

Brexit, the Crisis of the EU & Global Capitalism



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Brexit – a particular manifestation, but of a broader symptom

- Marine Le Pen as a real Presidential Contender in France
- The question of ‘populism’ and decline of centre-left and centre-right parties
- The territorialisation of political cleavages
 - Spain, Italy, Belgium obvious examples
 - ...but also the UK...Scotland/England...and in England London vs. rest

Where

CURIOSITY

Obvious usual suspect proximate causes

- Migration crisis
- (Geopolitical crises, from Iraq to Ukraine)
- Eurozone crisis

- The latter is the most fundamental as it sets the context for resolving the others,
- but is also the dramatic culmination of a deeper underlying development.

The longer view: the failure to deliver economic growth

- 'Single Market cumulative impact (wealth effect) of +4 ½-7% to GDP after 5-6 years' (Cecchini Report of 1988)

EU 15	Average Annual GDP Growth
1961-1973	4.3
1974-1985	2.1
1986-1995	2.5
1996-2005	2.4
2006-2015	0.8

Central proposition

- The Single Market has promoted a finance-led growth model without organic roots in European socio-economic formations, resulting in a lack of institutional complementarity (with modes of investment and consumption), anaemic and uneven growth, and a progressively emerging legitimisation crisis.
- The Euro has not achieved global reserve currency status, and does not (cannot?) underwrite expansionary policies

Financialisation (Lapavitsas et al, 2012: p. 45)

	Credit Institution Assets/GDP (2008)
Greece	190%
Ireland	760%
Italy	231%
Spain	309%
France	371%
Germany	316%
Netherlands	376%

Finance-led growth

- Extension of debt underwritten by increased asset values
 - Compare integration of mass production and mass consumption underwritten by productivity growth
- Debt-driven financialisation (US, UK)
- Export-driven financialisation (Germany)
- Peripheral financialisation (Greece, Spain, Portugal)

The link between economic and political crisis: the welfare state

- Core of the income replacement principle ('deferred wage')
- Corrosive effect of decades of retrenchment, and inside/outsider dynamics
- Moral panic about immigration as a catalyst

The false dawn of renationalisation

- Likely to exacerbate the destabilising effects of finance-led growth under Dollar hegemony
 - Monetary integration motivated by six major shocks arising from American macroeconomic policy post-Bretton Woods (Henning, 1998)

Conclusion – the vision of Jean-Jacques Servan-Schreiber repressed

- European integration as a federalisation of the European model of capitalism
 - Social partnership (politics of productivity)
 - Long term stakeholder relationships between banks and enterprise
 - Active EU-wide industrial policy (les grandes operations)
 - Digital industry and lack of investments...while European banks are awash with cheap money from ECB.. (Axelle Lemaire)