BAŞKENT UNIVERSITY
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AFTERMATH OF BREXIT: INEQUALITIES AND THE ORGANIC CRISIS IN THE UK

MA THESIS

BY
KEMAL USTA

ANKARA – 2023

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BAŞKENT ÜNİVERSİTESİ

AVRUPA BİRLİĞİ VE ULUSLARARASI İLİŞKİLER ENSTİTÜSÜ

Siyaset Bilimi ve Uluslararası İlişkiler Anabilim Dalı Avrupa Birliği Tezli Yüksek Lisans Programı çerçevesinde Kemal Usta Tarafından hazırlanan bu çalışma, aşağıdaki jüri tarafından Yüksek Lisans Tezi olarak kabul edilmiştir.

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YÜKSEK LİSANS TEZ ÇALIŞMASI ORİJİNALLİK RAPORU

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Yukarıda başlığı belirtilen Yüksek Lisans tez çalışmamın; Giriş, Ana Bölümler ve Sonuç Bölümünden oluşan, toplam 84 sayfalık kısmına ilişkin, 23 / 09 / 2023 tarihinde şahsım/tez danışmanım tarafından Turnitin adlı intihal tespit programından aşağıda belirtilen filtrelemeler uygulanarak alınmış olan orijinallik raporuna göre, tezimin benzerlik oranı % 13'dür.

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İmza

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Tez danışmanım Doç. Dr. Süleyman Sezgin Mercan’a ve eski tez danışmanım Prof. Dr. Hasibe Şebnem Oğuz’a katkıları, tavsiyeleri ve sabırları için teşekkür ederim.

ÖZET

Kemal Usta, Aftermath of Brexit: Inequalities and the Organic Crisis in the UK, Başkent Üniversitesi, Avrupa Birliği ve Uluslararası İlişkiler Enstitüsü, Avrupa Birliği Tezli Yüksek Lisans Programı, 2023.

Bu tez Birleşik Krallık'taki organik krizi Neo-Gramscici yöntem ile incelemek üzere yazılmıştır. Bu bağlamda, Brexit referandumunun sonucunun altında yatan nedenlerin ve sorunların hala çözülmediği ve bunun ülkede bir organik kriz göstergesi teşkil ettiği savunulmaktadır. Ayrıca, artan eşitsizliklerin ve popülist söylemlerin referandumun sonucunu şekillendirmede önemli bir rol oynadığı ve bu organik krizin köklerinin tarihsel, siyasi ve ekonomik faktörlere dayandığı düşünülmektedir.

Bu tez, Brexit'i analiz etmede Neo-Gramscici yaklaşım kullanan çalışmaların az olduğunu tespit etmiş ve referandumun ile Birleşik Krallık'taki organik krizin bu teorik çerçeve içerisinde araştırılmasının önemli olduğunu savunmuştur. Bu tez beş ana soru üzerinden Brexit'i ve organik krizi analiz etmiştir. Bunlar: (1) İngiltere'de son zamanlarda yaşanan siyasi ve ekonomik çalkantılar organik bir kriz olarak sınıflandırılabilir mi? (2) Eğer öyleyse, Birleşik Krallık'ta hegemonya ve karşı hegemonya durumu nedir? (3) Birleşik Krallık'taki organik krizin ana bileşenleri nelerdir? (4) Brexit referandumu organik krizin sonu muydu? (5) Değilse, organik kriz hala derinleşiyor mu?

Organik bir kriz, bir toplumda ekonomik, politik ve kültürel faktörleri kapsayan köklü ve sistemik bir krizi temsil eder. Birleşik Krallık örneğinde, kriz, işçi sınıfı ile seçkinler arasındaki uçurumu genişleten neoliberal politikalar ve bunun sonucunda ortaya çıkan eşitsizlik tarafından yönlendirildiği düşünülmektedir. Dahası, 2008 mali krizi, eşitsizliği yoğunlaştırarak ve vatandaşlar arasında kızgınlığı besleyerek krizi daha da kötüleştirmiş ve popülizmin yükselişiyle birleşen bu durum, Brexit referandumunun sonucunu etkilemiştir.

Bu tez, Brexit referandumundan önce ve sonra İngiltere'deki organik krizi incelemek için karşılaştırmalı bir analiz yöntemini benimsemiştir. Siyasi ve ekonomik kargaşa, hegemonik projeler ve ideolojiler, hegemonya karşıtı hareketler ve gelir eşitsizliği ve toplumsal kutuplaşma gibi kriz bileşenlerine ilişkin göstergeler bu metot üzerinden analiz edilmiştir.

Anahtar Kelimeler/Keywords: Brexit, Organik Kriz, Eşitsizlik, Birleşik Krallık

ABSTRACT

Kemal Usta, Aftermath of Brexit: Inequalities and the Organic Crisis in the UK, Başkent University, Institute of European Union and International Relations, Master's Program of European Union with thesis, 2023.

This thesis was written to examine the organic crisis in the UK with the Neo-Gramscian method. In this context, it is argued that the reasons and problems underlying the outcome of the Brexit referendum are still not resolved and that this constitutes an organic crisis indicator in the country. It is also thought that increasing inequalities and populist discourses played an important role in shaping the outcome of the referendum and that the roots of this organic crisis are based on historical, political and economic factors.

This thesis has determined that there are few studies that use the Neo-Gramscian approach in analyzing Brexit and considers it important to investigate the referendum and the organic crisis in the UK within this theoretical framework. This thesis analyzes Brexit and the organic crisis over five main questions. These are: 1) Can the political and economic turmoil in the recent times in the UK classified as an organic crisis?; (2) If so, what is the state of hegemony and counter-hegemony in the UK?; (3) What are the main components of the organic crisis in the UK?; (4) Was the Brexit referendum the end of the organic crisis?; (5) If not, is the organic crisis still deepening?

An organic crisis represents a profound and systemic crisis in a society involving economic, political, and cultural factors. In the case of the UK, the crisis is thought to have been driven by neoliberal policies that widened the gap between the working class and the elite and the resulting inequality. Additionally, the 2008 financial crisis exacerbated the crisis by intensifying inequality and fueling resentment among citizens, and this, combined with the rise of populism, may have affected the outcome of the Brexit referendum.

This thesis adopts a comparative analysis method to examine the organic crisis in the UK before and after the Brexit referendum. Indicators of crisis components such as political and economic turmoil, hegemonic projects and ideologies, anti-hegemonic movements and income inequality and social polarization were analyzed through this method.

Anahtar Kelimeler/Keywords: Brexit, Organic Crisis, Inequality, United Kingdom

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CAP	Common Agricultural Policy
EC	European Communities
EEC	European Economic Community
EU	European Union
FED	Federal Reserve System
GDP	Gross Domestic Product
IMF	International Monetary Fund
NATO	North Atlantic Treaty Organization
NHS	National Health Service
UK	United Kingdom
UKIP	United Kingdom Independence Party
USA	United States of America
VAT	Value-Added Tax
WHO	World Health Organization

INTRODUCTION

The referendum held in order to determine whether the United Kingdom should leave the European Union or not, namely Brexit, took place on 23 June 2016. 51.9% of the citizens voted to leave and 48.1% voted to remain.[1] This outcome was a close one. Nevertheless, the citizens of the UK who voted to leave the EU had their reasons. These reasons range from historical to political and economic. While the opinions of the citizens about the colonial past and the loss of the hegemonic role of the UK in the international arena may have contributed to the outcome of the referendum, this thesis contends that the closely linked economic and political factors, specifically the rising inequality and populist discourses, may have been more effective in determining the outcome.

With a basic literature scan one can find many works that focus on the Brexit referendum. One branch of works found before writing this thesis focuses on the outcome of the referendum. These range from those that focuses on the aspect of populism, such as the works of Ejan Mackaay[2], Sara B. Hobolt[3]; Pippa Norris and Ronald Inglehart[4] to that the utilize a more expansive approach which include other aspects as well as populism, such as the works of Philip Arestis and Yiannis Kitromilides[5]; Harold D. Clarke, Matthew Goodwin, and Paul Whiteley[6]. Another branch of works focuses on the aftermath of the referendum. These range from works that focuses on the UK growth models[7], future economic development of the UK,[8] geopolitical aspect of Brexit[9]; to those that focus on its impact on the EU.[10] Although there are many works that focus on Brexit, the literature scan done before writing this thesis only found two works that focus on Brexit within a

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[1] "Results and turnout at the EU referendum," The Electoral Commission, accessed 23 September, 2021, https://www.electoralcommission.org.uk/who-we-are-and-what-we-do/elections-and-referendums/past-elections-and-referendums/eu-referendum/results-and-turnout-eu-referendum .

[2] Ejan Mackaay, "Brexit – populist reaction to the 2008 speculative bubble bursting?," *SSRN Electronic Journal* 2020

[3] Sara B. Hobolt, "The Brexit vote: a divided nation, a divided continent," *Journal of European Public Policy*, 23, 9 (2016)

[4] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash: Trump, Brexit, and the Rise of Authoritarian Populism*, (Cambridge: Cambridge University Press, 2019

[5] Philip Arestis, Yiannis Kitromilides, "'Brexit': A Political Economy Approach", *Challenge* 61, 5-6 (2018)

[6] Harold D. Clarke, Matthew Goodwin, Paul Whiteley, *Brexit: Why Britain Voted to Leave the European Union* (Cambridge: Cambridge University Press, 2017),

[7] Ben Rosamond, "Brexit and the Politics of UK Growth Models," *New Political Economy,* 24,3 (2019)

[8] Jane S. Pollard, "Brexit and the wider UK economy," *Geoforum,* 125, 2021 (2021)

[9] Veit Bachmann and James D. Sidaway, "Brexit geopolitics," *Geoforum,* 77, 2016 (2016)

[10] Edoardo Bressanelli, Nicola Chelotti, Wilhelm Lehmann, "Managing Disintegration: How the European Parliament Responded and Adapted to Brexit," *Politics and Governance,* 9, 1 (2021)

Neo-Gramscian framework. These two works are both written by Bob Jessop, and they focus on the organic crisis in the UK.[11] [12] As such, this thesis found it important to research Brexit within the Neo-Gramscian framework. For this reason, this thesis asks the following questions: (1) Can the political and economic turmoil in the recent times in the UK classified as an organic crisis? (2) If so, what is the state of hegemony and counter-hegemony in the UK? (3) What are the main components of the organic crisis in the UK? (4) Was the Brexit referendum the end of the organic crisis? (5) If not, is the organic crisis still deepening?

It is this thesis contention that although the referendum has concluded, the problems and reasons that may have affected the outcome of the referendum have not been resolved. As such, this thesis contends that the United Kingdom has been in a gradually growing state of organic crisis since the introduction of the neoliberal policies, namely Thatcherism, in the 70's. The concept of an organic crisis emerges from the field of social and political theory, particularly associated with the Italian Marxist thinker Antonio Gramsci. It refers to a profound and systemic crisis that arises within a society, affecting its fundamental structures and institutions.[13] Unlike conventional crises, which are often temporary and manageable, an organic crisis encompasses deep-rooted contradictions and tensions that cannot be resolved within the existing framework of society. It represents a critical juncture where the existing social order becomes increasingly unstable and unsustainable. An organic crisis arises from a combination of economic, political, and cultural factors that interact and reinforce each other. Economically, it may manifest as a severe downturn, characterized by unemployment, inequality, and a crisis of production and consumption. Politically, it can arise when the ruling elite faces challenges to its legitimacy, either from within or from popular movements demanding change.[14] Cultural factors, such as changing values, ideological shifts, and a loss of faith in established institutions, also contribute to the emergence of an organic crisis.

In the case of the UK, this thesis contends that the organic crisis consists of several components, such as neoliberal policies and rising inequality. These in turn create more components such as economic crises and Brexit. The 2008 Financial Crisis and Brexit can

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[11] Bob Jessop, "The Organic Crisis of the British State: Putting Brexit in its Place," *Globalizations* 14, 1 (2017)

[12] Bob Jessop, "Neoliberalization, uneven development, and Brexit: further reflections on the organic crisis of the British state and society," *European Planning Studies* 26, 9 (2018)

[13] David Forgacs, *The Gramsci Reader Selected Writings 1916-1935* (New York: New York University Press, 2000), 427

[14] Ibid., 427

be seen as the tipping point, but this research contends that these events haven't finalized the organic crisis and it is still affecting the people of the UK.

Neoliberal Policies, such as the lack of state intervention, deindustrialization, deregulation, austerity measures, and financialization have created a rift between the working class and the elite.[15] More importantly, these neoliberal policies have increased the inequality between the ordinary citizens and the elite, not only in terms of income and wealth but also in socially and politically. These policies may have created marginalized groups, may have impeded the ordinary citizen's opportunities of upward mobility, such as education and health, and may have weakened the bargaining power of the working class through de-unionization and job insecurity. In short, the wealthy elites have become wealthier and wealthier while the ordinary citizens have stagnated, even become poorer. This in turn, may have created a citizenry that is bitter and resentful of the political and financial elite.

In addition to this ongoing situation, the breakout of the 2008 Financial Crisis has severed the already strained relationship between most of the citizens and the political elite. Due to its global financial ties, the financial sector of the UK has been affected by the crisis. The ensuing austerity measures that shrank the welfare system may have increased the inequality and intensified the organic crisis.[16] In a situation like this, it is not surprising to see a rise in populism's popularity. As the citizens suffering from the inequalities arising from neoliberal policies may have opted to seek a scapegoat, migrants in this case, for their misfortunes, which in turn, may have affected the outcome of the referendum.

For this reason, this thesis utilizes the Neo-Gramscian framework to reach a meaningful conclusion, for this thesis contends that the organic crisis in the UK is a crisis of hegemony. Neo-Gramscian approach studies how the dialectical relations between social forces, forms of state and world orders form the dialectical relations between ideas, material capabilities and institutions, which in turn forms hegemonies.[17] If these forces are unbalanced, the status quo of the ongoing hegemony can be challenged by a counter-hegemony. However, this thesis contends that counter-hegemony couldn't develop a meaningful argument against the ongoing hegemony. This means that there is not a

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[15] Bob Jessop, "The Organic Crisis of the British State: Putting Brexit in its Place," *Globalizations* 14, 1 (2017): 135.
[16] Isabel Airas, "A Neo-Gramscian Analysis of Brexit" *E-International Relations* 30 May, 2017, https://www.e-ir.info/2017/05/30/a-neo-gramscian-analysis-of-brexit/ , accessed: 10, September, 2021.
[17] Robert W. Cox, "Social Forces, States and World Orders: Beyond International Relations Theory" *Millennium- Journal of International Studies* 10, 2 (1981): 135-138

meaningful change in the inequalities involved in the creation of the organic crisis, which means that the organic crisis is still deepening.

As this thesis contends that the political and economic turmoil in the UK is an organic crisis, which encompasses nearly all aspects of social, economic, and political life in a given society, this thesis chose to utilize the comparative analysis method.[18] The objective of the comparative analysis is to examine the organic crisis in the UK before and after the Brexit referendum, assess the state of hegemony and counter-hegemony, identify the main components of the crisis, and determine whether the crisis has deepened or ended.

In order to achieve this goal, this thesis identifies relevant variables. These are: (1) political and economic turmoil indicators such as political instabilities and economic recessions, (2) hegemonic projects and ideologies such as dominant political parties and policies, (3) counter-hegemonic movements such as social movements and opposition parties, (4) components of the organic crisis such as income inequality and social polarization. In order to better contextualize these variables, data gathered from official economic statistics and media sources covering political and economic events is also utilized.

In the first chapter, the thesis explains why the Neo-Gramscian approach is chosen. The forces of hegemony are initially formed by the social relations of production, forms of state, and world orders. If there is an imbalance between the forces that constitute hegemony, a counter-hegemonic movement and thus an organic crisis is likely to emerge. During an organic crisis, the hegemonic power of the ruling class is weakened, and opposition to the current hegemony challenges the values and ideas of the ruling class. The forces that compose hegemony are material capabilities, ideas, and institutions. Material capabilities refer to economic resources and technology, ideas represent values and beliefs, and institutions are the formal and informal rules of society.

In the second chapter, the state of the organic crisis in the UK and its components are explored. The organic crisis in the UK is a complex and interconnected phenomenon that has been shaped by various economic and political components. This chapter of the thesis provides a comprehensive overview of the main components of the organic crisis and their interplay. The chapter highlights the central role of neoliberal policies in the formation of the organic crisis and how these policies have created a domino effect, resulting in rising inequality, financial crises, and the erosion of democracy. The chapter also explores how

[18] Charles C. Ragin, *The Comparative Method Moving Beyond Qualitative and Quantitative Strategies* (Oakland: University of California Press, 2014)

the economic components of the crisis have led to the political components, such as the rise of populism and plutocracy. Additionally, the second chapter underscores the impact of the EU on the organic crisis in the UK, particularly the loss of control in political and economic policies, which has further fueled the crisis. It suggests that the interplay of these components has created a web of crises in the UK, which cannot be addressed by conventional means.

Furthermore, this chapter sets the stage for the examination of the Brexit referendum and the formation of hegemony and counter-hegemony in the subsequent chapter. The analysis provided in this chapter suggests that the Brexit referendum was not the peak of the organic crisis but rather a symptom of a more profound and systemic problem in the UK.

The third chapter focuses on the Brexit referendum, the formation of hegemony and counter-hegemony in the UK, and the deepening of the organic crisis. The 1975 referendum on whether the UK should leave the European Economic Community provides an important context for understanding Brexit, and the outcome suggests that the UK preferred to negotiate within the framework of the EEC rather than be an outsider with less leverage. During the Conservative Party period in the UK, the government was skeptical of European integration and tried to opt-out of policies that they deemed disadvantageous. Brexit represented a significant shift in the UK's relationship with the EU, and its consequences are still unfolding.

The third chapter also examines the hegemony and counter-hegemony in the UK. Rising inequality has caused disillusionment with the established hegemony, leading to the emergence of a counter-hegemonic movement. Populist political parties, such as UKIP, are the main institutions that constitute the counter-hegemonic movement in the UK. These parties utilize anti-immigration and Eurosceptic sentiments, which were highly utilized during the Brexit campaign. However, the counter-hegemonic movement lacks a viable solution to the problems faced by the public.

The withdrawal from the EU and the COVID-19 pandemic have further exacerbated the organic crisis in the UK, exposing vulnerabilities in the healthcare system and widening the gap between the rich and the poor. The political turmoil and resignations of prime ministers have added to the political instability, further diminishing the legitimacy of the government.

1. THEORETICAL FRAMEWORK

1.1. Theoretical Approaches to the Political Economy of Brexit

In order to explain why this thesis chose to analyze the organic crisis in the United Kingdom within a Neo-Gramscian framework, one must understand how each theoretical approach contributes to the political economy of Brexit. For this reason, the following sub-chapters explore the various theoretical approaches to the international political economy, and the academic articles that utilize these various approaches in order to explain Brexit.

One thing to note here is that the approaches mentioned below are explained in broad terms and by no means expansive. Moreover, the articles mentioned in each sub-chapter pertaining to a particular political economy approach are not explained expansively as well. It is done so, because it is not the scope of this thesis to explain each approach expansively. However, they are explored broadly in order to explain why the Neo-Gramscian approach is chosen.

1.1.1. Liberal approach

The liberal approach, whose origin dates back to the 18th century, is a mainstream approach in the political economy field. Darel E. Paul defines liberal approach as the "… the offspring of a marriage between mainstream international economics… and mainstream international relations."[19] It focuses on market forces, international trade and institutions that facilitate global markets. It puts individual material interests on the focal point of analysis.[20] It sees the individual interest and the competition in the markets that the interests create as a source of improvement for the society. Thus, liberal approach suggests that market forces and individual interests shape the economic activities of a given society. Two of the most prominent figures of the liberal approach as well as the political economy field as a whole were Adam Smith and David Ricardo, whose books respectively titled *An Inquiry into the Nature and Causes of The Wealth of Nations* and *On the Principles of Political Economy and Taxations* lay the foundations of the liberal approach.

One of the principles that form the foundation of the liberal approach is individual interests. The liberal approach suggests that individual interests play an important role for the betterment of a given society. According to Adam Smith "Every individual is

[19] Darel E. Paul, "Liberal Perspectives on the Global Political Economy," *Oxford Research Encyclopedia of International Studies* 2010, (2010): 2
[20] Ibid., 3

continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society."[21] As one can see from this quote, the liberal approach suggests that although each person acts selfishly in order to improve their living conditions, their selfish actions for a better life coincidentally benefit society.

Another principle that forms the foundations of the liberal approach is the concept of free trade and comparative advantage. The liberal approach places great emphasis on the benefits of this concept. According to the liberal approach, countries should specialize in producing goods and services in which they have a comparative advantage and engage in voluntary trade to maximize overall economic welfare.[22] As David Ricardo puts it "Under a system of perfectly free commerce, each country naturally devotes its capital and labor to such employments as are most beneficial to each."[23] As such, the liberal approach argues that free trade allows for efficient allocation of resources, spurs innovation, and enables countries to benefit from trade.

Advocating free trade means that the liberal approach also supports market-led economic policies. This means that the liberal approach suggests that the markets are effective mechanisms for resource allocation and economic decision-making. As such, liberal approach advocates for minimal government intervention.[24] Instead of government intervention, the liberal approach suggests that promoting policies which foster competition, private property rights, and the rule of law are more beneficial to society.[25] Thus, the liberal approach suggests that by allowing market forces to determine prices, allocate resources, and encourage entrepreneurship, liberals argue that economic efficiency and growth can be maximized.

Additionally, due to the emphasis on market-led economic policies and minimal government intervention, the liberal approach also stresses the importance of independent institutions and norms in facilitating cooperation both within and among nations. Domestic institutions such as central banks, which are responsible for the monetary policy of a

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[21] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations,* Edited by Edwin Cannan (Chicago: University of Chicago Press, 1977), 590

[22] David Ricardo, *On the Principles of Political Economy and Taxation* (Kitchener: Batoche Books, 2001), 85-103

[23] Ibid., 89

[24] Thomas Oatley, *International Political Economy Sixth Edition* (New York: Roultedge, 2019) 34

[25] İbid., 35

nation, play the role of maintaining balance between the free market and the government.[26] On the other hand, international institutions such as the World Trade Organization are seen as crucial in establishing rules, resolving disputes, and promoting stable economic interactions.[27] Liberal approach suggests that by establishing rules and norms international institutions also play a role of preventing needless human suffering such as wars and conflicts. As Kemal Derviş puts it "The painstaking effort since the end of WWII to build effective regional and global governance institutions has reduced considerably the risk of catastrophes like the world wars or the Great Depression."[28]

In summary, the liberal approach, rooted in the 18th century, is a mainstream perspective in the field of political economy. It emphasizes the significance of market forces, international trade, and institutions that support global markets. The individual's material interests hold a central position in this approach, with the belief that competition and market forces foster societal improvement. Furthermore, it promotes the concept of free trade and comparative advantage, suggesting that free trade maximizes growth. Market-led economic policies are advocated, with minimal government intervention, as the liberal approach views markets as effective mechanisms for resource allocation and economic decision-making. Moreover, the liberal approach recognizes the significance of independent institutions and norms in facilitating cooperation within and among nations, emphasizing that such institutions act as a balancing element between the free market and the government.

Research papers exploring the political economy of Brexit using liberal approaches have focused on, predictably, the impact of Brexit on the focal points of liberal approach mentioned above. For example, liberal approach has been used to analyze the influence of lobby groups on Brexit[29] or to analyze the trade implications of Brexit for third countries.[30]

While liberal approach and the dominant mode of production across the planet that it has maintained, namely capitalism, have created prosperous societies since the latter half of the twentieth century, it is also criticized by the critical approaches in the political economy field such as Marxist approach for being the source of inequality both within and

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[26] Kemal Derviş, *Reflections on Progress Essays on the Global Political Economy* (Washington, D.C.: Brookings Institution Press, 2016), 68
[27] Thomas Oatley, *International Political Economy,* 51-59
[28] Kemal Derviş *Reflections on Progress,* 75
[29] Mads Dagnis Jensen and Holly Snaith, "When Politics Prevails: The Political Economy of a Brexit," *Journal of European Public Policy* 23, 9 (2016): 1302-1310
[30] Martín Molinuevo, "Brexit: Trade Governance and Legal Implications for Third Countries," *World Bank Group,* 8010 (2017): 1-19

between the countries. As one of the focal points of this thesis is the inequalities caused by the neoliberal policies in the UK, whose mode of production is capitalism, liberal approach is not suitable for being the main theoretical framework of this thesis.

1.1.2. Institutionalist approach

Institutionalist approach in political economy focuses on the impact of economic and/or political institutions on society and vice versa. In a sense it theorizes a feedback loop where society changes the institutions which, in turn, changes society. This constant evolution is what drives the economic activity of a given society. According to John E. Eliot institutions "… serve essentially facilitative, adaptive, obstructive or destructive roles in economic and social change."[31] From this description one can concur that, for instance, development of the new technologies can create new modes of production, which can change the economic activities of a society, which in turn can create the institutions necessary to facilitate these new economic activities or can change the existing ones to suit better for the said activities, or by contrast the institutions can intervene with or even destroy the economic activities in order to survive. In short, the institutionalist approach suggests that the impact of institutions, whether they are economic or political, needs to be explored in order to better understand the economic activities of a society.[32]

Rather than the actions of individuals and the market forces determining the economic activities and outcomes in a given society, as suggested by the liberal approach, the institutional approach suggests that the actions of individuals are shaped by the institutions in that society.[33] Institutions create the framework within which individuals and organizations make decisions and interact with one another, influencing economic activities, resource allocation, and the distribution of wealth and power. These institutions include formal institutions such as laws, regulations, and government agencies, as well as informal institutions like social norms, customs, and traditions.[34]Formal institutions encompass the legal and regulatory frameworks that govern economic activities. They include laws, property rights, contract enforcement mechanisms, and government agencies and thus, these formal institutions provide a legal and policy framework that guides

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[31] John E. Elliott, "Institutionalism as an Approach to Political Economy," *Journal of Economic Issues* 12,9 (1978): 93

[32] Ibid., 91-114

[33] Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies,* 44, 5 (1996), 7

[34] Douglass C. North, *The Political Economy of Institutions and Decisions* (Cambridge: Cambridge University Press, 1990), 4

economic behavior, ensures stability, and protects individual rights.[35] Informal institutions, on the other hand, refer to the unwritten rules, social norms, and customs that influence economic interactions. These include cultural values, traditions, social conventions, and informal networks and as such these informal institutions shape behavior, cooperation, and social expectations within a society.[36] Both formal and informal institutions are essential for understanding economic systems and their outcomes. Institutions create legislation and customs, define property rights, shape market structures, and influence the behavior of economic actors. They determine the incentives for investment, innovation, and entrepreneurship, as well as the distribution of resources and opportunities within a society.

As such, the institutionalist approach emphasizes the role of institutions in shaping economic development. Inclusive and effective institutions are vital for promoting sustainable economic development. Inclusive institutions provide equal opportunities for participation, protect property rights, enforce contracts, and ensure a level playing field for all individuals and businesses.[37] These institutions foster trust, encourage entrepreneurship, and facilitate economic transactions, leading to higher levels of investment, innovation, and growth. In contrast, societies with extractive institutions, which concentrate power and resources in the hands of a few, hinder economic development. Extractive institutions create barriers to entry, limit competition, and perpetuate inequality, stifling entrepreneurship, and innovation.[38]

In conclusion, the institutionalist approach in political economy highlights the significant role of economic and political institutions in shaping society and driving economic activity. Institutions, both formal and informal, provide the framework within which individuals and organizations make decisions and interact with one another. They influence economic activities, resource allocation, and the distribution of wealth and power. Formal institutions encompass laws, regulations, property rights, and government agencies, while informal institutions include social norms, customs, and traditions. The institutionalist approach emphasizes that the actions of individuals are shaped by these institutions, rather than being solely determined by market forces. Inclusive and effective institutions that provide equal opportunities, protect property rights, and foster trust are

[35] Peter A. Hall and David Soskice, *Varieties of Capitalism, the Institutional Foundations of Comparative Advantage* (New York, Oxford University Press, 2001), 9-12
[36] İbid., 12-14
[37] Daron Acemoğlu and James A. Robinson, *Why Nations Fail, the Origins of Power, Prosperity, and Poverty* (New York, Crown Publishers, 2012) 74-77
[38] Ibid., 74-77

vital for sustainable economic development. In contrast, extractive institutions that concentrate power and resources hinder economic progress by limiting competition and perpetuating inequality. Understanding the impact of institutions is crucial for comprehending economic systems and their outcomes in a given society.

The articles with an institutionalist approach to Brexit mainly focus on institutional challenges in the UK that occurred after Brexit[39] or the impact of Brexit on EU institutions.[40] While this is a perfectly valid point of analysis, this thesis contends that it is not enough to understand the scope of the crisis that the UK is in, for the crisis is not just about the power struggles between institutions or the emergence of the new ones.

1.1.3. Marxist approach

The Marxist approach is a critical approach in the political economy field. The main critique of the Marxist approach is the capitalist mode of production. As such, it suggests that the relations of control over labor power and material means such as land, tools and raw materials are what drives the society into the formation of classes.[41] Workers who do not have the means of production are compelled to sell their labor power to those who have the said means, namely capitalists, which not only creates but also solidifies unequal relations between the classes. In such a system, while the capitalists gain most of the profits, workers are exploited. This in turn, creates the struggle between the classes. This struggle implies that the relations of production are politicized.[42] Marxist approach thus suggests that such political struggles need to be explored in terms of relations of production. For this reason, it is important to understand the capital accumulation process.

First of all, the simple circulation of commodities should be explained. If a commodity (C) is going to be exchanged for another commodity, first it is exchanged for money (M) and then the other commodity is bought, which has the same value.[43] This is represented as C-M-C. This exchange can be done by either the capitalists or workers. However, it should be noted that workers can only sell their labor power, which is exchanged for wages, money, which, in turn, exchanged for goods needed to live such as

[39] John Bachtler and Iain Begg, “Cohesion policy after Brexit: the Economic, social and institutional Challenges,” *Journal of Social Policy* 46,4 (2017): 745-763
[40] Gianfranco Baldini and Nicola Chelotti, “The Brexit Effect: Political Implications of the Exit of the United Kingdom from the European Union,” *International Political Science Review,* (2021): 1-10
[41] Alex Callinicos, “Marxism: and the Very Idea of Critical Political Economy,” in *The Palgrave Handbook of Critical International Political Economy* ed. Alan Cafruny, Leila Simona Talani, Gonzalo Pozo Martin (London, Palgrave Macmillan, 2016), 51
[42] Ibid., 53
[43] Ben Fine and Alfredo Saad-Filho, *Marx’s Capital* (London, Pluto Press, 2004), 32

clothing, food etc., and for capitalists, this can be done in order to buy items of personal use or to purchase raw materials, machines etc. in order to renew production.[44]

In contrast to the simple commodity exchange however, capitalist mode of production is done in order to exchange money for eventually more money. This circulation of capitalist production can be expanded as follows: the capitalists purchase, the means of production (MP) such as machinery, and the labor power (LP), which are considered as commodities on their own, these commodities are transformed in the process of production (P) into commodities with added value (C') that in turn exchanged for more money (M'), which is represented as M-C(MP and LP)… P… C'-M'.[45] In this process of transformation, it is the labor power that contributes to the added value of the output commodity and it is the labor power that is exploited by the capitalists in order to create surplus value from the capitalist production process. This exploitation is done by reducing the value of the labor power through a myriad of ways, such as increasing the working hours, reducing the break times of the workers, or introducing new technologies that cuts the necessary time to produce a commodity but keeping the working hours the same.[46] Consequently, this exploitation in the capital accumulation process creates, inescapably, unequal conditions in society, thus creating the political struggle between classes.

Another critique of the capitalist mode of production that Marxist approach points out is the concept of economic crisis. According to Marxist approach, crises are inherent in the whole of the capitalist mode of production. If there is a disruption in the process of capital accumulation that prevents it from operating smoothly, capitalism as a system enters the state of crisis, which in turn creates more inequality in an already unequal system.

In this loop of accumulation, if the wages are reduced in order to increase profits, those who worked to create the commodity do not have the purchasing power to buy the commodity, which means that the capitalist cannot sell the commodity in order to create surplus value. This is the first of the points of crisis inherent in the capitalist system. The second point of crisis inherent to the capitalist mode of production occurs when exploitation of labor power cannot be done, or it is not sufficient. If there is a strong opposition to the exploitation of labor power through unionization, government regulations that protect the rights of the workers or social protection safety nets that decrease the need

[44] Ibid., 33
[45] Ibid., 52
[46] Ibid., 40-44

to work in order to live, the capitalists cannot increase their profits, which means that they might choose not to invest more into the business. This means the halt of economic activities.

Another way of capital accumulation is financialization, which creates the third of the points of crisis inherent in the capitalist mode of accumulation. Contrary to the accumulation of capital through production of commodities, financialization does not produce commodities that would be beneficial to the society, rather the accumulation occurs through speculation and financial investment. As such, speculation can create bubbles in the financial markets, which are prone to burst when the speculations create panic. As said before, financial markets do not produce commodities that would be beneficial to society, however a crisis in the financial markets affects the capital accumulation through production of commodities. As such, a crisis that occurs in the financial markets affects the livelihood of the people. Thus, a crisis that was created by panic and speculation that resulted in the bursting of a financial bubble creates a crisis that affects the real people with real struggles.

It is important to note that regardless of the reason for the crisis , it is usually the workers that are exposed to the more adverse effects of crises in capitalism. While capitalists as a class usually pull through crises in relative comfort, workers with only their labor power to sell and without safety nets, end up exposed to more inequality and exploitation at the end of a crisis. This is because the measures to avert crises are usually implemented in order to protect capitalists such as bail outs, tax cuts, de-regulation etc.

For the purposes of this thesis, classical Marxist approach is insufficient as it focuses only on the economic aspects and class relations of the crisis in the UK, while on the other hand, Neo-Gramscian approach, another version of Marxist approach, which is explored in the next subsection, takes on Brexit through the lens of organic crisis, which provides a fuller picture as the crisis in the UK has multiple aspects ranging from economics and class relations to the politics and culture.

1.1.4. Neo-Gramscian approach

Before exploring the Neo-Gramscian approach, this thesis needs to address the organic crisis as it is in the center of this thesis. What is an organic crisis? How does it take form? How does it affect social life? And before one can answer these questions, the nature of hegemony in Gramscian terms needs to be defined because the organic crisis is a struggle to gain hegemonic power to rule the society. For this reason, this thesis will first define hegemony in Gramscian terms. Afterwards, the term ‘organic crisis’ will be explored.

Gramsci’s conception of hegemony consists of political and cultural authority.[47] In order to achieve this authority, the political and cultural groups are in competition to be in the leadership position which enables them to rule the society. However, a single group cannot achieve this by itself. It needs to convince other groups to be its subalterns either by persuading them to its ideals and values or by adopting the ideals and values of the other groups or simply by domination. How well a group can convince its subalterns, by consent, coercion, or domination, determines the success of the hegemony.

However, it should be noted that there is a distinction between hegemonies that use consent and those that use coercion and domination. By using domination and coercion a group aspiring to be the hegemonic leader can only achieve, in Gramscian terms, a ‘limited hegemony’, which means that the hegemonic group cannot achieve the willing support of the society or its subalterns.[48] In this situation, one can assume that the foundations of the ‘limited hegemony’ are not sound, and the leading group is more likely to lose its hegemonic power in times of crisis. On the other hand, an ‘expansive hegemony’ uses consent rather than coercion and domination to achieve the leadership position.[49] An ‘expansive hegemony’ not only persuades its subalterns in order for them to think the way it does, but also adopts the ideals and values of its subalterns as its own, which transforms the leading group, meaning that the ideologies transcend the classes they originate from.[50] In this situation, contrary to the ‘limited hegemony’, the support of the masses is given willingly. This means that the ‘expansive hegemony’ is less likely to lose its hegemonic power in times of crisis, because the alliance between the leading group and its subalterns is seen as mutually beneficial and it is less likely to fall apart.

Another thing that needs to be considered is that hegemony, whether it is expansive or limited, cannot afford to be stagnant. They constantly need to adjust their ideologies to their subalterns in order to be in power.[51] If they fail to do so, it may mean that hegemony is losing its influence on the masses. In such a situation, hegemony, even if its nature is

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[47] Steve Jones, *Antonio Gramsci,* (New York: Routledge, 2007), 41
[48] Ibid., 52
[49] Ibid., 53
[50] Ibid., 53
[51] Bastiaan van Apeldoorn, *Transnational Capitalism and Struggle over European Integration* (London: Routledge,2002), 20

expansive, may enter into a crisis of legitimacy, which would create opportunities for counter-hegemonic movements. In turn, the situation may evolve into an organic crisis.

The term organic crisis, which was first used by Antonio Gramsci, represents a crisis that is more than a single crisis in an aspect of a society. It is a crisis that affects all aspects of social life such as politics, economy, ethics, culture. Stephen Gill puts it as "it consists of several intersecting, and ontologically distinct, crises.[52]" Indeed, such a crisis has multiple aspects. Moreover, the crises that compose the organic crisis are interlinked. They affect one another, which forms a complex crisis that is nearly impossible to resolve solely by tackling one aspect of it. It is not only a complex crisis, but also a crisis in which solutions to the organic crisis or to the complex web of multiple crises suggested by the ruling class are rejected. Because of this, the hegemonic power of the ruling class is weakened during organic crises. At the same time, opposition to current hegemony challenges the values and ideas of the ruling class. However, this is not a clear-cut situation or a single event in a country's history. It is a progressive process in which the opposition needs to persuade the masses to its own ideals and values in order to gain hegemonic power to rule. Thus, the society is in labor to give birth to the new hegemony, which makes the symptoms of the organic crisis apparent to the observer. As Gramsci puts it, "The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear."[53]

Now that the definition of organic crisis is made, this thesis needs to explain what Neo-Gramscian approach is and how it is going to be used in terms of Brexit. The Neo-Gramscian approach focuses on the formation of hegemonies. The dialectical relations of forces, which are social forces, forms of state and world orders, form the dialectical relations of hegemony, which are ideas, material capabilities and institutions, which in turn forms hegemonies.[54] By analyzing the hegemony this way, it becomes clear that the hegemony is more than its economic and military dominance. The Neo-Gramscian

[52] Stephen Gill, "Towards a Radical Concept of Praxis: Imperial 'common sense' Versus the Post-modern Prince," *Millennium: Journal of International Studies,* 40, 3 (2012): 522
[53] Antonio Gramsci, *Selections from the Prison Notebook,* trans. Quintin Hoare and Geoffrey Nowell Smith (New York: International Publishers, 1971) 276.
[54] Robert W. Cox, "Social Forces, States and World Orders: Beyond International Relations Theory" *Millennium- Journal of International Studies* 10, 2 (1981): 135-138

approach suggests that the hegemony is based on consent supported by the dialectical relations of these forces.[55]

But what are these forces of hegemony exactly? Robert Cox defines the forces that compose hegemony as the potentials interacting in a structure that affect one another.[56] These are material capabilities, ideas, and institutions. Each of these forces of hegemony are initially formed by the social relations of production, forms of state and world orders. Thus, this thesis first explains the forces that compose the forces of hegemony.

Social forces of production represent all social interactions in ideological, material, and institutional sense. As such, they are the foundations of hegemony. One thing to note here is that social forces of reproduction do not mean production of purely economic sense, rather they mean the production and reproduction of knowledge and social relations.[57] Changes in the social forces of reproduction create changes in the struggle for power to be hegemonic. Thus, analyzing changes in the social forces of reproduction can explain how hegemonies change or topple over time.

If the foundation of power in a given hegemony lies within the social forces of production, the representation of this power is established in the concept of forms of state. This means that the forms of state change according to the changes in the social forces of reproduction. Thus, by analyzing the forms of state in a given hegemony, one can deduce the social foundations of power in that hegemony.[58]

So far, social forces of production give rise to the forms of state. But what about world orders? Once the form of state of a national hegemony is established firmly, it may pour out, giving rise to a world order.[59] Pax Americana, for example, after the Second World War, is the outpouring of American ideals to the rest of the world by the help of American military and economic might. However, this was not only done by the economic and military might, but they were also just a piece of the bigger picture. There was also

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[55] Andreas Bieler, Werner Bonefeld, Peter Burnham, Adam David Morton, *Global Restructuring, State, Capital and Labour Contesting Neo-Gramscian Perspectives* (New York: Palgrave Macmillan, 2006), 10

[56] Robert W. Cox, "Social Forces, States and World Orders," 136

[57] Robert W. Cox "Production, the State and Change in the World Order," in *Global Changes and Theoretical Challenges: Approaches to World Politics for the 1990's,* Ernst-Otto Czempiel and James N. Rosenau (Toronto: Lexington Books, 1989): 39

[58] Andreas Bieler, Werner Bonefeld, Peter Burnham, Adam David Morton, *Global Restructuring,* 14

[59] Robert W. Cox, "Gramsci, Hegemony and International Relations: An Essay in Method," *Millennium Journal of International Studies,* 12,2 (1983): 171

consent by the other nations as the devastation of the Second World War created a need for a new world order.

All these forces that compose the forces of hegemony affect one another. This means that social forces of production can be affected by the particular form of state or world order and vice versa. Continuing on with the example of Pax Americana, one sees that American ideals imposed on other nations, created hegemonies that base their power, thus their form of state, on the social forces of reproduction of American origin, which in turn reinforced the world order, Pax Americana.

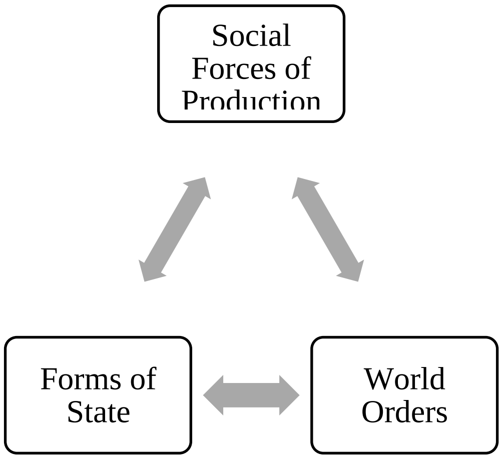

Figure 1.1. The dialectical relations of forces

What about the forces of hegemony, namely, material capabilities, ideas, and institutions? How do they take shape? According to Robert Cox, social forces mentioned above are the configurations of the forces of hegemony.[60] One can deduce, then, that material capabilities, ideas, and institutions formed by social forces of reproduction, forms of state, and world order; imply the durability and longevity of a hegemony.

Material capabilities are the technological and organizational potential of a given society. These can be natural resources, industry, weaponry etc. As such they have the potential to be productive as well as destructive. These material capabilities play the role of supporting legitimacy of the hegemonic or counter-hegemonic powers, their ideas, and their institutions.

[60] Robert W. Cox, “Social Forces, States and World Orders,” 138

As for the ideas, Robert Cox separates them into two kinds. One of them is that of the intersubjective, meaning that different people can deduce the same meaning from an idea such as international diplomatic rules or recognition of borders of a country by different countries.[61] While these ideas are enduring and empowered by history, they are by no means guaranteed to be permanent. The other kind of ideas have different meanings for different people. Ideas of freedom or security can be given as examples for these kinds of ideas. While different groups can deduce the same meaning from the first kind of ideas and therefore, they can create a common ground between the two opposite sides, the ideas that have different meanings to different groups creates one of the battlegrounds where the hegemonic and counter-hegemonic powers clash and where the legitimacy of the hegemonic group can be challenged.

While ideas create the tendencies of a society, institutions help these ideas to be stable and durable, according to Cox, institutions initially reinforce the ideas by creating a foundation for them, but, as time passes, they can become independent of the ideas.[62] This situation can create another battleground where hegemony and the opposition clash or can encourage the creation of opposing institutions.

The forces of hegemony interact with each other in a dialectical way. Thus, the balance of these forces is essential for a stable and durable hegemony. If these forces are not balanced, hegemony is in danger of being challenged.

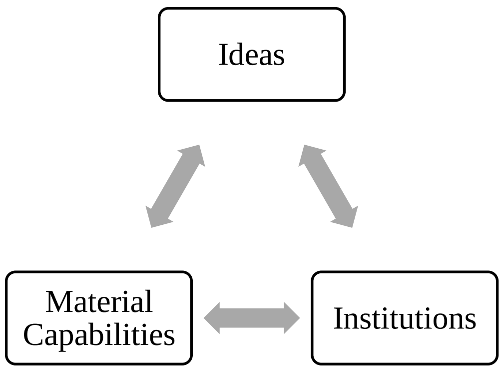

Figure 1.2. The dialectical relations of hegemony

This is the reason why this thesis chooses to use the Neo-Gramscian approach, as it contends that the imbalances in the forces of hegemony have created an organic crisis in

[61] Ibid., 136
[62] Ibid, 136-137

the UK, which made the hegemony vulnerable to be challenged by a counter-hegemony which. This thesis applies the Neo-Gramscian approach on a national level to the UK to see whether Brexit has deepened the organic crisis and the inequalities. In order to do this, this thesis first needs to explore the components of the organic crisis, and the inequalities within, in the UK before Brexit.

1.2. Understanding Inequality

The first section of this chapter is dedicated to the various approaches that has been implemented to analyze Brexit and why the Neo-Gramscian approach has been chosen. This section explains the nature of inequality as it is one of the focal points of this thesis.

On a very basic level, inequality can be seen as the difference between people's income, wealth, education level, etc. However, it is more complicated than that. While income, wealth and education level can be statistically identified, there are aspects of inequality that cannot be identified easily, such as social relations between classes or opportunities that one has got because of one's belonging in a particular social class. Do a child of a construction worker and a child of a bank manager have the same opportunities? Do they get the same health care, or even nutrition? Which one is living in a safer neighborhood? Which one is more likely to commit a crime? Scholars who asked similar questions identified two distinct perspectives on equality that could reduce inequality: equality of opportunity[63] and equality of outcome.[64] Equality of opportunity emphasizes ensuring fairness in the processes and structures that enable individuals to achieve their goals, while equality of outcome seeks to ensure equal outcomes for all members of society.

Equality of opportunity implies that everybody should have the equal chance to get what they want in a society. Nobody should be in a disadvantaged position due their social standing or class. Equality of opportunity argues that individuals should have equal access to resources, opportunities, and avenues for success, regardless of their backgrounds, characteristics, or social circumstances. It emphasizes the removal of barriers and discrimination, aiming to level the playing field for everyone.[65] This principle asserts that merit should be the sole determining factor in the distribution of opportunities and rewards, allowing individuals to rise or fall based on their own abilities and efforts. Equality of

[63] Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich Inc., 1980), 131-134.
[64] Richard H. Tawney, *Equality* (London: George Allen & Unwin Ltd., 1961),
[65] John E Roemer, *Equality of Opportunity* (Cambridge, Harvard University Press, 1998), 1-12

opportunity is adopted by the liberal thinkers because capitalist systems predict the inequality of outcome, as the effort spent naturally creates different outcomes for different people.[66] It is also harder to measure because opportunities are the potentials of the people and therefore more difficult to process as data.

Often related to the communist and socialist ideologies, equality of outcome on the other hand implies that the material capabilities of individuals such as income, housing, things that they have, services they can access should be equal.[67] Equality of outcome suggests that even with equal opportunities, historical and structural disadvantages can perpetuate inequalities and prevent certain individuals or groups from achieving similar outcomes as others. As such, true fairness can only be achieved by actively redistributing resources and wealth to bridge these gaps.[68]

While this might be seen as an equal society, it would imply that personal choices or differences are discarded for the sake of equality. Furthermore, it is impossible to assume that the playing field is totally equal for individuals due to the inherent differences between individuals, and by that logic it is also impossible to assume that the outcomes are equal even in a society with the most advanced measures to impose equality. One advantage of equality of outcome, for research purposes, over equality of opportunity is that it is empirically measurable. The outcomes can be processed statistically as tangible data such as incomes.

As the focus of this thesis is the UK, a capitalist nation, one does not expect equality of outcome. However, one can use statistical data to deduce whether the equality of opportunity has been decreased or not. As such, the data indicating inequalities such as Gini index and GDP is used in order to find this out. For instance, Figure 1.1. below shows the Gini index of the UK between 1977 and 2021. By looking at the data, one can see that inequality in the UK has risen.

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[66] Alastair Greig, David Hulme and Mark Turner, *Challenging Global Inequality* (Basingstoke: Palgrave Macmillan, 2008), 12.
[67] Ibid., 12
[68] John Rawls, *A Theory of Justice* (USA, The Belknap Press of Harvard University Press, 1971), 62

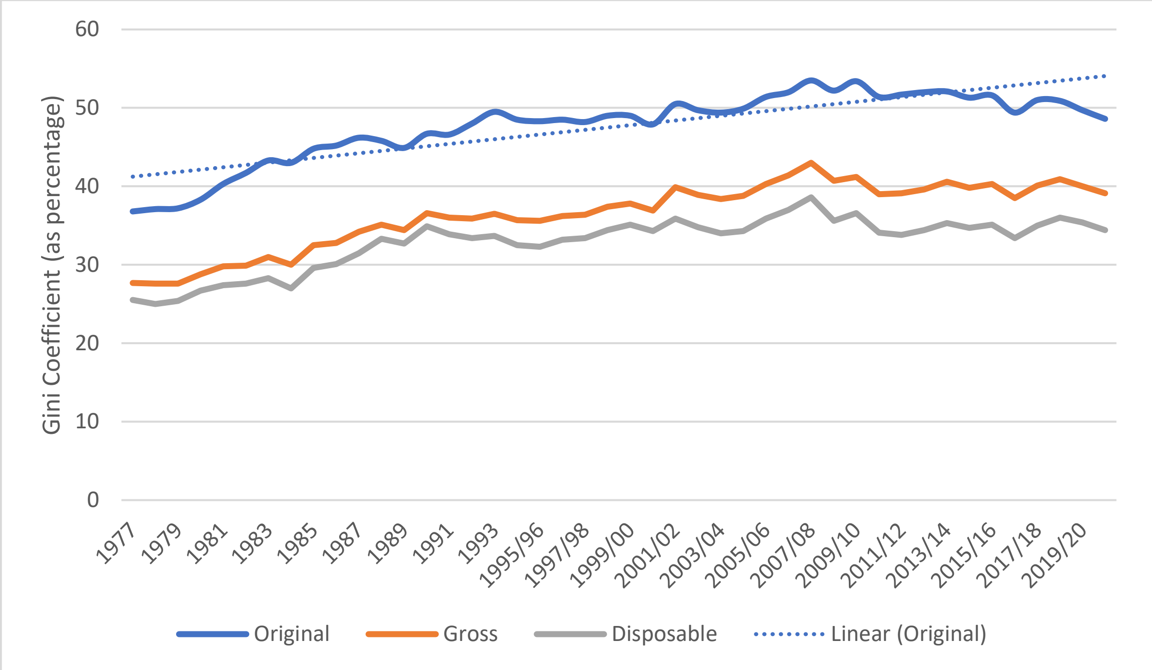

Figure 1.3. Table showing the original, gross, and disposable income Gini coefficients of the UK between 1977 and the financial year ending 2021.[69]

These data are acquired from institutions such as the Office for National Statistic, World Bank, IMF, Eurostat as well as sources such as *Capital in the Twenty-First Century* by Thomas Piketty. Acquiring these data is important for this thesis not only because the inequalities in the UK are one of the focal points of it, but also this thesis contends that the inequalities have contributed to the organic crisis in the UK as well as being one of the components of the organic crisis.

There are two parameters that are taken into account when looking into inequality in the UK, which are inequality of income and inequality of wealth. Inequality of income refers to the inequality of wages. As wages cannot be inherited, inequality of income shows the gap between the wages of those who work and those who own the capital. Inequality of wealth, however, refers to inequality of accumulation. As wealth can be inherited, the gap between the wealth of those who own the capital, and the wealth of those who work, increases more relative to the inequality of income as the income of the capitalists also increases. Thus, it is possible to show the importance of inequalities in the organic crisis. For this reason, using both the inequality of income data and the inequality of wealth data is important.

[69] "Household income inequality, UK", Office of National Statistics, accessed 29, June 2022, https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householdincomeinequalityfinancial/financialyearending2021

1.3. Understanding Populism

Another key concept that this thesis focuses on is the concept of populism, and its rise in the UK, because this thesis contends that the rise of populism in the UK is one of the components of the organic crisis in the UK. As such this thesis finds it important to define what populism is. Populism has emerged as a significant political force in recent years, shaping national and international politics across the globe. Its rise has sparked widespread interest and debate among scholars, analysts, and citizens alike. In this subsection of this chapter, the concept of populism, its historical origins, key characteristics, and the implications it holds for societies is explored.

Populism is a political ideology and style of governance that claims to represent the interests and will of the "common people" against a perceived corrupt elite or establishment. It often seeks to establish a direct connection between the leader or party and the masses, bypassing traditional political institutions. According to Müller and Rovira Kaltwasser (2016), populism can be defined as "a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups: 'the pure people' versus 'the corrupt elite'."[70]

Populist movements have historical roots dating back to the late 19th century. The People's Party in the United States during the 1890s, led by figures such as William Jennings Bryan, is often considered one of the earliest populist movements.[71] Populism has since taken various forms across different regions, including Latin America, Europe, and Asia. Notable examples include Peronism in Argentina, the Five Star Movement in Italy, and the rise of populist leaders like Hugo Chávez in Venezuela and Viktor Orbán in Hungary.

The key characteristics of populism are anti-establishment rhetoric, appeal to the ‘people’, simplistic solutions, us vs. them narrative. Firstly, anti-establishment rhetoric means that the populist leaders often portray themselves as outsiders who challenge the existing political establishment, which they accuse of being corrupt, disconnected from the people, or serving special interests.[72] Secondly, appeal to the ‘people’ means that populists claim to represent the will of the people, employing a rhetoric that pits the ordinary citizens

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[70] Cas Mudde and Cristóbal Rovira Kaltwasser, *Populism: A Very Short Introduction* (New York: Oxford University Press, 2017), 6

[71] Michael Kazin, *The Populist Persuasion: An American History* (Ithaca: Cornell University Press, 2017), 3

[72] Cas Mudde and Cristóbal Rovira Kaltwasser, *Populism in Europe and the Americas Threat or Corrective for Democracy?* (New York: Cambridge University Press, 2012), 5

against an elite minority.[73] They emphasize a sense of unity and shared identity among the 'common people.' The characteristic of simplistic solutions suggests that populism tends to offer simple and often unrealistic solutions to complex societal problems, promising quick fixes and easy answers that resonate with disillusioned citizens. Finally, the us vs them characteristic of populist narrative implies that populist movements frequently rely on a divisive narrative that portrays the establishment, elites, or specific marginalized groups as the enemy or as responsible for societal woes.[74] The rise of populism has significant implications for democracy, governance, and social cohesion. While populism can offer a platform for marginalized voices and highlight legitimate grievances, its divisive nature and simplistic solutions can undermine democratic norms, institutions, and pluralistic societies.

Over the past decade, Europe and the United Kingdom have witnessed a surge in populist movements, challenging the political status quo and reshaping the region's political landscape. Rising income inequality, the erosion of the middle class, and a perception of economic exclusion have fueled discontent among citizens and thus, populist movements are able to tap into these grievances, promising to address economic disparities and protect the interests of the working class.[75] Furthermore, the forces of globalization, such as free trade agreements and the mobility of labor, have resulted in job insecurity and fears of cultural displacement, resulting in populist movements exploiting these concerns, emphasizing protectionism, nativism, and anti-immigration sentiment.[76]

The influx of migrants and refugees has ignited debates about national identity, cultural assimilation, and social cohesion. Populist movements often capitalize on these concerns, advocating for stricter immigration policies and stirring anti-immigrant sentiment.[77] Populist movements appeal to a sense of national identity, promoting a vision of a homogenous society and emphasizing cultural preservation. They exploit anxieties about multiculturalism and perceived threats to national traditions and values.

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[73] Ibid., 5-6
[74] Ibid., 6
[75] Michael Hirsh, "Why Trump and Sanders were Inevitable," *Politico,* 28, February, 2016, https://www.politico.com/magazine/story/2016/02/why-donald-trump-and-bernie-sanders-were-inevitable-213685/ , accessed: 25, June, 2023
[76] Daniel Cox, Rachel Lienesch, Robert P. Jones, "Beyond Economics: Fears of Cultural Displacement Pushed the White Working Class to Trump," *PRRI,* 5, September, 2017 https://www.prri.org/research/white-working-class-attitudes-economy-trade-immigration-election-donald-trump/ , accessed: 25, June, 2023
[77] Hans-Georg Betz, *Radical Right-Wing Populism in Western Europe* (London: The Macmillan Press Ltd., 1994), 72

Moreover, the perceived failure of mainstream political parties to address citizens' concerns and deliver tangible results has bred disillusionment.[78] Populist movements position themselves as outsiders, challenging the established political elite and promising to bring about change. Widespread distrust in traditional institutions, including the media, judiciary, and political establishments, has created fertile ground for populist narratives.[79] Populist movements often portray themselves as the voice of the people against a corrupt and self-serving elite.

In summary, populism is defined as a political ideology that claims to represent the interests of the common people against a corrupt elite. It bypasses traditional political institutions and emphasizes a direct connection between the leader or party and the masses. Populist movements have historical roots dating back to the late 19th century and have taken various forms across different regions. Key characteristics of populism include anti-establishment rhetoric, appealing to the people, offering simplistic solutions, and promoting us vs. them narrative. The rise of populism has significant implications for democracy, governance, and social cohesion, as it can undermine democratic norms and institutions. In Europe and the UK, rising income inequality, erosion of the middle class, economic exclusion, globalization, and immigration concerns have fueled the surge of populist movements. These movements capitalize on discontent, promise to address grievances, and position themselves as outsiders challenging the established elite. Widespread distrust in mainstream political parties and institutions has further contributed to the growth of populism.

In conclusion, in this chapter, various political economy approaches to the Brexit referendum and the political turmoil in the UK, and why Neo-Gramscian approach is chosen in this thesis are explained. The Neo-Gramscian approach focuses on the formation of hegemonies, which are political and cultural authorities that rule societies through consent, persuasion, or domination. Hegemony is not just about economic and military dominance, but also about the dialectical relations of forces, including ideas, material capabilities, and institutions. The forces of hegemony are initially formed by the social relations of production, forms of state, and world orders.

In order to achieve leadership positions, groups compete for hegemonic power. An 'expansive hegemony' uses consent to achieve leadership positions, persuading its

[78] Ibid., 38 - 41
[79] Ibid., 37

subalterns to think like them, while also adopting the ideals and values of the subalterns as their own.[80] An 'expansive hegemony' is less likely to lose power during times of crisis because the alliance between the leading group and its subalterns is seen as mutually beneficial. Conversely, a 'limited hegemony' uses coercion and domination to achieve a leadership position but cannot achieve the willing support of society or its subalterns. A 'limited hegemony' is less likely to maintain power during times of crisis.

An organic crisis is a complex crisis that affects all aspects of social life, such as politics, economy, ethics, and culture.[81]Moreover, it is a progressive process in which the opposition needs to persuade the masses to its own ideals and values in order to gain hegemonic power to rule. During an organic crisis, the hegemonic power of the ruling class is weakened, and opposition to the current hegemony challenges the values and ideas of the ruling class. However, this is not a clear-cut situation or a single event in a country's history.

The forces that compose hegemony are material capabilities, ideas, and institutions. Material capabilities refer to economic resources and technology, ideas represent values and beliefs, and institutions are the formal and informal rules of society. The social relations of production, forms of state, and world orders initially form these forces of hegemony.[82]

Overall, the Neo-Gramscian approach provides a framework for analyzing the formation of hegemonies and the forces that compose them. As such this thesis chose to use the Neo-Gramscian approach because this approach is useful for analyzing the Brexit process and the role of the UK's hegemonic power in Europe.

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[80] Steve Jones, *Antonio Gramsci*, 53
[81] Stephen Gill, “Towards a Radical Concept of Praxis,” 522
[82] Robert W. Cox, “Social Forces, States and World Orders,” 138

2. ORGANIC CRISIS BEFORE BREXIT

Before exploring the hegemony and the counter-hegemony of the organic crisis in the UK, it is important to understand the components of said organic crisis before Brexit. This not only enables one to understand the organic crisis better, but also helps define hegemony and counter-hegemony easier. In this chapter, this thesis explains the components of the organic crisis in the UK before Brexit. The components that compose the organic crisis are both political and economic. As such, in order to explain the components in a coherent way, this chapter is divided into two main sections: economic components and political components. The section of economic components is further divided into subsections. These are the subsections of neoliberal policies in the UK, financial crisis of 2008, and global inequality and its impact on the UK. The section of political components is also divided into two subsections. These are the political components as a result of inequalities and the political components emerging from the EU. It should be noted that the components of the organic crisis in the UK explained below, whether they are economic or political in nature, are connected with each other in some form or another, as the definition of the organic crisis suggests that the individual components of it creates a complex web of crises in which the solution of one component is nearly impossible. As such the separation made here should not be understood as the clear-cut separation of the components of the organic crisis.

2.1. Economic Components of the Organic Crisis in the UK

This thesis contends that the main economic component of the organic crisis and the inequalities is neoliberal policies. In fact, this thesis sees neoliberal policies in the UK as the foundation of the organic crisis as these policies add more components to the crisis. These components are not only those of economic nature such as rising inequality and financial crises but also political ones such as the rise of the far-right political parties. As such the first component to be explored is the neoliberal policies in the UK.

2.1.1. Neoliberal policies in the UK

There are two issues that this thesis needs to explain before exploring neoliberal policies in the UK. First of all, this thesis needs to explain what neoliberalism is. Secondly, this thesis needs to explain the history of neoliberalism in the UK. This is done so, as it is important to explain the historical context of the organic crisis in the UK.

So, what is neoliberalism? It is a capitalist economic philosophy that emphasizes efficient market competition, individuality and negation of government intervention and regulation. It prioritizes economic activities according to their profitability and their efficiency in accumulation.[83] As such, it suggests that private enterprise is more efficient in capital accumulation than government. It has become the dominant economic philosophy since the 1970's. Before neoliberalism Keynesianism was the dominant philosophy for economic activities for the 25 years after the Second World War. It advocated regulation of the markets. This era saw high unionization and institutions for social protection and regulation. This paradigm shifted to neoliberal thinking after a series of shocks to the economy in the 1970s such as the oil crisis. Adding to this, the decreasing profit rates of the capitalists due to high unionization and social protection caused economic stagnation and high inflation, i.e., stagflation. Finally, the collapse of the Bretton Woods System marked the end of the Keynesian era of capitalism and the birth of the neoliberal way of thinking.

According to neoliberalism, markets self-regulate themselves and without restrictions, they optimize the usage of economic resources and create employment opportunities for those who want to work.[84] As it needs de-regulation, neoliberalism is not only an economic philosophy but also has political, ideological, institutional, and social implications.[85] Thus, it has great influence in policy making institutions such as the International Monetary Fund, World Bank and other such economic institutions of western countries such as their ministries of economy. In the following years after the end of Keynesianism, this led to Washington consensus, which advocated de-regulation. However, the Washington consensus did not last. Instead, post-Washington consensus, under the leadership of Joseph Stiglitz, became the dominant economic philosophy, which advocated a more regulated approach without making compromises in market efficiency. These regulations include a number of institutions, national or international, that are market-friendly; financial reforms, guidelines for state intervention etc.[86]

[83] Bob Jessop, "Neoliberalization, uneven development, and Brexit: further reflections on the organic crisis of the British state and society," *European Planning Studies* 26, 9 (2018): 1729

[84] Alfredo Saad-Filho and Deborah Johnson, *Neoliberalism A Critical Reader* (London: Pluto Press, 2005), 41

[85] Ibid., p 30

[86] Ibid., p 117

It is important to note here that these institutional reforms are made in order to increase efficiency and clear the way of the market forces, thus increasing the profit of the capitalists, not to eradicate inequality. This means that, despite the fact that neoliberal policies have created wealthy societies and the investors, foreign or domestic, and the ruling elite have prospered, wages and the social protection safety nets of the working class have been in decline since the implementation of such policies. This is not only done by reducing the wages or increasing the labor time but also decreasing the funding of social protection institutions, increasing the indirect taxes, moving industries where the cost of manufacturing is cheaper, and introducing austerity measures for the crises all the while introducing tax cuts for investors and reducing the income taxes of the wealthy. These neoliberal policies only serve to ensure profitability and to increase the gap between the ruling elite and the waged workers.

So how did the neoliberal shift occur in the UK? Bob Jessop says that there are six policies to implement such a shift. These are: liberalization of free market competition in order to break state monopoly, deregulation in order to block state intervention, privatization in order to ensure efficiency, introduction of market proxies in order to reduce non-market thinking in the public sector, reduction of direct taxation such as income and wealth in order to promote investment and internationalization in order to ensure the free flow of capital.[87]

All these policies have been implemented in the UK during the era of Margaret Thatcher between 1979 and 1990 and they continue to be enforced today. These policies, since their implementation, have caused the decline of the industries that created jobs for the citizens of the UK and, surviving industries have been allowed to be bought by the foreign investment or, in order to ensure efficiency, they have been moved to the countries where labor is cheaper, which meant less jobs for the citizens of the UK, all the while mass consumption is promoted[88].

All these developments have created a country that is dependent on financialization which is centered around the City of London, while neoliberal race to the bottom of the wages continues.[89] Financialization being concentrated in the City of London has created an uneven distribution of prosperity, meaning that while the financial sector prospered, other sectors took the brunt of the effects of neoliberalization. There is another negative

[87] Bob Jessop, "Neoliberalization, uneven development…," 1729-1730
[88] Ibid., p 1735
[89] Ibid., p 1735

effect of financialization and neoliberalization that affects the wider population in the UK. Capitalist economies are naturally prone to economic crises. However, when crises occur, the first response of the neoliberal state is to implement austerity measures to save corporations and the financial sector, which also have the most say in policy implementation in UK society. Moreover, the lack of state intervention or rather, the state intervention being made in order to save the financial sector and not to alleviate suffering of the citizens means that the common people in the UK who are already affected by the negative impacts of neoliberalization, suffer more. This, in turn, has created a society in the UK that is more divided. The ruling elite who prospered with the implementation of neoliberal policies and who are saved during the times of economic crisis on one side, and the common people of the UK who suffers the most from the effects of neoliberalism and who are left on their own devices to survive in times of economic crisis, such as the financial crisis of 2008, on the other side. As such, this thesis contends that it is important to include the financial crisis of 2008 as yet another component of the organic crisis in addition to the neoliberal policies.

2.1.2. Financial crisis of 2008

Before exploring how the financial crisis of 2008 affected the UK, it is important to look at how it all started. What started as a bursting of the housing bubble in the USA quickly escalated into a debt crisis which, in turn, spread to the financial sector and then to the real economy. In addition to this, the crisis did not stay restricted to the USA, it also spread to the world due to the global connectivity of the neoliberal regimes.

In the USA the housing crisis, which started when people who took mortgage credits defaulted, affected the shadow banking system which, in turn, caused the collapse of the firms that provide housing credits such as Bear Stearns, Lehman Brothers, Merrill Lynch or firms that are integral to the financial architecture of the USA such as American International Group.[90] The response to the crisis by the FED was to try to save these collapsed firms. In the case of the firms such as Lehman Brothers and Bear Stearns, because they are included in the shadow banking system which means that they could do what a traditional bank can do without the supervision that a traditional bank must adhere to, saving them directly would be illegal.[91] Thus the FED tried to save them by proxy,

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[90] Ümit Akçay and Ali Rıza Güngen, *Finansallaşma, Borç Krizi ve Çöküş, Küresel Kapitalizmin Geleceği* (Ankara: Renas Yayıncılık, 2014), 88-91

[91] Ibid., p88-89

meaning that collapsed firms are bought by other firms. In the case of Bear Stearns, the firm was sold to JP Morgan Chase.[92] In the case of Lehman Brothers, however, the firm could not be saved.

The collapse of Lehman Brothers brought another problem into the mix, the sudden value loss of stocks and shares of this firm created insecurities in the markets.[93] Thus, the crisis spread to the financial sector and to the traditional banking system. As a result of this, Citigroup and Bank of America were saved from collapsing by the FED. Moreover, the crisis also spread to the real economy, and companies such as Ford, General Motors and Chrysler had to be saved.

While the starting point of the crisis is the housing market of the USA, the crisis did not stop with it. Not only did it quickly spread to the other sectors of the economy of the USA, but also spread to the rest of the world. In Europe, due to the fact that the European countries became dependent on each other through massive bank loans, the neoliberal policies created countries that borrow and countries that lend.[94] In addition to this, there was no supranational banking authority that could calculate the risks taken by the countries that borrow money, and take the appropriate measures in order to prevent disaster, because the integration process in Europe was being done by adhering to the tenets of neoliberalization, that is, keeping government intervention to a minimum and eliminate every obstacle that is in the way of financial markets.[95]

When the crisis hit, Europe split into two: the Southern countries that are in serious debt, and Northern countries that are politically, and economically, more powerful and can impose structural reforms to the Southern European countries. As a result of this, Germany advocated strict structural reforms and austerity measures to countries such as Greece.[96] This situation not only created cracks in the integration process in Europe, but also caused widespread protests in countries with debt as the structural reforms and austerity measures cut the funding of the social welfare programs in these countries.

In addition to the adverse effects of the crisis mentioned above, it also intensified the dispute of ‘democratic deficit’, meaning that the decision makers in the EU are appointed

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[92] FED, “Federal Reserve Press Release”, *FED*, 14, March, 2008, http://goo.gl/EAP2v0 ,accessed 30, September, 2021

[93] Marc Jarsulic, *Anatomy of a Financial Crisis* (Basingstoke: Palgrave Macmillan 2012), 73

[94] Mustafa Kutlay, “Euro Krizinin Politik Ekonomisi ve AB’nin Uluslararası Sistemdeki Geleceği,” in *Ülke Deneyimleri Işığında Küresel Kriz ve Yeni Ekonomik Düzen*, ed. Fikret Şenses, Ziya Öniş ve Caner Bakır, (İstanbul: İletişim Yayıncılık, 2013), 171

[95] Ibid., p 172

[96] Ibid., p 172

bureaucrats and not elected representatives.[97] One can see the validity of this dispute when the attempt of Greece, a country in debt, to take the conditional bailout packages to the referendum met with strong rejection by Germany and France, countries that impose the structural reforms.[98] Events such as this show that there is, indeed, a problem of democratic deficiency in the integration process, which alienates the citizens of the EU from those who rule the EU, which in turn intensifies the skepticism towards the integration process.

Bailout packages that impose strict structural reforms, the austerity measures that cut the funding of the social welfare programs, and the dispute of 'democratic deficit' also may have created an opportunity for the far-right political parties to increase their voting rates. It is not impossible to assume that the ordinary people suffering from the austerity measures in addition to the adverse effects of the financial crisis would look for a scapegoat in the shape of immigrants and turn to xenophobia. As a result of this, the far-right and xenophobic political groups in Europe took the opportunity and, with the anti-immigration and isolationist rhetoric, increased their voting rates, which damaged the progress of integration of Europe. It should be noted, however, that there are other factors contributing to the rise of populist movements in Europe and the UK besides economic factors. These other factors include immigration, fear of the loss of national sovereignty, and distrust in traditional politics and elites.

Populism, with its simplistic appeal to the "common people" against a corrupt elite, bears similarities to the demagogic tactics employed by past totalitarian leaders. Although, economic inequality and a sense of cultural displacement in the face of globalization have provided fertile ground for populist sentiment,[99] immigration and identity politics have also played a role, as populist movements exploit fears of cultural dilution and mass migration.[100] The disillusionment with mainstream political parties and institutions, as well as skepticism of mainstream media, are also a factor.[101] While contemporary populism may differ from past totalitarian regimes, its rise has sparked concerns about the potential erosion of democratic norms and the fragility of democratic institutions.[102]

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[97] Ibid., p 181
[98] Ibid., p 181
[99] Harold D. Clarke, Matthew Goodwin, Paul Whiteley, *Brexit: Why Britain Voted to Leave the European Union* (Cambridge: Cambridge University Press, 2017),101
[100] Ibid., 108
[101] Cas Mudde, *Populist radical right parties in Europe* (New York: Cambridge University Press: 2007),66 - 67
[102] Steven Levitsky, Daniel Ziblatt, *How Democracies Die* (New York: Crown Publishing, 2018),63-82

So how did the financial crisis of 2008 affect the UK? Given the global nature of the crisis, it would be illogical to assume that the UK remained unscathed during the crisis. According to the Office of National Statistics, during the first five quarters of the crisis the GDP of the UK shrunk more than 6 percent, and by 2011 the unemployment rate rose up to 8.4 percent.[103] It took five years for GDP to return to the same level before the crisis. This situation undoubtedly increased the cost of living and made it harder for the common citizens to make ends meet. Decreased income, increased living costs and increased unemployment rates combined with the austerity measures imposed by the government that foresaw decreased funding for the public, social security, and welfare services and increased taxation in order to reduce the adverse effects and control the damage of the crisis further impoverished the common citizens, meaning that the poor become poorer.

While the austerity measures impoverished citizens in the UK, the reaction of the impoverished citizens in the UK was to find a scapegoat to blame for the crisis. Thus, just like in Europe, the popularity of the anti-immigration rhetoric and xenophobia increased, with the slogan of "British jobs for British workers".[104] As a result of this, the increased popularity of the far-right political groups such as UK Independence Party, which advocated leaving the EU, influenced the outcome of Brexit.

For instance, when the economic crisis began the welfare programs were actively supporting those in need. However, while the crisis was raging on, the government implemented more and more severe austerity measures that culminated in the *Welfare Reform Act* of 2012, which came into force in 2013.[105] The austerity measures foresaw cuts in welfare services by 16 percent, per capita, but in reality, they led to losses of 23.4 percent between 2010 and 2015.[106] It is important to note that the majority of the citizens affected by these austerity measures were those who had low income and whose jobs required low-skill. Additionally, these citizens were in direct competition with the immigrants for the said jobs, creating economic insecurity among the citizens. As such one can assume that the resentment towards immigrants was already there for the populist political groups with anti-immigration rhetoric to exploit for votes.

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[103] "The 2008 recession 10 years on," Office of National Statistics, accessed15, February,, 2022, https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/the2008recession10yearson/2018-04-30
[104] Kutlay, "Euro Krizinin Politik Ekonomisi...," Fikret Şenses, Ziya Öniş ve Caner Bakır, (İstanbul: İletişim Yayıncılık, 2013), 181
[105] Ejan Mackaay, "Brexit – Populist reaction to the 2008 speculative bubble bursting?," *SSRN Electronic Journal* 2020: 15
[106] Ibid. p 15

In other words, the resentment towards immigrants did not start with the financial crisis of 2008. While the crisis and the following austerity measures made people more open to exploitation through anti-immigration, and it turned into a political tool for the populist political groups, this thesis contends that the inequalities caused by neoliberalism have also played a significant role. In addition, it should not be forgotten that the reason behind the spread of this financial crisis is the global nature of neoliberalism. As such the next component to be explored is global inequality, and the inequality that globalization created in the UK.

Before exploring global inequality and its impact on the UK however, this thesis would like to point out an emerging pattern. The financial crisis, which is a component of the organic crisis in the UK, was born out of neoliberal policies, another component of the organic crisis. In addition to this, the solutions to the crisis were sought, again, in neoliberalism, increasing the inequality in a system in which it is already high and enabling the emergence of the political components of the organic crisis. The pattern is, as one can see, that there is a positive feedback loop of components of the organic crisis creating more components and influencing those that are already present.

2.1.3. Global inequality, its results, and its impact on the UK

As mentioned in the first part, because the focus of this thesis is the UK, a capitalist country, equality of outcome cannot be expected. However, one can measure the equality of income and wealth. In pursuit of this data, this thesis relies heavily on the findings of Branko Milanovic and Thomas Piketty and their works, *Global Inequality: A New Approach for the Age of Globalization* and *Capital in the Twenty-First Century* respectively. Before exploring the findings of these authors however, this thesis feels the need to explain the tools and terms used to interpret and analyze the data in these works. Afterwards, their findings on global inequality are laid down. In the last part of this subsection, the effects of globalization in the UK in terms of inequality is explored.

The most prominent tool used to interpret income and wealth inequality is the Gini index. The Gini index is used to measure inequality in a given country or globally. The maximum value of the Gini index is shown as 1,00 or 100 and the minimum value is shown as 0,00 or 0. The maximum value refers to total equality while the minimum refers to total inequality. The Lorenz curve is utilized in order to calculate the Gini index. On the graph the x axis represents the cumulative share of people from lowest to highest income, while the y axis represents the cumulative share of income earned. The Lorenz curve is the deviation from the straight line which represents the perfect equality and cuts the x and y axis by 45 degrees. The Gini index is calculated by dividing the area of the triangle created by the total equality line into the area between the total equality line and Lorenz Curve.

Figure 2.1. Example of Lorenz curve and perfect equality line graph. The Gini index is calculated by dividing the area A by the area A+B.[107]

There are alternatives to the Gini coefficient as well, such as, P90/P10 which is the ratio of the income of the top ten percent in the income distribution to the bottom ten percent. Similarly, S80/S20 is the ratio of income of the top twenty percent to the bottom twenty percent. Finally, the Palma ratio is the income share of the top ten percent divided by the bottom forty percent. In all these alternatives, higher values mean higher inequality, like the Gini coefficient.

Another important term is the Kuznets curve. First proposed in 1955 by Simon Kuznets, Kuznets curve posits that while the level of industrialization of countries increases progressively, the inequality of the countries would first increase, and after a certain turning point it would decrease.[108] Kuznets Curve implies that the reason for the initial increase in inequality due to industrialization is because of the migration from the countryside to the cities. People migrating to the cities creates competition in the labor force, which lowers the wages. Finally, this decrease in wages increases the profit of the

[107] Joseph L. Gastwirth, "The Estimation of the Lorenz Curve and Gini Index," *The Review of Economics and Statistics*, 54, 3 (August 1972): 307
[108] Daron Acemoğlu and James A. Robinson, "The Political Economy of the Kuznets Curve," *Review of Development Economics*, 6,3 (2002): 183

capital. The decrease in inequalities after a certain turning point is explained as the political pressure that is caused because the better educated and democratized younger generation and the aged labor force demand social reforms. It forms a reverse U shape when it is shown as a graph. The x axis of the graph represents the income per capita, and the y axis represents inequality.

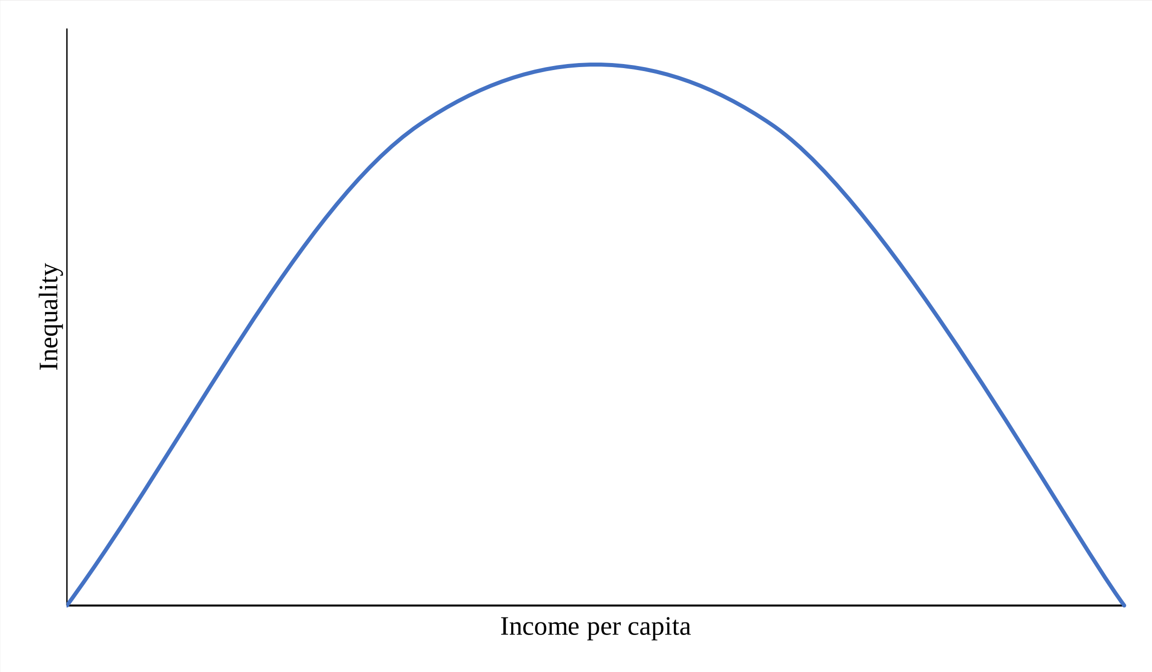

Figure 2.2. Example of Kuznets Curve. When the level of industrialization increases, first the inequalities increase with the income per capita, after a certain point it decreases. This figure was made by the author.

So, who reaped the fruits of globalization, and who suffered because of it? According to Milanovic, “The gains from globalization are not evenly distributed.”[109], meaning that there are losers and winners of globalization both within and between countries. He comes to this conclusion by looking at income data in national household surveys of many different countries, as there is not a global household survey, and equalizing said income data by applying purchasing power parity exchange rates.[110] Data collected thusly, by Milanovic between 1988 and 2008 shows that, the middle class of the countries such as China, India, Thailand, Vietnam and Indonesia; and the super-rich whose in the one percent of the global income distribution are the winners of globalization.[111] The losers, on

[109] Branko Milanovic, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge, Massachusetts: Harvard University Press, 2016), 10
[110] Ibid., 12-18
[111] Ibid., 18-22

the other hand, even though they are richer than the middle classes of the Asian countries, are the middle class of Western Europe, North America and Oceania.[112]

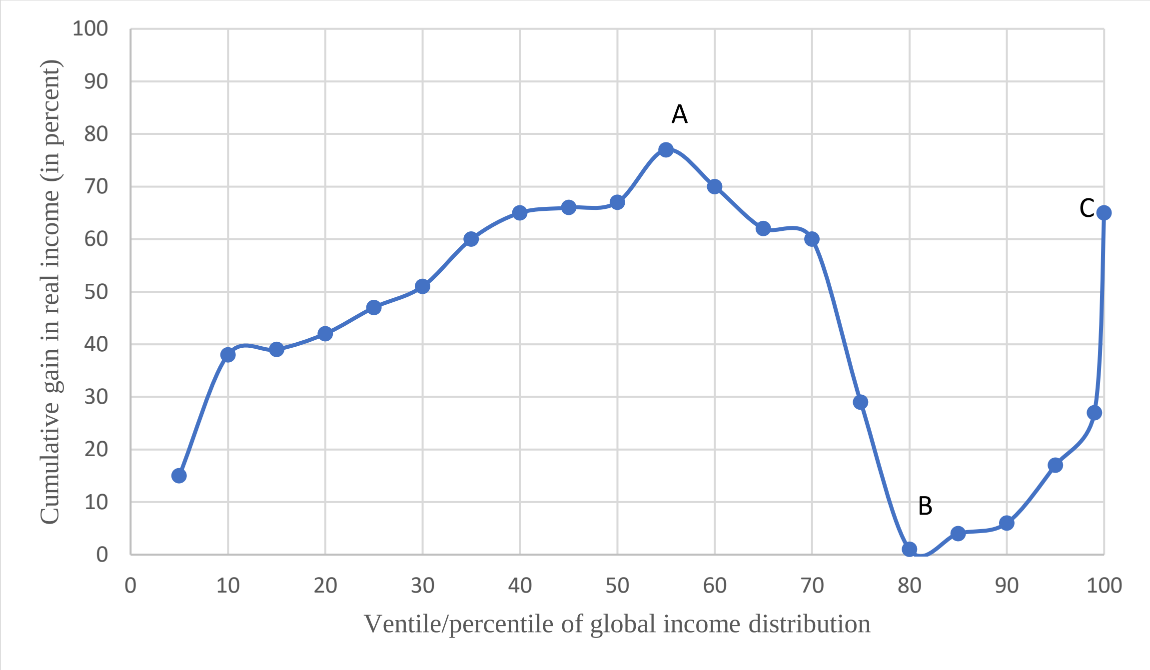

Figure 2.3. Milanovic's relative gain in real household per capita income table between 1988 and 2008, ranging from the poorest at 5 percent to the richest at 100 percent. Point A represents the middle classes of Asian countries, point B represents the middle classes of the rich Western countries, and the point C represents the global super-rich[113].

Milanovic's explanation for why globalization affected the middle classes of the Asian countries, and the rich Western countries differently are two-fold. Firstly, Milanovic theorizes that instead of a Kuznets Curve, the inequality of a given country goes through cycles of Kuznets waves and at first each cycle in the Kuznets wave creates inequality, such as Industrial Revolution of 19th century or the technological revolution of the late 20th century, then the inequality drops down.[114] Considering the Kuznets curve as a wave in which each curve increases and reduces the inequality of a given country in time, may mean that the Asian countries and the Western countries are in different parts or cycles of this Kuznets wave. In this context, Figure 2.4 shows that, inequality in the Asian countries is reducing because they have overcome the pinnacle point of inequality in the first Kuznets cycle as the industrialization increases, their aging middle classes who have a high population, and access to better education compared to the past demand betterment in

[112] Ibid., 19
[113] Ibid., 11
[114] Ibid., 50-58

terms inequality.[115] On the other hand, the inequality in the rich Western countries is increasing because they have entered the second Kuznets cycle and not yet overcome the pinnacle of it due to financialization and the shifting of the labor from industrial sector to services sector as the information technologies developed.[116]

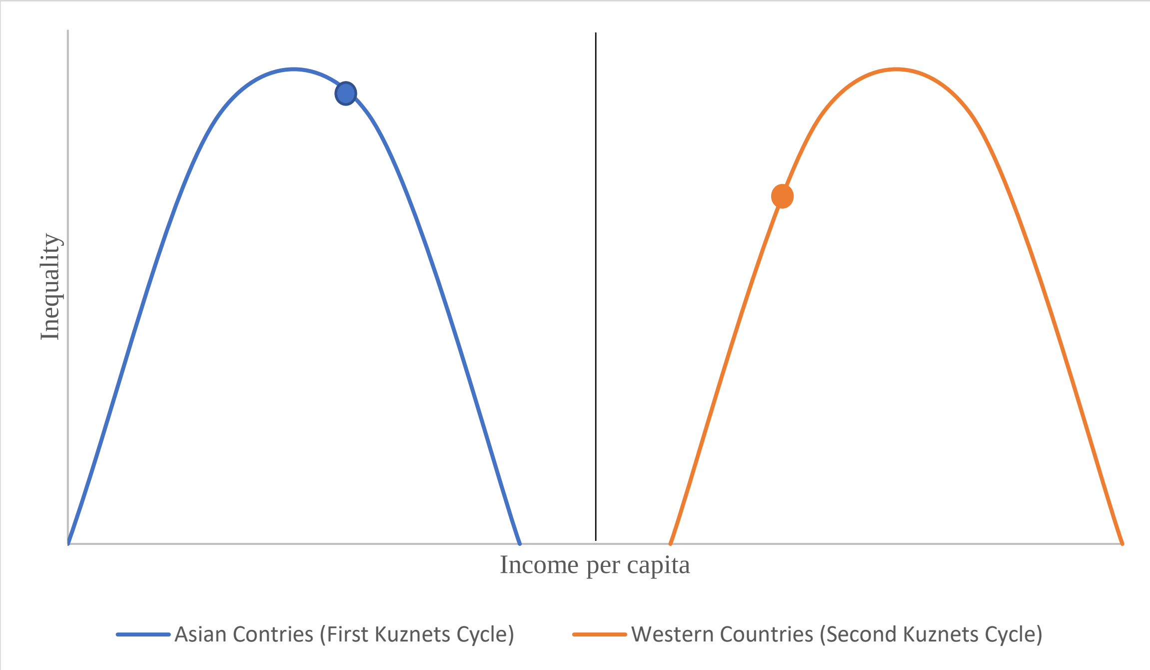

Figure 2.4. Figure showing the points where the Asian countries and the Western countries are in their Kuznets cycles. This figure is used as an auxiliary visual. This figure was made by the author.

Secondly, the majority of the top one percent in the income distribution who gained immensely due to financialization is also from Western countries, meaning that the income gap between the middle class and the super-rich in Western countries has widened.[117] In addition to this situation, it is apparent that Western countries have been affected by the financial crisis of 2008 more severely due to financialization being more prominent in these countries. It is important to note here that while the financial crisis affected the top one percent in these countries, their losses were far less compared to the middle classes.[118]

In summary, Milanovic's findings show that the reason behind the middle class of the Western countries being the losers of globalization is the combination of certain circumstances. These are: less population compared to the Asian middle classes, high financialization which caused effects of the financial crisis 2008 to be felt more severely,

[115] Ibid., 162
[116] Ibid., 162
[117] Ibid., 22
[118] Ibid., 36

Western countries being in starting point of the second cycle in the Kuznets wave due to technological advancements, and the majority of the one percent in the income distribution residing in these same countries, which causes the wage gap between the rich and the poor to be widened and thus increasing income inequality. However, an important thing to note here is that these people's wealth is hard to quantify as they are not included in the household surveys.[119] As such, the capital accumulation and how it affects the inequality in a given country needs to be explored as well.

So how does the accumulation of capital occur? This thesis relies heavily on the work of Thomas Piketty, *Capital in the Twenty-First Century* in order to explain it. The focal point of his work is the equation $r > g$, where r represents "the average annual rate of return on capital, including profits, dividends, interest, rents and other income from capital, expressed as a percentage of its total value"[120] and g represents "the rate of growth of the economy, that is, the annual increase in income output."[121] Piketty proposes that if the rate of return on capital exceeds growth rate of the economy, inherited wealth grows faster than the income and production, which means that with only a fraction of their savings from income, the wealthy, who already have immense wealth due to inheritance, can increase their capital faster than the growth of the economy.[122]

It seems that there are four connected factors that affect this equation: inequality of wages, inheritance, financialization, and the concentration of capital.[123] Firstly, those who hold the capital have more income compared to the middle or lower classes as they are far more likely to get a high paying job, not only because a certain level of nepotism is expected among rich families, but also, they have access to better education due to their status. Secondly, they are more likely to inherit wealth compared to the middle or lower classes, as the members of these classes cannot save enough wealth to inherit from their heirs due to lower wages. Thirdly, due to having more disposable income, those who hold the capital can be risk takers and invest in high-risk assets more in financial markets, gaining more if they win, or losing a fraction of their wealth if they lose. Thus, the capital is concentrated in a few hands through high income, inheritance, financialization and

[119] Ibid., p 37
[120] Thomas Piketty, *Capital in the Twenty-first Century*, translated by Arthur Goldhammer (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2014), 25
[121] Ibid., p 25
[122] Ibid., p 26
[123] Ibid., p 237-400

inheritance, creating a vicious cycle. This vicious cycle creates a situation where the wealthy earns more money in a day than a middle-class person could in his lifetime.

There are, of course, forces that can reduce inequalities or break the vicious cycle. Milanovic divides these forces into two categories: malign and benign forces.[124] Malign forces include wars and civil conflict, and these forces can be seen in societies with stagnant or rising mean income.[125] These forces reduce inequality through destruction of wealth and by causing high taxation. For example, the Second World War caused not only the destruction of wealth due to conflict but also increased taxation because the warring countries needed resources to continue the war.

Benign forces include social pressures, widespread education, aging population, and technological change favoring the low-skilled workers and these forces are effective only in societies with rising mean income.[126] For instance, when the first generation of an industrial society starts moving to the cities where there is high competition between capitalists that lowers the wages, inequality starts to increase due to capitalism. As the second, more educated generation begins to join the labor force, and the first generation begins to age, they start demanding social reforms and unionize to protect their rights, which pressures the political leaders, thus the inequality decreases. Technological changes that favor the low-skill workers, on the other hand, means that the majority of the population can be employed, the wages can be more or less equal.

It seems that the benign forces are one of the factors that reduces income inequality in Kuznets Curve. Then why have inequality been on the rise since the 1980’s in the Western countries? One explanation of this, as mentioned above, is that the Western countries are in the beginning of the second cycle on their Kuznets wave, due to the technological change favoring high-skill jobs, i.e., information technologies. In addition, before implementation of the neoliberal policies, most governments in the Western civilizations had much more potent social welfare programs that could rein in or at least stabilize the inequalities inherent to capitalism. These social welfare programs have been in decline in the Western civilization since the 1980's. Moreover, the benign forces that could put political pressure on these issues do not seem to be working. This means that the neoliberal policies not only cause the decline of these social welfare programs but also erode the potency of the benign forces behind them such as social pressure through

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[124] Milanovic, *Global Inequality*, 56

[125] Ibid., p 55-56

[126] Ibid., p 55-56

politics. On the other hand, this could also mean that the benign forces are not enough on their own and in order for them to take effect, they need a catalyst in the form of a malign force.

This is one of the results of rising inequality. As inequality rises, it increases the chances of triggering a malign force, which destroys wealth and possibly lives, in the form of war or civil conflict, which itself decreases inequality. After the destruction of wealth, it may lead to benign forces taking effect further decreasing it. The reason behind the benign forces may range from political leaders fearing a bloody coup to simply due to popular demand.

One can see this happening during the major events of the 20th century, namely, the World Wars and the Great Depression. According to Piketty, before the wars the taxation on capital was very low, meaning that the inequality was high.[127] The wars and the economic crisis were due to the rising inequality and these events destroyed the wealth and lives globally. After the wars the taxation on high income, profit, and wealth rose, reducing the inequality.[128] This period between 1945 and 1980 was the era of Keynesianism, which advocated high income for workers, unionization, free education, and health care. This period also saw the rise of democratic governments. As capitalism is naturally prone to economic crises, the Keynesian era ended with another crisis in the 1970's. This was a crisis of stagflation, whose solution was believed to be the implementation of neoliberal policies, which of course benefited those who hold the capital more than the middle and lower classes. And so, since the 1980's the taxation has been steadily reduced due to the changing ideologies, financial globalization, and high competition.[129]

Another important fact behind the rise of inequality since the 1980's is that the benign forces that reduce inequality require a highly democratic environment in order to work properly. However, neoliberalism is not compatible with a highly democratic environment. As such, neoliberal policies that favor the rich and enable them to earn wealth disproportionately, also cause the erosion of democratic principles and institutions. As the rich get wealthier, their political power increases as well. This is done by funding the campaigns of political leaders, meaning that the issues that bother the rich are heard disproportionately more than issues that concern the middle and lower classes.[130] This, in

[127] Piketty, *Capital in the Twenty-first Century*, 355
[128] Ibid., p 355
[129] Ibid., p 355
[130] Milanovic, *Global Inequality*, 189

turn, increases the gains of the rich further and turns into a vicious cycle resulting in democracy turning into plutocracy, which is another result of rising inequality.[131] The emergence of plutocracy undermines the effectiveness of benign forces that reduce inequality. This can be prevented by the middle class, who can put pressure onto political leaders to change legislations that harm them, after all they have more votes than the rich. However, they not only lost their economic power through rising inequality caused by neoliberalism but also lost their political influence. Moreover, the attention of the middle and lower classes is being diverted from their issues into divisive topics of social life such as religion and race through media and politics.[132]

As the social welfare systems that provide safety nets for the public erode systematically, and the political power of the rich increases through neoliberal policies, another result of the rising inequality emerges, namely, populism. Especially in countries such as the members of the EU where neoliberalism encourages immigration due to free market principles, middle and lower classes, who are already suffering from the adverse effects of inequality, need to compete more fiercely for the jobs. This not only drives the wages down, resulting in worse living conditions, but also oversaturates the market of jobs supply. As a result of this, the unemployment rate increases. As unemployment increases, resentment towards immigrants gradually emerges.

When a situation as hopeless as this occurs, the reaction of the middle and lower classes may result in the rise of populist parties that advertise immigration as a scapegoat for the inequalities faced by the public in the hopes of gaining political power against the mainstream political parties. In fact, one might say this is inevitable if one takes into account that inequalities, which are a result of rampant neoliberalism, cannot be solved by the mainstream political parties, as the solutions to the inequalities that they offer are within the same framework of neoliberal principles. As such the solution attempts of the mainstream political parties for the rising inequality is only met with increased mistrust of the public by the said parties. As mistrust increases so does the political power of the populist parties that seemingly offer an alternative to the current system. However, although these political parties look like they offer an alternative to the current system, it is not true. Their objective is not to challenge the current neoliberal system but to appeal to the voters for political power.[133]

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[131] Ibid., p 190
[132] Ibid., p 202
[133] Ibid., p 208

In fact, one can argue that the rise of populism not only fails to reduce inequality, but it may also contribute to it. It does this by creating a political environment ripe for exploitation by plutocratic regimes. Firstly, by creating rhetoric around highly divisive topics such as immigration to appeal to the voters, populist parties, perhaps deliberately or perhaps not, diverts the attention of the public from the real issues behind inequality, which may also be encouraged by the media. This situation also creates divisions among the middle class, who, if they were not divided, might put pressure on political leaders to act on the real issues. Secondly, populism undermines democracy.[134] As the popularity of populist parties and their ideologies increases, so does the undermining effect because the public, who is disillusioned by the mainstream political parties due to rising inequality, demands it. Moreover, mainstream political parties may choose to include these ideologies as their own out of fear of losing votes, which further diminishes the democratic principles. As the middle class fractures, demands the undermining of democracy, and their attention is diverted away from real issues behind inequality, it becomes easier for plutocracy to emerge.

In summary, rising inequality caused by neoliberalism and globalization, creates a situation in which the income of the wealthy increases disproportionately and the income of the middle class as well as the effectiveness of social welfare programs that provide a safety net in Western countries decreases. As disproportionate economic power leads to disproportionate political power, and due to the fact that democracy and neoliberalism are not compatible, the power of benign forces that reduce inequality diminishes and the decisions made by the governments start to favor the wealthy, resulting in plutocracy. As the legislation and decisions favor the wealthy more and more, the public, now disillusioned with the mainstream political parties, becomes vulnerable to exploitation by often far-right political parties.[135] These parties are preying upon the fears and suffering of the public in the hopes of gaining votes, and do not offer a true solution to the inequalities. However, they gain popularity among the public because they advertise an easy-to-understand scapegoat, such as immigrants, as the cause of the public's misery, resulting in the rise of populism.[136] This causes divisions among the public, which makes it easier for the wealthy to further their political objectives now that the attention of the public is diverted away from real problems, and thus inequality increases further.

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[134] Ibid., p 210

[135] Cas Mudde and Cristóbal Rovira Kaltwasser, *Populism: A Very Short Introduction* (New York: Oxford University Press, 2017), 106

[136] Ibid., 106

So how many of these results mentioned above occurred in the UK. Given that it is a Western European country, it wouldn't be illogical to assume that the middle class in the UK also suffers under the inequalities created by neoliberalism and globalism.

Figure 1.3. in the first chapter of this thesis shows that, since 1977, the Gini index of the UK has risen, which coincides with the beginning of the implementation of neoliberal policies. Before direct taxes and cash benefits, the Gini index was at 36.8 percent in 1977 and it peaked in 2007/08 at 53.5 percent.[137] Since then, it has been decreasing aside from some minor increases. Similarly, the disposable income Gini index was at 25.5 percent in 1977, it peaked in 2007/08 at 38.6 percent and it has been decreasing since then.[138]

Although there is a decrease in the Gini index of the UK, it should be noted that it is nowhere near the same level as it was in 1977, and the said decrease is minimal since its peak in 2008. Additionally, the trendline of the Gini index is still showing to be going upward, meaning that the possible increase of inequalities is still high. This could be a possible indication that neoliberalism and globalism make it harder for the benign forces to take effect in the UK. Another important thing to note is that the peak of inequalities coincides with the financial crisis of 2008, indicating that the crisis in this neoliberal and global system affected the poor unfavorably, increasing inequality as the crisis management favored the rich and cut the funding of the social welfare programs. Alternative methods of measuring inequality reinforce this as well, as seen on Figure 2.5. All three measurement methods show that the peak of inequalities has been reached in 2007/08. These years were also the period in which the income share of the top one percent was at its peak. In summary, the Gini index and the other measurement methods show that the inequality in the UK has risen, except the Palma ratio, which shows that the inequality across this period was more or less stable.

[137] "Household income inequality, UK", Office of National Statistics, accessed 29, June , 2022, https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householdincomeinequalityfinancial/financialyearending2021

[138] Ibid.

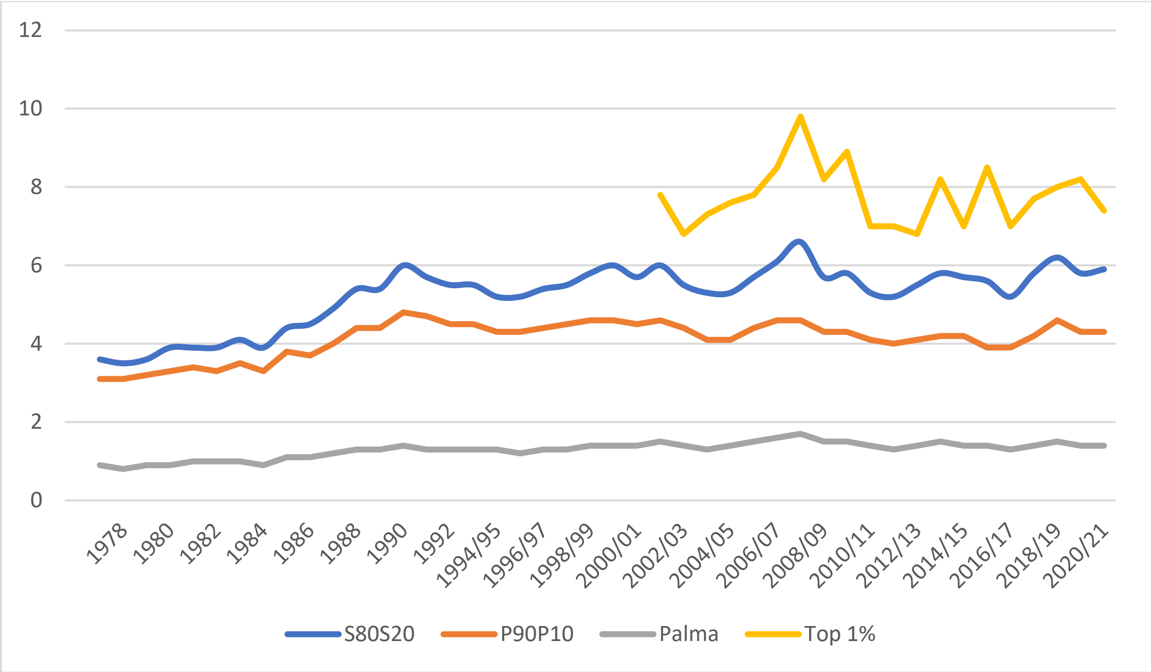

Figure 2.5. Table showing the S80/S20, P90/10, Palma ratios and the top one percent's income share in the UK between 1977 and the financial year ending 2021.[139]

While these measurements show that inequality in the UK has risen, and they indicate that the inequalities started with the implementation of neoliberal policies, they do not show who is affected by it, except the income share of the top one percent, which covers the period between 2001 and 2021. For this reason, it is beneficial to look at indicators such as the income share of the labor in the UK as well. The share of the labor fell from 67.7 percent in 2007, to 65.8 percent in 2015, which, although seems minimal, is nowhere near its peak in 1975 at 76.2 percent.[140] This may be an indication that neoliberalism affected the middle and lower classes in the UK negatively. Another, possibly more decisive indicator is the fall in the bargaining power of the labor, namely, decline of the unionization. The union density in the UK fell by 24.4 percent, from 49.9 percent in 1981, to 25.4 percent in 2013.[141] Moreover, collective bargaining coverage, which affects the working conditions of non-union members as well as union members, decreased by 48.8 percent from its peak of 80 percent in 1979 to 31.2 percent in 2011.[142] As one can see, the decrease in bargaining power led to decrease in the wage share of the labor. This indicates that since the late 1970's the rising inequality in the UK, caused by

[139] Ibid.
[140] Özlem Onaran and Alexander Guschanski, "Rising Inequality in the UK and the Political Economy of Brexit: Lessons for Policy", *GPERC* no. #PB10-2016 (2016): 3
[141] Ibid., p 3
[142] Ibid., p 3

neoliberalism and globalization, has indeed had a negative impact on the middle and lower classes.

In other words, the inequality in the UK has been rising since the implementation of neoliberal policies and the emergence of globalization. These policies led to the fall of bargaining power of the labor which caused the wage shares to fall as well. This means that the ones who suffer from the adverse effects of inequality are the middle and lower classes in the UK. In addition, shocks to this neoliberal system such as the financial crisis of 2008 reinforces the rise of inequality. This is due to the fact that the measures taken to reduce the effects of the crisis were done by way of cutting the funding of social welfare programs and austerity, eroding the safety nets of the public against inequality. On the other hand, the same neoliberal policies increased the income and the wealth of the rich, the measures taken against the effects of crises are done to protect their gains. For this reason, inequality caused by neoliberalism and globalism is another component of the organic crisis in the UK.

This thesis finds it important to mention again that the components of the organic crisis are interlinked, and they can interact with each other. As one can see, implementation of neoliberal policies causes inequality and financialization and globalization increases the likelihood of crises, which indeed occurred as the financial crisis of 2008. The crisis management methods such as austerity measures further increased inequalities. The reaction of the public, in turn, creates political crises, which is explained in the next section.

2.2. Political Components of the Organic Crisis in the UK

In this section, the political component of the organic crisis is laid down. These components are divided into two broad categories. These are: political components emerging from the inequalities, and political components emerging from the EU policies. However, it should be noted that these political components did not emerge out of the blue. The underlying reason behind these components is the economic components mentioned in the first section: neoliberalism, financialization, globalization, and the crisis it caused; and the rising inequality due to these policies and the economic crisis.

2.2.1. Political components emerging from the inequalities

As mentioned in the first section of this chapter, rising inequality may result in the erosion of democracy. This can occur in two ways. Firstly, as the economic power of the rich increases so does their political power, resulting in plutocracy. Secondly, as the economic and political power of the public diminishes, their resentment towards the establishment leads to the rise of populism.

One of the results of the rising inequality mentioned in the first section of this chapter was the emergence of plutocracy. This is due to the diminishing economic and political power of the middle class, and the rising political power of the rich. As the political power of the rich increases, so does the likelihood of pro-rich policies to pass. The aim of these policies is to protect the interests of those who hold the capital, and these usually include cutting the funding of the social welfare programs such as free health and education or lowering the wages of the labor. The policies cannot be changed through popular demand as well, for the rich control how the policies are made. This situation leads to the resentment of the politicians and government institutions by the disillusioned public, who cannot fight against inequality through democracy. This is due to the fact that even if it seems like a democratic regime, the emerging plutocratic regime diminishes the power of democratic principles.

Although not as obvious as in the US, the plutocratic tendencies are present in the UK, at least the symptoms of them in the form of the City of London. Since 1975, financialization has become the dominant method in the pursuit of neoliberalism.[143] According to Bob Jessop the policies brought about by financialization in the UK "… privilege the interest-bearing capital and transnational profit-producing capital over the provision of substantive use-values that meet social needs, facilitate human flourishing, protect the environment, and safeguard planet earth."[144] As such, the financial capital of the UK, the City of London, became the center of these inequality increasing policies. As the policies favored the City more and more, it created financial elites in the UK, as well as attracting such elites from all over the world. The inequalities caused by this situation, created an imbalanced society, where the financial elite prospers and the middle class, especially those from the countryside suffers. As the inequalities progressively rose, so did

[143] Bob Jessop, "Organic Crisis of the British State: Putting Brexit in its Place," *Globalizations*, 14, 1 (2017): 135
[144] Ibid., 135

the resentment of the public for such elites and the politicians that turn a blind eye to the inequality, which facilitated the rise of populism in the UK.

This thesis contends that one of the main political components of the organic crisis in the UK is the rise of populism, especially up until the Brexit referendum. Before exploring the rise of populist movements in the UK however, this thesis feels the need to briefly remind the definition of populism, which was explored in the first chapter of this thesis.

There are three major characteristics of populism. Firstly, populist movements advertise themselves as the people against the establishment of the elites.[145] As a result of this, their usual motto is *giving back the power to the people*. As one can see this characteristic is highly marketable in the times when the public suffers under inequality, thus resulting in the rise of the popularity of these movements Secondly, populist movements favor the majority rule and disregard the rule of law for the established institutions that enforce the laws are seen as an obstacle in the way of getting back the power.[146] Thirdly, in order to implement the majority rule, populist movements generally tend to favor a strong state.[147]This means that they also oppose policies such as globalism and free trade, and organizations such as the EU or NATO that diminish the power and sovereignty of the state.[148] In addition, these characteristics of the populist movements diminishes the power of democratic principles and the institutions that protect them.[149] This due to the fact that these movements often encourage bigotry, hate towards minorities and intolerance of other ethnicities as well as demanding policies that often divide and polarize the society instead of policies that encourage union.[150] In a society where the inequalities run rampant and the resentment towards the establishment by the public is increasing, the political environment is highly susceptible to these diminishing effects of the populist movements.

Despite being present at all times, populist movements constitute only a small fraction of the population under normal circumstances i.e., in a stable society.[151] In

[145] "Timbro Authoritarian Populism Index," Timbro, accessed 3, July, 2022, https://www.populismindex.com/report/
[146] Ibid.
[147] Ibid.
[148] Ejan Mackaay, "Brexit – Populist Reaction to …," 7
[149] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash: Trump, Brexit, and the Rise of Authoritarian Populism*, (Cambridge: Cambridge University Press, 2019), 22
[150] Ibid., p 23
[151] Ejan Mackaay, "Brexit – Populist Reaction to …," 10

addition, they do not gain popularity randomly.[152] These movements increase in popularity among the public when there is a major crisis in the society.[153] When the crisis cannot be solved or it increases inequality in favor of the rich by the established institutions, the public tend to become disillusioned by these establishments and they start to seek alternatives. One can see this happening with the implementation of the neoliberal policies, and the crises it created through financialization and globalization.

Although the reasons behind the rise of inequality are complicated, and thus the problems caused by inequality are not easily solvable, they are misleadingly simplified by the populist movements, which makes it easier for the public to accept them.[154] This simplification may include hatred of minorities and immigrants in a society as they make the perfect scapegoat for the suffering of the public under rising inequality, and they can create divisions in the society.

Those who accept this simplified explanation and vote for the populist movements are usually the older generation, men, the less educated, the white majority, those who are more religious and those who reside in more rural areas.[155] They are also the ones who are the most vulnerable to the adverse effects of rising inequality as well as the most in need of social welfare. Additionally, these simplified reasons that cause divisions in the public or proliferate hate and intolerance permeate through both conventional and social media.[156] Moreover, the people who accept these stories such as the elderly or the less educated are the ones who are not able to inform themselves properly. As such it becomes easier for the populist movements to exploit them through social or conventional media.

The UK was not exempt from the rise of populist movements arising from increased inequality. Prior to Brexit, there was a rise in the popularity of populist movements in the UK. One of the major populist parties that saw a rise was UKIP. One quick look at the web page of UKIP shows that it is a textbook definition of a populist movement. Its policies include pride in culture, support of service personnel and veterans, fighting against establishment, and ending immigration.[157] These policies are advertised under the guise of

[152] Ibid., p 10
[153] Ibid., p 10
[154] Ibid., p 9
[155] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash*, 280
[156] Ibid., p 9
[157] "UKIP," UK Independence Party, accessed 5, July, 2022, https://www.ukip.org/

supporting free speech and being a party that is for the everyday hard-working people.[158] On the website there is even a lottery mechanism that awards a gold sovereign.[159]

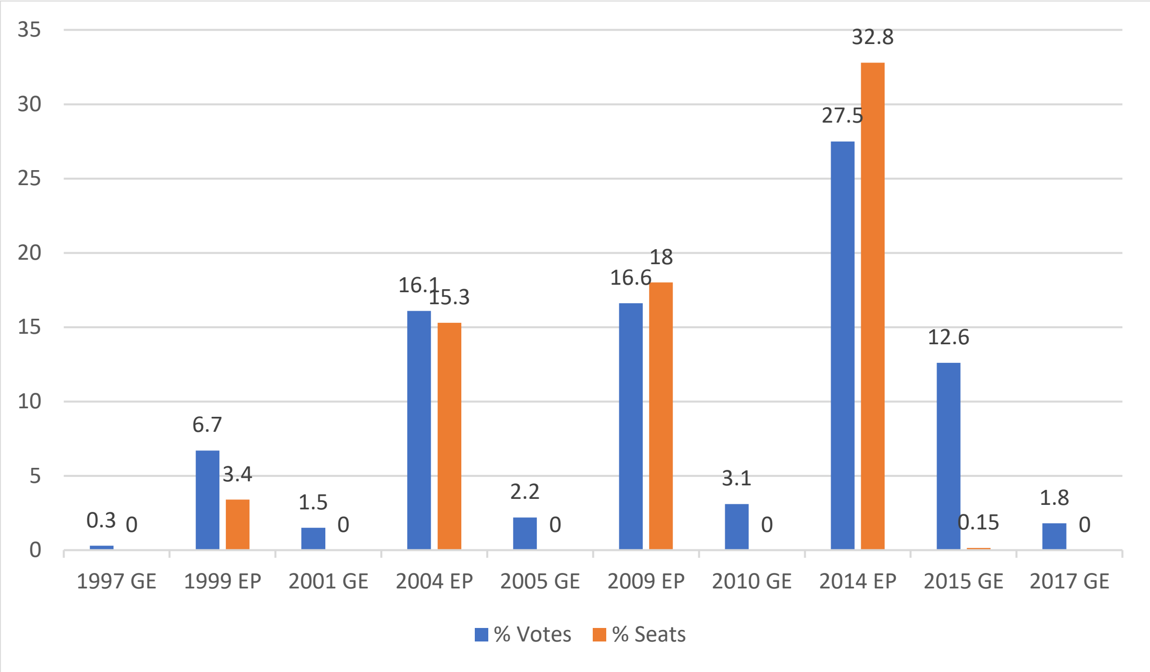

Figure 2.6. UKIP's share of votes and seats in the UK European Parliament and general elections between 1997-2017.[160]

Figure 2.7. shows that in 1999 UKIP's share of votes in European Parliament elections in the UK was 6.7 percent and 3.4 seats in the European Parliament. In 2004 and 2009 elections it rose to 16.1 percent and 15.3 seats, and 16.6 percent and 18 seats respectively. In 2014 its share of votes peaked at 27.5 percent and 32.8 seats. This allowed the voice of UKIP to be heard by a wider population and UKIP to be taken seriously by the media and rival parties. As one can see, there is a connection between the increased popularity of UKIP and the rising inequality. The year when UKIP had their second most votes was 2009, one year after the financial crisis. The year when UKIP had the most votes, 2014, was when the debates of whether to leave or stay in the EU were heated, not to mention that in this year the adverse effects of the financial crisis and resulting rise of inequality were still being felt by the public. It should be noted that the success of UKIP during these years were mainly due to its opposition to the EU, unlike other parties such as the National Front and British National party, whose core policy was that of xenophobia

[158] Ibid.
[159] "UKIP Sovereign Draw" UK Independence Party, accessed 5, July, 2022, https://www.ukip.org/sovereign-draw
[160] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash*, 371

and anti-immigration.[161] This does not mean however that UKIP did not have xenophobic and anti-immigration policies, as these also helped it gain popularity.[162]On the other hand, UKIP had not gained seats for the UK Parliament during the general elections. Figure 2.7 shows that between 1997 and 2010, UKIP's share of votes for the general elections only rose from 0.3 percent to 3.1 percent, but in 2015, UKIP's share of votes saw a significant increase and rose to 12.6 percent. This rise again connected with the rising inequality and the debates of Brexit.

The difference between the general elections and the European Parliament elections in terms of seat acquisition is due to the difference in election method. The European Parliament elections use Regional Party List Representation, while the general elections use first-past-the-post method.[163] This means that, in the European Parliament elections, the scattered voters of UKIP were enough for gaining seats, while in the general elections the low rate of voters in the voting regions meant that UKIP could not achieve victory in the voting regions and thus did not gain seats in Westminster.

Although UKIP's share of votes was low compared to the mainstream parties, there is an observable rise between 1999 and 2015. The rise of the share of the votes was most significant during the period when the rising inequality was felt by the public the most and the issue of Brexit was highly debated. This means that the rhetoric of Euroscepticism, and anti-immigration, saw a rise in popularity among the public during this period. Although UKIP and other populist movements did not gain seats during the general elections, this thesis contends that their rhetoric was enough to divide the public's opinion on the matter, diverted its attention from the real reasons behind rising inequality, and diminished the power of democracy in the UK. As such this thesis considers rising populism in the UK as one of the components of the organic crisis.

2.2.2. Components of the organic crisis originating from the EU

There are, of course, components that did not originate from the UK but from the EU. However, this does not mean that they are separate from the components originating from the UK. As mentioned again and again, the components of an organic crisis are interlinked with each other, meaning that they can affect or change one another. As such,

[161] Ibid., p 371
[162] Harold D. Clarke, Matthew Goodwin, Paul Whiteley, *Brexit…,* 108
[163] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash*, 371-372

one can confidently say that although these components emerged from the EU policies, they become a part of the internal political components of the organic crisis in the UK.

One such component is the sentiment of loss of control in terms of political system, economic policies, and trade relations due to the UK being a member of the EU up until Brexit.[164] A possible explanation of the rising popularity of this sentiment among the citizens of the UK until the referendum could be the way of governance of the EU, which clearly shows signs of plutocratic, and as such undemocratic, tendencies. Thus, one can say that this component originated from the EU. As such, in order to explain this component further, this thesis briefly explains the way of governance of the EU.

According to Stephen Gill, The concepts of *disciplinary neoliberalism* and *new constitutionalism* play key roles in the governance of the EU.[165] According to Gill, "…disciplinary neoliberalism combines capillary power with ongoing surveillance of populations and governments in ways that prioritize capitalist enterprise as if it is the primary, vital, life-giving life force."[166] This means that the disciplinary neoliberalism as a key part of the EU governance enforces the notion that there are no alternatives to neoliberalism.[167] In addition to this, disciplinary neoliberalism also creates opportunities for the ruling elite of the EU to further the integration process through crises.[168] While disciplinary neoliberalism enforces neoliberalism as the only way of governance, new constitutionalism legalizes and institutionalized what is envisioned through disciplinary neoliberalism and thus making it difficult to change.[169]

Through the implementation of disciplinary neoliberalism and new constitutionalism, the way of governance of the EU moves away from the democratic principles and becomes increasingly technocratic. This means that the decision-making process in the EU prioritizes ruling elites, and decisions are taken by the experts without a public debate and thus creating a gap between the public, member states and the governing body of the EU, namely, a lack of accountability.[170] This lack of accountability issue gave rise to the argument of democratic deficit in the EU. When the laws and legislations imposed by the

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[164] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi, Winston Churchill'den Brexit'e* (Ankara: Gazi Kitabevi, 2018), 177

[165] Stephen Gill, "Transnational Class Formations, European Crisis and the Silent Revolution," *Critical Sociology* 43, 4-5 (2016): 638

[166] Ibid., 638

[167] Ibid., 638

[168] Ibid., 638

[169] Ibid., 638

[170] Ibid., 641

experts and bureaucrats at the top levels of the governing body of the EU to the everyday life of the public are not in line with the people's interests, the people of the member states may see their governments responsible for them. Given the complexity of bureaucracy in EU governance, in a situation like this, it is only natural for people to assume that their government works against them.

The sentiment of lack of accountability due to EU policies that the public in the UK felt, combined with the shaky history between the UK and the EU, no doubt affected the outcome of the Brexit referendum, as one of the central arguments put forth by supporters of Brexit was the desire to restore democratic control to the UK.[171] As such, this thesis contends that the lack of accountability in the governance system of the EU is one of the components that contributed to the organic crisis in the UK.

In conclusion, in this chapter of the thesis, the formation of the organic crisis in the UK, the state of the crisis before Brexit, and the components of this complex crisis prior to the referendum have been explored. Within the scope of this thesis, the title of main component of the organic crisis can be attributed to neoliberal policies which have been implemented since the 1970's. This particular component not only created more components but also acts seemingly as a catalyst between each component. Neoliberal policies such as deregulation, deindustrialization, shifting of job creating industries to cheaper countries, reduction in government spending for the benefit of the public, and financialization led to rising inequality and financial crisis. The financial crisis of 2008 was attempted to be overcome yet again with neoliberal policies such as bail outs for critical companies and austerity measures, which further increased inequality. Rising inequality has led to the reduction in the economic and political power of the middle class. As a result of this, people became disillusioned with their elected representatives. The disillusionment towards elected leaders combined with the lack of accountability sentiment felt by the public led to the rise of the populist movements both in the UK and in the rest of Europe. All of these components create a web of crises in the UK that are interacting with each other, namely an organic crisis, which cannot be solved by conventional means.

The organic crisis in the UK is a combination of economic and political components. The economic components of the crisis include neoliberalism, financialization, globalization, and the crisis caused by these policies, as well as the rising inequality due to these policies and the economic crisis. The political components of the crisis include the

[171] "BRIEFING Taking back control from Brussels," voteleavetakecontrol.org, accessed 27, June, 2023, http://www.voteleavetakecontrol.org/briefing_control.html

erosion of democracy, plutocracy, and populism, which emerged as a result of the rising inequality. Additionally, the components of the organic crisis originating from the EU, such as the sentiment of loss of control in terms of political system, economic policies, and trade relations due to the UK being a member of EU up until Brexit, also played a role in the crisis.

The economic components of the crisis are closely linked to one another, with neoliberalism and financialization leading to globalization and the crisis caused by these policies. The rise of inequality due to these policies and the economic crisis has also had a significant impact on the political components of the crisis. The diminishing economic and political power of the middle class and the rising political power of the rich have led to plutocracy, where the rich hold disproportionate power and influence over the political system. This has resulted in pro-rich policies that protect the interests of the wealthy and often result in the erosion of democracy.

Furthermore, the rising inequality has led to the emergence of populism, where populist movements advertise themselves as the people against the establishment of the elites and aim to give back power to the people. However, the rise of populism can also be problematic, as it can lead to the disregard of minority rights and the erosion of democracy.

The components of the organic crisis originating from the EU, such as the sentiment of loss of control in terms of political system, economic policies, and trade relations, have also contributed to the crisis in the UK. The governance system of the EU, characterized by disciplinary neoliberalism and new constitutionalism, has moved away from democratic principles, and become increasingly technocratic. This has resulted in a lack of accountability and a gap between the public, member states, and the governing body of the EU, leading to a sentiment of being left out of the decision-making process.

In summary, the organic crisis in the UK is a complex phenomenon that has its roots in economic and political components. The economic components of the crisis, such as neoliberalism, financialization, globalization, and the crises caused by these policies, as well as the rising inequality due to these policies and the economic crisis, have led to the political components of the crisis, such as the erosion of democracy, plutocracy, and populism. Additionally, the democratic deficit argument originating from the EU has also played a role in terms of the outcome of Brexit, as those who supported leaving the EU claimed that decisions made in Brussels often bypass national parliaments and are influenced by unelected officials, resulting in a lack of accountability.[172]

These components have led to yet another crisis in the UK, namely, the Brexit referendum and the formation of hegemony and counter-hegemony, although this thesis does not contend that the referendum was the peak of the organic crisis.

In the next chapter of this thesis, the Brexit referendum, the formation of the hegemony and the counter-hegemony of the organic crisis, and the deepening of the organic crisis in the UK after the referendum is explored.

[172] Ibid.

3. BREXIT AND THE DEEPENING OF THE ORGANIC CRISIS

The organic crisis in the UK that has been brewing since the late 1970's through neoliberalism, financialization, globalization, and the economic and political crises caused by them such as the financial crisis of 2008, the rise of populism and plutocracy and the subsequent erosion of democracy has resulted in the Brexit referendum and the formation of the hegemony and the counter-hegemony. This referendum is important for the purposes of this thesis not only because it is yet another major component of the organic crisis, but also it makes the formation of the hegemony and the counter-hegemony more apparent, meaning that the sides in the referendum show the rough outline of the hegemony and the counter-hegemony.

In the first section of this chapter, Brexit is explored in detail due to its important role in the organic crisis and the formation of hegemony and counter-hegemony. After this detailed exploration, the formation of the hegemony and the counter-hegemony of the organic crisis in the UK is laid out. This helps to understand whether the organic crisis has deepened or not, which will be the last section of this chapter.

3.1. Brexit

Brexit is the abbreviation for "British exit," which refers to the UK's decision to leave the EU. On June 23, 2016, the UK held a referendum on whether to leave the EU. 51.9% of voters supported leaving the EU, while 48.1% voted to remain. However, before getting into the results of the referendum, this thesis finds it important to explore the referendum of 1975 and the opt-outs before the referendum so as to contextualize Brexit and properly explain the reasons behind the outcome of the referendum.

3.1.1. The referendum of 1975

It is important to note that Brexit was not the first referendum to be held on whether to leave the EU. On June 5, 1975, just two years after joining the European Economic Community after long and arduous negotiations in 1973, the UK held a referendum on whether to leave the EEC, in which the remain vote won by 67.2%.[173] This referendum was held after the general election of October 1974, which was preceded by the general

[173] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi, Winston Churchill'den Brexit'e* (Ankara: Gazi Kitabevi, 2018), 48- 55

election of February 1974, in which no party was able to constitute a majority to form a government.[174]

During these elections, the Labour Party emphasized that the outcome of the negotiations for becoming a member of the European Communities was not at a satisfactory level for the UK and that further negotiations were needed.[175] Thus, if elected, the Labour Party promised to start renegotiations with the EC and to hold a referendum on whether to leave EEC if renegotiations were not satisfactory.[176] On the other hand, the Conservative Party emphasized that the Prime Minister Heath's government, after a long and arduous negotiation period, were successful in joining the EEC, which the UK had wanted for a long time.[177] However, the Conservative Party also emphasized that they were not satisfied with some of the regulations of the EEC and the government would continue to push for desired policies.[178] These election manifestos show that both political parties approached European integration with caution.

After the general election of February 1974, the Labour Party formed a minority government, and Prime Minister Wilson started the renegotiations as promised.[179] The five main objectives of the renegotiations were the following: (1) major changes in the Common Agricultural Policy, (2) new and fairer methods of financing the Community Budget, (3) rejection of any kind of international agreement for the sake of European Economic and Monetary Union, which has a negative effect on the UK, (4) agreement on capital movements that protects the UK's balance of payments and full employment policies, (5) no harmonization of VAT.[180] After the EC Leaders Summits in Paris and Dublin, Prime Minister Wilson expressed that the renegotiations with the EC were successful.[181] In these summits, the UK obtained concessions regarding the CAP and decided to opt-out of the Monetary Union.[182] As such, Prime Minister Wilson as well as

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[174] Ibid., p 48-55
[175] Ibid., p 48-55
[176] "February 1974 Labour Party Manifesto," labour-party.org.uk, accessed 17 March, 2023, http://www.labour-party.org.uk/manifestos/1974/feb/1974-feb-labour-manifesto.shtml
[177] "February 1974 Conservative Party Manifesto," conservativemanifesto.com, accessed 17 March, 2023, http://www.conservativemanifesto.com/1974/Feb/february-1974-conservative-manifesto.shtml
[178] "February 1974 Conservative Party Manifesto"
[179] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 52
[180] "The 1974-75 UK Renegotiation of EEC Membership and Referendum", UK Parliament, accessed 19 March, 2023, https://commonslibrary.parliament.uk/research-briefings/cbp-7253/
[181] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 55
[182] Ibid., p 55

the leader of the opposition Margaret Thatcher campaigned for remaining in the EC.[183] Consequently, in the referendum held in 1975, the remain vote won by 67.2%.

By looking at this earlier referendum, one can conclude that prior to Brexit, there had been a substantial amount of Eurosceptics within the population of the UK, as the leave vote of 32.8% is not a low percentage. Another point is that, although the political parties of the time seemed to have been divided regarding the EEC, in the end both political parties supported remaining in the EEC. As such, one can conclude the possible outcome of leaving the EEC was not preferable by both political parties and the advent of referendum may have given the UK the necessary leverage to initiate renegotiations regarding the policies that the UK found unsatisfactory. It seems that, in this period of UK-EC relations, the UK found it preferable to negotiate policies that the UK found unsatisfactory within the framework of EEC, rather than to be an outsider and have less leverage against the policies made by the EEC. Moreover, this referendum may have emboldened the UK to be more assertive when it came to the opt-outs during the Conservative Party Period between 1979 and 1990.

3.1.2. Opt-outs prior to Brexit

After the referendum of 1975, despite remaining in the EEC, the UK approached European integration with caution and tried to opt out of policies that the UK deemed disadvantageous. Moreover, during the Conservative Party period between 1979 and 1990, Prime Ministers Margaret Thatcher and John Major saw the European Integration process that is being developed as a path to federalism and supranationalism, which was seen as a threat to UK sovereignty. As such, the election manifestos of the Conservative Party emphasized concerns regarding the European integration policies, such as the Common Agricultural Policy, Common Fisheries Policy, and especially the UK's contributions to the EC budget.[184] During this period reduction in contribution to the EU budget became the most important issue for the UK[185]. This was due to the fact that the UK, despite being the third poorest country in the EC, was becoming the country that contributes the most to the EC budget.[186] As such the UK government at the time and the Prime Minister Margaret

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[183] Ibid., p 55

[184] "1979 Conservative Party General Election Manifesto," conservativemanifesto.com, accessed 22 March, 2023, http://www.conservativemanifesto.com/1979/1979-conservative-manifesto.shtml

[185] Stephan George, *An Awkward Partner: Britain in the European Community* (Oxford: Oxford University Press, 1998), 137

[186] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 66

Thatcher spent considerable effort to gain reduction in contributing to the EC budget. As a result, in 1985 EC introduced the UK rebate mechanism, which is applied to reduce the UK's contribution to the EC budget by reimbursing the 66% of the UK's contribution to the budget.[187]

Another policy that was deemed disadvantageous by the UK was the Schengen Agreement. Introduced in 1985 and first signed by Germany, France, Netherlands, Belgium and Luxembourg, Schengen Agreement foresaw the gradual removal of border controls and passage between the EC countries without a passport. In 1990, Schengen Convention was signed, which paved the way for the formation of the Schengen Area in 1995 that foresaw a common visa policy for the third party countries.[188] During Thatcher's government, the UK did not join the regulations made in 1985 and 1990 as the prospect of uncontrolled passage between countries was seen as a security risk for the country.[189]

Moreover, Economic and Monetary Union, and Social Chapter policies, foreseen by the Maastricht Treaty, were also deemed as a threat to the UK's sovereignty and as a way to supranationalism. As such, Prime Minister John Major, with an added protocol to the Maastricht Treaty, opted out of the third stage of Economic and Monetary Union, the purpose of which was to make the European Central Bank as the sole central bank and the Euro as the sole currency of the EC.[190] In addition to this, Major also prevented the addition of the Social Chapter, which was also seen problematic by Thatcher, to the Maastricht Treaty and he also withdrew from the European Exchange Mechanism in order to preserve the value of Sterling.[191]

In summary, during the Conservative Party Period the UK gained reduction for its contribution to the EC budget, withdrew from the European Exchange Rate Mechanism, opted out of the Schengen Agreement, Economic and Monetary Union, and the Social Chapter of the Maastricht Treaty.[192] In view of these developments, one can say that the British skepticism of European Integration had not slowed down during the Conservative Party period. It seems that, in the UK, the concerns about supranationalism and sovereignty

[187] "The UK 'rebate' on the EU budget," European Parliament, accessed 22 March, 2023, https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577973/EPRS_BRI(2016)577973_EN.pdf
[188] "EUR-Lex," European Union, accessed 30, June, 2023, https://eur-lex.europa.eu/EN/legal-content/glossary/schengen-agreement-and-convention.html
[189] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 65
[190] "Britain and Europe- PM John Major and the Maastricht Treaty," Brit Politics, accessed 30, June, 2023, https://www.britpolitics.co.uk/university-britain-europe-john-major-the-maastricht-treaty/
[191] Ibid
[192] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 61

overcame the prospect of unity in Europe. This skepticism not only slowed the integration process at the time, but also led to the opt-outs by the UK, seemingly leading the way to Brexit. However, it should be noted that the UK's policies at the time regarding European Integration seemed not to be that of cutting ties, but of negotiation through proper channels. It should also be noted that during this period, the UK had actively tried to maintain its sovereignty by opting out of undesired policies proposed by the EC while trying to obtain positive outcomes

3.1.3. Brexit process and results

In 2013, UK's then Prime Minister David Cameron, as an election tactic to win the 2015 election, promised to renegotiate the UK's membership of the EU and hold a referendum for it by 2017 at the latest.[193] This move by David Cameron was done to consolidate power within its own party, the Conservative Party, and to stop the rising popularity of the UK Independence Party (UKIP), as the latter started to cause fractures in the unity of the former.[194] For this reason, in 2015 David Cameron launched a negotiation proposal with four main objectives.[195] According to the proposal, these were: "permanent protection for the pound and our right to keep it, guarantees that UK taxpayers will never be required to bailout the Eurozone and that UK businesses cannot be discriminated against because we are outside the Eurozone; commitments from the EU to cut red tape, complete the Single Market and sign new trade deals to create opportunities for our businesses and jobs for our people; formal agreement that the Treaties will be changed in the future so that the UK is carved out of 'ever closer union' and we will have new powers to block or remove unwanted European laws; and new powers to tackle the abuse of free movement and reduce the unnatural draw of our benefits system, to meet our aim of reducing immigration, by making sure that new arrivals from the EU cannot claim full benefits for up to 4 years."[196]

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[193] "EU speech at Bloomberg," UK Government, accessed 30, June, 2023, https://www.gov.uk/government/speeches/eu-speech-at-bloomberg

[194] Mads Dagnis Jensen and Holly Snaith, "When politics prevails: the political economy of a Brexit," *Journal of European Public Policy* 23, 9 (2016): 3

[195] "PM letter to President of the European Council Donald Tusk," UK Government, accessed 30, June, 2023, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/475679/Donald_Tusk_letter.pdf#page=2

[196] "The best of both worlds: the United Kingdom's special status in a reformed European Union," UK Government, accessed 30, June, 2023, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/502291/54

One may realize by looking at the objectives of this proposal that the negotiation proposal was made with the intention of making the minimum possible concession and that it was made in order to consolidate power internally. As such, one can say that the possible outcome of leaving the EU was not desired. This view was also supported by the majority of the sectors such as business, banking, finance as well as the trade unions.[197] However, one can also realize by looking at said objectives that the UK's political attitude towards the EU during the Conservative Party period between 1979 and 1990, namely Euroscepticism and cautionary politics, have remained. As such, one may argue that the ambiguity of the political situation may have helped determine the results of the referendum.

Although the policy makers and the business interests were mostly aligned in their goal to keep the UK in the EU, those who supported leaving the EU were also prominent. It should be kept in mind that those who supported leaving were 32.8% at the referendum of 1975. Coupled with this, it is possible to say that the components of the organic crisis mentioned in the second chapter of this thesis, namely the rise of inequality, neoliberal policies, financial crises, decline in the political power of the common people through plutocracy, immigration, increase in the popularity of the populist rhetoric and anti-establishment feelings, and the sentiment of loss of sovereignty felt by the people of the UK due to the technocratic governance system imposed by the EU, have increased the Eurosceptic sentiment among the people of the UK. As Bob Jessop puts it, "the Brexit conjuncture reflected a long-running split in the establishment, a worsening representational crisis in the party system, a growing crisis of authority for political elites, a legitimacy crisis of the state, and a crisis of national-popular hegemony over the population."[198]

As such, while the campaign of the establishment was that of remaining in the EU, the people that have grown disillusioned with the establishment, due to the factors mentioned above and in the second chapter of this thesis, naturally took side on those with the anti-establishment feelings and Eurosceptic sentiment, namely far-right nationalist political parties such as UKIP, under the slogan 'Vote Leave, Take back Control'. As the name suggests, this slogan proposed that the main issue was sovereignty, specifically the

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284_EU_Series_No1_Web_Accessible.pdf

[197] Mads Dagnis Jensen and Holly Snaith, "When politics prevails", 3-4

[198] Bob Jessop, "Organic Crisis of the British State: Putting Brexit in its Place," *Globalizations,* 14, 1 (2017): 134

loss of sovereignty in political and economic areas due to the EU. The rhetoric was that the UK would be politically and economically free from the EU, which according to the campaign prevented the UK from making independent laws, signing independent trade deals, and controlling borders to prevent immigration.[199]

However, it should be noted that although there were rules and regulations imposed by the EU that the UK needed to adhere to during membership, the UK was able to opt out of policies that have the most impact regarding sovereignty, namely Economic and Monetary Union and Schengen Agreement. As such, one may argue that the rhetoric of loss of sovereignty is a populist one, which did not emphasize the more pressing issues that the people of the UK still suffer from, namely neoliberal policies which, as mentioned again and again in this thesis, is the most important component that constitutes the organic crisis that the UK is in.

After intense campaigning from both pro-EU and anti-EU sides, the Brexit referendum took place on 23 June, 2016. Those in favor of leaving the EU were 51.9% and those in favor of remaining were 48.1%. One can see that the Eurosceptic and anti-establishment sentiments have risen since the referendum of 1975. But why is that?

According to the World Bank data, the Gini index of the UK in 1980, at the beginning of the implementation of neoliberal policies, was 28.5; in 2016 however, the Gini index of the UK rose to 33.1, clearly showing a rise in inequality.[200] Moreover, while the vote share of UKIP, a political party that supports leaving the EU in the referendum, in 1997 general elections was 0.3 percent, and it rose to 12.6 percent in the 2015 general elections, just before Brexit.[201] As such, this thesis contends that the reason behind this rise in the leave votes in Brexit is the neoliberal policies and rising inequality due to these policies. As mentioned in the second chapter of this thesis, rising inequality due to neoliberal policies, such as reduction of welfare systems, austerity measures when faced with economic crises, and jobs being shifted to foreign countries or taken over by immigrants, leads to the diminishment of the political and economic power of the middle class, who constitutes the majority of the share of votes. As these people become more and more disillusioned and dissatisfied with the established institutions and politicians, they tend to lean towards populist ideologies, which in reality, does not offer a real solution to

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[199] "Why Vote Leave," voteleavetakecontrol.org, accessed 20 March, 2023, http://www.voteleavetakecontrol.org/why_vote_leave.html

[200] "Gini index- United Kingdom Data," The World Bank, accessed 30, June, 2023, https://data.worldbank.org/indicator/SI.POV.GINI?end=2016&locations=GB&start=1980

[201] Pippa Norris and Ronald F. Inglehart, *Cultural Backlash*, 371

the problems, but they offer scapegoats, such as, in the case of Brexit, immigrants, and easy, unrealistic solutions. This seems to be supported when one looks at the share of votes by age group. The share of leave votes for the different age groups were as follows: age group 65 and older, 60%; age group 55-64, 57%; age group 45-54, 56%; age group 35-44, 48%; age group 25-34, 38%; age group 18-24, 27%.[202] This shows that the people in older age groups, who are more in need of welfare systems, such as healthcare and pensions, which are usually the most affected by the austerity measures, voted to leave. These older age groups first-hand experienced the rising inequality since the implementation of neoliberal policies. Additionally, those in the older age groups who voted to leave the EU were usually less educated, had lower social status and were from the rural areas, where fewer economic opportunities were available.[203] As these people are living in rural areas and are less educated, their job opportunities are fewer and less diversified, thus making the jobs in these areas more likely to be at risk of being taken over by the immigrants. Moreover, these older age groups might be more susceptible to populist rhetoric used during Brexit campaign not only because their jobs are more likely to be taken over by the immigrants but also because it is more probable for them to think of the past nostalgically, seeing it as the glory days of the UK.

All of these factors mentioned above may have influenced the voting choice of these older age groups. However, as one can see, the root cause of these factors was the rising inequality due to neoliberal policies. Austerity measures that restrict the power of welfare systems and fewer economic opportunities due to job shifts to foreign countries where the costs are less or due to remaining jobs taken over by immigrants led to the rise of inequality. This created ample opportunity for populist rhetoric of political parties such as UKIP to take hold, which in turn led to the rise of Euroscepticism and anti-establishment sentiment.

On the other hand, the vote share of 48.1% of those who voted to remain in the EU should not be underestimated as it constitutes nearly half of the voting population. In other words, it can be said that those who voted to leave the EU won by the skin of their teeth, meaning that it was not a clear-cut victory for them. By looking at the share of votes by age groups mentioned above, one can see that those who voted to remain in the EU were usually in the younger age groups. Also, those who voted to leave the EU being less-

[202] "Brexit vote by age 2016", Statista, accessed 20 March, 2023, https://www.statista.com/statistics/520954/brexit-votes-by-age/

[203] Joshua Matti and Yang Zhou, "The political economy of Brexit: explaining the vote," *Applied Economics Letters* 24, 16 (2017): 1131

educated and from rural areas may imply that those who voted to remain were educated, and from cosmopolitan areas, where the economic opportunities are abundant. This means that those who voted to remain in the EU were less vulnerable to the adverse effects of austerity measures.

In summary, this thesis contends that the results of the referendum were affected by the rising inequality due to the neoliberal policies, such as job shifts and austerity measures. However, it should also be noted that those who voted to leave only won by a slim margin. As Thiemo Fetzer puts it, "the austerity-induced increase in support for UKIP is not negligible and suggests that the tight 2016 EU referendum could have well resulted in a victory for Remain had it not been for austerity."[204]

This thesis also contends that Brexit referendum is a major component of the organic crisis in the UK, not only because it was caused by, and its results were affected by, the other components of the organic crisis mentioned in the second chapter of this thesis, but also the referendum led to other crises in the UK, the most prominent of which is the long and arduous process of leaving the EU. However, this issue and other crises that happened after Brexit are discussed after exploring the formation of hegemony and counter-hegemony in the UK, which became more visible during Brexit and should give insights about the state of the organic crisis up until Brexit and why the deepening of the organic crisis continues.

3.2 Hegemony and Counter-hegemony in the UK

In Neo-Gramscian theory, hegemony refers to the cultural, political, and economic dominance of one group over others. It is the process through which dominant groups maintain and reinforce their power by establishing a set of beliefs, values, and norms that are widely accepted as natural and legitimate by other groups in society. Hegemony operates through the consent and cooperation of the subordinate groups, who may not even be aware of their own subordination. For example, in capitalist societies, the ruling class uses their economic power to establish and maintain their cultural and political dominance. They do this by promoting certain values and beliefs, such as individualism, free markets, and competition, that benefit their own interests. These ideas become so deeply embedded

[204] Thiemo Fetzer, "Did Austerity Cause Brexit?," *American Economic Review*, 109, 11 (2019): 3850

in the culture that they are taken for granted as common sense by most people, including those who are not part of the ruling class.

Counter-hegemony, on the other hand, refers to the efforts of subordinate groups to challenge and transform the dominant beliefs, values, and norms. It is a process of resistance and struggle against the existing power structures, with the goal of creating a new system that better serves the interests of the people. Counter-hegemonic movements can take many forms, such as social movements, political parties, labor unions, and community organizations. They aim to create alternative ways of thinking and acting that challenge the dominant culture and politics. These movements may also aim to create new institutions, policies, and practices that better reflect the needs and desires of the people. For example, labor unions can be seen as a form of counter-hegemony, as they challenge the dominant belief in individualism and promote the idea of collective action and solidarity among workers. Counter-hegemony is seen as a necessary precondition for social change and transformation. It is not enough to simply overthrow the ruling class, as the dominant culture and beliefs will continue to operate unless they are actively challenged and transformed. Counter-hegemonic movements create the space for new ideas and practices to emerge, and ultimately pave the way for a more just and equitable society.

In summary, hegemony and counter-hegemony are key concepts in Neo-Gramscian theory. Hegemony refers to the cultural, political, and economic dominance of one group over others, while counter-hegemony refers to the efforts of subordinate groups to challenge and transform the dominant beliefs, values, and norms. Counter-hegemonic movements are seen as a necessary precondition for social change and transformation. So, according to this description, what are forces that constitute the hegemony and the counter-hegemony in the UK? Did they form properly? This thesis contends that although there is a properly established hegemony, counter-hegemony in the UK is not fully developed, at least not to the extent that it can start meaningful change and transformation in the UK. To fully convey this, this thesis finds it important to first look at the hegemony in the UK.

3.2.1. Hegemony in the UK

The forces at play in the formation of the hegemony in the UK dates back to implementation of neoliberal policies in the country.[205] As such, in order to understand dominant forces of hegemony, one first needs to look at the neoliberal policies

[205] Bob Jessop, "Organic Crisis of the British State: Putting Brexit in its Place," *Globalizations,* 14, 1 (2017): 134

implemented in the UK. These policies which are explored in detail in the second chapter of this thesis include privatization, deindustrialization, deregulation, financialization, and globalization. According to Bob Jessop, "These policies privilege opportunities for monetary profit over the provision of substantive use-values that meet social needs, facilitate human flourishing, protect the environment, and safeguard planet earth."[206] In other words, these policies that form the backbone of the ideological forces of hegemony in the UK create inequality.

In order to enforce these policies, the hegemony in the UK utilizes a number of institutions, such as the World Bank, the World Trade Organization, the International Monetary Fund, the World Economic Forum, Confederation of British Industry, the British Bankers' Association, and the Bank of England. Moreover, it is also supported by the political institutions, such as the mainstream political parties, namely the Conservative Party, the Labour Party, the Scottish National Party, and the Liberal Democrats[207]. Up until Brexit, the institutions of the EU such as European Central Bank and European Commission can also be included in the institutions that supported the hegemony in the UK, although in a limited fashion due to the opt-outs and the cautionary approach of the UK to European Integration. The global nature of these institutions shows that the hegemony in the UK is not only supported internally by the national institutions, that is within the country, but also externally by the international ones. In this context, it can be said that the hegemony in the UK conforms to world order.

The social reflections of the ideas foreseen by the neoliberal policies and the institutions that reinforce these ideas are the culture of consumerism and individuality. The culture of consumerism promotes rampant consumption of goods and products. As such, it creates an environment where every product is disposable. This attitude towards consumption is not only unsustainable from an economic perspective but also from an environmental perspective. This consumption culture is most prominently promoted through advertisements by the mass media where it is shown that the newest product is the best and the old one is obsolete. In this context it can be said that the culture of consumerism is aligned with the neoliberal ideology, that is favoring profits over sustainability, and thus supporting and reinforcing it further.

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[206] Ibid., 135

[207] Isabel Airas, "A Neo-Gramscian Analysis of Brexit" *E-International Relations* 30 May, 2017, https://www.e-ir.info/2017/05/30/a-neo-gramscian-analysis-of-brexit/, accessed: 10, September, 2021.

The culture of individuality, on the other hand, promotes individual success, and one's status in society as the desired virtues. At first glance, one may think that individuality has merit. However, the culture of individuality in the context of neoliberalism is deeply flawed. It promotes individual success as a virtue, but it also promotes that only the individual's own success is important, suggesting that other people who are unimportant are obstacles in the way to success. Moreover, it even suggests that other people can be used as stepping blocks on the way to success. It portrays one's status in society as an important thing, but it also portrays those that are of lower status than the individual as problem makers, or even portrays them as scapegoats when it is advantageous to do so. This way of thinking, namely individualism in the context of neoliberalism, diminishes the power of collective thinking, weakens the family values, creates a divide between the individual and society, promotes selfish objectives, and increases the gap between social classes. In addition to the culture of consumerism and individuality, hegemony also utilizes cosmopolitanism in order to further reinforce the ideas and institutions.[208]

In summary, the forces that constitute the hegemony in the UK, namely neoliberal policies, its institutions, and its social reflections create a dialectical balance, and they also reinforce each other. Also, the global nature of neoliberalism and the integrated nature of the national institutions, which support the hegemony, to the wider, global world mean that the hegemony in the UK can also be supported by the international institutions, making the hold of the hegemony over the UK much stronger. It should also be noted that, during the Brexit referendum, the hegemony in the UK supported remaining in the EU. This may be due to the fact that the forces that constitute the hegemony in the UK are mostly aligned with the forces that constitute the hegemony of the EU, thus making it easier to maintain hegemony.

For hegemony to be challenged by counter-hegemony, the forces that comprise the hegemony need to be in a state of imbalance. This thesis contends that this imbalance came in the form of rising inequality, which caused people to be disillusioned with the established hegemony in the UK. However, this thesis also contends that the formation of counter-hegemony in the UK has not yet been fully formed and does not have the power necessary to topple the hegemony and take its place. In order to explain why this is so, this

[208] Ibid.

thesis finds it important to look at the forces that constitute the counter-hegemony in the UK.

3.2.2. Counter-hegemony in the UK

This thesis contends that the counter-hegemony in the UK has not yet been fully formed, at least not to the extent that it can challenge the hegemony in the UK outright. One of the reasons behind this is that the counter-hegemony in the UK, at least at this stage of its formation, still utilizes the main ideology of the hegemony in the UK, namely neoliberalism. This means that the counter-hegemony in the UK does not, at least not yet, have the necessary means to be the next hegemony. However, it should be noted that the rising inequality in the UK made hegemony at least somewhat vulnerable to the challenges. This becomes apparent when one looks at the reason behind the proposal of Brexit referendum. As mentioned above, it was done in order to consolidate power that has been starting to slip off.[209] This may mean that the hegemony started to have difficulties regarding its legitimacy. As such, it can be said that, at least during the referendum, there was a formation, that can be classified as counter-hegemony, which challenged the established hegemony in the UK.

Before getting into the ideas that are formed during the referendum, this thesis finds it important to explore the institutions that these ideas sprung from. The rise in inequality in the UK has increased the popularity of populist rhetoric among the people, which brought forth legitimacy issues and fractures in the Conservative Party. This benefited the political parties with populist ideologies greatly, increasing their popularity. As such, it can be said that the most prominent institutions that support and constitute the counter-hegemonic movement in the UK are the populist political parties such as UKIP. During Brexit, anti-immigration, and Eurosceptic sentiments have certainly affected the outcome and this thesis contends that these populist parties played a major role in it. In addition to this, due to the diminished power of the Conservative Party, the emerging odd voices within the party may also be included in the counter-hegemonic side, although minimally. Moreover, unions in the UK may also be included as their power has been diminishing since the implementation of neoliberal policies. Their inclusion however may be a tactical maneuver in order to exert more leverage from the establishment, and not to challenge the

[209] Mads Dagnis Jensen and Holly Snaith, "When politics prevails..," *Journal of European Public Policy* 23, 9 (2016): 3

establishment for change.[210] In summary, the institutions that constitute the counter-hegemonic movement are mainly political parties that utilize populist rhetoric with anti-immigration and Eurosceptic sentiments, and some minor odd-voices from the establishment and unions.

The ideas that are supported by the counter-hegemony are sovereignty and anti-immigration.[211] This is due to the fact that the main institutional capabilities of the counter-hegemony of the UK stems from populist political parties. As such, these ideas were highly utilized during the Brexit campaign. As mentioned before, the immigrants were presented as an easy scapegoat for the adversities faced by the public. The rhetoric was that the EU open border policies had created an influx of immigrants, which put pressure on the public services and as such, the UK needs to take back control of its border. However, one thing to note here is that the UK was not in the Schengen Area. Another point is that the pressure on the public services, such as the healthcare system or welfare system may have been due to the cut-backs imposed by the austerity measures when faced with economic crises, which leads to the rising inequality and disillusionment of the public.

On the other hand, the idea of sovereignty, which was also prominent during the Brexit campaign, suggests that the technocratic nature of EU governance puts obstacles in the way of independent law making and trade deals. Although EU governance may have an impact in this case, it should also be noted that the UK was able to opt out of policies that are deemed disadvantageous such as the Social Chapter in the Maastricht Treaty. This may mean that the impact of EU Governance on the sovereignty of the UK was minimal during the UK's membership. As such, although these two ideas oppose the ideas of cosmopolitanism and globalism, which are supported by the hegemony in the UK, it can be said that these ideas of anti-immigration and sovereignty, however influential may they be during the Brexit campaign, do not offer a real solution to the problems faced by the public, the most prominent of which is the rising inequality. As these ideas do not offer a real solution to the problems of the public, it can be said that the counter-hegemony is not fully formed.

However, this thesis contends that the major problem of counter-hegemony in the UK is the idea of neoliberalism. Rather than coming up with a solution to the problems faced by the public due to neoliberal policies, the counter-hegemony in the UK is still

[210] Ibid., 4

[211] Isabel Airas, "A Neo-Gramscian Analysis of Brexit" *E-International Relations* 30 May, 2017, https://www.e-ir.info/2017/05/30/a-neo-gramscian-analysis-of-brexit/, accessed: 10 September, 2021.

presenting neoliberal policies as a way out of the adversities caused by inequality. In fact, it can be said that the solution offered by the counter-hegemony to the problems is more neoliberal policies.[212] This not only clashes with the other ideas supported by the counter-hegemony, but also reinforces the rise of inequality. Supporting the idea of neoliberalism naturally means supporting the ideas of globalism and cosmopolitanism. However, globalism and cosmopolitanism clash with the ideas of sovereignty and anti-immigration. Moreover, neoliberalism is one of the major components of the organic crisis, which leads to the development of other components. Additionally, it is due to the neoliberal policies that the hegemony in the UK can be challenged in the first place. In this sense, it can be said that the counter-hegemony, by supporting the core idea of the hegemony, ironically supports the hegemony.

Another problem for the counter-hegemonic movement in the UK is the divided public, which became more apparent during the Brexit. This is a problem for the counter-hegemony, for the common citizens in the UK who is the most affected by the neoliberal policies and inequalities should be the main group to be persuaded in order to create a meaningful change. As mentioned in the first chapter of this thesis, an expansive hegemony needs to persuade its subalterns to its ideals or incorporate their ideals.[213] This is also valid for a counter-hegemonic movement if it is to be the next hegemony. However, it seems that the counter-hegemony in the UK, have not achieved this yet. Although the influence of the counter-hegemonic movement in the UK has affected the outcome of the Brexit, it should be noted that vote for leaving was only 1.9% higher, and as such it can be said that the public was divided in this situation. Additionally, those that are at the forefront of the counter-hegemonic movement, namely the populist political parties, increase their votes by utilizing anti-immigration and xenophobic rhetoric, issues that are divisive in nature. As such it can be said that unless the counter-hegemonic movement utilizes a more inclusive rhetoric in order to persuade the public, it cannot achieve a fully formed counter-hegemony.

Therefore, this thesis contends that the counter-hegemony in the UK is not yet fully formed, as it still relies on the main ideology of the hegemony, namely neoliberalism, and utilizes a divisive rhetoric, which creates more fractures in the public sphere rather than uniting the public against the hegemony. Although the rising inequality in the UK has made the hegemony vulnerable to challenges, as demonstrated by the Brexit referendum,

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[212] Ibid

[213] Steve Jones, *Antonio Gramsci,* (New York: Routledge, 2007), 41

the counter-hegemony does not offer a real solution to the organic crisis. As such, this thesis contends that the organic crisis in the UK has not been resolved after Brexit. Moreover, this thesis contends that the organic crisis in the UK has deepened further with the addition of new components. As such, in the next subchapter, this thesis explores the new components of the organic crisis in the UK after Brexit.

3.3. Organic Crisis after Brexit

As mentioned above, the formation of the counter-hegemony has not yet been fully completed and as such, the counter-hegemony in the UK does not have the necessary power to challenge the hegemony outright. Therefore, this thesis contends that, until the counter-hegemony obtains the necessary power to challenge the hegemony meaningfully, the organic crisis in the UK will deepen further. Although the Brexit referendum was a peak in the organic crisis in the UK, the referendum alone was not powerful enough to resolve the organic crisis. This means that there are and will be more components added to the organic crisis until its resolution. This thesis finds four more components added to the organic crisis after the referendum. These are: the long and arduous withdrawal process of the UK, the Covid-19 global pandemic, the resignations of Conservative prime ministers during the withdrawal process and the global pandemic, and the passing away of Queen Elizabet II.

3.3.1. The withdrawal process

The withdrawal negotiations were complex and difficult, and the process took over three years from the triggering of Article 50 to the UK's formal withdrawal from the EU. A brief timeline of the withdrawal agreement negotiations is as follows:

On June 23, 2016, the UK held a referendum on whether to remain or leave the European Union (EU). The "Leave" side won with 51.9% of the vote, triggering a process that would lead to the UK's withdrawal from the EU. Following the referendum, Prime Minister David Cameron resigned and Theresa May became the next Prime Minister of the UK. In March 2017, the UK formally triggered Article 50 of the Treaty on European Union, which set a two-year deadline for negotiating the terms of the UK's withdrawal from the EU.[214] This period was later extended to January 31, 2020, to allow for more time to negotiate.[215] Negotiations between the UK and the EU began in June 2017 and were led on the EU side by Michel Barnier, the EU's Chief Negotiator. The negotiations were divided into three main areas: the withdrawal agreement, the future relationship between the UK and the EU, and the transitional arrangements to cover the period after the UK's withdrawal.[216] The withdrawal agreement covered issues such as the UK's financial obligations to the EU, citizens' rights, the Irish border, and the future relationship between the UK and the EU such as trade, security, and other areas of cooperation.[217] The transitional arrangements would ensure that there was a smooth transition period after the withdrawal.[218] In November 2018, the UK and the EU reached a draft withdrawal agreement.[219] However, it faced significant opposition in the UK Parliament. The main point of contention was the "backstop" provision, which would have kept the UK in a customs union with the EU until a permanent solution to the Irish border issue could be found.[220] In July 2019, Boris Johnson became the Prime Minister of the UK and renegotiated the withdrawal agreement with the EU, focusing mainly on the Irish border issue. The revised agreement replaced the backstop provision with a new arrangement that would keep Northern Ireland in the EU's single market for goods and customs union, but still part of the UK's customs territory.[221] In October 2019, the revised withdrawal agreement was agreed by the UK and the EU,[222] and it was passed by the UK Parliament on January 23, 2020.[223] The UK officially left the EU on January 31, 2020, but a transition period was in place until December 31, 2020, during which time the UK continued to follow EU rules and regulations.[224] During the transition period, the UK and the EU negotiated a new trade agreement, known as the Trade and Cooperation Agreement, which

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[214] "Timeline – The EU-UK withdrawal agreement," European Council, accessed 24 March, 2023, https://www.consilium.europa.eu/en/policies/eu-relations-with-the-united-kingdom/the-eu-uk-withdrawal-agreement/timeline-eu-uk-withdrawal-agreement/
[215] Ibid.
[216] Ibid.
[217] Ibid.
[218] Ibid.
[219] Ibid
[220] "Brexit: Draft agreement on future relationships right for UK, says May," BBC, accessed 24 March, 2023, https://www.bbc.com/news/uk-politics-46300247
[221] "Timeline – The EU-UK withdrawal agreement"
[222] Ibid.
[223] What is the Withdrawal Agreement Bill?," BBC, accessed 25 March, 2023, https://www.bbc.com/news/uk-politics-50125338
[224] Timeline – The EU-UK withdrawal agreement"

was signed on December 30, 2020.[225] The Trade and Cooperation Agreement governs trade and other areas of cooperation between the UK and the EU.

Overall, the withdrawal negotiations were complex and challenging, and the process took over three years from the triggering of Article 50 to the UK's formal withdrawal from the EU. The negotiations were marked by contentious issues such as the Irish border and the financial settlement, as well as political uncertainty and changes in leadership on both the UK and EU sides. Despite these challenges, the UK and the EU were ultimately able to reach a withdrawal agreement and a trade agreement, which provide a framework for the future relationship between the UK and the EU.

However, it should be noted that, although an agreement was reached, the length of the withdrawal process was taxing on the UK government and plagued with delays. Additionally, the withdrawal from the EU was something that half of the population of the UK were against, as they voted against leaving the EU in the referendum. Moreover, the long and arduous process of leaving the EU may have alienated the other half of the population as well. Due to the withdrawal process taking long and being full of obstacles, the government handling the process may have come across as a weak one, which cannot deliver on the promises made during and after the referendum. As such, from the public's perspective, it may be that the government was unable to, or unwilling to, solve the delicate situations like the withdrawal process in a timely manner. If this is the case, it means that the disillusionment of both those who voted for and those who voted against leaving the EU, regarding the establishment may have increased, and thus decreasing the legitimacy of the government in the eyes of the people. Additionally, during this process one can see that the hegemony has incorporated the ideas of counter-hegemony such as the idea of sovereignty into itself.[226] Therefore, this thesis contends that the withdrawal process, which was complex and difficult, is one of the components that deepens the organic crisis in the UK after Brexit.

3.3.2. Covid-19 global pandemic

The outbreak of the Covid-19 pandemic is a broad and expansive topic and as such, it is outside of the scope of this thesis. However, this thesis finds it important to put

[225] "The EU-UK Trade and Cooperation Agreement," European Commission, accessed 25 March 2023, https://commission.europa.eu/strategy-and-policy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

[226] Uğur Burç Yıldız, Sinem Kocamaz and Sezgin Mercan, *Britanya ve Avrupa Bütünleşmesi,* 160

forward at least a brief summary of what has transpired during the pandemic so as to better contextualize its impact on the UK, especially in terms of inequality.

The Covid-19 pandemic has been one of the most significant global events in modern history. The pandemic emerged in December 2019 in Wuhan, China, and quickly spread to other countries, becoming a global health crisis. The virus primarily spreads through respiratory droplets when an infected person talks, coughs, or sneezes. The World Health Organization declared Covid-19 a global pandemic on March 11, 2020,[227] as the virus had spread to over 100 countries and infected millions of people. In the early stages of the pandemic, many countries struggled to contain the virus and control its spread. Health systems became overwhelmed, and there were shortages of personal protective equipment and medical supplies. The virus was particularly deadly for older adults and those with underlying health conditions. The emergence of new variants of the virus led to additional challenges, including more transmissible strains and a higher rate of severe illness. According to WHO, the pandemic had over 700 million confirmed cases and caused over 6 million deaths globally.[228]

However, the pandemic has had far-reaching impacts beyond its direct health consequences. The pandemic led to widespread shutdowns of businesses and schools, as well as travel restrictions and border closures. It has led to significant economic disruption, with many businesses closing and millions of people losing their jobs. The pandemic has also highlighted social inequalities and disparities in access to healthcare, as well as the importance of preparedness for future pandemics.

Branko Milanovic categorizes disease outbreaks as malign forces that reduce the inequality in societies with stagnant mean income.[229] However it seems that the opposite has happened. Rather than reducing the inequalities, the pandemic seems to have caused the inequalities to rise. This may have occurred due to the fact that the current societies are with a rising mean income and are more globally connected than ever before. This means the implementation of neoliberalism on a global scale may have increased the inequalities when the societies run by neoliberal societies faced a global pandemic.

[227] "WHO Director-General's opening remarks at the media briefing on COVID-19," World Health Organization, accessed 30 March,2023, https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020
[228] "WHO Coronavirus (COVID-19) Dashboard," World Health Organization, accessed 30 March, 2023, https://covid19.who.int/
[229] Branko Milanovic, *Global Inequality: A New Approach for the Age of Globalization* (Cambridge, Massachusetts: Harvard University Press, 2016), 56

First of all, neoliberal policies had already cut down the funding of healthcare systems under the pretense of austerity measures due to the prior economic crises such as the Financial Crisis of 2008. This means that, when faced with the pandemic, these underfunded healthcare systems across the world did not have the capabilities to overcome the challenges issued by the pandemic, leading to shortages of equipment and not being able to treat everyone who contracted the virus. Secondly, during the pandemic, the richest percentage of the global population saw an increase in their wealth.[230] The reason behind this increase in wealth may be due to the fact that, while the small businesses needed to shut down for a significant amount of time without earning anything or went bankrupt as a result of increasing cost, which resulted in loss of many jobs and the reduction in the economic power of the middle class, the big corporations had the funds to weather the storm or their business model and their infrastructure allowed them to operate despite the lockdowns, such as online shopping services like Amazon. In other words, the pandemic increased inequalities due to a combination of factors, such as underfunded healthcare systems, the economic impact of lockdowns on the general population and wealth transfer occurred during the pandemic.

In the case of the UK, one can see that the pandemic has transpired just like the rest of the world. Over 24 million people have contracted the virus and over 200 thousand deaths have occurred.[231] The National Health Service, which had been already understaffed and underfunded prior to the outbreak, endured great difficulties when faced with the pandemic due to its unreadiness to an outbreak as big as this.[232] This predicament that the NHS was in, may have caused needless deaths. The lockdowns caused the GDP to fall by 19.4% between April and June 2020.[233] During the lockdowns, unemployment rose to 5.1%[234] and many businesses, especially small and medium sized enterprises, had to close. This can be interpreted as a further decline in the economic power of the middle class in

[230] "The billionaire boom: how the super-rich soaked up Covid Cash," Financial Times, accessed 1 April, 2023, https://www.ft.com/content/747a76dd-f018-4d0d-a9f3-4069bf2f5a93

[231] "WHO Coronavirus (COVID-19) Dashboard," World Health Organization, accessed 30 March, 2023, https://covid19.who.int/region/euro/country/gb

[232] "An NHS under pressure," British Medical Association, accessed 1 April, 2023, https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/pressures/an-nhs-under-pressure

[233] "GDP and events in history: how the COVID-19 pandemic shocked to UK economy," Office for National Statistics, accessed 2 April, 2023, https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/gdpandeventsinhistoryhowthecovid19pandemicshockedtheukeconomy/2022-05-24

[234] "UK unemployment rises to 5.1% as Covid lockdown freezes economy," The Guardian, accessed 2 April, 2023, https://www.theguardian.com/business/2021/feb/23/uk-unemployment-rises-covid-lockdown-furlough-scheme

the UK. As a consequence, the government needed to increase its spending[235], which has further impacted the economy negatively due to the increase in government debt. Moreover, all these happened while the government was still negotiating the terms of the withdrawal agreement, meaning that the government was fighting on two fronts.

Due to the factors mentioned above, it can be said that the pandemic no doubt caused inequalities to rise in the UK, both economically and socially. In addition to this, the unpreparedness of the government to the pandemic, its inability to respond to the threat proactively as well as its slow reaction when the threat showed up, caused the public to be disillusioned with the government further. Moreover, the lockdowns and other prevention measures imposed by the government may have been seen as autocratic or even downright totalitarian by some. Therefore, during the pandemic, the legitimacy of the hegemony further declined in the eyes of the public. As such, this thesis contends that the Covid-19 pandemic is yet another new addition to the components that constitute the organic crisis in the UK after Brexit.

3.3.3 Resignations of prime ministers and the passing away of the Queen Elizabeth II

As mentioned above, due to the poor handling of the withdrawal process and the pandemic, the legitimacy of the government has started to be questioned by the public. The most unfortunate thing was that these two crises, namely the withdrawal process and the pandemic, coincided, meaning that they were happening simultaneously. These simultaneous crises made the already hard job of the government even harder to manage. As such, the legitimacy of the government diminished significantly. This led to the loss of popularity of the prime ministers of the Conservative Party that had been in charge of the government since 2010. This increased unpopularity, in turn, led to the resignations of the prime ministers. However, it should be noted that the first resignation came in 2016 after Brexit, when the first cracks in the legitimacy of the hegemony showed up and not during the two simultaneous crises. As such, it can be said that there is a connection between the resignations and the decline in the legitimacy of hegemony, that is, these resignations may have been attempts by hegemony to regain the public's trust and restore its diminished legitimacy.

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[235] "Coronavirus (COVID-19): emergency funding for local government in 2020 to 2021 and additional support in 2021 to 2022," UK Government, accessed 2 April, 2023, https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government

The first prime minister to resign was Prime Minister David Cameron. David Cameron resigned as Prime Minister of the UK on June 24, 2016, the day after the Brexit referendum in which the UK voted to leave the European Union. As mentioned above, the proposal of the referendum was a strategic maneuver in order to consolidate power within the Conservative Party. As such when the result of the referendum was a shock to David Cameron, and consequently he announced his resignation in a speech outside 10 Downing Street, saying that the country needed "fresh leadership" to negotiate the UK's exit from the EU.[236] David Cameron served as the Prime Minister of the UK between 2010 and 2016 and after his resignation he was succeeded by Theresa May, who became the new Prime Minister in July 2016.

When Theresa May became the Prime Minister of the UK in July 2016, she also took over the job of overseeing one of the biggest problems in the UK's history, namely the withdrawal process. She announced her resignation on May 24, 2019, following her failure to pass a Brexit deal through the British Parliament. Theresa May had been trying to negotiate a deal with the European Union that would allow the UK to leave the EU in an orderly fashion, but her efforts were repeatedly rebuffed by members of Parliament.[237] In her resignation speech outside 10 Downing Street, May said that she had done "everything I can" to try to deliver Brexit, but that it was in the best interests of the country for her to step down and allow a new leader to take over.[238] Theresa May served as the Prime Minister of the UK between 2016 and 2019 and after her resignation she was succeeded by Boris Johnson, who became the new Prime Minister in July 2019.

Prime Minister Boris Johnson not only took over the job of overseeing the withdrawal process but also had to tackle the pandemic, which emerged just five months after he became the Prime Minister of the UK, as well as the crisis in Ukraine. Therefore, it can be said that his tenure was riddled with crises that increased inequality and thus diminished the legitimacy of hegemony, especially the policies that was done in order to prevent the spread of the pandemic, such as lockdowns, mask mandates and travel restrictions. However, it should be noted that these policies were implemented due to

[236] "EU referendum outcome: PM statement, 24 June 2016," UK Government, accessed 3 April, 2023, https://www.gov.uk/government/speeches/eu-referendum-outcome-pm-statement-24-june-2016
[237] "Theresa May resigns over Brexit: What happened?," BBC, accessed 4 April, 2023, https://www.bbc.com/news/uk-politics-48379730
[238] "Prime Minister's statement in Downing Street: 24 May 2019," UK Government, accessed 5 April, 2023, https://www.gov.uk/government/speeches/prime-ministers-statement-in-downing-street-24-may-2019

necessity. He announced his resignation on July 7, 2022, following a series of scandals.[239] In his resignation speech outside 10 Downing Street, Johnson said that under his leadership Brexit finally “got done”.[240] Boris Johnson served between 2019 and 2022, and after his resignation he was succeeded by Liz Truss.

The tenure of the Prime Minister Liz Truss was a short one. In fact, she set the record for the shortest tenure of any prime minister in the UK, at only 45 days. In her resignation speech she claimed that her resignation was due to the fact that she cannot deliver the promises of a low tax, high growth economy, which was the reason for her being elected by the Conservative Party.[241] She was succeeded by Rishi Sunak, who became the Prime Minister of the UK on October 25, 2022.

On top of these resignations, it should be added that Queen Elizabeth II, who had reigned for 70 years and 214 days, passed away on September 8, 2022 at Balmoral.[242] The Queen was beloved by many not only in the UK but also in Commonwealth Countries, and her death no doubt caused significant sorrow for the people of the UK. It can be said that, for most of the people in the UK, the loss of Queen Elizabeth II was the loss of a unifying figure in these politically troubled times in the UK. She was succeeded by King Charles III. Whether King Charles III can become yet another unifying figure remains to be seen.

In other words, since 2016, every prime minister in the UK has resigned. The resignations of David Cameron, Theresa May, Boris Johnson, and Liz Truss may have been a result of attempts to regain the public's trust and restore the legitimacy of the government. Boris Johnson's tenure was particularly challenging, as he had to handle multiple crises, including the pandemic and the crisis in Ukraine. The policies implemented to control the pandemic, such as lockdowns, mask mandates, and travel restrictions, were necessary but increased inequality and further diminished the legitimacy of the government. The tenure of Prime Minister Liz Truss was short-lived, and her resignation was due to the inability to deliver on promises of a low tax, high-growth economy. The recent passing of Queen Elizabeth II also represents a significant loss for the country, and it remains to be seen

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[239] “Boris Johnson resigns: Five things that led to the PM's downfall,” BBC, accessed, 7 April, 2023, https://www.bbc.com/news/uk-politics-62070422

[240] “Boris Johnson's final speech as Prime Minister: 6 September 2022,” UK Government, accessed, 10 April, 2023, https://www.gov.uk/government/speeches/boris-johnsons-final-speech-as-prime-minister-6-september-2022

[241] “Prime Minister Liz Truss's statement in Downing Street: 20 October 2022,” UK Government, accessed, 10 April, 2023, https://www.gov.uk/government/speeches/prime-minister-liz-trusss-statement-in-downing-street-20-october-2022

[242] “Announcement of the death of the Queen,” The Royal Family, accessed 10 April, 2023, https://www.royal.uk/announcement-death-queen

whether the new monarch can become a unifying figure for a nation in need of stability and direction. As such, it can be said that due to the decline of the government's legitimacy and the subsequent resignation of prime minister, the UK is in a situation that can be labeled as a leadership crisis. Therefore, this thesis contends that the consecutive resignation of prime ministers and the passing away of Queen Elizabeth II, is yet another component to be added to the organic crisis in the UK after Brexit.

In conclusion, in this chapter of the thesis the Brexit referendum, the formation of hegemony and counter-hegemony in the UK, and the deepening of the organic crisis is explored. To summarize, the 1975 referendum on whether the UK should leave the European Economic Community provides an important context for understanding Brexit. Despite a significant 32.8% vote in favor of leaving, the majority of the population voted to remain in the EEC. The political parties of the time had differing views on the issue, but both ultimately supported remaining in the EEC. The referendum may have given the UK leverage to initiate renegotiations on policies it found unsatisfactory within the framework of the EEC. The outcome of the 1975 referendum suggests that the UK preferred to negotiate within the framework of the EEC rather than be an outsider with less leverage. The referendum may have also emboldened the UK to assert more opt-outs in the years that followed.

During the Conservative Party period in the UK, the government was skeptical of European integration and tried to opt-out of policies that they deemed disadvantageous. They were particularly concerned about the prospect of federalism and supranationalism, which they saw as a threat to UK sovereignty. As a result, the UK sought to negotiate with the European Community to obtain a reduction in contributing to the EC budget and opted-out of policies such as the Schengen Agreement, Economic and Monetary Union, and the Social Chapter of the Maastricht Treaty. These policies were seen as problematic and potentially harmful to UK interests, and the government believed that it was necessary to protect the country's sovereignty by rejecting them. Despite this, the UK did not completely cut ties with the EU, and instead sought to negotiate with the EU through proper channels. Ultimately, this skepticism towards European integration and the desire to maintain sovereignty may have played a role in the eventual decision for the UK to leave the EU with Brexit.

The Brexit referendum of 2016 was the result of various factors that had been brewing for decades. The rise of Eurosceptic and anti-establishment sentiments can be attributed to the increasing inequality and neoliberal policies that have diminished the political and economic power of the middle class. The campaign for leaving the EU capitalized on these sentiments by promoting populist rhetoric that emphasized the loss of sovereignty, while neglecting to address the more pressing issues facing the UK, such as neoliberal policies.

Despite the UK's ability to opt out of certain policies, the anti-EU campaign successfully convinced a slim majority of voters that leaving the EU would provide greater independence and control. However, the aftermath of the referendum has revealed the complexities and challenges of disentangling from the EU, including economic uncertainty and political divisions within the UK. It’s in this period that hegemony and counter-hegemony became more apparent as well.

The hegemony in the UK is a complex system composed of neoliberal policies, institutions, and social reflections that create and reinforce each other. The culture of consumerism and individuality are the social reflections that promote rampant consumption and individual success, which leads to an unsustainable and unequal society. The global nature of the institutions that support hegemony means that it conforms to the world order, making its hold over the UK even stronger. However, rising inequality has caused people to become disillusioned with the established hegemony. Although counter-hegemony is forming, it does not yet have the power necessary to challenge and topple the hegemony in the UK.

The counter-hegemony in the UK is not yet fully formed and lacks the necessary means to challenge the established hegemony. One of the reasons for this is that the counter-hegemony still relies on the main ideology of the hegemony, namely neoliberalism. This means that the counter-hegemony cannot be the next hegemony. However, rising inequality in the UK has made the hegemony vulnerable to challenges, as seen in the Brexit referendum. Populist political parties such as UKIP, which utilize anti-immigration and Eurosceptic sentiments, are the main institutions that constitute the counter-hegemonic movement in the UK. The ideas that the counter-hegemony supports are sovereignty and anti-immigration, which were highly utilized during the Brexit campaign. However, these ideas do not offer a real solution to the problems faced by the public. Moreover, the counter-hegemony still presents neoliberal policies as a way out of the adversities caused by inequality, which reinforces the rise of inequality and ironically supports the hegemony. As such, it can be said that the counter-hegemony in the UK is not yet fully formed due to its reliance on neoliberalism, lack of a real solution to the problems faced by the public, and conflicting ideas.

The withdrawal negotiations were complex and difficult, and the process took over three years from the triggering of Article 50 to the UK's formal withdrawal from the EU. The contentious issues such as the Irish border and the financial settlement, as well as political uncertainty and changes in leadership on both the UK and EU sides, made the process even more challenging. The length of the withdrawal process and the government's handling of it may have alienated both those who voted for and against leaving the EU, decreasing the legitimacy of the government in the eyes of the people.

The Covid-19 pandemic has been a significant global event with far-reaching consequences beyond its direct health impact. The pandemic had a great impact on the UK, specifically in terms of its contribution to rising inequality, both economically and socially. The pandemic has exposed the vulnerabilities in healthcare systems, which were already underfunded and understaffed due to neoliberal policies and highlighted the importance of preparedness for future pandemics. Additionally, the pandemic has widened the gap between the rich and the poor, as big corporations have been able to weather the storm while small businesses have struggled to survive. The lockdowns and other prevention measures imposed by the government have caused economic disruption, leading to a decline in the economic power of the middle class. Therefore, it can be said that the pandemic has contributed to the organic crisis in the UK, adding to the existing challenges.

Additionally, the UK has experienced significant political turmoil since 2016, with the withdrawal process from the European Union and the COVID-19 pandemic being the two major crises that have impacted the country. These crises have significantly diminished the legitimacy of the government and led to the resignations of four prime ministers, including David Cameron, Theresa May, Boris Johnson, and Liz Truss. These resignations may have been attempts to regain the public's trust and restore the legitimacy of the government. However, it can be said that rather than regaining the trust of the public, these resignations may have presented the leadership of the Conservative Party as weak and unable to tackle the serious issues that plague the UK. The passing of Queen Elizabeth II, a unifying figure, has also added to the political turbulence in the UK.

In light of this information, this thesis contends that the organic crisis was not resolved with the Brexit referendum. In fact, the information provided in this thesis implies that the organic crisis in the UK, rather than being resolved, shows signs of deepening further.

CONCLUSION

As mentioned in the introduction, this thesis is written to answer a series of questions. These are: (1) Can the political and economic turmoil in the recent times in the UK classified as an organic crisis? (2) If so, what is the state of hegemony and counter-hegemony in the UK? (3) What are the main components of the organic crisis in the UK? (4) Was the Brexit referendum the end of the organic crisis? (5) If not, is the organic crisis still deepening?

In order to answer these questions, the first chapter of this thesis explains why the Neo-Gramscian approach is chosen. To summarize, The Neo-Gramscian approach is used to analyze the formation of hegemonies, which are political and cultural authorities that rule societies through consent, persuasion, or domination. Hegemony is not just about economic and military dominance, but also about the dialectical relations of forces, including ideas, material capabilities, and institutions. The forces of hegemony are initially formed by the social relations of production, forms of state, and world orders. If there is an imbalance between the forces that constitute hegemony, a counter-hegemonic movement and thus an organic crisis is likely to emerge. During an organic crisis, the hegemonic power of the ruling class is weakened, and opposition to the current hegemony challenges the values and ideas of the ruling class. The forces that compose hegemony are material capabilities, ideas, and institutions. Material capabilities refer to economic resources and technology, ideas represent values and beliefs, and institutions are the formal and informal rules of society. In other words, the Neo-Gramscian approach is chosen because this approach provides a framework for analyzing the formation of hegemonies and the forces that compose them. It is useful for analyzing the Brexit process and the role of hegemony in the UK.

In the second chapter, the state of the organic crisis in the UK and its components are explored. The organic crisis in the UK is a complex and interconnected phenomenon that has been shaped by various economic and political components. This chapter of the thesis provides a comprehensive overview of the main components of the organic crisis and their interplay. The chapter highlights the central role of neoliberal policies in the formation of the organic crisis and how these policies have created a domino effect, resulting in rising inequality, financial crises, and the erosion of democracy. The chapter also explores how the economic components of the crisis have led to the political components, such as the rise of populism and plutocracy. Additionally, the second chapter underscores the impact of the EU on the organic crisis in the UK, particularly the loss of control in political and economic policies, which has further fueled the crisis. It suggests that the interplay of these components has created a web of crises in the UK, which cannot be addressed by conventional means.

Furthermore, this chapter sets the stage for the examination of the Brexit referendum and the formation of hegemony and counter-hegemony in subsequent chapters. The analysis provided in this chapter suggests that the Brexit referendum was not the peak of the organic crisis but rather a symptom of a more profound and systemic problem in the UK. Therefore, further research is needed to understand the implications of the Brexit referendum and how it has shaped the organic crisis in the UK.

The third chapter focuses on the Brexit referendum, the formation of hegemony and counter-hegemony in the UK, and the deepening of the organic crisis. The 1975 referendum on whether the UK should leave the European Economic Community provides an important context for understanding Brexit, and the outcome suggests that the UK preferred to negotiate within the framework of the EEC rather than be an outsider with less leverage. During the Conservative Party period in the UK, the government was skeptical of European integration and tried to opt-out of policies that they deemed disadvantageous. Brexit represented a significant shift in the UK's relationship with the EU, and its consequences are still unfolding. The UK's departure from the EU has had significant economic and political implications, both for the UK and for the EU as a whole. The negotiations around the UK's withdrawal agreement, as well as ongoing discussions around issues such as trade and the Irish border, have been complex and challenging.

The third chapter also examines the hegemony and counter-hegemony in the UK, where rising inequality has caused disillusionment with the established hegemony and the formation of counter-hegemony. Populist political parties such as UKIP, which utilize anti-immigration and Eurosceptic sentiments, are the main institutions that constitute the counter-hegemonic movement in the UK. The ideas that the counter-hegemony supports, such as sovereignty and anti-immigration, were highly utilized during the Brexit campaign. However, these ideas do not offer a real solution to the problems faced by the public. Moreover, the counter-hegemony still presents neoliberal policies as a way out of the adversities caused by inequality, which reinforces the rise of inequality and ironically supports the hegemony. However, counter-hegemony still relies on neoliberal policies and lacks a real solution to the problems faced by the public.

In addition to this the counter hegemony in the UK, at least in its current formation, utilizes a divisive rhetoric, namely xenophobia and anti-immigration, which means that the counter-hegemony lack the power to unite the public against the hegemony. The divided public in the UK, particularly evident during Brexit, poses a challenge to the counter-hegemonic movement. To enact meaningful change and create a new hegemony, it's crucial to persuade common citizens most affected by neoliberal policies and inequalities. Just as hegemonic powers need to win over or incorporate subalterns, counter-hegemonic movements must do the same to become the next dominant force. However, it appears that the UK's counter-hegemonic movement has not yet achieved this. While it did influence the Brexit outcome, the narrow 1.9% margin indicates a divided public. Moreover, prominent elements of the counter-hegemonic movement, such as populist political parties, gain support by using divisive anti-immigration and xenophobic rhetoric. Therefore, for the counter-hegemonic movement to succeed, it must adopt a more inclusive rhetoric to persuade the public and establish a fully-formed counter-hegemony against the current one. As such, it can be said that the counter-hegemony in the UK is not yet fully formed due to its reliance on neoliberalism, lack of a real solution to the problems faced by the public, divisive rhetoric and conflicting ideas.

The withdrawal from the EU and the COVID-19 pandemic have further exacerbated the organic crisis, exposing the vulnerabilities in the healthcare system, and widening the gap between the rich and the poor. The political turmoil and resignations of prime ministers have added to the political instability, further diminishing the legitimacy of the government.

In conclusion, in light of the information provided, this thesis contends that (1) there is an organic crisis in the UK; (2) the hegemony in the UK shows signs of legitimacy issues, but the counter-hegemony in the UK have not yet full formed in order to challenge the hegemony meaningfully due its reliance on the ideas of the hegemony as well as its utilization of divisive rhetoric; (3) The main components of the organic crisis in the UK are the neoliberal policies and the rising inequality, which leads to more components to emerge, such as the economic crises, populism, and plutocracy; (4) the Brexit referendum was not the end of the organic crisis in the UK; (5) the organic crisis is still deepening due to the fact that the counter-hegemony in the UK has not yet been fully formed, and the deepening is observable because there are new additions to the components of the organic crisis, such as the withdrawal process, the pandemic and the leadership crisis as well as the fact that the components of the organic crisis in the UK before the referendum such as neoliberal policies and inequality still affects the citizens of the UK. As such, it can be said that until the counter-hegemony in the UK obtains necessary power to challenge the hegemony outright, the organic crisis is probably going to deepen further.

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