

No progress in UK- European Union talks over Brexit

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The third round of talks over the terms of Britain's exit from the European Union (EU) resulted in little agreement last week.

In a tense press conference, Britain's Brexit secretary, David Davies, and the EU's chief negotiator, Michel Barnier, could not even agree if any progress had been made at all.

Davies struck an upbeat tone, claiming that Britain had proved it could be "pragmatic" and "flexible." Barnier, however, said there was no "decisive progress on any of the principal subjects." He accused the UK of "nostalgia" in insisting on taking "back control," while trying to maintain all the benefits of the European Single Market.

With the UK due to exit in March 2019, there are concerns in Britain that no firm arrangements will be in place concerning future trade relations.

The immediate sticking point is the so-called divorce bill, concerning Britain's financial obligations. The EU estimates the cost to the UK of exit at anywhere between € 60 billion and € 100 billion. This covers pension commitments to EU officials, investment project budgets projected until 2020, and "contingent liabilities."

Britain challenges the legality of these claims, arguing that its financial commitments effectively end when it leaves the EU. Davies said the UK would recognise its "moral obligations" but that this is contingent on trading relations after exit.

This is rejected by the EU, which insists there can be no progress to discussion on future relations without Britain settling its bill first.

In this game of brinksmanship, the UK is in a weakened position. Prime Minister Theresa May presides over a divided Conservative Party and a government with a much-reduced majority as a result of

her decision to go for a snap general election, two years ahead of schedule.

The majority of the bourgeoisie, banks and major corporations, who backed the Remain campaign, are openly demanding that ways and means are found, if not to overturn the leave vote in last year's referendum, then at least to severely curtail its consequences.

Such calls have intensified after May's visit to Japan last week, which was meant to showcase the UK's global opportunities post-Brexit. The Japanese government made clear that any future trade agreements with Britain will be subordinate to it finalising a new trade deal with the EU, agreed to in July.

Commenting that the visit had provided the government with a lesson "in the reality of post-Brexit Britain," the *Financial Times* editorialised that while the "government's instincts about a liberal globalised Britain may be sound...the route to internationalised trade runs substantially through continental Europe."

Both the Conservative and Labour parties are now committed to a "transition" period, in which the UK remains part of the Single Market or Customs Union—for two years in the case of the Tories, and at least four years according to Labour.

Last week, Labour's Brexit secretary, Sir Keir Starmer, committed the party to support post-Brexit arrangements that amount to continued EU membership in all but name. With the backing of party leader Jeremy Corbyn, he said Labour would "abide by the common rules" of the Single European Market and Customs Union for an extended period.

This was followed by the new all-party Parliamentary Group on EU Relations, headed by Labour's Chuka Umunna and Tory Anna Soubry, demanding the government make plans to ensure the UK remains part

of the European free trade bloc in some form.

Underlying such cross-party manoeuvres is the ruling elite's awareness that it is sitting on a social powder keg.

British workers have been through decades of falling living standards and wages. In the last period, sterling has fallen by 15 percent against the euro, and 13 percent against the dollar. Far from improving British trade, the economy has weakened with exports falling by 2.8 percent in May, the largest deficit in nine months.

The burden has been shouldered by workers and their families, as prices have risen and consumer spending has fallen. This is under conditions where personal debt in the UK stands at £200 billion for the first time since 2008.

To the extent that the May government has any strategy for reaching an accommodation with the EU, it rests on trying to encourage divisions between its 27-member states. Through its intransigence, it aims to pressure Berlin and Paris to deal with it directly based, in the words of former Conservative leader William Hague, on their shared interest in maintaining an "open and liberal trading environment" in Europe.

"The moment is rapidly approaching...when leading EU governments will have to make some serious interventions in the talks if they are going to act in their own best interests," Hague wrote in the *Telegraph*.

But it is precisely to avoid the emergence of divisions within the eurozone that the EU, principally Germany and France, insists negotiations pass exclusively through Barnier and follow his strict remit of settling British obligations before proceeding to other matters.

That is why reports that French officials had secretly signalled their willingness to compromise with the UK met with a sharp rebuttal by President Emmanuel Macron. Giving his full support to Barnier, Macron stressed, "There is only one negotiator and only one mandate."

Chancellor Angela Merkel reiterated Germany's red line "is about obligations that Great Britain has entered into."

The faltering talks saw the German media blast the British government, with *Süddeutsche Zeitung* describing it as "clueless" and David Davies as "extraordinarily lazy." The daily tabloid *Bild* wrote of a "dawdling Britain" being given a "dressing down by

Brussels," and *Der Freitag* complained that the UK suffered from "delusions of exceptionalism."

At the weekend, Barnier threatened, "There are extremely serious consequences of leaving the single market," and that "We intend to teach people...what leaving the single market means."

For all the arrogance and *schadenfreude*, the position of the European bourgeoisie is just as precarious as its British counterpart.

Germany's federal election on September 24 is characterised by widespread disaffection from all the official parties, and growing anger over rising social inequality that guarantees any incoming government will be highly unstable.

In France, Macron owes his parliamentary majority to a massive abstention rate and the deserved collapse of the Socialist Party. His attempts to drive through labour reforms, overturning workers' legal protections, are deeply unpopular and face widespread resistance, which is behind his moves to buttress emergency laws.

In addition to facing a restive working class domestically, Berlin and Paris continue to impose austerity across the continent, while rolling out their own plans for militarism and war that will inflame social and political tensions still further.

These developments vindicate the campaign waged by the Socialist Equality Party for an active boycott of last year's EU referendum. Rejecting claims that either the Remain or Leave camps represented the "lesser evil" for working people, it stressed that that the working class must reject all national divisions and unite its struggles across the continent against its common class enemy—the bourgeoisie in every country—in the fight for the United Socialist States of Europe.



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