

**DEMOS VETO AND DEMOS EXIT:
THE NEOLIBERALS WHO EMBRACED
REFERENDA AND SECESSION**

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It is a commonplace in critical scholarship to describe neoliberalism as ‘profoundly anti-democratic’ (Harvey 2005: 205). This usually means one of three things. First, it may imply that the *neoliberal theories* of writers like F. A. Hayek, Milton Friedman, and James M. Buchanan underplay the importance of majoritarian will formation or decision-making through representative democracy, treating it as functional at best, and a problem to be eliminated at worst (Brown 2019; Cornelissen 2017; Irving 2018; Mirowski 2013; Plant 2010; Son 2020). Second, it may mean that putatively *neoliberal institutions* (‘non-majoritarian’ or ‘guardian’ entities like independent central banks, the European Union, international investment law, the World Trade Organisation or the International Monetary Fund) remove policy areas from contestation by democratically-elected legislatures. Instead, they are shifted into either a technocratic space of expert assessment and rules or an executive space of exception and emergency (Best 2018; Chorev and Babb 2009; Davies 2014; Fougner 2008; Ong 2006; Schneiderman 2008; Tzouvala 2018; Wilkinson 2019). Third, more generally, is the inference that *neoliberal norms* ascendant in a capitalist society erode the conditions for a broader democratic culture (of which voting is only one part) through mounting pressures of interpersonal competition, overwork, precarity, and personal indebtedness. This takes place alongside collectively disempowering discourses of market shame, inadequate creditworthiness, and responsabilisation (Brown 2015; Feher 2018; Giroux 2019; Lebow 2019).

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Some scholars see anti-democratic neoliberal institutions prefigured in the pages of neoliberal theory, thus merging the first two claims (Biebricher 2016; Bonefeld 2017; Dardot and Laval 2014; Farrant, *et al.* 2012; Gerber 1994; MacLean 2017; Slobodian 2018; Streeck 2014; Valdés 1995). Others combine the latter two claims by seeing the lack of public political engagement as both enabling – and encouraged by – the hiving off of decision-making to unaccountable organs of governance (Crouch 2004; Grewal and Purdy 2014).

Almost a decade ago, the political scientist Peter Mair posed a puzzle: if the era since the Cold War's end marked the unchallenged victory of democracy as a political system, why have the primary institutional innovations since then been toward insulating decision-making from majoritarian influence (Mair 2013)? In a range of ways, scholars have offered the same one-word answer: neoliberalism. Achille Mbembe expressed the strong version of the argument recently when he wrote that 'neoliberal globalisation is emptying nationalism, and indeed democracy period, of all real content, and shifting the real decision-making centers to remote places' (Mbembe 2019: 180). The contention about the anti-democratic nature of neoliberalism remained surprisingly untroubled by the twin shocks of 2016, when both Brexit and Trump triumphed through formally democratic means. Few contest that we continue to witness, in the title of a recent book, a 'neoliberal assault on democracy' (Dardot and Laval 2019).

Without disputing the basic validity of the above arguments, to which I have contributed myself, it is important to consider how an overly tidy equation of neoliberalism with anti-democracy leaves open critical questions. It obscures the diversity of neoliberal thought on the problem of democracy, which ranges from 'minarchist' designs for constitutional constraint to the 'anarcho-capitalist' abolition of representative government altogether (Biebricher 2019). It also tends to conflate democracy – in the fuller sense of democratic norms – with a pre-determined policy package of either social democracy or more progressive forms of socialism (Kolev 2019). Perhaps most importantly, as I argue in the following article, it renders invisible one of the most striking developments within neoliberal thought itself in the last twenty years: the embrace by some neoliberals of referenda as a means of political change, and the linked rise of what we could call neoliberal secessionism as a prescriptive form of radical grassroots politics.

After the Cold War, a core group of neoliberals in the public choice tradition responded to what they saw as the leftward tilt of supranational integration by seeking more rather than less democracy, albeit of a particular kind. In the process, they moved from the long-standing demand for what I call the ‘Demos Bound’ to an exploration of the referendum as a ‘Demos Veto’, before moving on to the possibilities for secession or a ‘Demos Exit.’ Understanding the turn to referenda and secession by key neoliberals like James Buchanan, Roland Vaubel and Charles Blankart – overlooked by scholars beyond a short piece by Thomas Biebricher (Biebricher 2015) – is essential to seeing how neoliberals rationalised and even participated directly in the nationalist revival of the 2010s. As we will find, some neoliberals were less invested in ‘undoing the demos’ (Brown 2015) than utilising it to their own desired ends.

Demos bound after Cold War’s end

The enthusiasm of some neoliberals for the referendum as a political tool had a specific historical context: the 1990s in the wake of the Cold War. The intellectuals, think tankers and policy-makers organised in the neoliberal flagship organisation of the Mont Pèlerin Society (Walpen 2004) did not bask in smug triumphalism after the collapse of East European communism. The Italian economist Antonio Martino, who would become a founding member of Silvio Berlusconi’s Forza Italia party, captured the mixed feelings of the neoliberals in his presidential address at the first MPS meeting after the Berlin Wall’s fall. ‘Socialism is dead,’ he said, but ‘statism is not.’ He named the three biggest threats that neoliberals still faced: environmentalism, public demands for state spending, and the European Community (Martino 1990).

Socialism had not vanished with the Cold War’s end, neoliberals believed – it had simply migrated. While neoliberal fears of ‘green socialism’ and ‘environmental imperialism’ (Plehwe 2014) remained consistent from the 1970s onward, and anxiety about state spending was evergreen, the targeting of European integration represented a shift of animus in neoliberal circles. Into the late 1980s, many neoliberals had still cultivated hope that European integration would be a net win. This was especially true from the time the *Single European Act* enshrined the free circulation of goods, services and capital in 1986, to the passage of the *Maastricht Treaty* in 1992, which included the commitment to a single common

currency. Neoliberals were much more skeptical of the latter, as most expressed a preference for parallel competing currencies or, like F.A. Hayek, in competing privately-issued currencies (Slobodian and Plehwe 2019). In his presidential address at the MPS conference in Tokyo in 1988, German economist and policy entrepreneur Herbert Giersch said that he hoped the completion of the internal market would ‘accelerate the work for reforms which have been on the agenda of some countries for a long time but have so far been repressed by what we call (with Milton Friedman) “the tyranny of the status quo.”’¹

Even if neoliberals disagreed about the form that European monetary unification should take, they shared Giersch’s belief that European integration could perform a salutary end-run around the ‘status quo tyranny’ of majoritarian accountability. Removing monetary policy from the hands of elected officials was necessary to decrease the translation of popular demands into inflation (Vaubel 1978). ‘A monetary constitution that binds the hands of government and the central bank’ (Bernholz 1986: 477) must be joined by a ‘fiscal constitution’ that obliged governments to balance their budgets (Buchanan 1988). On paper, the supranational European Central Bank and the deficit rule written into the *Maastricht Treaty* of 1992 seemed to fulfill the desiderata of market-friendly constitutional constraint.

The European Union’s non-majoritarian features would appear to make it a banner case of the neoliberal vision of Demos Bound. Yet, despite appearances, many contemporary neoliberals drew the opposite conclusion. Instead, they grew ever more concerned about what Buchanan, in 1990, called ‘regulatory Brusselisation’ and a move toward great centralisation and harmonisation of working conditions as a result of integration. Future MPS president Victoria Curzon Price warned of rising ‘Euro-socialism’, and members of the Bruges Group, formed by British neoliberals in 1989, raised the alarm about Jacques Delors’s plans for a ‘Social Europe’ (Slobodian and Plehwe 2019). Distressed that the ‘guardian’ institutions of the ECB, the European Commission and the European Council would change their mandate to safeguard expanded social democracy rather than deregulation and market competition,

¹ Herbert Giersch, ‘Individual Freedom for Worldwide Prosperity’, MPS Meeting, Tokyo, 1988, Hoover Archive, *Mont Pèlerin Society Papers*, Box 27.

neoliberals tried to figure out how to fend-off the revival of Leviathan in Europe. One of the solutions to which they turned was the referendum.

The demos veto against integration

The 1990s are often remembered as a time of consensus around liberal democracy and the move toward supranational integration in the form of the EU, NAFTA and the WTO. However, there were also moves in the other direction: down rather than up, out rather than in. The decade saw widespread discussions of neo-nationalism and populism that prefigured many of those that followed 2016. Some of the players were the same. The Italian Northern League (now just League) was formed in 1991. Both the French National Front (now National Rally), headed by Marine Le Pen's father, and the Austrian Freedom Party were highly visible in the early 1990s, opposing non-white immigration and celebrating the virtues of the ethnic nation. Elsewhere, Quebec's secession referendum came within a percentage point of success in 1995, and Switzerland moved against the current of integration by rejecting membership in the United Nations in 1986 and the European Economic Area in 1992.

The case of Switzerland rippled through neoliberal discussions in the 1990s (Biebricher 2015: 262). While the Swiss city of Geneva had a privileged place in the history of neoliberal reflections on international order for much of the twentieth century (Slobodian 2018), some neoliberals took an interest in Switzerland by the century's end for different reasons – and at a different scale. Recalling the mid-century fascination of founding Mont Pèlerin Society member, Wilhelm Röpke, with the decentralised federal structure of Switzerland (Solchany 2010), the landlocked country at the heart of Europe became a critical example of how grassroots democracy, rather than supranational governance, could be key to anchoring the competitive private market order. Key here were the elements of what one MPS member approvingly called Switzerland's status as a 'plebiscitary-representative democracy' (Blankart 1992). Swiss citizens can propose changes to the constitution through popular initiatives, all constitutional changes must be approved by referendum, and expansion of state spending is often subject to approval through referendum.

Referenda were not entirely foreign to the neoliberal arsenal elsewhere, too. Most notable here is the passage of Proposition 13 in California in

1978, which limited raising new revenue except by supermajority. In such examples of ‘taxpayer revolts’ (Buchanan Mar 1979), it was noted, voters tended to be wary of increased taxation. The economist Harold Demsetz pointed out at an MPS meeting in 1984 that referenda tended to work in the preferred neoliberal direction – by ‘restricting government growth.’ ‘The remedy may not lie in reducing the political power of the majority,’ he suggested, ‘to the contrary, the remedy may lie in making the unorganised majority more effective politically, at least relative to organised special interests.’² German economist and MPS member, Charles Blankart, expanded on the point in 1992 when he said that one could speak of the ‘collective veto function of the referendum,’ which helped solve the ‘principal-agent problem of government’ by allowing electorates to slow the expansion of revenue-creating power by policy-makers (Blankart 1992). Referenda could break the tendency of politicians to create ‘a coalition against the voters and taxpayers,’ public choice economist Bruno S. Frey noted later (Frey 1992: 216).

These public choice neoliberals believed that, when presented with isolated proposals for taxation, voters would perform what could be called a Demos Veto on the expansion of the fiscal state. In this sense, referenda could complement balanced budget amendments as a secondary tool of enforcing austerity. While the taxpayer revolts of the late 1970s appeared to neoliberals themselves as a rather isolated case of ‘libertarian populism’ (Caplan 2005), the ‘constitutional opportunity’ (Buchanan 1990) represented by European integration meant that the field was open for a creative rewriting of the rules.

The demos exit and the fragmentation hypothesis

Switzerland became a talismanic counter-point to Brussels for some neoliberals in a decade when scaling-down bore more promise than scaling-up. It was important that referenda could act not only as a means of checking government power or elite action but could also, in extremis, be used to create new jurisdictions through secession. In an example oft-repeated by neoliberals, the Jura canton seceded from Bern by referendum in 1979 (Vaubel 2014).

² Harold Demsetz, ‘Comment on Prof Buchanan’s Can Democracy Be Tamed’, MPS General Meeting, Cambridge, 1984, Hoover Archive, *Mont Pèlerin Society Papers*, Box 26.

Into the late 1990s and early 2000s, public choice neoliberals expanded on what one such figure – member of the MPS and the German Council of Economic Advisers, Lars Feld – dubbed with his co-authors ‘the fragmentation hypothesis’ (Feld *et al.* 2010). That is, that the multiplication of jurisdictions produced a salutary effect of tax and regulatory competition, whereby wealthy actors ‘voted with their feet’ and disciplined policy-makers into pursuing austere policies. As Feld wrote later, ‘the possibility of individuals (or of capital) to exit a jurisdiction [...] restrains the extent to which a government can tax its citizens excessively’ (Feld 2014: 232). Direct democracy and the related right to secession became key to their vision of ‘laboratory federalism’ (Oates 1999).

A locus of these discussions was the European Constitutional Group (ECG), formed in 1992, which included European public-choice economists (and MPS members) Blankart, Peter Bernholz and Roland Vaubel. One of the ECG’s most consistent demands was for an explicit right of secession in the European treaty, a feature that was absent until Article 50 was included in the *Lisbon Treaty* passed in 2007. While strategies for expressing discontent are usually captured by Albert Hirschman’s language of ‘exit’ and ‘voice’ (Hirschman 1970), these neoliberals pointed out accurately that this did not account for the possibility of collective exit in the form of partition or secession. Buchanan referred to secession as ‘internal exit’ in 1987 (Buchanan and Faith 1987). Rather than voice or exit, the right to secession through majority vote could perhaps be better described as ‘voice to exit,’ or the ‘Demos Exit.’

For the neoliberals, a great feature of referenda is how they could be used to address the very charge around which this article is framed: that neoliberalism is anti-democratic. The Demos Exit confronted a lacuna in the neoliberal treatment of democracy. On the one hand, neoliberals credited democracy instrumentally as the best system for ensuring a peaceful transition of power. On the other hand, they tended not to look too closely at what precisely the secret of that continuity was. The keyword of legitimacy is remarkably rare in the texts of neoliberals. By the turn of the millennium, it was becoming harder to ignore this problem. The rolling protests that met gatherings of the WTO, the IMF and the G-7 from the late 1990s onward suggested persistent discontent with what many perceived as the anti-democratic features of global economic governance (Slobodian 2018).

Institutions such as the WTO and NAFTA could be seen as democratically legitimate in that people had elected representative governments and those governments had signed trade treaties which partially ceded, or pooled, sovereignty. Yet the leap of scales seemed to be sufficient to raise popular ire, giving credence to the famous banner hung at the Seattle WTO protests in 1999 that showed 'democracy' with an arrow going one way and 'WTO' with an arrow going the other. Binding the demos, however effective in theory, seemed to court instability and popular discontent. In the 1990s and into the 2000s, neoliberals started to see how the Demos Veto and the Demos Exit could serve as solutions to the conundrum of democracy, potentially improving on a reliance on the Demos Bound or projects of legal 'encasement' (Slobodian 2018).

One important spokesperson of the new way of thinking was Buchanan, someone who had long been closely associated with projects of designing constitutional constraints. The central figure in the public choice tradition, Buchanan was known for his application of the tools of neoclassical economics to law. His vision of 'politics without romance' (Buchanan 1999) cast doubt on the possibility of public-mindedness as an altruistic virtue and assumed that politicians would seek to reproduce their own power through extending ever more privileges to their constituents, thus engendering fiscal crises and bequeathing burdensome debt to future generations. The constitutional balanced-budget amendment is often seen as the Buchananite policy prescription *par excellence* (Biebricher 2016). Yet, he found another tool in the referendum, about which he had been cautiously positive in the 1980s, and became increasingly enthusiastic during the 1990s. Especially related to Europe, Buchanan began to see the antidote to government failure not so much in constitutional design, but in competition between governments, while also noting the possibility of creating new jurisdictions through secession.

Buchanan dwelled ever more on the need to entrench the exit option in politics. He expressed the sentiment in a talk in Mexico co-sponsored by the Instituto Ludwig von Mises and Vancouver's Fraser Institute in 1995. 'The categorical difference between market and political interaction,' he said, 'lies in the continuing presence of an effective exit option in market relationships and in its absence in politics' (Buchanan 1995: 20). The collective form of the exit option was secession: 'The separate states, individually or in groups, must be constitutionally empowered to secede from the federalised political structure, that is, to form new units of political authority outside of and beyond the reach of the existing federal

government' (Buchanan 1995: 21). As Buchanan pointed out, some of the requirements had already been fulfilled by technology: 'When values can be transferred worldwide at the speed of light and when events everywhere are instantly visible on CNN, there are elements of competitive federalism in play, almost regardless of the particular constitutional regimes in existence' (Buchanan 1995: 27). The blackmail of exit was already a reality.

The emergent perspective of a cadre of neoliberals on the usefulness of referenda and secession came into focus in three presentations at an MPS meeting in Santiago, Chile in 2000. The first talk was given by Buchanan himself. He remarked that he just had spent two months as the Hayek Memorial Visiting Professor at the University of St. Gallen, in Switzerland from December 1999 to January 2000, and had heard much from his colleagues there in support of direct democracy. He endorsed referenda again as an added layer of constitutional protection insofar as they limited the capacity of elected representatives to tax and spend.

Apparently referring to California's Proposition 13, Buchanan observed that 'a proposal that would require tax increases to be approved by a majority vote in a referendum would surely be applauded by most classical liberals.' Proposing such referenda was an important opportunity for activist neoliberals to add additional constraints to policy-makers. He cited Bernholz, a member of the ECG, to the effect that 'constitutional reform does not emerge as if from nowhere' and required 'the efforts of political entrepreneurs, who must use appropriate constitutional strategy if they are to be at all successful' (Buchanan 2001: 240). Compellingly, he distinguished the embrace of a tool like the referendum as a feature that separated 'classical liberals' from conservatives: a willingness to experiment with new methods to arrive at the shared goal of 'stability' (Buchanan 2001: 241).

For Buchanan, the blessing of the referendum was the way it could refute the criticism that neoliberals were 'antidemocratic.' He compared two scenarios with a similar outcome: one in which new legislation requires a supermajority for tax increases, and another in which all tax increases require approval by popular referendum. Leftist critics could easily – and plausibly – condemn the first for being anti-democratic or, at least, counter-majoritarian. The latter, however, Buchanan pointed out, 'can be presented, straightforwardly, as extensions of democracy and democratic process. Opponents of such proposals can be challenged as if they are

furthering the interests of establishment elites, who remain fearful of the demos' (Buchanan 2001: 240). For 'strictly strategic considerations,' Buchanan wrote, one should be on the 'lookout [...] for those opportunities where the socialist or left-liberal cannot overtly oppose reforms on the 'antidemocratic' arguments' (Buchanan 2001: 241). Through its selective application, the referendum could be a means for neoliberals to turn the tables on the Left by unmasking them as the true opponents of the popular will.

Speaking after Buchanan, Bruno Frey deepened his analysis by returning to the example of Switzerland. The proposal to join the United Nations in 1986 had enjoyed the support of the leading voices in Swiss society, and yet was voted down by three-quarters of the electorate. In 1989, a vote to dismantle the Swiss military was opposed by elites, but passed anyway. Three years later, the pattern recurred when elites unanimously supported accession to the European Economic Area, and again the vote went down. Frey argued that 'the observations made for Switzerland are of great importance for all democracies', as they showed that the weapons of direct democracy could be used to break up elite power blocs. He used a public choice framework to argue that 'politicians in many countries form a close-knit group of people, clearly differentiated from the rest of the population.' They 'have an incentive to form a cartel against the ordinary citizens,' he wrote, as their livelihoods depend on 'rent-seeking' behaviour *vis-à-vis* the average taxpayer who pay their salaries.³

While neoliberals traditionally feared the capture of the state by the masses by means of the ballot box leading to supposed orgies of redistribution, Frey pointed out that policies were not the unmediated expressions of voter preferences. Rather, following insights of other public choice theorists, he suggested that elites may have one party in mind: the elites. What if politicians themselves were a class, or a 'classe politique' as he described them? He suggested in earlier work that even libertarian political theorists had not considered sufficiently that 'in democracies the politicians may establish a coalition against the voters and taxpayers' (Frey 1992: 216). They might form a common front to prevent the undoing of their security: 'The politicians united in a coalition also have an interest in blocking

3 Bruno S. Frey, 'The Future of Democracy: More Direct Citizen Participation', MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

constitutional changes which would hurt them by giving greater voice to the “outs,” the citizens’ (Frey 1992: 217).

In the case of politicians, there was a vested interest to prevent referenda which might dilute their power. Frey saw this ‘cartel’ supported by intellectuals who may not be formally part of government but shared an opposition to direct democracy, as ‘they consider themselves to be the better judges of what is good for the people than the citizens themselves.’ Frey found the common arguments deployed against referenda to be unconvincing. The proposition that average people were incapable of voting on single issues clashed with the usual praise that intellectuals had for the democratic process in electing representatives. Wasn’t it actually more straightforward to vote on a single issue than to speculate on how a politician might themselves vote on a range of issues in the future? Frey pointed out that referenda were also pedagogical processes as venues and outlets sprang up to inform the voters of the relative merits of each proposal. Lining up the evidence, Frey concluded that ‘referenda are a crucial constitutional means to restrict the cartel of the politicians against the ordinary citizens.’⁴

The third talk in Chile was given by Jesus Huerta de Soto, Professor of Economics at Universidad Rey Juan Carlos, and vice president and director of MPS from 2000 to 2004. As Buchanan had done in the past, Huerta de Soto fused the discussion of the Demos Veto with the Demos Exit. Consistent with his own self-ascribed ‘anarcho-capitalism,’ he was much more open than the others in his instrumental attitude toward democracy. He did not believe the use of referenda signaled any fidelity to the democratic process as such. ‘Our main goal as libertarians should be in the future,’ he said, ‘to strengthen free market liberalism, and not democracy per se.’ The question was whether referenda would deliver the goods: ‘in the final analysis, for a libertarian, the libertarian content of the political decision taken is much more important than the specific democratic procedure followed to reach that decision.’ Huerta de Soto made explicit here what often went unmentioned: that the neoliberal embrace of referenda was highly conditional on it moving in the direction of absolute private property rights, and minimal redistribution and state expenditure. The subtitle of his talk declared his proposal boldly, calling for ‘The Deconstruction of the State Through Direct Democracy.’

4 Bruno S. Frey, ‘The Future of Democracy: More Direct Citizen Participation’, MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

Referenda could be used over time to reduce the competencies of the law-making state itself.

Amid this process of would-be deconstruction, Huerta de Soto saw the need for a trapdoor. Because the results of a referendum might always tilt in a more redistributive direction, an exit option was necessary as a failsafe. Citing fellow anarcho-capitalist Hans-Hermann Hoppe, Huerta de Soto stated:

For a libertarian it is of the utmost importance to combine the political procedures of direct democracy with the effective existence of the right of secession of any minority that feels exploited by the result of any Referendum.

In turn, '[a]ny group or association of individuals should be free,' he wrote, 'to decide at any moment whether or not to be included in a state or political unit, to create a new one, or to be included in a previously existing one.'

In what direction might such secessions lead? 'The traditional nation-states are becoming more and more anachronistic,' he said, 'A political process based on combined direct democracy and effective secession could create in the 21st century' an entirely different world. He quoted Hoppe's prediction of

a world consisting of tens of thousands of distinct countries, regions, and cantons, and of hundreds of thousands of independent free cities such as the present-day 'oddities' of Monaco, Andorra, San Marino, Liechtenstein, Hong Kong, and Singapore, with the resulting greatly increased opportunities for economically motivated migration.

Huerta de Soto concluded his remarks by putting 'democracy' in quotation marks, saying that 'the most perfect "democracy" conceivable for the twenty-first century [is] that constituted by the process of private property and free market anarchism.' In this case, the Demos Veto was a means to the end of dissolving the Demos itself into an arrangement of private contract and exchange: a patchwork of competing jurisdictions where democracy itself was abandoned.⁵ In his dream scenario, the Demos would be conscripted into its own undoing.

⁵ Jesus Huerta de Soto, 'The Future of Liberalism: The Deconstruction of the State Through Direct Democracy', MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

Conclusion

Much justifiable attention has been paid to the neoliberal vision of putting ‘democracy in chains’ (MacLean 2017). Yet, designing constitutional constraints and disempowering majorities is only one side of the neoliberal approach to democracy, especially in the tradition of public choice. The other, explored by this article, is the possibility of using referenda to undermine state capacity or to provide a path to secession, what I have called a ‘voice to exit.’ The adoption of direct democracy seeks to discipline the Leviathan state – and the supranational treaty organisation – either by actual departure or the threat of departure from an existing jurisdiction. While the capacity of capital flight to punish redistributive states through the withdrawal of investment and savings is well-known (Shaxson 2019), the use of referenda to split a state or leave a treaty organisation is less well-studied.

Europe has offered a conceptual and literal space for the unfolding of new neoliberal conceptions of politics in the last half-century. In his talk in 2000, Frey noted that referenda were often criticised for preventing ‘the adoption of “bold new ideas”’ but wondered whether such ideas were not often technocratic proposals with tepid popular support. In the 1990s and 2000s, European integration was one such ‘bold idea’ susceptible to the charge of top-down anti-democratic technocracy. Frey reminded his audience that popular referenda had been used to decide entry into the EC in the 1970s (leading to a ‘yes’ from UK, Ireland and Denmark, and ‘no’ from Norway), as well as the *Maastricht Treaty* in the 1990s (‘yes’ from several countries and another ‘no’ from Norway). Within a few years of his talk, the tide of ‘yes’ votes reversed direction. Denmark and Sweden voted against adopting the Euro in 2000 and 2003. More importantly, two members of the Original Six – France and the Netherlands – voted against the European Constitution in 2005, leading to a suspension of further referenda and what was effectively a constitution-from-above adopted with the *Lisbon Treaty* in 2007. It looked like a case of a Demos Veto against the project of European integration.

Discontent with the EU escalated after the Global Financial Crisis erupted in 2008 and hit Europe the following year. There was much, often misguided anger in Northern Europe against the perceived fiscal sins of their Southern neighbors. Moreover, blame was largely laid at the feet of powerful leaders like German Chancellor, Angela Merkel, for having allegedly overstepped the legal limits of the monetary union through

rescue packages for countries like Greece and Italy. In Germany, political dissent of this kind coalesced around the Alternative for Germany (AfD) party, founded by neoliberal economists in 2013 and originally called 'Electoral Alternative (*Wahlalternative*) 2013' (Havertz 2019). While the Italian League modified its own demands away from outright secession, the AfD became the most successful party on the continent to argue for withdrawal from the EU through direct vote, and has since become the first far-right party to win election in to the German Bundestag in the history of the Federal Republic. Its founding members and expert advisory board included figures at the centre of the account presented in this article: Roland Vaubel and Charles Blankart. 'Each secession strengthens competition among governments,' Roland Vaubel wrote categorically in the year of the AfD's founding (Vaubel 2013: 293). Easily overshadowed by the successful Brexit vote or characterised as a purely xenophobic party, the AfD is one of the most important carriers of the neoliberal discourse of Demos Veto and Demos Exit.

To understand the mutations of neoliberal ideology since the end of the Cold War (Callison and Manfredi 2019), we need to see how the proposals for scaling-up economic governance in the form of the supranational institutions explored by scholars (Slobodian 2018; Streeck 2014; Tzouvala 2018; Anghie 2007) were also joined by proposals for scaling-down through projects of secession. The rise of Demos Veto and Demos Exit in neoliberal conversations in the 1990s and early 2000s provide evidence of a live and ongoing conversation among neoliberals about how democracy can be deployed, rather than simply being constrained and directed toward political ends. Consistent with attention accorded by other scholars to 'neoliberal democracy' (Konings 2017), 'the market's people' (Brandes 2019) and 'the sovereign consumer' (Olsen 2019), my focus on the Demos Veto and the Demos Exit explores the vision cultivated by some neoliberals of the state or supranational institutions as constraining, taming or suppressing democracy from the top-down, to be supplemented with new forms of agency being exercised from the bottom-up.

The neoliberal project is in a constant state of flux and adaptation. For this reason, our critical interpretations must be too.

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