

Jeremy Corbyn's leadership and the single market

At this year's Labour Conference a row was sparked with accusations from Labour's right-wing, and their media allies, that [debate on Brexit was stifled](#).

The reality, sketched out by Alex Nunns in a [Red Pepper article](#), was there was a full debate and an indirect vote in the form of the arcane sounding 'reference back' which was heavily defeated.

The right-wing groups [Progress](#) and [Labour First](#) are campaigning for Labour to commit to remaining in the Single Market through membership of the European Economic Area ([EEA](#)). After their set back at conference they pledged to [take their argument](#) to "...every constituency Labour party in next 12 months".

An example of this is a resolution to a constituency party:

"This Constituency Labour Party:

Notes the August publication of the Government's position papers on a range of EU withdrawal matters including future UK-EU customs arrangements;

And believes that these recent papers reveal that the current approach risks job losses, and loss of rights for workers;

Further, notes the Treasury estimate that moving from the "soft" Brexit of the European Economic Area (EEA) (which could see tax revenue fall by £20bn) to the "hard" Brexit of a Canadian-type deal is estimated to cost an additional £16 billion each year, and that if the UK defaults to WTO trade rules, then the annual tax loss may be as high as £45 billion (four times the annual public expenditure on English GPs);

And believes that Labour must urgently campaign against austerity that has harmed our public services;

and therefore calls upon the Labour Party to adopt a policy of remaining in the European Customs Union and Single Market through membership of the EEA"

Reversing the referendum result



Jeremy Corbyn addressing the Labour Party Conference 2017

The reference to campaigning against austerity is just a superfluous red herring. However, framed as it is the resolution appears to demand reversing the referendum result, of maintaining the status quo. It does not put forward alternative means of accessing the Single Market, for example, by joining the European Free Trade Association ([EFTA](#)).

The resolution seems oblivious to an obstacle put in place by the EU themselves. In their Article 50 fact sheet they write in answer to [the question of revoking Article 50](#):

*"It is up to the United Kingdom to trigger Article 50. **But once triggered, it cannot be unilaterally reversed.** Notification is a point of no return. Article 50 does not provide for the unilateral withdrawal of notification." [My emphasis]*

The resolution ignores political realities such as the widely held view that preventing Brexit would be undemocratic and that the majority, 70% [according to a recent poll](#), think that Brexit must be enacted. There is the additional complication that two-thirds of Labour voters [voted remain](#) while two-thirds of Labour constituencies [voted leave](#) - giving Jeremy Corbyn a difficult hand to play in uniting Labour's support.

As an aside, on the question of preventing Brexit - an irony is that the behaviour of the Tory 'Hard Brexiteers' in making Brexit an expensive train crash may itself put the question of a second referendum on table. But for the Labour Party to lead calls for another referendum, for

reasons already outlined it would be tactically foolish at this stage.

The resolution also shares a illusion common to 'remainers' and 'leavers' across the Brexit debate that the negotiations are primarily about trade.

The EU is not just an economic project

The EU is not just an economic project it is also a political project, which marks it out from most other trade blocks.

The Commission's Chief Negotiator, Michel Barnier, reflected this in a [press briefing](#):

"...Unity is the strength of the European Union and President Juncker and I are determined to preserve the unity and the interest of the EU27 in the Brexit negotiations. This determination is shared by all governments."

He went on to make clear that the UK would not get a deal that would make it attractive for other members to leave.

In this respect the interests of trade is subservient to, and flows from the strategic imperative to preserve the cohesiveness of the EU. Unfortunately that is often pushed to the background in the Brexit debate and apparently ignored by the UK in the talks with the EU.

Not all trade the same



Rotterdam Port

The failure to fully appreciate the EU's strategic interests has led to the widespread belief that the nature of the trade relationship between the UK and EU compels the EU to accede a ['good](#)

[trade deal](#)' because otherwise, it "...would be an extraordinary act of self-harm".

The example of the automotive sector is often held up, where the manufacturing is integrated across borders. But not all trade is the same, for services and especially finance the picture is different.

There is a trade deficit in goods but for services, financial services in particular, there's a surplus. According to a House of Commons Briefing paper (Number 7851, 17 August 2017) 'Statistics on UK-EU trade':

"The UK had an overall trade deficit of £71 billion with the EU in 2016. A surplus of £24 billion on trade in services was outweighed by a deficit of £96 billion on trade in goods."

"Services accounted for 40% (£96.4 Billion) of the UK's exports to the EU (£241 billion) in 2016. Financial services and other business services are important categories of services exports to the EU."

The finance industry may not have many fans but objectively speaking it is an [important sector](#) of the UK economy, worth nearly £125 billion and employing around 1 million in 2016.

Finance is a sector, unlike the automotive industry, where the UK faces powerful competition from Germany and France and other centres meaning there is a material interest in [undermining the competitiveness](#). There has been [hard lobbying](#) for companies to relocate away from London to mainland Europe.

So, even on the narrow issue of trade the widespread assumption that EU would readily come to a 'good trade deal' granting the UK's wishes is not necessarily the case.

Labour manifesto a good working formula

The triggering of Article 50 has launched the EU and the UK into uncharted territory. There is uncertainty in regards to what the EU will do to protect its strategic interests and what individual countries will demand in respect of advancing or protecting their own interests.

In this regard the leadership's approach, set out in the Labour Party Manifesto, provides a [good working formula](#):

"We will prioritise jobs and living standards, build a close new relationship with the EU,

protect workers' rights and environmental standards"

This gives a set of criteria to judge negotiations against while maintaining the flexibility to react and adapt to circumstances as they unfold.

Motions like the one above should be rejected not just because they are devoid of realism and strategically naive, but as one delegate to conference spelt out to great applause, the real intention is "*...to undermine Jeremy Corbyn's leadership*".

Gary Hollands

14th October 2017

[Read 'Jeremy Corbyn's leadership and the single market' on Facebook](#)

Addendum

EU red lines and Labour's principled approach

There is lot of carping from sections of the media that Labour won't set out the [details of the deal](#) it would negotiate with the EU.

But that, so to speak, is putting the cart before horse - The EU is a geopolitical project as well as economic one.

The Chief Negotiator, Michel Barnier made it very clear [that the priority](#) governing EU's approach to negotiations was the cohesion of the EU27.

In addition, the EU is adamant the UK will not get a deal that would make it attractive for others to consider leaving. As former Polish Foreign Minister Radek Sikorski [succinctly puts it](#), "*It has to be seen that Britain's advantage is less than membership*".

So everything in the negotiations, including trade, flows from those geopolitical imperatives.

Which gives Labour two practical problems.

1. The EU will have red lines but those red lines have not yet fully materialised - It is likely they won't become clear until negotiations move past the current phase on the [EU's three requirements](#)
2. Labour is not in position to test by negotiation what and where those red lines are - The

Tories are in control, if that's the correct term for it, of the process

In any situation of volatility or transition there will be a certain formlessness while events are in a state of flux, making it difficult to be precise.

Which means that it may may only be possible to sketch out a general position as a starting point - A position that is drawn from principles while events themselves help fill in the details.

That is where Labour is now, its position is a good working formula drawn from its [principles that](#)
:

"We will prioritise jobs and living standards, build a close new relationship with the EU, protect workers' rights and environmental standards".

That principled approach allows a set of criteria to judge negotiations against while maintaining the flexibility to react and adapt to circumstances as they unfold.

GH 21 October 2017

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