

Dear Dr Fox: Is Brexit really about being able to “hire and fire” at will?

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In [yesterday's blog](#), my colleague David Hearne, provided some Insights into the notion that leaving the EU has been driven by a desire to embrace a different regulatory framework than that of the EU. This has been particularly evident with the distinct EU emphasis on “social partnership” between capital and labour, and the promulgation of law upholding consumer, worker and environmental rights. That is, for “Brexiters”, the UK should embrace a more market-oriented deregulatory economy, as purportedly typified by the “US model”. For many in this camp, the short-term costs of Brexit are deemed to be worth it for the longer term gains that realignment of trade and production would offer the UK economy.

Put in such terms then, Brexit, rather than being a push for “sovereignty” per se – at least in terms of its leading protagonists – really is more about reasserting the principles of market fundamentalism, or “completing the Thatcherite revolution” (Hutton, 2017). Andrea Leadsom, one-time leadership aspirant and current Leader of the House voiced these sentiments in no uncertain terms in 2012 when she stated that:

“I envisage there being absolutely no regulation whatsoever – no minimum wage, no maternity or paternity rights, no unfair dismissal rights, no pension rights—for the smallest companies that are trying to get off the ground, in order to give them a chance”. [\[1\]](#)

In a similar vein, Dr Liam Fox, currently Secretary of State for International Trade, writing in the *Financial Times* in 2012 [\[2\]](#) stated that:

*“To restore Britain’s competitiveness we must begin by deregulating the labour market. **Political objections must be overridden** (my emphasis). It is too difficult to hire and fire and too expensive to take on new employees”*

Exiting the EU, to reiterate what has been mentioned many times before, it is claimed that the UK will be “free” to pursue its own trade deals, at terms it sees fit. This is what Liam Fox described in February 2018 as “multi-country alliances of *the like-minded* right down to bilateral arrangements” (my emphasis) [\[3\]](#). In other words then, Brexit could be seen as a push by its protagonists for more “deregulation”. A labour regulation then, in this schema, would be any measure that impedes the so-called “free adjustment” of supply and demand.

According to this view, any form of regulation would be a “cost” to an employer and thus reduce the attractiveness of labour as opposed to other factors of production such as machinery (the contemporary debate around the potential impact of automation on jobs can be seen in this context). In this schema, a minimum wage, for example, would raise the price of labour and hence reduce labour demand (which is argued to lead to a rise in unemployment). Similar effects would be seen from non-wage labour regulations such as employment protection laws, trade union recognition rights, pension entitlements, mandatory training requirements, sick leave, annual leave, maternity pay and health and safety provisions. It is this logic that has underpinned the many clarion calls for labour market deregulation over the past 30 years (of which Dr Fox is a particularly strident example).

The countervailing view of employment/labour regulations is that they serve to benefit both employers and workers, by introducing minimum standards, encouraging increased productivity and preventing so-called “bad employers” from passing on the social costs of a commodified workforce on to the rest of society. A simple example here being that sick leave enables ill workers some time to recover and therefore avoid having to come in to work and potentially passing on their illness to other workers, thereby adversely affecting overall labour productivity.

Suffice to say, such sentiments largely did not make it into the popular discourse over Brexit, where the vote has predominantly been interpreted as a reaction against globalisation and “metropolitan elites” (Pidd, 2016); as a referendum on migration (Golec de Zavala et al., 2017), or otherwise a revenge of the places that felt “left behind” (Rodríguez-Pose, 2018). Given these interpretations, did those who vote Leave really vote for their employment rights to be taken away as part of a shift to a more deregulated US-style market?

References

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[1] *The Mirror*, July 5th 2016, accessed on October 12th 2018 at <https://www.mirror.co.uk/news/uk-news/andrea-leadsom-called-minimum-wage-8352620>

[2] *The Financial Times*, February 21st 2012, accessed on October 19th 2018 at <https://www.ft.com/content/2ee5b8de-5c8d-11e1-8f1f-00144feabdc0>

[3] <https://news.sky.com/story/globetrotter-liam-fox-to-slam-jeremy-corbyns-customs-union-bid-11269242> Accessed on October 21st 2018.