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Brexit: The Conflict of Globalization and Democracy

The historic and unexpected victory of leavers in the Brexit vote was a result of an unlikely coalition of two ideologies, profoundly opposed to one another but reaching common ground on the single issue that Brussels is the root of everything wrong with their country. On one side were the nationalists who wanted back their island's splendid isolation and saw the EU as foisting on them rules, norms and people they considered unBritish. On the other side stood globalist libertarians who bemoaned Brussels interference with free markets. The first deeply resented globalization which was represented in their eyes by Brussels. The second objected to the obstacles thrown by Brussels in the path of that very globalization.

The marriage of these strange bedfellows is unlikely to survive the next step: deciding how to go from here. The very same force that brought unity and subsequently victory in the referendum is likely to deliver discord and defeat when the post-EU life of the United Kingdom must be crafted. Whether Britain will actually leave the European Union in the end is less than clear. Even if it does, it may not make much of a difference as the UK may end up with the same set of conditions vis-a-vis the EU as it has now.

The significance of Brexit, however, is more profound than the fate of Britain, and reveals a deeper historical dilemma that is being played out all over Europe. The dilemma emerges from the tension between globalization and democracy. Democracy in its current form as it developed in the framework of the nation state, is first and foremost about voters deciding who will get to run the nation state. The nation state, as it emerged in the 19th century, was the natural institutional framework for politics, just as it was for culture and the economy.

As the fall of the Berlin Wall ushered in the post-cold-war era, and globalization began to gain momentum, nation states found themselves in a particular quandary. They began to encounter forces they could not control but which had profound effects on their citizens. Those citizens had a particularly frustrating experience: they voted for their national leaders who, once elected, were often powerless in the face of global processes such as the transnational movement of capital, people, ideas, arms, diseases and environmental damage. Above the level of the nation state institutions have been sparse and ineffectual. The institutional framework that comprises the nation state is unable to deal with these supranational processes as politicians solely accountable to their own national electorates use their state's institutions without any consideration to electorates in other nations.

Global processes, currently unfolding in an under- or unregulated manner, need global institutions. Global institutions need democratic legitimacy, yet the historical forms of democracy on offer are national, not global.

The solution seems clear: supra-national processes need supra-national democratic institutions. The European Union has been an attempt to construct just that. While the European Union is not a global institution it is so far the best attempt to answer this challenge. It is richly ironic that it is the medicine that is being blamed for the disease.

There is a clear pattern emerging from the mismatch between democracy and globalization. Countries hold elections. Political elites gain the levers of the nation state. Nation states buffeted by global forces do not have the power to deliver on political promises and expectations. Democracy does not seem to work, electorates become both disillusioned and radicalized and soon see regaining national sovereignty as the only remedy.

Populist nationalism is on the rise, seriously threatening the European project aiming at integrating nation states. While in most European countries populist nationalism is still an insurgent, anti-establishment project putting governments under increasing pressure to adopt some of its agenda, in Hungary and Poland populist nationalists were already voted into power.

Hungary's twice elected government that has been an aggressive critic of European integration held its own plebiscite in October asking people whether to accept mandatory quotas to resettle migrants in Hungary. As critics pointed out, there is no EU plan to force Hungary to resettle migrants. The EU plan, now largely defunct, would have called for Hungary to grant asylum for about 1,300 refugees, a small number in a country of ten million. By conflating migrants and refugees and asylum with resettlement, the Orbán government was seeking popular support for its anti-EU stance. The referendum failed to mobilize enough people to be counted as valid, but rather than accepting defeat, the government decided to raise the stakes and change its constitution to include protections for Hungary's "constitutional identity," which includes the right to refuse foreign settlers but also opens a larger legal claim to resist other steps towards European integration.

Hungary, as one of the largest net recipients of EU funds, is not contemplating Huxit just now, but like Brexit proponents, it wants to have its cake and eat it too. Both the Hungarian government and British leavers want all the benefits of globalization while keeping their full national sovereignty. The only difference is that Hungary envisions achieving this within the EU and Britain as a non-member with all the privileges of membership. With Brexit, Hungary lost an important political ally in its resistance to European integration and now it is hoping to gain new ones through upcoming elections in other powerful countries. Prime Minister Viktor Orbán with his aggressive stance hopes to set off an avalanche of similar referenda and legal action in other countries, orchestrating a popular revolt against European integration.

Democracy may be the undoing of Europe but not because, as we hear it so often in the wake of the Brexit decision, people are irrational, uneducated or gullible. No polity will survive that requires a fully rational, highly knowledgeable and farsighted majority. Democracy is about organizing human imperfection for the best results. Democracy may end the most sensible attempt so far to reign in globalization not because people are imperfect but because our notions of democracy are too much tied to this 19th century invention: the nation state.

If we, like the founders of the EU, want to avoid a balkanized Europe of hostile nation states, we have to continue to think about ways of making global institutions more accountable but we also must rethink the nation state to understand what we can learn from its resilience, what powers it

should give up to super-national institutions and what powers it should devolve to regional and local ones.

There are two pillars on which the current appeal of nation states rest: one is security, the other is culture. For most people, nation states are the main source of safety. It is the nation state that pools risks of sickness, old age, crime and loss of jobs. Healthcare, pension, law and order and unemployment insurance are all currently in national jurisdictions. Many of those functions, partially or fully can and should be delivered by European institutions if the EU is to survive.

The obvious difficulty of federalizing these programs is not that people want to have these protections wrapped in their national flag but that the large inequalities across countries would at least in the short run, either call for enormous additional funds necessary to raise the level in poorer states to the level of the richest ones, or for some levelling, to bring the richest states down a few notches to a common middle ground. This therefore cannot be accomplished overnight, yet some of these security systems are easier to federalize than others. For instance, a generous and uniform unemployment insurance system, still tied to local wages but paid by uniform rules and from a central EU fund, would not just improve the lives of millions in countries like Greece and Hungary, but it would stabilize the European economy by quickly injecting funds in depressed economic regions. Offering people a common European pension system would not just buffer countries most adversely hit by aging demographics, but would increase labor mobility. A common European healthcare system would benefit the EU as a whole in similar ways. Pension and healthcare would face the same challenges of levelling, but it could begin as a two tiered system, where employers and workers could opt into an EU pension and health insurance system that exist alongside the national ones. These could first be available for internal migrants -- people who move from one EU country to another for work -- and those employed by multinational companies. Two-tier voluntary insurance schemes are always vulnerable to skimming; richer people moving to the upper tier sharing resources only among themselves and leaving the poor with less available in the second tier. This calls for some redistribution between the EU and the national systems with the long term aim of making the EU option the dominant one.

Fighting crime should be both federalized and localized. Terrorists must be battled by an all-European police and the same goes for corporate malfeasance. But traffic fines and burglaries should be handled locally.

There is one successful example of the nation state ceding substantial control of a central security function. It took the devastation of World War II, the subsequent Cold War and American dominance to create NATO, still, no one would have anticipated seventy years ago that powerful nations like France and Germany would have their armies under joint command.

Nation states are also strong cultural organisms. In fact, their ability to build a national culture, and a common cultural identity is key to their success and resilience. Without a shared European identity, European integration is bound to fail. European identity would not replace national identities. Just as people can identify with their locality and their country at the same time, identifying as European would add another layer to how people think of themselves.

One of the key instruments of nurturing national identities has been each nation's own education system. The French, the Spanish, the Germans and the Poles all learn in school what it means to be

members of their imagined community., They study their national language, history, and learn about their great poets, artists, and scientists. For the EU to build its own cultural identity, it will have to construct European educational institutions. This has started already in tertiary education, but needs to extend to the level of elementary and middle schools as well. Every region should have a few European public schools with a nationally inflected but fundamentally European curriculum, where parents can opt to send their children from an early age. The European Union also should expand its own media. Newspapers, journals, radio and TV programs or stations produced in various languages for national audiences but with EU financing and oversight should have a much stronger presence. The EU is already engaging in supporting various cultural and scientific projects. This, however, reaches only a small educated elite. The European Union needs to broaden its cultural reach.

At the same time, anyone who wants to save the EU must think creatively about how to make democracy fit a federal Europe. The first step is to decouple EU political institutions from national party politics. As opposed to national parties and governments being represented in EU political bodies, people should be voting directly for European parties and representatives. In elections EU citizens should cast a ballot for both a European party and an individual representing their region, running on a European agenda, as opposed to as delegates of their national parties receiving votes on the basis of popularity of their party's domestic policies. Furthermore, there must also be space for participatory democracy at the European level. Recent technology makes this a realistic possibility.

With Brexit, the EU has arrived at a critical juncture. If it tries to appease the populist nationalists without addressing the fundamental contradiction of globalization and democracy it risks a gradual disintegration of the European Union. The alternative is to develop new institutions at the European level that take over gradually the provision of security, foster European culture and identity and build a new autonomous European polity. This may require a step back, creating first an inner circle of core countries, more similar to each other in terms of wealth, values and political intentions.