

# UK to offer larger EU “divorce settlement” to overcome stalled Brexit talks

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Britain’s government has reluctantly said it will offer the European Union (EU) a near £40 billion “divorce settlement” in an attempt to move forward stalled negotiations over Brexit.

The sum was reportedly agreed at a meeting of Prime Minister Theresa May’s inner cabinet Monday, after the EU rejected a previous offer of £20 billion as derisory. The EU wants a financial settlement from the UK of around £53 billion as part of the terms of its separation from the bloc. It has also stipulated a commitment that there will be no “hard” border between the Republic of Ireland and Northern Ireland and that there is agreement on EU citizens’ rights in the UK before it will discuss trading relations post-Brexit.

While the government did not stipulate a final figure, the *Financial Times* reported that May would offer £38 million to European council President Donald Tusk at a meeting in Brussels Friday. The following week, May will meet European Commission President Jean-Claude Juncker. This is in the run-up to the EU summit on December 14, which the bloc has said is the deadline by which it will determine if “sufficient progress” has been made to proceed to the next phase of talks.

May’s Brexit committee is split. It includes five ministers who backed, as May did, the Remain campaign in the 2015 referendum. These are Chancellor Philip Hammond, Home Secretary Amber Rudd, Business Secretary Greg Clark, Defence Secretary Gavin Williamson and First Secretary Damian Green. The main four pro-Leave ministers are Foreign Secretary Boris Johnson, Brexit Secretary David Davis, Environment Secretary Michael Gove and Trade Secretary Liam Fox.

Pressure from the four secured a commitment that the government should be prepared to withdraw its financial offer if it was not satisfied with the EU’s final

deal after the scheduled 18 months of negotiations. According to the FT, “Johnson and David Davis ... insist some money must be held back to ensure the UK has negotiating clout to strike a favourable trade deal next year, a potential stumbling block for many net contributor countries, including Germany and the Netherlands.”

The increased offer only provoked further rancour within the Conservative Party. *Channel Four* cited a “source from the Brexit wing” who said, “The Party can cope with another 20 [billion pounds] but not more.” Peter Bone MP declared, “One pound is too much. ... If anyone should get any money from this divorce, it’s us.”

The “hard Brexit” faction of the Tory party, who want as few concessions to the EU as possible, represent a minority faction of the British ruling elite. The pro-European wing is seeking to advance its “soft-Brexit” agenda, with some sections together with a faction of the Labour Party around former Prime Minister Tony Blair seeking to overturn the referendum vote entirely.

Earlier this month, the Confederation of British Industry demanded an end to what it described as the Brexit “soap opera.” CBI President Paul Drechsler said, “We need a single, clear strategy, a plan for what we want, and what kind of relationship we seek with the EU.”

The deepening divisions within the Tory Party have placed the government in such a parlous state that it is only kept in office with the support of 10 MPs from the Democratic Unionist Party. This would be insufficient if more than 11 Tory MP’s were to back any of the amendments.

The Labour Party, with the support of the Liberal Democrats, Scottish and Welsh nationalists, and Tory

rebels, have tabled some 300 amendments to the European Union Withdrawal Bill, incorporating EU legislation into British law.

While Labour MPs are tabling amendments, however, the party is anxious to ensure it does nothing to further destabilise the government, and consequently undermine the interests of British imperialism globally. On Monday evening, 18 Labour MPs including John McDonnell, the shadow chancellor and ally of party leader Jeremy Corbyn, voted with the government to defeat an amendment to the (Cross-Border Trade) Bill by Labour MP Ian Murray, which had sought to keep the UK in a post-Brexit Customs Union arrangement with the EU.

McDonnell and company joined 283 Conservatives, eight DUP and two independent MPs to enable the government to win the vote by a large majority. Murray's amendment had the support of two Tory pro-Europeans, Anna Soubry and Ken Clarke.

Speaking for Labour ahead of the vote, Shadow Treasury Minister Anneliese Dodds said Murray's proposal could "worsen our situation," adding, "I think he will know that ultimately, as I stated before, the Labour position is to leave all options on the table and that is the best thing for Britain to be doing."

On Tuesday, a further five votes on Labour amendments were held on the EU Withdrawal Bill after eight hours of debate, with the government winning them all by small majorities. Just how tenuous is May's position was revealed as a Labour amendment to retain the EU Charter of Fundamental Rights in UK law was defeated by just 311-301—a government majority of just 10, with Tory Ken Clarke backing Labour.

The vote was especially significant as amendments on the future status of EU human rights measures in UK law were tabled by Dominic Grieve, the Tory former attorney general and Brexit opponent. May was only able to stave off a larger rebellion and possible defeat when Solicitor General Robert Buckland agreed the government would "look at this issue again" and "bring forward its own amendment" during later stages of the bill's passage. With this, Grieve backed down, stating he would not force a vote at this stage on the amendments.

The competing factions within the British ruling elite are seeking to steer a way out of unprecedented crisis under conditions in which the entire edifice of the EU

is crumbling. At the heart of the EU, a political disaster is unfolding in Germany. Chancellor Angela Merkel, the leader of the main stabilising power within the bloc, has been unable to form a government fully eight weeks after a federal election. The collapse of coalition talks and possible new elections heralds the possible end of her 11-year period in office, with *Spiegel Online* declaring that Germany was experiencing its own "Brexit moment" and "Trump moment."

Merkel, in alliance with France, has taken a hard line against Britain in the talks to discourage any further break-up of the EU and to ensure that Britain does not gain any competitive advantage. However, the German bourgeoisie is divided on Brexit, with its political crisis prompting the formation of a wing demanding that Britain be offered concessions to stem a continuing breakdown.

A group described by the *Daily Telegraph* as "seven influential figures" are demanding that concessions be offered to the UK on restricting immigration and free movement, under the slogan "Exit from Brexit: a new deal for Britain and the EU." If concessions were not forthcoming, they warn that Germany could lose "its most valuable partner within the EU."

The group is led by Hans-Olaf Henkel, a Member of the European Parliament from the right-wing Liberal Conservative Reformers party, and is supported by two former heads of the Federation of German Industry and a leading economist, Hans-Werner Sinn. Henkel said, "We want to offer Britain the right to stop people who have no jobs entering the country and entering its social welfare system."

Seeking to win broader support for their agenda, Henkel said, "The collapse of talks could help if we can persuade one of the parties to adopt this as policy."

The *P olitico* web site reported the comments of a diplomat from an EU country who warned that "with the collapse of German coalition talks, the 'process is going to be increasingly driven by Paris,' which is seen as having a more hardline than Berlin on Brexit."



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