

Brexit: Follow the Money

by Alicia Mornington

Marlène Benquet and Théo Bourgeron believe that the root cause of Brexit can be found in a transformation of capitalism, which they say has shifted from a neo-liberal system to a libertarian and authoritarian model. But does this view not overlook the role of singular actors and the vagaries of history?

Reviewed: Marlène Benquet and Théo Bourgeron, *La finance autoritaire. Vers la fin du néolibéralisme*, Raisons d'agir Éditions, 2021, 156 pp., €10.

On June 24, 2016, 51.9% of the British electorate voted to leave the European Union. Five years on, questions remain about the reasons for this political cataclysm that few had thought possible. In *La finance autoritaire*, Marlène Benquet and Théo Bourgeron seek to offer an original explanation. Their materialist approach proposes to "follow the money" (p. 15), with the aim of uncovering the deeper motivations behind Brexit. Their method involves analyzing "the power relations of social groups, including employers" (p. 13). The theory is that the UK, but also the USA and Brazil, has shifted from a neo-liberal system to a libertarian-authoritarian model. This political system aims to limiting the role of the state, particularly the bureaucratic deep state, while being politically authoritarian. According to the authors, this involves the repression of social movements in particular. The root causes of Brexit are to be found in the expansion of this system.

A transformation of capitalism

To understand how this theory contributes, it is first necessary to resituate it in relation to two dominant historiographical currents. On the one hand, the accepted interpretation of Brexit – which the authors reject – frames it as the result of a confrontation between the winners and losers of globalization. Indeed, electoral data show that London, a globalized city and the world's financial capital, strongly supported the Remain campaign, while the deindustrialized provincial towns of northern England overwhelmingly voted Leave¹. The populism that fueled the Leave campaign was thus driven by the desire of people in deprived towns to exact revenge on the nation's wealthy capital. This theory, among others, was expounded by David Goodhart in his book *The Road to Somewhere: The Populist Revolt and the Future of Politics*, published in 2017.

On the other hand, on a purely political level, the authors criticize another hypothesis, which attributes Brexit to a political accident in which Conservative leader David Cameron took a gamble: he supported the referendum in order to get himself elected in 2010, convinced that Brexit would not stand a chance. A resounding Remain vote would have allowed the Conservatives to silence the Eurosceptics who were beginning to weigh heavily on the political chessboard, within the Conservative party, and particularly since Nigel Farage's takeover of UKIP. According to this theory, Brexit was a political misadventure, the result of a miscalculation by a prime minister who had underestimated the forces of dissent in the country.

Benquet and Bourgeron refute these theories, which they consider incomplete because they ignore the balance of power within the UK. Imagining that the British people rose up alone against the EU leads to "an idealistic interpretation of electoral processes" (p. 12). For the authors, Brexit is first and foremost the sign, indeed the proof, that financial capitalism has changed, a theory they support in the first chapter. The UK's exit from the EU is in fact the result of a conflict within the capitalist system between "a new faction of employers competing with older financial employers..." (p. 15).

The authors distinguish two layers of financialization: the first, supported by a neo-liberal ideology, is said to have benefited greatly from EU funds. This layer is

¹ The official referendum results are available on the Electoral Commission website: <https://www.electoralcommission.org.uk/who-we-are-and-what-we-do/elections-and-referendums/past-elections-and-referendums/eu-referendum/results-and-turnout-eu-referendum>

made up of traditional banks, whose mode of capital accumulation is centered on the stock markets. The second wave of financialization, characterized by hedge funds, is more recent. It is a form of accumulation based on over-the-counter transactions. While the authors acknowledge that the boundary between these layers is porous, the two groups nevertheless constitute entities with divergent interests in terms of market regulation.

Benquet and Bourgeron argue that Brexit is the work of this second wave of actors, who lent it their clear support. Indeed, their analysis of the Brexit campaign accounts held by the Electoral Commission shows that 94% of donations to the Leave campaign came from such actors, like businessman Arron Banks, for example, who supported the right-wing populist UK Independence Party (UKIP). For the authors, the fact that these financial actors overwhelmingly supported Brexit proves "that the mode of financial accumulation is the explanatory principle underpinning their stance" on the EU (p. 47). Given that the Electoral Commission's data is freely available, this support was not hidden, but in any case it was downplayed or ignored in the public debate. This lack of media coverage may be due to the fact that these financiers "are shadowy actors, who say little and prefer to do business away from the media spotlight" (p. 112).

Authoritarian-libertarianism

The second chapter sets out to explain the historical development of financial regulation in the EU, which holds the actors of the second financialization accountable for the 2008 crisis. The introduction of regulations that penalized them led them to resent Brussels. In the end, the City complied with European regulations, ushering in a new era of capitalism characterized by a growing libertarian and authoritarian tendency. This theory is developed in the third chapter. The authors argue that European integration "is (...) an ingenious institutional innovation that disempowers national governments, obscures the beneficiaries of accumulation, prohibits dissent and justifies collective impotence against the power of markets" (p. 107). However, the Brexit project has not resulted in the British reclaiming their freedom, contrary to what Leave campaigners promised voters in the run-up to the 2016 referendum. The slogan "Take Back Control", which urged Britons to regain the control they had lost as a result of a Brussels takeover that violated their national sovereignty, is a clear illustration of this vague promise that nonetheless resonated deeply with the electorate. The

newfound sovereignty has "instead served the capitalist interests that rallied behind Brexit" (p. 110), making London the least regulated financial center in the world. Without Brussels' oversight, London has been free to become "Singapore-on-Thames" (p. 111).

Benquet and Bourgeron draw a distinction between libertarianism and neo-liberalism, with which it is often confused in France. They explain how a broad network of libertarian think tanks emerged during the Thatcher era and flourished during the Brexit campaign. This movement was designed to convert the economic interests of the actors involved in the second wave of financialization "into an institutional arrangement that perpetuated their dominance" (p. 112). The book's account of this British libertarian network is illuminating. The third chapter explains how this cluster organization sought to extend the wave of privatizations begun under Thatcher in order to gradually unravel the fabric of the welfare state under the Major, Blair, Brown and Cameron governments.

The proposed notion of "authoritarian libertarianism" may seem surprising at first glance. Libertarianism, whatever its tendencies, is characterized a priori by its affirmation of individual rights, and thus its rejection of authoritarianism. However, the authors show that libertarian arguments can lead to a new kind of authoritarianism². In theory, individuals are completely free, but in practice they are subject to market forces. Yet it seems less convincing to argue, as the authors do, that libertarianism inevitably leads to the repression of social movements. Freedom of speech and association are the backbone of libertarianism. Libertarians generally oppose censorship and support freedom of expression. In the United States, for example, it is not libertarians who want to restrict free speech on the Internet, but liberals.

In any case, the authors compellingly show the close link between this new authoritarian-libertarianism and climate skepticism. The actors of the second wave of financialization are opposed not only to EU financial regulation, but also to any measures aimed at decarbonizing the economy, which would also run counter to their interests, since they are engaged in the process of commodifying nature. Their argument as to why the new financial actors do not even seek to legitimize their own dominance is brilliant, and it is hard not to be convinced when we consider the career

² It is also important to note that it is distinct from neo-liberalism, the term used to describe the neo-conservative movement that characterized the George W. Bush era: laissez-faire economics combined with an aggressive post-9/11 foreign policy. Libertarianism, on the other hand, rejects a priori the aggression of one people against another, except in cases of self-defense.

paths of some of them, such as Arron Banks – a multimillionaire who is not only accused of tax evasion and mentioned in the Panama Papers, but also alleged to have been involved in diamond trafficking and corruption.

Libertarianisms and populism

The overall theory defended in this book is enlightening and useful for the French understanding of Brexit, which tends to overlook libertarianism. However, it raises some difficulties by undermining other interpretations that are nevertheless compatible with the authors' conclusion.

First of all, the authors' analysis of libertarianism raises a number of questions. Libertarianism is a political school of thought rooted in the liberal family, with liberty as its cardinal value. However, it does not form a coherent whole, and is divided into numerous groups and sub-groups, which is not mentioned in the book. Indeed, there are many variants: right-wing and left-wing libertarianism, feminist libertarianism, green libertarianism, and so on. The authors reduce it to its economic aspect, whereas its appeal also lies in its rejection of paternalism, and in its advocacy of absolute freedom in moral matters.

The book's argument is that economic interests specific to hedge funds motivated them to support Brexit, which was supposed to bring about financial deregulation. This ideology based on deregulation was justified by libertarianism.

We agree with this conclusion, except that these pro-Brexit actors did not hide their support, contrary to what the authors seem to believe. Indeed, while Brexit took everyone by surprise, from Cameron to the polling organizations, the hedge fund industry's support for Brexit had been on full display ever since the Leave campaign began. In February 2016, for example, the Financial Times ran the headline "[Hedge funds seek refuge from unfair European regulations](#)". The Guardian, meanwhile, asked "[Why are hedge funds supporting Brexit?](#)". What is more, Arron Banks, described as one of the "shadow actors", made no secret of his support for Leave. He was a regular guest on numerous TV shows, often appearing alongside Nigel Farage.

It can also be argued that the influence of libertarianism in the UK extends well beyond Brexit. Since the 1970s, the country's electorate has leaned increasingly toward

this political trend, in terms of laissez-faire economics and on social issues³. It is no coincidence, then, that under Nigel Farage, UKIP redefined itself as a "libertarian" party in 2010⁴. Boris Johnson has also repeatedly defined himself in those terms⁵. Brexit is therefore rather a symptom of a type of libertarianism that coincides with the interests of the actors of the second wave of financialization.

In addition, the authors' analysis of the Conservative party's political U-turns appears incomplete. David Cameron indeed lost his gamble when he committed to a referendum on Brexit. But it could be argued that, from a strictly political point of view, UKIP's electoral success in 2010 had forced Cameron's hand, pushing him to hold a Brexit referendum almost against his will.

Moreover, the book's materialist approach seems to ignore the role played by individuals. Boris Johnson was pivotal in securing the Leave victory. Less controversial than Farage, in 2016 Johnson was perceived as an eccentric and charismatic politician, known for his bonhomie and humor. Cameron had bet against Brexit, unaware that his former Oxford classmate would end up leading the Leave campaign.

When discussing Boris Johnson, the authors quote Karl Marx, for whom only an exceptional situation could make it "possible for a grotesque mediocrity to play a hero's part" (p. 93)⁶. Johnson, on the contrary, embodied the kind of libertarianism the authors identify, as we have noted elsewhere⁷. Far from being a secondary figure, he was one of the main actors in this shift. Some may not like his populist style, but the fact remains that he was better than anyone else at de-demonizing Brexit. He therefore played an instrumental role in winning over the popular electorate.

³ Tilley, James, "Research Note: Libertarian-authoritarian Value Change in Britain, 1974–2001", in *Political Studies*, 2005, vol. 53, no. 2, pp. 442–453.

⁴ See for example Tournier-Sol, Karine, "Reworking the Eurosceptic and Conservative Traditions into a Populist Narrative: UKIP's Winning Formula?", in *Journal of Common Market Studies*, 2015, vol. 53, No. 1, pp. 140–156, and Mornington, Alicia, "Brexit's Libertarian Fallacy" in *Revue Française de Civilisation Britannique* XXII-2, 2017.

⁵ See for example: Alicia-Dorothy Mornington, "Was Boris Johnson's One-Nation Post-Electoral Pledge Sincere?", in *Revue Française de Civilisation Britannique*, XXV-3 | 2020.

⁶ Marx, Karl, *The Eighteenth Brumaire of Louis Bonaparte*, Preface to the second edition of 1869, International Publishers, 1963, p 8.

⁷ Mornington, Alicia-Dorothy, "Is the Conservative Party Tilting Towards Libertarianism under Johnson?", in *Observatoire de la société britannique*, n°27, October 2021.

Finally, the US rejoining the Paris Agreement after Joe Biden's election victory and the completion of the OECD/G20 BEPS Project to establish a minimum corporate tax perhaps undermine the authors' conclusion that Trump-era deregulation has prevailed. Furthermore, the authors seek to provide an overview of international relations but fail to address the pivotal role of China and Russia, whose state ideology, in competition with libertarianism, complicates the international picture.

We highly recommend this book, whose strength lies in demonstrating the rise of libertarianism, as both an ideology and a political force. Its detailed analysis of the British financial world and European regulatory mechanisms, as well as its precise account of Brexit, make it a useful resource for understanding not only how and why the UK left the EU, but also the influence of libertarianism around the world.

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