

Tories “Strong Economic Medicine”, Greater Austerity Following UK Brexit Vote

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Political fallout from the Brexit vote didn't take long to unfold. David Cameron began it by announcing his resignation, effective when Tories meet in October, he said.

On Tuesday, UK Chancellor of the Exchequer George Osborne's greater austerity announcement didn't surprise. Days before last Thursday's vote, he claimed Brexit would cause a 30 billion pound public finance hole – public health service, education, transport and other spending cuts needed, as well as tax hikes to make up for the alleged shortfall.

At the time, he said “(f)ar from freeing up money to spend on public services...quitting the EU would mean less money. Billions less. It's a lose-lose situation for British families.”

Brexit supporters responded by accusing him of threatening to break key Tory 2015 campaign pledges, notably Cameron's “manifesto for working people,” saying “as a majority government, we will be able to deliver all of it.”

Included were increased National Health Service spending, tax-free childcare, and no income, VAT, rail fare, or National Insurance tax hikes.

All politicians lie. Believe nothing they say. What they do alone matters, serving special interests exclusively at the expense of beneficial social change.

On Tuesday, Osborne said “(i)t's very clear that (Britain) is going to be poorer as a result of what's happening to the economy.” Conditions are weakening, likely headed for recession.

Instead of promising vitally needed fiscal stimulus, directed at helping Britain's most disadvantaged, along with a jobs creation program for the nation's unemployed and underemployed, Osborne announced social spending cuts and counterproductive tax hikes.

“We are in a prolonged period of economic adjustment in the UK,” he said. “We are adjusting to life outside the EU...” He lied claiming “it will not be as economically rosy as life inside the EU.”

Longer-term, responsible governance, entirely absent in Britain, could make things much better. Osborne sounded like Obama earlier calling for “shared sacrifice” – failing to explain he meant making ordinary Americans sacrifice so privileged ones could share.

We have a plan, Osborne ranted. “We are absolutely going to have to provide fiscal security to people. We are going to have to show the country and the world that the government can live within its means.”

Asked if he meant spending cuts and tax hikes, he said “(y)es, absolutely.” On Monday, S&P Global Ratings lowered Britain from AAA to AA with a “negative” outlook, calling Brexit “a seminal event...lead(ing) to a less predictable, stable, and effective policy framework in the UK.”

Fitch cut its rating from AA+ to AA, citing a negative outlook. Some financial analysts predict recession, stagflation and contagion.

Separately, Cameron is meeting with other EU leaders in Brussels on Tuesday for the first time since last Thursday’s vote.

Britain seeks to maintain the “strongest possible” economic ties with its member states, he said – at the same time, ruling out a second referendum.

London Mayor Sadiq Khan said Britain’s capital needs more autonomy to protect its economic and financial interests. Labour leader Jeremy Corbyn faces a no-confidence vote after most of his shadow cabinet ministers resigned on Sunday, replaced on Monday.

He remains steadfast, his spokesman saying “(t)he people who elect the leader of the Labour party are the members of the Labour party, and Jeremy has made that crystal clear.”

“He’s not going to concede to a corridor coup or backroom deal which tries to flush him out. He was elected by an overwhelming majority of the Labour party. He is not going to betray those people and stand down because of pressure.”

“(I)f there is another leadership election, (he’ll) be standing again...This is not about any individual. This is about democracy of the movement.”

So far, Lisbon Treaty Article 50, initiating the Brexit process, hasn’t been invoked – highly unlikely in the weeks and months ahead despite reports indicating otherwise.

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