

Canada's elite rattled by Brexit vote

Roger Jordan, Keith Jones
9 July 2016

The United Kingdom's referendum vote to leave the European Union (EU) has provoked widespread apprehension and alarm in Canada's ruling elite, and for a host of reasons.

These include: the adverse impact of the pro-Brexit vote and Britain's impending exit from the EU on the world economy and on Canadian big business's substantial European interests, the threat the unravelling of the EU poses to NATO and the system of multilateral alliances through which the Canadian bourgeoisie has traditionally asserted its global interests, and the potential boost Brexit could give to the forces pushing for Quebec's secession from the Canadian federal state.

Although most of the political establishment and media have deplored the outcome of the Brexit referendum, there are elements—most notably the pro-Quebec independence Parti Quebecois (PQ), several prominent Conservative Party politicians, and the neo-conservative *National Post* and rightwing populist *Toronto Sun*—that have welcomed the anti-EU vote as an assertion of “national sovereignty.”

In the run-up to the June 23 Brexit referendum, Prime Minister Justin Trudeau and Finance Minister Bill Morneau spoke out forcefully in favour of Britain remaining part of the 28-state bloc.

On June 24, as stock markets plunged and the Canadian dollar was hit by a global surge in demand for US dollars, Trudeau announced his government was “monitoring the situation closely” and would be “working with our partners around the world in order to maintain stability and create economic growth.”

As elsewhere, Canadian stock markets have staged a comeback since the massive sell-off triggered by the Brexit vote. But economic analysts remain concerned about the impact of Brexit on a Canadian economy that has already been battered by the plummet in oil and other commodity prices and which faces major domestic threats from a housing bubble fuelled by record-low interest rates and high-levels of consumer debt. Canada's household debt to income ratio is the highest in the G-7 and among the highest in the OECD.

Canada's exports to Britain are valued at more than \$10 billion annually, trailing only those to the US and China. Canadian businesses and investors have some \$70 billion worth of direct investments in Britain, making it the third largest destination for Canadian FDI, behind only the US and the principal Canadian tax haven, Barbados.

Earlier this week, Toronto-based Canada Life announced it was joining at least a half dozen other firms in suspending redemption of funds that specialize in British commercial real estate due to plunging property values and surging redemption requests. A subsidiary of the Desmarais family-controlled Power Corporation, Canada Life has, or at least had, half a billion pounds invested in British real estate.

As is the case in the US, Canada's political and military-security establishments are concerned about the impact the UK's leaving the EU will have on the NATO alliance and its war drive against Russia. Less than a week after the referendum vote and in a bid to demonstrate NATO's resolve in pursuing confrontation with Moscow, the Liberal government confirmed that Canada will assume leadership of one of the four battalions that will comprise NATO's new “high-readiness” force on Russia's borders.

Canada, which remains part of the Commonwealth and emerged as an independent nation-state and imperialist power by using close ties to Britain to counter US pressure, has long used its links to London as a means of exerting influence in Europe. With Britain withdrawing from the EU, this stratagem clearly will no longer pay the same dividends or be applicable in the same way.

The broader concern is that increasing divisions in Europe, along with a turn to economic protectionism, including on the part of the US, will undermine the system of alliances through which the Canadian bourgeoisie exerts power on the global stage. While Canadian imperialist interests are bound up with US global hegemony, the Canadian elite has championed multilateral institutions as a means of limiting US power and retaining maximum freedom of action.

An immediate major concern for the Canadian bourgeoisie is the impact of the Brexit vote and the crisis it has precipitated in the EU on the adoption of the “Canada-EU: Comprehensive Economic and Trade Agreement” (CETA).

Britain played a major role in winning the EU's support for CETA, which Ottawa was anxious to complete before the US and EU begin serious negotiations on their own free trade deal, fearing that otherwise it would have to accept whatever the two much larger entities negotiate.

Not only does the finalization of CETA risk being disrupted by the impending bitter struggle between Britain and the EU over the terms of Brexit. To placate opposition in the other 27

states to Brussels' authority, the European Commission announced Tuesday that CETA will have to be ratified by each member state individually. In the days following the Brexit referendum, EU Commissioner Jean-Claude Juncker was sharply criticized by a number of EU governments for saying CETA could come into effect with the endorsement of just the common EU institutions.

In the wake of Tuesday's European Commission announcement there has been vexed commentary in the European press that the new ratification process all but ensures CETA will fail to pass and that this sets an ominous precedent for resolving the terms of Britain's departure from the EU.

Another major concern for the Canadian elite is the impact of the Brexit vote and Brexit on its federal state.

There are fears that the United Kingdom could split apart, since both Scotland and Northern Ireland voted to remain within the EU, and that this would provide a boost for the Quebec sovereignist (separatist) movement.

The PQ and other proponents of Quebec independence were quick to note that Trudeau and his Liberal government have recognized that the 52 percent referendum "Leave" vote constitutes a mandate for Brexit, but oppose recognizing a majority "Yes" vote as sufficient to trigger Quebec's secession.

Following the razor-thin referendum vote against Quebec's secession in 1995, the then Chretien Liberal government developed a hardline "Plan B" strategy to prevent Quebec independence. Under the "Clarity Act," the federal government refuses to stipulate any referendum benchmark; can, with parliament's approval, declare after the fact that the referendum question was invalid; and threatens a seceding Quebec with partition.

In the wake of the Brexit vote, Trudeau and his ministers have repeatedly reasserted their support for the Clarity Act, saying that Britain's EU membership and Quebec independence are completely different issues.

Beginning with an editorial published almost immediately after the June 23 referendum, the *Globe and Mail*, the traditional mouthpiece of Canada's financial elite, has argued that the British political establishment should maneuver to set aside the pro-Brexit vote.

On the other hand, a section of the Conservative hard right has welcomed the vote for Brexit, which was spearheaded by the most right-wing British Tories and by the anti-immigrant United Kingdom Independence Party (UKIP).

Most prominent in this were two leading ministers in the previous Harper Conservative government, Jason Kenney and Tony Clement. "Congratulations to the British people on choosing hope over fear by embracing a confident, sovereign future, open to the world!" enthused Kenney. For his part, Clement proclaimed the vote a "magnificent exercise in democracy."

It was nothing of the sort. As the *World Socialist Web Site*

has consistently emphasized, the Brexit referendum was a faction fight between two right-wing sections of the British bourgeoisie over how best to pursue their imperialist interests. The reactionary campaign whipped up the most backward political sentiments, as has been shown in the rise in racist attacks and the assassination of Labour MP Jo Cox by a fascist gunman.

Joining in the exaltation of Brexit was media mogul Conrad Black. Like his business rival Rupert Murdoch, Black vilifies the EU because he wants to "free" capital of all environmental or labour regulatory restraints and wants an even closer military-security alliance between Britain and the US. In a *National Post* column titled "A fresh start for Europe," Black dismissed the reaction to the vote as "absurdly exaggerated," hailed the leaders of the Brexit campaign, Boris Johnson and Michael Gove, as "broadminded, fair-minded modern Thatcherites," and once again touted Donald Trump's US presidential bid, claiming that both Trump and the Brexiters are right to rile against immigration and "unfair trade deals."

There was a tactical element in the PQ's enthusiasm for the Brexit referendum outcome, since it provided them with a means of scoring points against Trudeau and undermining popular support for the Clarity Act. But this was far from the main motivating factor in the Quebec sovereignists' response. What they really welcomed was the assertion of "national sovereignty," that is the triumph of an opposition to the anti-democratic, German big business-led EU from the standpoint of a neo-liberal, virulently anti-immigrant, British and English nationalism.

Speaking the day after the referendum vote, Véronique Hivon, a candidate for the PQ leadership and ex-Quebec cabinet minister, declared, "We really had, yesterday, a great democratic exercise and a clear [statement] of sovereignty, which shows that sovereignty issues are very relevant in the world today." Noting that England and Scotland had voted differently, Hivon said this was in the natural order of things because each was voting accord to its "aspirations, values and interests."

When it last held office in Quebec, the PQ implemented massive social spending cuts and anti-strike laws no different from its federalist rivals, while introducing a chauvinist Charter of Quebec Values. The Charter would have barred half a million public sector workers from wearing religious symbols, while making an exception for discreet crucifixes.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact