UK Chancellor touts Treasury analysis to promote European Union membership

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UK Chancellor George Osborne presented figures from the Treasury Monday, aimed at illustrating the economic impact of Britain leaving the European Union (EU) following the 23 June referendum.

Osborne, who has overseen billions in austerity measures since the Conservatives came to power in 2010, donned the mantle of a concerned advocate for the well-being of working people. His posture is no less reactionary than that of the right-wing advocates of a Brexit, whose nationalist opposition to the EU represents the interests of a section of British capital equally determined to press ahead with an assault on the wages and living standards of the working class.

Stating that Britain would be "permanently poorer" outside the EU, he outlined three potential scenarios following a Brexit and their economic consequences. The most likely, where Britain negotiated a bilateral trade deal with the EU, would result in the UK economy being 6.2 percent smaller after 15 years and result in a drop in tax revenues of £36 billion.

Other options included joining the European Economic Area, meaning Britain would continue to have significant access to the single market but no say in setting EU regulations, or deciding to trade with the bloc as a member of the World Trade Organisation without reaching a new agreement. The first option would cost the economy 3.8 percent of GDP by 2030, while the latter would see a 7.5 percent drop and a tax shortfall of £45 billion.

By contrast, the Treasury claimed that if Britain remained part of the EU, and the 28-member bloc implemented "reforms" as agreed in the deal reached by Prime Minister David Cameron, the country's economy would witness a 4 percent boost by 2030.

The absurdity of the claim by Osborne and the Remain camp that the EU will guarantee prosperity for British families is plain to see. The EU has emerged ever more openly as the main mechanism for the implementation of devastating austerity measures across the continent, especially since the economic crisis of 2008. Workers in Greece, Spain, Portugal and other countries have suffered the destruction of public services, double digit unemployment which has reached more than 25 percent in some cases, never-ending attacks on wages and working conditions, and a corresponding enrichment of the financial elite via so-called bailout programmes, tax cuts and outright criminality and fraud, as the Panama Papers recently illustrated.

It is on behalf of a significant section of this financial oligarchy that Remain campaign and Osborne are speaking.

Osborne warned in his speech that the City of London could find its position as a global financial centre put at risk if Britain left the EU. As he said on Monday, Britain receives over $1 trillion in foreign direct investment, "much of it driven by the fact we are in the EU and its single market. Indeed, we have received more of this overseas investment than any other EU member state, and that drives better jobs and rising living standards too, bringing money into the exchequer to spend on public services."

This is a cruel joke, coming as it does from one of the leading spokesmen of a government which has taken the axe to funding for healthcare, slashed social welfare benefits from the most vulnerable, and intensified government spending cuts to pay for the multi-billion bailout of the banks which all political parties, including Labour, supported. In truth, the benefits of the trillions in foreign investment flow overwhelmingly to the super rich on whose behalf all the major political parties operate, as shown by the rise in levels of social

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inequality and the vast growth in wealth enjoyed by the financial aristocracy.

The Treasury analysis seeks to cover up this reality. The executive summary states, “In the long term, greater openness to trade and investment boosts the productive potential of the economy.”

Such worn-out apologetics for capitalism are advanced at a time where investment has collapsed in Europe and throughout the world, with companies seeking to divert capital into speculative activity. This has produced a vicious circle of declining investment and renewed calls for new waves of austerity.

It is not just Osborne and his Tory colleagues in the Remain camp who are strident defenders of austerity policies. The devastating spending cuts to public services led by the Tories since 2010 were initiated by the former Labour government following its approval of the multi-billion bailout of the financial elite. Last month, Shadow Chancellor John McDonnell confirmed that Labour under Jeremy Corbyn would be “ruthless” on government spending. The trade unions, which in their majority back a Remain vote, have not lifted a finger to oppose government austerity but have instead worked tirelessly to shut down all protests and strikes which have broken out.

The claim that future EU “reforms” offer the prospect of rising living standards for all is preposterous. Cameron has already made clear Britain will pursue “reforms” aimed at increasing “competitiveness” across the continent, code words for a further deepening of the assault on working class living standards to boost profitability for the major corporations.

This is the reality endorsed by Corbyn, who, in a speech last week advocating a vote to stay in the EU said, “The Labour Party is overwhelmingly for staying in because we believe the European Union has brought investment, jobs and protection for workers, consumers and the environment.”

The draft deal struck between the Cameron government and the EU in February vowed to “increase efforts towards enhancing competitiveness” by “lowering administrative burdens” and cutting “red tape.” As the BBC noted, “This was the least controversial of the government's demands--and Mr Cameron got more than he was offered in the draft document.”

The Brexit advocates intend to pursue a similar anti-working class agenda, with the sole difference that they consider EU membership and the regulations it imposes as placing too many restrictions on their attacks on the working class. Late last month, Vote Leave published a list of 250 business leaders supporting their campaign, and announced the appointment of former British Chambers of Commerce director general John Longworth to head its business council. Reflecting the fact that support for a Brexit comes mainly from sections of business which are less competitive, no FTSE 100 company was on the list.

The Treasury’s figures do, however, disprove the outrageous claims of the far right forces leading Vote Leave, assisted by Stalinist-led sections of the trade unions and pseudo-left, that a British exit from the EU on a nationalist basis would create the conditions for increased funding for public services and improved living standards for the population. If anything, the Treasury underestimates the consequences, since it assumes that the EU would continue in its existing form following a British exit, even though it is clear that it is fracturing along national lines and that a vote by Britain to leave could be the trigger for the break-up of the bloc.

The Treasury report on Britain’s continued EU membership and the “alternatives” it examines demonstrates once again that both sides of the official referendum campaign have nothing to offer working people but endless austerity and attacks on wages and working conditions.

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