

How Do We Choose between the Market and the Nation?

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In the first week of July, the UK government retreated from central London to a country manor in Buckinghamshire, just north-west of the capital. With only nine months until Brexit, the aim was to hammer out a consensus among ministers on exactly what they want to achieve from the negotiations. Predictably, the result was instead to drive the contradictions inherent in Brexit to breaking-point.

An effort was clearly made to overcome the discursive difference between ‘hard’ and ‘soft’ Brexit, but the deal that emerged from Chequers is very much the latter. Indeed, it seems to largely consist of renaming existing EU practices and claiming that this represents a major breakthrough in the process of leaving. Britain will nominally leave the customs union, but will instead create a ‘combined customs territory’, with a ‘common rulebook for all goods’ and ‘cooperative arrangements’ between the regulators on either side of the Channel. The UK Parliament retains the right to diverge from Brussels on specific items, but with the inevitable risk of regulatory divergence creating trade blockages between the two sides.

Britain will leave the jurisdiction of the European Court of Justice, but a ‘joint institutional framework’ will be established between the judiciaries, with the ECJ recognised as the competent authority to rule on matters of EU law. The UK’s formal membership contributions to the EU budget will cease, but it will instead make ‘appropriate contributions for joint action in specific areas’. Freedom of movement will end, but a ‘mobility framework’ will be established in its place to allow UK and EU citizens to travel, study and work in either territory.

It is worth reminding ourselves that it has taken over two years from the 2016 referendum for the government to establish a relatively detailed proposition on the future of UK-EU relations. That partly reflects the level of incompetence at the highest levels of the current British administration, but senior ministers can at least take some consolation in the fact that they face an impossible dichotomy. That dichotomy is, simply, that Brexit is undeliverable in the terms it was sold to the electorate by the Leave campaign. It has been repeated *ad nauseam* by Remainers, but there are still those who choose not to listen: the UK cannot retain the benefits of EU membership while forgoing its obligations. The choice, therefore, is not between ‘having your cake and eating it’ and ‘talking down Britain’, but what the country is willing to sacrifice in order to achieve formal independence from mainland Europe.

If the Chequers Agreement does indeed become the basis on which ministers return to the negotiating table then the desired outcome is at least now clear. The British government has belatedly decided that avoiding economic damage is more important than securing national autonomy. Behind the new lexicon of ‘mobility frameworks’ and ‘combined customs territories’ lies a model very close to that of both Norway (part of the European Economic Area) and Switzerland (part of the European Free Trade Association). Although the legal and institutional bases differ, in practice both EEA and EFTA members exist in a state of maximal alignment with the EU. Both enjoy the benefits of being part of the world’s largest economic bloc. Both are missing one crucial component of full EU membership: a seat at the table around which decisions governing that bloc are made.

The great irony of the Chequers Agreement outcome is this: the government tasked with delivering Brexit would end up realising the Brexiteers' worst nightmares. For decades, British Eurosceptics have complained about their country being reduced to a 'vassal-state', holding no influence over the EU legislative process and yet subject to laws made in Brussels, Strasbourg and Luxembourg. This has never been the case; until recently Britain was one of the most influential Member States (and if one criticism could be made of the Brits until 2016, it would be of not wholeheartedly embracing their primary role at the EU level). And yet, under the Chequers Agreement, this would effectively become the relationship between the UK and EU. There would be no more British Commissioners, MEPs or ECJ judges, and no more British ministers with voting rights at Council meetings. The EU27 would make the laws and inform the British government of the outcome. That government will retain the formal ability to diverge from laws it dislikes, but only at the risk of inflicting economic self-harm as it incurs barriers to the wider bloc.

None of this, it should be said, is exactly revelatory. Pro-Europeans across the political spectrum have been warning of this outcome for years, but their caution was overridden by the bombast of Eurosceptic nationalists. Questions about the detail of future UK-EU relations were written off as unpatriotic and overly intellectual. The nation that has historically found eleventh-hour fixes to troublesome problems could be relied on to do so again.

'With just months until Brexit Day, that bombast is now looking pretty threadbare. Indeed, over the last few weeks the hard-Brexiteer rhetoric has notably quietened as, for the first time in living memory, big business has come out in open criticism of a Conservative government. Airbus, BMW and Jaguar-Land Rover are among the major UK-based manufacturers who have signalled the possibility of capital flight if the Brexit deal does not include a *de facto* customs union. The financial sector may not like the increasingly interventionist direction of EU policy, but it is clear that relocating operations to remain in the single market would be preferable to losing out on free movement of capital. Similarly, farmers may baulk at certain EU regulations, but retaining access to their primary export market for agricultural goods remains an overriding priority. The Left may have serious issues with some of these vested interests, but the very fact they are now publicly taking on the self-described 'party of business' is a remarkable sign of the times.

The war of words over Brexit illustrates a long-standing fissure on the European centre-Right, which has always faced a contradiction between its social conservatism and economic liberalism. To take an abstract example, what to do when a local forest is threatened with destruction to make way for a wind-farm? The true conservative will join the line of local residents in defending the area's natural and cultural heritage against a grand scheme to increase economic output. The true liberal will join the corporate lawyers in tearing up any regulations protecting the forest, because the market knows best and everyone will be better off with a wind-farm providing jobs and generating energy. There is no particular reason why these two world-views should find a home in the same political movement.

The British Conservative Party has traditionally been highly adept and reconciling this contradiction, or at least papering over the cracks to give the semblance of a coherent political vision. With Brexit, those efforts are increasingly failing. The party is mortally divided between the forest-protectors and the wind-farm-builders, between those who value the nation and

those who value the market. For the former, any amount of economic damage is worth restoring the formal sovereignty of the UK Parliament, shedding the alien tradition of civil law and radically reducing immigration. For the latter, the economy must continue to function, even if this means turning Britain into a mere recipient of EU law.

'Both of these options are unpalatable, and the same contradiction being played out in different forms in Europe's other mature democracies. In Germany, the CDU/CSU is now riven between Angela Merkel's economic liberals and her ultra-conservative Bavarian partners. It was both creditably humanitarian and economic good sense for Merkel to reinforce an 'open-door' migration policy at the height of refugee flows in 2015, providing shelter for vulnerable people while injecting a large tranche of younger workers into Germany's ageing labour market. However, that single decision has been blamed for the sharp rise of Alternative für Deutschland, with anti-immigration voters defecting to the far-Right and giving fascists their first foothold in the national legislature since the 1940s. Panicked about losing its hegemony in Bavaria, the CSU state government now insists that a crucifix be displayed on every public building and has issued the federal government with a serious of ultimata on migration policy.

France, meanwhile, has reached a further stage in this process with the total destruction of the centre-Right as a political force. In the last presidential election, François Fillon of the Republicains could neither be as pro-market as Emmanuel Macron nor as nationalistic as Marine Le Pen. The result has been the realignment of French politics as a duopoly between the pro-European liberal centrists of En Marche! and the far-Right nationalists and Eurosceptics of the Front National. It is not impossible that the fallout from Brexit will lead to a similar reconfiguration of the British political system.

This contradiction between the market and the nation was not created by the EU, but it has been exacerbated and not effectively resolved by the European project. In Brexit, we can see it play out in real time more clearly than ever. So how do we move beyond this impasse?

One thing is clear: the Right has no answer to the question. The leadership and canniness shown by figures like Margaret Thatcher - who both co-founded the EU single market and radically altered British citizenship and immigration policy in a conservative direction - are entirely absent from this generation of politicians. With the only choice available between conservative nationalism and market liberalism, it for the Left to articulate an alternative vision, one that is both socially internationalist and economically interventionist.

This will not be easy, given the dire state of progressive politics in many European countries. We can, however, learn something from our opponents. Macron should be lauded for running an unambiguously pro-European presidential campaign and reinvigorating grassroots involvement in both French and European politics. This is the sort of optimism and confidence to which the European Left should aspire. At the same time, the French president needs to understand that it is both unjust and ultimately self-defeating to attempt to revive the French economy by eroding social standards even further. It is the very economic liberalism he embodies which has led so many of his fellow citizens to swallow the snake-oil of the Front National.

Similarly, pro-Europeans on the Left need to understand the very real grievances that have led so many EU citizens to vote against the European project in its entirety. We should be as

critical of the EU establishment as our opponents where it fails, and avoid falling into the trap of treating any criticism of the EU as a cipher for xenophobic nationalism. Yet it falls on us to set out a model for an alternative Europe, one which is no less interconnected but works in the interest of people and the natural environment rather than the super-rich and large corporations. There should be no compromise on freedom of movement, but instead social policy should be geared up to manage the impact of migration on different countries and regions. The central EU institutions should remain, but instead should be radically democratised to guard against technocratic excesses like the pursuit of CETA and the Troika's handling of the Greek sovereign debt crisis. The answer to the problems the EU faces is not 'less Europe', but rather 'more, and different Europe'.

We can see the seeds of this alternative emerging in Britain. The Conservative Party is a spent political force. Its credibility with one section of the population has been shredded by its embrace of Brexit; for others, it cannot be trusted to 'take back control' in a way that will the majority rather than a wealthy elite. There is an opportunity here to overcome the Right-wing contradiction between market and nation and provide something new. The only question is whether or not we will seize it.