

Brexit: A Victory for the Populist Right

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The British electorate issued a stunning rebuke to the establishment by demanding, by a surprisingly respectable margin, withdrawal from the European Union. Just weeks ago, this outcome was considered remote. For David Cameron and the Conservative mainstream, it was - or so it seemed - a clever gamble. Let the nativists of the right, the Tory backbenchers and the UK Independence Party bigmouths test their outsized claims to speak for Britain.

And should they fail, as most respectable opinion once confidently expected, they could crawl back into the corners of political life, isolated, discredited but grateful to have had their fifteen minutes of notoriety. The plebiscite originated as a transparent ploy to consolidate power, risibly camouflaged as a magnanimous concession.

And it blew up in Cameron's face.

The outcome is widely interpreted as a referendum on globalization, combining the impact of EU trade regulation with the fear of population movements from the European periphery and Southwest Asia; occasioned by the global recession and bolstered by the Schengen visa agreement that permits those who gain entry anywhere in the EU to move freely among EU member nations.

The reaction is, to put it bluntly, a toxic mix of little England racism and anti-establishment populism that, like all populisms, ransacks the grievances of the left and twists them into grotesque distortions. It pillories the ruling establishment, not alone for the austerity, the inequalities, the loss of security, the declining living standards that it alone imposed on the nation, but even more resoundingly for betraying the nation in partnership with but also in service to the unaccountable political and financial elites of Frankfurt and Brussels.

As George Monbiot rightly stated, the EU is a "festering cesspool of undue influence and opaque lobbying." But the handful of laws in health, safety regulation and refugee/asylum protection that the Brexiters have condemned are preferable to what the Conservative UK political class, unencumbered, would impose. And - most significantly - neoliberal devastation is entirely home grown. Unlike Greece it was imposed not in response to pressure from above but solely from within, by successive UK governments, both Conservative and Labour, answerable to the demands of British capital.

Across the globe, reaction was swift. Cameron resigned. Global markets tanked. And the far right throughout Europe were high fiving one another, stoking fears that similar referendums would debilitate the host. Europe is becoming ungovernable, and the right-wing nationalist tide is poised to

overwhelm the existing system.

The EU bureaucrats are unlikely to treat Britain more kindly than Greece. Although they have far less leverage, given the sheer size of the British economy (fifth-largest in the world) and the UK's monetary sovereignty that insulates it against ECB pressure tactics, the EU is nevertheless positioned to act decisively. The EU's power resides in the threat to change the terms of access for the 40% of Britain's exports now linked to the Eurozone. Any decline of trade would adversely impact employment, income, tax receipts and domestic investment. It threatens the viability of the successor British government. This is no small cudgel, since the alternative - a pivot to the US and Atlantic trade - would take years to cement.

Article 50 of the EU Treaty, which contains the heretofore-unused exit clause, ostensibly provides for a two-year negotiation period and an automatic renewal of EU membership thereafter. That, in principle, should have given Cameron leeway to negotiate better terms and present that as a parliamentary justification for refusing to dissolve the government in response to this nonbinding plebiscite. And that may well have been his plan B: use this challenge, if need be, to reclaim the nationalist high ground and triangulate his would-be conservative challengers, Boris Johnson and Michael Gove, and the UK Independence Party (UKIP), by riding the tide of nationalist resentment to his own ends.

But if so he again badly miscalculated. Despite what Cameron might have liked, EU president Donald Tusk, and European Commission chief Jean-Claude Juncker and others have said that the UK must quit "as soon as possible." "Any delay," they insist, "would prolong uncertainty." There will be no new deals. And perhaps no UK, as Scotland and Northern Ireland weigh the possibility of breaking away in favor of the EU rather than submitting to the economic retaliation that awaits.

And should this fragmentation occur, left bastions of the UK's labor movement will be peeled away, leaving the British and Welsh working classes at the mercy, for the foreseeable future, of the right.

There may be a left-wing case for leaving the EU. The British Socialist Workers Party and others made one. They continue to assert, against all evidence to the contrary, that "the rich and powerful ... have suffered a massive reverse." The Socialist Party of England and Wales, whose American affiliate is Socialist Alternative, claimed that this was a "working class revolt" and a symptom of the "collapse of the Tory Party."

If this sentiment was meant to replicate the spirit of Greece's Left Platform (a Syriza faction), it was entirely misunderstood. Greek socialists did not wish to leave the EU and their left wing never demanded this as an immediate or future option. They intended only to depart from the Euro currency, itself a difficult, fraught and complex maneuver. There were stopgap measures that might have been taken along that path. But it was a maneuver essential to regain control over the fiscal levers of government and to free Greece from the Troika's stranglehold over its economy and social support network. Failure to find a path to break with the Euro doomed Syriza.

Britain, however, is already in the very enviable position to which the Greek socialists could only aspire.

Yes, there may be a left case. Is it persuasive? Coherent? It really doesn't matter because it is not the Lexit/Leave Campaign that prevailed here. It is not the multinationals, the investment banks, the hedge funds that will be damaged. It will not be a blow against austerity, neoliberalism or the growing debt peonage of financialized capitalism. Trade unions will not be empowered. The Labour right wing has in fact seized on the debacle to call for Jeremy Corbyn's head.

Cameron's exit will not create opportunities for the left.

And in fact, most of the left with the exception of some isolated pockets referenced above, understood that. What the broader left in Britain and elsewhere has been unable to do is provide a convincing alternative to neoliberalism. The right wing of the labor movement accepts the parameters of capitalism, but attempts to manage them more equally than would conservatives. As long as the far left argues that, short of a socialist transformation, no real social conquests are possible, those looking for immediate remediation will look elsewhere. A rising nationalist tide will, then, constantly threaten to overwhelm capitalism.

Right-wing governments and social democratic regimes alike have heeded the call of the International Monetary Fund, the European Central Bank and financial elites everywhere. Public monies, money created by government fiat, have been spent into the banking system directly recapitalizing them or to transfer nonperforming assets off their balance sheets in an effort to restore the banks to profitability. Reviving the financial sector has only propitiated the creation and accumulation of financial assets that create no value on their own, but profit from extracting existing and future values from the productive sectors of the economy. Freely available public money is the backstop for private debt-generated (bank) money needed for the expansion of business and government services.

When industrial sectors are profitable and growing, the financial sector activates idle balances and recycles them in support of capital accumulation. Finance shares in the additional profits its loans help leverage. The growing tax base occasioned by economic expansion becomes the collateral needed to augment public services through bond sales.

When, as has long now been the case, manufacturing profitability is weak, any preexisting partnership between the financial and productive sectors completely disintegrates. Symbiosis turns into parasitism, as finance feeds on the dying host, asset stripping firms and bankrupting governments. Private money is debt money and private finance must end in crisis, austerity and growing social inequality when debt can no longer be sustained.

The left has to find a way to use public money for public purposes. Clearly, reviving the banking system will not translate into a broader economic revival. Financial assets may inflate, the stock market might bubble and there might even be a slight wealth effect, in which some well-placed consumers who, having hit their savings target, may begin to increase spending.

This can never be a recipe for a broad based revival. It will never reduce social inequality and it will never provide a firm base for the expansion of social entitlements.

But the same public money that is spent into the banking system, can be alternatively spent and spent debt-free by government for investment in green and other socially necessary industries, to purchase working class consumer and student debt, to pay for the expansion of free day care, college tuition and other public services.

The left needs to make the case that it has an alternative, a credible alternative; and that this alternative is implementable on the path to social transformation, and not simply as a byproduct. It first may have to convince itself.