



# Another Brexit is Possible

Strategy for Brexit in the era of COVID-19  
and climate chaos:

*Build resilience and security through  
greater national self-sufficiency together  
with global cooperation*

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June 2020

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## **Table of Contents**

<b>ABOUT THE AUTHORS</b>	<b>IV</b>
<b>ACKNOWLEDGEMENTS</b>	<b>IV</b>
<b>PREFACE</b>	<b>1</b>
<b>SUMMARY</b>	<b>2</b>
<b>SUMMARY OF RECOMMENDATIONS</b>	<b>2</b>
<b>1 INTRODUCTION</b>	<b>5</b>
<b>2 SETTING THE SCENE</b>	<b>5</b>
<b>2.1 GLOBALISATION</b>	<b>5</b>
<b>2.2 2016: A RISE IN POPULISM WITH TRUMP AND BREXIT</b>	<b>8</b>
<b>2.3 2020: THE COVID-19 PANDEMIC</b>	<b>10</b>
<b>2.4 THE CURRENT SITUATION</b>	<b>10</b>
<b>2.5 MAKING TRADE DEALS OUTSIDE THE EU</b>	<b>12</b>
<b>3 BREXIT: THE OPTIONS</b>	<b>13</b>
<b>4 ANOTHER BREXIT IS POSSIBLE</b>	<b>16</b>
<b>4.1 CHANGING THE STRUCTURE OF THE UK ECONOMY</b>	<b>17</b>
<b>4.2 LOCALISATION</b>	<b>19</b>
<b>4.3 ENVIRONMENT, FOOD, AGRICULTURE AND HEALTH</b>	<b>21</b>
<b>4.4 PROMOTING GLOBAL COOPERATION</b>	<b>24</b>
<b>5 CONCLUSION: BREXIT AS A PROJECT OF FITTING INTO THE POST-CORONAVIRUS WORLD</b>	<b>27</b>
<b>APPENDIX 1: THE EU AND SOME OF ITS PROBLEMS</b>	<b>29</b>
<b>APPENDIX 2: MIGRATION</b>	<b>31</b>



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## **Preface**

We have left the European Union, but we don't yet know where we are heading.

Whilst we in Green House were writing a report to influence the debate on the UK and its future place in the world, the coronavirus pandemic hit. This report remains about Brexit and trade with largely unchanged conclusions, but these conclusions have now been thrown into crystal clear perspective due to the pandemic, forcing us all to become aware of both the extreme fragility of our globalised world and at the same time how globally interdependent we all are, in that our own health and wellbeing depends on that of people (and ecosystems and animals) in distant nations. The fact that a virus can spread so fast and shut down large sections of the global economy in a matter of months deeply worries us.

We have had a glimpse into the future of what life might be like with catastrophic climate change, which threatens to do the much the same but on an unimaginably magnified scale. If we want to get serious about minimising harms like this, we must develop a more robust and resilient economy, less dependent on international trade and travel – in other words we should scale back economic globalisation. To do this requires that we re-localise, albeit in a properly internationalist spirit: with massive aid, debt-forgiveness, free green-tech-transfer, reparations even. We can only have a re-localised world that works if we have helped every country to better stand on its own feet. Countries, Britain included, and localities should then become more food-sovereign, more resilient. We have experienced, under lockdown, how being connected need not equate to going places. Producing more stuff on a local or regional level will inoculate us against the types of supply-line disruptions that we can fully expect catastrophic climate change to bring. Of course, during such disruptions, areas that can still produce will need to help those that can't – so we are in no way proposing that we lose all our global logistics capabilities, just that we revive local production capabilities. This is something that many across the political spectrum are hungry for: resilience, food sovereignty, the rebuilding of real community.

This way lies a world that is not only safer, but better.

## Summary

We have formally left the EU, but as yet our future relationships in the world at the end of the transition period are undecided. This is at a time of unprecedented challenges. In the short term we must work out both how to run a functioning economy in a world with COVID-19 and how to cut back on carbon emissions. In the medium term we must work out how to cope with future pandemics and how to live with the extreme weather events likely to affect large parts of the globe at the same time.

There are widely differing paths we could follow: we could align ourselves closely with the USA; we could remain closely aligned with the EU; we could become an ultra-competitive, low-tax, low-regulation nation; or we could aim to build national resilience through more self-sufficiency whilst at the same time cooperating globally to better prepare us for the global challenges ahead.

Here we do not consider the option of remaining in close alignment with the EU, simply assuming that this will be politically difficult to achieve. Having made this assumption, we argue that the only viable option is the final one: building national resilience through more localisation combined with deeper global cooperation. We find the options of close alignment with the USA or going down the ultra-competitive route will leave whole strategic sectors of our economy disadvantaged or overly dependent on foreign trading partners, or both; and further, either of these options would severely limit us in our ability to tackle the climate and ecological crises.

The option of building national resilience through more localisation is likely to resonate widely across the political spectrum whilst addressing many of the issues behind the Brexit vote.

## Summary of Recommendations

### **Promote resilience through localisation:**

1. Only enter into trade agreements which enable the UK government to promote greater national, regional, and local self-sufficiency.
2. Introduce a new industrial strategy to boost localism, sustainability and national self-reliance in strategic industries. This will be very different from the current industrial strategy which aims to support a few sectors which are considered to have a comparative advantage in global markets.
3. Stop all subsidies to firms that do not support the industrial strategy above, including the billions of pounds worth of hidden subsidies given by UK Export Finance.
4. As an intermediate measure, introduce 'climate tariffs' on international travel and products from abroad that free ride on the climate, until international carbon taxes applying to aviation and shipping can be agreed and implemented.
5. Introduce or increase tariffs on imports of goods and services, especially those where domestic production is a viable and environmentally sustainable option.

6. Link banking directly to local and regional economies rather than to the international financial system.
7. Boost the number of places for skills training in sectors where UK production can be expected to substitute for imports as part of the new strategy.
8. Using the framing of localism and resilience, start an honest discussion about immigration (getting away from the assumption that anti-immigration tendencies are always racist). This should inform the introduction of a new policy for labour migration that really addresses people's issues with large-scale immigration.
9. Within England, sub-regional devolution arrangements should be democratised and local government finance reformed, so as to provide for effective decentralisation of power.
10. UK aid should go to development assistance that tackles poverty and inequality in ways that build sustainability and resilience in all countries worldwide.

**Build a robust economy that safeguards our environment, food supplies, and health both now and in the future:**

11. Ensure that the key environmental principles in EU law (and the current draft Environmental Bill) are actually used in practice for guiding the interpretation of legislation and regulation in the UK. These include: the polluter pays principle, the precautionary principle, and the integration of environmental concerns into all policy areas.
12. Ensure the precautionary principle is also applied to public health.
13. Ensure the new Office for Environmental Protection in the UK is truly independent and has the 'teeth' to uphold and enforce good standards, rather than simply keeping those standards in force legally without actually ensuring they are applied in practice.
14. Ensure that current standards are not bargained away in order to reach new trade deals with the USA or other countries (i.e. avoid what economists call 'a race to the bottom').
15. Continue to maintain and enhance regulation of environmental, health and safety, and product standards, including food and chemicals, so that they are at least as strong as those in the EU.
16. Continue UK cooperation with the EU and its member states on issues such as: fisheries and marine conservation, air pollution, chemicals, climate change, environmental science research, and pandemic preparedness.
17. Aim to greatly increase food sovereignty and food self-sufficiency: ensure it is possible for farmers to make a business out of producing good food using sustainable methods either through direct payments or through policies to prevent or reduce imports of competing food products, especially if these are farmed using unsustainable methods.
18. Use payments to farmers to incentivise them to provide specific social and environmental goods, such as protecting habitats.

19. Allocate a considerable increase in staffing and resources for UK Defra (Department for the Environment, Food and Rural Affairs).
20. Where EU (or European Investment Bank) expenditure in the UK for the environment is removed, it should be replaced by funding from the UK Exchequer.

**Building global cooperation to face future challenges**

[Points 21 to 26 are international goals which could not be achieved by UK diplomacy alone, but would require increased international cooperation.]

21. Establish a new system for regulating international trade with the aim of restoring the principle of greater self-sufficiency as a legitimate policy option for governments.
22. Establish much more effective international systems for responding to ecological and health dangers.
23. Develop a more stable global financial system, by implementing a new international reserve currency (to replace the dollar), having debt jubilees for indebted countries, and encouraging the introduction of capital controls. Retain or re-establish different currencies to allow for different economic circumstances in different parts of the world, enabling governments to use or influence interest rates and exchange rates as instruments of economic policy
24. Establish a World Tax Organisation (or Authority) to ensure multinational firms and the super-rich are fairly taxed.
25. Bring multinational companies within international law, including through a binding corporate human rights charter.
26. Introduce international carbon taxes applying to all aviation and shipping. Currently the environmental costs of these – in terms of greenhouse gas emissions – do not have to be paid for by transportation companies, which means they do not work their way through to the prices paid by consumers. This results in harmful behaviour being encouraged.



## 1 Introduction

We stand at a crossroads. The road we take will determine whether Brexit becomes a success, a disaster, or somewhere in between. There is nothing inevitable about the outcome: there are many different possibilities for the UK. The opportunity now in 2020 is clear. Despite having formally left the EU, we are still working on what Brexit will look like at the end of the transition period in December (or longer if it gets extended due to the coronavirus crisis). It remains unclear how the tensions between making trade deals and ‘taking back control’ will be resolved.

This report suggests a way to respond by addressing globalisation and populism before focusing in on the implications for Brexit. It is written from a point of view which seeks to go beyond simple Leave and Remain arguments to arrive at a more thorough understanding of where we find ourselves, and further, from a point of view that takes seriously how the world has been changed, not only by the December 2019 General Election but far more importantly by the coronavirus pandemic.<sup>1</sup>

In the first section below we consider how we arrived at this crossroads, together with how the COVID-19 pandemic is changing the landscape of the possible paths ahead. The following section outlines and critiques our possible Brexit options. This shows why the only option that makes sense is the option of promoting greater resilience by increasing local, regional, and national self-sufficiency; reducing international trade and boosting import substitution; and increasing the way we cooperate globally to tackle global crises. Finally we look at this option in more detail, and outline what needs to be done to make it a reality.

## 2 Setting the scene

### 2.1 Globalisation

Globalisation is partly an economic phenomenon, with international trade accounting for an increasing share of total world output, multinational companies playing an increasingly important role, and the finance system becoming ever more globally interconnected. It is a social phenomenon too, with increased migration, increased travel (for high- and low-skilled workers as well as recreation), increasingly multicultural societies in many parts of the world, and increased global mixing of cultural influences. It is also an ecological phenomenon, with human-triggered dangerous climate change and other environmental and health threats taking place on a global scale, in the context of an ecologically interdependent world.

A fundamental theory behind globalisation is the theory of comparative advantage: we can all have more ‘things’ if each person (or country) produces the things for which they have a comparative advantage and then these ‘things’ are traded. For two countries entering into a trade deal, some jobs in each country will be lost to foreign competition, but consumers in both countries will ‘win’ from having cheaper goods.

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<sup>1</sup> See Glasman, M, ‘The coronavirus crisis has sounded the death knell for liberal globalisation’, *NewStatesman* (12 April 2020), <https://www.newstatesman.com/politics/economy/2020/04/coronavirus-crisis-has-sounded-death-knell-liberal-globalisation> (accessed: 5 June 2020).

In theory, in both countries the ‘winnings’ of consumers could more than compensate the losses of individual firms – for instance, by paying for re-training of employees – but in practice this rarely occurs. The UK has a comparative advantage in the financial sector, and increasing trade has brought us more profits in this sector, but with great losses in our manufacturing sectors.

The specific form of globalisation we have been living through in recent decades is the outcome of a particular political ideology: neoliberalism.<sup>2</sup> Neoliberalism favours free market economics as a solution to virtually all problems. It gives a high priority to ‘deregulation’, *i.e.* reducing or eliminating environmental and labour protections. And, since many regulations have been national in scale and/or designed to protect national economies, deregulation is often a globalising force. At the same time, neoliberal policies can build up problems which affect businesses, economies, societies, and the environment further down the line.

One such problem is that, without state interventions, the pursuit of profits often decreases resilience. Goods are sourced where they are cheapest, and as storage is expensive many firms rely on long, ‘just-in-time’ supply chains. Firms tend to grow in size, due to efficiencies of scale. In the absence of a crisis – be it an extreme weather event, a war, or COVID-19 – this can be economically efficient as goods are produced where costs are lowest, often by large multinational firms with strong purchasing power. Smaller firms, and firms which have more resilient practices, are likely to have higher costs so over time they must change or be driven out of business. Governments have by and large bought into this agenda, and ‘protectionist’ policies to protect domestic firms are mostly banned in trade deals and penalised under WTO rules. However, COVID-19 is teaching us that these long ‘just-in-time’ supply chains – sometimes with only one or two factories supplying the world’s demand of key sub-components – can make national economies fragile: come a crisis, supply of key goods can just dry up. This may be due to production somewhere abroad stopping and/or countries suddenly holding up exports<sup>3</sup> when there are world shortages. Both result in long supply chains breaking down.<sup>4</sup> This we have experienced when trying to acquire ventilators and personal protective equipment in the current COVID-19 pandemic.

A further problem for neoliberalism is the existence of ‘external costs’ leading to non-optimal outcomes (in terms of economic efficiency) without state intervention. An ‘external cost’ is defined in economics as something which results from economic activity but is neither paid for nor compensated for. A classic example is pollution: a factory produces goods, which it receives revenue from selling; at the same time, it pollutes air and water, which it pays nothing for, effectively pushing some of the costs of its production on to the local community and its environment. In theory, the state could devise policies to eliminate external costs by invoking the ‘polluter pays’

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<sup>2</sup> See definition of neoliberalism and further analysis in Anderson, V, ‘The fall of neoliberalism’, *Green House* (2015), [https://www.greenhousethinktank.org/uploads/4/8/3/2/48324387/the\\_fall\\_of\\_neoliberalism.pdf](https://www.greenhousethinktank.org/uploads/4/8/3/2/48324387/the_fall_of_neoliberalism.pdf).

<sup>3</sup> Smyth, J, ‘Medical gloves maker accuses EU governments of hampering supply’, *Financial Times* (3 April 2020), <https://www.ft.com/content/140c9875-2c57-4e54-a4c4-e8518645887c> (accessed 5 June 2020).

<sup>4</sup> Golden, S, ‘What COVID-19 teaches us about resilience’, *GreenBiz* (20 March 2020), <https://www.greenbiz.com/article/what-covid-19-teaches-us-about-resilience> (accessed 5 June 2020).

principle where the polluter pays society – usually through the tax system – for the damage they cause. The whole sub-discipline of Environmental Economics is based on this line of thought. However, in practice, most neoliberal policies maintain the existence of external costs on a very large scale, with no or clearly insufficient compensation or taxation to correct them.

External costs are essentially about firms (or governments, individuals, etc.) minimising their own costs at the expense of someone, or everyone, else. This is often directly at the expense of other people (now or in the future), or it can be indirectly, via effects on the environment (as in the pollution example). The most important external costs can be put into three categories: financial, ecological, and social. Each of these categories has demonstrated its potential to create a man-made crisis for the current system. Two have already caused explosions: finance in 2008 and social capital in 2016.

#### **A. FINANCIAL INSTABILITY**

The financial crisis of 2007–8 (which in effect continues to the present day and could re-explode at any time)<sup>5</sup> was an example of colossal external costs. In general, each decision-maker in the finance system pursued their own interests, and in that sense generally behaved ‘rationally’.

The outcome, given weak regulation, was a general crisis in the finance system, with severe consequences for the rest of the world economy and for the livelihoods of many millions of people. The implication of this is that neoliberalism has a tendency to undermine the rest of the economy, generally not sufficiently to bring the whole system down, but certainly enough to be a major source of nuisance and damage for most businesses and households.

#### **B. ECOLOGICAL INSTABILITY**

Our failure to incorporate the polluter pays principle into our costs of energy and material production is steadily bringing crisis and instability of an altogether different sort and magnitude. The fossil fuel industry – oil, coal, and gas – is disrupting the global climate system, already with awful consequences throughout much of the world, and which unabated is likely to bring far worse catastrophes than we have ever experienced, including global food shortages. Human-triggered dangerous climate change is the most pressing of a whole series of major environmental problems and catastrophes – including rainforest and coral reef destruction; over-exploitation of entire ecosystems; mass extinctions of species; and pollutants in the air, soil, and water. The destruction of habitats also increases the likelihood<sup>6</sup> of future pandemics as it

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<sup>5</sup> See e.g. Durden, T, ‘The looming financial crisis nobody is talking about, but should be’, *ZeroHedge* (2 August 2016), <http://www.zerohedge.com/news/2016-08-01/looming-financial-crisis-nobody-talking-about-should-be> (accessed 5 June 2020), Evans-Pritchard, A, ‘Unpayable debts and an existential EU financial crisis - are eurozone central banks still solvent?’ *Telegraph* (23 February 2020), <http://www.telegraph.co.uk/business/2017/02/23/rising-euro-break-up-risk-stokes-new-fears-central-bank-solvency/> (accessed 5 June 2020). Because of the enduring structural power of high finance, and neoliberalism, the causes of the last crash have not been seriously addressed, only tinkered with.

<sup>6</sup> Watts, J, “‘Promiscuous treatment of nature’ will lead to more pandemics – scientists”, *Guardian* (7 May 2020), <https://www.theguardian.com/environment/2020/may/07/promiscuous-treatment-of->

forces wild animals to live closer to humans. All these emergencies badly need treatment at the same level of commitment as most governments are applying to the more short-term coronavirus crisis.

### C. 'SOCIAL CAPITAL'

The third category of cost is the one most directly relevant to the reasons for Brexit and Trump: the way in which the form of globalisation caused by neoliberal policies erodes what has been described as 'social capital', the links between people which give society some degree of cohesion. Unease at this process of erosion – which some people experience as an erosion of 'nationhood' – contributed to the political explosion of 2016. Businesses need social capital because they essentially piggyback on the links which exist between people, the capacities which enable employees to cooperate together and negotiators of contracts to trust each other, and the socially created knowledge and language skills which underpin most complex work.

Businesses need a reasonable degree of resilience to shocks, as well as financial stability, ecological stability, and social capital. Yet the ideology of neoliberalism, and the drive of individual businesses to cut their own costs, undermines them.

Resilience in the face of the current pandemic has been shown to be severely wanting: for example, the NHS has simply not had the spare capacity to cope, in particular with a severe lack of personal protective equipment and ventilators. Finance exploded in 2008. An erosion of social capital contributed to the political upheavals in 2016. And in the 2020s ecological instability will perhaps produce a similar type of explosion politically.

## **2.2 2016: A rise in populism with Trump and Brexit**

In the future, the year 2016 may be seen as the historic year when the free-trade globalisation agenda started to go into reverse.<sup>7</sup> The election of Donald Trump and the UK referendum vote for Brexit created a new situation. Advocates for both Brexit and Trump see 2016 as some sort of 'people's revolution' against an elite ruling class. Although it was a minority of the people in both the USA and UK – Clinton beat Trump in the popular vote, the Brexit majority was only 4% whilst millions abstained or were excluded from voting – there is nevertheless some truth in this.

Numerous factors have been suggested to explain the results in both countries, but stepping back, one factor stands out above all else: the mixed response to globalisation from the general public.

Many people like it: for some it has opened up job opportunities; provided access to food, music, and information from all over the world; made possible escape from the often restricting local cultures and communities they were born into. For many businesses, globalisation has meant much greater access to consumer markets and labour markets, increased sales, and increased profits.

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[nature-will-lead-to-more-pandemics-scientists](#) (accessed 5 June 2020).

<sup>7</sup> Noting that, despite the protectionist talk, global trade has increased, with emissions in shipping and aviation rising.

The 2016 referendum demanded attention for the downsides of globalisation. Since the 1990s we have offshored much of our manufacturing base. Many people who will have felt they were doing something worthwhile – making things people want – have lost their jobs. New jobs have been created, including in finance or new ‘high-tech’ firms such as biotech, but by far the majority have been low-skilled, such as driving delivery vans in the gig economy. In these jobs there is little possibility of career progression, huge financial insecurity, and little scope for work comradery. People living in towns that have lost manufacturing firms have had a tough time and, understandably, were not in favour of EU rules allowing workers from the EU (and eastern Europe in particular) to take local jobs.

In many different ways, what voters all around the country were concerned about was what can be summed up as a perceived erosion of ‘social capital’ (or ‘community’). By ‘social capital’ we mean the linkages between people which constitute the existence of a society, as opposed to there being just a large set of separate individuals, plus economic transactions through the market. ‘Social capital’ can be built from family connections, local neighbourhoods, trust, familiarity, religion, speaking the same language, shared institutions, shared feelings of identity, or shared senses of values or nationhood. For many people these things add to a sense of security, a sense of being supported by others, a sense of knowing who one is.

Globalisation shakes all this up. Influences come into nearly every community from nearly everywhere around the globe. Migration and hyper-mobility add to this shake-up, as do media content and flows of goods, services, capital, information, music, and food. New connections are created – it is possible to be in a Facebook group of fans of Madonna with people from all round the globe – but there is a cost in terms of old connections. Local neighbourhoods might lose traditional shops and restaurants, and people with different cultural backgrounds – possibly speaking other languages – might become neighbours. Some people will find this exciting and stimulating; however, others will find this unnerving or perhaps even threatening to their way of life.

This second type of response cannot be reduced simply to the category of ‘racism’ or addressed simply by imagining it is at base simply economic in nature. Many people undoubtedly are racist, in more or less explicit ways, and many people certainly are concerned about immigrants getting jobs they might otherwise have got, or potentially undercutting wages, but neither factor explains or disposes of the whole issue. There is something else involved here, a feeling that ‘social capital’, in one form or another, is being eroded, and therefore society is less interconnected and weaker, less trustworthy and reliable, than it used to be.

For people who feel like this, attempts to explain away their feelings by economic or ‘racist’ reductionism is simply annoying, confirming a sense of not being listened to – a sense which is then ripe for exploitation by those who really are racists.

Brexit and Trump are not completely surprising in this context. The cry of pain and anger they represent is all the more striking in view of the fact that Trump has repeatedly demonstrated his unfitness for office, and Brexit is likely to do the most economic damage in the parts of the UK which most strongly voted for it. The revolt against globalisation ignited a desire to ‘take back control’ which was powerful enough to override all the considerations which indicated some need for caution.

### 2.3 2020: The COVID-19 pandemic

The push for a reversal of globalisation has been given a dramatic boost<sup>8</sup> by the historical contingency (though the pandemic was not a ‘black swan’; it was a broadly predictable outcome of economic globalisation)<sup>9</sup> of the coronavirus pandemic. Regardless of your political leanings or feelings towards globalisation, it is a fact that we have a COVID-19 pandemic. This is obviously dangerous to go into denial over. The emergency it brings makes conventional political leanings largely irrelevant (witness the dramatic state interventions of the last few months); and, most crucially, it seriously undermines the credibility of international supply chains and mass international tourism, if not the agenda of free-trade globalisation<sup>10</sup> itself.

This means that 2020 could be viewed as a new starting-point for the creation of a new way of organising our economy and society. The time of coronavirus coincides almost eerily with the time of Brexit. It makes it imperative and feasible to contemplate a way of doing Brexit that does not go along with dubious fantasies of a ‘global Britain’.

Suddenly the role of the nation state makes sense again. Suddenly the ability to close borders makes sense – not for petty, divisive, or even racist nationalist reasons, but because it is to the benefit of everyone to stop a pandemic from racing around the world. Suddenly the drive to the local level makes sense too: it is the level at which mutual aid can be practiced. Suddenly the pressing need to protect (and recreate) a greater number of strategic industries is clear. Suddenly real food security or (better) food sovereignty makes obvious sense.

The future is more local, but with a *greater* need for international cooperation in some regards (to fight the pandemic). But the direction of travel is away from hyper-physical-connectivity and towards more local resilience.

### 2.4 The current situation

After the resounding victory of the Boris Johnson led Conservative Party in December last year with the slogan ‘Get Brexit done’, Johnson’s government was able to formally leave the EU at the end of January this year. The deal he struck sees us in a transition period with most EU rules applying to the end of 2020.

After the end of the transition period, the UK will have some new options not previously allowed under EU rules (subject to any deals it makes with the EU). These include the possibility of radically reforming payments to farmers and being allowed to give state aid to particular sectors – including the possibility of re-nationalising entire sectors.

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<sup>8</sup> Gray, J, ‘Why this crisis is a turning point in history’, *NewStatesman* (1 April 2020), <https://www.newstatesman.com/international/2020/04/why-crisis-turning-point-history> (accessed 5 June 2020).

<sup>9</sup> See 3,4,13,14 & 21 of Read, R., “24 theses on corona”, *Medium* (9 April 2020), <https://medium.com/@rupertjread/24-theses-on-corona-748689919859> (accessed 8 June 2020).

<sup>10</sup> Glasman, M, ‘The coronavirus crisis has sounded the death knell’ (see fn.1 above).



Johnson has stated that he hopes to negotiate a Canada-style free-trade deal with the EU this year. If substantial progress is not made by the end of June this year, Johnson has promised that we'll prepare for a 'no-deal' scenario from the start of 2021.

The timescale for the trade deal negotiations with the EU appeared ridiculously short in January – and now with the corona crisis even more so – and it remains to be seen if Johnson will go against his word (and reverse his law stating the transitional period will end this year) and ask the EU to prolong the transitional period to enable the trade negotiations to be extended.

So far the Johnson government has been making strong statements about the benefits of the post-Brexit freedom that we'll have, talking about '*the potential of this country waiting to be unleashed*'<sup>11</sup> – presumably as EU regulations will no longer apply to us. This appears to be in contradiction to the 'level playing field' philosophy of the EU, whereby the UK should not regress from EU standards,<sup>12</sup> making a deal in the next few months appear unlikely.

The basis of an alternative deal with the USA is also currently unclear, particularly because of the unpredictable nature of the Trump administration, and the unstable character of Trump himself. He has repeatedly said that he wants the USA to do bilateral deals, which of course in view of the USA's economic power would mean a series of deals in which the USA has far greater bargaining power than those it is dealing with. A further uncertainty is the presidential election in the USA due to take place in November 2020.

Before setting out in positive terms what an 'alternative Brexit' could look like, it is reasonable to acknowledge that the circumstances in which Brexit Britain will emerge are still very much in flux, and can be expected to remain so, possibly for the next few years. It is useful to be clear about, and watch out for, some of the specific factors that may affect the way things go.

- The big weaknesses in the neoliberal order (fragility with financial, social, and ecological instabilities) are likely to manifest themselves again – as they did in 2008 with the financial crash and 2016 with right-wing populism. The financial system is currently coming under extreme pressure due to the coronavirus crisis – which may yet turn into another full-blown financial crisis. In the next decade or two we are likely to have a major manifestation of the ecological instability, with extreme weather affecting a large proportion of the global population at the same time. Already the exploits of the Extinction Rebellion and School Strike activists and the press coverage of forest fires in Australia and floods in the UK have raised the issue of ecological instability high up the political agenda. The coronavirus lockdowns have pushed a 'reset

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<sup>11</sup> From Prime Minister Boris Johnson's speech of 31 January 2020, <https://www.gov.uk/government/speeches/pm-address-to-the-nation-31-january-2020>.

<sup>12</sup> 'UK–EU future relationship: UK and EU mandates', *Institute for Government* (updated 28 February 2020), <https://www.instituteforgovernment.org.uk/explainers/future-relationship-uk-eu-mandates> (accessed 5 June 2020); Mayes, J, 'Gove complains EU not respecting sovereignty in Brexit talks', *Bloomberg* (20 April 2020), <https://www.bloomberg.com/news/articles/2020-04-27/u-k-calls-for-political-movement-from-eu-in-post-brexit-talks> (accessed 5 June 2020).

button’ on the world economy, and there is much discussion<sup>13</sup> about developing a ‘new normal’ for the post-pandemic era.

- The EU itself has some problems, including differences of opinion in the Eurozone countries as to how to deal with growing national debt (a problem becoming acute due to the coronavirus crisis) and the huge amount of government spending it entails. The EU and its problems are discussed further in Appendix 1.
- The United Kingdom may not survive the Brexit process. A bad deal or no deal with the EU might lead to Scotland breaking away and joining the EU as a new member state, and possibly even to Northern Ireland leaving the UK in order to unite in some way with the Republic of Ireland and remain in the EU through that route. Both Scotland and Northern Ireland had majority Remain votes in the referendum. The coronavirus crisis may further exacerbate tensions between England and the other nations of the UK due to diverging coronavirus policy responses, with England (governed from Westminster) having a greater tendency to have reckless policies.<sup>14</sup>

Each of these factors may impact crucially on the future of the UK and its economic and trade policies.

The main purpose of this report is not to predict how events will unfold. Our focus is on constructing a positive vision for Britain outside the EU.

## **2.5 Making trade deals outside the EU**

There is a fundamental choice of direction now for the UK – what do we want the relationship to be between the UK economy and the world economy? And following on from that, what is the best international trade policy for the UK?

Now the UK has left the EU, it has different sets of trade relations to renegotiate: one set with the EU, and other sets with other countries (which are almost entirely WTO members). Where there is no deal, so long as the UK remains a member of the WTO, it is bound by WTO rules, which essentially set a floor of minimum standards.

The traditional textbook assumption about trade negotiations was that they were about tariffs, with the choice of approaches being along a spectrum ranging from ‘free trade’ (zero tariffs) to ‘protectionism’ (substantial tariffs designed to protect home producers). There is a large economics literature, and a long political history, about that choice.

However, in recent decades, other sets of questions have come to the fore. There are two in particular: One is standards and regulations. When an electrical product is

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<sup>13</sup> See, for example: Figueres, C, and Zycher, B, ‘Can we tackle both climate change and Covid-19 recovery?’ *Financial Times* (7 May 2020), <https://www.ft.com/content/9e832c8a-8961-11ea-a109-483c62d17528> (accessed 5 June 2020).

<sup>14</sup> Wallis, W, ‘Wales goes its own way as united front on coronavirus frays’, *Financial Times* (20 May 2020), <https://www.ft.com/content/6ce8b9d8-d227-4d6e-abc6-fa46c4ca3102> (accessed 5 June 2020); Sinclair, I, and Read, R, “‘A National Scandal’: a timeline of the UK government’s response to the Coronavirus crisis”, *Medium* (28 April 2020, updated 30 May 2020), [https://medium.com/@ian\\_js/a-national-scandal-a-timeline-of-the-uk-governments-response-to-the-coronavirus-crisis-b608682cdbe](https://medium.com/@ian_js/a-national-scandal-a-timeline-of-the-uk-governments-response-to-the-coronavirus-crisis-b608682cdbe) (accessed 5 June 2020).



imported or exported, for example, what safety and energy efficiency standards does it have to conform to, how does it have to be labelled, and so on? When meat is traded, what steps are taken to ensure that it is safe to eat and not a threat to public health? These issues tend to be far more complex than tariffs, and generally result in trade negotiations taking many years to complete (if ever).

The other set of questions illustrates the fact that what are called ‘trade’ negotiations aren’t just about trade. They are also about investment and ‘thwarted’ investment. If a company based in one country puts money into another country, for example to build a factory, what happens about the taxation of its profits, the regulations governing the operation of the factory, or the possibility of the factory’s viability or profitability being affected by changes in government policies and legislation? Many existing or proposed trade deals have Investor–State Dispute Settlement (ISDS) arrangements to deal with this. These enable investors to sue governments for actions they believe are contrary to the international trade deal,<sup>15</sup> but they have come under strong public criticism.<sup>16</sup> All these questions regarding international investment are obviously complex and take time to negotiate.

The world is a very different place both from the introductory economics picture of ‘free trade’ and the ideologically driven vision of a gigantic WTO agreement. In practice, what there is now is a series of trading blocs, such as the EU, USMCA<sup>17</sup> (United States–Mexico–Canada agreement), and Mercosur (parts of South America, including Brazil and Argentina), which have agreements within the bloc and then agreements between blocs. These agreements cover tariffs, product standards (often negatively referred to as ‘non-tariff barriers’), investment, and related issues such as subsidies (disguised and undisguised) for particular firms or sectors.

At first the UK will be participating in this system without being a member of any bloc. This will make it vulnerable in negotiations, because on its own it will have far less bargaining power than if it negotiated jointly with other countries – for example in the EU or conceivably as a member of USMCA – because it is a much smaller and therefore less attractive market. Signing up to a poor trade deal is likely to have the opposite effect of ‘taking back control’, as whole sectors of the UK economy will be subject to new rules and, worse, new competitive forces from outside – very likely from countries with lower environmental and worker standards than ours.

### 3 Brexit: the options

Despite Boris Johnson’s mantra ‘Get Brexit done’, as if there is only one type of Brexit, we are at a point when there is a real opportunity to choose between different versions of Brexit. These are:

- The UK could reach a trade deal with the USA.

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<sup>15</sup> Such as (most famously) the case brought by a tobacco company, Philip Morris, against the government of Uruguay for bringing in new public health laws which were seen to be a threat to cigarette sales.

<sup>16</sup> Ames, P, ‘ISDS: The most toxic acronym in Europe’, *Politico* (17 September 2015), <https://www.politico.eu/article/isds-the-most-toxic-acronym-in-europe/> (accessed 5 June 2020).

<sup>17</sup> USMCA replaced NAFTA (North American Free Trade Agreement: USA, Canada, & Mexico).

- The UK could try to revive the remnants of the British Empire and Commonwealth.
- The UK could remain closely aligned to the EU.
- The UK could ‘go global’ and try ‘free trade’ on the basis of World Trade Organisation (WTO) rules.
- The UK could become more resilient by re-localising to become more self-sufficient (and at the same time build global cooperation).

Below we look in more detail at each of these in turn.

1. **The UK could reach a trade deal with the USA.** A major problem about this is that the UK would inevitably be the junior partner in such a deal. As part of the EU it could negotiate on more equal terms, but in negotiating a bilateral arrangement, the UK clearly has far less bargaining power. This situation is made particularly problematic by Donald Trump’s very explicit ‘America First’ approach. The UK could easily end up having to trade away its food safety standards (to the great detriment of our farming sector) or agreeing to open up parts of the National Health Service to US companies. Boris Johnson has claimed this will not happen, but it is hard to imagine the USA agreeing a trade deal otherwise. Making a trade deal with the USA would probably involve the UK in extremely unsavoury undermining of environmental protections, moving the country in exactly the wrong direction at a critical moment considering the climate and ecological crises.

Politically this option would be very difficult as it goes against the desire to ‘take back control’, and after the coronavirus crisis any move to sell off the NHS – our national jewel – would meet huge resistance.

2. **The UK could try to revive the remnants of the British Empire and Commonwealth.** However, over the course of many decades, this option has become less and less credible. The UK appeared committed to Europe, and so other Commonwealth countries looked elsewhere, principally to countries nearer to them than the UK: for example, Australia trading with China, Canada with the USA, India with other countries in Asia, Nigeria with other countries in Africa. The Commonwealth option was probably realistic at the time the UK joined the EU, and at the time of the previous referendum (in 1975), but it does not look realistic now.

3. **The UK could remain closely aligned to the EU,** for example by staying in the Single Market and Customs Union, or even reverse the Brexit decision and re-join the EU. (For more information on the EU and its problems, see Appendix 1.)

In this report we simply assume that this will not be politically feasible.

4. **The UK could ‘go global’ and try ‘free trade’** on the basis of World Trade Organisation (WTO) rules. However ‘free trade’ is for introductory textbooks and neoliberal ideology: in the real world, it doesn’t exist. What do exist are trading blocs – which negotiate with each other – and what this approach amounts to is simply the UK becoming a very tiny bloc of its own in the world system. It is likely in practice that this approach would lead to the UK either gravitating back towards the EU but with no influence over EU policies, or towards the USA, which would lead it into a very one-sided relationship.

Even if we could ‘go it alone’, aiming to encourage multinational corporations to make their ‘home’ in the UK through low-tax, low-regulation policies would

massively decrease the resilience of the UK economy. We would have to do what they (multinational corporations) asked of us – or risk losing them. Their aim is to generate profit, not to act for the benefit of UK citizens. The effect would be to increase our dependence on globalised supply chains leaving our social capital at the whims of global markets. UK firms would experience huge competition from abroad, including from countries with low-cost labour and few environmental rules. The UK would be likely to lose whole industry sectors: farming would be particularly badly hit, making the UK reliant on global markets for food. In this scenario it is difficult to imagine that the UK could hold on to environmental and worker protections, and much more likely that the UK government would succumb to the pressure to lower UK standards, helping cause a global ‘race to the bottom’.

Politically, this choice will not be acceptable for many reasons: it would further erode social capital; many people would end up losing their jobs; it will not be seen as ‘taking back control’; it would stop us making politically popular choices to combat climate change (with extreme weather events ever more likely); and it will go totally against people’s quest for stability in the era of coronavirus.

**5. The UK could become more resilient by re-localising to become more self-sufficient (and at the same time build global cooperation).** This option, an alternative to the four just listed, is that the UK could become more self-sufficient, deliberately boosting up the roles and resilience of local, regional, and national economies inside the United Kingdom. This would represent a radical shift in economic policy – but it seems the only practical and desirable form Brexit can now take, although the evidence for this may not be compelling until one or two other options have already been tried to some extent.

The Government appears to be pursuing both options (1) ‘USA trade deal’ and (4) ‘going global’, and they have announced global tariffs on imports which will come into effect at the end of the transition period with the EU.<sup>18</sup> In general these tariffs are lower than our current tariffs, and it shows the Government still wants to make the UK *more* globalised and *more* dependent on imports, which in turn means the UK will be *less* self-sufficient and *less* resilient. At some point this will be found not to work well for the UK, as people will realise that we are doing the opposite of ‘taking back control’, and then there will be a search for other possibilities. At that time, the option for greater self-sufficiency and localisation is likely to move rapidly up the political agenda. However, there is also, due to the coronavirus, a slim but real possibility now of going straight for option (5).<sup>19</sup>

This rest of this report elaborates on option (5) – what would it involve, and what the implications would be.

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<sup>18</sup> MacLellan, K, and Piper, E, ‘UK sets out post-Brexit tariffs to underpin trade talks’, *Reuters* (19 May 2020), <https://uk.reuters.com/article/uk-britain-eu/uk-sets-out-post-brexit-tariffs-to-underpin-trade-talks-idUKKBN22V0LL> (accessed 5 June 2020).

<sup>19</sup> This possibility is supported by the catastrophic way in which, ironically, the Conservative Government kept the UK ‘open for business’ in Feb/March 2020, leading to the loss of the UK’s chance of preventing a significant coronavirus epidemic here – resulting in the UK having one of the highest death rates in Europe. See Sinclair, I, and Read, R, “‘A National Scandal’: a timeline” (see fn.14 above).

## 4 Another Brexit is possible

Unrestrained capitalism cuts corners. In the search for profits, corporations usually pay little attention to the things that underpin their business, and this failure to maintain these basic needs leads now and then to an explosion. Our case for a true localism is based above all on the claim that currently we have one crucial trade-off very badly wrong: the trade-off between more material prosperity in the short run and more security in the medium and long term.

Security is an important value and objective. Instead of cutting corners, a system that provides more stability and less risk, in terms of health, finance, and the environment would be more in line with what most people want to have. That implies a shift towards a more localised economy, bringing the world back from the extreme form that economic globalisation has taken since the 1970s, whilst enhancing the cooperative form of globalisation which will enable us, in an interdependent world, to better face up to global threats.

It is now absolutely clear that dangerous human-triggered climate change is going to cause a growing number of extreme weather events in the next decades. To reduce carbon emissions and to better prepare for the disasters which we can expect with near certainty, we need to develop a national strategic climate emergency plan – and act on it – and also to bolster global cooperation to make and act on such plans globally.

Likewise for health, after coping with the immediate health and economic problems of COVID-19, national preparedness plans must be revised with learnings for future pandemics<sup>20</sup> and we should do all we can to build expertise and trust in the World Health Organization.

In 2007–8, the financial crash (following a series of earlier crashes, for example in 1929) was largely the result of excessive risk-taking behaviour, which created a failure to maintain basic financial stability. For many people the consequences included job losses and unemployment, mortgage defaults and homelessness, and a fall in the value of pensions. Going for immediate profits jeopardised financial stability, which the whole system and those who depend on it needed. A more localised finance system would have reduced these negative consequences, with banks incentivised to lend to local businesses. The German regional banks provide a possible model.

Similarly, some businesses can be tempted to cut corners environmentally, forgetting for example that a relatively stable climate is needed to underpin most business activities. Localising businesses will tend to mean that the effects of their actions are more visible, in the sense of a clearer and closer connection between cause and effect. If we eat an imported product which is causing water shortages thousands of miles away, the connection between cause and effect is less visible and obvious than if the product is grown near where we live.

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<sup>20</sup> It appears the UK ran a very useful pandemic preparedness test in 2016; however, unfortunately – and with tragic outcome – the recommendations were not implemented. See Pegg, D, *et al.*, ‘Revealed: the secret report that gave ministers warning of care home coronavirus crisis’, *Guardian* (7 May 2020), <https://www.theguardian.com/world/2020/may/07/revealed-the-secret-report-that-gave-ministers-warning-of-care-home-coronavirus-crisis> (accessed 5 June 2020).

Businesses also maximise profits by shopping globally for the very cheapest parts, but they often fail to calculate the risks that long supply chains<sup>21</sup> expose them to. Localisation on balance reduces these risks, and of course cuts down transportation, which means that it reduces carbon emissions from shipping, aviation, and other forms of transport. It also reduces the need for international travel, thereby slowing the spread of new diseases.

So we believe that, to vary the old slogan of the alter-globalisation movement, another Brexit is possible. However, although many people accept a fairly deeply localist vision as some sort of utopian ideal, many regard it as impractical. It is therefore essential now to set out what policies this approach would require in practice.

#### **4.1 Changing the structure of the UK economy**

Reducing dependence on international trade implies reducing both imports and exports. It is therefore very different from the traditional protectionism of seeking to limit imports whilst expanding exports. It should therefore meet with less hostility from other countries, as it has a very different aim from simply improving the UK's balance of payments. It could be described as protectionism to build national resilience and security, or 'progressive protectionism', or 'green protectionism'.<sup>22</sup>

The main aims of this approach are:

- Reduced vulnerability to instability in the world economy and international finance.
- Increased scope for businesses producing and working within the UK, especially local small businesses, cooperatives, and social enterprises.<sup>23</sup>
- Increased resilience to international health, financial and climate crises, in particular by increasing food security and ultimately food sovereignty.<sup>24</sup>
- Reduced transport costs and their associated carbon emissions.
- Reduced vulnerability to undemocratic multinational corporations which use their huge lobbying power purely in pursuit of profits – often against national interests. Further, their tax avoidance means they compete on unfair terms with local businesses which must pay taxes.

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<sup>21</sup> Linton, T, and Vakil, B, 'Coronavirus is proving we need more resilient supply chains', *Harvard Business Review* (5 March 2020), <https://hbr.org/2020/03/coronavirus-is-proving-that-we-need-more-resilient-supply-chains> (accessed 5 June 2020).

<sup>22</sup> See the landmark work by Woodin, M, and Lucas, C, *Green alternatives to globalisation* (London: Pluto Press, 2004).

<sup>23</sup> For detail, see Norberg-Hodge, H, *Local is our future: steps to an economics of happiness* (Local Futures, 2019).

<sup>24</sup> See e.g. Scott Cato, M, *The bioregional economy: land, liberty and the pursuit of happiness* (Abingdon: Routledge, 2013); cf. Scott Cato, M, 'A spiritual connection to the soil', *Resurgence & Ecologist* 278 (May/June 2013), <http://www.resurgence.org/magazine/article3935-a-spiritual-connection-to-the-soil.html> (accessed 5 June 2020).

- Some increased scope for democratic control of product standards and regulations as these can be set nationally (and foreign goods or services made with lower standards or lax regulations which might undercut local firms' prices can be banned or penalised with tariffs).
- Less likelihood of ecological damage being inflicted as a result of our choices in faraway countries of which we know little; more scrutiny and control over the effects of our political and economic choices.<sup>25</sup>
- Maintaining enforcement of high standards for the environment.

Of course a good deal of international trade is necessary, and would still take place if this approach is followed. But there would be a break from two established and often unexamined assumptions: (1) that the increased integration of economies, in Europe or worldwide, is necessarily a good thing; and (2) that it is a sign of health in the global economy if the volume of international trade is rising faster than total world GDP.

A more careful approach to trade would seek to identify where it is and isn't desirable. Instantly a basic objection comes to mind: isn't this a matter for the market, rather than public policy, to determine? That might be the case if the market already genuinely incorporated the various factors involved, but in practice the externalities are enormous. By 'externalities' we mean the (so-called 'external') costs and benefits which the market does not (and in some cases arguably cannot) register (see section on Globalisation above).

Major negative externalities in international trade include:

- Increased economic vulnerability and instability because of a tendency for economic shocks to quickly spread internationally, creating insecurity for individual employees and households.
- Weaker sense of connectedness between making a living and local resources, and therefore reduced local distinctiveness and 'sense of place'.
- Greater distance between economic (production and consumption) causes and environmental effects, making the connections less obvious and harder to regulate.
- Carbon emissions from transport, particularly long-distance freight using aviation, shipping, and lorries. Broader ecological damage, for the same reasons.
- Vulnerability to supply-side shocks during crises, whether they be related to war, illness, extreme weather events, earthquakes, etc.
- Vulnerability to transmission of diseases causing pandemics.
- Reduction in the possible extent of democratic control over local, regional, and national economies.

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<sup>25</sup> Anderson, A, and Read, R, 'Take back real control! A Green response to Brexit' *Ecologist* (18 June 2016) <https://theecologist.org/2016/jul/18/take-back-real-control-green-response-brexit> (accessed 8 June 2020).

- Temptations to intervene militarily in supplier countries, *e.g.* USA intervention in oil-producing countries in the Middle East.
- Greater (compared to more localised trade) potential for lack of transparency regarding profit levels, tax payments, and bribes.

Pointing out these negative aspects of international trade is not to be ‘anti-trade’: it is simply to be seeking a less dogmatic, more balanced approach to considering when trade is and isn’t desirable, and what the role of public policy should be in trade relations, in order to protect the public interest and the environment.

Taking these factors into account, we can now begin to sketch out principles for what UK trade – and therefore production within the UK – would look like in an ‘alternative Brexit’ scenario.

The basic principle would be: each locality, region, or nation to provide for its own needs where possible from its own resources; and where that is not possible (or prohibitively expensive or carbon-intensive) then to make use of imports. This can be described as ‘trade subsidiarity’.

Local production might not be immediately possible due to a lack of relevant skills locally. Part of the process of transition would need to be the revival of some sorts of skills in the locality or region.

Policies to promote local production – tariffs or support for local businesses – might be deemed ‘protectionist’ and go against the current rules of the World Trade Organisation. Therefore another part of the process of transition would need to be a renegotiation of WTO rules to establish international trade on a new basis to enable local self-sufficiency and resilience. This would be a huge shift from current thinking about trade, which would depend politically on the continuation of the scepticism about economic globalisation that is already taking place, producing a desire in countries around the world, not just in the UK, for WTO renegotiation on similar lines.

Below, policies necessary for the ‘alternative Brexit’ are broken down into three sections: policies a UK government can enact to re-localise; policies a UK government can enact to safeguard our environment, food and health; and policies promoting global cooperation that the UK government cannot enact alone, but can help to achieve through diplomacy.

## **4.2 Localisation**

*Policy recommendations for the UK government are:*

1. Only enter into trade agreements which enable the UK government to promote greater national, regional, and local self-sufficiency. When drawing up trade deals, make the negotiations transparent and ensure both that smaller firms selling to local markets have a voice and that multinational firms do not have undue influence through their lobbying activities.
2. Introduce a new industrial strategy to boost localism, sustainability and national self-reliance in strategic industries (such as the food production). This



will be very different from the current industrial strategy<sup>26</sup> which aims to support a few sectors which are considered to have a comparative advantage in global markets. This is likely to include introducing short-term transitional government subsidies to invest in and develop economic sectors in which UK production can be expected to substitute for imports as part of the new strategy. These subsidies would not necessarily be for new sectors such as biotech: they might be for old sectors being revived and renewed.

3. Stop all subsidies to firms that do not support the industrial strategy above, including the billions of pounds worth of hidden subsidies given by UK Export Finance to exporting firms by underwriting their foreign-project risks. This has mainly been used to enable UK firms to carry out fossil fuel related projects abroad.<sup>27</sup> (These projects are only viable because the UK taxpayer underwrites the political risk of, say, the foreign government expropriating the UK firm's foreign assets such as an oil refinery.)
4. Introduce 'climate tariffs' on international travel and products from abroad that free ride on the climate by travelling a long way, as the international nature of these currently allows them to escape the provisions of national climate policies. (These tariffs should be introduced as a transitional measure until international carbon taxes applying to aviation and shipping can be introduced.)
5. Introduce or increase tariffs on imports of goods and services to support the new industrial strategy, especially those where domestic production is a viable and environmentally sustainable option.
6. Link banking directly to local and regional economies rather than to the international financial system. Re-localise banking by promoting local banks<sup>28</sup> and update banking regulations to prioritise lending to local businesses.
7. Boost the number of places for skills training in sectors where UK production can be expected to substitute for imports as part of the new strategy.
8. Using the framing of localism and resilience, start an honest discussion about immigration (getting away from the assumption that anti-immigration tendencies are always racist). This should inform the introduction of a new policy for labour migration that really addresses people's issues with large-scale immigration. (See Appendix 2 for more details.)
9. Within England, sub-regional devolution arrangements should be democratised and local government finance reformed, so as to provide for effective decentralisation of power. Each area should be able to strongly

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<sup>26</sup> 'Industrial Strategy: building a Britain fit for the future', *UK Government* (27 November 2017, updated 28 June 2018) <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future> (accessed 5 June 2020).

<sup>27</sup> Watts, J, 'UK committed nearly £2bn to fossil fuel projects abroad last year', *Guardian* (27 June 2019) <https://www.theguardian.com/environment/2019/jun/27/uk-spent-nearly-2bn-on-fossil-fuel-projects-overseas-last-year> (accessed 5 June 2020).

<sup>28</sup> Macfarlane, L, 'Taking control of RBS: people-powered banking that puts communities first', *New Economics Foundation* (22 October 2016) <https://neweconomics.org/2016/10/taking-control-of-rbs> (accessed 5 June 2020).



influence its local industrial strategy, which will only be possible with appropriate funding. This should be the first step in a more radical agenda of localisation.

10. Future UK aid should be redirected away from projects that promote trade (as is currently the case<sup>29</sup>) to projects that tackle poverty and inequality in ways that build sustainability and local resilience.

Further to these, the government should enact environment policies and take the initiative to begin talks in international institutions on the policies of global cooperation outlined below.

### **4.3 Environment, food, agriculture and health**

As we have already stated, part of any ‘alternative Brexit’ strategy must be environmental protection, together with policies for food and agriculture which follow from that, and policies to safeguard health.

The environmental legislation which the UK had from EU law has been written into UK law in the ‘retained EU law’ section of The European Union (Withdrawal) Act 2018. The Government has since published a Draft Environment (Principles and Governance) Bill 2018<sup>30</sup> that it plans will come into effect on 1 January 2021. The bill establishes a new, independent statutory body – The Office for Environmental Protection (OEP), which will oversee compliance with environmental law. However, this has been criticised<sup>31</sup> by environmental groups as it is (in its currently proposed form) lacking the independence necessary to truly be able to hold the government to account.

Three key principles are included in the draft environmental legislation:

1. The polluter pays principle.
2. The precautionary principle.
3. The integration of environmental concerns into other policy areas.

Of these three principles, the most crucial to the ‘alternative Brexit’ that we are proposing is perhaps the precautionary principle, because of its pre-emptive role in reducing our collective exposure to risk and uncertainty, and thus, in generating security.<sup>32</sup> It is therefore particularly concerning that the precautionary principle

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<sup>29</sup> See the UK’s Prosperity Fund program (<https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme>).

<sup>30</sup> ‘Draft Environment (Principles and Governance) Bill 2018’, *UK Government* (19 December 2018, updated 23 July 2019), <https://www.gov.uk/government/publications/draft-environment-principles-and-governance-bill-2018> (accessed 5 June 2020).

<sup>31</sup> Goodey, J, ‘The environmental impact of Brexit’, *Ecologist* (20 March 2020), <https://theecologist.org/2019/mar/20/environmental-impact-brexit> (accessed 5 June 2020).

<sup>32</sup> For an in-depth analysis of the precautionary principle, see Taleb, N, *et al.*, ‘The precautionary principle (with application to the genetic modification of organisms)’ (2014), <https://www.foiledbyrandomness.com/pp2.pdf> (accessed 5 June 2020). Also see Read, R, ‘Are some risks are just too big to take?’ University of East Anglia (n.d.), <https://www.uea.ac.uk/research/explore-uea-research/are-some-risks-just-too-big-to-take> (accessed 5 June 2020).

appears to be in the firing line of some politicians.<sup>33</sup> At a moment in history when human recklessness is placing civilisational survival, let alone flourishing, at risk, the prudent path would be to entrench the precautionary principle, not to undermine it.

The precautionary principle should be applied to guide all policy – not just environmental policy. It is particularly appropriate for pandemics.<sup>34</sup> The fact that it was applied late in the COVID-19 pandemic in the UK has had tragic consequences.<sup>35</sup>

It is important to ensure that current standards are not bargained away in order to reach new trade deals with the USA and other countries. There will also need to be arrangements for regular reviews to ensure that the UK does not fall behind when EU standards are raised.

Environmental problems very often transcend national boundaries. The UK should continue to cooperate with the EU and its member states on issues such as fisheries and marine conservation, air pollution, chemicals, climate change, environmental science research, and pandemic preparedness.

Currently, the UK produces only about half of its food. Food and agricultural policy should aim to greatly increase this, to ensure we are pretty much self-sufficient for food. In the medium term, the UK must look to drastically reduce its vulnerability<sup>36</sup> to shortfalls in the just-in-time system, and to look towards food sovereignty.

Supermarket food shelves emptying in the coronavirus crisis is a warning; if we heed it, we will be better prepared<sup>37</sup> for worse climate-induced food crises that otherwise are certain to occur in the years to come. Farmers must be able to run viable businesses producing nutritious food using sustainable agricultural practices (see the excellent RSA report ‘Our Future in our Land’<sup>38</sup>). Achieving this might need subsidies for farmers, or increased regulation or tariffs on competing food imports.

Leaving the EU creates an opportunity for land management payments to be reformed in the short term so that they are clearly conditional on farmers and landowners achieving environmental and food sovereignty objectives. They should not simply be seen as subsidies: they should be sensible payments from the public for the delivery

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<sup>33</sup> Kaminski, I, ‘Paterson calls for shift away from precautionary principle’, *ENDS Report* (10 October 2016), <http://www.endsreport.com/article/54076/paterson-calls-for-shift-away-from-precautionary-principle> (accessed 5 June 2020).

<sup>34</sup> Norman, J, *et al.*, ‘Systemic risk of pandemic via novel pathogens – coronavirus: a note’, *New England Complex Systems Institute* (26 January 2020), <https://necsi.edu/systemic-risk-of-pandemic-via-novel-pathogens-coronavirus-a-note> (accessed 5 June 2020).

<sup>35</sup> See Ahmed, N, and Read, R, ‘Documents reveal government and NERVTAG breached own scientific risk assessment guidance in COVID-19 failure’, *Byline Times* (23 April 2020), <https://bylinetimes.com/2020/04/23/the-coronavirus-crisis-documents-reveal-government-and-nervtag-breached-own-scientific-risk-assessment-guidance/> (accessed 5 June 2020) for the full salience of this point to the current crisis.

<sup>36</sup> Rayner, J, ‘Diet, health, inequality: why Britain's food supply system doesn't work’, *Guardian* (22 March 2020), <https://www.theguardian.com/environment/2020/mar/22/tim-lang-interview-professor-of-food-policy-city-university-supply-chain-crisis> (accessed 5 June 2020).

<sup>37</sup> Reed, R, ‘Food & farming: A climate solution’, *A Team Foundation* (2019), [https://www.greenhousethinktank.org/uploads/4/8/3/2/48324387/food\\_farming\\_-\\_a\\_climate\\_solution.pdf](https://www.greenhousethinktank.org/uploads/4/8/3/2/48324387/food_farming_-_a_climate_solution.pdf).

<sup>38</sup> ‘Our Future in our Land’, *RSA* (2019), <https://www.thersa.org/discover/publications-and-articles/reports/future-land>.

of public goods, such as the protection of SSSIs (Sites of Special Scientific Interest), restoring/maintaining/protecting habitats, the supply of clean water, the reduction of greenhouse gas emissions and sequestering carbon, and the maintenance of biodiversity and healthy soil, as well as enabling farmers to supply our food.

Many of the legal and regulatory issues involved in environmental protection in the context of Brexit are highly complex. There should be a considerable increase in staffing and resources for UK Defra (Department for the Environment, Food and Rural Affairs).

All this requires resourcing, including for enforcement. There will be a need to maintain within the UK at least existing levels of expenditure on environmental protection, currently a significant part of the EU budget. Where EU (or European Investment bank) expenditure in the UK for the environment is removed, it should be replaced by funding from the UK Exchequer.

*Policy recommendations for the UK government are:*

11. Ensure that the key environmental principles in EU law (and the current draft Environmental Bill) are actually used in practice for guiding the interpretation of legislation and regulation in the UK. These include: the polluter pays principle, the precautionary principle, and the integration of environmental concerns into all policy areas.
12. Ensure the precautionary principle is also applied to public health.<sup>39</sup>
13. Ensure the new Office for Environmental Protection in the UK is truly independent and has the ‘teeth’ to uphold and enforce good standards, rather than simply keeping those standards in force legally without actually ensuring they are applied in practice.
14. Ensure that current standards are not bargained away in order to reach new trade deals with the USA or other countries (*i.e.* avoid what economists call ‘a race to the bottom’).
15. Continue to maintain and enhance regulation of environmental, health and safety, and product standards, including food and chemicals, so that they are at least as strong as those in the EU. (Carry out regular reviews to ensure that the UK does not fall behind when EU standards are raised.)
16. Continue UK cooperation with the EU and its member states on issues such as: fisheries and marine conservation, air pollution, chemicals, climate change, environmental science research, and pandemic preparedness.
17. Aim to greatly increase food sovereignty and food self-sufficiency: ensure it is possible for farmers to make a business out of producing good food using sustainable methods either through direct payments or through policies to prevent or reduce imports of competing food products, especially if these are farmed using unsustainable methods.

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<sup>39</sup> See again Ahmed, N, and Read, R, ‘Documents reveal government and NERVTAG breached own scientific risk assessment guidance in COVID-19 failure’ (see fn.35 above).

18. Use payments to farmers to incentivise them to provide specific social and environmental goods, such as protecting habitats or looking after SSSIs (Sites of Special Scientific Interest).
19. Allocate a considerable increase in staffing and resources for UK Defra (Department for the Environment, Food and Rural Affairs).
20. Where EU (or European Investment bank) expenditure in the UK for the environment is removed, it should be replaced by funding from the UK Exchequer.

#### **4.4 Promoting global cooperation**

The globalisation of recent decades has been a very skewed, biased, one-sided globalisation. There have been enormous benefits for large corporations and financial institutions. In theory consumers have benefitted by being able to buy more and more ever-cheaper stuff – soon to be thrown away and replaced; however, many people in the developed world feel they live more precarious lifestyles with far less financial security than their parents.<sup>40</sup>

This globalisation has often been at the expense of many smaller companies, which have found it difficult to compete, and of a wide range of businesses, people and countries that have suffered from the financial instability which has been the consequence of fast-moving, interconnected, under-regulated global financial markets. We are now facing problems that, for our own health and survival, we need all people in all countries to be able to address: the COVID-19 pandemic and climate change. Countries under financial stress will not find it easy to halt the spread of the COVID-19 virus or take actions to tackle climate change, so nations must work together to ensure the system works for everyone.

Trade agreements – including trade deals, bilateral agreements facilitated by the WTO, free-trade areas and export processing zones – have increasingly been used as a means whereby corporations can override national laws. Super-rich tax avoiders have used a worldwide network of tax havens to escape from taxation and regulation. The power of the International Monetary Fund and World Bank, and the EU too, have sometimes been used to pressure governments to reluctantly adopt policies against the interests of their citizens, for example in Greece.

At the same time the mechanisms of law, accountability, and redistribution have not globalised. They have remained national and are therefore increasingly evaded and subverted. The globalisation of business and finance has not been accompanied by any corresponding globalisation of effective democratic management and regulation. This is something which needs to be addressed through a set of measures along the following lines – and which should be combined with the measures to boost localisation and sustainability discussed above. These are ambitious proposals: there is no suggestion here that they could be achieved simply through the diplomatic activities of the UK alone. They would require much wider agreement.

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<sup>40</sup> Standing, G, *The precariat: the new dangerous class* (London: Bloomsbury Academic, 2011).

*Policies for global cooperation:*

21. Establish a new system for regulating international trade.

WTO rules should be rewritten to enable localities, regions, and nations to become more self-sufficient and less reliant on imports, as well as to allow nations to pursue sustainability goals. These should be seen as completely legitimate policy options and not something to be penalised.

Currently trade agreements are the outcome of bargaining power rather than any sense of fairness or international-scale democracy. This will be difficult to shift, but in the more immediate future the priority must be to dismantle or reform ISDS (Investor–State Dispute Settlement) arrangements, which were a key part of the failed Transatlantic Trade & Investment Partnership (TTIP) and Trans-Pacific Partnership (TPP) proposals. Part of the problem with them is, of course, the provisions written into the trade agreements themselves, but a further problem is the very secretive and unaccountable ways in which such agreements have been drawn up.<sup>41</sup> Another key aspect is the nature of the arbitration bodies – effectively private law courts – which decide on ISDS cases. There have recently been moves in the UN, including a General Assembly resolution in 2014 and the negotiation of the Mauritius Convention 2015, with the aim of bringing the work of these bodies out into the open and increasing their accountability, but this needs to be taken much further.

22. Establish much more effective international systems for responding to ecological and health dangers.

In 1945, when the UN was being devised at the end of the second world war, these issues did not loom large. However, the UN has played an important role in the development of treaties such as those on climate change (UNFCCC) and biological diversity (CBD), and has run an Environment Programme (UNEP, now UNE, United Nations Environment). But this work should be taken further. For example, the UN Security Council should be considering not only military threats to security but also the massive threats posed by destabilisation of the global climate. Devising an appropriate structure is difficult: for example, should environmental sustainability be ‘mainstreamed’ by being included in the work of bodies with a principally economic focus, such as the UN Development Programme (UNDP)? Should the different environment bodies – such as UNED and the secretariats for the treaties – be combined together as a World Environment Organisation (as proposed by the French Government in the run-up to the 2012 Rio+20 conference)? Should there be a new form of governance based on all aspects of the ‘nine planetary boundaries’ analysis?<sup>42</sup> Or is it simply a matter of the need for greater resources, urgency, and political attention? These are difficult questions which have been pursued elsewhere but the overall objective should be clear: a stronger global system for responding to global ecological threats.

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<sup>41</sup> Inman, P, ‘MPs can view TTIP files – but take only pencil and paper with them’, *Guardian* (18 February 2016), <https://www.theguardian.com/business/2016/feb/18/mps-can-view-ttip-files-but-take-only-pencil-and-paper-with-them> (accessed 5 June 2020).

<sup>42</sup> ‘The nine planetary boundaries’, Stockholm Resilience Centre (n.d.), <http://www.stockholmresilience.org/research/planetary-boundaries/planetary-boundaries/about-the-research/the-nine-planetary-boundaries.html> (accessed 5 June 2020).

23. Develop a more stable global financial system.

Globalisation is causing the current national systems for maintaining financial stability to become increasingly untenable, according to Marc Carney whilst he was Governor of the Bank of England.<sup>43</sup> His suggestions, particularly of moving away from the hegemony of the US dollar in the longer term, should be taken seriously. The current system is particularly destabilising for emerging market economies, as huge amounts of capital can be suddenly withdrawn bringing devastating effects to the countries involved, as is currently playing out with the coronavirus crisis<sup>44</sup> (which is also calling the US dollar's hegemony into question<sup>45</sup>).

Further to Marc Carney's suggestions, debt jubilees should be considered in the short term for heavily indebted developing countries.

Retaining or re-establishing different currencies to allow for different economic circumstances in different parts of the world (and possibly different regions) would enable governments to use or influence interest rates and exchange rates as instruments of economic policy. Overextended currency areas, such as the Eurozone, should be avoided.

The reintroduction of capital controls would enable nations to become less dependent on global finance and gain more national control, as well as coping with capital flight issues (this is becoming a very likely option in the near term for emerging economies tackling the economic fallout from the coronavirus crisis<sup>46</sup>). Indeed, it has been argued that this is a prerequisite for developing a financial system under which national sovereignty, sustainability and localism can flourish.<sup>47</sup>

The guiding principles of the Bretton Woods organisations (the World Bank, the IMF, and the WTO) should be re-assessed to make sure they support sustainable development and building resilience in the face of climate and health crises (they been criticised for not doing this<sup>48</sup>). Longer term they will need to become less dominated by the USA, so bringing them into the UN system should be considered.

24. Establish a World Tax Organisation (or Authority).

This organisation or authority should organise international cooperation to ensure that multinational corporations, super-rich tax avoiders, and financial traders pay their fair

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<sup>43</sup> Carney, M, 'The Growing Challenges for Monetary Policy in the current International Monetary and Financial System', Speech given by Mark Carney, Governor of the Bank of England, to Jackson Hole Symposium, *Bank of England* (23 August 2019), <https://www.bis.org/review/r190827b.pdf>.

<sup>44</sup> Wheatley, J, *et al.*, 'Debt relief: which countries are most vulnerable?' *Financial Times* (6 May 2020), <https://www.ft.com/content/31ac88a1-9131-4531-99be-7bfd8394e8b9> (accessed 5 June 2020).

<sup>45</sup> Institute for Advanced Sustainability Studies, 'How is COVID-19 affecting the global economic order?' *ScienceDaily* (11 May 2020), <https://www.sciencedaily.com/releases/2020/05/200511112538.htm> (accessed 5 June 2020).

<sup>46</sup> Lubin, D, 'Does coronavirus herald capital controls?' *Financial Times* (30 March 2020), <https://www.ft.com/content/ca5d9024-a92d-473c-b3bd-2df16f04e6bf> (accessed 5 June 2020).

<sup>47</sup> Pettifor, A, *The Case for the Green New Deal* (London: Verso Books, 2019).

<sup>48</sup> 'What are the main criticisms of the World Bank and the IMF?' *Bretton Woods Project* (4 June 2019), [https://www.brettonwoodsproject.org/2019/06/what-are-the-main-criticisms-of-the-world-bank-and-the-imf/#\\_Toc10127398](https://www.brettonwoodsproject.org/2019/06/what-are-the-main-criticisms-of-the-world-bank-and-the-imf/#_Toc10127398) (accessed 5 June 2020).

share of taxation.<sup>49</sup> This would involve agreement to impose sanctions geared towards clamping down on tax havens, including notably those connected with the UK, such as the Channel Islands and the British Virgin Islands (and, in a number of key respects, the City of London itself). It would also involve international agreement (perhaps initially simply a few countries) to impose a substantial tax on unproductive financial transactions, at a rate sufficient not only to raise funds but also to shift behaviour in financial markets.

25. Bring multinational companies within international law.

When there have been health or environmental disasters related to poor business practices, it is difficult for local people to receive fair compensation in many countries. This is particularly true in cases involving multinational companies which wield great power. It is important that these companies and their subsidiaries are brought firmly within the law and can be held responsible for their actions. There is progress in this area with the UN Human Rights Council being in the process of establishing a corporate human rights charter along these lines.<sup>50</sup>

26. Introduce international carbon taxes applying to all aviation and shipping.

Currently the environmental costs of these – in terms of greenhouse gas emissions – do not have to be paid for by transportation companies, which means they do not work their way through to the prices paid by consumers. This results in harmful behaviour being encouraged. Ideally an international system of carbon taxes would be developed to cover all international transport.

## 5 Conclusion: Brexit as a project of fitting into the post-coronavirus world

In this report we have sketched how a **less economically globalised world does *not* mean a more Balkanised or nationalistic world**. The coronavirus crisis, like the climate crisis, requires joined up international thinking: The coronavirus crisis shows us that my health is your health. That there is no health without public health. No private health – only planetary health. This crisis and – what it affords – is *all about* interconnectedness, interdependence, indivisibility. However, we protect each other (in this pandemic) often *by* reducing international mobility, *by* introducing quarantines and the like. So: Let's preserve and enhance our sense of union *whilst* re-localising our systems. Let's stay in touch across the world online *whilst* radically reducing the movement of goods and of people. We need *more* political and international cooperation – but that needn't involve old-fashioned summits, with

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<sup>49</sup> Murphy, R, 'Time for a World Tax Organisation', *Tax Research UK* (4 September 2010), <http://www.taxresearch.org.uk/blog/2010/09/04/time-for-a-world-tax-organisation/> (accessed 5 June 2020). See also Cobham, A, and Gibson, L, 'Ending the era of tax havens: why the UK government must lead the way', *Oxfam* (14 March 2016), <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/601121/bp-ending-era-tax-havens-uk-140316-en.pdf?sequence=4>.

<sup>50</sup> See this account of recent steps taken in this area: 'Binding treaty', Business & Human Rights Resource Centre (n.d.), <https://business-humanrights.org/en/binding-treaty> (accessed 5 June 2020).



leaders flying in and making pledges that their policies contradict. We practice care for each other by strengthening more local 'bioregional' economies and politics.

The world that coronavirus is bringing into being is most accurately termed a **globalised local world**: a world in which information, intelligence, knowledge, and wisdom needs to be shared freely (*e.g.* the scientific and practical learning occurring in different countries during the pandemic) and global coordination is needed to tackle global problems (such as COVID-19 and climate breakdown). A world in which emergency-thinking is necessarily global, for an emergency demands real mutual aid at the international level as well as at the community level – *and* a world in which emergency-action is necessarily, to a large extent, national, regional, or local. A world furthermore in which production, commodities, and people should be largely non-global. A world of returning largely to the local for material things and making truly global the non-material. A globalised local world really does get the *best of both worlds*.

That is what this report has sought to outline: how Brexit can be a big move away from the normalisation of hyper-trade-globalisation without being retrograde.

The world will never be the same again. Never again will we be able to ignore the costs, the silent risks, of the project of economic globalisation. Never again will it be possible to pretend that our love for one another is something marginal. There is a Brexit which recognises all of this, which seeks to take seriously that we need to provide most of what we need here, close to home, without being even remotely xenophobic or anything like that, quite the contrary.

A green, re-localising Brexit would be a Brexit that could establish wide appeal across the political spectrum. It could protect us against future emergencies, be they environmental or health.

It is the only Brexit that makes sense in the post-coronavirus world.



## Appendix 1: The EU and some of its problems

There are four key elements in the economic dynamics of the EU. Each is complex, but they can be summarised as follows:

1. Like many other international organisations (such as the UN and the World Bank), the EU emerged out of a desire to prevent the return of world war. In particular in Europe there was a desire to prevent another war between France and Germany, and it was argued that this could best be achieved through closely linking their economies, initially through the European Coal and Steel Community, established in 1951.
2. The Treaty of Rome, the founding treaty of the European Economic Community ('Common Market'), which was signed in 1957, was based on the principle of 'free movement'. This applied to the movement of goods, services, labour, and capital, between what were at that time just six member states.
3. The 'Single Market' package of policies, which came into force with the Maastricht Treaty in 1992, was intended to further integrate the economies of member states, for example by establishing common standards and regulations for products.
4. The 'Single Currency', the Euro, which began at the beginning of 1999 for some, but not all, EU countries, took the process a stage further, through abolishing the possibility of devaluations and revaluations between the different currencies involved and the formation of the European Central Bank to enact monetary policy for the Eurozone. The Euro, despite being widely popular, has caused two divisions: between countries which were inside the Eurozone and those outside it (including the UK, Sweden, and later Poland); and within the Eurozone, between the 'northern' countries led by Germany, and those whose economies could not match the stronger economies with whom they now shared a currency (Portugal, Greece, Spain). The coronavirus problem has seen increasing frictions between different Eurozone countries,<sup>51</sup> which are failing to operate as a bloc in regard to dealing with the mounting national debts.

Although market economics enthusiasts were amongst the advocates and supporters of all of these developments, most of the politicians involved saw the need at the same time for some counterbalancing mechanisms:

- From the start, there was a large amount of financial support for agriculture (or in some cases, simply for owning land) as it was widely felt that large parts of European agriculture would otherwise be unable to compete on the world market. However, the EU Common Agricultural Policy (CAP) has proved very damaging to the environment.<sup>52</sup> Although the CAP reform process has moved in the right general direction, it has moved too slowly.

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<sup>51</sup> Gray, J, 'Why this crisis is a turning point' (see fn.8 above).

<sup>52</sup> For example, see the evidence on impacts on bird species here: Donald, P, *et al.*, 'Agricultural intensification and the collapse of Europe's farmland bird populations', *Proceedings of the Royal Society B* 268 (2001), pp.25–29, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1087596/pdf/Pb010025.pdf>.

- There was money for infrastructure and industry in ‘peripheral regions’, although that proved to be on far too small a scale, especially to counteract the devastating impact of the Euro in some countries.
- Although state aid was ruled out due to the single market competition rules, some flexibility was brought in if there are particular social benefits to be gained. However, in practice UK civil servants have erred on the side of caution and operated according to a very strict interpretation of the EU rules.

Product regulations for trade within the single market have been used to raise standards of energy efficiency and are currently being reviewed for use in the development of a ‘circular economy’.

At the same time, however, a further problem has developed: the regulations and financial support seen as necessary to counteract simple market forces have resulted in a vast amount of lobbying around Brussels, often carried out secretly and on a far from level ‘playing field’ between public interest groups and business interests. There has also been a particular lack of transparency in the Council of Ministers.

The political structures of the EU have at the same time become more integrated and powerful, particularly with the establishment of the European Parliament on a directly elected basis in 1979. Both the Parliament and the Commission have some degree of independence from the governments of the member states. However, the EU has been found wanting in this regard during the coronavirus crisis, and nation states across Europe have reasserted themselves.

Moreover, amongst the UK public and media, understanding of what is happening within the EU has been very poor. The focus has not been on EU policies or major questions like the dynamics of the single currency, but on a consistent sense that the UK is constantly in conflict with ‘the Brussels bureaucracy’. This attitude has tended to marginalise UK influence in EU decision-making, and at the same time has built up hostility towards the EU amongst the general public. This obviously contributed to the Brexit referendum result.

## Appendix 2: Migration

The 2016 Brexit referendum uncovered widespread worries about immigration. Voters concerned about immigration who had been unwilling to vote for the Conservative Party, UKIP, or even neofascist parties found in ‘Leave’ a personally acceptable way of raising their objections.

Since the referendum the issue of immigration has become less important, perhaps as people believe Brexit is ‘taking care’ of it, and perhaps also more recently (*i.e.* during the coronavirus crisis) as more citizens have come to realise the benefits of having immigrant key workers (though the collateral damage upon health services *etc.* in the countries from where those medical *etc.* workers come also needs bearing in mind).<sup>53</sup> Despite this, the Johnson government appears determined to implement a points-based policy, which would see an easy passage for highly skilled workers, but no low-skilled immigrants at all. Some UK businesses are complaining that this will make their business models unfeasible – farmers especially rely on seasonal migrant workers for fruit picking<sup>54</sup> – and economists are predicting lower growth due to this policy.<sup>55</sup> The UK Government will also come under pressure to relax immigration rules when it tries to reach new trade deals, with India for example. If the UK Government succumbs to these pressures, voters who voted against immigration may well end up being disappointed.

However, voters’ worries themselves are real, and should not be dismissed simply as the products of racism or xenophobia, although those are undoubtedly a certain part of the mixture. This issue can be approached on three levels: principles, responsiveness, and immediate practicalities.

For some people it is a matter of principle that everyone should be able to live wherever they want to in the world. For others it is the logical outcome of extreme free market ideas, which see labour and capital as ‘factors of production’, which should be as mobile as possible, so as to create the most efficient outcomes for production.

However there are important and difficult balances to be struck here:

- There are the rights of would-be migrants, but at the same time the rights of the people who already live in the places which migrants want to migrate to, as well as the rights and welfare of the people left behind in the places which migrants move from.<sup>56</sup>
- There is a need for a sense of global citizenship, to face up to the realities of interdependence and global problems such as pandemics, religious conflicts

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<sup>53</sup> Goodhart, D, ‘Why the left is wrong about immigration’, *Guardian* (27 March 2013), <https://www.theguardian.com/books/2013/mar/27/why-left-wrong-mass-immigration> (accessed 5 June 2020).

<sup>54</sup> Currently a problem due to the travel restrictions in the coronavirus crisis.

<sup>55</sup> Giles, C, ‘Post-Brexit migration regime forecast to hit UK growth’, *Financial Times* (6 March 2020), <https://www.ft.com/content/76f1e376-5efc-11ea-b0ab-339c2307bcd4> (accessed 5 June 2020).

<sup>56</sup> See the examples given from Sierra Leone and Malawi in: Goodhart, D, ‘Why the left is wrong about immigration’, (see fn. 53 above).

and climate catastrophes. However, at the same time a sense of identification with particular places contributes to our sense of personal identity and community, adds to ‘social capital’, and helps to ensure that real places are cherished and not forgotten in a haze of very generalised concern.

Neither restricted mobility nor free movement of labour strike these balances, and therefore should not be held up as absolute, non-negotiable principles.

Democracy is partly about responsiveness. The 2016 votes for Brexit and Trump were cries of pain and anger, which cannot simply be dismissed. There is a fine line to be walked here, between falling into racism or xenophobia on the one side and failing to listen to people on the other. This is another balance to be struck, perhaps the most difficult. But strike it we must. *Failure to do so will simply guarantee a permanent upsurge of support for those who are willing to exploit the migration question for hard-Right purposes.*

There is also the level of immediate practicalities, such as the effects of migration on differential wage levels (*i.e.* there is evidence that high levels of immigration may increase the gap in wages between the low paid and the higher paid<sup>57</sup> – and, given that inequality is possibly the greatest wrong there is in society,<sup>58</sup> this is problematic), house prices, and pressure on local public services. Some of this is about economic costs, which are outweighed at a national level by economic benefits from migration, such as those from additions to the economically productive labour force. However, those who win and those who lose are not the same people: net gain at national level coincides with net loss for many individuals and localities. Standard economic theory implies that the winners should compensate the losers, which essentially means redistributive taxation and public expenditure, something which governments have recently been unwilling to do on a sufficiently large scale. The obvious policy response required here is for central government to put far more money into local authorities in areas of high recent migration and low average wages.

The problem with migration politics has been collusion between political forces often seen as opposites: those on the Left who see any discussion of immigration as inherently racist and therefore to be avoided at all costs, and those in business for whom maximum mobility of labour helps to maximise their profits by keeping a ceiling on their wage-costs.

The result has been that discussing this whole area has been taboo. This is no longer the slightest bit tenable since the referendum. A perspective coming from the question of globalisation, localisation, and resilient politics helps in approaching – framing – the problem differently.

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<sup>57</sup> Parekh, R, *et al.*, ‘How immigrants affect jobs and wages’, *Full Fact* (15 May 2017), <https://fullfact.org/immigration/immigration-and-jobs-labour-market-effects-immigration/> (accessed 5 June 2020).

<sup>58</sup> See ‘The Spirit Level’, *The Equality Trust* (n.d.), <https://www.equalitytrust.org.uk/about-inequality/spirit-level> (accessed 5 June 2020).