

Brexit: A revolt against the hegemony of globalized finance*

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Almost all commentators on the British electorate's vote to leave the European Union, whether from the Right or the Left, have missed the main point of it, namely that it is a massive revolt against the hegemony of globalized finance. Indeed, the fact that they have missed this point is itself indicative of the ubiquity of this hegemony among the literati, from which the British electorate, interestingly, appears substantially to have freed itself.

No doubt, some, including President Barack Obama, have been prescient enough to see the Brexit vote as a rejection of globalization, but they have attributed it to an illegitimate fear of globalization, which needs to be assuaged, rather than to a very legitimate anger against it, stemming from what the hegemony of globalized finance has brought to the British economy. They have in short defended globalization, which they hold to be beneficial, while ignoring its chief hallmark, namely the globalization of finance capital, whose baneful consequences they have chosen to ignore.

This tendency of highlighting the benefits of globalization ("it brings mankind closer together"), while downplaying the implications of the hegemony of finance capital over this process, characterizes, alas, the attitude of much of the European Left itself. Much of this Left has been a strong votary of the European Union, as embodying the transcendence of "national" conflicts which plagued Europe in the first half of the twentieth century, even though the EU itself has been dominated by German finance capital; it has sought to overcome this obvious contradiction with the fond hope, which is no more than a mere assumption, that within the EU the hegemony of German finance capital can be negated through democratic pressure.

This assumption which had been accepted by Syriza in Greece and whose invalidity was exposed in the case of Greece itself, leaving Syriza with no option within the EU but to accept yet another crippling "austerity" package imposed by German Finance Minister Wolfgang Schauble, acting as the representative of finance capital, has paralyzed this segment of the Left; and in the process it has also incapacitated the Left as a whole from becoming a coherent force, thereby leaving the way open for right-wing, racist, fascist or semi-fascist parties to cash in on the people's discontent over the crisis that globalization under the hegemony of finance capital has engendered.

This was also clearly evident in the case of Britain. Jeremy Corbyn, the Labour leader who is a staunch opponent of the "austerity" that finance capital has imposed over the EU, and hence Britain, instead of leading the charge against a finance capital-dominated EU, asked people to vote instead to "remain" in the EU, thus echoing Tory Prime Minister David Cameron and toeing the line of the "City of London" (the site of British finance capital). Though a segment of the Left (the so-called "Lexit") campaigned for a British exit from the EU, it was naturally weakened by the fragmentation of the Left; the initiative for expressing the people's anger in this situation was seized by the ultra-Right UK Independent Party (UKIP) and a section of the Tories led by the former Mayor of London, Boris Johnson.

The fact that the "exit" vote was influenced apparently by rhetoric against immigration (EU rules enjoin all member countries to accept immigrants from other member countries), and hence was tinged with a racist world-view, has been cited by its opponents as an argument for rejecting the "exit" option. To what extent this charge is true is not clear. But, whatever racist hue got attached to the "exit" camp did so precisely because the Left and the Centre-Left (including above all the Labour Party) chose to ignore the people's anger against the high unemployment and the crisis imposed by finance capital, and asked them to vote to

“remain”. The people’s anger, instead of taking on any racist overtones, could have been directed consciously against the hegemony of finance capital and its domination over the EU, and an alternative scenario of action charted out, if the Left had taken it seriously enough to press for a “delinking” from a globalization dominated by finance. But instead it was allowed to be exploited by the ultra-Right forces (not irrevocably, one hopes) because of the Left’s pusillanimity in not pressing for a “delinking”. The Left’s motives for not doing so, based no doubt on a desire to transcend Europe’s destructive “nationalist” past, may have been laudable; but its assumption for not doing so, namely that one can control finance capital even without “delinking” from the phenomenon of globalization of finance, was palpably wrong. In the event, the Brexit vote represented an un-self-conscious revolt against the hegemony of finance, with those who alone could have led a self-conscious revolt, opting out of playing any such role.

Their culpability is even greater than I have suggested. I have so far been using the term “people”; but clearly the bulk of the anti-EU vote came from the English working class. According to one report, as many as 63 percent of Labour voters, voted against remaining in the EU. Since the bulk of the Labour voters, even to this day despite years of Blairism, belong to the working class, clearly the English working class overwhelmingly rejected the EU, which, sadly, the bulk of the Left and Centre-Left was advising the people to vote for. A more stark case of disjunction between a class and those claiming to represent it, can scarcely be imagined. While the class revolted against the hegemony of finance capital, those supposed to lead it toed the line of finance.

When I say revolt against finance capital, I do not just mean German capital; I mean above all British finance capital itself. (To put the matter differently, it is globalized finance capital, no matter what its national origins, which opposed Brexit). The City has always been staunchly pro-Europe, in order to thwart Frankfurt’s ambition to replace London as that continent’s financial centre, which would be the case if Britain kept aloof. The City was instrumental in promoting Britain’s entry into Europe; it was also instrumental in getting rid of Margaret Thatcher as Prime Minister when she started expressing anti-European sentiments. Even in this referendum, it campaigned vigorously against Brexit; and it should come as no surprise that apart from Scotland and Northern Ireland, where pro-European feelings may have been strengthened by an anti-English nationalism (which again testifies to a complete misreading of the situation by the Left that might otherwise have assuaged their apprehensions), the only other region of the country that supported “remain” was the city of London (despite Boris Johnson), though no doubt the sizeable immigrant population of the city also played a role in its doing so, apart from the influence of British finance capital.

The coming days are going to be extremely difficult for the British people for several reasons. First, any “delinking” from the hegemony of globalized finance capital necessarily brings with it serious problems of transition. These include capital flight, a collapse of the currency, a worsening of the balance of payments, and an acceleration of inflation, all of which actually hurt the very people who opt to “delink”. These will be duly visited upon Britain, and that too with particular severity because it is a highly open economy. Secondly, Britain was already having serious problems before the Brexit referendum because of a large current account deficit (amounting to as much as 7 percent of the GDP). Sustaining such a deficit even in the best of times is extremely difficult; doing so in a period of antagonism vis-à-vis globalized finance is doubly so. Thirdly, finance capital is going to take every conceivable step to make life difficult for the British people because of their Brexit vote. Having lost the battle, which it never expected to do, it will now try to win the war by manipulating the situation in such a way that the people defying its will are forced to prostrate themselves before it. And fourthly, at this very time when the people are likely to face immense hardships, they are bereft of leadership from the Left forces. The Nigel Farage (UKIP chief) and the Boris Johnsons of the world are singularly incapable of leading them in any struggle against globalized finance (in fact like all fascists the UKIP would be waiting to be wooed by financed capital, and the same would be true of Johnson); the Left

alone has the vision to do so but has chosen to abandon them. They are in short engaged in a class struggle against the hegemony of finance where the odds are stacked against them and they have been abandoned by their traditional leadership.

Unless the Labour Party (currently under a supposedly Left leadership) rectifies its error, learns to listen to and respect the voice of its own working class support base, vows to execute the outcome of the referendum (which even David Cameron has done), asks for immediate fresh general elections, and approaches the electorate with a credible new programme, of ending “austerity”, tying up with other Left formations in Europe like Podemos which are on the verge of power, and arranging to finance the current account deficit immediately in a manner that does not entail “austerity”, and simultaneously taking steps to curtail this deficit through direct measures if necessary, the people will find it difficult to sustain the struggle against finance that they have launched.

But no matter what exactly unfolds in Britain in the near future, the British vote to leave the EU has two crucial implications for the capitalist world economy as a whole. First, it underscores and aggravates the crisis in which world capitalism is currently submerged: the revolt against that crisis which the British vote signals will only further undermine the “state of confidence” of the capitalists, and further belie all facile claims of an imminent recovery. Second, this very fact in turn will further encourage other countries to follow the example of the British, and this will happen even if the transitional difficulties of the British economy prove to be quite formidable. Remaining stuck in a crisis, in short, will henceforth be unacceptable to the working people. Now that the first stone has been directed against the hornets’ nest, getting back to status quo ante will prove impossible. We are thus witnessing an unravelling of the phenomenon of globalization that had come to characterize the world until now.

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