

THE LONGEST LONDON PANTEMONINE IS ENDING. Curtain coming down after four years of *no I won't, yes you will.*

With days to go before Xmas, the point at which it is generally agreed a decision on the Brexit negotiations must be made, and amidst a new pandemic scare, no news continues to be bad news. It shows that British capitalism remains in turmoil.

Bored viewers of the Brexit negotiations, London's longest running pantomime, will soon be able to shout at Boris the clown, "its behind you". By Xmas, a votable deal should emerge, or a further period of stay will be announced by the more sober and level-headed EU. What will not happen is Britain unilaterally exercising its sovereignty and wrenching itself away from the EU without a deal. If it does it will amount to no less than the failure to rule by the capitalist classes on both sides resulting in catastrophic damage. Fortunately, the same ignorance and grandstanding does not exist on both sides of the Channel.

Johnson's embarrassing statement that Brexit was "oven ready", made in front of Nissan car workers, showed him to be an unfit Prime Minister. A better "analogy" would be to imagine two surgeons examining a pair of forty-year-old Siamese twins, with one saying to the other, if we each grab an arm and a leg and pull hard, we can separate them and they will prosper mightily. No doubt a passing nurse would consider the blond consultant a bloody fool who must have passed through the Augean private education sector.

After 40 years, the UK and EU economies are joined by the hips. They share a common arterial and nervous system, as well as tissues, and each nourishes the other. Any separation, no matter how competent the surgeons, or should we revert to negotiators, will be traumatic for both sides. During the period of forty years, the economies have become intertwined. The Brexiteers, in order to win votes and sway public opinion dismissed the connections and minimized the disruption, in other words they lied.

The voters who supported Brexit fell into two camps. The minority who believed in sovereignty regardless of economic cost, and the majority, who believed that sovereignty was needed to usher in a period of economic revitalization. It is clear that Johnson is addressing himself only to the majority through his repeated iterations of the theme, "*we will prosper mightily*" sometimes with and sometimes without his "oh goody hop".

That's why the Socialist Workers Party is so imperiled by its stance on LEXIT. The SWP never saw BREXIT as ushering in prosperity but its opposite. They saw it as ushering in economic disruption and political instability. This was a motive disassociated from the reasons and aspirations expressed by the majority of working class Brexiteers. This opportunist approach to BREXIT will come undone when increasing numbers of workers turn against LEAVE as they discover they were misled because LEAVE will not usher in gains, only losses, particularly of their jobs.

What needs to be consistently pointed out, is that the goal of the financiers and leaders of the LEAVE campaign was not some nostalgic attachment to sovereign democracy, but the political goal of turning the UK into a viable low tax sweatshop. The loyalty test for any patriot is to pay your taxes in the motherland so it can prosper. It seems that these disloyal rats are deserting the sinking ship. The archaic Rees-Mogg, he of the extended blood line, has placed his assets out of harms way in Ireland. Jim Ratcliffe, the UK's richest man and financial supporter of Leave has relocated to tax free Monaco, and, to rub insult

into injury, the 4x4 car he promised to build in Wales, will now be built in France. Clearly these rats are deserting the ship they helped capsize for their airconditioned and leather upholstered lifeboats.

Already the writing is on the wall. A recent F.T. article titled *UK Falls Behind Main Rivals in Export of Goods to Big Markets* (17th October 2020) spells it out. Research by the FT concludes that total exports in the first 10 months fell 17%, far worse than any other major EU countries. Italian exports to the USA overtook Britain for the first time, because British exports fell by 30% or double that of comparable EU countries. While British exports to the EU fell 16%, those from China rose 3%. And so on and so on.

So, while Liz Truss charges from country to country, farting headlines proclaiming progress in trade talks, the ground under her is falling away. Swimming against the rip tide she declares all is promising, except that it is not. The best description of what is transpiring is the one circulating in the City of London. The economy, it is said, because of stalled and inept trade talks “*has sprung a slow leak*”. The tire is slowly deflating day by day, but like all populists unable to connect to reality, blame is attached to the ground acting on the tire by the likes of John Redwood, rather than the tire itself.

Already tens of thousands of jobs have been irretrievably lost. This has not stopped Johnson playing to the gallery especially in the north and in coastal towns. Talking tough over fishing rights, which represents 0.1% of the economy, when ten times that number of jobs and revenue has already been lost, is non-sensical. To have negotiations continuing so close to the deadline, creating such uncertainties, is reckless. To raise and then dash expectations is damaging.

What is being put at risk in the name of ideology, are complicated economies with well-honed but brittle supply chains. Since 2014 the rate of profit has been falling globally and latterly it has been falling absolutely compressing profit margins. All these disconnects are only going to compress margins further, making a bad situation for capital, worse. And not only in Europe. This is a global trend.

It is with a sense of awe that one watches the ruling class floundering. Populists always and everywhere represent the coarsest of politicians, true nincompoops. They personify a crumbling and obsolete system. They are the rumble strips at the end of the highway which warns that the road is running out.

One is reminded of the Charge of the Light Brigade with apologies to Lord Tennyson.

Into the valley of negotiation rode the 364 MPs.
Forward the light brain brigade.
Theirs not to reason why,
Theirs but to do and lie.
Demands to the left of them,
Demands to the right of them,
Red wall voters behind them.
Then they rowed back,
Back from the line they failed to break.
They rode back from the next election,
But not all the 364.

And then there is the Pandemic.

I said months ago that we will only know how bad 2020 has been at midnight on the 31st December. That prediction is coming true. The new variant virus, which is 70% more transmissible, is shutting down Europe and the UK. Social media is alive with comment. “This variant was known about since September”. “Why now, it’s too convenient, just as the negotiations are coming to a head.” “Show the proof it is more transmissible.” It is true that the variant with 23 mutations named VUI – 202012/01 was first mapped in September. However, its transmissibility was only recognised recently when this variant came to dominate infections. Britain to emphasize has the most comprehensive monitoring system for infectious diseases thanks to the NHS. It is likely widespread in other countries but less observed.

In addition, it is now clear that England was not locked down for long enough. Lifting the restrictions on December the 2nd during the height of winter, three weeks before Xmas, was always asking for trouble. Instead of conspiracies, the government should be attacked for its sheer incompetence, for its underestimation of this virus yet again. All this variant has done is to humiliate this government once more, a government way out of its depth throughout the pandemic.

Truly, the darkest hour is just before dawn. We have now entered the climax of the pandemic.

Johnson, who said Xmas was sacrosanct, has been forced into a U Turn and curbed Xmas. In fact, Johnson has made so many U Turns that he is going around in circles, or more accurately he is trapped in a downward spiral. One wonders if he has commissioned a ballerina to coach him on how not to get dizzy from all the twirls. The country is likely to be in Tier 4 for the whole of January, effectively another lockdown.

However, it could be the last lockdown, provided the new strain has not rendered the vaccines ineffective. It is unlikely the vaccines have lost their efficacy. They were designed to produce antibodies which attach to numerous points on the virus horn, therefore it is unlikely that this significant mutation will render them ineffective despite changes to the horn. In any case, one of the scientists who heads BioNTech has said that even if the vaccine lost efficacy it could be re-engineered within a week, leading to at worst a delay of weeks in supply.

Had he wanted to, months ago, Johnson could have used the pandemic as his way out of the trap he and his fellow parliamentary oafs had built for themselves. He could have claimed that the pandemic had created a state of economic emergency which required negotiating flexibility. He could have softened his position, producing an interim trading agreement subject to review in say three years’ time when the country had recovered from the pandemic. But ideology is the sand in the gears of pragmatism. It grinds down the one thing market rely on, certainty.

Instead, he is prepared to wage a war on two fronts, remaining intransigent in the face of the negotiations and inept in the face of the pandemic. But as any general knows, it is imbecilic to fight on two fronts, because such a strategy has most times ended in failure. But this is Johnson and his chums, trapped in a raft of their own making, riding intensely white waters, and who were so gung-ho at the beginning they never thought to pack any paddles.

It is time for the audience to shout out “Behind You Prime Minister”, the Country is no longer “Behind You”. Indeed, the country is beginning to see into the far corners of the stage. The latest YouGov poll shows that more people hold Johnson responsible for the failure of negotiations than they do the EU

representatives, 35% vs 27% [Daily Question | 11/12/2020 | YouGov](#) Johnson is losing the support of the nation, despite the best efforts of the gutter press to prop him up. Concern is rising not only over a Hard Brexit, but the break-up of the United Kingdom itself. The stakes could not be higher.

And it is not only over the issue of the EU. The UK wants to turn itself into a larger version of chewing-gum-free Singapore. But Singapore has thrived latterly because of China and depends on the fortunes generated by China. As a result of being Asia's merchant, it was the economy hardest hit globally during the first stage of the pandemic. Something to emulate surely. Unlike Osborne who in 2015 welcomed closer economic and financial ties with China, the UK has latterly gone out of its way to antagonise China. The same China which is propping up the world economy as it has done since 2009. The same China which is teaching Australia that it cannot both gain from trade with China and kick it in the face politically. There is a particular arrogance attached to Anglo-Saxon politicians. Perhaps Britain should try to form a new common market out of the "five eyes nations" at whose heart stands the decaying USA, truly a losers' club.

Johnson represents the extreme wing of neo-liberalism. The one that seeks to render nation-states weaker so that finance and multi-national capital can use them as smooth stepping-stones to criss-cross the world reaping profits. To this end the EU has always been seen as a regulated obstacle, unlike paradoxically, the now imperilled USA. Brexit is the battering ram. The problem with this view is that these stepping-stones are not inanimate, they are therefore liable to crack, and capital can easily fall on its face. This is the lesson of what is happening in Britain. What is lost will far outweigh what is gained, and this aspiring wing of capital which seeks to carve out a new niche for itself, will find to its horror, that instead of being enriched, they will be impoverished.

The fragmentation of capital, now happening on a global scale, is a burden on profits. Born out of a fall in profitability it rebounds back on to profits, deepening the crisis. Reorganising supply chains is a very costly business as Britain will learn. Adding friction to supply chains will only make Britain more uncompetitive. Johnson, like Trump will not restore the Great into Great Britain, he will Break Britain, just as Trump has done in the USA.

Indebted Britain.

It is interesting to watch the needle of the debt rev counter jump. In March, the Office for Budget Responsibility issued its debt forecast which amounted to a £50 billion deficit (The IFS projected a £67 billion deficit.) In its July forecast, with the first lockdown behind it, the forecast has risen to £270 billion, unlike the recent November forecast which has risen to £370 billion (rounded off). [Coronavirus analysis \(obr.uk\)](#) Undoubtedly this deficit will be revised upwards yet again, not necessarily due to increased spending, but to a collapse in tax revenue due to the unexpected shuttering of the economy after Xmas.

This has been the most severe economic contraction for 300 years. It is likely to be in the order of 12%, or the loss of 6 years of growth. Government debt should rise to 125% of GDP sometime next year, which even the OBR is now beginning to countenance. This will return Britain to levels last seen in the 1950s when it was recovering from the War and the effects of bankruptcy forced on it by that special friend, the USA.

In effect, the country is bankrupt and so will be many companies. The table below summarises the findings of the Office of National Statistics covering July and November focusing on corporate resilience. Particular

attention should be paid to the first row. The reference point for the first column was 15th to 28th June and for the second column it was 19th October to the 1st December.

	July 2020	November 2020
No cash or don't know	24.3%	30.5%
Up to 6 months	42.8%	35.0%
Over 6 months	32.9%	34.5%

[Coronavirus and the economic impacts on the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/coronavirus)

[Business insights and impacts on the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/business)

Both Europe and UK are hurting financially because of the pandemic. Instead of being adversaries the economic conditions should suggest a degree of co-operation. But patriotism in the form of sovereignty stupefies. It superimposes what could be over what is, thus preparing a fall rather than providing loft.

There have been a number of commentators who prophesised that a “No Deal” was the most likely option. They foresaw no negotiating space between an island intent on sovereignty and a continent seeking to protect its single market from “free trading” Britain. When in the EU, the UK was the one country consistently straining to water down existing regulations and obstruct new ones. Without the restraining influence of membership, Britain will become an unrestrained pirate, raiding the EU, and Brussels knows this with full certainty.

Britain thought its ultimatums would erode the negotiating position of the EU and force compromises. But these ultimatums have predictably failed, leaving Britain in the position of exercising its nuclear option or diluting its positions. In reality the question is wrongly posed. Johnson is caught between Big (British) Capital who oppose the dislocation of a No Deal and some of his MPs who claim to represent working class constituencies who voted Leave.

In the end Big Capital will prevail. Johnson will not be allowed to ruin industry nor the City of London. There is too much at stake. And if he does turn his back on Big Capital, he will be crushed. He will be reminded in no uncertain terms, that while he may claim journalistic talents, in the end his is a mere servant of capital.

The Labour Party.

The irony is that any deal will threaten to split both the Tory and Labour Party. The Tory party because it goes too far, and the Labour Party because it does not go far enough. This reflects the anti-EU sentiment in the Tory Party versus the pro-Eu sentiment in the Labour Party. The result is that Johnson may have to rely on votes from the Labour side to pass the deal, and to this end Starmer has nodded his assent, claiming that any deal has to be better than a No Deal.

The problem facing Starmer is that many of his MPs and members do not want Labour to take ownership of a deal that in time will be shown to have damaged British interests. Faced with this incipient revolt, Starmer has found his fig leaf. According to a party memo seen by the *Financial Times*, Starmer is drawn to the *evolution clause* being proposed by the EU side which will act as a weak handbrake on UK divergence preventing the UK rolling back down the hill and running over pre-existing regulations and standards at will.

Starmer sees it as some form of guarantee to maintain standards and the basis for a future Labour government to consolidate and synchronise evolving standards with the EU. Funnily enough, Tory MPs see this evolution clause to be the opposite, the ability to deviate without punitive sanctions by Brussels. This is precisely the compromising ball bearing, able to rotate in any direction, which makes agreements possible.

In the end it is not state regulation that protects. It is the working class, not the state, which is the civilising force in a capitalist society. It is pressure from workers that puts state regulations in place inhibiting the naked ambitions of capital. But it is precisely that force that Starmer is suppressing as he turns the Labour Party into a mere soap box for the PLP. Internal democracy has been crushed. The Tory Party in contrast seems sparkingly democratic. Any attempt to discuss the lack of democracy in Constituency Labour Parties results in Zoom meetings being cancelled on the spot. If the Left ever did this, can you imagine how the media would howl about left wing thugs and bullies. Not a word. They recognise Starmer is Plan B, to be put in place when Plan A fails, or when a dysfunctional Tory Party implodes.

Conclusion.

Brexit was a product of 2008 fuelled by the nostalgia of empire, harking back to a time when Britain ruled the waves while ignoring its economic rape of the planet. Empires and their legacy do weigh on the workers in the imperial countries. There are those who will say what is happening in Britain is justice for what Britain did to the world. If there is no deal, let the British eat their sovereignty, let their nostalgia keep them warm. This is the way imperial countries die, crushed by their history.

On the other hand, the Tories may be bringing revolution closer. Whatever deal is enacted, it will hobble the British economy and disadvantage it. Add that to a pandemic made worse by a government seeking to protect profits, and the conditions driving rebellion are being prepared. With state coffers bare and with promissory notes piling up in the Treasury, the state will seek to claw back what it has given. Oh yes, they will invent another word, but in reality it will be the intensification of austerity. Unemployment will soar as will homelessness, as will poverty.

The stock markets intoxicated by central bank pixie dust may believe in a brighter future, but the real future for the mass of society will be grim. Johnson may gift Marx his prediction, namely the first true communist revolution to take place in an over-ripe capitalist country - Britain. One wonders of course such a development will be welcomed by the Chinese Communist Party with their cadre of billionaires.

Brian Green 21st December 2020

