

Why Brexit is really about competing visions of capitalism

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Danny Lawson/PA

Since the resignation of Boris Johnson and David Davis, ostensibly in response to Theresa May's [Chequers plan](#) for the next phase of Brexit negotiations, many have quite understandably wondered: where's your alternative, then?

This is a fair question, but the wrong question. May's lack of a parliamentary majority makes little difference to her ability to shape the focus and resources of the civil service across all departments. It has taken the UK government this long to come up with one half-baked plan, so the prospect of May allowing officials to spend time on an alternative is almost nonsensical.

It is also the wrong question because the Brexiters do in fact have a plan, albeit one which is literally unspeakable in British politics. It is a plan for a different kind of capitalism.

Osbornomics

The UK is not a country comfortable discussing big questions on economic order. The stock-in-trade of critical political economists, like me, is the dissection of things like ["the market"](#), ["free trade"](#) and ["public finances"](#): abstract economic concepts that bear little relation to how our capitalist economy actually functions. It's easy to forget that outside our ivory towers, this stuff is implicitly, and entirely uncritically, imbibed with the same solidity with which we might discuss natural systems like the weather or cellular reproduction.

Try to imagine David Dimbleby fielding a query on Question Time about how the panel feels about [the failure of Anglo-liberal capitalism](#). Exactly.

The Brexiter plan that dare not speak its name is actually the completion and internationalisation of ["Osbornomics"](#), although former chancellor George Osborne campaigned for Remain. While he was in government, Osborne's vision

was for a low-tax, low-welfare, lightly-regulated and highly-globalised economy. He labelled it “[austerity](#)”, at a stroke both validating neoliberal notions of individual self-reliance, while diverting all public scrutiny to rather marginal questions around deficit reduction.

Leaving the European Union is not necessary to this project, but it does accelerate it. Osborne was a Remainer because he foresaw that it would be difficult for any incumbent government to survive the political and economic shock of withdrawal.

But he also recognised that the EU was itself already moving in this direction. That much is clear from its ever [stricter macroeconomic rules](#), which will enforce fiscal conservatism, and, above all, its zest for new trade deals such as the [Transatlantic Trade and Investment Partnership](#), and similar agreements with Canada and Japan. The latter represent a race to the regulatory bottom across a large number of industries. The notion that the EU is a trading “bloc” with a protectionist orientation towards non-members, peddled consistently by the Brexiters, had already been largely consigned to history.

Seizing the moment

The EU is positioning itself in the emerging capitalist order, dominated by American tech companies, the Chinese state and, to a lesser extent, the Indian middle class. In government, Osborne sought to position the UK as the financial centre of this worldwide economy (albeit with low-value services providing mass employment).

Membership of the EU, but not the eurozone, was central to this strategy. But this awkward status [could not have persisted indefinitely](#). And, ironically, a [leaner and meaner post-Brexit EU](#) will be liberated to pursue its own anglicised foreign economic policy (including [challenging the City of London's role](#)). The only real difference between Osborne, when he was chancellor, and the Brexiters is that the former favoured a gradual detachment from Europe, as EU-wide single market rules softened in favour of fiscal disciplining applicable only within the eurozone, while the latter seek a quicker break.

Ironically, of course, it was only the deleterious consequences of Osborne's austerity that [made the Brexit vote possible](#) in the first place, as elite euroscepticism combined perversely with popular discontent on June 23, 2016.

Osborne is gone but his legacy lingers. PA/Jonathan Brady

Ultimately, the Brexiters are merely taking Osbornomics to its logical conclusion. Johnson is its mouthpiece but the rightful heir is new home secretary, Sajid Javid, an Osborne acolyte, and a [very reluctant Remainer](#) who now [embraces hard Brexit](#). Their philosophy is one of Schumpeterian capitalism, underpinned by the forces of “[creative destruction](#)”. You want them to come up with a plan for leaving the EU? That's the destruction bit: leaving is the whole plan.

But do not expect the Brexiters to instead articulate the creative side of things (that is, their strategy for the UK's post-Brexit economy) any time soon. That would involve an impossible degree of honesty about the kind of capitalism they envisage. It would mean going beyond empty cant about "[Global Britain](#)", based on 19th-century ideas about trade, and actually outlining what will change about the British economy.

The language needed to do that has long been suppressed in British political discourse. But we should be in no doubt that the trade deals which the Brexiters crave would be designed to cement their vision of how the UK can serve the emerging global order, with a single, globalised city – London – functioning as a financial centre. The rest of the economy would be subject to the whims of the business strategies of global firms, enticed to the UK by promises of low tax and light regulation.

Soft Brexit

Where can we position May in relation to this agenda? Why is she so much keener on (but not necessarily capable of) concocting a plan for EU withdrawal? May has a quite different vision of British capitalism. It's far more continental in orientation, centred around the revival of industrial policy and the development of new advanced manufacturing industries.

In other political circumstances, there would be the makings of a broad and durable coalition around this essentially [Brownite agenda](#), embracing one-nation conservatives, the soft left, Vince Cable's Liberal Democrats and large parts of the Corbynite left. Given the integration of European production networks, the strategy depends absolutely on [securing a soft \(or pseudo\) Brexit](#). Hence May's willingness to negotiate, and the emphasis on goods trade at the expense of services in the Chequers plan.

Paradoxically, while the supersonic Osbornomics of Johnson et al depends on maintaining high levels of immigration to expand the low-paid workforce as the UK-born population ages, May's industrial strategy-based soft Brexit is more amenable to stricter border controls. It perhaps even depends economically on a less liberal immigration regime so that firms are compelled to upskill their existing workforce. Even [Cable](#) and [Jeremy Corbyn](#) have counter-intuitively (and some would say disgracefully) accommodated the end of free movement within their Brexit policies.

However, even if such a coalition could be constructed, its vision would be no less illusory or [fantastical](#) than that of the Brexiters. The moment has passed. There is little the UK can realistically do now to reposition its economy at the forefront of the so-called [fourth industrial revolution](#). May's vision is more coherent but, sadly, the Brexiters' vision, while destructive, is more credible.

We will still end up, for now, with a soft Brexit, of sorts. Big business is beginning to flex its muscles – the short-term interests of capitalists are not synonymous with the long-term trajectory of capitalism. Even mavericks like Johnson will be brought to heel. Johnson of course expected to lose the 2016 referendum,

allowing him to succeed David Cameron as Conservative leader while sticking closely to Osborne's long game when he was chancellor. Yet here we are. Even the best laid plans cannot control for capitalism's capacity for chaos.