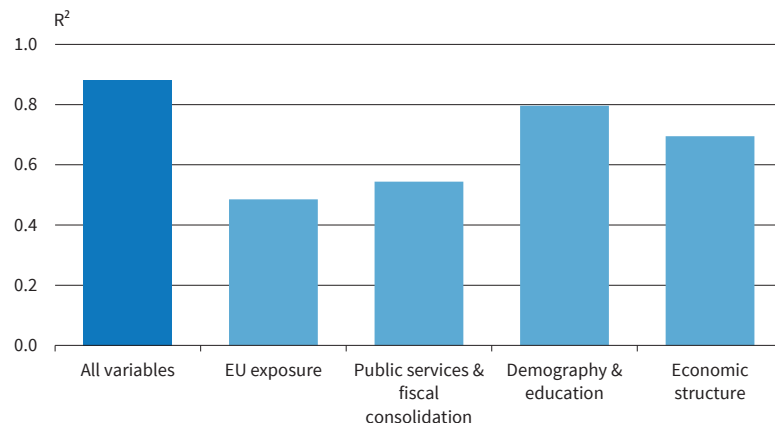
In the wake of the global financial crisis, the UK coalition government brought in wide-ranging austerity measures to reduce government spending and the fiscal deficit. At the level of local authorities, spending per person fell by an average 23.4% in real terms from 2009/10 until 2014/15. But the extent of total fiscal cuts varied dramatically across local authorities, ranging from 46.3% to 6.2% (see Innes and Tetlow 2015). It is important to note, however, that fiscal cuts were mainly implemented as de-facto proportionate reductions in grants across all local authorities. This setup implies that reliance on central government grants is a proxy variable for deprivation, with the poorest local authorities being more likely to be hit by the cuts. This makes it impossible in the cross-section (and challenging in a panel) to distinguish between the effects of poor fundamentals and the effects of fiscal cuts. Bearing this caveat on the interpretation in mind, our results suggest that local authorities experiencing more fiscal cuts were more likely to vote in favour of leaving the EU. Given the nexus between fiscal cuts and local deprivation, we think that this pattern largely reflects pre-existing deprivation.

WHICH FACTORS ACCOUNT MOST FOR THE VARIATION IN THE VOTE LEAVE SHARE?

Demography, education, and economic structure, i.e., fundamental, slow-moving factors explain more of the variation in the Vote Leave share compared to measures of EU exposure, fiscal consolidation, and public services. We therefore find a rather striking disconnect between the factors driving the Brexit vote shares across the UK and how these factors relate to the EU, with the partial exception perhaps of the immigration of low-skilled Eastern Europeans.

Figure 2

Goodness of Fit in Regressions Using Different Sets of Explanatory Variables
Measured as R-squared



Source: Becker, Fetzer and Novy (2017).

© ifo Institute

DID TURNOUT BY AGE MATTER?

According to detailed polling conducted after the referendum, turnout for the bracket of youngest voters aged 18-24 was 64%. This compares to turnout for the same age group of less than 50% on average in UK general elections since 2000; and to an average turnout in the referendum across all age groups of 72.2%. At the other end of the age spectrum, voters aged 65 and above had a turnout of 90%. Support for Leave steadily increased with age, rising from just 27% for 18-24 year-olds to 60% for voters aged 65 and above.

Could the referendum have ended up in a victory for Remain if more young people had turned out? We calculate that turnout amongst younger people or people more generally who were supportive of Remain would have had to be close to 100%. Clearly, this would not have been feasible. We therefore conclude that different turnout patterns would not have overturned the referendum outcome. Nevertheless, it is important to bear in mind the potential for strong inter-generational conflict entailed by Brexit.

FIRST-PAST-THE-POST IN THE UK ELECTORAL SYSTEM AND THE LACK OF DEMOCRATIC REPRESENTATION

Our results are consistent with the notion that the voting outcome of the referendum was largely driven by longstanding fundamental determinants, most importantly those that make it harder to deal with the challenges of economic and social change. These fundamentals included a population that is older, less educated, and confronted with below-average public services. We therefore doubt that a different style of short-run campaigning would have made a meaningful difference to vote shares. Instead, a more complex picture emerges regarding the challenges of adapting to social and economic change.

It is clear that a majority of politicians and the media were caught off guard by the referendum result. This suggests that the needs of under-privileged areas of the country may be under-represented in the political decision process and the corresponding media attention. This is sometimes referred to as the “Westminster bubble”.

In fact, as a result of the first-past-the-post voting system, a mismatch arises. Despite strong electoral support in European Parliament (EP) elections, which follow a proportional voting system, UKIP (the right-wing party that has advocated Brexit since the 1990s)

currently only has one Member of Parliament in the House of Commons out of over 600. Voters went for an untested political entity. But given their fairly long history of electoral success in EP elections to date, UKIP should not be an untested political entity. UKIP members should have been put in positions of responsibility over the years to demonstrate whether they are able to follow up on their slogans and promises with real political change that improves people's lives. It may therefore be appropriate to consider ways of introducing more proportional representation into British politics to allow more diverse views to be represented in Parliament, and to subject them to public scrutiny in the parliamentary debate.

The political system also needs to better explain what the EU does and what it doesn't do. This is particularly important in the British context. For instance, the EU has essentially no influence over house-building and health care provision in the UK – two salient issues on voters' minds. Clearly, the role of the press is paramount in this context. Given the outlandish claims made in sections of the British yellow press and increasingly in more established titles like *The Daily Telegraph* too, politicians will find it hard to stem the populist flow.

REJECTION OF THE STATUS QUO WITH NO CLEAR ALTERNATIVE

The conundrum of the Brexit vote is that it amounted to a rejection of the status quo without a clear alternative on the ballot paper. What exactly will Britain's new relationship with the EU be? Even six months after the vote we know precious little, and the government seems reluctant to clearly state the direction that it would prefer the negotiations to take. Most importantly, it is unclear whether Brexit will improve the lives of the very voters who were unhappy with the status quo.

The first cracks are already visible. On the one hand, Britain wishes to retain access to the Single Market in the broadest possible sense. But on the other hand, the EU will not grant broad access unless Britain maintains the free movement of labour. Indeed, the recent change of heart in Switzerland regarding its stance on immigration underlines how adamant the EU is on free movement.

LESSONS FOR THE EUROPEAN UNION?

The evidence overwhelmingly suggests that free movement of factors of production, and particularly labour, can deliver large welfare gains. In the case of immigration, those welfare gains fall primarily onto the immigrants themselves, but there are also wider spillovers to the host community, at least in the aggregate. Yet the Brexit vote makes it clear that the political system needs to get more closely in touch with voters' concerns on immigration. In particular, it is up to national politics to decide how the benefits from immigration

are shared with the wider electorate in the form of investment in public goods and infrastructure. A potential avenue for public debate could be a (fiscal) rule linking immigration to spending on public infrastructure to ensure that the electorate shares the gains from immigration in an appropriate way. This debate would mainly have to happen at the national level. But the EU could presumably also debate whether, in cases of rapid immigration waves, sensible restrictions to slow down immigration would be acceptable to ease the adjustment; or whether immigration should be accompanied by corresponding investment into public infrastructure.

There is no doubt that populism has been on the rise across the EU for several years and has largely been fuelled by nationalistic and anti-immigration sentiment. Italy's "Cinque Stelle movement" and Germany's "Alternative für Deutschland" are only the latest additions to the party spectrum. Of course, we do not claim that the patterns we uncovered for the UK automatically explain voting patterns in other countries. Yet, the fact that the referendum was focused on Britain's EU membership makes it all the more surprising that factors relating to EU integration played a far lesser role than one might have expected.

One may speculate that, scepticism towards the European Union is more a reflection of discontent with economic and social circumstances than an independent factor in other European countries too. It is clear that voters are hardly willing to make economic sacrifices in order to restrict immigration (Kaufmann 2016b). In other words, economic motives seem to be at least as important as anti-immigration preferences. European governments should therefore focus their attention on supporting those who feel disenfranchised. Brexit could either lead to further EU disintegration, or it could be a turning point towards a stronger union.

REFERENCES

- Becker, S. O., T. Fetzter and D. Novy (2017), "Who Voted for Brexit? A Comprehensive District-Level Analysis", *Economic Policy*, Volume 32, Issue 92, 1 October 2017, Pages 601–650.
- Becker, S. O. and T. Fetzter (2016), "Does Migration Cause Extreme Voting?" *CAGE Working Paper* No. 306.
- Burn-Murdoch, J. (2016), "Brexit: Voter Turnout by Age", *Financial Times*, 24 June 2016.
- Ford, R. and M. Goodwin (2014), *Revolt on the Right: Explaining Support for the Radical Right in Britain*, Abingdon, Oxfordshire: Routledge.
- Innes, D. and G. Tetlow (2015), "Delivering Fiscal Squeeze by Cutting Local Government Spending", *Fiscal Studies* 36 (3), 303–325.
- Kaufmann, E. (2016a), "It's NOT the Economy, Stupid: Brexit as a Story of Personal Values", *British Politics and Policy Blog*, London School of Economics and Political Science, July 2016.
- Kaufmann, E. (2016b), "Hard Brexit? Only if it's free", *British Politics and Policy Blog*, London School of Economics and Political Science, September 2016.