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A softer Brexit may be May's best hope - for now

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It is unclear whether the Prime Minister's position is tenable in anything other than the short-term. But the disastrous election result last week has thrown the previous clarity on the government's approach to Brexit into disarray.

Everyone now has a view on "what the result means" for our EU exit negotiations, and no two people can be heard to agree. The question on everyone's lips appears to be this: does the result suggest the public wants a "softer Brexit", which would see the UK remain in the Single Market?

People always try to interpret election results to fit their own preconceived opinions. So it's worth pointing out a key fact: neither of the two major parties (which combined received 82.4 per cent of the vote) stood on a platform of remaining within the Single Market and Customs Union, the epitome of a soft Brexit.

The Conservatives explicitly repudiated the idea, and wanted a deep and comprehensive free trade agreement with some customs arrangements.

The Labour party talked up that their negotiating strategy would have "a strong emphasis on retaining the benefits of the Single Market and the Customs Union – which are essential for maintaining industries, jobs and businesses in Britain", but also outlined intentions to control migration.

On Sunday, shadow chancellor [John McDonnell](#) confirmed that Labour would support leaving the Single Market too.

Yet when one sees the strength of Labour in Remain-voting areas such as London and with young people, at least a portion of their stronger-than-expected support must surely have arisen as a Brexit-backlash. Other opponents of May's agenda are now emboldened, and it is practically very difficult for her to command a consensus behind her original plan.

For one, there is less chance of a successful outcome. With her and her party's position so much weaker within parliament, the EU negotiators know that they can apply more pressure.

The other half of the pincer movement will come from the diverse makeup of parliament itself. May's own party was pretty united behind her strategy, with a small vocal minority favouring the Single Market option. But after the election she now has, by all accounts, a slate of pro-Single Market Scottish Conservative MPs and the DUP to contend with too – the latter of which will demand some form of EU deal given the Ireland question.

If that was not difficult enough, [Jeremy Corbyn](#) has positioned his more-united Labour party perfectly to capture any future discontent arising from the negotiations.

Remain within the Single Market? Corbyn will outline how May betrayed Brexiteers. Leave it? Corbyn will claim May did not get a good enough deal on the economics.

It is a real mess for May. I've outlined on these pages before that I think leaving the EU but remaining within the Single Market is an unacceptable long-term solution. It means subscribing to EU regulations, but having no say in shaping them. It makes running an effective commercial and trade policy extremely difficult, given the degree of EU control over service sector regulation making it difficult to deregulate with third parties. Membership of the Customs Union would also mean a continued need to charge the EU's tariffs.

Yet May now appears to not have the political capital to carry forward her original agenda. Worse, if no deal is reached at all, her failure to outline and obtain a mandate for rigorous supply-side changes, stripping away EU tariffs and regulations, means that Britain would be left with the downsides of Brexit without realising the gains.

The real looming risk now is a future Corbyn-led government with much more freedom to change regulation, employment law and trade policy in an anti-market direction.

For this reason, the less risky economic path for the short-term would be to try to come to a deal to maintain Single Market membership explicitly for a slightly extended period, with a longer term timetable for a free trade deal. Whether this can now be agreed given the Article 50 process is another question for the lawyers and politicians.

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