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REVOLT OF THE RUSTBELT

In the space of less than a year, the established political order of Ukania has received two successive, jolting blows—a referendum in which a population voted, against the express will of the leadership of all three major parties and an overwhelming majority of the country's parliament, to leave the European Union; followed by an election in which a 20 per cent lead in opinion polls for the sitting government vanished overnight, and the most radical opposition programme since Thatcherism, presented by the most vilified leader in the history of the country's media, came close enough to victory to generate a hung parliament—one now confronted with fraught negotiations over the terms of departure from the EU. The dismay of bourgeois opinion at the plight of the state is the best register of the effect of the two temblors. 'Chronic instability', lamented the *Economist*, 'has taken hold of British politics', and it 'will be hard to suppress'. Readers had to ask themselves: 'What can come of this chaos?'[1] The answer from the *Financial Times* was grimly tight-lipped: 'The stablest of democracies has become the western world's box of surprises.'[2]

To understand the dynamics that have produced this situation, the starting-point has to be a closer analysis of the pattern of Brexit. Like any popular poll, the 23 June 2016 referendum can be broken down in a variety of ways. But as the dust has started to settle, some facts stand out. Nationalist dynamics produced wins for Remain in Scotland and Northern Ireland, while Wales's 80,000 net votes for Leave amounted to only 6 per cent of Brexit's winning margin. Cameron met his Singapore closer to home: every part of England voted 'Out' with the single exception of London, the previous Conservative administration of John Major having designated the capital city—swollen in size, wealth and self-esteem—a region in its own right. There was more than enough support for the EU in London and Scotland to cancel out both


Vote Share in Favour of Leaving the EU
Scotland
38%
Northern
Ireland
44%
North
East
58%
North
West
54%
Yorkshire &
Humberside
58%
East
Midlands
59%
West
Midlands
59%
East 56%
Wales
53%
London
40%
South East 52%
South West 53%
0
200 miles

the modest surplus of Leave votes in southern England and the strong Euroscepticism of eastern counties. But coming on top of these setbacks, the six million Leave votes cast in England's historic industrial regions proved indigestible. Out of 72 counting areas in the North, fewer than a dozen answered the call from the Conservative government, the Labour opposition, Obama, Merkel and the IMF to support the European *status quo*. Had England's three northern regions—North East, North West, Yorkshire and the Humber—and the West Midlands been excluded from the count, Remain would have scraped home by 200,000 votes instead of finishing 1.3 million short. In 2014 Vernon Bogdanor—a TV regular on the mysteries of the British constitution—confidently declared there was little regional feeling in England, assuring the *New York Times* that 'the regions are ghosts'.[3] If so, could Ukania still be haunted by them?

This journal has noted how the Brexit poll exposed a set of interlinked fractures: national, regional, social, ideological.[4] National: the contra-flow 'In' verdicts of Scotland and Northern Ireland. Regional: London and the South East boast the UK's highest economic output per head and delivered the best numbers for Remain—60 and 48 per cent respectively—outside the devolved nations. The Midlands, in sharp relative decline over the past two decades, voted most firmly the other way.[5] Social: the 'Out' vote correlated with lower levels of education, income and occupational grade. At the same time, a racially charged Leave campaign denied Brexit the support of most black and minority-ethnic voters and many socialists of all backgrounds.[6] Ideological: not regions, which were alive, but memories were the real ghosts abroad in England, ghosts

[1] 10 June 2017: 'Britain is not the only country reeling from electoral shock', the paper noted, but in the UK alone, 'rumbling revolt has left no one in charge'.
[2] Janan Ganesh, 'Theresa May's hubris robs Britain of stability', *Financial Times*, 9 June 2017.
[3] Vernon Bogdanor, 'Cameron's English Problem', *New York Times*, 3 October 2014.
[4] Susan Watkins, 'Casting Off?', NLR 100, July–Aug 2016, pp. 5–31.
[5] Between 1997 and 2015, gross value added per head fell from 90 to 83 per cent of the UK average in the East Midlands and from 90 to 82 per cent in the West Midlands, the steepest drops on the mainland. Northern Ireland fell nine points to 73 per cent; Office for National Statistics dataset, 'Regional gross value added (income approach), UK: 1997 to 2015', 15 December 2016, table 3.
[6] Kirby Swales, 'Understanding the Leave vote', NatCen Social Research, December 2016, p. 7; Michael Ashcroft, 'How the United Kingdom voted on Thursday . . . and why', Lord Ashcroft Polls, 24 June 2016. For opposing eve-of-poll views on 'Lexit', see the contributions of Neil Davidson, David Renton and Ed Rooksby to the *Jacobin* website, 22 June 2016.

of industry and of empire. Like the leading Brexiteers, affluent John Bull pensioners in the Tory shires prefer their shareholder capitalism wrapped in a Union Jack.

But though the North–South divide isn't England's only fault line, it's no accident that the deindustrialized periphery ranged itself against the London establishment in the referendum, sealing Remain's fate. Culturally the regional divide may not be so pronounced—provincial identities have been levelled out by a millennium of centralized rule and the modern impress of powerful institutions like the Fleet Street of old and the BBC; what most binds the North together is industrial tradition plus political discontent—but it shows up across the whole gamut of socio-economic indicators: output, jobs, incomes, house prices, education, life expectancy. The aggregated statistics point to a fissure running east to west between the Humber and Severn estuaries, stranding the northern regions, the West Midlands except Warwickshire and the East Midland counties of Derbyshire and Nottinghamshire in the zone of relative economic disadvantage. So marked an objective rift cannot fail to have subjective consequences. Only one in ten Northerners and Midlanders believe that London doesn't receive preferential treatment over most other parts of the UK.[7]

Eclipse of the North

The effects of London's outsize nature on the rest of the country have, of course, been a historic feature of the national landscape. 'The capital city created and directed England from start to finish', Fernand Braudel once wrote.[8] The dual character of British capitalism became distinctive in modern times, split between northern industry—the factory system first systematically elaborated in loosely regulated Lancashire, during and after the Napoleonic Wars—and metropolitan commerce.[9] An international-facing City of London and a largely Southern English investor class reaped the benefits of the UK's head-start mercantilism to

[7] Danny Dorling, 'Persistent North–South divides', in Neil Coe and Andrew Jones, eds, *The Economic Geography of the UK*, London 2010, pp. 24–5; Survation, 'Devolution poll', 26 February 2015, table 3.

[8] Fernand Braudel, *Civilization and Capitalism, 15th–18th Century, Vol. 3: The Perspective of the World*, trans. Siân Reynolds, London 2002, p. 365.

[9] Geoffrey Ingham, *Capitalism Divided? The City and Industry in British Social Development*, Basingstoke 1984, p. 6.

funnel the world's goods and funds through the wharves and counting houses of the capital, indifferent to a provincial manufacturing complex which would develop in parallel to it. No less critical would be the concentration of *political* power within the golden triangle of Whitehall, Westminster and St James's: a West End counterpart to the accumulation of *economic* power in the Square Mile. Such remain the boundary markers of 'opinion-forming Britain', viewed from whence the travails of depressed areas could seem, until Brexit, like small beer.[10]

Against this background, differences in economic structure began to tell decisively against northern England a century ago, in the bumpy aftermath of the First World War. Lancashire, the West Riding, the North East coast and west Cumberland were overinvested in Victorian export industries struggling with mountains of debt and a shrinking world market. West-central Scotland and south Wales were in the same boat. Together they came to constitute a chronically depressed, heavy-industrial Outer Britain cut adrift from the consumer prosperity and booming light industries of the South and the Midlands. After 1945 the imperative for these smokestack regions was to overhaul their manufacturing base before the resumption of overseas competition. Burnt by the Depression, however, staple industries opted to coast along in a temporary buyers' market. Nor, crucially, was there any *dirigisme* from Westminster or the City. Unlike war-ravaged Europe and Japan, the UK didn't absolutely require a large-scale, modernized industrial base to recover a position in the world. Instead the imperial mentality satirized by Belloc—'Whatever happens we have got/the Maxim gun, and they have not'—persisted. A nuclear-weapons programme, Attlee's forgotten legacy, reasserted this military vanity under changed conditions. The pound sterling offered another 'ticket to the world's top table'.[11] Amidst the currency crises of the mid-sixties, Tom Nairn observed that 'the role of world banker has proved the toughest, most resistant sector of imperialism'.[12] If the deflationary supports needed for a strong pound clashed with the investment requirements of domestic industry, it was so much the worse for the latter. In relative terms the North didn't even tread water during the 'golden age of capitalism', its share of national output falling from 28 to 25 per cent

[10] Andrew Adonis and Stephen Pollard, *A Class Act: The Myth of Britain's Classless Society*, London 1997, p. 100.
[11] David Kynaston, *The City of London, Vol. 4: A Club No More, 1945–2000*, London 2002, p. 43.
[12] Tom Nairn, 'Labour Imperialism', NLR, 1/32, July–Aug 1965, p. 5.

between 1951 and 1971 while that of London and the South East increased from 34 to 36 per cent—the gap between them virtually doubling.[13]

Once the long downturn brought Thatcher to power at the end of the seventies, the divide deepened. Under her rule, the Conservatives tightened the austerity introduced by Callaghan's Labour; carried through the industrial shakeout Edward Heath had attempted a decade earlier; broke the back of a labour movement responsible for bringing down the last two administrations; and completed the transformation of the City of London from a British into a free-wheeling international oligarchy. With an electoral coalition based in England's lower half—three-quarters of Tory seats won in the South and the Midlands, as the 'wealth generated by London's booming financial-services industry turned neighbouring regions a deeper shade of blue'—the New Right saw off inner-city riots, steel and coal strikes, and protests against cuts in northern and London municipalities.[14] Scargill's Yorkshire miners, seeking to fight the idea that 'any industry inside capitalist society—whether public or private sectors—has the right to destroy the livelihood of men and women at the stroke of an accountant's pen', went down to complete defeat, demonstrating that Whitehall at least had the power to do so. The legitimacy of bottom-line capitalism would not be challenged in like fashion again.[15]

A spoonful of sugar

'It was in this constituency that we created New Labour', said a jubilant Tony Blair at Trimdon Labour Club in Sedgefield, County Durham, on election night in 1997.[16] This was not, of course, strictly true. With good reason Thatcher claimed New Labour was her greatest achievement—its essential strategy, according to party ideologue and insider Peter Mandelson, MP for Hartlepool, also in County Durham, was 'to move forward where Margaret Thatcher left off'.[17] Blair had been selected

[13] Frank Geary and Tom Stark, 'What Happened to Regional Inequality in Britain in the Twentieth Century?', *Economic History Review*, vol. 69, no. 1, 2016, table 1.
[14] 'Divided Kingdom', *Economist*, 18 September 2013.
[15] Arthur Scargill speech to the 1985 NUM conference, printed in 'In Defence of the NUM', *Socialist Action*, undated, p. 20.
[16] Tony Metcalf, 'Blair's Britain', *Northern Echo*, 2 May 1997.
[17] Conor Burns, 'Margaret Thatcher's greatest achievement: New Labour', ConservativeHome.com, 11 April 2008; Peter Mandelson and Roger Liddle, *The Blair Revolution: Can New Labour Deliver?*, London 1996, p. 1.

for the coalfield seat in the early eighties on the strength of boyhood connections and support from right-leaning party and union branches. For him it was a simple stepping stone to the capital. Life for Blair revolved around Islington, 'flagship area for the embourgeoisement of north London', where he sealed his leadership compact with Brown. 'Don't worry', Blair reportedly told a Labour Londoner lined up to contest a northern constituency. 'I only have to go up once a month. You can do the same.'[18]

In office, Blair extolled a forward march to economic globalization that gave short shrift to laggards—'Those who will live with decline. Those who yearn for yesteryear'—who might resist it in his party's working-class base. New Labour rode the long credit-driven boom centred on Wall Street and the City with delight. Brown's first act at the Treasury was to burnish his credentials with financial markets by handing control of interest rates to the Bank of England, the *Economist* exulting that it was 'free at last'. Threadneedle Street promptly raised rates from 6.25 to 7.5 per cent to moderate inflationary pressure in London and the South East, further over-valuing the pound to the detriment of exporters in manufacturing regions. 'We were trying to bring about a slowdown', the Bank's governor Eddie George told provincial lobby journalists over lunch, explaining that 'unemployment in the North East is an acceptable price to pay to curb inflation in the South'.[19] Naturally there was an uproar. Sunderland council leader Bryn Sidaway dubbed Britain's central bank the 'Bank of South East England'. The North East Chamber of Commerce said it felt betrayed. Brown expressed his confidence in the governor, and support for the difficult decisions he had been obliged to make, George promising to be more discreet in future.[20] Under New Labour, financial-services output increased at twice the overall growth rate, while the contribution of manufacturing to UK gross value added dropped from a little under a fifth (19 per cent) to just a tenth. In the North, manufactures declined from 24 to 15 per cent of regional output, with an even bigger drop in

[18] Florence Faucher-King and Patrick Le Galès, *The New Labour Experiment: Change and Reform Under Blair and Brown*, Stanford 2010, p. 10; Kevin Maguire, 'In Blair's backyard, the natives stir', *New Statesman*, 15 May 2000.

[19] Paul Linford, 'North jobs go to save South', *Journal*, 21 October 1998.

[20] 'The Bank of South East England', *Journal*, 22 October 1998; Anthony Browne, 'Southern comfort stings North', *Observer*, 12 September 1999; 'Governor tries to douse North's fire', BBC, 22 October 1998; Treasury Committee, Minutes of evidence for 26 November 1998, HC 37-i & 37-ii, 1998–99, Qu. 54.

the metal-bashing West Midlands, tumbling from 27 to 13 per cent.[21] The demise of Birmingham's MG Rover, the last British volume carmaker, was followed by Peugeot's withdrawal from its Ryton plant in Coventry as the French auto giant shifted production to Slovakia.

Buffering the impact of this transformation were the stimulants administered by New Labour to hollowing regional economies in the shape of higher public spending, which increased by over 6 per cent a year in real terms between 1999 and 2006, flooring the opposition parties—'Labour investment versus Tory cuts'—and subduing resistance to the marketization of schools and hospitals. 'It is reform in return for resources', the chancellor intoned, or in Blair's inimitable version, 'a spoonful of sugar helps it all go down'.[22] On one estimate, public bodies and state-funded jobs in the private sector accounted for 73 per cent of employment growth in the North East over the pre-recession decade, 67 per cent in Yorkshire and the Humber and 62 per cent in the North West.[23] The gap in employment rates between the North and the rest of England, which had widened from 5 to 6 percentage points in the deflationary late nineties, closed to two points by the end of 2004, and relative output per head in northern regions rallied.[24]

But these were not the same kind of jobs as privileged classes in the capital were enjoying. Journeying from Outer Britain to the City took the traveller from relative famine to outrageous feast, where the bonus pool for London's 350,000 wholesale financial-services workers peaked at £11.5bn on the eve of the credit crunch. 'And boy, is all that felicitous, filthy lucre affecting London life', thrilled the *Telegraph*. 'It has fed a salivating atavism that makes the Beckhams' lifestyle look positively spiritual.'[25] Writing at the tail-end of the boom, Doreen Massey denied that London had functioned as a 'simple transmission belt for

[21] Stephen Burgess, 'Measuring financial sector output and its contribution to UK GDP', *Bank of England Quarterly Bulletin*, 2011 Q3, p. 234; ONS dataset, 'Regional GVA NUTS1', 10 December 2014, table 1.3.

[22] Robert Chote, et al, 'Public spending under Labour', IFS 2010 *Election Briefing Note*, no. 5, p. 5; Andrew Grice, 'Brown denies spending plans are a "huge gamble"', *Independent*, 16 July 2002; Tony Blair, *A Journey: My Political Life*, London 2011, pp. 282–3.

[23] Ismail Erturk, et al, 'Accounting for national success and failure: Rethinking the UK case', *Accounting Forum* 36, 2012, table 3.

[24] ONS, 'North of England economic indicators', 5 November 2014, figure 3.

[25] Jasper Gerard, 'The rise and rise of London', *Telegraph*, 17 February 2007.

neoliberalism', pointing to the frictions created by grassroots campaigns against it and the two-term mayoralty of Ken Livingstone, a soft-left bugbear of Thatcher and Blair. Still, she conceded, 'the contest in and over London' was 'at present subdued'. The City actually thrived under a neutered Livingstone. 'There isn't a great ideological conflict any more', said the mayor defensively, and in any case, 'I don't have any powers for the redistribution of wealth in London.'[26]

As nemesis approached, in June 2007 Gordon Brown used his last Mansion House speech as chancellor to congratulate the assembled bankers on 'an era that history will record as the beginning of a new golden age for the City of London'. James Cayne, chairman of Bear Stearns, told the *Financial Times*: 'London is no longer the second city. Right now it is as fast as New York.' Thatcher's deregulation had exposed dowdy British merchant banks to takeovers by much larger and more profitable US competitors, hard-wiring the City into the lucrative Wall Street system of speculative proprietary trading, extreme leverage, and a shadow-banking sector of hedge funds and privately traded 'over the counter' derivatives.[27] It had become not just as fast as New York, but in one sense a good deal faster. Two-fifths of the surging turnover ($2,544 billion daily) in OCT derivatives was now booked in London, thanks to its especially complaisant regulators and tax collectors. Brown essentially tasked his new UK banking supervisor with touting for extra business for the City, one hedge-fund tycoon describing the Financial Services Authority as 'a pleasure to work with'.[28]

New Labour made a virtue of its sponsorship of casino capitalism by having down-at-heel Blackpool and Beswick in east Manchester argue over the awarding of the UK's first super-casino licence, a money-grubber blocked by Anglican clergy in the House of Lords.[29] Fittingly, when the crisis came, its first casualty was a swollen mortgage bank in

[26] Doreen Massey, *World City*, Cambridge 2007, pp. 12, 93; 'Interview: Ken Livingstone', *Prospect*, April 2007.

[27] Peter Gowan, 'Crisis in the heartland', NLR 55, Jan–Feb 2009, pp. 7–17.

[28] Richard Roberts, *The City: A Guide to London's Global Financial Centre*, London 2008, table 12.7; Philip Augar, *Reckless: The Rise and Fall of The City*, London 2010, pp. 47–8, 122.

[29] 'Institutions that can encourage criminality and intensify irresponsibility are poor allies of social and civic regeneration', cautioned the Archbishop of Canterbury, later confronted by Occupy protesters outside St Paul's levelling similar charges at the cathedral's banking associates.

north-east England. Newcastle's Northern Rock, one of only two FTSE 100 companies headquartered in the region, was the weakest link in the golden chain of finance. At the prompting of Conservative ministers, City financiers and carpet-bagging investors, it had joined the nineties' rush to convert itself from a mutual building society into a publicly listed bank. To compensate for a small retail deposits base, this try-hard out-of-towner plunged into securitization, borrowing against packaged-up mortgages in the wholesale money markets. On this basis, the bank ballooned into the country's fifth largest mortgage provider, expanding into southern England where ultimately half its lending was placed.[30] When the markets seized up, the Rock crumbled. Fearing for the stability of Britain's finance capitalism, a Bank of England and New Labour regime famously relaxed about job losses in North East manufacturing sped to the rescue, providing emergency loans and a deposit guarantee followed up by a rushed-through state takeover. Still, as the *Economist* complained, the collapse of Northern Rock 'undermined confidence in the ability of one of Britain's poorest regions to build a post-industrial future'.[31]

New Labour could continue to coast to victory as long as the credit boom lasted, retaining its grip on Westminster even as its share of the vote fell and turnout dropped to a historic low, thanks to Britain's winner-takes-all electoral system. Politically, Celtic fringe nationalism dominated the domestic front during the early years of the Blair regime: pacification of Northern Ireland and devolution in Scotland as well as Wales. Concession of a parliament in Edinburgh, spiking the SNP's guns, would—it was thought—settle the Scottish question. Labour voters in northern England required no such special attention. 'They have nowhere else to go', Blair's advisors would at one point counsel the frontbench.[32] As early as 2000, the *New Statesman* reported 'significant falls' in party membership across the North East, Sedgefield included. The region 'elected a third of the Cabinet to their seats, but gets, locals say, "bugger all" in return'.[33] In 2002 Labour lost inaugural mayoral

[30] Iain Dey, 'Why Northern Rock was doomed to fail', *Telegraph*, 16 September 2007; Treasury Committee, 'The run on the Rock', 24 January 2008, HC 56–I, 2007–08; J. Neill Marshall, 'A geographical political economy of banking crises', *Cambridge Journal of Regions, Economy and Society*, vol. 6, no. 3, 2013, p. 468.
[31] 'After the fall', *Economist*, 29 November 2007.
[32] Peter Kilfoyle, *Labour Pains: How the Party I Love Lost Its Soul*, London 2010, p. 44.
[33] Maguire, 'In Blair's backyard'.

contests in Hartlepool and Middlesbrough to a football-club mascot and a zero-tolerance detective respectively, the latter at least previously much admired in Blairite circles. Two years later the party was swept from power in its regional citadel of Newcastle, losing nearly half its council seats to the Lib Dems, and a referendum in the North East met a Brexit-like riposte from voters, dismissing the government's proposal for a toothless regional assembly. Over three-quarters of opinion-poll respondents agreed that New Labour 'looks after some parts of England more than others'.[34] By the time Labour was ousted in 2010, its vote in the three northern regions had dropped from 4.1 to 2.6 million.

Coalition cuts and animal spirits

On entering office, the leaders of the Conservative–Liberal coalition which took over that year spoke with one voice. 'This country has been too London-centric for far too long', remonstrated Cameron. 'I can see the risk of our capital city's dominance. It is not healthy for our country or our economy', warned chancellor George Osborne. 'We can never rely on only one part of the country, sectorally or geographically. We have to spread our bets', declared deputy prime minister Nick Clegg. The new administration stood for balanced economic growth 'across all regions and all industries'.[35] Cameron, Osborne, Clegg: three more typical specimens of the *haute bourgeoisie* of the South of England would be difficult to find. The two Tories were born in the capital; the Lib Dem grew up close by in affluent Buckinghamshire. Cameron profited from his stockbroker father's offshore trust in Panama and while in office defended the anonymities of such tax-haven investment vehicles. Clegg is a merchant banker's son; Osborne the heir to a genteel fabric and wallpaper company and an Anglo-Irish baronetcy. All three were privately educated at elite London-area institutions—Eton, St Paul's, Westminster—and went seamlessly on to Oxbridge. Cameron and Osborne kick-started their careers as Whitehall apparatchiks. Clegg, more Europeanist, worked as a trade-policy aide in Brussels and an MEP before taking the suburban

[34] Colin Rallings and Michael Thrasher, 'Why the North East said "No": The 2004 referendum on an elected Regional Assembly', ESRC devolution briefing, no. 18, February 2005, p. 4.

[35] David Cameron and George Osborne speeches to the Conservative party conference, 2 October 2013 and 29 September 2014 respectively; Nick Clegg speech at Northern Futures Summit, 6 November 2014; 'The Coalition: Our programme for government', May 2010, p. 7.

constituency of Sheffield Hallam, 'similar to Bristol West or Cambridge', noted a *Telegraph* reporter taking his bearings, 'wealthy, open-minded ghettoes of the highly educated bourgeoisie who don't like what the Tories have become but also haven't been historically attracted to Labour's working-class politics.'[36] Cameron didn't have to stray further than Oxfordshire for his own parliamentary seat. Such were the latest champions of greater regional equity.

Plunging tax receipts in the wake of the 2008–09 downturn had provided the occasion for a groundswell of organized neoliberal opinion in the capital pressing for the opposite. Initial dismay at emergency extension of the state into high finance was soon displaced into strident demands for a rollback in less strategically sensitive areas. If the City was on life support, the North should have its plug pulled. 'Public subsidies to failing areas undermine the adjustment process needed for their economies to recover', solemnly declared the Institute for Economic Affairs, as a collapsing banking sector received £130bn in government loans and share purchases, and £1,030bn in guarantees and indemnities.[37] 'The state now looms far larger in many parts of Britain than it did in former Soviet satellite states such as Hungary and Slovakia as they emerged from communism in the 1990s', fulminated Murdoch's *Sunday Times*.[38] New Labour largesse, having pump-primed the privatization of core public services, could now be dispensed with.

In this climate, the three main Westminster parties converged on spending cuts as the primary means to tackle a record peacetime budget deficit. Britain had 'become far too dependent on the public sector', complained Cameron. 'You can't revive the regions just through handouts from Whitehall', lectured Clegg. The coalition intensified a fiscal squeeze that the outgoing Labour chancellor Alistair Darling had already pencilled in for the post-election period. The new-look opposition under Ed Miliband and Ed Balls—former Brown advisors levered into a couple of Yorkshire constituencies—prevaricated for a time, then fell into line. This was bad

[36] Tim Stanley, 'The age of Nick Clegg is drawing to an end', *Telegraph*, 28 April 2015.
[37] Richard Wellings, 'North to pay heavy price for dependence on public spending', IEA, 16 November 2009; nao.org.uk/highlights/taxpayer-support-for-uk-banks-faqs, last updated July 2016.
[38] Abul Taher, '"Soviet" Britain swells amid the recession', *Sunday Times*, 25 January 2009.

news for Outer Britain: one in four people in employment worked in the public sector in north-east England, Scotland and Wales; one in six in London and the South East.[39] Public spending was equivalent to 52 per cent of economic output in the North East, 47 per cent in the North West and 44 per cent in Yorkshire and the Humber, compared to a national average of 38 per cent.[40]

The UK's cross-party fiscal tightening, as a proportion of national income, was on a par with that pursued in France under Sarkozy and Hollande, and in Italy under Monti. It differed in tilting towards cuts in expenditure rather than tax rises, by a 4:1 ratio.[41] At the Treasury, George Osborne slashed average departmental spending by 10 per cent in real terms between 2010–11 and 2015–16. High-need, mainly Labour-controlled municipalities bore the brunt of swingeing cuts to local-government services; the Tory shires came away relatively intact. By March 2015 net public service spending per person by local authorities had dropped by 27 per cent in both the North East and London, compared to 16 per cent in the South East.[42] The chancellor also went directly after surplus industrial workers—including the younger generation of miners and steelmen discarded by Thatcher and Major—vilifying them as shirkers 'sleeping off a life on benefits'. Ken Loach's 2016 Palme d'Or winner *I, Daniel Blake*, set in Newcastle, dramatized the Kafkaesque torments of the capability test and sanctions regime introduced into the social-security system by New Labour and extended by the coalition. Ex-industrial communities such as Bradford, Oldham and the Rhondda were losing twice as much money per working-age adult from curbs to disability and other state benefits, as southern market towns like Guildford and Wokingham. Observed two analysts for Sheffield Hallam's Centre for Regional Economic and Social Research: 'This is an economic geography that overlaps strongly with

[39] ONS dataset, 'RPUBI Regional labour market: Regional public and private employment', 15 March 2017. Excludes effects of major reclassifications.

[40] Tony Dolphin, 'The impact of the recession on northern city regions', IPPR North, October 2009, p. 16.

[41] Antoine Bozio et al, 'European public finances and the Great Recession: France, Germany, Ireland, Italy, Spain and the United Kingdom compared', *Fiscal Studies*, vol. 36, no. 4, 2015, p. 416.

[42] Carl Emmerson and Gemma Tetlow, 'UK public finances: From crisis to recovery', *Fiscal Studies*, vol. 36, no. 4, 2015, p. 574. David Innes and Gemma Tetlow, 'Central cuts, local decision-making: Changes in local government spending and revenues in England, 2009–10 to 2014–15', IFS, March 2015, p. 9. Excludes transport spending.

Britain's political geography: the coalition government is presiding over national welfare reforms that will impact principally on individuals and communities outside its own heartlands.'[43]

The heartlands staged a swift recovery. The financial crisis had been expected to trigger a white-collar recession in the City, as when Nigel Lawson's asset-price bubble burst over yuppie heads in 1990. But too much was at stake to permit a repetition of that. The financial and insurance industry is the capital's leading sector, accounting for nearly a fifth (19 per cent) of economic output, slightly more than Wall Street contributes to New York. City-type high finance has spread itself from east to west, big banks overspilling from the Square Mile into reclaimed dockland on the Isle of Dogs while hedge funds and other discreet operators prefer Mayfair and St James's. Second place in the London economy goes to real-estate activities (13 per cent). After that come professional, scientific and technical activities (11 per cent), including City-dependent legal and accounting services.[44]

To keep all this afloat, the Bank of England had already reduced interest rates to 0.5 per cent and launched a £200bn programme of quantitative easing under New Labour. Further rounds of bond purchases followed under the coalition, blowing up another asset-price bubble. By May 2012, QE had run to £325bn and pushed up the value of assets held by the richest 10 per cent of households, clustered in and around London, by as much as £322,000 per household. The *Spectator*, a Tory organ, uneasily called it 'the biggest transfer of wealth to the rich of any government policy in recent documented history'.[45] The first three years of QE saw house prices jump by 17 and 15 per cent in London and the South East, compared to rises of 2 and 4 per cent in the North West and Yorkshire–Humber respectively. In the North East, prices didn't move.[46] 'Feelgood factor returns to the City of London', celebrated the FT in October 2013.

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[43] Christina Beatty and Steve Fothergill, 'Jobs, welfare and austerity: How the destruction of industrial Britain casts a shadow over present-day public finances', CRESR, November 2016, p. 19; 'Hitting the poorest places hardest: The local and regional impact of welfare reform', CRESR, April 2013, p. 18.

[44] 'Economic Evidence Base for London 2016', Greater London Authority, November 2016, figure 1.18 and table 1.13.

[45] 'The distributional effects of asset purchases', Bank of England, 12 July 2012; Fraser Nelson, 'QE—the ultimate subsidy for the rich', *Spectator*, 23 August 2012.

[46] ONS, 'UK House Price Index: data downloads January 2017', 21 March 2017, historical back series.

'Animal spirits have awakened in boardrooms and even the private-equity deal-making machine has kicked into gear.'

The general slump had seen manufacturing shed jobs at twice the rate of financial and business services, and London survived it largely unscathed, growing strongly in 2008, suffering a smaller decline in output in 2009 than anywhere else, and in 2011 once again posting faster growth in output than the rest of the country.[47] Cameron's enterprise tsar Lord Young—a bow-tied London businessman left over from the Thatcher government—was forced to resign in November 2010 after candidly telling the *Telegraph* that, from where he sat, people 'have never had it so good' as during the 'so-called recession'.[48] London would post twice the total growth rate (17 per cent) of any other UK region or nation between 2010 and 2014, the coalition's last full year in power. Northern Ireland (1 per cent) and the three northern English regions (3 to 4 per cent) brought up the rear.[49] Since the financial crisis, indeed, London has consistently out-produced the three northern regions combined, and by an increasing margin, despite having not much more than half the number of residents.

Front-runner in Europe

Not surprisingly, the spring 2014 elections for the European Parliament saw above-average drop-offs in Conservative support in the North West and Yorkshire–Humber. With a Westminster election only a year away, Osborne changed his prospectus. The new Treasury line was that 'successful rebalancing will not be achieved by pulling down the capital city, but by building up the Northern Powerhouse.'[50] The NP was a public-relations device to highlight Conservative good works in the North, where Labour still effortlessly held sway because of the lack of competition from a serious regional special-interest vehicle along the lines of Scotland's SNP. After the 2010 election the Tories held 43 out of 158 northern

[47] Dolphin, 'The impact of the recession', pp. 5–6; ONS, 'London's economy has outperformed other regions since 2007', 13 March 2013.

[48] *Telegraph*, 19 November 2010. Young was ushered back into government within a year.

[49] ONS, Regional GVA (income approach), table 1. Deflated using the implied deflators in ONS dataset, 'Regional gross value added (production approach) constrained data tables', 16 December 2016, table 3.

[50] 'Fixing the foundations: Creating a more prosperous nation', Cm 9098, July 2015, p. 70.

constituencies, a modest haul but important in a finely balanced parliament. New Labour had presented its regional development agencies as 'economic powerhouses for sustainable growth'. Cameron and Osborne abolished these quangos but retained the rubric, with its tellingly Victorian air tacitly acknowledging industrial antiquation while formally disavowing it. The chancellor unveiled the NP in a speech at Manchester's Museum of Science and Industry, surrounded by working steam engines, and went on to dangle the prospect of a £6bn investment in the northern transport network (under the coalition, transport spending per head was two-and-a-half times higher in London than the North.)[51] He also entered into negotiations with local authorities over devolution of policy and regulatory—but no new fiscal—powers, beginning in Manchester.

Delivering his pre-election budget in March 2015, Osborne was at pains to stress 'a truly national recovery'. But the fiscal squeeze on fragile regional economies, combined with quantitative easing for international finance, had predictably distorted effects.[52] Between 2009 and 2015 the number of employee jobs in London rose by 18 per cent, compared to increases of between 4 and 6 per cent in northern regions. The North East lost 14 per cent of its public-sector workforce under the coalition. The South East shed less than 3 per cent, as did London where town-hall cuts were cushioned by a more diverse public-sector base and a civil service readier to slash jobs in provincial outposts than in Whitehall.[53] 'The South is seeing recovery and the rest of the country is being left behind', complained a Keynesian former member of the Bank of England's monetary policy committee in February 2014. He was echoed by the Bank's chief economist, in an extraordinary outburst a week after the Brexit vote. 'Whose recovery? To a significant extent, those living in London and the South East of England.'[54]

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[51] Grace Blakeley, 'Paying for our progress: How will the Northern Powerhouse be financed and funded?', IPPR North, February 2017, pp. 16–17.

[52] Ian Gordon, 'Quantitative Easing of an international financial centre: How central London came so well out of the post-2007 crisis', SERC discussion paper 193, September 2015.

[53] ONS statistical bulletin, 'UK business register and employment survey (BRES): 2014 revised and 2015 provisional', 28 September 2016, figure 1; ONS dataset, 'RPUBI Regional labour market'; Sarah O'Connor, 'London and the southeast see fewer public sector job losses', FT, 19 February 2015.

[54] David Blanchflower, 'The North is still not feeling this recovery—and the Conservatives are likely to pay for that at the polls', *Independent*, 24 February 2014; Andrew Haldane, 'Whose recovery?', text of speech given in Port Talbot, 30 June 2016, p. 9.

Regional economic disparities grounded in successive rounds of uneven development and biased official policy are not peculiar to Britain. As David Harvey has written, 'capitalism *is* uneven geographical development'—and, if anything, becoming more so. The era of neoliberal globalization multiplied opportunities for 'the uneven insertion of different territories and social formations into the capitalist world market'.[55] As regulatory powers are stripped away, wealth is becoming more and more concentrated in the hands of the opulent few. The Organisation for Economic Co-operation and Development, mouthpiece for free-market economies, notes that 'while gaps in GDP per capita across OECD countries have narrowed over the last two decades, within their own borders countries are witnessing increasing income gaps among regions, cities and people.' Such is the common pattern. Davos is looking nervously over its shoulder as the popular backlash intensifies.[56]

Yet Britain is indeed a special case of uneven development within the Europe on which its voters were invited to express their verdict in 2016. The astonishing fact is that the UK is more lopsided economically than Italy, despite its notoriously incomplete Risorgimento; than Spain, with its historic polarity of Catalan–Basque industry and Andalusian *latifundia*; than Germany, where a quarter of a century after reunification GDP per head in the East was still only two-thirds of that in the West; than France, enshadowed by a metropolis great enough to warrant comparison with its cross-Channel neighbour. At sub-regional level, output per head is eight times higher in inner west London than in west Wales and the Valleys, the largest difference to be found in *any* EU member state from Bantry Bay to the Dniester.[57]

So it is that a former regional-policy advisor at the European Commission can observe that 'the economic geography of the UK nowadays increasingly reflects the patterns typically observed in developing or former-transition economies rather than in other advanced economies.' In several peripheral European states—Ireland and Portugal in the far west; the Czech Republic, Hungary, Poland, Romania and Slovakia to the east—only the capital-city region achieves output per capita above

[55] David Harvey, *Spaces of Global Capitalism*, 2006, p. 115; 'The Geography of Class Power', *Socialist Register* 34, 1998, p. 49.
[56] 'OECD Regional Outlook 2016', 11 October 2016, p. 19; 'The Global Risks Report 2016', World Economic Forum, 14 January 2016, pp. 40–1.
[57] 'Eurostat regional yearbook: 2016 edition', 14 September 2016, p. 118.

the EU average.[58] The UK is richer, but its long-run development, aside from the short Victorian interlude of factory capitalism, has been similarly monocentric. Northwards redistribution of economic activity from London and the South has never featured high on the list of national political priorities. Today just 2 per cent of households in the North East feature in the top decile of wealth, set against 22 per cent in the South East and 18 per cent in London. Under the Cameron coalition, median household wealth in London increased by 14 per cent, while it fell 8 per cent in Yorkshire and the Humber.[59] The real average jobless rate was last clocked at over 11 per cent in the two most northerly English regions, rising above 16 per cent in the worst blackspots, compared to just 3 or 4 per cent in large parts of the South. At the bottom end of the income ladder, very high deprivation looms largest in a quintet of northern boroughs: Middlesbrough, Knowsley, Hull, Liverpool and Manchester. The South East, of course, has problems of its own. Gentrification is taking the edge off the poverty statistics for east London, but out in the sticks, forgotten Jaywick on the Essex coast is England's single most destitute neighbourhood.[60] Nevertheless, the phenomenal amount of wealth sloshing around the capital does much to shield the London commentariat from the degradation of outer regions, flattering to deceive that government economic policy is working for the country at large. 'I'll tell you what's at stake', warned George Osborne, a millionaire Londoner, as the referendum loomed: 'the prosperity of the British economy, people's incomes would be hit, the ability to provide for their families would be hit. We've not even talked about unemployment.'[61] His parliamentary seat was a Tory constituency in leafy east Cheshire, one of only four out of 38 areas across northern England where household income per head is above rather than below the national average.

The fall-out

Such was the setting in which the referendum on the EU delivered its verdict on the politics of spatial inequality in the G7's most centralized

[58] Philip McCann, *The UK Regional–National Economic Problem*, Abingdon 2016, section 1.1; 'Eurostat regional yearbook', p. 118.
[59] ONS compendium, 'Wealth in Great Britain Wave 4: 2012 to 2014', 18 December 2015, pp. 7, 43–5.
[60] Christina Beatty et al, 'The Real Level of Unemployment 2012', CRESR, September 2012; Department for Communities and Local Government, 'The English Indices of Deprivation 2015', 30 September 2015, p. 3 and table 3.
[61] *Independent*, 8 June 2016.

state. Brexit's margin of victory climbed to an unequivocal 56:44 across northern England. The strongest Out vote in the North West came in the deprived seaside resort of Blackpool, which has suffered the greatest financial loss from government welfare cuts of any local-authority district. Leave swept through the Pennine mill towns—at either extreme: Burnley 67 per cent; Bradford and Bury both 54 per cent—and the former heavy-industrial and coal-mining communities of west Lancashire and south Yorkshire (Wigan 64 per cent, Doncaster 69 per cent). The Tyne, Wear and Tees also registered strong protest votes, particularly the former shipbuilding town of Hartlepool (70 per cent) and Redcar–Cleveland (66 per cent). Redcar had lost its steelworks—including the second largest blast furnace in Europe—and 3,000 jobs the previous October, when Thai multinational SSI pulled out and the Cameron government refused to renationalize it.

Towns where the number of EU migrants has been rising quickly were more inclined to vote Leave—for example farm-working and food-processing Boston in the East Midlands, which posted the strongest 'Out' vote in the country (76:24). But many others that leant heavily towards Brexit have seen few arrivals from the Continent. Only 2 per cent of residents in Hartlepool were born elsewhere in the EU; in Stoke-on-Trent, centre of the decimated Staffordshire ceramics industry, 3 per cent.[62] Yet these depressed localities, like Jaywick's district, voted about 70:30 for Leave. In the eviscerated West Midlands, only the affluent Warwick district bucked the Brexit trend. The rhetoric of Leave was anti-immigrant; the anger that powered it to victory came from decline.

Most of the pro-EU holdouts in the North were located in the central service areas or wealthier fringes of the major conurbations. Leeds and Newcastle voted 'In' by a whisker. Whereas the student-heavy and commuter-village constituency of Leeds North West is estimated to have voted 65 per cent for Remain, on the council estates and terraced streets of Leeds East, disaffected working-class voters are reckoned to have been almost as vehemently for Leave.[63] Liverpool and Manchester, on the other hand, posted impressive Remain wins at the municipal

[62] ONS dataset, 'Population of the United Kingdom by Country of Birth and Nationality', 25 August 2016, table 1.1.

[63] Chris Hanretty's estimated breakdown of the vote by Westminster constituency, accessible from his 'Ward level results from the EU referendum', medium.com, 6 February 2017.

level—58 and 60 per cent respectively—and each brought with them a couple of fairly prosperous adjacent local authorities, reducing the scale of Leave's victory in the North West. Manchester, however, offered an extreme example of the coolness of pro-EU sentiment, its turnout 12 percentage points below the national average. Furthermore, the Greater Manchester conurbation overturned its core borough to produce an overall majority in Leave's favour. The only other Remain islands were the Yorkshire spa and university towns of Harrogate and York, and a prosperous patch of rural Cumbria. Sheffield, the former Steel City and the North's third largest primary urban area, followed the rest of south Yorkshire into the Brexit camp by a margin of 5,000 votes. 'For a lot of people it was a vote against London, "them down there",' explained Clegg, who represented Sheffield Hallam while living in Putney.

In the *Guardian*, another megaphone of the Remain establishment, Gordon Brown found the gall to lament, after the fact, that 'it was a revolt of the regions—northern industrial towns hit by wave after wave of crushing global change—that pushed the Brexit vote over the edge.' For the FT he struck a more aggressive, unashamedly pro-globo note. 'The real division is between those who would support a well-managed globalization and those who oppose coordinated action', he explained. The EU was a beacon of 'the international cooperation essential for inclusive growth', and it was a tragedy that 'the semi-skilled workers of towns like Burnley, Hartlepool, Wolverhampton and Hull were Leave's newest recruits. Paradoxically, those worst affected by the ills of globalization voted against what was a partial cure.'[64] A chancellor who could claim the business cycle was a thing of the past could hardly be expected to register accelerating inequality in the Eurozone.

From referendum to election

The referendum defeat forced Cameron and Osborne out of office, to be replaced by a couple of tepid Remainers. Theresa May and chancellor Philip Hammond come from a less stratospheric social orbit than their predecessors, but they are just as narrowly bounded by the comfortable Home Counties. One progressed from a Cotswold vicarage to an analyst job at the Bank of England; the other was a jack-of-all-trades

[64] Gordon Brown, 'We need a Brexit deal that heals the North–South divide', *Guardian*, 8 November 2016; 'Leaders must make the case for globalisation', FT, 17 July 2016.

entrepreneur in Thatcher's Essex. Contemporaries at Oxford, they sit for well-off constituencies in the London commuter belt, though May did prior national service in the Tory cause by contesting a Labour seat in County Durham.

On the face of it, an opposition now led by two veteran London MPs, neither of whom had ever shown much concern at Labour's centralist mould, might have seemed little better placed than a government of shire Tories to rally public opinion against the dominance of the capital, even if shadow chancellor John McDonnell was born in working-class Liverpool and represents a pro-Brexit outer London seat. Proposing the introduction of regional development banks to improve lending to small businesses, McDonnell pledged at best to divert some infrastructure spending from London to the provinces so 'that no government can ever again bias its own investment plans so heavily against the majority of the country';[65] while the centre-right leader of Labour in Scotland, Kezia Dugdale—championed by Brown—got the party to accept a Constitutional Convention to examine options for 'extending democracy locally, regionally and nationally', to ward off another SNP bid for independence. Of course, if Labour's regional policies were modest or studiously vague, the Conservatives' hardly figured at all. Depressed areas reduced to reliance on volunteer food banks were offered circuses in place of bread: a 'Great Exhibition of the North' echoing not so much the imperial Victorian pageant of 1851 as the compensatory Festival of Britain promoted by Attlee in bomb-damaged austerity London a century later.

With no choice but to heed the Brexit result, May attempted to make a virtue of necessity by rhetorically placing herself at the service of the struggling low- and middle-income voters in the regions who effected it. At the autumn Tory party conference, she acknowledged the widespread anger at London's soar-away wealth and admonished the Bank of England for the divisive effects of its emergency monetary policies: 'People with assets have got richer. People without them have suffered.' The new prime minister was committed to 'shifting the balance of Britain decisively in favour of ordinary working-class people'. This populist script was credited to joint chiefs of staff Nick Timothy and Fiona Hill, advisors billed as affording May a portal into provincial working-class experience.

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[65] Jonathan Walker, 'Labour will impose laws ensuring North East gets a fair share of spending', *Chronicle*, 7 February 2017.

While Cameron had peddled his own fairness agenda and tried in vain to repackage the Tories as the real workers' party, agreeing a truce with the unions ahead of the referendum, May's oratory had a conflictual bite to it absent from her predecessor's. She would be Brexit's guarantor against backsliding by 'the privileged few'. The mass-market end of the bourgeois media hailed a clean break with metropolitan elitism: the lessons of the referendum had been learnt.

In practical terms, there was less to differentiate the first May government—holding office prior to the 8 June 2017 general election—from Cameron's regime beyond the rupture of Brexit. Whitehall was at a near-standstill, its energies consumed with the technicalities of EU withdrawal. May's signature domestic promise was to lift restrictions on academic selection in English state schools in the name of a Great Meritocracy. A logical extension of deregulatory measures enacted by the coalition, the return of grammar schools would consolidate the grip of middle-class crammers on the state sector while leaving elite private schools untouched. As for what passed for regional policy, the Northern Powerhouse fell out of favour when May sent a disgraced Osborne packing, but a New Labour plan for a high-speed rail link between London and the provinces—allowing corporate managers to shuttle between headquarters in the capital and back-offices 'near-shored' to lower-wage areas—was retained.

Osborne had threatened voters with a punishment budget if Leave won the referendum. Instead May indicated that austerity might have to be scaled back in the interests of national economic stabilization. By postponing elimination of the budget deficit to 2025, a delay Osborne himself had conceded was inevitable, Hammond created headroom for extra borrowing to boost infrastructure spending and meet the costs of any future slowdown. The administration also called a halt to Osborne's public flogging of working-class welfare claimants, ruling out further cuts to allowances beyond those already planned, softening a £3bn reduction of universal credit—an amalgamation of six existing means-tested benefits, including the dole—and pledging 'full support' for people with the most severe chronic health conditions and disabilities, no longer compelled to undergo regular medical re-examination in order to qualify for Employment and Support Allowance, the sickness-related unemployment benefit depicted in Loach's *I, Daniel Blake*.

But since the economy weathered the initial referendum shock better than anticipated—borrowing costs held down by extra credit loosening, including another dose of QE; the Bank of England assuring the financial markets that it would take 'any additional measures required' to protect their interests—Hammond pressed on with implementation of Osborne's spending settlement of November 2015. This had scheduled a further 18 per cent decrease in most day-to-day departmental expenditure by 2020 and taken another £12bn out of the welfare system. The benefits payable to new ESA recipients deemed capable of some work-related activity were docked by 28 per cent at the start of the present financial year, one of a raft of Osborne-era cuts waved through by the sponsors of a supposedly more compassionate Conservatism.

Still, following the capture of the Brexit surge for the right by the dissident Tories who dominated the Leave operation, by spring 2017 the Conservatives had opened up a 20-point lead in the opinion polls, and the temptation of a snap election to swell their majority proved in the end irresistible. For the first time since taking Britain into the Common Market in the name of economic modernization, the Conservatives stood on a platform of unadulterated Euroscepticism. Bowing to the logic of the Leave campaign, May prioritized immigration controls over membership of the single market and customs union, espousing a civic gospel with overtones of anti-globalization nationalism: 'If you believe you're a citizen of the world, you're a citizen of nowhere.' Her berating of would-be saboteurs of Brexit on both sides of the Channel put British patriotism into fuller use than at any time since the late-imperial spasm of Thatcher's foray into the South Atlantic. One year on from the referendum, support for complete severance from the EU implied a vote for the country's traditional party of government.

If hostility to Brussels and immigrants from any point of the compass had really been the underlying drivers of the vote for Brexit, May's hard-line posture would have merited a Conservative landslide on 8 June. And the general election did demonstrate a large constituency of opinion for her position. Despite a shaky campaign, she increased the Conservatives' share of the popular vote by 6 percentage points compared to that achieved by Cameron two years ago. At 42.4 per cent, May's performance equalled Thatcher's in 1983, and exceeded Major's in 1992, when the absolute size of the Tory vote hit an all-time high. Conservative

confidence in a spectacular victory rested in good part on the collapse of the United Kingdom Independence Party, a right-wing anti-EU protest vehicle which lost its *raison d'être* with last year's Brexit success. Its eclipse released 3.3 million ballots into the electoral mix, to which May had prior claim. More UKIP voters had defected from the Tories than from Labour, and in 2017 more of them decamped to the former—57 per cent switching to May's Conservatives, her consolidation of the political right around the promise of a hard Brexit gaining traction as intended in certain strongly pro-Leave constituencies.

A 4 per cent swing was sufficient to enable the Tories to overtake Labour in Middlesbrough South and East Cleveland—a mixed urban-rural constituency at the bottom of a red bloc stretching up the ex-industrial North East coast—where two in three people voted 'Out' last summer. Swings of 6 to 7 per cent secured from Labour the deprived West Midland seat of Walsall North—it posted the UK's highest Leave vote (74 per cent) after Lincolnshire's Boston and Skegness, already in Tory hands—and Mansfield in the former Nottinghamshire coalfield which had always been a bastion of right-wing trade unionism. Having launched her manifesto in a former carpet factory in the west Yorkshire town of Halifax which voted 58 per cent for Leave and where the Labour incumbent had a majority of just over 400,[66] May bet on replicating such gains across the Midlands, the North and Wales. Her expectations were comprehensively dashed. In Halifax, Labour more than decupled its slender majority, elsewhere wresting four other milltown constituencies from the Tories. In the depressed east-coast fishing town of Hull, a constituency which is estimated to have voted 73 per cent Leave in the referendum—the highest proportion in any northern seat—awarded the Tory candidate 5,000 more votes than in 2015, but support for the Labour incumbent also rose; less so, but enough to preserve his seat comfortably. In all, May gained a grand total of only three seats in the North and four in the Midlands.[67]

[66] The site chosen, Dean Clough Mills, closed in Thatcher's recession to be redeveloped as a business park and arts complex by a Bolton-born textile and property magnate. Dean Clough is exceptional: of the 1,500 textile mills still standing in the West Riding, 1,350 remain underused or vacant: 'Engines of Prosperity: new uses for old mills', Historic England (a state-sponsored quango), 30 June 2016, p. 2.

[67] The only Conservative gains in the North other than Middlesbrough South were genteel Southport in the Merseyside suburbs, from the Lib Dems, and Copeland in west Cumberland, home to the Sellafield nuclear complex, already won from Labour in a by-election four months earlier.

By contrast, the central fact of the election was the counter-performance of Labour, whose share of the vote under Corbyn surged by a third, rising to a full 40 per cent—three to four points more than Cameron when he won the elections of 2010 and 2015, and five points above Blair when he was re-elected in 2005. It was a famous surprise. Corbyn had spent the better part of two years being pilloried, not least by his own parliamentary party, as the worst leader in Labour's history, a hapless figure of derision, putting off voters high and low. But twice elected by large, enthusiastic majorities of party members galvanized by his outspoken left-wing record, and with the dynamism of his supporting organization Momentum behind him, the Labour leader made effective use of social media to bypass the universal hostility of establishment channels. Blairite critics muted and broadcasters obliged to give him airtime, Corbyn fought a remarkable campaign, outmatching May on television and in the streets, to add 3.5 million votes to Labour's tally under Miliband in 2015, as turnout rose to its highest level in two decades.

Seats were captured from the Conservatives in all regions of England, but it was the North that yielded most gains—a third of the total. In Stockton South on Teesside, Labour ousted Cameron's Minister for the Northern Powerhouse. It tightened its grip on the major northern cities by toppling Nick Clegg in Sheffield and another Lib Dem in Leeds. Cameron's old coalition partners were left with only one seat in the North, Clegg's ineffectual successor as party leader, Tim Farron, clinging on in the Cumbrian countryside. While the Tory shires held fast for May, Corbyn picked up southern constituencies from Plymouth in the west to Canterbury in the east—both districts having large student populations—as well as a quartet of seats in the capital. He won 27 English seats in all, largely at May's expense, achieving a net gain of 21. A similar jump in Labour's popularity saw the party make three gains from the Conservatives in Wales. There was also some Labour revival in the central belt between Glasgow and East Lothian, where Blairite Scottish Labour had been deservedly routed by the SNP in 2015.[68] May needed a dozen gains from the SNP, mostly in north-east Scotland and the Borders, to mitigate a dismal showing in England, where, as in Wales, Labour's vote share increased by twice that of the Tories. The prime minister suffered a net loss of 13 seats to leave her party with 318 MPs, four short of a working Commons majority.

[68] Gains by broad region: North nine, South seven, Scotland six, Midlands four, London four, Wales three, East three. Losses: Midlands four, North two.

The key to Corbyn's success lay in the platform on which Labour ran—a roll back of regionally inflected Conservative–Liberal austerity, to be funded through redistributive taxation falling squarely on the London elite: higher income tax on the wealthiest 5 per cent, a levy on City financial transactions and reversal of Osborne's giveaways to cash-rich corporations. Fiscal redress to finance social expenditures, creeping re-nationalization of certain public utilities and railways (unthinkable in the EU), abolition of university tuition fees—imposed by Blair in 1998 and trebled to £9,000 a year in England by the coalition amidst mass student protests in 2010—attracted former non-voters and young millennials who have come to maturity when neoliberal ideology is no longer so unquestioned, and possess every reason to vote against the Conservatives' degrading of welfare provision and further education. Corbyn's acceptance of the referendum verdict—drawing a barrage of protests from pro-Remain media in London—stemmed a potential outpouring of aggrieved Leave voters, but Brexit trailed far behind the health service and spending cuts in the priorities of Labour's 12.9 million voters.[69]

In social terms the first indications are that Labour retained its lead among semi-skilled, unskilled, casual and unemployed workers (D, E), winning 44 per cent of their votes according to YouGov, against 41 per cent for the Conservatives. (An alternative poll suggests a 12-point gap between the parties in Labour's favour.) Skilled manual workers (C2), on the other hand, continued to lean towards the Tories: at 47 to 40 per cent, a slightly higher margin (+2 points) than in the previous election. Labour meanwhile has edged in front for middle- and lower-middle-class (C1) voters, among whom Cameron had enjoyed an eight-point advantage—Labour's softer line on Brexit a possible factor. Similarly, it halved the Conservative lead among the professional and managerial classes (A, B) from 16 points to 8. Most strikingly, Corbyn won the support of two-thirds of an energized 18–24 year-old cohort, and over half those aged 25–34, leaving the Conservatives ahead among electors aged 45 and older.[70]

Ukania's deepening crisis

The upshot of the general election thus appears twofold. First, an enfeebled Conservative government now has to be propped up by the

[69] 'How did this result happen?', Lord Ashcroft Polls, 9 June 2017.
[70] 'How did this result happen?', Ashcroft Polls.

defenders of Ukania on the troubled Celtic fringe. May's Commons majority hinges on the 13 seats won by the Scottish Conservatives and the ten supplied by Northern Ireland's Democratic Unionist Party, a Free Presbyterian-Orangeist grouping combining anti-Catholic bigotry, all-round social conservatism and low-tax, free-market economics.[71] The threat to Ukania from a weakened SNP has somewhat receded but the politics of Irish partition now loom larger, with Whitehall no longer able to feign a position of honest broker in talks between the DUP and republicans over the resumption of power-sharing devolution in Belfast. Even granted the support of Northern Irish Protestant ultras, May is only a few by-elections away from complete legislative impotence.

Second, Labour under a socialist-inclined leadership, distinctly radical by recent British standards and backed by a growing non-parliamentary left, has made its first Commons gains in a general election in twenty years. Corbyn and McDonnell have emerged greatly strengthened *vis-à-vis* the parliamentary party. Their progress is powered by the same dynamic that lay behind the Leave victory. These two voter rebellions have charted the enormous extent of anti-establishment feeling accumulating in long-neglected regions and localities. Countrywide, the victory of Brexit in 2016 was compounded of different elements, among them unquestionably hostility to immigrants and nostalgia for empire. But that it was not just a xenophobic outburst, but more decisively a deep social protest against the cumulative socio-spatial wreckage left by the neoliberal regimes of 1977 onwards, stands clear from the election of 2017. In response, May offered only verbal gestures and placebos, banking instead on traditional chauvinism in the belief—shared by virtually the entire liberal establishment—that it was the dominant force in the Brexit vote. Whereas Corbyn and McDonnell, with the aid of Seumas Milne, strategist of the campaign, understood its larger meaning, and responded with an unprecedented call to start a roll-back of the Thatcherite settlement. There is still some way to go if Labour's traditions of regional insensibility are to be overcome, but fewer obstacles may now lie in the path. Against every prediction, the election

[71] The DUP rallied to the defence of universal welfare entitlements and the state pension in its latest manifesto, but previously sided with Osborne against Sinn Féin in a standoff over implementation of the Westminster coalition's benefit cuts. Cash transfers extracted from May will have more to do with backroom clientelism than anti-austerity politics.

demonstrated Corbyn's ability to mobilize large numbers of young voters and draw in support from a broad social spectrum. Never before has the British left had so much electoral wind in its sails, nor a leader anything like as sympathetic towards it. Corbynism is in the process of demolishing the New Labour pillar of the Westminster consensus, leaving its Conservative equivalent exposed.

Starry-eyed euphoria at this turn of events would be premature, to say the least. The Labour machine is still largely in the hands of hardened trusties of the right. Corbyn remains a Commons outsider who could barely muster a functioning front-bench team out of a hostile parliamentary group. His leadership can count itself fortunate it was not suddenly propelled into office, for which it lacks any preparation. Far more than any Old Labour government before it, a Corbyn administration in Downing Street today would constitute 'an isolated, spot-lit enclave, surrounded on almost every side by hostile territory'.[72] Like the Brexit vote, an outright Corbyn victory could not have been other than politically chaotic and destabilizing to British capitalism. But that prospect did little to dampen its popular appeal. A welcome development: the business press has every reason for alarm.

Westminster ballots ought to be safer devices than referendums, but the governing elite won't hazard its interests in any kind of popular vote again lightly. Yet this presents a problem, since the United Kingdom has of late been managing rising political tension only through frequent references-back to the people: an unprecedented eleven referendums at UK or devolved-nation level since the collapse of the post-war boom in the early seventies, not to mention two general elections in as many years. Thomas Carlyle wrote, after the 1842 Chartist general strike emanating from Manchester, of a 'fatal paralysis spreading inwards, from the extremities'.[73] Today it is the North's political malaise, less active and articulate than tumultuous Scotland, which transmits itself to an immobilized Westminster. May's attempt to drape a Union Jack over Ukania's schisms met with some success in Scotland where anti-independence opinion has rallied, but failed to conceal the yawning gap between England's two halves. The North resolutely declined to fall into line behind a pro-Brexit but pro-austerity administration. The rough

[72] Perry Anderson, 'Origins of the present crisis', NLR 1/23, Jan–Feb 1964, p. 49.
[73] Carlyle, *Past and Present*, London 1870 [1843], p. 9.

treatment meted out to rustbelt regions over forty years of Thatcherism has inadvertently blocked off the option of a second referendum to forestall the impending farewell from Brussels, and now seriously undermined the ability of the Conservative establishment to carry on the business of Her Majesty's government. Britain's ruling institutions, and the City-centred capitalism they superintend, suddenly find the weight of the North heavy around their necks.

14 June 2017