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No More Cake and Eat it: making a Brexit deal for workers

Frances O'Grady
General Secretary of the Trades Union Congress

London School of Economics and Political Science

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I want to focus on Brexit tonight. How we break the deadlock. The choices facing this country. And the deal we need to protect workers' jobs, rights and livelihoods.

The TUC represents 50 unions, who in turn represent nearly six million members. We are the voice of workers in every part of the economy. In universities. Manufacturing. Finance. Transport. Communications. Construction. The NHS. Social care. Retail. And in the over-worked, under-resourced civil service.

We are also members of the European TUC which, as a social partner, enjoys a formal status. Under the ETUC banner, as democratic unions across Europe, we reach common positions and speak with one voice. And that opens government doors for us around the capitals of Europe. Well, most doors. As I once told David Cameron, I'd met Angela Merkel more times than our own Prime Minister.

So the trade union movement has a unique capacity to influence negotiations on both sides of the Brexit table. And to help shape the final deal in the interests of working people across borders.

One practical example of our success since the referendum is that the EU has mandated M. Barnier to seek a guarantee of a level playing field on workers' rights. In other words, Brussels will be pressing the UK to agree that any final deal must include a guarantee that British workers' rights keep pace with improvements in the rest of the EU. That red line only appears in the EU's negotiating guidelines because the TUC and the ETUC lobbied for it.

Now, it's well documented that the history of the TUC's relationship with what began life as 'the Common Market' has never been one of unconditional love.

Next year will be the 30th anniversary of Jaques Delors' speech to TUC Congress – his bid to win our support for the completion of the single market. He proposed a new social platform to guarantee that every worker would be covered by collective bargaining; for worker participation in companies; and a universal right to lifelong learning.

The TUC's conversion to the European Union was conditional on the creation of that social market model. In other words, balancing the four freedoms with strong rights and protections for workers. Without that social dimension, the EU would be like any other trading bloc in the world - to coin a phrase, just another capitalist club. Although it fell somewhat short of Jacques Delors' original vision, the Blair Labour government did sign up to the Social Chapter and that did lift the rights of millions of workers in Britain.

During the run-up to referendum, the TUC campaigned hard for a Remain vote. I had the dubious honour of taking part in the BBC Wembley live debate where Boris Johnson gave his, depending on your point of view, famous or infamous Independence Day speech. As we waited in the wings, it felt a bit like the stage was set for that old TV game show, Gladiators. In fact, the BBC told us not to worry about noisy jeering, as it would be tuned out for viewers at home. Which was very reassuring.

The TUC General Council hadn't come to our position on the referendum lightly. We had our own criticisms of the EU. The post-crash obsession with austerity when the priority should have been investment to deliver more good jobs and public services. The Troika's disgraceful treatment of the programme countries. And the failure to significantly strengthen protection for workers at a time of acute inequality and insecurity.

But while we were critical of Europe we also had to think hard about where workers' best interests lay, for generations to come.

We knew that, in many cases, the EU was wrongly blamed for our own governments' bad behaviour in Brussels. From seeking opt-outs on the maximum working week, to opposing caps on banker's bonuses and resisting action to prevent the dumping of cheap Chinese steel, it wasn't so-called Brussels bureaucrats but UK ministers who should be put in the dock.

The lie that EU state aid rules were stopping renationalisation of the railways was all too evident when EU state owned enterprises were increasingly taking over ours.

And – with a Conservative government in power that was already pushing through its anti-trade union Act – we had to carefully consider what it would mean for people's rights at work. Critically, union agreements collectivise and build on that floor of statutory rights won through the EU, from paid holidays to equal pay. Pull the rug from under them and how long would those union agreements last?

If we lost the strength of combining with unions in Germany, France and elsewhere, which pushed for the EU to establish those minimum standards in the first place, the likelihood was that British workers would become even worse off.

We also took a hard look at the evidence about what Brexit would mean for the prospects of the people we represent. The real-life impact on jobs and investment.

We looked equally hard at the alternatives, including those touted as potential partners for new trade arrangements outside the Single Market. What kinds of trade deals would we get as an island nation, compared to the combined bargaining power of the 28 members of the EU?

What would we have to give up to in exchange for quick post exit bilateral deals? Would those new agreements protect public services against privatisation? Would they, like the Single Market, provide a level playing field to stop a race to the bottom?

As a movement that prides itself on its negotiating nous, our judgement was clear. Our General Council agreed that, on balance, workers' interests were best served by staying in the European Union. And working with our union friends across the EU, politically and industrially, for a new vision of Europe that put working people first.

In the end, the result of the vote on 23rd June was close but clear. Six in ten trade unionists vote for Remain but, of course, we didn't win.

The morning after the vote we made clear we would respect the democratic decision of the British people to exit the EU.

The debate then became not about whether we leave; but how. And the focus shifted to questions that never appeared on any ballot paper: whether leaving the EU also meant we were leaving the Single Market and Customs Union. And whether we should leave the EU without any replacement deal.

For the TUC's part, we are clear that a no deal, hard Brexit would herald a Halloween horror show – a nightmare on Brexit Street, with the bad guys waiting in the shadows to slash jobs and workers' rights.

We have argued for a transition deal to give more time to talk and prepare. And that during the transition the UK would have to continue to play by the Single Market's rules.

It's common sense. There simply isn't time to negotiate a whole new arrangement. That time should be used to focus on the big one: negotiating a new deal between the EU and UK setting out trade arrangements for the long-term.

But, as each day passes, the most important undertaking facing Britain since the War is increasingly relegated to the status of a Conservative Party soap opera. The government is divided. The cabinet is divided. And the Prime Minister herself seems to be in two minds. I have lost count of how many ministers are briefing newspapers to get another minister sacked.

For two generations, whether in power or opposition, the Conservatives have been split down the middle on Europe. And now that psychodrama threatens to engulf our wider body politic. We have a prime minister with no authority. A Brexit secretary with no plan. And a foreign secretary who issues his own personal red lines, apparently with impunity.

The first principle of negotiation is that you need to know the person leading the other side of the table has authority to do a deal.

Now it's not my intention to score party political points. And of course there are also differences of opinion within the Labour Party – just as there are within the trade union movement, and in business too. Although Labour has now adopted a very similar position on transition and, like us, is committed to keeping all options on the table for the final deal.

But it's the Prime Minister who is supposed to be in the driving seat and her Cabinet that is supposed to be taking collective responsibility for decisions. At the very time when we need serious government most, the government is a shambles.

Last year's referendum exposed deep divisions of class, age, region, education and wealth. But instead of re-uniting the country, the PM's energy is consumed by trying to keep the Conservative Party in one piece.

Remember, the reason we had the referendum in the first place was not because there was any great clamour for a vote in the country. But because David Cameron was spooked by the UKIP challenge to his right flank.

And when his successor, Theresa May, called an early election to strengthen her personal mandate for Brexit talks, her vote of confidence was less than resounding.

Post-election polls suggest that whichever way they voted in the referendum, the public is losing confidence in this minority government to get a good deal. Many feel the government isn't listening to them. That it is in denial about the scale of the challenge we face. And immune to the consequences for ordinary people's lives.

Just over 500 days from now, the UK will be leaving the EU.

Growth is slowing. Inflation is at a five-year high. Household debt is climbing. The pound is weak. The balance of trade is poor. And investment has declined sharply since the start of 2017. Already, we're losing skilled jobs at the likes of BAE Systems and Vauxhall Motors.

Yes, the rate of employment is still high. But too often the quality of jobs is low. And as the TUC reported last week, since the crash real wages are down, on average £38 a week.

The government has refused to publish its own industry impact reports - or, as we learned last week, even bother to read them - presumably because they don't tell a great story. The TUC's own assessment, published in our "How are we doing?" report, shows that in sector after sector, confidence is falling.

Our latest panel of convenors report gives a shop floor view from workplaces of all shapes and sizes, up and down the country. It shows real apprehension about the future of our relationship with Europe. Worries about what it means for pay and pensions, for apprenticeships and jobs. And it confirms CBI reports that business is pulling back from long-term investment plans.

Our economy is far from match fit for Brexit. And the Government is making a bad situation worse.

Three weeks ago Theresa May once again raised the prospect of leaving without a deal. What the TUC has called a Kamikaze Brexit.

And just last week Theresa May threw another curve ball – that the final deal would have to be negotiated before the transition kicks in.

Meanwhile, in front of a Select Committee, the Brexit Secretary appeared to confirm that Parliament would get a vote on the deal. But only after we have left.

'Mis-speaks' maybe. But confusion reigns. And confidence is faltering.

There is a real risk of a disastrous default to World Trade Organisation rules – hitting manufacturing and leaving services, which are the bulk of our economy, out in the cold.

I believe that people are tired of puerile no deal threats and pie in the sky promises. They want politicians to start some straight talking.

That means the government must level with the British public about the choices and compromises that lie ahead.

And the harsh realities are these:

- Britain can't have the promised 'exact same benefits' from the Single Market without playing by the rules or paying our dues.
- We can't leave the Single Market and still have an open border in Ireland.
- The government has never got even close to cutting immigration to the tens of thousands and, in or out of the Single Market, has no appetite to do so.
- And, yes, alternative trading partners will drive their own hard bargains – with plenty of their own strings attached.

So, no, our future doesn't lie in walking into the sunset with Donald Trump, as it were, hand in tiny hand. As the threat to Bombardier in Belfast showed, America first means everyone else a poor second.

In summary, the truth is trade deals are no different from any other aspect of life: we can't have our cake and eat it.

So how do we get out of this mess and move forward from here?

First: the negotiations need to make urgent progress on citizens' rights, the Irish border and money. But it is very difficult to make progress when there is no Conservative clarity or consensus about what they want.

Now leading negotiations at the best of times isn't easy. Everyone knows that. But I think we have reached the point when the Conservatives alone have proved inadequate for the task ahead. They are unable to put the national interest before their own bitterly factional ones. And their dependence on the DUP doesn't help.

Not just Theresa May but the whole country is being held to ransom by 30 or so hard Brexit diehards. And the Prime Minister needs to break free. There is a way through for Mrs May. But it would take political courage, imagination and skill.

The way is this: Instead of pretending that the Conservatives are capable of uniting the UK's interests, the Prime Minister should bring together a negotiating team that genuinely represents all of the country. Let's call it Team UK. Cross party. Business and unions. Every nation at the table. That would force all of us to focus on the realities of the negotiation. The real priorities of protecting jobs and investment. The necessary trades and compromises. And the price we would pay if we fail.

Secondly, we need to stop the posturing around 'no deal' and get real.

The Resolution Foundation says a no-deal Brexit would leave families over £500 worse off – with lowest-income households hit hardest. Businesses are shifting their HQs. Car manufacturers are worried. Construction is contracting. And the OECD has warned that a hard Brexit – when combined with our poor productivity and export performance – will mean long-term decline.

The nuclear diplomacy of leaving without a deal may appease hard Brexiteers. But it would be a disaster for the United Kingdom. For England, Wales, Scotland. And, of course, for Northern Ireland.

Because a hard Brexit would inevitably mean a hard border. Now the government claims it will come up with an "unprecedented solution" for the Irish border. Although apparently they have yet to share this with the Taoiseach. The DUP has ruled out calls for a unique status for Northern Ireland (something that matters for Gibraltar too). Instead, Transport secretary Chris Grayling has talked about an "electronic border".

Well, that sounds a more attractive solution than another solution touted which involves turning the M20 into a lorry park. But unfortunately David Davis had already previously admitted that a technological fix for the border was just (quote) 'blue sky thinking'.

The Irish Customs authorities used somewhat plainer language in their recently leaked report. They said that if Britain leaves the Single Market and Customs Union that an open border would be (quote) 'impossible'. Over the years, the TUC has worked closely with the Irish Congress to bring together workers across sectarian divides. We know how precious – but fragile – peace can be. Trade unions were closely involved in supporting the process which led to the Good Friday Agreement. And we've campaigned hard for the decent jobs and opportunities for both communities by which peace is sustained.

Many people who live in Northern Ireland work in the Republic; and vice versa. Around 200 roads and one railway cross the border; and they're used by up to 35,000 people a day. Free movement of people and goods has been a powerful motor of jobs, growth and stability.

Take construction. An industry that employs 65,000 workers in Northern Ireland alone, contributing £2.4 billion to the UK economy. Almost half of Northern Ireland's small and medium sized construction firms buy building materials from the Republic. And almost a third of firms employ people based across the border. The industry is already struggling with the economic uncertainties unleashed by the referendum result last year. And 'no deal' could tip it over the edge.

So, third, we need to make jobs, investment and trade our clear negotiating priorities and find the best trade model to deliver it.

People want to know that their jobs will be safe; that their livelihoods are secure; that the rights and services on which they depend are guaranteed for the future. And they want to hear a sensible, smart, realistic plan to deliver that.

Remember, the EU accounts for half of UK trade. And with the recovery from the euro crisis, the latest figures show our dependence on trade with EU countries is rising, not falling.

For workers – and the companies that employ them – these are deeply uncertain times. Earlier this year, my counterpart at the Confederation of British Industry, Carolyn Fairbairn, set out how the Single Market and Customs Union ensures her members trade easily, quickly and seamlessly. And how millions of jobs depend on it.

I agree. That's why the TUC has called for a sensible approach to Brexit. With tariff-free, barrier-free, frictionless trade at its heart.

The TUC is also calling for action in the forthcoming Budget to "Brexit proof" the economy, including infrastructure investment, industrial strategy and a proper migration impact fund.

For the final deal, we need to keep all options on the table. The UK should not be boxing itself in by ruling out continuing membership of the Single Market and Customs Union for the future deal. We need to keep our options open, not close them down.

And the top test should be coming up with a deal that protects jobs, investment and workers' rights.

Some people say remaining in the Single Market means abiding by the rules on freedom of movement. And that that just won't fly. One of the reasons for the Leave campaign's success last summer was that its campaign ruthlessly tapped into concerns about immigration. And specifically, the impact on wages, schools, hospitals and housing. But at a time when net migration is falling but economic woes are mounting, I sense public opinion is shifting.

I know freedom of movement is a contentious issue. And for many groups of workers, and in many parts of the country, I can understand why. The UK has allowed employers to profit from cheap labour. Austerity has put public services under huge pressure. And migrants have been scapegoated. But other governments have shown that it is possible to be part of the Single Market and manage migration fairly. By guaranteeing local people good local job opportunities. By requiring employers to respect the rate for the job and collective agreements with unions. By raising the minimum wage and stamping out exploitation. There's nothing to stop us from doing the same.

And just a word about the right to remain for EU citizens who have lived here for years, have raised families, who have worked and pay their taxes here for years. The same goes for expats in the EU. The TUC and CBI don't always agree but on this we have issued a joint statement. We believe it's time to stop playing human poker with people's lives and - no ifs, no buts - commit to an unconditional right to remain.

And this takes me straight into what must be our final priority: workers' rights.

We want to secure crucial rights at work which stem from our membership of the EU. Rights that UK and European unions campaigned for and won. And rights upon which millions of working people depend. Doubly so at a time of rising insecurity at work.

Paid holidays. Equal pay for women. Limits on working hours. Stronger health and safety protections. Better maternity rights. Equal treatment for part-time and temporary workers. Now, of course, the Prime Minister has pledged not only to protect but to enhance workers' rights. As a trade unionist, I like promises but I prefer guarantees.

Particularly when prominent members of the Cabinet made clear during the lead-up to the referendum that they saw post Brexit Britain as an opportunity to drive down workers' rights.

And when the EU Withdrawal Bill falls far short of the safeguards we need. MPs won't have the chance to debate changes to employment or equality law.

So-called "Henry the eighth" powers give ministers the chance to force through contentious legislation without due parliamentary process. And so it seems the Executive is taking back control - but not to give it to people or Parliament.

That's why trade unions want a level playing field on rights between the UK and the EU not just on the face of the Bill but at the heart of the deal.

Britain must not become a cheap labour sweatshop off the coast of Europe.

British workers should enjoy the same protections as their friends in France, Germany and elsewhere. And they must be index-linked. So now, and in the future, business can't compete unfairly by worsening workers' rights.

Just as any trade deal requires adherence to standards for goods and services, we want the same protection for labour standards too. Staying in the Single Market and Customs Union would be the best way to secure our long-term economic interests, job and rights.

If there's a better answer, then the TUC is ready to listen. But the government is wrong to rule out that option out when it has so patently failed to come up with a convincing alternative.

I'll end with this.

Almost four decades of neoliberalism have seen the balance of power tilt dangerously from labour to capital.

Inequality has rocketed. Living standards for ordinary people have stagnated. And, especially for young people, insecurity at work has become the new normal.

Whichever way they voted, unions are determined that workers will not pay a price for Brexit.

Our message to government and all politicians of all colours is simple.

Get our approach to Brexit wrong, and it won't be the likes of Liam Fox and Boris Johnson who suffer; it will be working people and our communities.

Get it right, and we have a chance to build a fairer, more equal country. And, indeed, a fairer social market in Europe too.

That means the core test for a deal here should be simple.

What's best for working people is best for Britain.

This lecture was part of the LSE Programme on Brexit. It was chaired by Professor Tony Travers, Director of LSE London, a research centre at LSE. Professor Travers is also a Visiting Professor in the LSE's Government Department. The lecture was hosted by the [LSE European Institute](#) and the [Institute of Public Affairs](#).

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