

## MORE QUESTIONS AND ANSWERS ON

## LABOUR AND THE BREXIT NEGOTIATIONS

### 1. **How are negotiations shaping up?**

The Brexit negotiations are clearly not going very smoothly. Despite some recent progress, there still appears to be a wide gap between what the government hopes to achieve and what the EU is likely to concede, leaving the UK still to decide either to remain in the Single Market and the Customs Union substantially as they are, even if nominally we are outside both of them, or to go for a Clean Brexit. The EU27 are unlikely to accept any very substantial derogations from the *acquis* which governs the Single Market and the Customs Union, leaving us - outside the European Union - with little or no say in the way in which the EU develops. This is because, with no majority in Parliament at present for Clean Brexit with or without a free trade agreement with the EU27, there is no pressure for the EU27 to offer us a compromise deal along the lines which the government evidently wants to achieve. This is why we appear to be sliding towards a Norway-type option, embracing a high degree of regulation over which the UK will have little control, with the UK, unlike Norway, still in both the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP).

### 2. **Will a deal like this go through Parliament?**

If this is the way in which negotiations develop it is not clear that there is going to be a majority in Parliament, as presently constituted, for the type of deal which the EU27 are then likely to be prepared to offer to the UK. It may be that a combination of dissatisfied Tories, who want a much harder Brexit than the one put forward, will then find themselves on the same side as Labour, claiming – with considerable justification – that the government has mishandled the negotiations and left the country with a much worse deal than could have been achieved. This might bring down the government, precipitating another general election, although it might alternatively lead to a

reconstruction of the current alliance between the Tories and the DUP. Either of these options might change the people doing the negotiating but would not change the problems and choices faced by the country. Even if there was another general election it is unlikely that there would then be a parliamentary majority for a Clean Brexit. There would still be the same difficulty in finding a bridge between what Parliament and the EU27, with all the cards in their hands, will accept. The UK government is still trying to reconcile the result of the 2016 EU referendum with the fact that much of the establishment in the UK has never really accepted its result and would very much like to see it either watered down as much as possible, or reversed.

### 3. **What is Labour's current policy?**

Until recently, Labour's policy had been relatively undefined. It had criticised the government for indecision and ineffectiveness, but had not come down firmly on one side or the other on the key issues round membership of the Single Market and the Customs Union. This made sense, at least from a short-term political point of view. Although the majority Remain contingent in the Party – both in Parliament and the country – would like us to be in both the Single Market and the Customs Union, there is a large minority of erstwhile Labour supporters, who voted Leave and who would regard staying in the Customs Union as a betrayal – as indeed would a sizeable section of the electorate which voted Remain, but who accept the democratic decisions taken in the referendum. In these circumstances for Labour to commit itself to supporting the UK in “a” customs union, as it has now done, is a high-risk strategy, likely to alienate a substantial number of Labour supporters while being unlikely to achieve an outcome which would allow enough flexibility to enable Labour to fulfil its manifesto promises

### 4. **What would Labour do if in power?**

There is, however, a reasonable possibility of a general election being held during the next few months, putting Labour in charge of the Brexit negotiations, although quite possibly in alliance with one or more minority parties, not least the Scottish Nationalists. In these circumstances, a Labour government would be under heavy pressure to go for as soft a Brexit as possible. The problem then would be that the clearer it was that there was no majority in Parliament for any kind of WTO based Clean Brexit, even as a fall-back position, the less pressure there would be on the EU27 to make any concessions and the worse the deal on offer to the UK would be likely to be. There might well, however, still be sufficient support in the House of Commons – and the Lords – for a deal along these lines to go through. This would very probably leave the UK still subservient to the European Court of Justice, with no border control, still paying in every year £11bn net or more if the rebate was suspended, still in the Common Agricultural and Common Fisheries Policies, and unable to cut trade deals with other countries. An outcome along these lines would do nothing to quell Euroscepticism in the UK, leaving our relationship with the rest of Europe as divisive and damaging as it has been for the last forty years.

5. **What is likely to happen if the Conservatives remain effectively in control?**

If the Conservatives remain in control during the period until the Brexit negotiations are complete, and this includes a vote on the final deal on the table, the dynamics are likely to be very different. It is in fact more likely in these circumstances that there will be no parliamentary majority for whatever the final deal is than with a Labour government. What would happen then? Putting the deal to the country in a referendum on a “yes” or “no” basis would not make any sense, unless it was clear what the alternative would be if there was a no vote and, without a lot of exploration, it would be very difficult to see what this outcome might be. More realistically, it looks as if the choice which the country would then face would be to decide whether either to apply to re-join the EU on whatever terms would by then be available, or for the UK to fall back onto trading with the EU on WTO terms, with the hope that these could lead to as full a free trade deal with the EU as possible, which would in fact be in everyone’s interest.

6. **What would trying to re-join the EU be likely to entail?**

Re-joining the EU would not be easy. If the Article 50 process had run its course by the time a decision to try to stay in the EU was taken, as seems likely, the UK would then be in an applicant candidate status. Would our opt-outs from the euro and Schengen still be available? Would the rebate on our net payments to the EU still be there? More fundamentally, would the EU want us back? All 27 Member States would have to approve our application for membership. Bearing in mind the outcome of the 2016 referendum and all subsequent events, would the EU27 want to have an evidently more than half-hearted applicant back in the fold? Even if they did, how long would the re-application process take, and how long would the period of uncertainty be before the outcome was known? And, if at the end of the application process, a referendum would need to be held to find out whether the terms were acceptable to the UK electorate, would the EU27 be prepared to go through all the trouble involved in considering our readmission only to then run the risk of having it rejected in another referendum?

7. **What would the situation be if a “soft Brexit” deal was accepted by Parliament with the Conservatives still in control?**

If the Conservative government negotiates the best deal it can, while ruling out the Clean Brexit option, the deal offered to the UK by the EU27 is likely to be a poor one, leaving large numbers of Conservatives and some other MPs deeply unsatisfied. If such a deal is nevertheless accepted by Parliament, it is therefore likely to be with Labour support and with a significant number of Conservative MPs dissenting. In these circumstances, calls for a second referendum may be much harder to resist, as MPs of all political persuasions may want to secure cover for the decision which will then need to be implemented. The choice before the country would then be between two polar positions. On one hand, the UK would have to accept a role nominally outside the EU but effectively with more or less the same amount of control and cost by the EU as we

have at the moment, but with no seat at EU the table while future developments are discussed, no capacity to negotiate our own free trade deals, and locked into the CAP and the CFP. On the other hand, the UK would have the choice – never supported by Parliament but acceptable to much of the electorate - of breaking free from EU control and trading with the EU27 on World Trade Organisation (WTO) terms, albeit still with the possibility of negotiating a free trade deal with the EU27, although this would inevitably take time to conclude.

8. **What would the outcome then be?**

If there was a referendum choice then to be made, it seems probable that the country would remain as split on the result as it was after then 2016 referendum. On past form, most of the establishment would be in favour of the “soft Brexit” option, while the rest of the country would very probably prefer Clean Brexit. If the country then voted for a soft Brexit, the direction in which the country was to go regarding our continental neighbours would be settled, at least for a while, but probably not for very long. While it may be that a majority of the electorate would balk at the risks and disruption which Clean Brexit would entail, the prospect of the fifth or sixth largest economy in the world being largely controlled by the EU over which we have little or no control for the indefinite future is unlikely to be stable. In the last analysis, the fundamental issue at stake in the 2016 referendum was around control. If the eventual outcome of the Brexit negotiations is that we finish up having much less control over our future than we have now, it does not seem likely that this will produce an acceptable and long-term relationship with the EU27. For reasons which, from the EU27’s point of view, may seem reasonable, they may regard it as undesirable to compromise much, if at all, if this puts the security and stability of the Single Market and Customers Union at risk. The danger, however, then is that they eventually push the UK into coming out of the EU fold altogether.

9. **What is fundamentally at stake?**

The problem in the UK is that the establishment and a majority of the most influential people in the UK have never really accepted the democratic decision made by the British people in June 2016. The reality is that the only stable long-term position for the UK is outside the EU ambit, with a Clean Brexit. Sooner or later, this may well be where we will be.