

UK government escalates deregulation as corporations cut pay and conditions

Paul Bond
11 February 2021

The British government's post-Brexit deregulation agenda is accelerating. The closing of the freeport (free trade zone) bidding process and the government's recent recalibration of its plans for workers' employment rights, followed quickly by an application to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) trade agreement, signals an intensified class war policy.

Margaret Thatcher's former Chancellor Nigel Lawson spelled out the post-Brexit agenda in 2016. Her economic transformation, he wrote, "was done by a thoroughgoing programme of supply side reform, of which judicious deregulation was a critically important part," but this was now "bound by a growing corpus of [European Union] regulation."

Brexit was an opportunity to "address this," i.e., rip up any regulation standing in the way of super-exploitation, and "finish the job that Margaret Thatcher started."

After taking office in 2019, Prime Minister Boris Johnson set out to "finish the Thatcher Revolution." He personally asked 250 business executives for ideas to cut regulatory and legislative burdens.

This week the application window closed for the first 10 freeports. These are low tax, cheap labour, free trade zones, where goods can be imported, manufactured and re-exported without facing standard tariffs or requiring normal customs checks. Companies pay lower VAT and employment tax and receive tax relief on land purchases. They were described by right-wing author and journalist Paul Johnson in 1980 as a "dagger aimed at the heart of socialism."

Some 35 organisations are known to have expressed an interest in bidding for freeport status. Freeports are a favoured policy of Chancellor Rishi Sunak. Johnson recently tasked Sunak with driving "an ambitious programme of regulatory reform," and new global trade deals. Sunak had called for freeports in a 2016 paper, "The Free Ports Opportunity," for the Centre for Policy Studies, a Thatcherite thinktank.

Freeports are not restricted to coastal areas. The latest bid was submitted by London's Heathrow airport based on

"facilitating Britain's position as an independent trading nation." Its application said having freeport status would ensure that the "unique role of the UK's only hub airport and the biggest port by value is fully maximised—allowing the UK's businesses, customers, and supply chains to capitalise on the international connections and routes available, whilst reducing administrative burdens and controls."

Britain had seven freeports while in the EU. It closed the last five in 2012 to focus on other "enterprise zones."

The new proposals will add other inducements for business not permitted by the EU. Bloomberg noted last year that whatever gains could be made would depend on the government's "tax breaks and other inducements."

This follows the government cancelling a post-Brexit review of workers' employment rights it previously denied was taking place. The review, instigated by former Business Secretary Alok Sharma with Johnson's encouragement, covered "the whole body of EU law."

Withdrawing the review, current Business Secretary Kwasi Kwarteng said the government was "not looking to diminish" its provisions, but this is a recalibration, not a retreat. It underlines how far the existing legislation existed solely for the benefit of big business. Even the right-wing *Daily Telegraph* said the EU Working Time Directive was "not seen as particularly burdensome" as many companies "just ask workers to opt out of the rules if needs be."

The ministers now in charge of ensuring that the UK attracts inward investment from corporations seeking higher returns have long been explicit about their intentions. Most striking was their 2012 book, *Britannia Unchained: Global Lessons for Growth and Prosperity*, a collection of articles by Brexiteer MPs in the Thatcherite Free Enterprise Group. Four of the five authors are now in leading government positions—Dominic Raab (Foreign Minister), Priti Patel (Home Secretary), Liz Truss (Department for International Trade), and Kwarteng.

It attacked the UK's "bloated state, high taxes and excessive regulation," calling for deregulation of trade, tax

cuts and demolishing any legal obstacles to increasing the exploitation of the working class. Kwarteng wrote that Britain's employment law "discourages small business from taking a risk," and Britain should "do whatever we can to cut the burden of employment regulation."

British workers, they wrote, "are among the worst idlers in the world. We work among the lowest hours, we retire early and our productivity is poor." This informs his view of Brexit as a "unique once-in-a-lifetime opportunity."

Kwarteng told the *Telegraph*, "A lot of the Brexit debate centred around low wages." As a result, "the idea that we would secure Brexit and then have a race to the bottom has always been preposterous to me."

The *Telegraph* described him as "over-correcting in playing down his libertarian credentials," but this is PR gloss. The race to the bottom is already underway.

Sharma's review targeted specific EU employment provisions, including the legal requirement to provide a written statement of pay and conditions within 28 days of taking on a worker. This already excludes zero-hours contracts, which do not require employers to specify the number of hours to be worked.

Media focus centred on the EU's Working Time Directive, which sets a 48-hour limit on the working week, protecting the working hours of 750,000 workers in Britain. The directive contains sufficient get-out clauses not to impinge on profits. EU member states were authorised to negotiate opt-out clauses for individual companies and employees.

The review also looked at legislation on rest breaks. Presently, workers must have rest breaks during their working hours if they are on duty for six hours or longer. They are entitled to 11 hours rest for every 24 hours worked, and a further 24 hours' uninterrupted rest over seven days.

The other main threat identified was over holiday pay. The EU directive introduced statutory holiday pay of at least four weeks. Ministers were reportedly not planning to scrap the holiday pay provision altogether but aiming to derail a recent ruling put in place by the European Court of Justice that insisted holiday pay calculations include commission payments and compulsory overtime.

Sharma's review has been shelved for the present, but the ruling elite's direction of travel is clear. As the *Spectator's* Ross Clark commented, "There wouldn't have been much point in Brexit at all unless a UK government was prepared to vary from the EU—either by deregulating or changing regulation in some other way."

Employers have seized on the coronavirus pandemic to declare open season on workers. A Trades Union Congress (TUC) poll published January 25 showed that in the last year nine percent of workers in Britain had been faced with

reapplying for their jobs on worse terms and conditions or be sacked—"fire and rehire" ultimatums. Nearly a quarter of workers reported having seen their hours or pay cut back since last March, rising to 30 percent of low-paid workers earning less than £15,000 a year.

The City of London parasites are specialists in all manner of financial skullduggery and corporate plunder. This is to be ramped up, as Kwarteng, like Johnson, seeks to establish a "Singapore-on-Thames" low-tax economy. In 2012, Kwarteng included Singapore among the places where "a combination of private enterprise and effective government policy has enabled economic growth rates which we can only dream about in the west."

Britain's application to join the Comprehensive and Progressive Trans-Pacific Partnership means it will be the first new member since the US withdrew in 2017. Hosuk Lee-Makiyama, a senior fellow at the London School of Economics, said the trade bloc offered a "bridge" to Asian markets.

This points to the volatility of inter-imperialist relations. One former British diplomat suggested the political implications of the move were more significant than the trade volumes.

The CPTPP was originally founded by former US President Barack Obama as an anti-China trade bloc. China has now expressed an interest in joining, as have South Korea and Thailand. Johnson last year declared himself "pro-China" and "very enthusiastic" about Chinese President Xi Jinping's Belt and Road Initiative—a massive infrastructure scheme aimed at linking China throughout Eurasia and enhancing China's global position, though his government is now singing from a US-dictated anti-China hymn-sheet.

Still, freeports are to play a major role in the CPTPP. Announcing the CPTPP application, Truss noted lower tariffs for car manufacturers were a major factor, as vehicles make up 27 percent of UK exports to CPTPP countries.

When Kwarteng withdrew the legislation review, TUC General Secretary Frances O'Grady welcomed this as "good news if true," before presenting Johnson as a prime minister who could be pressured into defending workers' rights. He had "promised voters he would enhance protections at work," she said.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact