

Brexit- It's what you make of it?

Centre Director, Professor Alex de Ruyter reflects on Jeremy Corbyn's Brexit speech.

Jeremy Corbyn's recent speech purported to set out how Labour would approach the ongoing Brexit negotiations. The speech appears to have had three major aims. Firstly, it sought to criticise the incumbent government. Additionally, Corbyn attempted to present Labour as an alternative "government in waiting" with its own Brexit agenda and policies. Finally, it sought to drive a wedge between different factions of the governing Conservative party.

Much of the speech was largely unrelated to Brexit in the strictest sense. Domestic policy stood first and foremost, with Corbyn criticising ongoing "austerity" policies and calling for greater public spending, particularly on health. He also alluded to a desire to re-nationalise the railways, water industry, energy and others. Present Labour policy also intends to tax those on high incomes more heavily. Mention was also made of foreign policy objectives and a move away from the use of force.

Corbyn discussed his desire to maintain or enhance environmental standards, consumer protections and a cornucopia of other regulations. In almost every case, Brexit is unlikely to either preclude or facilitate implementation of these. European legislation does present a floor in terms of standards, but this should be seen as a minimum and there would be nothing to stop a Labour government going beyond them if desired.

During that part of the speech that did focus specifically on Brexit, a substantial portion appeared to relate to putting a different political spin on what amounted to the same aims and objectives as the governing party. In particular, it appears that Labour and the Conservatives largely agree on citizens' rights, a transition period and a desire to avoid a border on the Island of Ireland. Evidence at present suggests that it might be easier for Labour to achieve these, purely because there is less pressure to strike independent trade deals and they appear much more open to a relatively lax immigration policy.

Indeed in many regards, for all the political optics, Corbyn's approach appears to bear a striking resemblance to that of Theresa May's government. His assertion of the importance of a "global perspective" and repetition of the well-worn phrase "[w]e are leaving the European Union but we are not leaving Europe" underlines this. Similarly, there appear similarities between Corbyn's criticism of the "global elite" and Theresa May's so-called "citizens of nowhere".

Nevertheless, in spite of these similarities real differences are emerging between the two major parties on Brexit. Ultimately, both parties are struggling to interpret the referendum result – leaving the EU can mean dramatically different things – and this has led to internal inconsistencies and contradictions. Interestingly, whilst Corbyn was dismissive of "making up numbers and parading them on the side of a bus" went on to state that, "we will use funds returned from Brussels after Brexit to invest in our public services". In spite of the absence of either a bus or specific numbers, these do appear to be the same thing – namely an argument that money will be "freed up" as a result of Brexit. Insofar as one accepts the prognostications of a majority of economists (and others), who argue that Brexit will reduce economic output, it would appear that Brexit is likely to *reduce* funding for public services rather than increasing it.

Similarly, Corbyn's stated desire to negotiate "to support individual EU agencies, rather than paying more to duplicate those agencies here" appears to rule-in continued payments to the EU. Doing so would inevitably further reduce those funds that Labour wish to repatriate from Brussels in order to "invest in our public services". There are a number of more minor alterations to government policy – notably reversing the decision to leave Euratom – which appear sensible and pragmatic. Similar moves might be sensible with respect to Open Skies policies and a number of other international collaborative efforts.

Corbyn's point that "[e]very country, whether it's Turkey, Switzerland, or Norway that is geographically close to the EU, without being an EU member state has some sort of close relationship to the EU" is one that we're familiar with at the Centre for Brexit Studies. Nevertheless, his assertion that "Labour would seek a final deal that gives full access to European markets and maintains the benefits of the single

market and the customs union” looks an awful lot like having one’s cake and eating it.

The flagship policy announcement of the speech was Labour’s stated desire for a customs union as a matter of policy. Whilst domestic politics was undoubtedly a major part of this – a number of Conservative MPs are known to have a favourable view of such an option and it is entirely possible that such a policy would have majority support within the House of Commons. This could cause considerable difficulties for Theresa May’s government on several issues.

The broader ramifications of Labour’s stated policy, if it were adopted, are likely to be felt in several areas. As with many aspects of the ongoing negotiations and future relationship, the devil is likely to be in the details and, fundamentally, Britain will be constrained by what the EU is prepared to offer. Labour appears to support withdrawing from the European Economic Area, as evidenced by Corbyn’s statement that “Labour would not countenance a deal that left Britain as a passive recipient of rules decided elsewhere by others.”

In several areas, Labour’s stated intentions remain somewhat fuzzy (as, in fairness, do those of the government). This is clear in statements like, “[a] new customs arrangement would depend on Britain being able to negotiate agreement of new trade deals in our national interest.” If that means independent trade deals then it is physically impossible. If it means the UK should have a joint say in negotiations then it’s theoretically feasible but would depend upon the acquiescence of the EU. One clear question is what Britain would be prepared to offer in exchange for a role in policymaking and trade arrangements. No country outside of the EU at present has this favourable position. Labour has ruled out membership of the EEA and the EU Customs Union (EUCU), preferring in favour a customs union with the EU (which is what Turkey has). Why would the EU be prepared to grant this to a third party?

Labour is seeking a far closer relationship than Turkey has – the UK would probably need to remain aligned with EU phytosanitary requirements in order to avoid an Irish border, for example. Whilst technology should be able to help accelerate border crossings and reduce waiting times in customs, in the absence of a unified economic

area (maintaining regulatory alignment and a common external tariff), it is unlikely that crossing the international border will be as frictionless as travelling between Camden and Islington.

More generally, Corbyn wishes to negotiate opt-outs from certain areas and directives (such as the Posted Workers Directive). It is unclear that leaving the EU is necessarily needed for this – the UK has already negotiated opt-outs from aspects of the Working Time Directive, for example. Similarly, most of Corbyn’s proposed nationalisations would be feasible within the EU – state-owned SNCF and Deutsche Bahn operate the vast majority of passenger train services in France and Germany respectively. As is the case for the governing Conservative party, it is highly improbable that the EU would permit the “cherry picking” of those aspects of membership that the UK government finds convenient.

Finally, two aspects of the Labour party’s proposals are of interest. There is a clear desire for ongoing regulatory alignment with the EU, and to a much greater extent than is true for the governing Conservative party. It is unclear to what extent this is compatible with the notion of “taking back control”. Similarly, the Labour party appears to be pursuing a notably liberal agenda with respect to migration. Insofar as concerns over the extent and pace of immigration to the UK were a motivator for voting to leave the EU, this is an interesting direction to take.

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