

Austerity swung voters to Brexit – and now they are changing their minds



*The voters most badly hit by austerity cuts were those drawn to UKIP and who supported Leave in the EU referendum, argues **Thiemo Fetzer (University of Warwick)**. Recent polling evidence suggests that it is these same voters who are now changing their minds about Brexit.*

Jeremy Corbyn, when asked in a recent interview whether he would stop Brexit if he could, said: “We can’t stop it. The referendum took place. Article 50 has been triggered. What we can do is recognise the reasons why people voted Leave.” A lot of research in the social sciences since the 2016 EU referendum have attempted to do just that: understand why a small majority of the electorate that turned out voted to Leave.

This literature suggests that leave supporting areas (and leave voters) clearly stand out by being more deprived, having lower levels of income and life satisfaction, less access to high status-jobs, and living in areas with overall weaker economic structure, an ageing demographic and lower levels of educational attainment (see for example [here](#), [here](#), [here](#) or [here](#)). The big caveat with most of this work is that it is purely descriptive at best, without actually providing insights into the causal factors that induced voters to vote the way they did.



Donkeys at Blackpool, one of the towns hardest hit by austerity. Photo: [Fraser Downie](#) via a [CC-BY-NC 2.0 licence](#)

In a [recent paper](#) I argue that austerity and welfare reforms are among those factors that causally explain why voters shifted to support Leave to cast a protest vote. Crucially, the critical mass of voters that tipped the referendum in favour of Leave did not do so out of an ideological opposition to the UK’s EU membership, but as a protest against the status quo. Evidence from a recent survey indicates that it is those very same voters who are now having a change of heart.

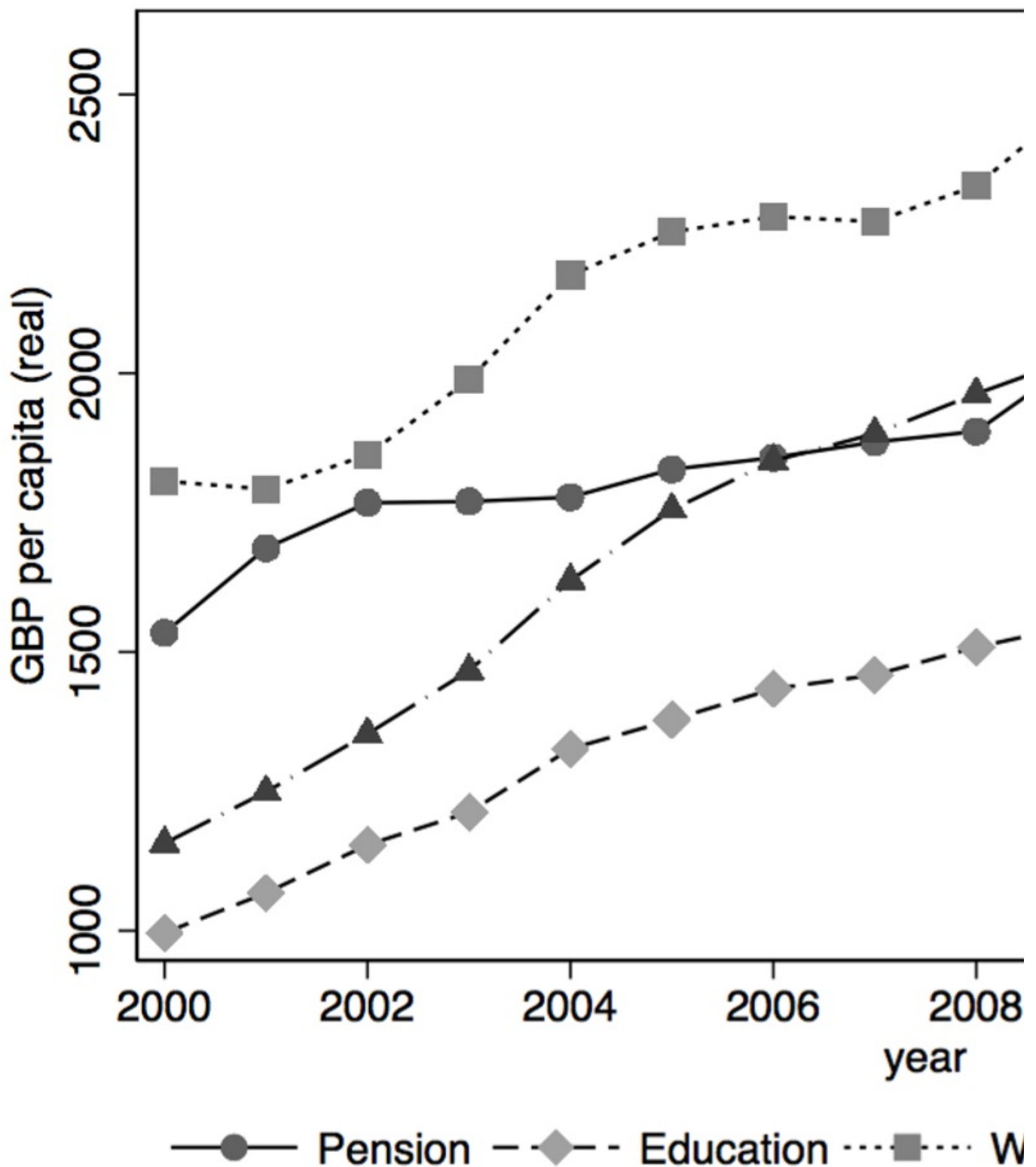
The role of austerity

Areas with poor economic and social fundamentals voted to Leave. Austerity and the ensuing welfare reforms since 2010 hit those areas the hardest.

At the level of local authority districts, spending per person fell by about 23% in real terms between 2010 and 2015, and the poorest areas were hit the hardest, with drops in local authority spending in some areas reaching up to 46% ([Innes and Tetlow, 2015](#)). In 2013, it was [estimated](#) that many of the measures included in the Welfare Reform Act of 2012 would cost every working-age Briton, on average, around £440 per year.

Aggregate figures suggest that overall government spending for welfare and protection contracted by 16% in real per capita terms (see Figure 1 below). While the NHS was ringfenced from direct cuts, the rapidly ageing population implied significant increases in demand for healthcare, worsening the quality and access for many and contributing to the now regular winter crises.

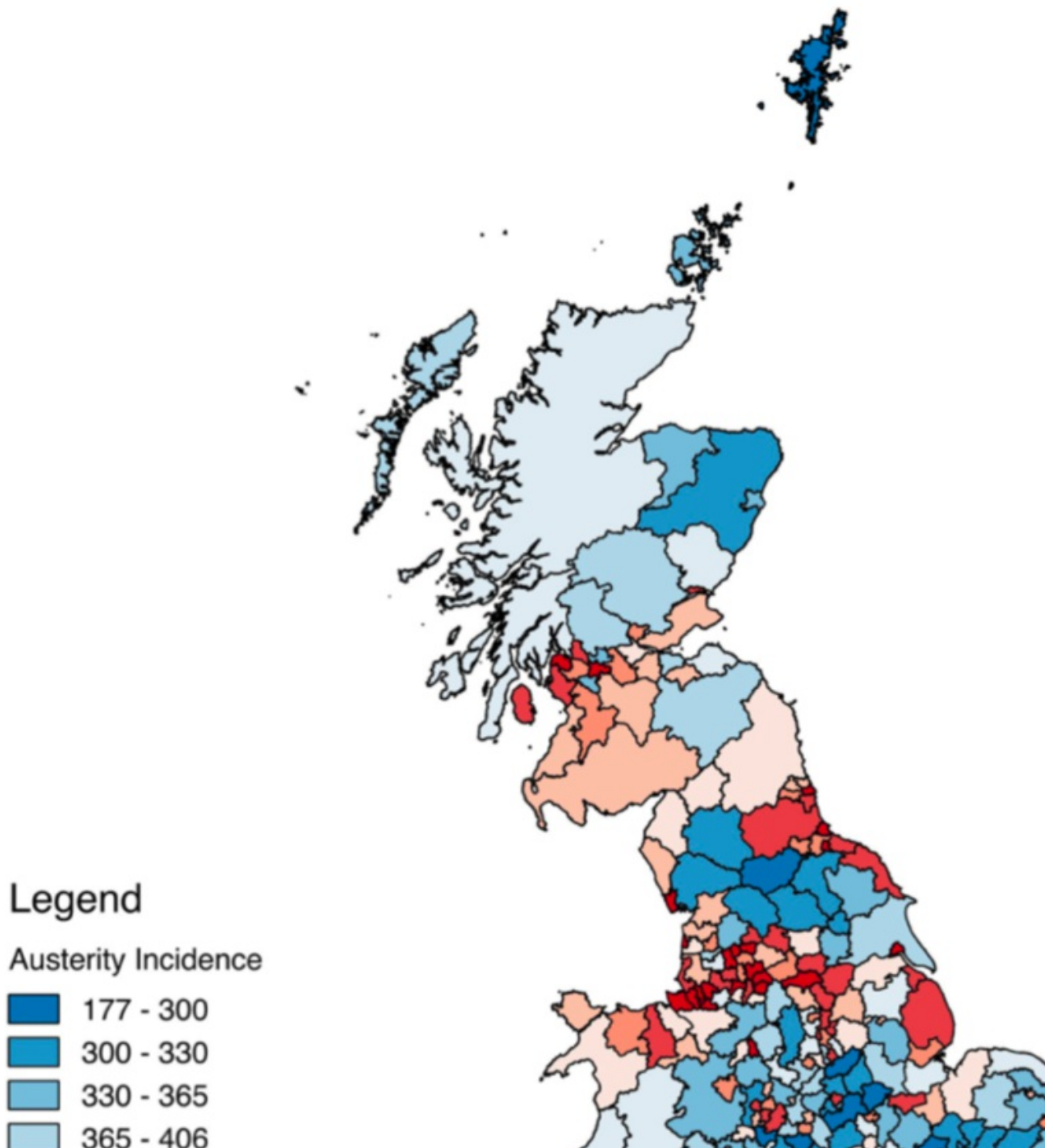
Figure 1 – Overall public sector spending in GBP per capita (real). Data are from HMRC and ONS.

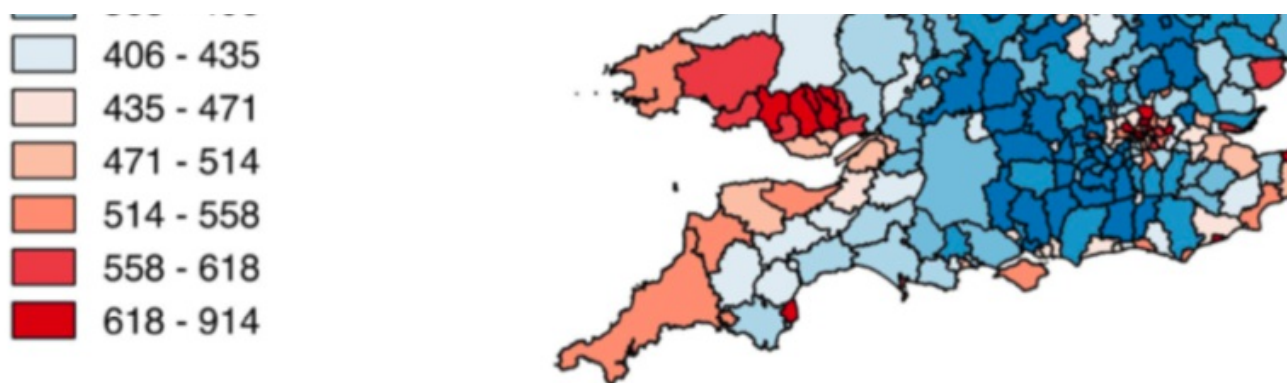


The impact of the cuts was far from uniform across the UK, as is visualised in Figure 2: it varied from around £914 in Blackpool to just above £177 in the City of London.

Various econometric techniques allow the analysis of how exposure to austerity is tightly linked with increasing support for UKIP – the strongest single correlate of support for Leave in 2016 – studying data across all electoral contests held in the UK since 2000. The austerity-induced increase in support for UKIP is sizable and suggests that the referendum could well have gone the other way had it not been for austerity. Estimates suggest that, in districts that received the average austerity shock, UKIP vote shares were on average 3.58 percentage points higher in the 2014 European elections and 11.62 percentage points higher in the most recent local elections prior to the referendum, compared to districts with little exposure to austerity.

Figure 2 Distribution of austerity shock simulated by Beatty and Fothergill (2013) and used in Fetzer (2018). The measure is expressed in financial losses per working-age adult per year.





The tight link between UKIP vote shares and an area's support for Leave implies that Leave support in 2016 could have been up to 9.51 percentage points lower and, thus, could have swung the referendum in favour of Remain had the austerity shock not happened.

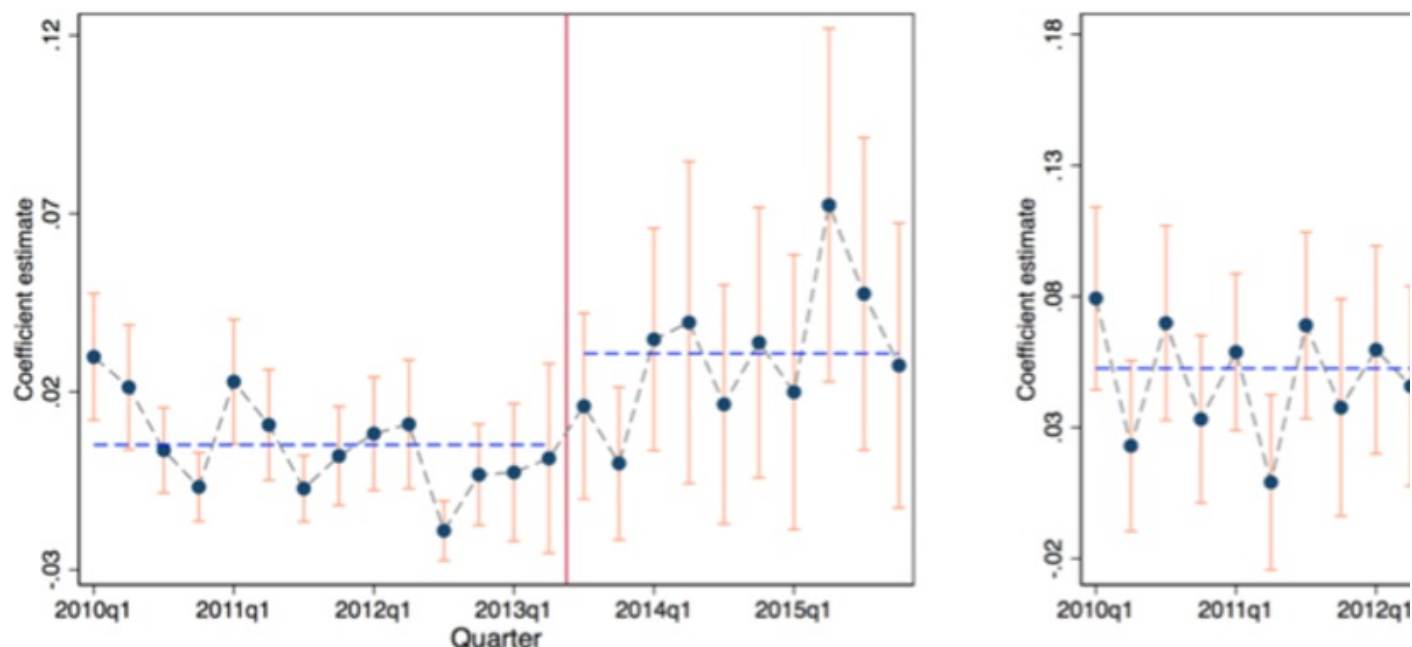
Austerity-induced welfare reforms and individual attitudes towards the political system

Individual-level data on political preferences and attitudes towards the political system overcome some of the main concerns that may be raised when studying election data, and further allow a sharper identification of the underlying causal mechanisms.

Using data from the UK's [largest and most comprehensive household panel study](#) covering around 45,000 households, I show that individuals exposed to various welfare cuts saw a market increase in support for UKIP, for Leave (which is measured in the study) and wider anti-establishment political preferences.

For example, one of the welfare-reform measures was the so-called "bedroom tax", which implied reductions to housing benefit for households living in social-rented housing judged to live in too large accommodation relative to their needs, having an excess bedroom. The results suggest that households exposed to the bedroom tax increasingly shifted towards supporting UKIP, experienced economic grievances as they fell behind with their rent payments due to the cut to housing benefits, and some, avoided the benefit cut by moving to less spacious housing (see Figure 3).

Effect of “bedroom tax” penalizing social housing support for UKIP



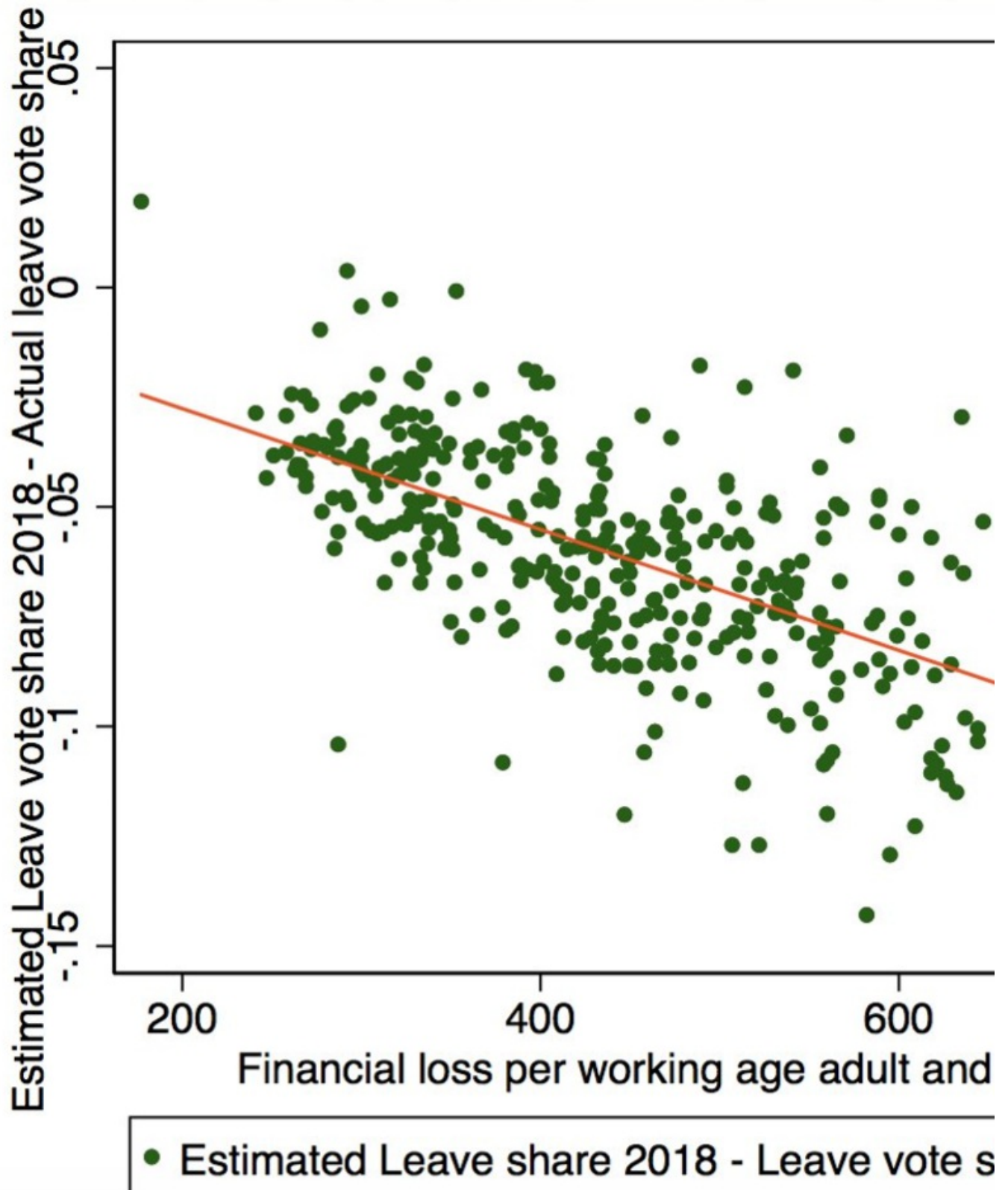
Notes: Figure plots event studies studying the impact of the bedroom tax on support for UKIP. The dependent variable in the left panel is a dummy variable indicating whether respondents support UKIP. The dependent variable in the right panel is an indicator variable indicating whether respondents live in a dwelling with a spare bedroom. The regression model includes an indicator variable for the bedroom tax, an indicator variable for whether respondents live in a dwelling with a spare bedroom, and an interaction term between the two. The regression model is estimated at the district level with 95% confidence bands indicated.

As a result, many individuals exposed to these welfare reforms started to feel disenfranchised. Among the austerity-hit voters, the share that perceive that “public officials do not care”, that they are “not having a say in what the government does” and that their vote is “unlikely to make a difference” increases sharply, suggesting a wider increase in protest and dissatisfaction beyond what can be captured by support for UKIP. Not surprisingly, these very same factors are tightly associated with support for Leave.

A change of heart?

The evidence suggests that a significant share of Leave voters supported Leave not because they were ideologically opposed to the UK’s EU membership, but rather that they saw that as an opportunity to voice their grievances and dissatisfaction with the status quo. Those same voters are most susceptible to swing back to supporting Remain.

And this appears to be happening – while Leave support was strongly driven by austerity-hit areas, those places now disproportionately have a change of heart. A new [Survation Opinion poll](#) sampling more than 20,000 individuals across the UK allows the construction of quite precisely estimated measures of support for Leave in 2018 – and thus, allows for a direct comparison between the support for Leave in 2016 vis-à-vis today.



The contrast is quite stark – those areas most exposed to welfare reforms, and which saw a decided swing towards Leave in 2016, see among the largest drops in support for Leave in 2018. This suggests that the pivotal voters that contributed so crucially to the Leave victory are now having a significant change of heart. The question is whether politicians will take their views on board.

This post represents the views of the author and not those of the Brexit blog, nor the LSE.

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