Brexit, capital and the Conservative Party: why Britain is leaving the EU with no deal

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Abstract

In June 2016 a referendum in the UK voted by a 52/48 margin to leave the EU. The leadership of the Conservative Party, along with the main employers' organisations and the IMF and OECD had campaigned to remain in the EU; the campaign to leave was led by the Tory Right and Farage's UKIP with overt support from some individual capitals. After the referendum, under the new leadership of Teresa May, and subsequently Boris Johnson, the Conservative government pursued a 'hard Brexit', leaving the Customs Union and the Single Market; in the process, the Far Right has taken over the Conservative Party and leading Remainers have been purged. A hard Brexit will severely damage production of goods and services within Britain, particularly in manufacturing and in retail and investment banking. Most academic commentators, and many on the left, have therefore supposed that 'British capital', or capital in general, is opposed to Brexit; and that the Conservative Party, the major party of capital for a hundred years, has been taken over by fantasists who wish to recreate the British empire, or by Far Right populists whose main aim is to foment racism and xenophobia. In this article I argue, to the contrary, that Brexit is supported by British-headquartered capital whose production is outside Britain, by parts of the City of London, and by large sections of foreign-owned capital operating through London; Brexit enables these capitals to avoid moves by the EU to increase corporate taxation and regulation of finance. Moreover, for capitals operating within Britain, Brexit enables lowering of protections of labour and of the environment. The Far Right project of Brexit is thus a deepening of neoliberalism. The sections of capital which stand to be harmed by Brexit can mitigate the damage: the retail and investment banks by negotiating directly with the EU to maintain their 'passporting rights'; and manufacturing and banking transnationals by moving their British operations to existing or new sites in the EU. The Brexit project is thus not 'purely political', nor a fantasy, but rather a self-interested move by strongly neoliberal capital. The paper makes this argument through a consideration of the history of British capitalism, and an analysis of the Far Right internationally as a response to the continuing stagnation of productive accumulation and profit worldwide.

1. Introduction: the Conservative Party versus capital?

[Note 20 November 20: This section will need some amendment when the Britain-EU agreement is known in late November (?).]

The relation between Brexit and capital presents a conundrum. All varieties of Brexit, from 'soft' to 'hard' to no-deal, will damage profitable production of services and goods by workers in Britain. It will hit all types of manufacturing by cutting supply chains, losing customers in the EU, and losing non-EU customers through exit from the EU's trade agreements. It will hit research and development by severing British ties to many EU-wide collaborations and institutions. It will cause a decrease in Foreign Direct Investment in the UK, particularly from the manufacturing transnationals which since the 1970s have invested in the UK as a relatively low wage platform for sales in the EU (Bailey, Driffield and Kispeter, 2019). Brexit jeopardises the 'passport' rights to operate in the EU of finance in the City of London (James and Quaglia, 2019). Lack of common data standards will cut flows of data between Britain and the EU in every significant industry. Exports of goods and services are particularly important for Britain because of its chronic negative balance of trade (Perraton and Spreafico, 2019). Brexit will cause – and has already caused - shortages of both skilled and non-skilled labour power for employers because of reduced numbers of EU nationals working in Britain (Portes and Forte, 2017).[1]

Over the last four years the Confederation of British Industry, the Institute of Directors, the British Chambers of Commerce, the engineering employers' group Make UK, and the vehicle manufacturers' association have publicly urged the Conservative government to reach a free trade agreement with the EU and particularly to avoid a no-deal exit. Meanwhile, capital has voted with its feet: manufacturing plants have shut down, investments in new lines have been made outside Britain (particularly in cars), and financial service firms have moved operations to other EU countries.

Why then is the Conservative Party, the major party of British capital for the last hundred years, pursuing Brexit? This question posed itself when Teresa May became prime minister in 2016 after the referendum vote to leave the EU, and set off on a trajectory of 'hard Brexit'. The latter means leaving the Customs Union which governs trade within the EU (absence of tariffs, compliance with quality requirements) and the Single Market (the Customs Union plus the free movement of capital and people within the EU). In September 2019 Boris Johnson succeeded May as Prime Minister, purged all Remain and soft-Brexit ministers from his cabinet, and negotiated an even harder Brexit deal with the EU. The apparent indifference to capital accumulation in Britain was encapsulated in Johnson's 2018 reply to a question about business's prospects post-Brexit: 'fuck business'. Moreover, 2019 saw the creation and meteoric rise of Nigel Farage's latest vehicle, the Brexit Party, which received the largest vote of any party in the March EU parliament elections, and which advocated a no-deal exit from the EU; the party has substantial funding from financial capital. In December 2019 the Conservatives won the general election with a large majority with the sole policy 'Get Brexit done'. From then until the time of writing, November 2020, the government in its desultory negotiations with the EU has pursued a path leading to no deal by the deadline of the end of 2020; it refuses to accept regulatory alignment on labour and environmental regulations, thus ensuring exit from the Customs Union.

In this paper I argue, contrary to the great majority of commentary, that the Conservatives' pursuit of a hard Brexit is in fact *not* in defiance of capital or 'business'. Brexit is supported by a large part of British-headquartered capital, a substantial part of the City of London, and overseas capital invested through London. Manufacturing corporations operating in Britain and the parts of the City which potentially lose from Brexit are able to transfer their British operations to existing sites in the EU, a possibility which has muted their opposition to Brexit. The Conservative Party remains the party of capital.

My explanation begins with an analytical distinction. In considering capital in space we need to keep in mind the difference between -

(a) capital accumulation through production of goods and services within Britain;

(b) British-headquartered corporations. These are normally referred to as 'British', though for many the majority of their capital is invested outside Britain, and many of their shareholders are foreign (55% of the London listed stocks and shares are overseas-owned);

(c) foreign-owned corporations with manufacturing, commercial or financial operations in Britain; and

(d) foreign-owned money capital invested through London.

One implication is that 'British capital' has no necessary interest in investment, production and jobs within Britain. In contrast, people working in Britain (which includes most British citizens) are wholly dependent on production within the territory. This class difference means that the commonly-used trope 'the health of the British economy' is mystifying (cf Radice, 1984).

My account proceeds as follows. Section 2 considers left and academic commentary on Brexit. The majority of this commentary assumes that capital, or 'British capital', is wholly opposed to Brexit, and that Brexit is therefore a purely political project of the Tory Right. This article offers an alternative analysis to this viewpoint. Section 3 explores the way in which the nature of British capital, and of capital operating in Britain, is a product of the development of British capitalism and imperialism since the 17C. This has produced a strong separation of finance from manufacturing capital; a large proportion of British-headquartered capital, both production and finance, operating outside Europe; a tendency for relations of capital to labour to be disciplinary rather than collaborative; and a strong popular ideologies of nationalism and racism. Section 4 considers how certain sectors of capital linked to imperialism have found expression in the rightwing of the Conservative Party, which since the 1950s has been opposed to British membership of the EC/EU. Since 2016 this wing has taken over the party and achieved its aim of leaving the EU. Section 5 analyses the evolution of neoliberalism worldwide to the Far Right. This has been a response to the stagnation of the rate of profit and productive capital accumulation since the 1970s, deepened since the crisis of 2007-8. Far Right governments have responded by removing state regulation protecting ecosystems, increasing the rate of exploitation of labour, using xenophobia and racism to deepen competition among workers, and by further reduction of taxation of capital and the rich.

Section 6 examines the reasons that capital operating or head-quartered in Britain may wish to leave the EU, or at least see advantages in that path. The first aim is to deepen the subordination of the working class to capital, both within production and within political regulation; this aim is congruent with the disciplinary class relations characteristic of Britain discussed in section 3. A second aim is to weaken regulation of ecology and those aspects of human health that are linked to it, and thus reverse the gains made by the ecological movement in recent decades. A third aim is for capital producing or headquartered in Britain to sidestep the moves within the EU towards unification and strengthening of taxation of capital and towards greater regulation of finance capital; this is a straightforward defence of a key aspect of the neoliberal project. These three aims thus share key aspects of the international Far Right. To obtain majority consent for leaving the EU, this project has used anti-immigrant sentiment plus the promise of British national sovereignty, mirroring ideologies of the international Far Right.

Section 7 examines the very different implications of British EU membership for different sectors of capital producing or head-quartered in Britain: respectively finance, manufacturing, farming, non-exporting sectors, the media, and British-headquartered capital operating outside the EU. Manufacturing, and some sectors of finance, are potentially damaged by Brexit; but these sectors are dominated by transnational firms, which can relatively easily move their production to the EU. Farming will be damaged by Brexit. Non-exporting sectors are not directly damaged by Brexit, and British-headquartered capital operating outside the EU is indifferent. Taken together with the benefits to capital noted in section 5, these manageable disbenefits or lack of effect explain why capital has either supported Brexit or not strongly opposed it. Section 8 summarises the reasons that important sections of capital have supported Brexit, including a no-deal, while others have been ambivalent. The political actors leading the Brexit project have been the Tory Right discussed in section 4; in the process the Right took over the Tory party.

2. Left and academic commentary on Brexit

Commentary on the left has tended to explain the apparent 'suicide of British capitalism' in three ways. The first is that the Tory Right and Farage have a political project of fostering nationalism and xenophobia in the population, in this case 'taking back sovereignty' from the EU and reducing immigration from it, and thus moving public opinion to the right. This true. But it begs the questions: what are the implications for capital accumulation in Britain of exit from the Customs Union and the Single Market?; and what are the effects for fractions of capital which do not produce within Britain? This explanation, then, remains at the level of politics without considering its relation to economics.

The second explanation commonly found in left commentary does consider economic aspects: that the project of the Far Right is to create a 'Singapore on Thames', that is, a centre of finance capital freed from any constraint by the EU. I shall argue that this has indeed been an important element of the Brexit project (see sections 5 and 6). But this explanation underestimates the role of the City in investment banking in continental Europe, for which it requires passporting rights. Moreover, Britain is a completely different country demographically and economically from Singapore. Singapore has a population of 5.6 m, Britain 66 m. Singapore's corporate profits and exports are dominated by finance and business services (FBS), but make up only 20% of British exports. Seventy per cent of

British exports are accounted by manufacturing. A British economy reduced to high-level FBS would not be able to feed its population and would have politically-impossible levels of unemployment. A more nuanced account of the capitalist interests involved is therefore needed.

A third left explanation is that the Tory Right has strong ties to the US state, or the US Far Right, and the Trump presidency supports Brexit. It is true that the Tory Right strongly advocates a close alliance with US imperialism; and in recent years it has cultivated close ties with Trump, Bannon and their acolytes and technicians, as has Nigel Farage. Since the referendum, the Conservatives have sought a new trade deal with the US which would allow imports of some products banned by the EU. But before Trump, the US state strongly supported Britain's membership of the EU (Radice, 2007). For the US, exclusion of certain exports by the EU is a tiny issue compared with capital accumulation in Britain and the EU. Moreover, the idea that the Tory Right is a treacherous operative for US interests leaves unexamined its primary relationship which is necessarily with British-headquartered capital and capital operating in Britain. This explanation of Brexit is therefore unconvincing.

The academic literature on Brexit does not take us much further in answering our question. This literature is focused principally on three issues. A major focus has been the reasons that 52% of the population voted Leave despite the warnings from business and the main political parties about the dire economic consequences. This literature is overwhelmingly of the left, and centred on understanding the interplay of economic conditions, depoliticisation and xenophobia/racism in the population, particularly in the non-metropolitan working class (for example Gough, 2017; Hazeldine, 2017; MacLeod and Jones, 2018). While important in understanding working class agency in Brexit, this literature does not analyse the agency of capital. More problematically, much of this literature implies that working class antipathy to the EU is the main, or even sole, reason that Brexit is taking place. This attributes an implausible power to working class votes in elections against interests of capital. I will argue that this view underestimates the role of capitalist interests in Brexit.

A second focus of the literature is the impacts of Brexit, under various possible final agreements with the EU, on production and jobs within Britain and on capital presently producing or headquartered in Britain, including its relocation abroad (for example Portes and Forte, 2017; Bailey, Driffield and Kispeter, 2019; James and Quaglia, 2019; Perraton and Spreafico, 2019). This literature is mainly from business studies and Keynesian-institutionalism. Brexit is seen here as causing damage to 'the national economy', and therefore as having 'purely political' causes; much of this literature is concerned with proposing Keynesian policies to mitigate the negative effects of Brexit on the national economy. This again occludes the possibility that significant sections of capital may actively support Brexit.

Third, there is a substantial Marxist literature which debates the approach which the left should take to Britain's (and other countries') membership of the EU. This literature largely ignores the role of capital in pushing for Brexit. Authors in favour of leaving (see citations in note 1; Calinicos, 2016) may be embarrassed by the possible alignment of their view with sections of capital. Many of the authors in favour of remaining justify their opposition to Brexit as opposition to xenophobia rather than to oppose pro-Brexit capital. Most authors, on both sides of the argument, assume that the EU is inherently and purely neoliberal. But in that case it is hard to see why any significant section of capital, especially in hyper-neoliberal Britain, would seek to leave the union (see section 6).

The literature which directly considers the causes of Brexit comes from within political science, economic and political institutionalism, strategic relational theory, and Marxism. It has three overlapping threads.

1. Political science

Mainstream political science sees the state and 'politics' as a system which interacts externally with 'the economy', thus potentially having a high degree of autonomy from capital accumulation. Politicians pursue their own interests qua politicians or those of a political block. The case of Brexit has provided fertile ground for the application of these core assumptions. For example Jensen and Smith (2016), Wood and Wright (2016) and Morgan (2016) all argue that Brexit is disfunctional for the 'British economy' or 'big business', but that political forces have carried Brexit through for narrow electoral or ideological gain. This has empowered rebellious electors to triumph over the interests of 'the elite'. Thus Morgan (2016: 828) writes that 'the expectations of the triumphant Brexiteer electorate [conflict with] the interests of big business in retaining access to the European Single Market'. The deployment of xenophobia has unleashed a genie which 'leaves the previously dominant elites confused and struggling to regain their old legitimacy and dominance'. Wood and Wright (2016: 833) attribute this disarray to political 'actors [who] may be incompetent or bungling in their schemes'.

Some political scientists have detailed this approach by arguing that certain capitals lack strong institutional contacts with politicians or the state apparatus, explaining their inability to secure their (supposed) interests. Thus Edgerton (2019) argues that the transnational corporations headquartered overseas, which dominate manufacturing production in Britain, are not networked with the Conservative Party and thus have little clout with it. James and Quaglia (2019) argue that the City of London lacks political contacts in Westminster. This argument is empirically dubious: the City maintains a permanent 50-strong office in the Palace of Westminster, and former bankers and consultants form a high proportion of Tory MPs.

There are two major problems with the political scientists' argument. First, it is far from obvious that British capital, or capital operating in Britain, is uniformly opposed to Brexit. The assumption that capital was wholly in favour of remain seems to be based on the public political positions of British business organisations and international institutions (IMF, OECD *et al*) during the referendum campaign and subsequently. But these organisations do not, and cannot, express a simple, non-contradictory interest, firstly because the capitals they represent are heterogeneous, and secondly because each capital may itself have contradictory interests (see section 6 below). Moreover, it is empirically not the case that all capital campaigned for remain. As Morgan (2016: 826) points out, 'In May 2016, 300 'business leaders' called for Brexit in a letter to the *Daily Telegraph*…..[L]ess than one third of FTSE 100 companies signed the notorious letter in favour of Remain, which Downing Street engineered …. and many large companies including Barclays, RBS, Sainsburys and Tesco declared their neutrality. The British Chambers of Commerce were officially 'neutral' though its director-general, John Longworth, spoke in favour of Brexit…'. The aim of this article is to analyse the diverse and contradictory interests of capital in Brexit. The second problem with the political science view is that it assumes a degree of autonomy of both the state and the Conservative Party from the interests of capital which is historically implausible and theoretically untenable. The state is a form of the relations between classes and within classes, in a society in which capital is the dominant (or ruling) class (Clarke, 1991). Outside of a revolutionary insurrection, it is impossible for the working class, let alone a section of it, to use the state to force capital as a whole to act against its fundamental interests.

The argument that Brexit is a project of Far Right politicians in conflict with the interests of capital has been reiterated by the Marxist Alex Calinicos (2016). He argues that 'capital in Britain', including foreign-owned capital, in its entirety sought to remain in the EU. The project of Brexit of the Tory Right is a *fantasy* of a continued imperial Britain. This fantasy took over the Conservative Party because of 'a process of generational recomposition of the Tory activist base that has made Euroscepticism the norm'. Thus 'we have the paradox of the main party of big business pulling away from the interests of capital…..Truly the antagonisms in the political superstructure have in this case reacted back onto the economic base of British capitalism with a vengeance.' The problems with this view are the same as those of the political science accounts. Calincos assumes without analysis that all sections of capital were pro-remain. By using an economic base/ political superstructure theorisation he neglects the internal relations between the two, allowing politics to be radically detached from capital's dynamics.

2. The imperialist and liberal historical roots of the British social formation

A more promising approach has been taken by left historians and heterodox political economists. Barrett (2017), Rosamond (2018) and Bailey and Budd (2019), for example, trace Brexit back to Britain's imperial history: its imperial dominance between the 17C and early 20C; the massive export of capital over this period, and since, organised by the City of London; the consequent dominance of British financial and merchant capital over manufacturing; the championing of free trade. Barrett argues that this produced a part of the British 'elite' driven by dreams of recreating the British Empire in the 21C, requiring exit from the constraints of the collectivity of states of the EU. There are parallels here with Calinicos's account, though Barrett sees the Brexiteer elite as a substantial part of British capital. But his characterisation of this group as the most *chauvinist* element of the ruling class is problematic: it is chauvinistic in its competition with other national capitals and in its promotion of xenophobia in the working class; but, as I argue below, Brexiteer capital is completely internationalised and cosmopolitian, and much of it is foreign-owned capital. Rosamond, using an economic-institutionalist approach, sees Brexit as a logical outcome of the UK 'growth model': hyper-liberal, based on 'free markets', hostile to state regulation.

My account below also emphasises the imperial history of British capitalism (sections 3 and 4) and the wish of the Brexiteers to avoid EU-state regulation (section 6). But the accounts considered here beg a number of questions. Why were the representative organisations of British capital ostensibly pro-remain? What of the possible loss of passporting rights by the City? Why were the Brexiteers willing to sacrifice manufacturing and farming production in Britain? How did the Brexiteers triumph over remainer capital?

3. Brexit as the expression of a deep crisis of British society

A number of Marxist or *Marxistant* authors have pictured Brexit as a result of a deep crisis of the British social formation. As for the authors just discussed, this crisis has long historical roots, but these have taken particular forms since the world crisis of the 1970s and the advent of neoliberalism, and new mediations since the 'financial' crisis of 2007-8. As we have seen, Calinicos (2016) locates Brexit within society-wide crisis originating in a disconnect between the economic and the political. Jessop (2017) argues that Brexit arises from, and reproduces, an 'organic crisis of the British state', resting in an inability to construct a hegemonic project and hence a 'loss of confidence' of the ruling class. This is the latest manifestation of the tensions in the ruling class over relations with the EC/ EU since the 1950s, combined with pressure from working class discontent with forty years of neoliberalism. He argues that globally and in Britain power lies with transnational money, productive and commercial capital. But he does not analyse the interests of any of these fractions of capital regarding Britain's membership of the EU. Thus in Jessop's account the crisis of the state is weakly connected to conflicts and contradictions within capital.[2]

Watkins (2016) locates Brexit on the one hand within 'the sharpening social and economic polarizations across the European continent', and on the other with the particular nature of the British 'growth model'. But, like Calinicos, she sees Brexit as against the wishes of British ruling class. The EU referendum was called by Cameron for reasons of a narrow party-political logic (neutralising the Tory Right, suppressing rising support for UKIP), and resulted in a vote to leave because of working class demoralisation, depoliticisation, racism and Great British nostalgia. This again occludes the possibility that sections of capital, including relevant foreign-owned capital, may either support Brexit or have a contradictory attitudes to it. And it again attributes an implausible influence to working class opinion.

This review of commentary on Brexit shows an important lacuna. The great majority assume that business, or British business, is wholly opposed to Brexit. It therefore attributes Brexit to a specifically political project of the Far Right to foster xenophobia, and/or the xenophobia and alienation of a majority of the working class. But this rests on a number of confusions. Production within Britain will undoubtedly be harmed by Brexit; but it does not follow that all British-headquartered capital nor all foreign-owned productive, commercial and money capital operating in Britain will be harmed. Moreover, the dominant view attributes a dubious autonomy to the state and to electoral politics. We therefore need to investigate the attitude of different fractions of capital to Britain's membership of the EU.

3. The historical structure of British capital and class relations

To see how the Brexit Right triumphed, we need to start with a little history. Capitalism in Britain developed from the 16C as merchant and bank capital involved overwhelmingly in colonial and overseas operations, including slavery, backed by the military state. When industrial capital emerged in the late 18C it was detached from the London nexus of merchants, bankers, aristocratic landowners and their state (Anderson, 1987). This has disadvantaged manufacturing capital ever since. The banks have been unwilling to lend to manufacturers; the City of London has always had its gaze fixed overseas. Industrial firms have had to rely for their capital on the stock exchange, and have had to pay high dividends to maintain their share price, in contrast with the close relations between finance and industry in Germany and Japan. From the late 19th century the rentier and speculative mentality of capital was reinforced by the development of large property development capital resting on high commercial rents and closely connected to bank capital. Fiscal, monetary and exchange rate policy have been geared to the interests of financial capital. The exchange rate has been chronically maintained at too high a level for manufacturing exports (a signal instance was when Britain joined the gold standard in 1926, crushing any recovery of its heavy industries). Interest rates tend to be set high, producing a chronic deflationary bias which inhibits productive investment (Fine and Harris, 1985; Ingham, 1984). The education and training system has failed to produce the skilled labour power for production, research and management. Ruling class culture has been dominated by the City of London, the military, and the highest levels of the civil service and the professions (Anderson, 1968).[3]

Since 1918 the power of the City of London has been sustained despite Britain's imperial decline (Norfield, 2016). After the Second World War, Britain sponsored an archipeligo of tax havens and secrecy jurisdictions in its overseas dependencies which have become an integral part of the City. Corporate governance and capital taxation in Britain have made Britain itself a tax haven and secrecy jurisdiction, 'the London laundromat' for world kleptocrat and mafia capital (Brooks, 2020); London provides a complete service including tax evasion and avoidance, a British passport, and even the use of British libel laws to suppress domestic criticism (Garside, 2020). From the 1960s London became the main centre for trade in Eurodollars. Since Britain joined the EU, London has become the dominant centre for investment banking within Europe, something which Cameron protected in his 2015 negotiation with the EU. London is the top world centre for foreign exchange trading, over-the-counter derivatives, international bonds and international bank loans (Calinicos, 2016).

Another continuity is the weight of overseas investment and the importance of British-based transnational capital. By 1900 a half of British capital was invested overseas, an orientation which remains true today: 'In 2013, Britain had the second largest stock of foreign direct investments [after the US]…. Among the top 500 global corporations in 2011...the UK was in second place behind the US, with 34 companies….Of the world's top 100 non-financial corporations in 2013, ranked by the value of their foreign assets, 23 were US companies, 16 were British and 11 were French, while Germany and Japan each had ten.' (Norfield, 2016 cited in Calinicos, 2016).

This regime has contradictions. The replacement of Britain by the US as the world's dominant imperial power after 1918 eroded the logic of its capital-structure; but the ruling class chose to continue in the same path, as junior partner to US imperialism. As a result, manufacturing steadily declined relative to the US, Germany and Japan, with the exception of two sectors strongly supported by the state, armaments and (since 1947) pharmaceuticals. Britain consequently has had a chronic trade deficit in goods, which puts downward pressure on the pound, to the detriment of the City's holdings; trade deficit and sterling crises have often been met by raising interest rates, further weakening manufacturing. The trade deficit has been funded by capital imports (FDI, asset purchases), so that ever-larger sections of the domestic economy are foreign owned, with the profits appropriated abroad. High military spending has been has been a drain on the exchequer which, since 1945, Germany and Japan have avoided. The poor productivity and competitiveness of manufacturing has meant poor wages and conditions for its workers; capital and the state have therefore had problems in maintaining industrial and political control of the working class.

Since the mid-19C, these contradictions have been reflected in political conflict, posed as manufacturing versus finance, production rooted in place versus mobility of capital, business users versus property capital, discipline over the working class versus collaboration between capital and labour, and 'modernising' Keynesianism (in its broadest sense) versus liberalism (Gough and Eisenschitz, 1996). The 'modernisation' project started with Prince Albert (not coincidentally a German), was taken up by Joseph Chamberlain in Birmingham in the late 19C, and continued in the early 20C with Mond, the German founder of Imperial Chemical Industries. Its heyday came in the 1950s to the 1970s, particularly in the industrial modernisation strategy of the 1964-70 Labour government and the 1974-77 (Wilson) period of the subsequent Labour government. But the 1997-2010 Blair-Brown government abandoned this project, instead pursuing neoliberalism softened with some public service spending and minimum wage concessions to the working class. Significantly, the modernisation project was revived in the programme of the Labour Party after Corbyn's election as leader in 2015. But all these attempts at modernisation have come to nothing, either not implemented, or abandoned when the going got tough (the two Wilson governments), or implemented only locally (ICI on Teesside; Lever; the Quaker chocolate firms). This partly reflects the political power of finance and property capital (Costello, Michie and Milne, 1989). But it also crucially concerns capital-labour relations. Since the rise of industry and urbanism, the predominant strategy of the British ruling class to control the working class has been the discipline of unemployment, the threat of redundancy and poverty, and the police and army; underpinning these, the law of value is imposed forcibly through deflationary monetary policy (Bonefeld, 1993). The working class (in the Marxist sense: the 90%) are cast as passive, accepting the rule of value and capital. When the urban or unionised workers have come to the fore with their own demands, the ruling class has usually reacted with repression, the major exception being the 1945 postwar settlement. The Keynesian project threatens to undermine this system of class control, by proposing to incorporate workers as active participants in the economy and society, thus politicising them, and opening the way to 'excessive' and 'unaffordable' demands on capital and the state. This problem of class control is why capital has blocked all modernisation projects. A signal case under the 1974 Labour government was Wilson's rejection of the recommendation of the Bullock Report to give workers a statutory role in corporate governance, and his abandonment of the initial radical industrial policy of Tony Benn. These disciplinary class relations are at the core of the Tory Right's Brexit project.

A possible objection to this account is that productive capital (manufacturing, mining, utilities and farming) on the one hand and money capital on the other are not in the end separate but are merely distinct circuits within the accumulation of capital as a whole. Productive and money capital are therefore internally related, mutually constitutive and mutually dependent. I agree with this viewpoint. But this unity occurs at the level of world capitalism as a whole. Particular countries contain within them particular mixes of productive, money and merchant capital, with different circuits predominating. Moreover, the relations *between* these forms of capital are specific to the particular country, partly because of their different forms of internationalisation. The result is specific capital-labour relations within the country. The nation-state is then constituted in specific way by these particular capital and class relations.

The structure of capital described here led Perry Anderson (1968) and Tom Nairn (1964) to argue that the modern British state formed in 1689 was too heavily marked by the *ancien regime* to be a properly bourgeois state; when manufacturing capital emerged it was therefore constricted by an anti-productive, aristocratic and rentier state, in contrast to, say, Germany after 1870. This might be seen as an explanation for the Tory Right's hostility to the EU and its insouciance in destroying manufacturing in Britain by Brexit. Wood (1991) has, however, convincingly argued against the Anderson-Nairn thesis that the British state centres on the defence of the rights of private property, both capitalist and individual, and is therefore a thoroughly bourgeois state. In this theorisation, the Tory Right's project can be understood as a reassertion of the *rights of capital* against labour (labour market regulation), citizens (the environment), and the state itself (EU taxation and regulation of finance).

4. The Conservative Party's relationship to the EU

This structure of capital and class relations goes a long way to explaining the hostility of the Tory Right to the EC/EU, and wish of sections of capital now to leave it. The Right of the Tory Party is based on imperial trading corporations (including the oil companies) operating in the former colonies, the Middle East and Latin America, and on the more speculative parts of finance. From the 1950s it was organised through the Monday Club of MPs, which staunchly defended apartheid South Africa (Worth, 2019: 140-1). It has many ties with the Right in the US, and has a strategy of a continuation of British imperial power through alliance with US imperialism.

The Tory Right has long been anti-EC/EU (Watkins, 2016; Bulmer and Quaglia, 2018). But by the early 1970s the majority of British capital supported joining the EC (*ibid.;* Radice, 2007). The Conservative prime minister Edward Heath took Britain into the EU in 1973, and Thatcher participated actively in deepening the EU (albeit with a funding reduction). The anti-EU Right caused the 1990-7 Major government some trouble, but was quiet during the Labour years. But from the election of the Conservative-led government in 2010, the Right reasserted itself; Prime Minister Cameron called the 2016 referendum in the vain hope of seeing them off. The Tory Right led by Johnson and Gove, together with the extreme right UKIP, won the referendum for Leave. It then derailed and deposed May, and has now attained complete control of the Tory Party and the government.

5. Worldwide capital's turn to the far right

So far I have focused on some long term features of capital in Britain. But another thread of Brexit is recent, and is a worldwide phenomenon: in the last twenty years or so, far-right movements with a popular base have emerged in many countries, and far-right governments have come to power in many parliamentary democracies. The latter are typically led by a 'strong man' (Trump, Putin, Modi, Erdogan, Bolsonaro, Kaczyński, Orban, Salvini *et al*). The authoritarian governing methods of these governments are well-known: the 'anti-establishment' leader who will 'sort things out', limitation of parliamentary scrutiny, suppression of right to assembly, censoring and domination of the media, and neutering of the judiciary (Lowy, 2019); these tropes can be found in the British government since 2016, particularly under Johnson. They have mobilised reactionary social attitudes to bolster their popularity, not only xenophobia but also misogyny, homophobia, natalism, and a generalised nationalism. They have often used fascist groups as outliers; but the weakness of trade unions after forty years of neoliberal assault means that the key role of inter-war fascist groups to smash unions and strikes has not been needed in the present period.[4]

My concern here is with the relation of far-right governments to capital accumulation and class relations (Saad Filho, 2018). A useful guide here is Michael Roberts's *The Great Depression* (2016). Since the 1970s, the global economy has, with important ups and downs, had a much lower average rate of profit than in the previous boom. In the largest capitalist economies in the boom, the rate of profit for industrial and commercial capital was between 19 and 24%, whereas since 1974 it has been between 11 and 14% (*ibid.*: Figure 4.1). Since the 1980s corporations have borrowed massively (*ibid.*: Figure 6.7). But this has not led to a high rate of productive investment; instead, corporations have used part of their cash for speculation, buying of assets, and buying their own shares to boost their share price, while hoarding the rest; the cash reserves of the corporations have accordingly increased massively (*ibid*.: Figure 6.6). This trend has been particularly pronounced in the US and Britain. Corporations have been reluctant to invest productively because the *prospective* rate of profit is low. The low rate of productive investment has then led to low rates of productivity growth, again, very pronounced in Britain. This low profitability - low productive investment pattern has deepened since the 2007-8 'financial' crash, which caused a sharp recession in 2008-9, and since then a 'depression', in the sense that growth of output has been slower than the average for the previous decades (*ibid.*: Chapter 5). The profit rate plunged again during the recession (*ibid.*: Figure 4.1), and since then the rate of productive investment and productivity growth has been low. This pattern has been especially clear in Britain: productivity growth in 2010-19 was around 2% per year, the lowest since the industrial revolution. The neoliberal strategy pursued globally from the 1970s to the 1990s (devalorisation of capital, mobility of capital, increase in the rate of surplus value, cuts to debt, then its expansion) has therefore proved incapable of sufficiently raising the rate of profit and the rate of *productive* accumulation. Again, this problem for capital has been particularly pronounced in Britain.

Far-right governments have addressed this economic impasse in four ways relevant to our subject here. First, they have *further reduced taxation of capital and the rich*, sometimes dramatically. For example, these were the first action of the Trump administration.

Second, they have sought to *free capital from environmental and ecological regulation* developed over previous decades under pressure from populations (and sometimes from sections of capital). Oil and gas, nuclear power, mining, reservoirs and damns, farming and building construction are allowed to destroy ecological and social systems of land, and restrictions removed (or not imposed) on pollution of air by vehicles and of the seas by effluent, chemicals and plastics. Again, Trump abolished numerous environmental agencies and regulations.

Third, far-right governments have sought *to further increase the rate of exploitation* through reducing wages and intensifying work and cutting public services, using restrictions and attacks on labour organisations and changes in labour laws and regulation. This attack on labour has been reinforced by offensives against, and sometimes repression of, social democratic parties, and the restrictions on the media already noted.

Fourth, far-right movements and governments have *promoted xenophobia and racism*. This taps into the xenophobia which arises from the neoliberalisation of daily life, including competition within the working class for jobs, housing and services, and nostalgia for earlier mono-cultural working class community (Gough, 2017). This weakens working class collective resistance, distracts from the creation of austerity by capital, and wins support for neoliberal parties and governments (Jessop, 2017; Saad Filho, 2018).[5]

This analysis suggests that, first, the period since 2008 has not been 'the end of neoliberalism' but rather its intensification. Second, it shows that the Far Right is not a departure from, let alone a challenge to, neoliberalism (cf Worth, 2019: 3), but rather its deepening.

We shall see in the next section that these four strands of the Far Right project have been the key elements in the pursuit of Brexit by the Tory Right.

6. The nature of the EU and the hostility of sections of capital to it

The Tory Right and the sections of capital associated with it are pure liberals, defenders of the right of capital to invest where and how it pleases, free from constraints of the state or the working class. They see the EC/EU as imbued by French corporatism, German Christian Democracy/ Social Democracy and Italian clientelism. Is this view reality or paranoia? (I do not include here consideration of the creation and policies for the Euro, since Britain has retained sterling.)

The EU is a form of capitalist state (Nairn, 1972). Accordingly, its existence, institutional forms and policies arise out of the economies and social life of its constituent countries (Clarke, 1991). These are replete with contradictions and social conflicts, including ones involving spatial scale, which the EU mediates and gives new forms to. The EU is therefore capable of pursuing policies of different class complexion - neoliberal, corporatist or social democratic – depending on the problems of accumulation and the capital-labour relations within its borders (Nairn, 1972; Gough, 2004). From the founding of the Coal and Steel Community in 1956 to the 1970s it pursued a Keynesian project of *reorganisation of productive capital*: planned reduction in capacity of old industries, facilitation of increased economies of scale, concentration of ownership, and sponsorship of R&D and innovation in new industries. This strategy was supported by the majority of capital and organised labour. From the 1970s the predominant strategy switched to neoliberalism; as in the rest of the world, this was a reaction to a crisis of profitability, resulting in the need to write-off unprofitable capital, free up capital mobility, and increase the rate of exploitation of labour. However, this neoliberal programme has encountered both contradictions for capital itself and opposition from the population. The contemporary EU therefore has important policies of a corporatist, organic conservative and social democratic complexion (Gough, 2004).

The Brexiteers do not object to the neoliberal elements of EU policy, for example the prohibition of 'anti-competitive' state aid to industry, and compulsory open tendering for state contracts. But they dislike the organic conservative and social democratic elements of policy, and even the corporatist ones. These include:-

* Redistribution through the EU fiscal process towards poorer countries and regions.

* Protections for labour. For example, the Social Chapter, the working time directive, and programmes aimed mainly at job creation and transit into work in poor regions such as the European Social Fund and the European Regional Development Fund.

* Active industrial policies of a corporatist (state-capital) kind. The Common Agriculture Policy is by far the largest of these, then various initiatives to support high tech manufacturing and transport infrastructure planning and funding.

* EU attempts to regulate monopolies to foster capitalist competition, for example rules imposed on Facebook, Google and Microsoft.

* Protections for the environment, for example water quality in rivers and seas, and regulation of fishing.

* Taxation of business. Types and rates of taxation are presently a matter for national governments only (except in the Eurozone). But there are moves within the EU as a whole towards common tax policies. During the Eurozone crisis in 2011, Merkel summoned an emergency European Council meeting to create a fiscal compact; this was vetoed by Cameron under pressure from the Tory Right (Watkins, 2016). Since then, Germany and France have attempted to raise the rates of corporation tax in countries where it is low, particularly Ireland (where the European Commission has attempted to reverse a sweetheart deal made with Apple), Luxembourg, Malta and Cyprus (Seabrooke and Wigan, 2017). In 2019 the Commission attempted to introduce a derective requiring large corporations to show how much tax they pay in each member state, though this was blocked by the low-tax governments. Clamping down on tax havens is already in train, and this affects Britain directly with its numerous tax haven dependencies. A financial transactions (Tobin) tax is in the offing. Minimum common taxation of e-businesses, particularly the US-based big four, is being discussed, and has already been introduced in France.

* Constraints on finance. The EU has done little to regulate finance, for example securitised assets, or the flow of kleptocrat and mafia capital into the EU. But there are pressures in the EU towards unification of banking system regulation.

On all these aspects of EU policy, the Brexiteers are doctrinaire neoliberals. They are opposed to any increase in corporate taxation, and have campaigned against any restrictions on Britain's tax havens, any restrictions on international financial flows, and a financial transactions tax (Meek, 2019). They wish to demolish any protections for labour, any restrictions on capital's destruction of the eco system, and any active role of the state in industry (including limiting monopolies).

The heart of the Brexit project, both a means and an aim, is to further subordinate the British population to capital. Since the Callaghan government of 1976-9, the British working class has experienced a succession of industrial defeats, and several industries have been effectively de-unionised. The rule of value in all aspects of economic and social life has been deepened. Popular culture has become increasingly individualised and competitive: you look after (what you take to be) your own interests, compete with others for resources, and ignore collective good. This competition is promoted through 'reality' TV, while social media are increasingly used for individual self-promotion, celebration of brand consumption, and trolling (Gough, 2020a). Nevertheless, there is still resistance to capital. Unionised workers in the private and public sectors resist degradation of their work and working conditions, and new unions fight for the elementary working rights of low paid, casualised workers. There is strong public support for increased taxation of corporations and the rich. The eco movement has challenged capitalist destruction with some local successes and, with Extinction Rebellion and the school strikes, presented a global alternative. After Corbyn's election as leader, the Labour Party programme presented a threat to neoliberalism-as-usual.

Capital operating in Britain is therefore still conscious of the need to head off challenges to its hegemony. The 2016 EU referendum provided an ideal opportunity to do so: the Leave campaign shifted working class opinion sharply to the Right. It did so by reinforcing xenophobia and racism; by fostering a generalised nationalism, ideologically uniting capital and labour; and by promoting hostility to the regulatory state. The Brexiteers have tapped into *existing* reactionary ideologies in the population, arising from everyday life in a neoliberal society (Gough, 2017; 2020a). Capital's Brexit project, then, aims at further weakening restraints on capital through increased control, economic and political, over the working class.

7. Tensions between remaining and leaving: capital accumulation in particular sectors

At the beginning of this article I outlined how capital accumulation in Britain will suffer from leaving the EU. In the previous section I argued that capital which adopts a strong neoliberal stance has many motivations to leave the EU. I now consider how this contradiction appears in different broad sectors: banking, manufacturing, farming, locally-supplied consumer services and building, the media, and British capital producing mainly overseas. I have three focuses here. First, political conditions for the production of services and goods by workers in Britain. Second, the spatiality of the corporations, whether British or foreign owned, operating in Britain. Thirdly, the overseas operations of British-headquartered capital. For simplicity, I assume in this section a hard or no-deal Brexit, that is, that Britain exits the Customs Union and no substantial trade deal is made with the EU.

High-level international finance and business services (FBS)

We have seen that London is presently the major centre of investment banking for the EU. This activity depends on 'passport rights', which would disappear if Britain left the Single Market, which guarantees mobility of capital. However, the City has been renegotiating these rights with the EU in anticipation of Brexit, by-passing the British government, possibly through 'regulatory equivalence' (Ringe, 2018).

A significant minority part of the City, namely hedge funds and private equity, operates in global markets which are lightly regulated by states, and are not strongly dependent on EU customers. They therefore have no interest in Britain remaining in the EU, and may fear future EU regulation. Interestingly, a half of all donations to the Conservative Party in the last few years have come from hedge funds.

We saw in the previous section that the EU is moving to clamp down on tax havens and secrecy jurisdictions, which would have included both the City of London and its linked

British overseas dependencies, and also is moving towards unification of corporate tax rates. This was a serious threat to the overseas money-capital lodged in London, including oligarchs and politicians from the former Soviet Union, the Middle East dictatorships, Third World kleptocrats and various mafias (Seabrooke and Wigan, 2017). Moreover, Shell, BP and other British oil and gas firms have extensive joint ventures in both Russia and the Gulf (Harding and Davies, 2020). We can assume, then, that the Russian oligarchs and the Saudi and Gulf dictators support Brexit.[6] They have ample political conduits for expressing this view: Russian oligarchs are major donors to the Conservative Party, and the Gulf states have long had enormous leverage and protection within the British state as depositors of their capital in London and as the major purchasers of British-made armaments. This, then, is a major sector of capital with a strong and unambiguous interest in Brexit.

Some business services located in Britain could be damaged by Brexit if regulatory alignment is not maintained. Commercial-data flows between Britain and the EU within industrial, commercial and financial transnationals are governed by EU law (standards, privacy) and could be disrupted. Moreover, Britain is the major data hub in the EU, a role it will certainly lose (Helm, 2019).

Overall, then, Brexit offers FBS avoidance of new regulation, but any cutting off of passporting rights and free flow of commercial information would weaken FBS located in Britain. However, all sectors of FBS are dominated by transnational firms. To transfer work from Britain to a city in the EU these firms do not have to set up a completely new operation; they can simply expand their operation in the EU and shrink that in Britain (Hohlmeier and Fahrholz, 2018). Moreover, the local networks of contracting and cooperation between firms within, say, London can be transferred to linkages between those same firms in, say, Frankfurt. In the last two years or so, many of the major players have indeed transferred substantial operations from Britain to other cities in the EU (including Jacob Rees Mogg, arch Brexiteer Tory MP, who has moved his private equity firm from England to Dublin and the Cayman Islands). We may suppose, then, that the dominant corporations in FBS presently operating in Britain, whether British or foreign owned, are not strongly threatened by Brexit. Combined with the positive interest in Brexit of overseas money capital, we can understand why the City has not more forcefully and openly opposed Brexit.

Manufacturing

Manufacturing production in Britain is much more strongly and clearly dependent on EU membership than FBS. Supply chains with EU factories are ubiquitous, especially in engineering, and exit from the Customs Union would severely disrupt these, not so much because of tarrifs but because of quality specifications. The EU is also the largest export market for most British manufactures, and exports to non-EU customers depend on the EU's trade agreements. (Note, however, that the armaments industry sells little to the EU: nearly all its sales are to the Majority World, 80% to the Middle East.) These problems are evident in the car industry, in which cuts to investment, cancellation of new lines, and transfers of production have already taken place; exit from the Customs Union would probably mean the disappearance of volume car production in the medium term (Jolly, 2019). Brexit would also severely hit research and development by severing British ties to many EU-wide collaborations and institutions, including Airbus, fusion energy, the Galileo satellite system, CERN, and the Horizon science research programme; the pharmaceuticals authorisation agency for the EU has already moved from Britain. For most of these, Britain cannot have its own replacements due to their economies of scale.

Opposition to Brexit by manufacturing capital has, however, been moderated by its spatial-ownership structure. Manufacturing in Britain is overwhelmingly carried out by transnational companies with factories in many other countries, including other EU countries. If Britain leaves the Customs Union, in the medium term these companies can relatively easily transfer their British production to *existing* sites on the continent, albeit with a devalorisation of their fixed assets (which in some cases will be coming to the end of their economic life) and the need to reorganise their supply chains. Britain has provided an attractive location for manufacturing capital in that its wages are lower than other countries of north-western Europe and the labour force is more numerically-flexible (it is easier to sack workers); this is how Thatcher secured Japanese and other foreign investment in manufacturing. Nevertheless, much lower wages and poorer conditions can be found in south and east EU countries. Thus while Brexit is inconvenient for these firms, it is not devastating.

A further factor in neutralising manufacturers' opposition to Brexit is that many British-headquartered manufacturers now produce mostly or entirely outside Britain. The majority of ICI's production is abroad; British manufacturers of electronic goods produce mainly in China; clothing retailers/manufacturers produce in south and south-east Asia; and white goods firms have their factories in Eastern Europe or the industrialised Majority World (Dyson, a notable advocate of Brexit, produces in Malaysia). These firms can be expected to be at best indifferent to Brexit.

Another aspect of the ownership of manufacturing that is sometimes considered relevant to Brexit is that only a minority of manufacturing companies producing in Britain are British-headquartered. There are major 'British' companies still producing Britain in armaments and pharmaceuticals, but in the car industry, for example, has no British-owned volume manufacturers. This fact, however, is of limited relevance to these firms' attitude to Brexit. It is many decades since manufacturing corporations preferred their 'home' country for investment. 'British' firms are no less able to move their operations to other EU countries than foreign-owned ones.

Farming

Farming in Britain will be severely hit by Brexit. Exit from the Customs Union will hit exports to the EU; exit from the Single Market will hit the presently very large reliance on East European labour power; and farmers will lose the lavish and unconditional subsidies of the Common Agricultural Policy. Unlike manufacturing, this production cannot be moved abroad. But despite the strong historic ties between farmers, landowners and the Conservative Party, this hit seems to have had little impact on the party, perhaps because farming accounts for only a tiny part of capital operating in Britain and less than 2% of employment.

Non-exporting sectors

Major sectors producing in Britain are non-exporting: the utilities, trains and buses, retail, leisure, the outsourcing companies which carry out contracted-out public services, and what I will term 'local builders', that is, firms which build in Britain. Brexit does not threaten their exports. They will take a hit from a reduction in GDP, but this is indirect and unpredictable.

Some of these sectors are constrained by EU environmental regulations: local builders in land use protected for environmental reasons; water companies restricted by effluent regulations; transport companies by air quality regulations; they would benefit from a Brexit which scrapped EU environmental regulations. Brexit could possibly reduce the large use of cheap East European labour by retail, leisure and local builders. But their very low wages and poor conditions could be cut further by the absence of EU labour market regulation. These considerations do not apply to utilities and transport, whose wages and conditions are better and whose industrial relations are more formal. Overall, then, Brexit has benefits and no disbenefits for these sections of capital.

Media corporations

Newspaper, film and TV corporations are a particularly important force in the politics of Brexit for the obvious reason that they can directly influence public opinion. In particular, the four largest newspaper owners (Murdoch, Rothermere, Barclays, Desmond) are all virulently hostile to the EU; over decades, their papers have contributed to anti-EU sentiment, and they played a major role in the 2016 referendum. The principal reason that they support Brexit is that they wish to avoid anti-monopoly regulation by the EU; in the case of Murdoch, this concerns not only his newspapers but also his film and TV interests.[7]

British-headquartered capital unaffected by EU membership

I noted above that many British-headquartered manufacturing firms produce largely or entirely outside Britain, and are accordingly indifferent to Brexit. In addition, major sectors of British-headquartered capital, namely property development, international builders, mining, oil and gas, and imperial food producers, are not substantially affected by Britain's membership of the EU; these are a large slice of 'British' capital due to imperial history. Property developers, closely tied to the banks and financial institutions in the City, organise building investment throughout the world, and do not require passporting rights, or equalivalency, to carry out developments in the EU. The same is true of the major builders who construct commercial buildings and physical infrastructures (civil engineering) abroad, especially in the Middle East. Production carried out by BP and Shell is almost entirely outside the EU, and their trade is unaffected by Britain's relation to the Customs Union. It is therefore unsurprising that these dogs have not barked at Brexit.

We see, then, that the balance between the benefits and disbenefits of hard Brexit are uneven for different sectors of capital operating, headquartered or invested in Britain. This then explains why some sectors of capital have welcomed and promoted Brexit; in some cases publicly (Weatherspoons, Dyson, Ineos oil and gas, Rees Mogg, Aaron Banks), in others privately (most speculative finance, property capital, oil and gas, overseas kleptocrats).[8] It explains why some important sectors capital might be indifferent to Brexit. And it explains why opposition from domestic manufacturers and banking has been muted, and why these sectors of capital, which stand to have their markets in the EU obstructed, have not prevented the takeover of the Tory Party by the hard-Brexiteers.

8. The Conservative Party and the interests of capital: spatiality of capital and power over labour

Since the 1970s the British economy has become deeply enmeshed with the continental EU. Brexit will severely damage production of goods and services, and thus both capital accumulation and employment, within Britain. But over centuries British capital has developed a strong liberal bias – untrammelled freedom for capital, disciplinary relations over the working class, and weak state intervention into the economy, since the 1970s reinforced by neoliberalism. This political tradition and dynamic of British capital has driven Brexit. It is true that central aspects of the EU are liberal: the mobility of capital, labour and commodities, prohibition of industrial subsidies, competition between countries to lower corporate tax rates, and required open competition for state contracts. But other aspects of the EU are broadly Keynesian: labour market and environmental regulation, industrial and farming policies, transfers of income between countries, and incipient unification of corporate taxation and banking regulation. Strong neoliberalism is opposed these aspects of the EU and seeks to escape them.

Decline of production of goods and services within Britain after Brexit will have devastating consequences for the working class. But we saw in the previous section that the implications of Brexit for sections of capital are very different. We may categorise these into four groups according to their interests in relation to Brexit:-

* Many *British-headquartered corporations* are little affected by EU membership because their production and sales are outside Britain (and in fact largely outside the EU). These include manufacturers producing outside Britain, property developers, large builders and civil engineers, miners and oil and gas companies, and imperial food producers. Collectively these constitute a large proportion of British-headquartered capital, reflecting Britain's imperial history. They are unaffected by Britain's trade relations with the EU, and Brexit frees them from the possibility of increased taxation and regulation in the future. Corporations in this group are therefore in favour of Brexit.

* Capitals which have the most to gain from Brexit include *hedge funds, private equity firms, and capital lodged in London by businesses and states of authoritarian countries and mafias.* Brexit frees them from the threat of higher taxation. It frees overseas kleptocratic and criminal capital from the danger of regulation and oversight by the EU.

* *Capitals producing in Britain for the local market* - utilities, outsourcing companies, retail, leisure, local builders, the media - are not disbenefited by Brexit except in the unpredictable hit to GDP, and in some sectors the possible loss of EU migrant labour. On the other hand, they stand to gain from weaker environmental regulation (particularly utilities and builders), weaker labour market regulation (outsourcing companies, retail, leisure, local builders), weaken regulation of monopoly (utilities, outsourcing companies, the media), and reduced risk of higher corporate taxation. Corporations in these sectors are therefore likely on balance to be in favour of Brexit.

* The sectors of capital producing in Britain which are the most threatened by Brexit are *manufacturing, farming, retail and investment banking, and business services.* All of these

stand to lose markets in the EU. Manufacturing faces disruption and barriers to the import supply chain from the EU, and exclusion from EU joint research and manufacturing projects. Exit from EU regulations on data storage and use poses potentially severe problems for all sectors of manufacturing and FBS. These sectors of production have little to gain from Brexit. However, banking is likely to be able to negotiate passport rights or equivalence even in the case of a no-deal Brexit. Moreover, manufacturing, banking and business services are dominated by transnational companies. These can relatively easily transfer their British production to other EU countries, particularly to existing production sites – a process that has already been underway since 2016. In the case of manufacturing such transfers may involve some writing off of fixed capital and the loss of experienced skilled labour. The public pleas and private lobbying from Makers UK to the government to avoid a no deal are, then, justified and sincere; but they are likely to have been muted by the alternatives open to transnational companies. The clearest losers are purely national manufacturers, and farmers.

Taking these four groups of capital together, there is likely to have been support for Brexit from the first three groups, and only muted opposition from (most of) the fourth group. These pressures are then manifest in contradictory pressures on both peak business organisations and the Conservative Party. The Confederation of British Industry and the Institute of Directors represent large capital in all the four groups; the Federation of Small Business and the British Chambers of Commerce represent SMEs mainly in locally-supplied services and in manufacturing. The interests of the investment banks and manufacturing in opposing Brexit are therefore diluted by the imperial multinationals and parts of the City (for the CBI and the ID) and by locally-supplied service capital (for all the organisations). This explains why their lobbying of the Tories has been weak and ineffective in preventing a hard Brexit. The divergent interests of the different groups of capital has been reflected in the split within the Conservative Party between remainers led by Cameron, Osborne and Hammond and the leavers of the Tory Right led by Johnson and Gove (and the Provisional Tory Party of Farage). The muted and ambiguous message of opposition to Brexit from the City and transnational manufacturing enabled the Tory Right to carry through Brexit and pursue a hard version of it, and along the way purge the remainers from the party.

This account, then, throws doubt on much of the left and academic commentary on Brexit. It is not the case that 'British business' or 'capital' in their entirities are opposed to Brexit. To the contrary, three of the four types of capital discussed above support Brexit, while the fourth has spatial strategies for dealing with it. Accordingly, the political project of the Tory Right to exit the EU does not signal its detachment from capital or from 'the economic' but on the contrary its responsiveness to major sections of British-headquartered capital and overseas capital operating through London. It is not a spasm of imperial nostalgia, even though it is rooted in the structure of capital inherited from the British empire. It is not a 'purely political' project to divide and weaken the British working class, though winning a majority of the working class was necessary for the project.[9]

9. Some theoretical and political conclusions

In conclusion, I briefly consider what light this analysis throws on some abstract-theoretical issues in political economy and left strategy.

Capital and territory

Since the emergence of the Westfalian state in the early modern period, and the formal-institutional separation between the ruling class and the state, there has been the possibility for disjunction between the spatiality of capital and the spatiality of the state. For European states, the export of imperialist capital, the growth of transnational productive capital in the 20C, and the growth of hyper-mobile money capital since the 1980s have produced a massive disjunction between the spatialities of capital and the spatiality of both the British and the EU state (Radice, 1984). But Keynesian thought, in all its varieties, has always had a national focus in which the object of analysis is the nexus of the 'national economy' and the nation state. Regulation Theory and its offspring has similarly privileged the national scale. In consequence, most academic and left commentary has conflated British capital with production within British territory (section 2). As we have seen, this methodological nationalism has led to a neglect of the weight of capital supporting Brexit.

Political rhetoric and reality

A second source of confusion in commentary on Brexit is that political discourse is taken representing the real content of political projects. The rhetoric of the Brexiteers has been nationalistic, xenophobic and anti-immigrant, to win working class electoral support. But this has nothing to do with the capitalist project of Brexit, which is strongly internationalist. This difference should come as no surprise: politics in capitalist society is necessarily a realm of fetishes, mystifications and inversions (Clarke, 1991). The elision of political rhetoric and capitalist logic has led many commentators to see a radical split between the political and the economic in Brexit, thus reproducing the split in bourgeois social thought.

Socialisation of production in territory and/versus the freedom and mobility of capital

A number of conflicts over Brexit which I have mapped in this article - between capitals, the (submerged) conflict between capital and labour, disjunctions between states and capital – rest on a fundamental unity and contradiction within capitalism, namely the socialisation of production in territory and/versus the freedom and mobility of capital (Gough and Eisenschitz, 1996b; Das, 2017; Gough and Das, 2017). Profitable and dynamic capitalist production of goods and services relies on multiple networks linking firms, labour and training organisations, economic and technical institutions, and various scales of the state. Many of these networks are contained within local, national and continental territories, and these are substantially organised by corresponding levels of the state, here Britain and the EU (Eisenschitz and Gough, 1998). Such networks involve sunk investments in fixed capital and skilled labour power, business habits and trust, and thus take decades to construct and are durable. These networks tend to align the interests of capital with those of the territory's workers. Britain's membership of the EU has produced networks which are essential to many sectors of goods and service production within Britain, and provide the logic for labour and some sections of capital to wish to remain in the EU. But socialisation in territory is always in tension with capital's wish to escape insufficiently profitable investments, move to new spaces and sectors. Socialisation also gives potential influence to labour within production and to citizens concerned with ecology and state taxation rules. For both these reasons, capital may therefore from time to time flee the sites of territorial socialisation (Eisenschitz and Gough, 1996; Das, 2017) This is exactly the project of the sectors of capital currently supporting Brexit. The contradictory unity of socialisation and mobility thus underlies the apparent paradox, that Brexit both severely weakens capital accumulation within Britain *and* is powered by major sections of capital.

The Far Right and how to fight it

The Far Right, worldwide and in Britain, is generally seen by the centre, the left and even Marxists (Lowy, 2019) as a specifically political project marked by 'morbid symptoms' (Worth, 2020): the strong man who will sort things out, the sidelining or suppression of the traditional forms of parliamentary democracy and civil rights, systematic illegal behaviour by the government, systematic lying, rapid and unaccounted changes in policies, the mobilisation of xenophobia, racism and misogeny, rhetoric against the 'metropolitan elites', and encouragement or tolerance of fascist street violence. These are seen as the essence of the Far Right project (cf point (2) above). The implication is that the struggle against the Far Right is essentially one for democracy and against social oppressions. I have argued, to the contrary, that the essence of the Far Right project in Britain has been to deepen the neoliberal project of capital: to further reduce taxation of capital; to free money capital from all state regulation, including policing its provenance; to further increase the rate of exploitation and weaken the influence of workers in production; and to reduce ecological regulation and head off any increase in it. The 'morbid symptoms' can then be understood as the appropriate political forms of the project of increasing the power of capital over labour. They are also an expression of the contemporary culture of capital: the viewpoint of individual capitals during a long wave of economic stagnation is that the interests of labour, the law, human rights and state ecological regulation are so much dross; Far Right politicians are simply implementing this viewpoint. Opposing the Far Right is therefore a wider and more difficult task than simply defending democratic rights, necessary though that is: it involves naming capital as the underlying force, naming the economic aims of capital, and fighting for counter measures: strengthening labour organisation and ecological regulation, increasing spending on public services and benefits, increasing taxes on capital, and beginning to control capital flows and their destinations.

This suggests an orientation for the left in Britain. Exit from the EU and from the Customs Union is now an accomplished fact. As well as fighting the continuous attacks on democratic rights by the Johnson government, the left needs to expose and name the Far Right's economic aims and undertake long term campaigns precisely against these aims. The disaster for jobs in Britain wrought by Brexit can then be pinned on its class author, and working class support for the Far Right gradually eroded.

Notes

1. These impacts on the British domestic economy have been downplayed by many of the Marxist writers who supported Brexit on the grounds that it would allow a strong programme of state industrial intervention and restructuring (for example Weeks, 2017; Fazi and Mitchell, 2018; Whyman, 2018). These writers have greatly underestimated the hit to manufacturing capacity from Brexit and the problems that this would cause a left government: the starting point for a putative left social democratic government is necessarily the *existing* capitalist capacity.

2. This weakness arises, in part, from Jessop's approach derived from Regulation Theory, within which state and economy are separately given structures which are only externally related. In this it resembles mainstream political science: see point 1 above.

3. On the distinctiveness of British capitalism compared with other major capitalist countries see Kotz *et al* (1994) and Coates (2000).

4. Lowy's (2019) characterisation of the Far Right as 'post-fascist' is therefore misleading.

5. The logic of the Far Right project for capital is entirely missed by Worth in his recent book (2019) on the global Far Right. Using a Gramscian approach, he analyses the Far Right as a purely political project detached from capital accumulation, capital interests, and capital labour relations. Accordingly, he uses the category 'Far Right' to refer to small political groups which focus entirely on xenophobia, racism and homophobia, rather than large parties and governments.

6. See Harding and Davies (2020). There is strong evidence that the Russian state intervened into the EU referendum to promote Leave. The report of the UK Parliament's Intelligence and Security Committee into Russian state and capital interferences in the referendum, released on 21 July 2020 after 18 months of blocking by the government, contains an interesting passage published with redactions. 'The extent to which Russian businesses are using access to UK businesses and politicians to exert influence is *****.' 'Extensive'? 'Massive'?

7. Rothermere, owner of the Daily Mail, is egregious. His family has owned the paper for over a hundred years. Throughout that time, the Rothermeres have supported the imperialist, racist Far Right, and supported Moseley and Hitler in the 1930s.

8. An insight into the sectors of capital with the closest personal links to the Tory Right can be gained from the party's fundraising ball held on 25 February 2020 (Syal, 2020). Organisers and attenders included City speculators, property developers, and retail, leisure, sport and media capitalists.

9. A complete account of the process by which Britain has left the EU must include how a majority of the working class was won to support for Brexit, particularly in the referendum and the 2019 general election. I have written on this question elsewhere: Gough, 2017; 2020a. On popular (mis)understandings of the economics of Brexit, see Gough, 2020b.

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