

# LABOUR EURO-SAFEGUARDS CAMPAIGN

# BULLETIN

MAY 2017

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## QUESTIONS AND ANSWERS ON

## LABOUR AND THE GENERAL ELECTION

1. **How are the Brexit negotiations going to fit into Labour's general election strategy?**

Clearly, the Labour Party is in the process of fighting a very difficult general election. Some of the problems are due to disagreements within the Party about the leadership. Others are to do with economic policy and whether Labour would be able to run the economy successfully. But perhaps the most difficult and divisive issue of all – and where Labour may, if it is not careful, be on the weakest ground - is over Labour's attitude to the current Brexit negotiations. As is well known, the Party is in substantial danger of losing the votes of erstwhile Labour supporters both among those who think that the Party should never have accepted the result of the EU referendum by backing Article 50, but also among many others who think that Labour's support for Brexit is half-hearted and not what either most Party members or MPs really believe in. Perhaps most crucial of all, however, Labour seems to be in danger of getting out of touch with the large majority in the country, including substantial numbers of Labour-leaning voters, who accept the result of the referendum vote last summer and who just want the government to negotiate the best deal it can for the UK. What can Labour do to overcome these problems?

2. **What should the thrust of Labour's policy stance be?**

The present government has set out a reasonably clear negotiating stance. It is for the UK to come out of the Single Market, and not, therefore, to be a member of the European Economic Area (EEA), and to be outside the EU's Customs Union - although possibly with some carve backs - and then to negotiate a free trade deal with the EU27. The UK would then want to do all it could to maintain close relationships with the EU27 in every area where it makes sense to do so - on everything from counter-terrorism to educational programmes - but on an intergovernmental footing rather than one based on political unity. This outcome may not be achievable but it is one which would almost certainly command the support of the vast majority of people in the UK, if it could be

agreed. It is arguable, therefore, that Labour's best approach would be to support this central negotiating stance, while differentiating itself from the government only on the relatively few areas where there is a significant left of centre view which is different from that of the Conservatives. This does not, however, seem to be the main thrust of Labour policy at the moment. Clearly an opposition's job is to hold the government to account, but has the Party got the balance right between criticism and constructive support for the way that the Brexit negotiations are going?

### 3. **What should Labour say about immigration?**

A key area is around immigration. The Labour Party line is that "immigration rules will have to change as we exit the EU". As, however, free movement of people is an integral part of the Single Market framework, it is hard to see how Labour can then escape the conclusion that we will have to be outside the Single Market – and the European Economic Area (EEA) – if we are going to be able to regulate flows of people coming from the EU to work in the UK. The Party nevertheless seems reluctant to draw this inference, giving the impression that it would be happy to accept the UK staying in the EEA, like Norway, but then without any say in how the Single Market develops. Of course, everyone wants us to retain access to the EU27 market, but we do not have to be a member of the Single Market to do this, with all the obligations on cost, legal control and migration, which this brings in train. This is why a free trade deal with the EU27 combined with the UK being outside the Single Market, is in the UK's interest, this being a stance which surely ought then to be firmly supported by Labour. A deal along these lines would also be much the best outcome for the EU27, as well as for the UK.

### 4. **What about fall-back positions?**

While agreement on a free trade deal with the EU27 as the centrepiece of a settlement which also covers all the other outstanding issues appears to be clearly the best available outcome of the Brexit negotiations, it is not certain that this will be achieved within the Article 50 two-year timescale. On the contrary, it is possible that either no deal will have been put together by then or that the deal offered by the EU27 to the UK will be on unacceptably harsh terms. What would Labour do then? The current Labour line is that "no deal is the worst possible deal". But, if no deal involves falling back on the World Trade Organisation (WTO) option, is this correct? Trading on WTO terms with the EU may not ideal but it is surely better than some of the alternatives which might be on offer. Any team negotiating a deal has to be in a stronger position if it is prepared to walk from a bad offer than if, in the last analysis, it is prepared to accept anything, however, unattractive it may be. Labour ought therefore surely to be prepared to support the UK turning to the WTO option if the worst comes to the worst in the negotiations, not as its preferred choice, but to make sure that it has somewhere to which to turn as an insurance policy against over-harsh treatment by the EU27. Is Labour prepared to do this?

## 5. **How about Parliamentary Control?**

Of course, Parliament should have a large say in the way the negotiations are carried out but “legislating to guarantee that Parliament has a truly meaningful vote on the final Brexit deal”, which is Labour’s current position, potentially entails serious problems. At the end of the negotiating process, a proposal is going to be put to the House of Commons. Inevitably, this is going to involve compromises. No party – or group within parties - is going to get everything it wants. The danger then is that a House of Commons made up of many MPs who have never been that happy about Brexit in the first place will vote down whatever the government has managed to achieve. This does seem to be a situation which we need to try very hard to avoid risking, engendering just the “cliff edge” which Labour says it wants not to have. If Labour’s attitude throughout the negotiations is hostile and partisan, however, there is clearly a risk that it could lead to this kind of confrontational outcome. In the country’s interests, therefore, it seems that a positive and constructive attitude to the negotiations by Labour, to produce as much of a consensus round the final outcome as can be achieved in advance of the final vote, would be a much better strategy than one which may shade into being antagonistic and negative,

## 6. **How should Labour handle differences of emphasis and opinion?**

Of course, there are areas on which Labour is going to want to see a different emphasis from the Conservatives – particularly on workplace protections and social legislation and perhaps also on issues such as environmental and consumer protection, where there may be different points of view. The issue is whether these differences should be highlighted or minimised. Few people, for example, would disagree with the proposal that we should provide the 3m EU nationals living and working in the UK assurances that they are welcome to stay here but there obviously is a problem if such warranties are not reciprocated, as is the position at present. Similarly, is it good tactics to oppose in principle rather than in detail the Conservative proposal for a Great Repeal Bill, if the alternative is the proposed EU Rights and Protection Bill, which seem likely to have to cover very similar ground? Labour surely needs to avoid seeming to oppose just for the sake of advocating something different from the government.

## 7. **How about our balance of payments deficit with the EU27?**

One area where Labour has so far said nothing, and on which the Conservatives seem at the moment to have no strategy and may therefore be vulnerable, is on the huge balance of payments deficit we have with the EU27. This is currently running at some £90bn a year, including our trade deficit (£71bn in 2016), remittances (£10bn in 2016) and our net payments into EU budgets (£11bn in 2016). These very substantial sums, representing in total about 5% of our GDP, and amounting to almost £1,500 year per head of the UK population, are unsustainably large. Could Labour come forward with constructive proposals as

to how to deal with these very significant deficits should be handled as part of the Brexit negotiations as a positive contribution to the Brexit discussions?

8. **What should Labour's overall strategy be?**

While there is undoubtedly a small and highly vocal group of people who are very strongly opposed to Brexit, and who are determined to try to reverse or to bypass the outcome of the 2016 EU referendum, they are in a relatively small minority. Labour needs therefore to be careful not to align itself with them, thus alienating itself from most of the electorate. The vast majority of people in the UK – whichever way they voted on Brexit – accept the result which materialised and now think that the way ahead is for the UK to throw all its weight behind negotiating the best deal it can. To enable this to be done, they want the country to present as united a front as possible. They also understand the need for Parliament to be in a position where it is as certain as possible to back whatever the final deal is that the UK succeeds in negotiating. While this may be a free trade deal with the UK outside the Single Market - which most people would think would be the best outcome - this may not be what the EU27 are prepared to contemplate. Suppose, for example, that the deal offered to us by the EU27 is EEA membership with all the Single Market conditions in place on free movement of labour and control by the Luxembourg Court – plus the UK continuing to pay into the EU budget but without our current rebate – a net total net cost approaching £20bn a year. The government might well then recommend trading with the EU27 on WTO terms as a better option. The danger then is that the House of Commons – backed by the House of Lords – might then reject a deal which a large majority of people in the country would, in all the circumstances, regard as being acceptable and better than the alternative.

9. **What should Labour do?**

We need to recognise that Labour is in a difficult situation regarding the EU negotiations and to sympathise with the EU policy stance problems which the Labour leadership is facing. There are clearly problems for the Party in helping the government make a success of negotiations which a majority of Labour people would prefer not to be taking place at all. It is also clear, however, that what most of the country now appears to want as the outcome from the Brexit negotiations may not be well aligned with Labour's strongly pro-EU inclinations. Labour therefore badly needs to find a way of projecting a specifically Labour stance on issues such as social and workplace protections while helping to project as united a national front on the Brexit negotiations as possible.