Paths to Brexit? Shedding light on common factors driving anti EU preferences

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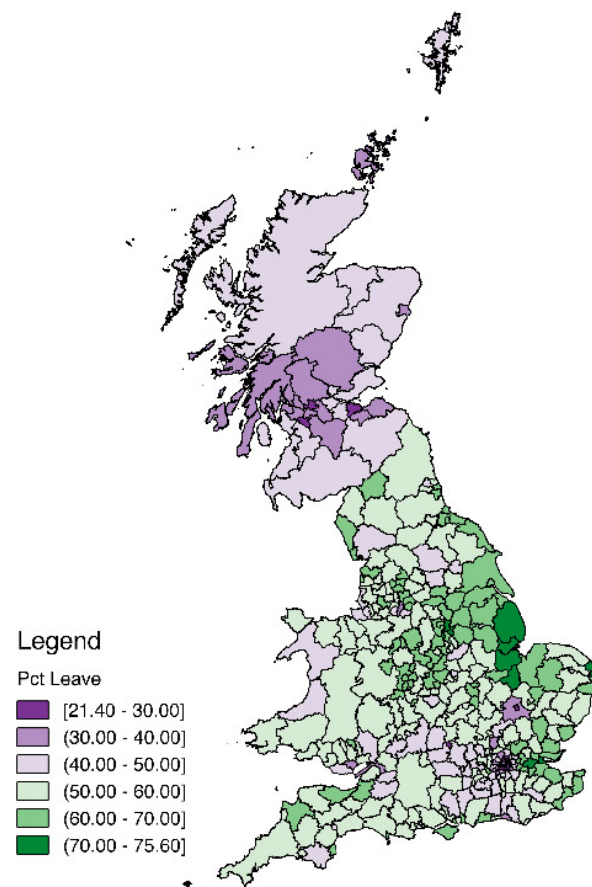# Introduction

- ▶ Is Brexit just a phenomena of a wider "disease"?

- ▶ Across the EU, growing vote shares for populist parties campaigning on anti-EU platforms

- ▶ Is the European globalization experiment under serious threat?

- ▶ (What) are the common factors that drive voter polarization across the EU?

I present (purely) descriptive evidence shedding light on a set of common factors that are related to growing "polarisation" around the issue of EU membership.

From the UK to France and the rest of the EU...

1. What are the correlates of Brexit?

2. Does an empirical Brexit model predict voting for Le Pen in France?

3. What are the longer running trends associated with growing voter polarization around EU membership across the EU?
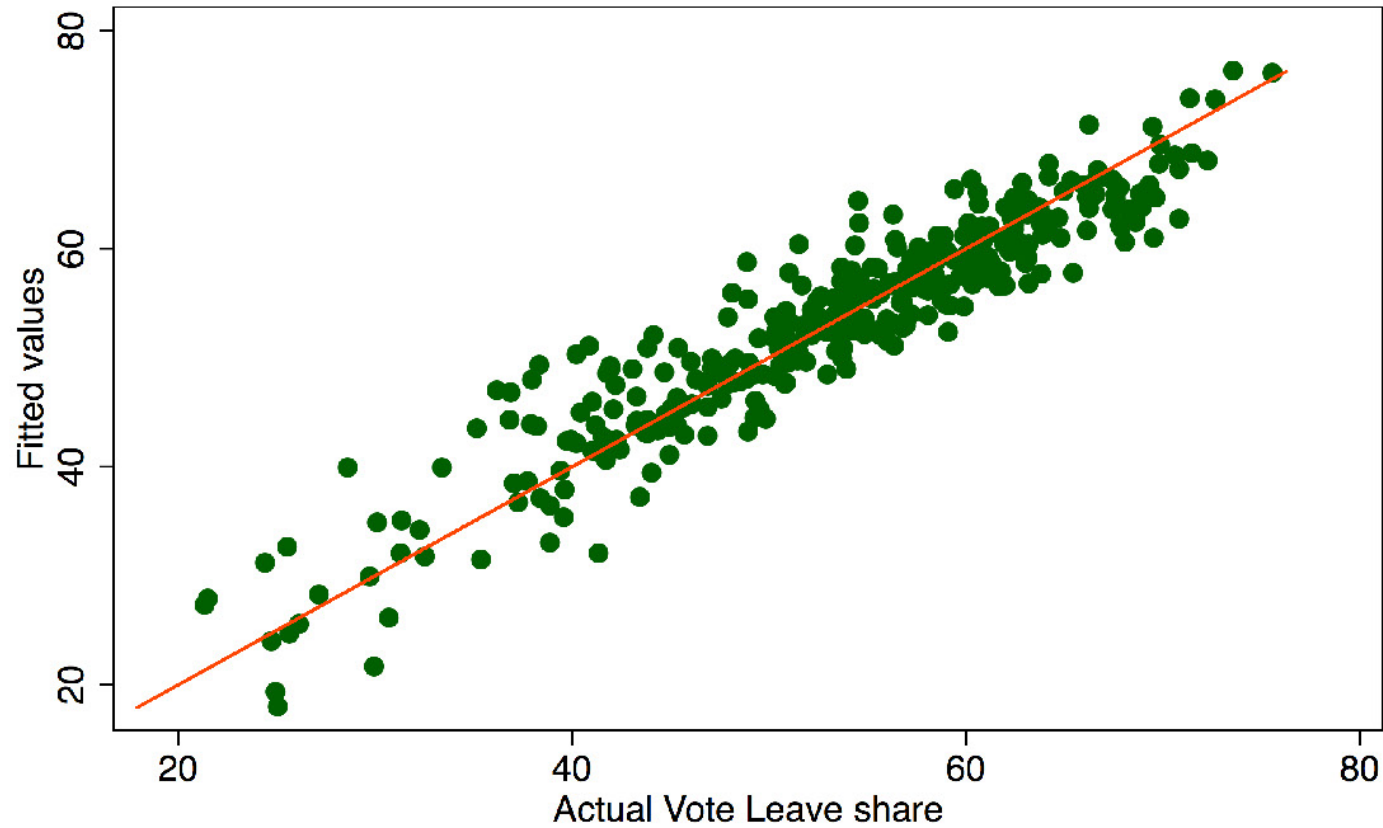
What are the correlates of Brexit?

Legend

Pct Leave

- [21.40 - 30.00]
- (30.00 - 40.00]
- (40.00 - 50.00]
- (50.00 - 60.00]
- (60.00 - 70.00]
- (70.00 - 75.60]

Becker, Fetzer and Novy (2017). Who voted for Brexit? A comprehensive district-level analysis.
Becker and Fetzer (2017), Did Eastern European immigration cause an increase in anti-European sentiment in the UK?

A simple empirical model fits the data *extremely well*

R-squared = 0.879 with 19 variables included

Using machine learning to perform variable selection

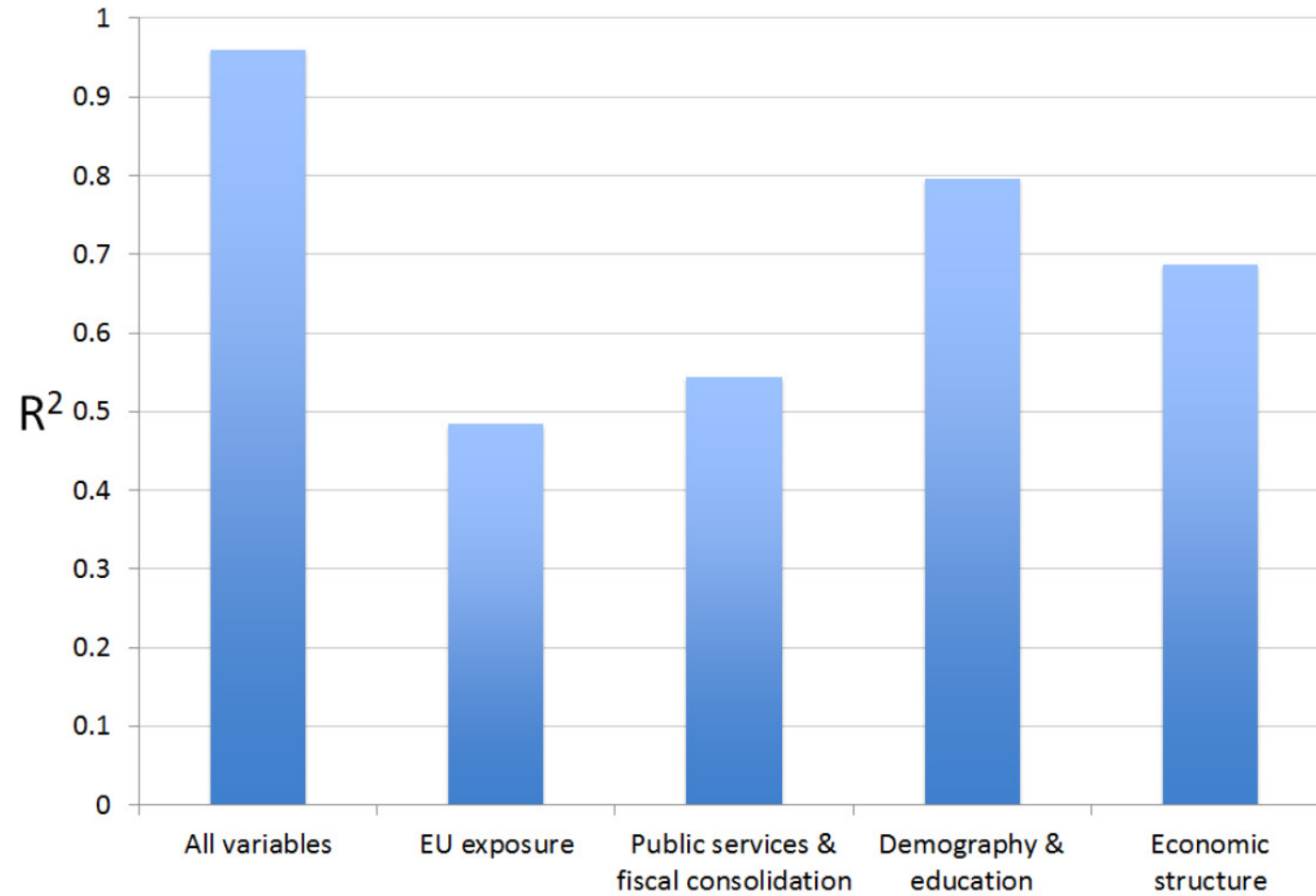Pick the sets of variables that robustly predict the vote leave share y_c.

$$y_c = \mathbf{x}'_c \beta + \epsilon_c,$$

perform best subset selection to identify the subset of covariates in x that achieve robust out of sample prediction

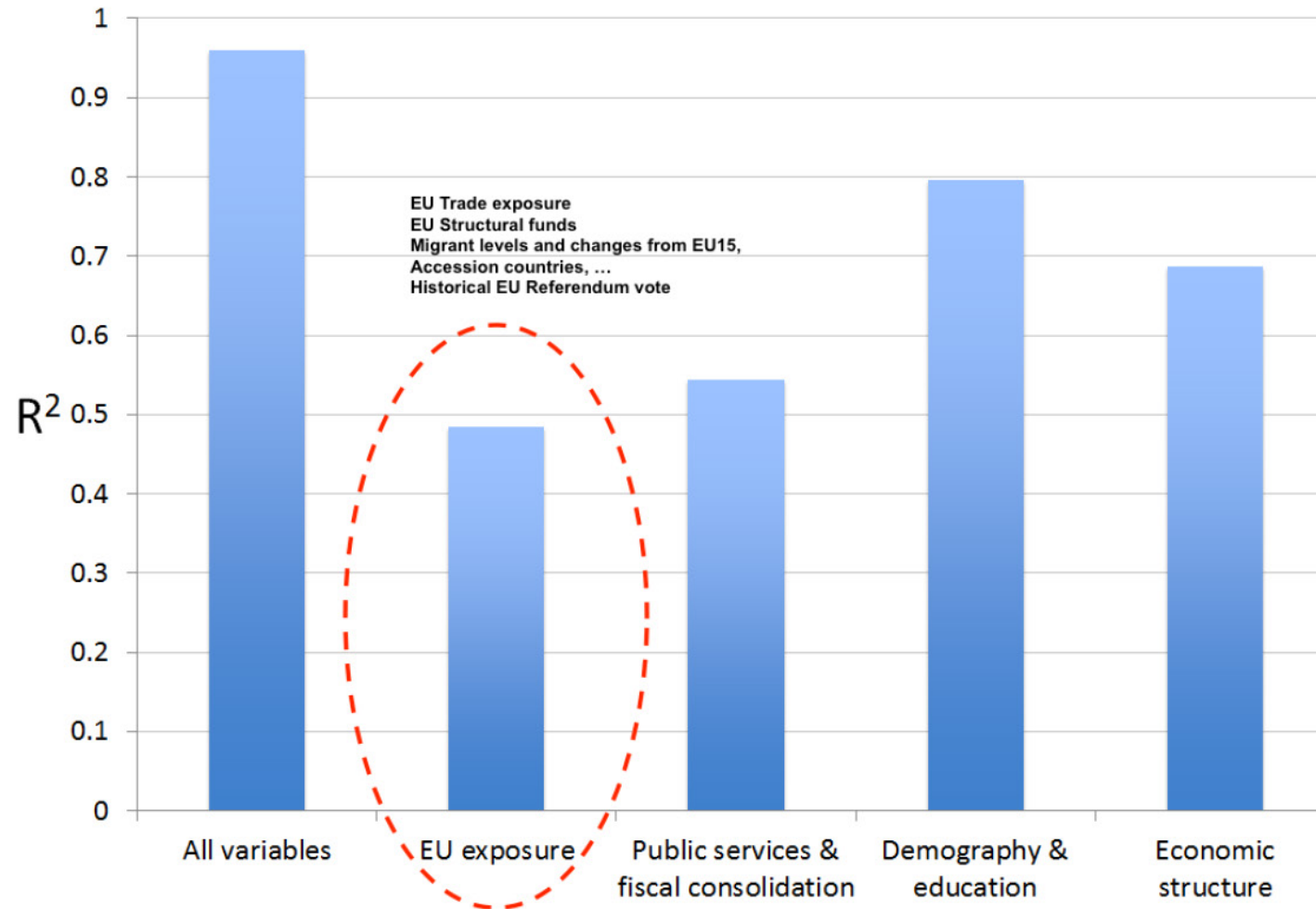$$min_\beta \underbrace{\sum_{c=1}^{C}(y_c - \beta_0 - \sum_{j=1}^{p} x_{cj}\beta_j)^2}_{\text{Residual sum of squares}} \text{ subject to } \sum_{j=1}^{p} \mathsf{I}(\beta_j \neq 0) \leq s,$$

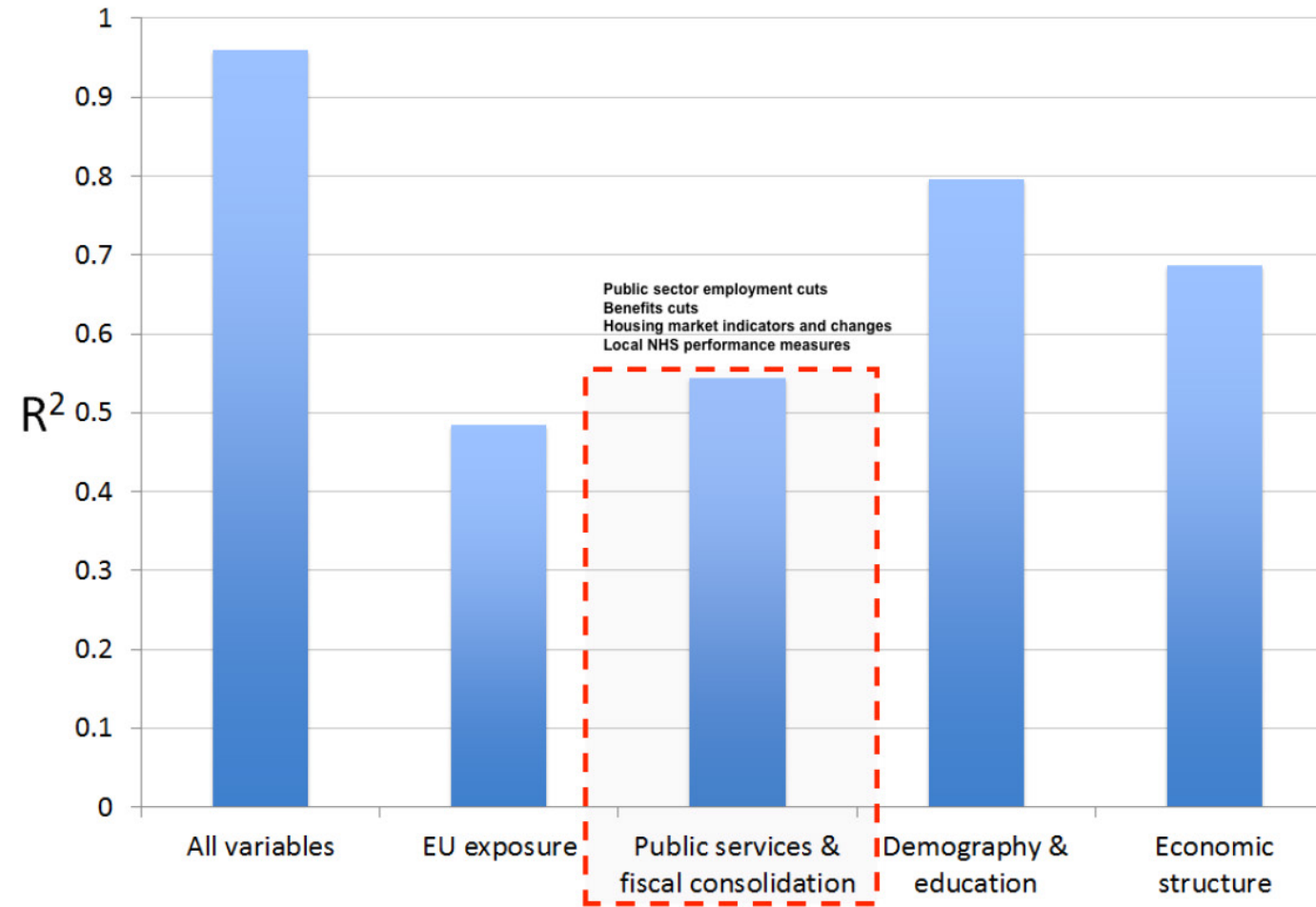$\rightarrow$ starting point a rich set of several hundred variables x_c
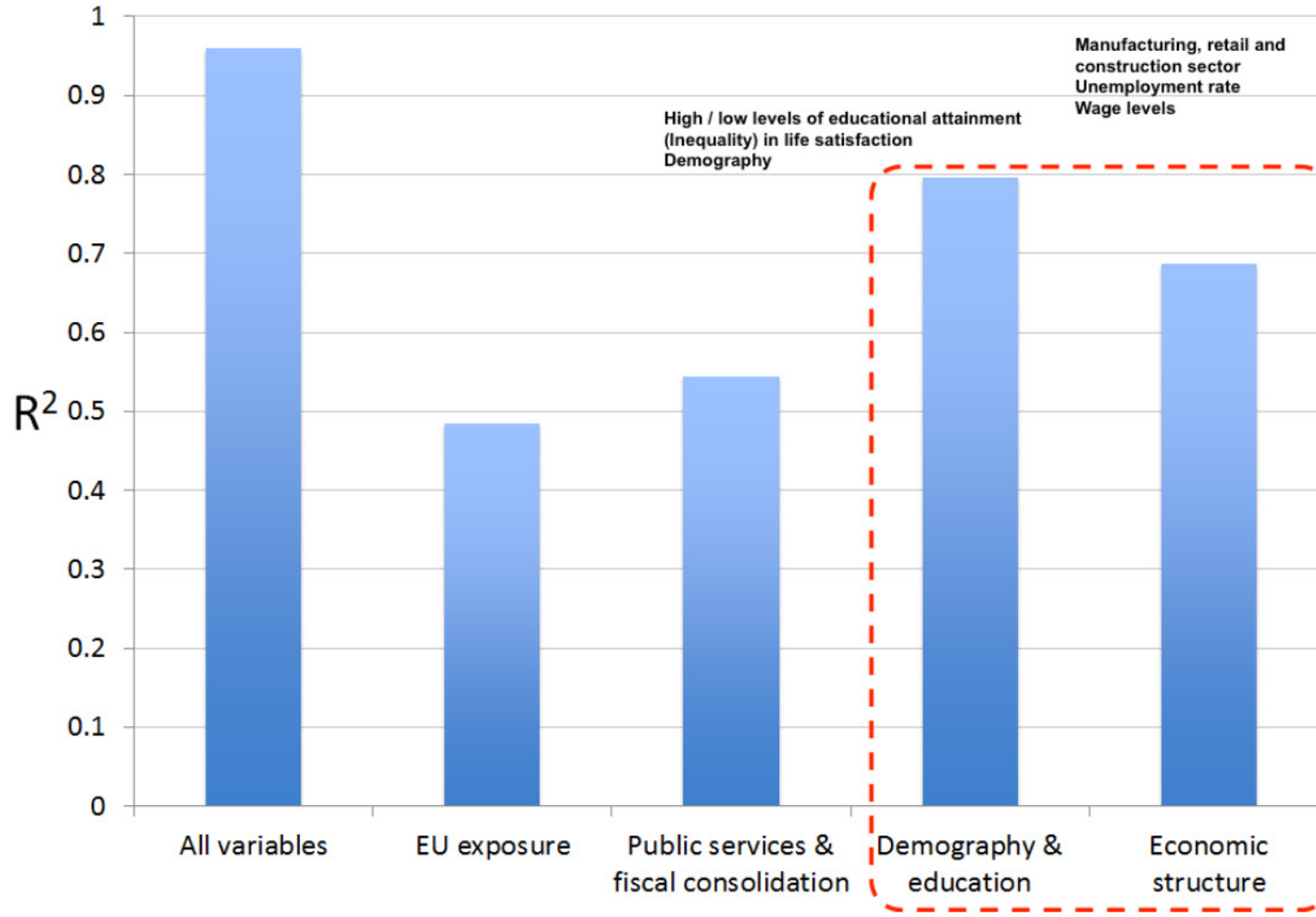
Predictive power of individual groups variables

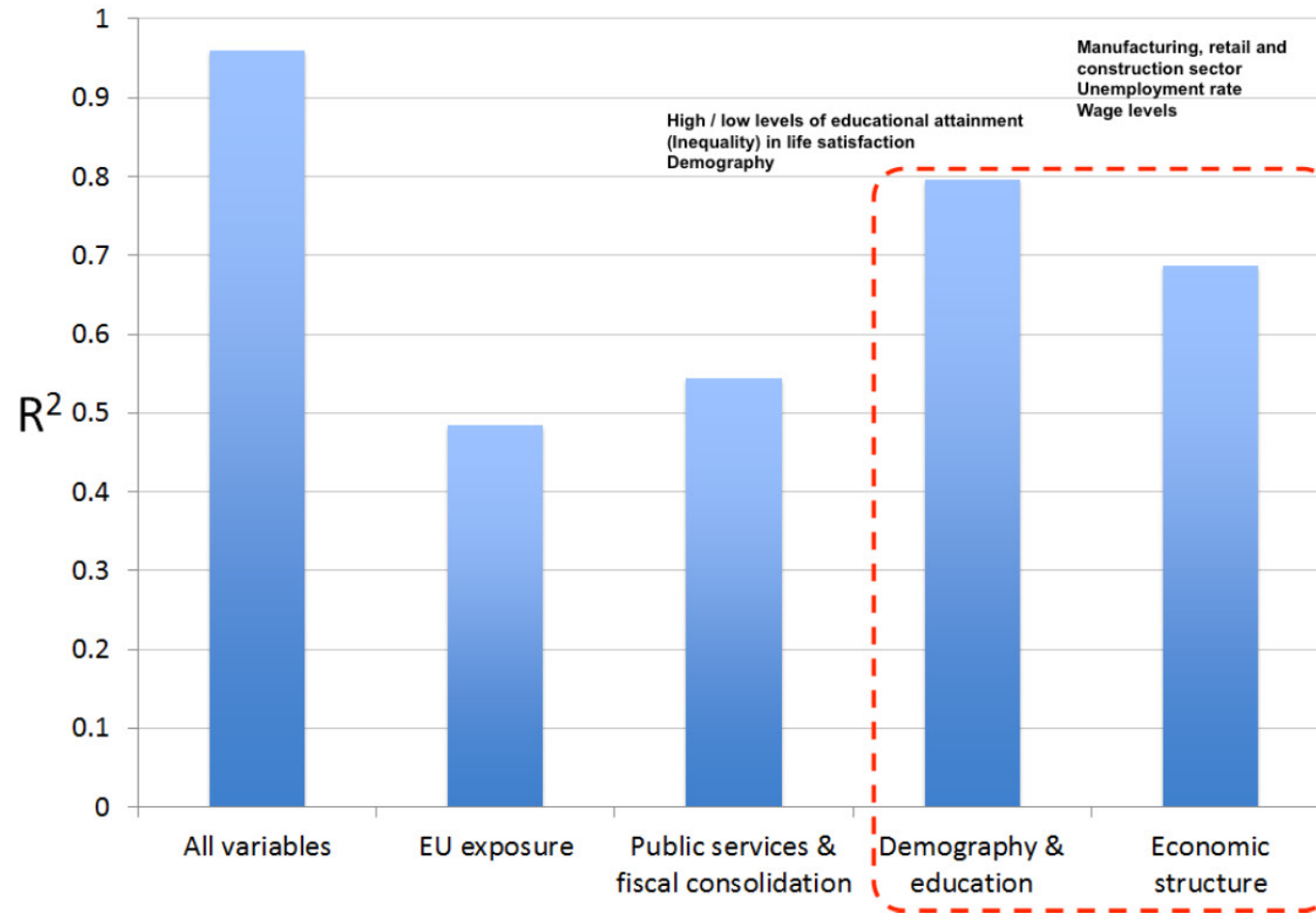# Predictive power of individual groups variables

EU Trade exposure
EU Structural funds
Migrant levels and changes from EU15,
Accession countries, ...
Historical EU Referendum vote

R^2

All variables | EU exposure | Public services & fiscal consolidation | Demography & education | Economic structure

Predictive power of individual groups variables

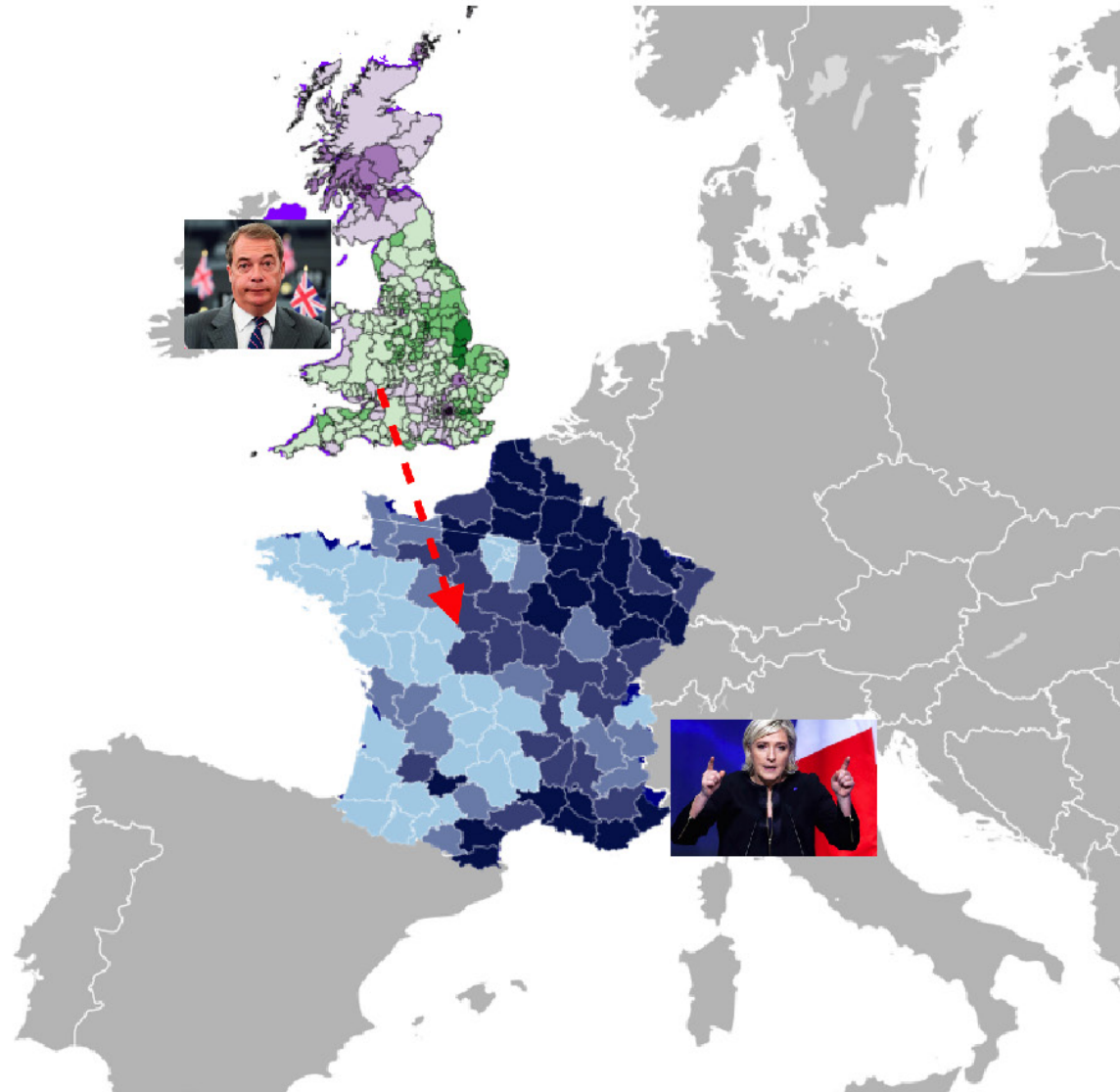# Predictive power of individual groups variables
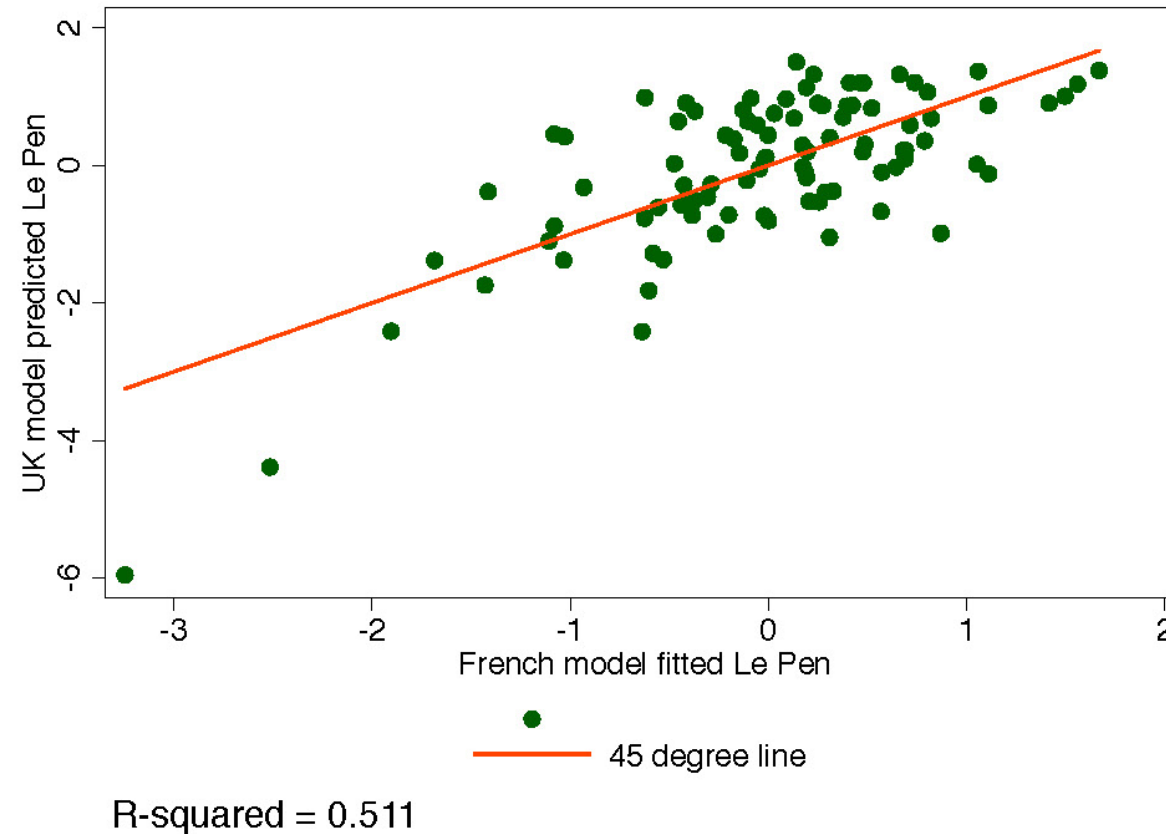
Predictive power of individual groups variables

→ socio-economic fundamentals are key to understanding the Leave vote.

From the Brexit to Le Pen...

From the Brexit to Le Pen...

R-squared = 0.511

$\rightarrow$ our "best" Brexit model captures 50% of the variation in Le Pen voting that the best "French" model could explain!

We are left with a puzzle...

- ▶ Previous analysis suggests that longer running socio-economic developments and fundamentals may be much more important than short-run narratives

- ▶ Voter narratives may be shaped by *active campaigning*, but underlying longer run socio-economic developments may be key *enabling factors*

- ▶ Is this a short run phenomena?

$\rightarrow$ look back in time across the EU to ask whether anti- EU preferences have evolved along well defined social fault lines.

Defining a robust trend...

We have a measure of (stated) anti-EU preferences observed for an individual i at time t

$$y_{it}$$

we also observe a k-dimensional vector of other socio-economic characteristics for an individual i at time t, i.e.
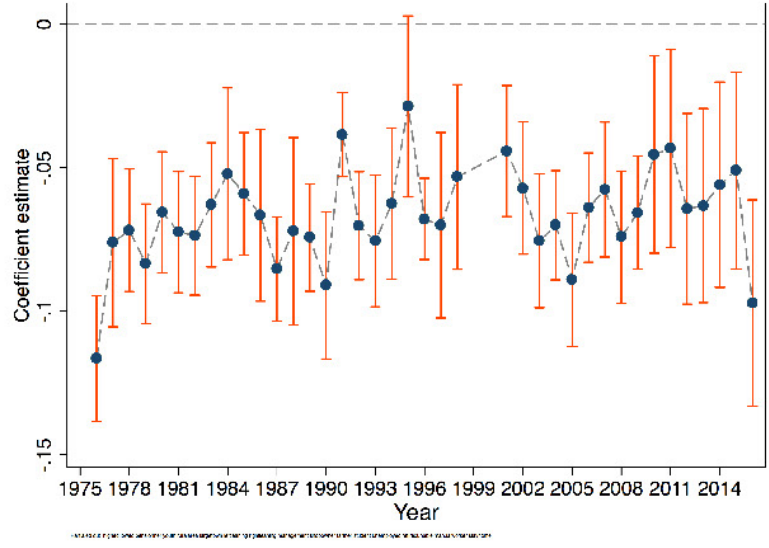
$$\mathbf{x}_{it}$$

For each covariate x_{kt} , we estimate

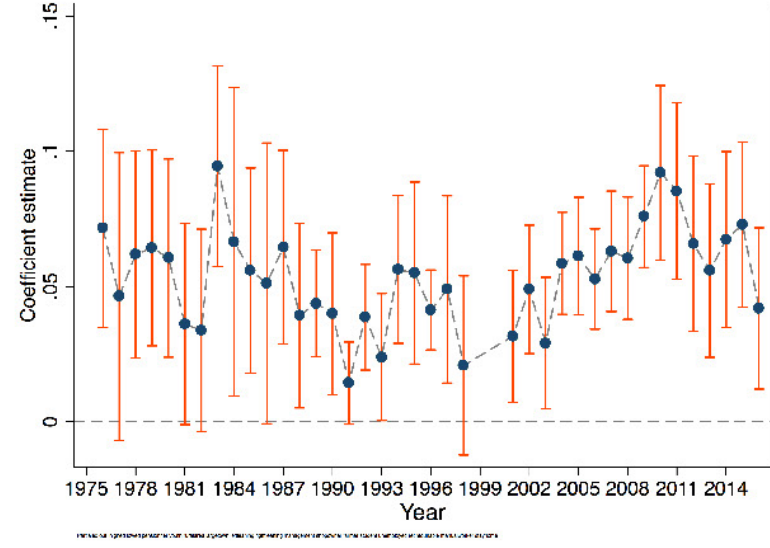$$y_{it} = \gamma_t \times x_{k,it} + \sum_{j \neq k} x_{j,it} \times \eta_{j,t} + \epsilon_{it}$$

That is we estimate non-linear time trends in x_{kt} after partialling out any other non-linear time trend specific to all the other individual characteristics.

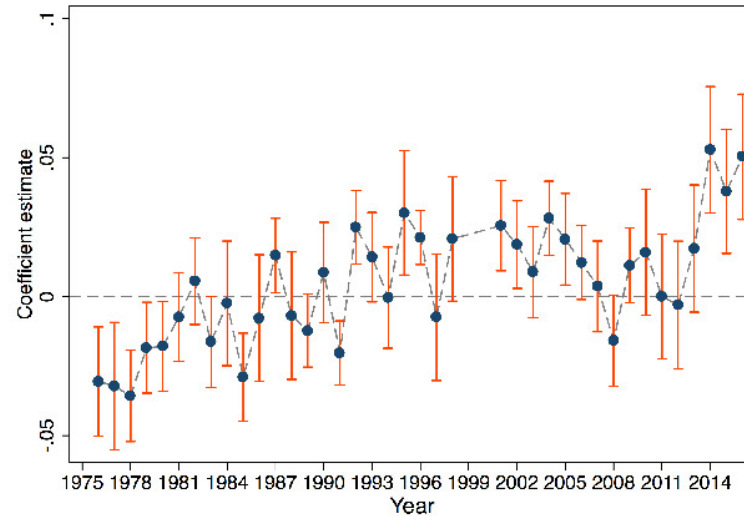# Robust trends along... the Labor Market Divide

Manual worker

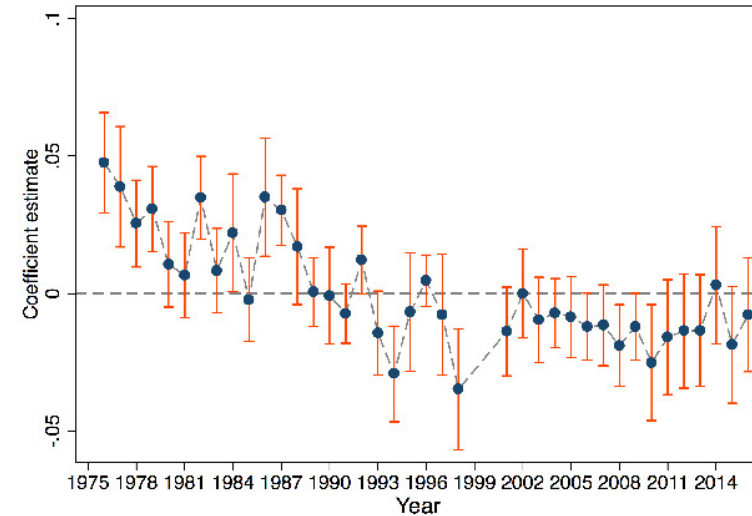Executive-/Management position

$\rightarrow$ none of the employment classes display any robust trend.

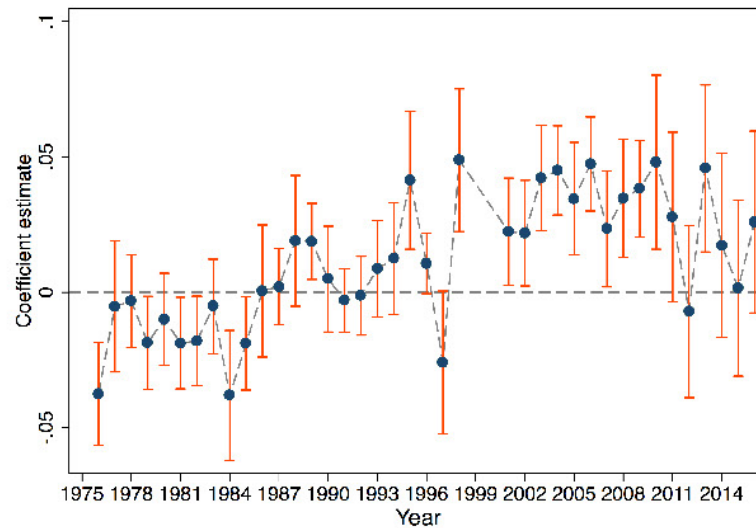# Robust trends along... the Rural- urban divide
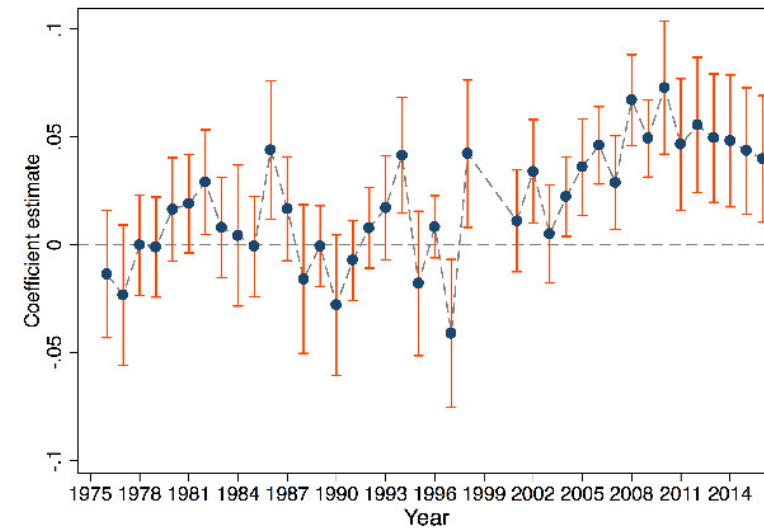
Large city

Rural areas

→ people living in large cities are increasingly pro EU, while people in rural areas have exhibited a weak decline in pro-EU attitudes.

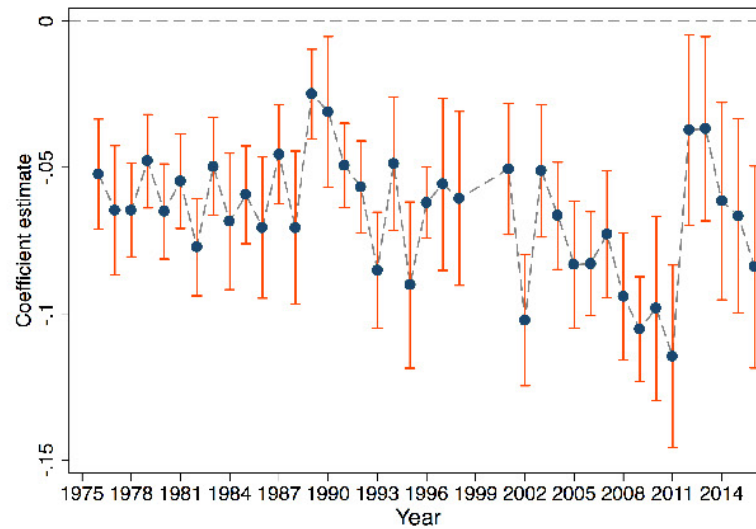# Robust trends along... the Demographic divide

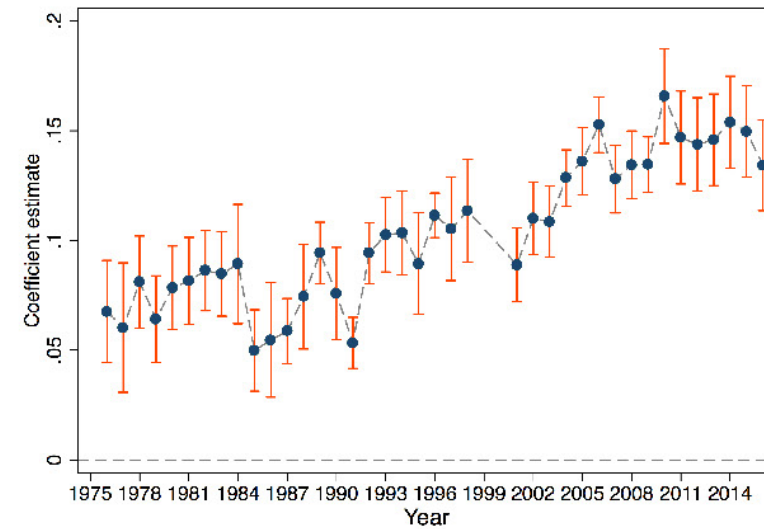Youth

Pensionner

$\rightarrow$ relative to people aged between 30 - 60, both young and old Europeans seem to have become more pro EU.

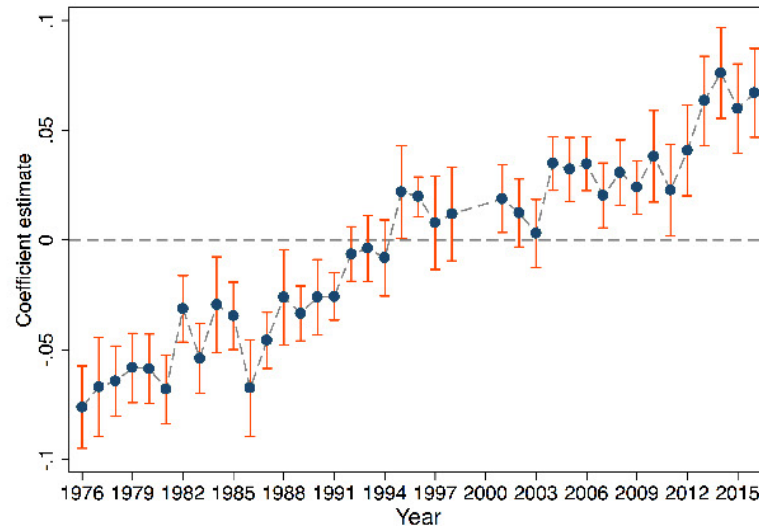# Robust trends along... the Educational attainment divide
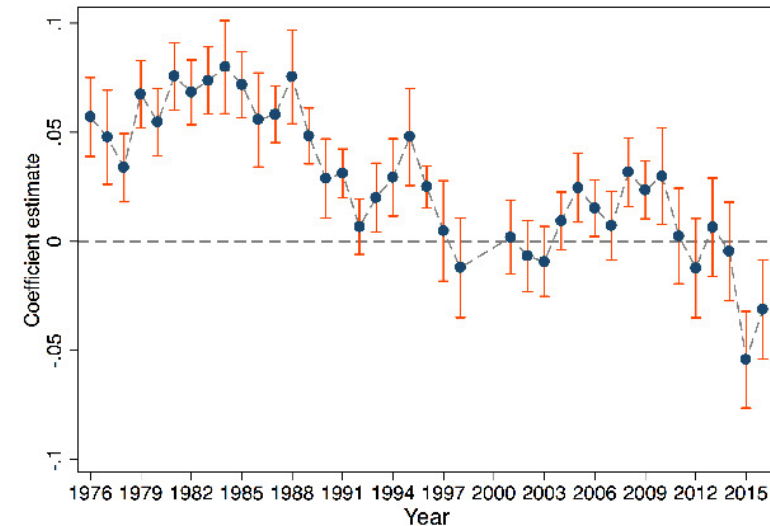

Low education

High education

→ robust trends towards positive attitudes towards EU among
highly educated (but no secular trend among less educated)

Robust trends along... the Political Divide

Left leaning

Right leaning

→ political ideology has seen a role reversal: present day eurosceptics are nowadays on the right side of the political spectrum, while europhiles are on the left.

Conclusion

▶ Europe scepticism and anti EU preferences mostly explained by bad fundamentals

▶ Socio economic developments such as migration and austerity may be important drivers of voter polarisation but only if studied in the context of poor socio-economic fundamentals

▶ There is ample evidence that anti EU sentiment has developed over a long period and along key socio-economic fault lines

▶ In the political market place, this has created a well defined target audience for populist parties
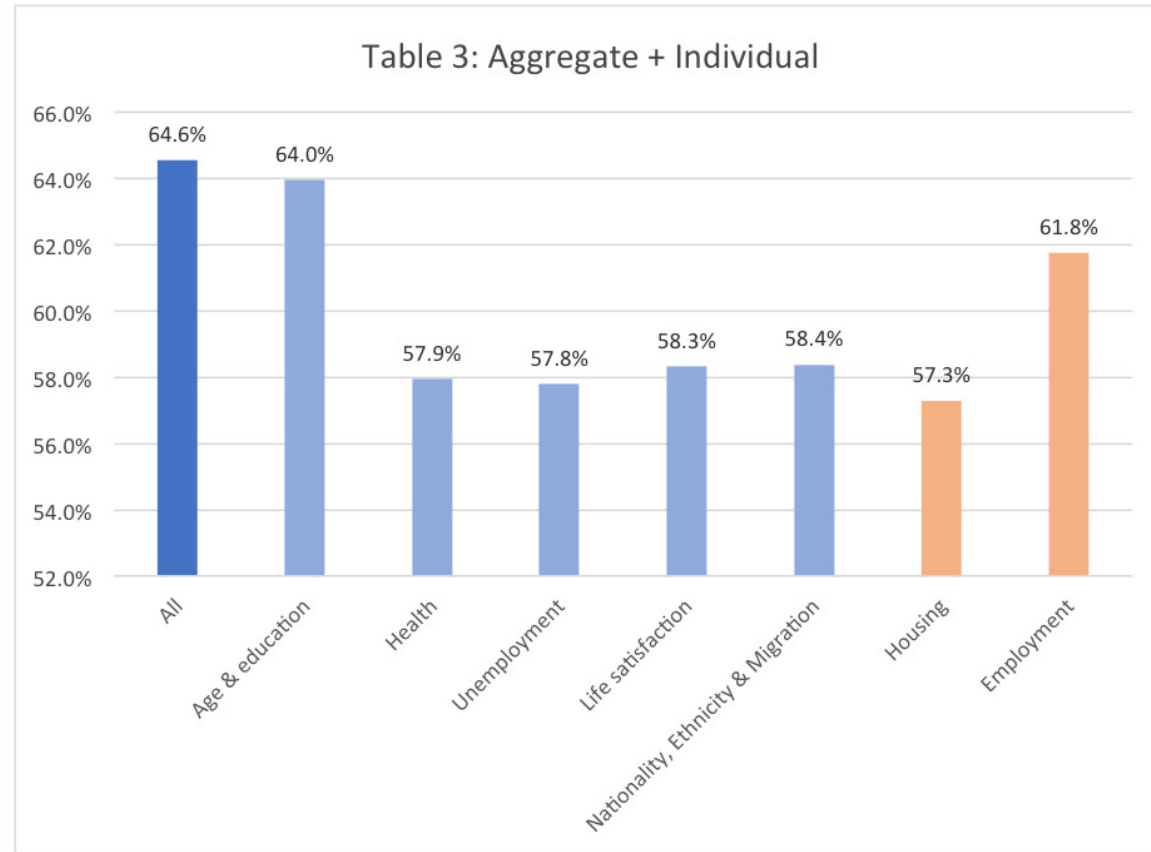
Thank you

Comments, suggestions, thoughts all welcome!

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http://www.trfetzer.com

Turning to individual level data

Alabrese, Becker, Fetzer and Novy (2017). Who voted for Brexit? Evidence from individual level data, mimeo.