

Voter revolt against the mainstream political agenda characterised both the referendum on UK membership of the European Union and the unexpected collapse of the Conservative government's majority in the UK's 8th June general election. These two directly linked electoral events have transformed British politics as well as unsettling conventional political wisdom on the continent.

For the UK right, Brexit brought mixed consequences: positively, for them, the defeat of the referendum creates the possibility of achieving the dream of much of the UK corporate sector - to escape the employment, environmental and civil protections institutionalised in the EU treaties. Exiting the European Union offers the only way for a Conservative government to negate these rights without violating EU treaties. On the negative side, the loss of a Conservative majority in the Commons leaves the Tory right without the power to realise its deregulatory dream.

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In both major national parties, the centrists suffered unmitigated disaster as a result of the referendum outcome. These centrists strongly supported remaining in the European Union. With equal fervour, the Labour centrists - the so-called Blairites - opposed Jeremy Corbyn and the radical change he seeks for the Labour Party and the country. On 23 June 2016, those Labour centrists complacently assumed victory for the Remain campaign and looked forward to undermining the party leader and provoking his resignation. One year later, Brexit seems irreversible and the social democrat they sought to undermine holds increasingly firm control of the party - the party that the centrists thought was theirs by natural right.

With no political home and the tide running against them, some of their prominent spokespersons have descended into despair. For example, Nick Cohen advises his Guardian readers to "leave politics", and Polly Toynbee laments the "bribing" of voters by Labour in

the 8 June election. For the stalwarts of the status quo, the events following 23 June have brought a catastrophe of historic proportions. No obvious way presents itself to reconstruct the antediluvian neoliberal order that served them so well.

Consequences for progressives

In June 2016, progressives who were deeply discontent with the political status quo in Britain voted overwhelmingly to remain in the European Union. This disparate group of left-of-centre voters included Labour Party members, Scottish National Party supporters, Greens and people not in parties who endorsed the dream of a unified Europe. Most of these progressives, myself included, felt unease casting our votes alongside the status quo-ers.

Remain lost because the Leavers constructed a slightly larger (though temporary) coalition of nationalists: a few progressives repelled by EU policies such as those involving Greece, and a very large number of people without fixed affiliation disgusted with austerity and its effect on them. Most on the left voted Remain, as I did, well aware of the failings of the European Union. These failings include undemocratic governance, neoliberal economic policies chiselled into the treaties and political dominance by the largest member (discussed in Remain for Change).

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However, pro-EU progressives will find it hard to deny that the referendum result we fought to prevent has led to events beyond our most optimistic hopes, with the fall of the Cameron government and stunning success of the Labour Party in the 2017 general election. I deeply regret leaving the European Union, but must accept that the probability is great that the June 2016 referendum will in due course result in a UK government committed to social democracy, not neoliberalism.

The painful truth is that the vast majority of British households will be better off out of the European Union with a Labour government led by Jeremy Corbyn than in the European Union under the yoke of a Conservative government led by anyone. Had the referendum I supported passed even by the narrowest majority, David Cameron would still reside in 10 Downing Street with no election until 2020. The right wing of the Labour party would still pose a constant threat to the progressive leader. At the very least we should temper our Brexit regret. It has been very long time since the Law of Unintended Consequences rewarded us at all, much less so spectacularly.

What Brexit means for progressives

Legally and politically, Brexit means ending UK membership in the European Union and clarifying non-member association, which many countries have in various forms. Assessment of the progressive path forward first requires consideration of the positive and negative balance of membership from a social democratic perspective.

For those favouring a Britain based on the principles of universal provision of social services funded by progressive taxation, the effect of full EU membership was mixed, and on balance negative. This balance results from EU treaty changes since UK accession in 1973, with each more neoliberal than the previous. Two treaties consolidated these neoliberal changes, one “on European Union” and the other “on the Functioning of the European Union”. Both place constraints on national governments that severely limit the scope for social democratic policies.

The most obvious constraint is on fiscal policy. The Maastricht Treaty of 1992 established an “excessive deficit” procedure, supplemented in 2012 by a further treaty frequently called the “fiscal pact”. The later treaty arbitrarily and with no technical justification limits the permitted size of national fiscal deficits. More serious, the fiscal pact gives unelected officials in the European Commission the authority to overrule democratic decisions by national governments.

However, since Maastricht, UK governments, like Denmark, have had an exemption to the treaty requirement to adopt the euro, and also from the enforcement powers of the excessive deficit procedure (now set out in Protocol 15 to the Treaty on the Functioning of the EU). In place of a comment to the deficit rules, a 2012 “protocol” vaguely pledges that “The United Kingdom shall endeavour to avoid an excessive government deficit.” In addition, the Cameron government refused to sign the “fiscal pact”. Other clauses on state aid prohibit

public subsidies to private businesses (a key instrument of industrial policy), and require that public services be open to private bidding (one of the misnamed “four freedoms”). The treaties also make nationalisations difficult and perhaps prohibit them (depending on case-by-case interpretation of EU law).

Achieving additional opt-outs would be time-consuming, with success unlikely, though not impossible. Ignoring the treaty clauses would result in attempts by the European Commission to enforce compliance through the European Court of Justice.

Therefore, many of the budget and public debt rules of the EU treaties either do not apply to the British government or cannot be enforced. As a result, the negative effects of EU economic policies had little impact on UK macroeconomic policy: George Osborne’s austerity policy was completely home-grown.

Other EU treaty constraints are potentially binding. Consider the possibility that a general election brings a Labour government, and that that government chooses to remain a member of the European Union (and the other 27 governments concur). In order to implement its manifesto – for example public ownership of railroads and developmental support to specific companies – the new British government would either have to negotiate additional opt-outs or ignore clauses in the EU treaties, treating them as if they did not apply to Britain.

Achieving additional opt-outs would be time-consuming, with success unlikely, though not impossible. Ignoring the treaty clauses would result in attempts by the European Commission to enforce compliance through the European Court of Justice. Either approach would reinforce yet again the British government’s status as an EU malcontent.

All this discussion leads to an obvious conclusion that might be extremely controversial and certainly unpalatable for most British progressives: for a Labour government, not being a full member of the European Union solves more problems than it creates. As a fervent supporter of European cooperation and unity, I reach that conclusion with considerable reluctance. But progress does not always come wrapped as we might wish. And a social democratic UK

government with or without EU membership is progress.



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