

Brexit, Free Ports and the super-exploitation of the working class

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Boris Johnson, the leading Brexiteer and former foreign secretary, spoke last month at an event organised by Lord Bamford, the billionaire chief executive of earth moving equipment manufacturer JCB. Johnson reportedly earned £10,000 for his grovelling speech, littered with droll references to JCB's products.

His remarks were directed towards sections of the ruling elite who might back a Johnson Conservative Party leadership bid. His appeal promoted regional economic competition and deregulation as the bedrock of a post-Brexit economy.

The government "should be devolving power to cities in coherent regions," he said, including bundling together local taxes such as "council tax, business rates stamp duty, land tax" to give to "local mayors and politicians to spend so that they have clear incentives to go for growth."

Johnson called for the creation of Free Ports, pointing that "there are now 135 countries in the world that have Free Ports." These attract growth "and it is absurd that Britain will be forbidden by this deal [Theresa May's European Union (EU) Withdrawal Agreement] from doing the same."

Free Ports are better known as Free Trade Zones (FTZ) or Special Economic Zones (SEZ). The last three decades have seen hundreds of such zones proliferate worldwide, particularly in the Indian subcontinent, South East Asia and China. The zones have become synonymous with the unbridled exploitation of the working class.

In floating Free Ports in Britain, Johnson is speaking to a discussion within both the Conservative and Labour parties on how best to use the Brexit crisis to complete the deregulation of the economy and slash the wages and conditions of the working class. In the

words of her former Chancellor Nigel Lawson, the hard-Brexit wing intend to "finish the Thatcher Revolution" and "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."

Johnson's proposals hinge on developing Britain, particularly its most deprived areas, as cheap labour and tariff-free manufacturing platforms.

In 2016, Tory MP Rishi Sunak issued a report, "The Free Ports Opportunity," calling for an "extensive and ambitious network of UK Free Ports. ... These would not only provide domestic manufacturers with a wealth of tangible benefits, but also send a clear message to international markets that Britain's new global role will be open, innovative, and outward looking. It is therefore imperative that, if the recommendations of this report are to be implemented, the Government acts to legislate in the immediate aftermath of Britain's departure from the [European Union]."

The proposals were debated in Westminster in October last year. Brexiteer Tory MP Simon Clarke explained, "At its simplest, a Free Port is an area that is physically within a country but legally outside it for customs purposes. Consequently, goods that enter a Free Port do not incur import duty. Instead, import duty is paid only if and when goods pass from the Free Port into the domestic economy."

This allows goods to be imported, processed and re-exported without paying any duty. Free Ports offer "tax reliefs and a simplified regulatory environment" and could be seaports or airports. Clarke gave the example of the Jebel Ali free zone in the United Arab Emirates (UAE), in which 7,000 companies currently employ 145,000 workers. The zone draws in 40 percent of all foreign direct investment to the UAE.

Clarke declined to mention conditions in the Jebel Ali

free zone and across UAE, where a young and largely immigrant workforce, mostly recruited from rural areas in India, Pakistan, Bangladesh, Sri Lanka and the Philippines, toil in overcrowded work camps.

He cited a recent report from consultants Mace Group “Supercharged Free Ports—the ultimate boost for Britain’s economy,” promoting the prospects for Free Ports in the north of England. Commissioned by the Tory mayor of Tees Valley, Ben Houchen, the report breathlessly outlines a scenario for a network of Free Ports, based on the ports of Immingham, Grimsby and Hull on the Humber Estuary, Teesport and Hartlepool on the Tees Estuary in the east and Liverpool on the Mersey in the west. Connected by improved road, rail and network infrastructure, these could produce an additional £70 billion in GDP and “rebalance” the British economy by increasing productivity in the North of England.

The report cited existing industrial concentrations in these areas which, freed of regulatory restrictions, could expect to draw in more investment. It alluded to the availability of cheap labour, arising from decades of demolition of the living standards of the working class: “[T]here is a further economic rationale for selecting these ports in particular: they are in some of the most deprived parts of the UK. At the local authority level Hull ranks 3rd most deprived in England on the Government’s Index of Multiple Deprivation. That’s out of 326 English local authorities. Liverpool ranks 4th worst (Knowsley, incidentally, is 2nd), Manchester 5th worst, and Middlesbrough 6th worst. Nearly a clean-sweep of deprivation. Relatively lofty Newcastle is 53rd worst, though still in the bottom quintile of local authorities.”

According to Clarke, previous Tory governments had not gone far enough in opening the workforce up to super-exploitation. In 1984, the then Thatcher government attempted setting up Free Ports in Belfast, Birmingham, Cardiff, Liverpool, Prestwick airport and Southampton. They all failed, Clarke continued, because of an “uncharacteristic lack of ambition by the Thatcher government, but mostly due to the regulatory constraints placed on them by the EU.”

The Free Ports would “offer lower levels of taxation and less burdensome regulations than exist outside,” cut down on customs documentation, offer secure perimeter areas and therefore lower insurance costs and

avoid Value Added Tax (VAT).

Sunak’s report noted that Free Ports would have broad ideological appeal that could be expected to command bipartisan support, allowing the policy to act as a rapid response in the event of British withdrawal from the EU Customs Union: “It is easy to see Labour mayors of regional port cities partnering with a pro-enterprise, pro-trade Conservative Government to make Free Ports successful.”

Former right-wing Labour MP, Frank Field, now an Independent, assisted Clarke in setting up the Westminster debate. Field and Clarke penned a joint letter to *The Times* explaining that their Free Port proposal hinged on state aid the UK could deploy after Brexit. The duo complained, “The EU’s state aid regulations are far more stringent than those of the WTO; the most fundamental difference being that, under WTO law, only ‘financial contributions’ count as subsidies, whereas the European Commission describes state aid as ‘an advantage in any form whatsoever.’”

In other words, more perks and tax breaks can be handed over to investors and more social spending can be redirected towards drawing in cheap labour manufacturers.

Labour MP for Redcar, Anna Turley, also spoke in the debate, hailing Free Port zones as “recognised around the world as playing a major role in retaining, reshoring and growing domestic manufacturing activity and boosting trade.”

Turley begged the government to “give serious consideration” to a Teesport Free Port “without delay.”

Turley called for the need “to ensure that there is no erosion of employment rights, environmental rights or health and safety rights.” But this is worthless verbiage. The purpose of the Free Port proposal is to ruthlessly crank up rates of exploitation.

Significantly, Turley opposes Brexit and supports a rerun of the 2016 referendum. In her view EU membership is no barrier to establishing Free Ports.



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