

US and Japan attack plans for post-Brexit Britain

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En route to the G20 summit in China, Conservative Prime Minister Theresa May stressed her priority was to show that Britain is “open for business.”

The G20 is May’s first meeting with international leaders since June’s shock Leave vote in the referendum on UK membership of the European Union (EU), which led to the resignation of her predecessor, David Cameron.

Her boast was immediately undermined by statements from the US and Japan. In the lead-up to the referendum, President Barack Obama made plain Washington’s opposition to the UK leaving the EU, especially the implications for NATO’s escalating military and political provocations against Russia and China. He even threatened that Britain would go to the “back of the queue” on trade deals with the US if it voted to leave.

At May’s first bilateral meeting with Obama in China, the US president reiterated his position. While praising the “very special relationship” between the US and Britain, he said American priorities were “figuring out what Brexit means with respect to Europe.” Asked if he stood by his warnings on trade deals, Obama stressed that the UK took second place to existing negotiations with “big blocs of countries.” The “first task is making sure we go forward on TTIP [Transatlantic Trade and Investment Partnership] negotiations in which we have already invested a lot of time and effort.”

Obama’s statements were followed by an unprecedented 15-page warning from Japan that the UK could see an exodus by major corporations unless it maintained access to the EU single market. Almost half of Japanese investment in the EU goes to the UK through leading firms such as Honda, Mitsubishi and Nissan. The report stated bluntly, “Japanese businesses with their European headquarters in the UK may decide to transfer their head-office function to continental Europe if EU laws cease to be applicable in the UK after its withdrawal.”

The US and Japanese responses highlight increasingly fraught international relations, which the Brexit vote was both a manifestation of and which it has exacerbated.

A meeting between May and Chinese President Xi Jinping is scheduled today. May praised a “golden era” in UK/Chinese relations and said the talks would concern the development of this “strategic partnership.” But British/Chinese relations are already tested by May’s decision to place on hold the £18 billion deal with French energy giant EDF, supported by China General Nuclear Power, to build a nuclear power station at Hinkley Point, Essex.

No official reason has been given for her decision, although “national security” concerns over potential Chinese leverage over the UK’s energy supply is thought to be the primary factor. It follows Washington’s indictment of China General Nuclear Power in April for allegedly conspiring to produce nuclear material with US experts without required Energy Department approval.

Liu Xiaoming, China’s ambassador, warned that any further delay could jeopardise further investment into the UK, which has already received more than Germany, France and Italy combined.

Wednesday, May’s new Cabinet met for the first time to draw up plans for Brexit. There will be no second referendum or an early general election, and the decision to trigger Article 50, which formally begins two years of negotiations with the EU on withdrawal, would not be subject to parliamentary approval, she stated. Nor will the devolved administrations in Northern Ireland, Scotland and Wales have any say on the timetable or content of negotiations.

“Brexit means Brexit,” she reiterated, with restrictions on the freedom of movement for EU citizens the “red line” in negotiations with the EU, which she indicated would begin early next year.

EU leaders have made plain that the UK cannot have access to the single market while restricting freedom of movement. May’s statement indicated that she had accepted this was the case, and was looking for a free trade agreement modelled along the lines of the EU-Canada agreement.

The most euro-sceptic elements of May’s party welcomed

her stance. They were crowing over suggestions by leading ministers in France and Germany that EU negotiations with the US on TTIP should be suspended, if not killed off altogether, enabling the UK to step into the trading breach.

The UK's financial elite was also rubbing its hands over the EU's decision last week to issue Apple with an £11 billion tax bill over its tax avoidance deal with Ireland.

With the Irish government joining forces with Apple to protest the ruling, the right-wing *Spectator* magazine gloated that it presented a "clear opportunity for Britain." With Ireland's low tax initiative hamstrung by the EU, the UK was now in a position to attract transnational corporations that could flee from Dublin, especially if Chancellor Philip Hammond now cut "corporation tax to 15 percent."

Their perspective was summed up by Nigel Lawson, Chancellor of the Exchequer under Margaret Thatcher. Writing in the *Financial Times*, he proclaimed, "Brexit gives us the chance to finish the Thatcher revolution."

This "revolution"—more appropriately, this counter-revolution—he wrote was achieved by a "thoroughgoing programme of supply side reform, of which judicious deregulation was a critically important part."

Withdrawal from the EU could now "make the UK the most dynamic and freest country in the whole of Europe: in a word, to finish the job that Margaret Thatcher started."

US and Japanese responses at the G20 will not only anger the Leave factions of the bourgeoisie. It will increase concerns among the substantial section of the ruling elite that campaigned against UK withdrawal from the EU and who are now trying to prevent it.

The official Remain campaign group has now reformed as the cross-party "Open Britain" to press for a "soft" Brexit. Today parliament will debate a 4-million strong petition demanding a second referendum, and next month the first of several legal challenges to Brexit will be heard in the High Court.

These are part of concerted efforts to overturn the Leave vote, central to which is the ongoing attempted putsch against Labour leader Jeremy Corbyn. Initiated by the Blairite wing of the party, the right-wing coup plotters hope to refashion Labour as the political vehicle for opposing or limiting Brexit.

This has nothing to do with protecting the social conditions of the working class against the rapacious demands of those like Lawson. As their hostility to Corbyn's stated opposition to austerity and militarism makes clear, they want to ensure the continued domination of the City of London in the EU and maintain British imperialism's role in NATO.

Speaking in France last week, former Prime Minister Tony Blair repeated his stance that the British public were entitled

to change their minds on Brexit and that this could take a number of forms: either a second referendum on the final terms of any withdrawal deal, a de facto referendum through a general election, or a parliamentary vote to abort the Article 50 process before it is concluded.

Meanwhile concerns are growing at the perilous state of the economy. The Brexit faction has celebrated recent data showing an increase in consumer spending and a slight revival in manufacturing as proof of the vitality of British capital. But this is only because of the pound losing one-tenth of its value (down by 16 percent on the dollar over the last year, and 18 percent against the euro), and intervention to pump money into the economy by the Bank of England.

This caused an uptick in overseas tourism and a stampede by US asset funds to snap up cheaper UK stocks. But the *Economist* noted that input-price inflation has risen to a five-year high, growth in business credit has "markedly slowed" and unemployment looks to be higher than before June.

Writing in the *FT*, Rupert Pennant-Rea, former governor of the Bank of England, warned, "The sharp costs of Brexit will be felt soon enough... The mechanism by which Britons will get poorer is through prices rising more than wages—in other words, a real-wage cut."

Hopes for "a devaluation-powered improvement in Britain's trade will be even harder to achieve if Brexit is reducing access to the EU's single market and no alternative export markets have opened up to make good the difference... The British have become poorer than they were before the votes were counted on June 23, and that reality will become clearer as the months go by."



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