Wall Street, Banks and Angry Citizens

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Inequality Worsens Around the Planet

By Nomi Prins
TomDispatch.com

As we head into 2019, a major question remains about the state of Main Street, not just in the U.S. but across the planet. If the global economy really is booming, as many politicians claim, why are leaders and their parties around the world continuing to get booted out of office in such a sweeping fashion?

One obvious answer: the post-Great Recession economic “recovery” was largely reserved for the few who could participate in the rising financial markets of those years, not the majority who continued to work longer hours, sometimes at multiple jobs, to stay afloat. In other words, the good times have left out so many people, like those struggling to keep even a few hundred dollars in their bank accounts to cover an emergency or the 80 percent of U.S. workers who live paycheck to paycheck.
In today’s global economy, financial security is increasingly the property of the 1 percent. No surprise, then, that, as a sense of economic instability continued to grow over the past decade, angst turned to anger, a transition that—from the U.S. to the Philippines, Hungary to Brazil, Poland to Mexico—has provoked a plethora of voter upheavals. In the process, a 1930s-style brew of rising nationalism and blaming the “other”—whether that other was an immigrant, a religious group, a country, or the rest of the world—emerged.

This phenomenon offered a series of Trumpian figures, including of course The Donald himself, an opening to ride a wave of “populism” to the heights of the political system. That the backgrounds and records of none of them—whether you’re talking about Donald Trump, Viktor Orbán, Rodrigo Duterte, or Jair Bolsonaro (among others)—reflected the daily concerns of the “common people,” as the classic definition of populism might have it, hardly mattered. Even a billionaire could, it turned out, exploit economic insecurity effectively and use it to rise to ultimate power.

Ironically, as that American master at evoking the fears of apprentices everywhere showed, to assume the highest office in the land was only to begin a process of creating yet more fear and insecurity. Trump’s trade wars, for instance, have typically infused the world with increased anxiety and distrust toward the U.S., even as they thwarted the ability of domestic business leaders and ordinary people to plan for the future. Meanwhile, just under the surface of the reputed good times, the damage to that future only intensified. In other words, the groundwork has already been laid for what
could be a frightening transformation, both domestically and globally.

**That Old Financial Crisis**

To understand how we got here, let’s take a step back. Only a decade ago, the world experienced a genuine global financial crisis, a meltdown of the first order. Economic growth ended; shrinking economies threatened to collapse; countless jobs were cut; homes were foreclosed upon and lives wrecked. For regular people, access to credit suddenly disappeared. No wonder fears rose. No wonder for so many a brighter tomorrow ceased to exist.

The details of just why the Great Recession happened have since been glossed over by time and partisan spin. This September, when the 10th anniversary of the collapse of the global financial services firm Lehman Brothers came around, major business news channels considered whether the world might be at risk of another such crisis. However, coverage of such fears, like so many other topics, was quickly tossed aside in favor of paying yet more attention to Donald Trump’s latest tweets, complaints, insults, and lies. Why? Because such a crisis was so 2008 in a year in which, it was claimed, we were enjoying a first class economic high and edging toward the longest bull-market in Wall Street history. When it came to “boom versus gloom,” boom won hands down.

None of that changed one thing, though: most people still feel left behind both in the U.S. and globally. Thanks to the massive accumulation of wealth by a 1 percent skilled at gaming the system, the roots of a crisis that didn’t end
with the end of the Great Recession have spread across the planet, while the dividing line between the “have-nots” and the “have-a-lots” only sharpened and widened.

Though the media hasn’t been paying much attention to the resulting inequality, the statistics (when you see them) on that ever-widening wealth gap are mind-boggling. According to Inequality.org, for instance, those with at least $30 million in wealth globally had the fastest growth rate of any group between 2016 and 2017. The size of that club rose by more than 25 percent during those years, to 174,800 members. Or if you really want to grasp what’s been happening, consider that, between 2009 and 2017, the number of billionaires whose combined wealth was greater than that of the world’s poorest 50 percent fell from 380 to just eight. And by the way, despite claims by the president that every other country is screwing America, the U.S. leads the pack when it comes to the growth of inequality. As Inequality.org notes, it has “much greater shares of national wealth and income going to the richest 1 percent than any other country.”

That, in part, is due to an institution many in the U.S. normally pay little attention to: the U.S. central bank, the Federal Reserve. It helped spark that increase in wealth disparity domestically and globally by adopting a post-crisis monetary policy in which electronically fabricated money (via a program called quantitative easing) was offered to banks and corporations at significantly cheaper rates than to ordinary Americans.

Pumped into financial markets, that money sent stock prices soaring, which naturally ballooned the wealth of the small
percentage of the population that actually owned stocks. According to economist Stephen Roach, considering the Fed’s Survey of Consumer Finances, “It is hardly a stretch to conclude that [quantitative easing] exacerbated America’s already severe income disparities.”

Wall Street, Central Banks, and Everyday People

What has since taken place around the world seems right out of the 1930s. At that time, as the world was emerging from the Great Depression, a sense of broad economic security was slow to return. Instead, fascism and other forms of nationalism gained steam as people turned on the usual cast of politicians, on other countries, and on each other. (If that sounds faintly Trumpian to you, it should.)

In our post-2008 era, people have witnessed trillions of dollars flowing into bank bailouts and other financial subsidies, not just from governments but from the world’s major central banks. Theoretically, private banks, as a result, would have more money and pay less interest to get it. They would then lend that money to Main Street. Businesses, big and small, would tap into those funds and, in turn, produce real economic growth through expansion, hiring sprees, and wage increases. People would then have more dollars in their pockets and, feeling more financially secure, would spend that money driving the economy to new heights—and all, of course, would then be well.

That fairy tale was pitched around the globe. In fact, cheap money also pushed debt to epic levels, while the share prices of banks rose, as did those of all sorts of other firms, to record-shattering heights.
Even in the U.S., however, where a magnificent recovery was supposed to have been in place for years, actual economic growth simply didn’t materialize at the levels promised. At 2 percent per year, the average growth of the American gross domestic product over the past decade, for instance, has been half the average of 4 percent before the 2008 crisis. Similar numbers were repeated throughout the developed world and most emerging markets. In the meantime, total global debt hit $247 trillion in the first quarter of 2018. As the Institute of International Finance found, countries were, on average, borrowing about three dollars for every dollar of goods or services created.

Global Consequences

What the Fed (along with central banks from Europe to Japan) ignited, in fact, was a disproportionate rise in the stock and bond markets with the money they created. That capital sought higher and faster returns than could be achieved in crucial infrastructure or social strengthening projects like building roads, high-speed railways, hospitals, or schools.

What followed was anything but fair. As former Federal Reserve Chair Janet Yellen noted four years ago, “It is no secret that the past few decades of widening inequality can be summed up as significant income and wealth gains for those at the very top and stagnant living standards for the majority.” And, of course, continuing to pour money into the highest levels of the private banking system was anything but a formula for walking that back.

Instead, as more citizens fell behind, a sense of disenfranchisement and bitterness with existing governments
only grew. In the U.S., that meant Donald Trump. In the
United Kingdom, similar discontent was reflected in the June
2016 Brexit vote to leave the European Union, which those
who felt economically squeezed to death clearly meant as
a slap at both the establishment domestically and EU leaders
abroad.

Since then, multiple governments in the European Union, too,
have shifted toward the populist right. In Germany, recent
elections swung both right and left just six years after, in
July 2012, European Central Bank head Mario Draghi exuded
optimism over the ability of such banks to protect the
financial system, the Euro, and generally hold things
together.

Like the Fed in the U.S., the ECB went on to manufacture
money, adding another $3 trillion to its books that would be
deployed to buy bonds from favored countries and companies.
That artificial stimulus, too, only increased inequality
within and between countries in Europe. Meanwhile, Brexit
negotiations remain ruinously divisive, threatening to rip
Great Britain apart.

Nor was such a story the captive of the North Atlantic. In
Brazil, where left-wing president Dilma Rouseff was ousted
from power in 2016, her successor Michel Temer oversaw
plummeting economic growth and escalating unemployment.
That, in turn, led to the election of that country’s own
Donald Trump, nationalistic far-right candidate Jair
Bolsonaro who won a striking 55.2 percent of the vote
against a backdrop of popular discontent. In true Trumpian
style, he is disposed against both the very idea of climate
change and multilateral trade agreements.
In Mexico, dissatisfied voters similarly rejected the political known, but by swinging left for the first time in 70 years. New president Andrés Manuel López Obrador, popularly known by his initials AMLO, promised to put the needs of ordinary Mexicans first. However, he has the U.S.—and the whims of Donald Trump and his “great wall”—to contend with, which could hamper those efforts.

As AMLO took office on Dec. 1, the G20 summit of world leaders was unfolding in Argentina. There, amid a glittering backdrop of power and influence, the trade war between the U.S. and the world’s rising superpower, China, came even more clearly into focus. While its president, Xi Jinping, having fully consolidated power amid a wave of Chinese nationalism, could become his country’s longest serving leader, he faces an international landscape that would have amazed and befuddled Mao Zedong.

Though Trump declared his meeting with Xi a success because the two sides agreed on a 90-day tariff truce, his prompt appointment of an anti-Chinese hardliner, Robert Lighthizer, to head negotiations, a tweet in which he referred to himself in superhero fashion as a “Tariff Man,” and news that the U.S. had requested that Canada arrest and extradite an executive of a key Chinese tech company, caused the Dow to take its fourth largest plunge in history and then fluctuate wildly as economic fears of a future “Great Something” rose. More uncertainty and distrust were the true product of that meeting.

In fact, we are now in a world whose key leaders, especially the president of the United States, remain willfully oblivious to its long-term problems, putting policies like
deregulation, fake nationalist solutions, and profits for the already grotesquely wealthy ahead of the future lives of the mass of citizens. Consider the yellow-vest protests that have broken out in France, where protestors identifying with left and right political parties are calling for the resignation of neoliberal French President Emmanuel Macron. Many of them, from financially starved provincial towns, are angry that their purchasing power has dropped so low they can barely make ends meet.

Ultimately, what transcends geography and geopolitics is an underlying level of economic discontent sparked by twenty-first-century economics and a resulting Grand Canyon-sized global inequality gap that is still widening. Whether the protests go left or right, what continues to lie at the heart of the matter is the way failed policies and stop-gap measures put in place around the world are no longer working, not when it comes to the non-1 percent anyway. People from Washington to Paris, London to Beijing, increasingly grasp that their economic circumstances are not getting better and are not likely to in any presently imaginable future, given those now in power.

A Dangerous Recipe

The financial crisis of 2008 initially fostered a policy of bailing out banks with cheap money that went not into Main Street economies but into markets enriching the few. As a result, large numbers of people increasingly felt that they were being left behind and so turned against their leaders and sometimes each other as well.

This situation was then exploited by a set of self-appointed
politicians of the people, including a billionaire TV personality who capitalized on an increasingly widespread fear of a future at risk. Their promises of economic prosperity were wrapped in populist platitudes, normally (but not always) of a right-wing sort. Lost in this shift away from previously dominant political parties and the systems that went with them was a true form of populism, which would genuinely put the needs of the majority of people over the elite few, build real things including infrastructure, foster organic wealth distribution, and stabilize economies above financial markets.

In the meantime, what we have is, of course, a recipe for an increasingly unstable and vicious world.

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Letter from Britain—Lost in a Brexit Maze: a Baffled Political Class Dreads the Prospect of Jeremy Corbyn

The British Establishment wants to protect the expanded privileges it inherited from Margaret Thatcher’s neoliberal legacy but appears clueless about how to deal with an increasingly rebellious British public, as Alexander Mercouris explains.
Donald Trump’s recent trip to Britain – happening against the backdrop of the sweltering heat of an unusually protracted summer heatwave – took place at a time when Britain’s political system is closer to breakdown than at any time in my memory.

The immediate crisis centres on a Brexit plan which British Prime Minister Theresa May unveiled to her top ministers at a closed meeting at Chequers (the British Prime Minister’s official country residence) earlier this month.

It is fair to say this plan (two years in the making and details still to be worked out), which proposes a relationship between Britain and the EU similar to those agreed by Ukraine and Moldova, satisfies no-one.

The hardline Brexiteers, who account for a significant minority of the elected members of Parliament (MPs) of May’s Conservative Party and an overwhelming majority of the Conservative Party’s membership and supporters in the country, are unhappy because they are not getting the clear break from the EU which they expected and which they believed they had been promised after Leave won the 2016 referendum.

Opponents of Brexit, made up of the overwhelming majority of opposition Labour Party MPs and its membership, as well as a small number of Conservative MPs, the bulk of the civil service, the business community and the labour unions basically don’t want Brexit to happen and want Britain to remain in the EU. They are unhappy because despite the continued connection to the EU Britain would still be leaving the EU.

As for the EU itself, it has remained uncharacteristically quiet since the plan was published, but its senior officials have made clear they will probably reject it because it crosses too many of its red lines.

How did Britain – two years after the question of Britain’s exit from the EU appeared to have been answered in the June 2016 referendum – end up with such a plan, and how does that connect to the broader political crisis which is underway in Britain today?
In order to answer that question a good place to start is to look at the Brexit referendum itself, and how it came to pass, and how contrary to all expectations May became British Prime Minister immediately following it.

The key point to make about the Brexit referendum is that it would never have been called if there had been any genuine belief (or fear) within Britain’s political class that it would result in a vote for Britain to leave the EU.

David Cameron – the British Conservative Prime Minister who called the referendum – did so not to settle what he believed as a burning debate in Britain, but in order to outflank his critics within the Conservative Party and in the country, who were using his supposed loyalty to the EU as a political stick to beat him with.

Cameron himself – along with the rest of the British establishment – assumed however that the greater part of the British public was bored and indifferent to the question of Britain’s EU membership (Cameron once spoke of the need for the Conservative Party “to stop banging on about Europe”). Accordingly he assumed that once the referendum was called his critics would be quickly exposed as obsessive and marginal figures, out of touch with public opinion.

However, Boris Johnson, a former mayor of London had emerged as an important
rival to Cameron for the leadership of the Conservative Party, and who after much agonising joined the Leave Europe campaign because he thought that doing so would position him better for a future leadership bid.

These essentially frivolous reasons for Cameron’s and Johnson’s actions before and during the referendum illustrate the chronic amateurism of much of Britain’s political class, especially that part of it which is associated with the Conservative Party—where high political office more often than not depends on wealth and social status than on experience or ability.

Both Cameron and Johnson are in fact typical members of Britain’s political and social elite. Both were born to wealth, and both of them were educated at Eton College and Oxford University, where as it happens both men belonged to the same social club, albeit at different times.

Eton College and Oxford University happen to be the two most famous educational institutions within the inordinately expensive and socially exclusive private educational system which trains Britain’s establishment. Access to both is effectively barred for cost reasons to the overwhelming majority of Britain’s population. However admission to them – especially to Eton College – acts as a passport to high office for those members of the elite who want it.

**Complete Misjudgment**

In the event, and not for the last time, the referendum result showed that Cameron, Johnson and the rest of the British establishment had completely misjudged the views and attitudes of the British population.

Instead of being bored and indifferent to the subject of Europe, British voters turned out to vote in what are by today’s standards high numbers (turnout was 72.2%, significantly higher than in recent general elections). More to the point, instead of (as expected) voting to stay in the EU they voted – albeit by a small margin of 52-48% – to leave.

The immediate result was the political establishment went through the political equivalent of a nervous breakdown. Cameron – overwhelmed by forces he had unleashed but barely understood, and not knowing what to do next – broke a promise he had given previously to stay irrespective of the referendum and resigned immediately. Johnson, equally unsure what to do in a situation he had never anticipated or prepared for, in turn bungled his own leadership bid, and failed to replace Cameron.

The result was that the post of British Prime Minister passed by default to May, a colourless and unimaginative administrator, whose lack of even the most basic political skills became cruelly exposed during the general election she called
completely unnecessarily last year, which she nearly lost.

Since becoming Prime Minister, May – as might be expected of such a person – has approached the question of Brexit as an essentially technical question, to be ironed out in negotiations, with the overarching objective being to cause as little disruption to the British economy as possible so that things can continue to go on as before.

Inevitably that is an approach which favours keeping as much of the status quo as possible, with May looking to achieve a Brexit which retains Britain’s economic and trading links with the EU essentially unaffected.

**Rejection of an Intolerable Status Quo**

The result is a 98-page proposal for an association agreement between Britain and the EU, directly copied from those agreed with the EU by Moldova and Ukraine, whereby Britain would remain in fact, though not in name, a member of the European Single Market. Its economy would observe the EU’s regulatory structure as administered by the European Court of Justice, whose decisions on regulatory questions would continue to be binding on British companies.

Unsurprisingly this ‘solution’, which would leave Britain indefinitely subject to EU-made laws, in the making of which it would no longer have any say, satisfies nobody, and is being criticised by all sides.

The latest opinion poll shows that only 25% of Britons now think May is managing the negotiations with the EU successfully.

It would be a fundamental error however to see May as the cause of what practically everyone in Britain now agrees is a debacle. If May were the only problem, there would be no problem getting rid of her and replacing her with someone else. The fact that May is still there despite her all too obvious flaws and failures illustrates the underlying point: the problem is not May; it is Britain’s entire political class.

A proper response to the Brexit vote would have recognised that whatever it was, it was a rejection of the status quo, which has obviously become intolerable to much of the British public. Any response to the Brexit vote, which – like May’s plan – seeks to preserve the status quo, is therefore by definition flawed.

The British political class, once renowned for its sure-footedness and flexibility, would once have had no difficulty recognising this fact, unwelcome though it was. It would accordingly have focused its energy on responding to the Brexit vote in the way desired by the majority of British voters, by considering what part of the status quo has become objectionable and how it can be changed.
The focus would not have been on the negotiations, which by definition can only be a means to an end, but on formulating a plan to take Britain forward once it was outside the EU whilst responding to the concerns of the British public.

That would have required a thorough study of the state of Britain’s society and economy, leading to what might have been a heated but real debate about what was needed to be changed. Eventually, after a period of acrimony and argument, a programme to prepare Britain for life outside the EU would have emerged and a negotiating position could have been formed around it, which could have been presented to the EU in the negotiations.

There is no of course guarantee the EU would have agreed to whatever the British proposed, but at least a proper discussion would have happened followed by a real negotiation between two equal partners, with the British knowing their own minds and having a set of clear goals which they would have been working towards. If the negotiations were unsuccessful the British would then have been free to put their plans into effect by themselves, with steps taken in advance to prepare for that contingency.

No Debate

In the event nothing like that has happened. There has been no debate within the British establishment either about the state of Britain or about what needs to be done to change it. Nor have any serious steps been taken to prepare for the possibility that the negotiations with the EU might be unsuccessful.

The reason for that is that taking a close, hard look at the state of Britain’s society and economy and working out a programme of reform to adjust them to the world after Brexit is something that Britain’s establishment is today both unable and unwilling to do. As beneficiaries of the 1980s Thatcherite settlement they want things to remain as they are, and have no wish or idea of how to change them. Besides, it is doubtful whether they any longer have either the technical skill or the experience, or even the self-confidence to meet such a challenge.

The result is that instead of the genuine debate that needs to happen about what sort of country Britain needs to be, there has been a sterile debate between supporters of ‘soft Brexit’, which it is now clear boils down to May’s proposed association agreement with the EU, and ‘hard Brexit’, with advocates of the latter talking grandly about a clean break with the EU and about trading with the EU on World Trade Organisation terms, but without having much idea of what that means in practice.

In such a situation it becomes easier to understand why despite her failures,
May remains Prime Minister. In a vacuum of ideas a Prime Minister without ideas appears to suit the situation.

In reality, outside the establishment, there is no shortage in Britain today of ideas about how to take the country forward.

The individual who has come to crystallise for many people the challenge to the status quo is Jeremy Corbyn, the veteran left wing politician who leads the Labour Party. He not only very visibly bested May in last year’s general election, but most certainly does have a set of ideas for taking Britain forward.

Corbyn is one of the most misrepresented figures in British politics. By the standards of earlier Labour politicians he is by no means radical. His desire for a mixed economy, with significant sections brought back into public ownership and certain elements of planning reintroduced, and his support for strong social services and for high investment in state funded education and health care are all to be paid for through progressive taxation. His longstanding opposition to military adventures overseas, as well, all fall squarely within what was once the British Labour Party’s social democratic mainstream.

At any time up to the 1980s Corbyn’s current policy positions (as opposed to some of the positions he once held in his youth) would not have been considered controversial in Labour terms. On the contrary they represent a return to the policies followed in Britain’s social democratic heyday by the previous Labour governments of Clement Attlee and Harold Wilson.

Even Corbyn’s well known support for extra Parliamentary political activity, which many of his critics profess to see as somehow dangerous and ‘extreme’, is actually in Labour Party terms completely traditional. The Labour Party after all is itself the product of extra Parliamentary political activity, having been formed at the start of the twentieth century by Britain’s labour unions and by various voluntary societies operating outside Parliament. Indeed for most of its history the Labour Party spoke of itself as the “political wing” of a “Labour
movement” whose “industrial wing” was the labour unions.

**Clinging to Class Interests**

The difficulty is that though Corbyn’s social democratic programme does indeed offer an alternative to the Thatcherite settlement, which in Britain represents the status quo, and is a conceivable programme around which to prepare Britain for life outside the EU, it is also one which is completely unacceptable to Britain’s establishment.

Ever since the 1990s the establishment has not only accepted the 1980s Thatcher neoliberal settlement, but has massively benefitted from it to the point where in the public mind it is increasingly associated with it. The idea that it could be successfully challenged was until recently, for the establishment, literally unthinkable since that would have meant acknowledging that the status and power of the establishment itself could be challenged.

That is why until the 2017 election the establishment – which to be clear includes the entire parliamentary faction of the Labour Party and the media – found it impossible to take Corbyn seriously. It is also why Corbyn is the target of such extreme establishment hostility, including from within his own party.

As a result of the outcome of the 2017 election, which showed that Corbyn’s programme is actually popular – especially amongst Britons of working age and younger – came as a shock. It was for the establishment at least as great a shock as that of the Brexit referendum of the year before.

Not only was the election outcome horrifying to them in itself, but it also – like the result of the Brexit referendum – further underscored the extent to which the establishment has lost ground with the public.

It is that sense of disconnection which gives the political crisis in Britain its peculiar character. An establishment which senses itself challenged and which is no longer sure of its support in the country is afraid to risk the traditional method in Britain of resolving a political crisis, which is another general election. Indeed it is now so insecure about its position that it is nervous of taking any step at all, such as replacing a Prime Minister who is discredited and unpopular.

**Different Than the Nineties**

The situation differs fundamentally from the one in the early 1990s, when another Conservative government had become unpopular. Though the Conservatives at that time were divided and unpopular, the part of the British establishment
associated with the Labour Party was brimming with self-confidence, and was both eager and able to take charge. Since it too was fully committed to preserving the 1980s Thatcher settlement, an election did not threaten fundamental change or challenge the position of the establishment in the way that an election might do now.

The result is an impasse, with the establishment – including sections of the Labour Party – desperate at almost any cost to avoid an election and the attendant risk of a Corbyn government, but incapable of formulating an alternative path forward.

The nature of the crisis is elegantly summed up in the following words of an article in The Guardian, quoting the comments of a senior Conservative MP.

A senior Tory backbencher on the 1922 committee executive said on Thursday that May had the “best chief whip ever” and that he would still save her. “He is called Jeremy Corbyn. Just mention the threat of a Corbyn government and our people come into line.”

The reality is that political logic clearly points to the need for a Corbyn government. Given that Corbyn is the only leader who is offering a way forward, a government led by him is the only way to restore a sense of direction and coherence. Resisting that logic is simply deepening the crisis and creating more drift. One senses that government has all but broken down, with only administrative tasks still being performed, as senior ministers plot and war against each other, without however having any overarching idea of what they want to do.

Whether a Corbyn government, if it were elected, would be able to implement its programme in the face of the immense opposition it would face is another matter. Corbyn has so far repeatedly defied predictions by overcoming every obstacle in his path. Whether as Prime Minister he would be able to go on doing so is a question only the future can tell.

What is beyond doubt however is that a Corbyn government must be tried. The alternative is that the crisis becomes entrenched and deepens, in which case other, altogether more alarming forces might start to emerge. Already what looks like the early signs of this are there.

Gramsci put it best: “The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.”
In Britain – as any reader of British newspapers knows – the “morbid symptoms” are currently there in abundance.

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Letter From Britain: An Establishment Blinded By Russophobia

A British elite challenged by large parts of the British population is rallying around trumped-up fear of Russia as a means of protecting its interests, as Alexander Mercouris explains.

By Alexander Mercouris Special to Consortium News in London

Hostility to Russia is one of the most enduring, as well as one of the most destructive, realities of British life. Its persistence is illustrated by one of the most interesting but least reported facts about the Skripal affair.

This is that Sergey Skripal, the Russian former GRU operative who was the main target of the recent Salisbury poisoning attack, was recruited by British intelligence and became a British spy in 1995, four years after the USSR collapsed, at a time when the Cold War was formally over.

In 1995 Boris Yeltsin was President of Russia, Communism was supposedly defeated, the once mighty Soviet military was no more, and a succession of pro-Western governments in Russia were attempting unsuccessfully to carry out IMF proposed ‘reforms’. In a sign of the new found friendship which supposedly existed between Britain and Russia the British Queen toured Moscow and St. Petersburg the year before.

Yet notwithstanding all the appearances of friendship, and despite the fact that Russia in 1995 posed no conceivable threat to Britain, it turns out that British intelligence was still up to its old game of recruiting Russian spies to spy on Russia.

Britain’s Long History of Russophobia
This has in fact been the constant pattern of Anglo-Russian relations ever since the Napoleonic Wars.

Brief periods of seeming friendship – often brought about by a challenge posed by a common enemy – alternating with much longer periods of often intense hostility.

This hostility – at least from the British side – is not easy to understand.

Russia has never invaded or directly threatened Britain. On the only two occasions when Britain and Russia have fought each other – during the Crimean War of 1854 to 1856, and during the Russian Civil War of 1918 to 1921 – the fighting has all taken place on Russian territory, and has been initiated by Britain.

Nonetheless, despite its lack of any obvious cause, British hostility to Russia is a constant and enduring fact of British political and cultural life. The best that can be said about it is that it appears to be a predominantly elite phenomenon.

**British Russophobia Peaks**

If British hostility to Russia is a constant, it is nonetheless true that save possibly for the period immediately preceding the Crimean War, it has never been as intense as it is today.

Moreover, not only has it reached levels of intensity scarcely seen before, but it is becoming central to Britain’s politics in ways which are now doing serious
This harm is both domestic, in that it is corrupting British politics, and international, in that it is not only marginalising Britain internationally but is also poisoning the international atmosphere.

Why is this so?

**Elite British Consensus**

For Britain’s elite, riven apart by Brexit and increasingly unsure of the hold it has over the loyalty of the British population, hostility to Russia has become the one issue it can unite around. As a result hostility to Russia is now serving an essential integrating role within Britain’s elite, binding it together at a time when tensions over Brexit risk tearing it apart.

To get a sense of this consider two articles that have both appeared recently in the British media, one in the staunchly anti-Brexit *Guardian*, the other in the equally staunchly pro-Brexit *Daily Telegraph*.

The article in the *Guardian*, by Will Hutton and Andrew Adonis, is intended to refute a narrative of British distinctiveness supposedly invented by the pro-Brexit camp. As such the article claims (rightly) that Britain has historically always been closely integrated with Europe.

However when developing this argument the article engages in some remarkable historical misrepresentation of its own. Not surprisingly, Russia is the subject. Just consider for example this paragraph:

“….note for devotees of Darkest Hour and Dunkirk: Britain was never “alone” and could not have triumphed [in the Second World War against Hitler] had it been so. Even in its darkest hour Britain could call on its then vast empire and, within 18 months, on the Americans, too.”

Russia’s indispensable contribution to the defeat of Hitler is deleted from the whole narrative. The U.S., which became involved in the war against Hitler in December 1941, is mentioned. Russia, which became involved in the war against Hitler in June 1941, i.e. before the U.S., and whose contribution to the defeat of Hitler was much greater, is not.

Whilst claiming to refute pro-Brexit myths about the Second World War the article creates myths of its own, turning the fact that Russia was an ally of Britain in that war into a non-fact.
The article does however have quite a lot to say about Russia:

“Putin’s Russia is behaving like the fascist regimes of the 1930s, backed by sophisticated raids from online troll factories. Citizens – and ominously younger voters in some European countries – are more and more willing to tolerate the subversion of democratic norms and express support for authoritarian alternatives.

Oleg Kalugin, former major general of the Committee for State Security (the KGB), has described sowing dissent as “the heart and soul” of the Putin state: not intelligence collection, but subversion – active measures to weaken the west, to drive wedges in the western community alliances of all sorts, particularly Nato, to sow discord among allies, to weaken the United States in the eyes of the people of Europe, Asia, Africa, Latin America, and thus to prepare ground in case the war really occurs. To make America more vulnerable to the anger and distrust of other peoples.”

History is turned on its head. Not only is the fact that Russia was Britain’s ally in the war against Nazi Germany now a non-fact, but Russia it turns out is Nazi Germany’s heir, a fascist regime like Nazi Germany once was, posing a threat to Britain and the West like Nazi Germany once did.

Moreover who does not agree, and who does not see facing up to Russia as the priority, is at best a fool:

“In Brexit-voting Weymouth, Captain Malcolm Shakesby of Ukip is unruffled by Putin or European populism. He inhabits the cartoon world of British exceptionalism, and his main concern today is Mrs May’s “sellout” of the referendum result.”

Compare these comments about Russia in the staunchly anti-Brexit Guardian with these comments about Russia by Janet Daley in the staunchly pro-Brexit Daily Telegraph.

Janet Daley does not quite say like Hutton and Adonis that Russia is a “fascist regime”. However in her depiction of it she comes pretty close:

“The modern Russian economy is a form of gangster capitalism largely unencumbered by legal or political restraint. No one in the Kremlin pretends any longer that Russia’s role on the international stage is to spread an idealistic doctrine of liberation and shared wealth.
When it intervenes in places such as Syria, there is no pretence of leading that country toward a great socialist enlightenment. Even the pretext of fighting Isil has grown impossibly thin. All illusions are stripped away and the fight is reduced to one brutal imperative: Assad is Putin’s man and his regime will be defended to the end in order to secure the Russian interest. But what is that interest? Simply to assert Russia's power in the world – which is to say, the question is its own answer.”

Though Moscow has made clear in both word and action that intervention in Syria at Syria’s invitation was to prevent it becoming a failed state and a terrorist haven, Russia it turns out is focused on only one thing: gaining as much power as possible. This is true both of its domestic politics (“gangster capitalism largely unencumbered by legal or political restraint”) and in its foreign policy (“what is that [Russian] interest? Simply to assert Russia’s power in the world – which is to say, the question is its own answer”)

As a result it must be construed as behaving in much the same way as Nazi Germany once did:

“....we now seem to have the original threat from a rogue rampaging Russia back on the scene, too. A Russia determined to reinstate its claim to be a superpower, but this time without even the moral scruples of an ideological mission: the country that had once joined the respectable association of modern industrialised nations to make it the G8, rather than the G7, prefers to be an outlaw.”

On the question of the threat from Russia both the pro and anti-Brexit wings of the British establishment agree. Standing up to it is the one policy they can both agree on. Not surprisingly at every opportunity that is what they do.

Intolerance of Dissent Construed as a “Threat from Russia”

In this heavy atmosphere anyone in Britain who disagrees risks being branded either a traitor or a fool.

Jeremy Corbyn, the Labour leader, who is known to favour dialogue with Russia, recently had to endure an ugly media campaign which insinuated that he had been recruited as in effect a Communist agent in the 1980s by Czech intelligence.

That claim eventually collapsed when a British MP went too far and said openly what up to then had only been insinuated. As a result he was forced to retract his claims and pay compensation under threat of a law suit. However the question mark over Corbyn’s loyalty is never allowed to go away.
During last year’s general election Corbyn also had to endure an article in the *Telegraph* by none other than Sir Richard Dearlove, the former head of Britain’s external intelligence agency MI6 (the British equivalent of the CIA). Dearlove also insinuated that Corbyn had been at least a Communist sympathiser or fellow traveller during the Cold War whose sympathies were with the Eastern Bloc and therefore with the various anti-Western and supposedly Communist backed terrorist groups which the Eastern Bloc had supposedly supported:

“Today, Britain goes to the polls. And frankly, I’m shocked that no one has stood up and said, unambiguously, how profoundly dangerous it would be for the nation if Jeremy Corbyn becomes Prime Minister. So let me be clear, the leader of the Labour Party is an old-fashioned international socialist who has forged links with those quite ready to use terror when they haven’t got their way: the IRA, Hizbollah, Hamas. As a result he is completely unfit to govern and Britain would be less safe with him in No 10.

I can give an indication of just how serious this is: if Jeremy Corbyn was applying to join any of this country’s security services – MI5, GCHQ or the service I used to run, MI6 – he would not be cleared to do so. He would be rejected by the vetting process. Far from being able to get into MI5, in the past MI5 would actively have investigated him. And yet this is the man who seeks the very highest office, who hopes in just 24 hours time to run our security services.

Young people in Britain have been terribly affected by recent terror attacks. It is only natural that they should be desperately worried about security problems, and to me it is just such a great shame that they don’t understand the political antecedents of the Labour leader. It is these young people, in particular, I am keen to address. I want to explain just what Corbyn’s whole movement has meant.

During the Cold War the groups he associated with hung out in Algeria, and moved between East Germany and North Korea. It is hard, today, to understand the significance of that. When I talk to students about the Cold War, they assume I am just talking about history. But it has a direct bearing on our security today. Only a walk along the armistice line between North and South Korea, with its astonishing military build up, might give some idea of what was at stake.

……Jeremy Corbyn represents a clear and present danger to the country.”

In light of this the crescendo of criticism Corbyn came under during the peak of the uproar in March following the
Salisbury poisoning attack on Sergey and Yulia Skripal is entirely unsurprising.

Corbyn’s call – alone amongst senior politicians – for the investigation to be allowed to take its course and for due process to be followed, simply confirmed the doubts about his loyalty and his sympathy for Russia already held by the British establishment and previously expressed by people like Dearlove. His call was not seen as an entirely reasonable one for proper procedure to be followed. Rather it was seen as further proof that Corbyn’s sympathies are with Russia, which is Britain’s enemy.

Corbyn is not the only person to be targeted in this way. As I write this Britain is in the grip of a minor scandal because the right-wing businessman Arron Banks, who partly funded the Leave campaign during the 2016 Brexit referendum, is now revealed to have had several meetings with the Russian ambassador and to have discussed a business deal with a Russian businessman.

Though Banks claims to have reported these contacts to the CIA, and though there is not the slightest evidence of impropriety in any of these contacts (the proposed business deal never materialised) the mere fact that they took place is enough for doubts to be expressed about Banks’s reasons for supporting the Leave campaign. Perhaps even more worrying for Banks is that scarcely anyone is coming forward to speak up for him.

Even a politically inconsequential figure like the pop singer Robbie Williams is now in the frame. Just over a year ago Williams gained wide applause for a song “Party like a Russian” which some people interpreted (wrongly in my opinion) as a critique of contemporary Russia. Today he is being roundly criticised for performing in Russia during the celebrations for the World Cup.

Russophobia Undermining British Democracy

The result of this intolerance is a sharp contraction in the freedom of Britain’s public space, with those who disagree on British policy towards Russia increasingly afraid to speak out.

Since establishment opinion in Britain conceives of itself as defending liberal democracy from attack by Russia, and since establishment opinion increasingly conflates liberal democracy with its own opinions, it follows that in its conception any challenge to its opinions is an attack on liberal democracy, and must therefore be the work of Russia.

This paranoid view has now become pervasive. No part of the traditional media is free of it. It has gained a strong hold on the BBC, and it is fair to say that all the big newspapers subscribe to it. Anyone who does not has no future in British journalism.
This is disturbing in itself, but as with all forms of institutional paranoia, it is also having a damaging effect on the functioning of Britain’s institutions.

Amid Growing Influence of Intelligence

One obvious way in which this manifests itself is in the extraordinary growth in both the visibility and influence of Britain’s intelligence services.

Historically the intelligence services in Britain have operated behind the scenes to the point of being almost invisible. Until the 1980s the very fact of their existence was in theory a state secret.

Today, as Dearlove’s article about Corbyn in the Daily Telegraph shows, their leaders and former leaders are not only public personalities, but the intelligence services have come increasingly to fill the role of gatekeepers, deciding who can be trusted to hold public office and who cannot.

Corbyn is far from being the only British politician to find himself under this sort of scrutiny.

Boris Johnson, some time before he became Britain’s Foreign Secretary, made what I am sure he now considers the mistake of writing an article in the Telegraph praising Russia’s role in the liberation of the ancient city of Palmyra in Syria from ISIS.

The result was that on his appointment as foreign secretary, Johnson had a meeting with British intelligence chiefs who ‘persuaded’ him of the need to follow a tough line with Russia. He has in fact followed a tough line with Russia ever since.

Russophobia Infects the Legal System

Establishment hostility to Russia is also enabling interference by the intelligence services in the British legal process.

There is a widespread and probably true belief that the British intelligence services actively lobbied for the grant of asylum to the fugitive Russian oligarch Boris Berezovsky, who they seem to have considered some sort of ‘agent of influence’ in Russia. This despite the fact that it is now widely acknowledged that Berezovsky’s background and activities in Russia should have denied him asylum in Britain.

However what is still largely rumour in Berezovsky’s case is indisputable fact in the Alexander Litvinenko case and in the Skripal cases.
I have previously explained how in the Litvinenko case the claim of Russian state involvement in Litvinenko’s murder made by the British public inquiry is not supported by the publicly available evidence.

What has now become clear is that the main evidence of Russian state involvement in Litvinenko’s murder was not the publicly available evidence, but evidence provided to the public inquiry in private by the British intelligence services. This evidence was seen only by the Judge who headed the inquiry, but seems to have had a decisive effect in forming his view of the case and shaping his report.

American readers may be interested to learn that this evidence was put together by none other than Christopher Steele, the person who gave us the “golden showers” dossier, which has played such an outsized role in the Russiagate affair.

How strong or reliable this evidence is it is impossible to say since, as it is secret, it cannot be independently scrutinised. All I would say is that on two other occasions when Steele is known to have produced similar reports about Russian state activities subsequent enquiries have failed to support them. One is Steele’s “golden showers” dossier, which the FBI has admitted it cannot verify, and which scarcely anyone any longer believes to be true. The other is a report produced by Steele which alleged that Russia had bought the 2018 World Cup by bribing FIFA officials, which subsequent investigation has found was untrue.

It turns out that the evidence used to support the British claim of Russian guilt in the Skripal case is the same: evidence provided in private by British intelligence, which is not subject to independent scrutiny. As in the Litvinenko case, the British authorities have nonetheless not hesitated to use this evidence to declare publicly that Russia is guilty. This whilst a police investigation is still underway and before any suspect has been identified.

Indeed in the Skripal case the violation of due process has been so gross that it is not even denied. Instead articles have appeared in the British media which say that due process does not apply in cases involving Russia.

That there can be no rule of law without due process, and that excluding cases involving Russia from the need to follow due process is racist and discriminatory appears to concern no one.

**Discrimination in Britain Against Russians**

Where the intelligence services have led the way, others have been keen to follow.
Recently a House of Commons committee published a report which openly puts pressure on British law firms to refuse business from Russian clients. The best account of this has been provided by the Canadian academic Paul Robinson:

“...that leads me onto the thing which really struck me about this document [The House of Commons committee report – AM]. This was a statement about the British law firm Linklaters, which managed the flotation of EN+. Shortly before this, the report says 'Both the EN+ IPO [Initial Public Offering] and the sale of Russian debt in London appear to have been carried out in accordance with the relevant rules and regulatory systems, and there is no obvious evidence of impropriety in a legal sense.' Yet, it then goes on to say the following:

“We asked Linklaters to appear before the committee to explain their involvement in the flotation of EN+ ... They refused. We regret their unwillingness to engage with our inquiry and must leave others to judge whether their work at ‘the forefront of financial, corporate and commercial developments in Russia’ has left them so entwined in the corruption of the Kremlin and its supporters that they are no longer able to meet the standards expected of a UK-regulated law firm.”

This is quite outrageous, and also cowardly. The committee in effect accuses Linklaters of corruption, while avoiding complaints of libel by use of the weasel words ‘we leave to others to judge’ – a way of making an accusation while claiming that one hasn’t. What’s so outrageous about the statement is that comes straight after a confession that the EN+ flotation was completely above board. Linklaters didn’t do anything wrong, and the House of Commons committee knows it. Nevertheless, it sees fit to suggest that the company is ‘no longer able to meet the standards expected of a UK-regulated law firm.’

The implication here is that any company which has extensive dealings with Russian enterprises is ‘entwined in the corruption of the Kremlin’ and so unfit to do business. I cannot interpret this as anything other than an attempt by the committee to threaten British companies and intimidate them into dropping their lawful activities. I consider this disgraceful.

The committee’s attitude can be seen again towards the end of the report, when it writes that ‘instead of participating in the rules-based system, President Putin’s regime uses asymmetric methods to achieve its goals, and others – so-called useful idiots – magnify that effect by supporting its propaganda. So, there you have it. People who do with business with Russia are to be publicly shamed as unworthy of the standards expected of the British people, while those who would dare to point this sort of thing out are to be denounced as
‘useful idiots’. Having any dealings with Russia makes one a Kremlin stooge.”

Taking their cue from the House of Commons committee, identical pressure on British law firms to refuse to act for Russian clients is now coming from the media, as explained in this article by the Guardian’s Nick Cohen, which talks of potential Russian clients in these terms:

“In this conflict, it’s no help to think of oligarchs as businessmen. They are closer to the privileged servants of a warlord or mafia boss. Their wealth is held at Putin’s discretion. If they are told to buy influence in the Balkans or fund an alt-news website, they obey. Companies that raise funds on the London markets or oligarchs who move into Kensington mansions may look like autonomous organisations and individuals but, as Garry Kasparov told the committee: “They are agents of a rogue Russian regime, not businessmen. They are complicit in Putin’s countless crimes. Their companies are not international corporations, but the means to launder money and spread corruption and influence.”

To which I would add that in law-governed states even criminals have the right of legal representation and advice. In Britain, if the House of Commons committee and Nick Cohen gets their way, Russians – whether criminals or not – will be the exception.

What is so bizarre about this is that the spectre of massive Russian economic penetration of Britain conjured up by the House of Commons committee is so far removed from reality. The Economist (no friend of Russia) provides the actual figures:

“...the high profile of London’s high-rolling Russians belies the relatively small role that their money plays in the wider economy. Foreigners hold roughly £10 trillion of British assets. Russia’s share of that is just 0.25%, a smaller proportion than that of Finland and South Korea.

Parts of west London have acquired many new Russian residents, and shops to serve them (including an outfitter of armoured luxury cars). Yet even in “prime” London – that is, the top 5-10% of the market – buyers from eastern Europe and the former Soviet Union account for only 5% of sales, according to data from Savills, a property firm. Outside the capital’s swankiest districts, Russians’ influence is minuscule. The departure of oligarchs might affect prices on some streets in Kensington, but not beyond.
The same is true of Britain’s private schools. Some have done well out of Russian parents. But of the 53,678 foreign pupils who attend schools that belong to the Independent Schools Council, only 2,806 are Russian. China, by contrast, sends 9,008 pupils from its mainland, and a further 5,188 from Hong Kong.

Looking at these figures it is difficult to avoid the conclusion that it is the mere presence of Russians, not their number or their wealth or the illicit way in which some of them supposedly came by their money, which for the British establishment is the problem."

Quite simply, Russians are not welcome, not because they are wealthy or because they are corrupt, but because they are Russians.

Against Russian Media

The same discriminatory approach appears to inform the persistent attacks launched by the British authorities against the Russian television broadcaster RT.

Over the last two years RT has had to repel an attempt by the British authorities to close down its British bank account, has been forced to respond to a succession of complaints from the British media regulator Ofcom, has faced threats of having its British broadcasting licence withdrawn, and has had to endure a campaign of vilification aimed in part at dissuading British public figures from appearing as guests on its programmes.

As to what exactly RT has done – other than vague and unspecific claims that it is a ‘propaganda’ channel – which justifies this treatment, has never been fully
explained.

Again it is difficult to avoid the impression that the British establishment’s fundamental problem with RT is that it is simply a Russian channel broadcasting in Britain that scrutinizes establishment policies and actions – a fundamental responsibility of journalism, which is largely missing in British media.

Free speech is a human right in Britain except apparently for Russians.

This discriminatory approach towards Russia and Russians replicates the increasingly ugly and frankly racist way in which Russians are regularly depicted in Britain today.

As to the general effect of that on British society, I repeat here what I wrote back in 2016:

“Racial stereotyping is always something to complain about. It is dehumanising, intolerant and ugly. It is racist and profoundly offensive of its target. This is so whenever it is used to mock or label any ethnicity or national or cultural group. Russians are not an exception.

A society that indulges in it, and which tolerates those who do, forfeits its claim to anti-racism and interracial tolerance. The fact that it is treating just one ethnic group – Russians – in this way, denying them the moral and legal protection which it accords others, in no way diminishes its racism and intolerance. It emphasises it.”

British society is not just the poorer for it. It is deeply corrupted by it, and this corruption now touches every aspect of British life.

Britain Becoming Marginalised

If the result of the British establishment’s paranoia about Russia is deeply corrosive within Britain itself, its effect on British foreign policy has been entirely negative.

At its most basic level it has meant a total breakdown in relations between Britain and Russia.

British and Russian leaders no longer talk to each other, and summit meetings between British and Russian leaders have come to a complete stop. Boris Johnson’s last visit to Russia is universally acknowledged to have been a complete failure, and following the Skripal affair British officials and members of Britain’s Royal Family are now even boycotting the World Cup in Russia.
Indeed British public statements about the World Cup have been all of a piece with the British establishment hostility to Russia, with Johnson recently comparing it to Hitler’s 1936 Olympics and with another House of Commons committee warning British fans of the supposed dangers of going to Russia to watch them.

This complete absence of dialogue with Russia is a serious problem for Britain as some British officials quietly acknowledge.

Russia is after all a powerful nation and any state which still wishes to exercise influence on world affairs must engage with Russia in order to achieve it. The British establishment’s hostility to Russia however makes that impossible.

The result is that major international questions such as the Ukrainian crisis, the Syrian conflict and the gathering crisis in the Middle East caused by the U.S.’s withdrawal from the Iranian nuclear deal – in all of which Russia is centrally involved – are being handled without British involvement.

Where Angela Merkel of Germany and Emmanuel Macron of France talk to Russia and have thereby managed to carve out for themselves important roles in world affairs, Britain’s Theresa May is a bit player.

However, instead of drawing the obvious conclusion from this, which is that refusing to talk to the Russians is the high road to nowhere, the British have doubled down, seeking to regain relevance by leading an international crusade against Moscow.

The strategy – which bears the unmistakeable imprint of Johnson – was set out in grandiose terms in a recent article in The Guardian:

“The UK will use a series of international summits this year to call for a comprehensive strategy to combat Russian disinformation and urge a rethink over traditional diplomatic dialogue with Moscow, following the Kremlin’s aggressive campaign of denials over the use of chemical weapons in the UK and Syria.

British diplomats plan to use four major summits this year – the G7, the G20, Nato and the European Union – to try to deepen the alliance against Russia hastily built by the Foreign Office after the poisoning of the former Russian double agent Sergei Skripal in Salisbury in March.

“The foreign secretary regards Russia’s response to Douma and Salisbury as a turning point and thinks there is international support to do more,” a
Whitehall official said. “The areas the UK are most likely to pursue are countering Russian disinformation and finding a mechanism to enforce accountability for the use of chemical weapons.”

Former Foreign Office officials admit that an institutional reluctance to call out Russia once permeated British diplomatic thinking, but say that after the poisoning of Skripal and his daughter, Yulia, that attitude is evaporating...

Ministers want to pursue a broad Russian containment strategy at the coming summits covering cybersecurity, Nato’s military posture, sanctions against Vladimir Putin’s oligarchs and a more comprehensive approach to Russian disinformation.”

It has taken no more than a few weeks since that article appeared on 3 May 2018 for this whole grandiose strategy to fall apart.

Not only have Merkel and Macron each visited Russia since the article was published, but Italy now has a new Russia-friendly government, and Spain may soon do so also. Adding insult to injury, Germany is now casting doubt on Britain’s actions following the Salisbury poisoning attack,

All of this however is eclipsed by Donald Trump’s comments at the G7 saying that Russia should be readmitted to the G7 and having his officials inform the British media that he is becoming increasingly irritated by the British prime minister’s lectures.

In the event not only did Trump fail to meet May one-to-one at the G7 summit, but he refused to agree the summit’s final communique, which criticised Russia.

Needless to say, amidst the collapse of the summit, the plan May had apparently intended to unveil at the summit for a new international rapid response unit to respond to Russian-backed assassinations and cyber attacks fell by the wayside.

Far from gaining relevance by leading an international crusade against Russia, the British are increasingly finding that no one else is interested and that May’s and the British establishment’s obsession with Russia instead of enhancing Britain’s importance is making Britain increasingly irrelevant.

Poisoning the International Atmosphere

The British establishment is in fact making the fundamental mistake of thinking that other countries not only share their obsession with Russia, but that they necessarily value their relations with Britain more than with Russia.

This is a strange view given that Russia is arguably a more powerful nation than
Britain.

It is nonetheless true that the British establishment’s anti-Russian fixation is having an internationally damaging effect.

Many Western governments have their own issues with Russia, and in such a situation it is not surprising that British paranoia about Russia finds a ready echo.

The most recent example of this is of course the orchestrated expulsion by various Western governments of Russian diplomats in the immediate aftermath of the Salisbury poisoning attack.

However the most damage has been done in the U.S.

**Britain and Russia-gate**

The full extent of the British role in the Russiagate scandal is not yet clear, but there is no doubt that it was both extensive and crucial.

The individual who arguably has played the single biggest role in generating the scandal is Christopher Steele, the compiler of the “golden showers” dossier, who is not only British but who is a former British intelligence officer.

It is now becoming increasingly clear – as Joe Lauria wrote last year in Consortium News – that the dossier has played a key role in the whole scandal, being accepted for many months by U.S. investigators – including it turns out by Special Counsel Robert Mueller’s investigators – as providing the ‘frame-narrative’ for the case of alleged collusion between the Russians and the Trump campaign.

The Steele dossier is in fact very much of a piece with the paranoid conception of Russia which has taken hold in Britain, though (as I have pointed out previously) the dossier’s description of how government decisions are made in Russia is **absurd**.

Critics of the dossier in the United States rightly draw attention to the fact that it is ‘research’ paid for by Donald Trump’s political opponents in the Hillary Clinton campaign, whilst there is also a view popular amongst some Republicans (wrongly in my opinion) that it is a provocation concocted by Russian intelligence in order to disrupt the U.S. election process and embarrass Trump.

By contrast, insufficient attention is paid, in my opinion, to the fact that it is a British compilation put together in Britain by a former British spy at a time when Britain is in the grip of a particularly bad bout of Russia paranoia.
Steele himself is someone who by all accounts has fully bought into this paranoia. Indeed his previous role in preparing reports about Russia’s supposed role in Litvinenko’s murder and the World Cup bid, and also apparently in the Ukrainian crisis, suggests that he has played no small role in creating it.

Steele is not however the only British official or former official to have played an active role in Russia-gate.

Steele himself is known for example to have a close connection to Dearlove, the former MI6 Director who called Corbyn “a clear and present danger.” It seems that Dearlove and Steele discussed the “golden showers” dossier at a meeting in London’s Garrick Club at roughly the same time that Steele was in contact about it with the FBI.

Another far more more important British official to have taken an active role in the Russiagate affair was Robert Hannigan, the head of GCHQ – Britain’s equivalent to the NSA – who visited the U.S. in the summer of 2016 to brief the CIA about British concerns over alleged contacts between the Russians and Trump’s campaign.

Though Hannigan’s trip to Washington in the summer of 2016 was first spoken of in April 2017, it has never been confirmed that the Steele dossier, which he brought with him to show to the CIA, was part of the evidence of supposed contacts between the Russians and Trump’s campaign. That it was, however, is strongly suggested by an article in The Washington Post on June 23, 2017, which amongst other things said the following:

“Early last August, an envelope with extraordinary handling restrictions arrived at the White House. Sent by courier from the CIA, it carried “eyes only” instructions that its contents be shown to just four people: President Barack Obama and three senior aides.

Inside was an intelligence bombshell, a report drawn from sourcing deep inside the Russian government that detailed Russian President Vladimir Putin’s direct involvement in a cyber campaign to disrupt and discredit the U.S. presidential race.

But it went further. The intelligence captured Putin’s specific instructions on the operation’s audacious objectives – defeat or at least damage the Democratic nominee, Hillary Clinton, and help elect her opponent, Donald Trump.......

The CIA breakthrough came at a stage of the presidential campaign when Trump had secured the GOP nomination but was still regarded as a distant long shot.
Clinton held comfortable leads in major polls, and Obama expected that he would be transferring power to someone who had served in his Cabinet.

The intelligence on Putin was extraordinary on multiple levels, including as a feat of espionage.

For spy agencies, gaining insights into the intentions of foreign leaders is among the highest priorities. But Putin is a remarkably elusive target. A former KGB officer, he takes extreme precautions to guard against surveillance, rarely communicating by phone or computer, always running sensitive state business from deep within the confines of the Kremlin.”

This almost certainly refers to the early entries of Steele’s dossier, which is the only report known to exist which claims to have been “sour[ed from] deep inside the Russian government [and to have detailed] Russian President Vladimir Putin’s direct involvement in a cyber campaign to disrupt and discredit the US Presidential race”.

_The Washington Post_ says that the CIA’s report to Obama drew on “critical technical intelligence on Russia provided by another country”.

That points to Hannigan being the source, with Hannigan being known to have visited the U.S. and to have briefed the CIA at about the time the CIA sent its report to Obama.

Hannigan likely provided the CIA with a mix of wiretap evidence and the first entries of the dossier.

The wiretap evidence probably detailed the confused but ultimately innocuous contacts the young London- based Trump campaign aide George Papadopoulos was having at this time with the Russians. It is highly likely the British were keeping an eye on him at the request of the U.S., which the British would have been able to do for the U.S. without a FISA warrant since Papadopoulos was based in Britain.

Taken together with the first entries of the dossier, the details of Papadopoulos’s activities could easily have been misconstrued to conjure up a compelling case of collusion between the Trump campaign and the Russians. Given the paranoid atmosphere about Russia in Britain it would not be surprising if this alarmed Hannigan.

Needless to say if extracts from the dossier really were provided to the CIA by the head of one of Britain’s most important intelligence agencies, then it becomes much easier to understand why the CIA and the rest of the U.S.
intelligence community took it so seriously.

Then there is the case of Stefan Halper, an American academic lecturing at Cambridge University, who is friends and a business partner with Dearlove. Halper was inserted by the FBI into the Trump campaign in early July 2016 to befriend Papadopoulos in London. In 1980, the CIA inserted Halper into Jimmy Carter’s reelection campaign to help the Reagan camp by stealing information, including a Carter briefing book before a presidential debate.

Suffice to say that just as the British origin of the dossier has in my opinion been overlooked, so has the extent to which it circulated and was given credence in top circles within Britain before it made its full impact in the United States.

Overall, though the extent of the British role in the Russiagate affair is still not fully known, what information exists points to it being very substantial and important. In fact it is unlikely that the Russiagate scandal as we know it would have happened without it.

As such the Russiagate scandal serves as a good example of how British paranoia about Russia can infect the political process in another Western country, in this case the U.S.

Campaigning against Russia

Russia-gate is in fact only the most extreme example of the way that Britain’s anti-Russian obsession has damaged the international environment, though because of the effect it has had on the development of domestic politics in the United States it is the most important.

There have been countless others. The British have for example been the most implacable supporters amongst the leading Western powers of the ongoing sanctions drive against Russia. Britain for instance is known to have actively – though so far unsuccessfully – lobbied for Russian banks to be cut off from the SWIFT interbank payments system, which were it ever to happen would be by far the most severe sanction imposed by the West on Russia to date.

Beyond the effect on the international climate of the constant anti-Russian lobbying of the British government, there is the further effect of the ceaseless drumbeat of anti-Russian agitation which pours out of the British media and various British-based organisations and NGO.

These extend from well-established organisations like Amnesty International – which misrepresented the case against the Pussy Riot performers by claiming that they had been jailed for “holding a gig in a church” – to other less established
organisations such Bellingcat and the Syrian Observatory for Human Rights, both of which are based in Britain. As it happens, the Syrian Observatory for Human Rights is known to have received funding from the British government, as apparently have the White Helmets.

In addition Bill Browder, the businessman who successfully lobbied the U.S. Congress to pass the Magnitsky Act, and who has since then pursued a relentless campaign against Russia, is now also based in Britain and has British citizenship.

The great international reach of the British media – the result of the worldwide use of the English language and the international respect some parts of British media such as the BBC still command – means that this constant stream of anti-Russian publicity pouring out of Britain has a worldwide impact and is having an effect that has to be taken into account in any study of current international relations.

The Price of an Obsession

The British establishment’s obsession with Russia is something of a puzzle.

Britain today is not a geopolitical rival of Russia’s as it was in the nineteenth century and as the U.S. is today. British antagonism to Russia cannot therefore be explained as the product of a geopolitical conflict.

Russia is not a military or political threat to Britain. There is no history of Russia threatening or invading Britain. Russia is not an economic rival, and Russian penetration of the British economy is minimal and vastly exaggerated.

It is sometimes said that there are things about modern Russia that the British find culturally, ideologically or politically distasteful, and that this is the reason for Britain’s intense hostility to Russia. However Britain has no difficulty being best of friends with all sorts of countries such as the Gulf Monarchies or China which are culturally, ideologically and politically far more different from Britain than Russia is. Logically that should make them more distasteful to Britain than Russia is, but it doesn’t seem to do so. In these cases economic interests clearly take precedence over any concerns for human rights.

Ultimately however the precise cause of the British establishment’s obsession with Russia does not actually matter. What does matter is that it is an obsession, which should be recognised as such, and that like all other obsessions is ultimately destructive.

In Britain’s case the obsession is not only corrupting Britain’s domestic
politics and the working of its institutions.

It is also marginalising Britain, limiting its options, and causing growing exasperation amongst some of its friends.

In addition it blinds the British to their opportunities. If the British were able to put their obsession with Russia behind them they might notice that at a time when they are quitting the European Union Russia potentially has a great deal to offer them.

It is sometimes said that Britain produces very little that Russia needs, and it is indeed the case that trade between Russia and Britain is very small, and that most of Russia’s import needs are met by countries like Germany and China.

However Britain is able to provide Russia with the single thing that Russia arguably needs most at this stage in its development. This is not machinery or technology, all of which it is perfectly capable of producing itself, but the one thing it is truly short of: investment capital.

In the nineteenth century British capital played a key role in the industrialisation of America and in the opening up of the American West. There is no logical reason why it could not do something similar today in Russia. Indeed the marriage between Europe’s biggest financial centre (Britain) and Europe’s potentially most productive economy (Russia) is an obvious one.

In the twentieth century Britain’s long history of economic involvement in the U.S. paid handsome political dividends. Perhaps the same might one day be the case between Britain and Russia. Regardless of that, economic engagement with Russia would at least provide Britain with a plan for an economic future outside the EU, something which because of Brexit it urgently needs but which currently it completely lacks.

For anything like that to happen the British will first have to address the reality of their obsession, and the damage it is doing to them. At that point they might even start to do something about it. Britain’s relative success since the 1960s in overcoming other forms of racism and prejudice which had long existed in Britain shows that such a thing is possible if the problem is recognised and addressed. However I have to say that there is no sign of it happening at the moment.

In the meantime the rest of the world needs to understand that when it comes to Russia, the British are suffering from a serious affliction. Failing to do that risks the infection spreading, with the disastrous consequences we have seen with the Russia-gate scandal in the US.
There is even a chance that refusing to listen to the British about Russia might have a good effect on Britain. If the British realise that the world is no longer listening to them then they might start to understand the extent of their own problem.

If so than the world would be doing Britain a favour, even if at the moment the British cannot see it.

**Alexander Mercouris is a political commentator and editor of The Duran.**

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**Letter from Britain: Increasingly Illiberal Establishment and the Challenge of Jeremy Corbyn**

Britain prides itself on being a liberal state, tolerant of diverse points of view with a judicial system based on law and evidence, but its recent behavior has been anything but that, reports Alexander Mercouris.

**By Alexander Mercouris**

**In London**

*Special to Consortium News*

Britain is often considered an exemplar liberal state, prizing its tradition of tolerance, fairness and willingness to entertain dissent.

The British in their own self conception are the great pioneers of the rule of law and of human rights.

Nor has this view of Britain always been wrong. The British were genuinely horrified by the McCarthyite campaigns in the US in the 1950s, and British public opinion supported the civil rights movement in the US in the 1960s. The Britain I first saw in the 1960s was a genuinely tolerant, law abiding and liberal place.
The events of the last couple of weeks should however dispose of any notion that Britain really is the paradigm liberal state that it claims to be.

Political news in Britain over the last few weeks has been dominated by three concurrent scandals.

**The Silence of the Skripals**

The first—and the one which has attracted the most international attention—is the Skripal case, in which a father and daughter – Sergey and Yulia Skripal – became the subject of a massive international campaign after they were both found incapacitated on a public bench in the British provincial town of Salisbury, victims it is claimed of a deadly nerve agent attack.

The fact that Sergey and Yulia Skripal are Russians, that Sergey Skripal is a former Russian spy who defected to the British, and that the nerve agent used—supposedly A-234, one of the so-called ‘Novichok’ family of nerve agents developed in the Soviet Union in the later stages of the Cold War–immediately led to charges by the British government that the Russian authorities were responsible.

This is despite the fact that at the time when the first accusations against Russia were made the investigation of the attack on the Skripals by the British police had only just got underway, and as of the time of writing has still failed to produce a suspect.

The Russian authorities had previously pardoned Sergey Skripal and had themselves released him to the British–making any Russian motive for an attack on him difficult to understand. Meanwhile, anyone such as Labour leader Jeremy Corbyn, the leader of biggest opposition party in Parliament, who dared question the rush to judgment found themselves immediately labelled a “useful idiot” or Kremlin stooge.

The disclosure that British scientists are unable to confirm that the nerve agent used to poison the Skripals was made in Russia—as opposed to being merely “developed” there—and that other countries such as Czechoslovakia, for example, also manufactured Novichok agents, has had no significant impact on the British government’s or the British media’s reporting of the case.

The suppression of all public questioning of the theory (as of the time of writing it is still only a theory) of Russian guilt has now been followed up by the effective disappearance of the two victims of the attack: Sergey and Yulia Skripal.

Not only have the British flatly refused the Russians consular access to
them—violating both British and international law in the process—but after announcing news of their unexpected recovery, British authorities have ensured that no-one, even members of their family, has had access to them either.

There is no word of their condition or whereabouts, and, more troubling still, no discussion in the British media of what has become of them or that they have to all intents and purposes disappeared.

**Sidestepping Parliament on Syria**

If the handling of the Skripal case is troubling enough, the British government’s decision to involve Britain in Washington’s recent military strike against Syria is arguably more troubling still.

The pretext of the strike is an alleged chemical weapons attack which the Syrian authorities are alleged to have carried out against the rebel-held town of Duma, which is located in the East Ghouta area near Damascus.

The site of the alleged attack has since been secured by the Syrian and Russian militaries. Syria and Russia have both invited inspectors from the Organisation for the Prohibition of Chemical Weapons (OPCW) to inspect the site to establish whether or not a chemical weapons attack actually took place.

Yet notwithstanding that the OPCW was about to launch an investigation, which would have involved a site visit, and despite overwhelming opposition from the British public, only 20 percent of whom favoured a strike, the strike nonetheless took place with full British participation and without the British parliament being consulted in advance.

Moreover the British government made little secret that its decision to break convention and disregard Parliament was because it knew in advance that it would lose a vote if the decision to participate in the strike was ever put to one.

Here something must be said about that strange British creature, the “constitutional convention.”

Though such conventions do not in theory have the force of law in Britain, since Britain’s constitution (unlike the U.S. constitution) is largely unwritten, they are almost invariably treated as if they did.

Any British government that on a question of war or peace deliberately violates the convention that Parliament should be consulted in advance before any decision is taken would, if the British political system were working properly, be in serious trouble (especially if it knew it would have lost the vote.)

Not so in this case. British reporting of the Syria strike was strictly
circumscribed, so much so, that publicly questioning the claim that a chemical weapons attack took place or arguing that nothing should be done before the OPCW completes its investigation, or that Parliament should have been consulted before a military action, rendered one, like in the Skripal case, a “useful idiot,” “conspiracy theorist” or Kremlin stooge.

The Windrush Scandal

The third scandal—actually two scandals which have evolved together—is however the most revealing and interesting of the lot.

Over the last few weeks both the Conservative and the Labour parties have been targets of accusations of racism.

In the case of the Tories the allegations stem from what is called the Windrush affair.

As is true in most Western countries today, Britain has witnessed over the last decade a strong swing in public hostility against immigration. Much of the opposition to the European Union in Britain is driven by the British public’s belief that it is the EU that has made the increase in immigration to Britain—which has undoubtedly taken place over the previous two decades—possible.

The Conservative Party, since it came to power in 2010, has sought to respond to this sentiment—much of which has clearly racist undertones—by taking a strong anti-immigration position. The point figure is British Prime Minister Theresa May, who as home secretary (the minister responsible for control of borders and the police) introduced and implemented what is semi-officially called a “hostile environment policy” towards immigrants who have not managed to sort out their status.

The idea is to put as many administrative and other obstacles in the path of these people as possible to make their lives in Britain intolerable in order to force them to leave without having to take what might be legally challengeable action to deport them.

That this is a profoundly illiberal and even racist policy discriminating against people of non-British ethnicity should be obvious. It has however proved to be popular with a large section of the British electorate.

The electoral success this policy is believed to have brought the Conservatives was one factor in establishing May’s reputation in Tory eyes as a successful home secretary, and was one of the reasons why she succeeded David Cameron as prime minister after the Brexit vote in 2016 forced him to step down.
The policy of the “hostile environment policy” has, however, had the consequence of making victims out of some members of the so-called “Windrush generation” of immigrants, whose legal right to be in Britain is indisputable.

These are people from the former British empire and Commonwealth who were formally given the right to settle in Britain by the British National Act of 1948, and who take their name from a ship—the HMT Empire Windrush—which brought the first group of such immigrants to Britain in 1948 from the British colonies in the Caribbean.

In April 2018 it turned out that many of the records relating to these people had been “accidentally destroyed,” making it difficult for them or their children to prove their legal right to be in Britain.

The result was that they got caught up in May’s “hostile environment policy” with pressure placed on them to leave Britain (“self-deport,” as it is called) with threats that they might be deported if they did not.

When the scandal broke—in large part because the opposition Labour Party made an issue of it after it was leaked from a Home Office source to the media—a public apology was forced from the British government, and Amber Rudd—May’s successor as home secretary—was forced to resign. However, the prime minister, the actual author of the “hostile environment policy” which was the cause of the scandal, has emerged unscathed.

**The ‘Anti-Semitism’ Exaggeration**

This scandal has developed concurrently with a parallel one of alleged anti-Semitism in the Labour Party, which is quite clearly targeted at the party’s leader, Jeremy Corbyn.

It is based on claims that Corbyn—who has a well-established record of outspoken support for the Palestinian people’s struggle for their rights—has tolerated or even fostered a culture of anti-Semitism within the Labour Party. There are even occasional insinuations that he is an anti-Semite himself.

It should be said clearly that the insinuation that Corbyn is an anti-Semite is malicious and absurd. Corbyn has an outstanding record of anti-racism, and this has included a history of strong opposition to anti-Semitism.

As for the allegations of anti-Semitism by some members of the Labour Party, some of these allegations have substance but some appear to be legitimately contested, whilst all of the individuals involved have been marginal figures who carry little weight in the Labour Party. Their number has been tiny. Corbyn himself has moreover strongly condemned manifestations of anti-Semitism within
the party, and those who have been accused of engaging in it have been subjected to disciplinary action, and where the allegation has been proved, have been expelled.

Nonetheless, the anti-semitism campaign against Corbyn has been waged relentlessly for weeks, gaining huge publicity in the media, with Corbyn himself being the primary target of the attacks.

The anti-semitism campaign against Corbyn has moreover been waged far more relentlessly, for much longer, and with far more publicity, than has been the Windrush affair.

This is despite the fact that the Windrush scandal has materially affected large numbers of innocent people, whilst the anti-semitic statements of a very small number of marginal figures in the Labour Party have so far as I can see materially affected no-one at all.

Though anti-semitism should be shown no tolerance, it is impossible to avoid noticing the contrast between the relentless and unjustified criticism of Corbyn over the anti-semitism issue, and the gentle treatment of May over the Windrush affair.

**The Change in Britain**

The reality is that today's Britain has become a profoundly illiberal place.

Very much like the contemporary U.S., the media and political establishment in Britain is today relentlessly hostile to anyone who challenges the established orthodoxies of (1) unqualified support for finance capital (concentrated in Britain in the City of London); (2) support for “liberal interventionism” i.e., the U.S.’s regime change wars; and (3) pathological hostility to Russia.

Even an issue like Brexit is often framed around these orthodoxies, with establishment opponents of Brexit blaming Russia—absurdly—for the result of the Brexit referendum, and opposing Brexit because it supposedly serves the interests of Russia.

Someone like Corbyn, who disputes these orthodoxies with his long established criticisms of the City of London, his refusal to join the rush to judgment against Russia in the Skripal case, his staunch opposition to all the regime change wars, and to the recent Syrian strike, is guaranteed the intense loathing of the British establishment, which manifests itself against him literally every day in defense of its threatened interests.

This disturbing picture does however come with a glimmer of hope.
Thursday’s local elections in Britain once again emphasised an essential truth, which is that the British establishment’s hostility to Corbyn and what he stands for is clearly not universally shared by the British public.

Both the Conservative and Labour Parties significantly increased their votes as compared to 2014, the year when these elections were previously held. In the case of Labour that remains a remarkable fact given the almost universal media hostility to Corbyn.

The reality is that since 2015, when Corbyn was elected Labour’s leader against the strong opposition of the leadership of his own party, Labour has electorally consistently outperformed expectations, most spectacularly in the general election last year. The breakdown of the local council vote suggests that if a general election were held this year Labour would beat the Conservatives and would emerge as Britain’s largest party.

Needless to say this is not how the British media is reporting the local council election results. On the contrary, all the talk is of how the local election results were supposedly “disappointing” for Corbyn because he did not achieve the impossibly high targets the media had set for him.

In light of the establishment’s hostility to him, and how his successes routinely get called failures, that should surprise no-one.

In reality the local election results reinforce the view that electorally speaking the British establishment is living on borrowed time.

Hannibal – otherwise known as Jeremy Corbyn – may not yet be at the gates, but he is drawing closer.

**Alexander Mercouris is a political commentator and the editor-in-chief of The Duran.**