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Johnson's folie de grandeur

London is not only misrecognising the EU in its 'no deal' brinkmanship on Brexit. It is misrecognising the UK

The UK government is once again threatening to walk away from negotiations on its future relationships with the European Union. Not only that: via anonymous briefings to credulous journalists, it has made two specific threats.

The first is to pass domestic legislation which would override the Withdrawal Agreement it signed last year, specifically the Northern Ireland protocol. This was designed to allow EU law to prevail on state aid in Northern Ireland and mandates customs paperwork for goods exchanged between the region and the rest of the UK. Downing Street insiders have briefed that they will provocatively supersede it, 'in full cognisance that this will breach international law'.

The second threat is to impose restrictions on EU-based firms which try to raise finance in the global markets via London. According to the *Sunday Express*, a right-wing, pro-Brexit newspaper, 'a dossier is being considered by Downing Street proposing that the EU could be punished for refusing to strike a deal by limiting access to being able to raise money on the London financial markets'.

Crunch point

The purpose of both threats is clear. Negotiations between the UK and EU have reached a crunch point but the differences are resolvable. There are two issues: one emotive, one major.

The emotive issue is fishing rights. Since this is a straight question of quotas, any trained negotiator will tell you that it can be solved.

The major issue is state aid. A Britain which for ideological reasons has always opposed public support for the private sector has suddenly discovered the desire to subsidise tech companies.

As with all negotiations involving the prime minister, Boris Johnson, the bluff and bluster for Sunday papers is designed, first, for domestic consumption and, secondly, to confuse the negotiating partner. My hunch is that Johnson will — at some point — stage a walkout, declaring a 'no-deal' Brexit, as a device to gain marginal advantage on fish, state aid or Northern Ireland. The two threats issued over the past days are designed to provide a *casus belli* for such a walkout.

Deglobalisation is a fact and over the next 25 years the only question will be who wins and who loses.

The Covid-19 slump has convinced many Tories that they can 'bury' the cost of a no-deal shock beneath the cost to the exchequer of dealing with the virus. The UK's budget deficit for 2020 is predicted to be £320bn — up from £57bn last year. With deficits running at double the previously predicted figures for the next five years, the UK will end up with a ratio of debt to gross domestic product above 100 per cent.

So no deal is a gesture they are prepared to make, even if only for the chance to shore up Johnson's electoral base, which has been crumbling due to his disastrous handling of the pandemic.

'Sovereignty'

But the underlying problem for the UK, as the Tories are finding out the hard way, is 'sovereignty'. The slogan 'take back control' was what motivated 52 per cent of its citizens to support Leave in the 2016 referendum and the promise of it helped Johnson to a landslide in the Westminster election last December. The mantra — 'take back control of our money, our borders and our laws' — has been drilled into Tory politicians.

Yet 'sovereignty' no longer resides in money, borders or even laws. It exists in a reality constructed out of standards — in technology, trade, finance, agriculture, intellectual property and consumer goods — which in the EU are shared.

Under John's predecessor, Theresa May, the Tory dream was that, by breaking free of all mutually agreed standards, the UK could become 'Singapore on Thames'. It would be a low-tax, deregulated economy leveraging its advantage against a more regulated and more redistributive EU — not just in finance but in technology, research, services and manufacturing.

Under Johnson the dream became more feverish. Britain would not only

tear up its trade relationship with the EU, he said in February, but become a global force for breaking up all trading blocs:

Humanity needs some government somewhere that is willing at least to make the case powerfully for freedom of exchange, some country ready to take off its Clark Kent spectacles and leap into the phone booth and emerge with its cloak flowing as the supercharged champion, of the right of the populations of the earth to buy and sell freely among each other.

Britain would engage in 'a multi-dimensional game of chess', negotiating with the United States, the Commonwealth, Japan and the EU — not forgetting China and India —simultaneously.

Hubristic delusion

It was always a delusion. The value of trade in global merchandise was already falling — by 3 per cent in 2019 — before the coronavirus crisis and the growth of trade in services was slowing, due to increasingly protectionist policies being pursued by the US and geopolitical tensions. The idea that the UK on its own could reverse this was as hubristic as the repeated Tory threats to send a single frigate to alter the power balance in the South China Sea.

Covid-19 has however changed the world. When the pandemic began, nation-states began to hoard, seize and requisition personal protective equipment and ventilators, shut down borders, treat their citizens preferentially and blame each other for the consequences. If we get a vaccine, the resulting scramble over its ownership and deployment will teach the world yet another Hobbesian lesson.

Deglobalisation is a fact and over the next 25 years the only question will be who wins and who loses. For all the 'free trade' rhetoric, the UK's actions have to be understood on the basis that policy is now in the hands of people who understand this fact.

Dominic Cummings, Johnson's chief adviser, may not be able to stick to basic public-health guidelines — he notoriously visited family in northern England during the lockdown — but he understands the tech industry. One senior figure in a global tech company told me last month that 'the tech world will Balkanise'. On the Zoom calls of the powerful this is now accepted as irreversible.

European champions

It's not simply a question of locking out Chinese-owned Huawei from the backbone of the internet. European leaders understand that, in response, they will have to create a European 5G champion, by piecing together parts of Europe's former telecoms giants and providing a transnational form of state aid. With 'social media' platforms, again the inside view is that separate EU content regulations, advertising standards, tax regimes and ultimately corporate entities will exist.

Facebook, Google and Amazon may not be broken up along competition principles. But the price they will pay will be to exist as fundamentally separate entities in Europe and America, while being locked out of China and any jurisdiction it chooses to throw its weight at.

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The British government understands that, from tech to banking to the vehicle industry to finance, the core western European governments of the EU are serious about consolidation. The strategy of the most hawkish faction of the Tory party was always to trigger no deal early and then do an outline deal with the Trump administration. That, it turns out, is not 'multi-dimensional chess' but reckless, high-stakes poker.

And that's why the UK wants to escape from any residue of European state-aid rules. The real Singapore, of course, has government stakes in leading companies across all sectors. It is, as Guy de Jonquieres of the European Centre for International Political Economy points out, a substantially planned economy, with a highly paid and talented state bureaucracy charged with delivering economic success.

Beneath the rhetoric of xenophobia, then, the Brexit project of the authoritarian right in Britain has changed: from a 'free-market' paradise, winning a race to the bottom on environmental and labour regulations, to (implicitly) state-backed innovation and technological sovereignty. That is what lies behind Cummings' drive to dismantle the civil service and replace it with a corporate meritocracy. It is what lay behind the speech in June by the Cabinet Office minister and Johnson Brexit acolyte, Michael Gove, extolling Franklin D Roosevelt and Antonio Gramsci.

Opposition divided

Why are they doing this? Because they can. Because the opposition to this nationalist neoliberal strategy is divided between Labour, the Liberal Democrats, the Scottish National Party and the Greens, determined to take votes from each other at every (first-past-the-post) election. And because there is a solid base of support for xenophobia and racism in Britain, which the pro-Tory press and radio stations can play like a fiddle.

Cummings and others surrounding Johnson belong to a securo-technocracy, convinced they can simultaneously redesign the British army, build a British equivalent of General Electric, destroy Frankfurt and Paris as financial centres, launch a space industry from scratch, politicise the civil service, squash the Scottish independence project and rebuild British imperialism, with Accenture, McKinsey and Palantir as the stand-ins for Clive of India (the first British governor of Bengal).

They believe these fantasies because to confront reality is impossible. The Britain they are presiding over is now a minor power, with declining influence and a rotting infrastructure. It can only prosper through Europe's failure and — sadly for them — Europe is not going to fail.

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