

Business has been a bystander to Brexit

*In 2016, while pro-Brexit voices characterised the vote as a stand-off between ordinary people and the elite, a striking feature of the campaign and its aftermath is the limited role played by one important elite actor, namely business. Why was business a bystander to the Brexit process, ask **Magnus Feldmann** and **Glenn Morgan** (University of Bristol)?*

The absence of business in the referendum campaign is surprising since it had been very active in the 1975 referendum on Britain's membership in the European common market, not only supporting the broader campaign but also working hard to convince its own workforce to vote for staying in. In 1975 many large firms created Mr Europe positions. Their role was to ensure individual workers got the pro-European message through company publications, meetings and posters. In the intervening years access to EU markets and supply chains had become an integral part of many companies' business models, so companies had more to lose than in 1975. Yet the involvement of individual businesses in 2016 was much more limited. When the CBI suggested something similar to the Mr Europe phenomenon in 2016 and that businesses should communicate with their employees about the need to support Remain, this was [met with outrage](#) by Brexit supporters. Many businesses declined invitations to get involved, either stressing their neutrality or restricting themselves to rather tepid statements or signatures on petitions.

The business case for Remain was led by collective bodies such as the Engineering Employers Federation and the Confederation of British Industry, which reported that their members were predominantly [in favour of Remain](#). Even at this level, there was no unanimity; the Institute of Directors declared its neutrality [even though the majority of its members were in favour of Remain](#). At the British Chambers of Commerce which represented small businesses, the Chief Executive [spoke in favour of Brexit](#) even though the majority of its members supported [Remain](#). The most notable exceptions to this passivity were a relatively small number of pro-Brexit business leaders, such as Tim Martin from the Wetherspoons pub chain, James Dyson of Dyson Electrics, Jim Ratcliffe of Ineos and Lord Bamford of JCB who were actively involved with the Brexit campaign and provided financial support. But why did business play such a limited role in the referendum?



Virgin Trains Pendolino Image by Elliott Brown (CC BY-NC-SA 2.0).

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It is well established that business tends to favour 'quiet politics' or attempts to influence politics behind the scenes by lobbying or providing technical advice to politicians and regulators. In such circumstances, business tends to be successful at exercising influence. Referendum campaigns are examples of 'noisy politics' associated with intense public scrutiny and mobilization, weakening the impact of traditional channels of business influence. However, given that business was very active in the 1975 referendum, why did it play such a limited role in 2016? In a [recent article](#), we compare the two referendum campaigns and show that several factors can explain the limited business involvement in 2016.

First, in 2016 business was concerned that intervention might backfire. In 1975 the business case for Europe resonated with broader social and political concerns about modernizing the British economy. By contrast, in 2016 EU membership was a part of the status quo and harder to portray as a new solution to social or economic problems. When collective bodies such as the CBI and the EEF raised business concerns, this became easily labelled as 'Project Fear', supposedly an elite effort to make exaggerated claims about the dire consequences of Brexit. Therefore, businesses feared that high-profile interventions could alienate customers and other stakeholders and be seen as reflecting their narrow self-interest rather than legitimate concerns for the common good.

Secondly, because of changes in British capitalism business was less homogeneous in terms of its social composition and economic interests, making it harder to identify common causes. Individual businesses tended to focus on short-term concerns driven by shareholder value considerations; individual lobbying on behalf of their special interests was common, but there was less involvement in collective endeavours with other firms. Therefore, businesses had weaker capacities to coordinate around common goals in 2016 than in 1975.

Finally, there was also a certain insouciance. Unlike the 1975 referendum, the Conservative Party, traditionally viewed as the natural party of business, was in power. Prime Minister David Cameron and Chancellor George Osborne were emphatically pro-business. Given the strong Conservative majority in parliament, business did not perceive any challenges to their core activities. In 1975, business worried about the threat of the Labour Left and the trade unions, along with their well-developed plans for an Alternative Economic Strategy based on nationalisation and directive planning, which joining Europe would help contain. In 2016, trade unions were weak, and the Labour Party had embraced business-friendly policies through the Blair and Brown years so that even the recent election of the left-wing leader Jeremy Corbyn did not seem a great threat. Besides, in the light of some poll numbers, business may also have believed that Remain would ultimately eke out a victory, as in the Scottish independence referendum of 2014.

After the referendum, business still faced a dilemma. The practical consequences of Brexit were still unclear. Nobody knew whether there would be a No Deal or Hard Brexit or even a Soft Brexit along with membership of the European Customs Union or the Single European Market. In theory, this meant that business could influence the government to move towards a softer Brexit and, above all, avoid the No Deal scenario. However, the factors constraining business during the referendum were still important. Brexit was still 'noisy politics', and the Brexiteers were determined to keep it that way, raging against the doomsters [and gloomsters](#) who warned against the consequences of Brexit.

The fear of being labelled as self-serving and as not respecting the outcome of the referendum was reinforced by the less accommodating stance towards business by Theresa May and her entourage, which weakened the scope for [lobbying and informal business influence](#). The May government wanted to project a less business-centric image, with May's [first speech](#) in front of 10 Downing Street stressing an agenda focusing on social justice. A more strident example is Boris Johnson's alleged response to a query about business reactions to the Brexit talks: '[F**k Business](#)'. While there was universal concern among businesses about the uncertainty surrounding Brexit, there was less agreement on the best way forward. Instead of speaking out, many internationally oriented businesses, including financial institutions, focused on adjusting their business models and moved some activities to other EU countries.

While the Johnson government's stated goal of building a 'Global Britain' which is open to the world and creates new opportunities for business is often repeated, the details remain murky and overshadowed by the pandemic. It is unclear whether this vision can be translated into a policy agenda that could help overcome the legacy of the Brexit process. Unless this can be accomplished, it will be difficult to restore the Conservatives' reputation as the natural party of business. A permanent weakening of this alliance would remove one of the traditional channels of business influence in British politics and might even lead some businesses to take another look at the Labour Party, as many of them did in the heyday of New Labour.

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