

## A year of Brexit: trade union perspectives

Owen Tudor

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The UK voted to leave the European Union (EU) on 23 June 2016. Since then, the government has been forced by the Supreme Court to obtain Parliament's permission to initiate the Article 50 process to leave the EU, subsequently issuing the appropriate letter to the European Commission. Negotiations only commenced on 19 June, almost a year after the referendum, and no agreements have yet been reached. The government has introduced the EU (Withdrawal) Bill, designed to copy EU law into UK law before leaving the EU, which is due to happen, under the Article 50 process, by late March 2019.

The Trade Union Congress (TUC), with most of Britain's largest unions, campaigned to stay in the EU<sup>i</sup> on the grounds that leaving risked workers' rights and decent jobs. A legal opinion setting out the risk to workers' rights (Ford, 2016) from a leading employment lawyer, Michael Ford, was published ahead of the referendum, as well as a TUC analysis of the effect on jobs and wages (TUC, 2016a).

According to TUC opinion polling immediately after the referendum, 60% of trade unionists voted to remain in the EU, but much larger proportions, including majorities among leave voters, wished to see EU employment laws retained after leaving, and opposed further cuts in government spending to address the economic challenges of leaving. The referendum result was strongly connected to a desire to punish the establishment, together with concerns about the effect of immigration. Generally, older voters, politically conservative voters, and those without qualifications beyond compulsory school were most likely to vote to leave (GQRR, 2016).<sup>ii</sup>

The TUC accepted the referendum result but demanded that workers should not pay the price for leaving the EU as they had done for the global financial crisis which had preceded (and provided the context for) the referendum result.

### Prospects for the economy

Immediately after the referendum, the UK currency lost more than 10% against the dollar and the euro. This has fed into rising prices but has not yet improved the UK's balance of payments through cheaper exports. Investment in the auto industry slumped from £2.6bn in 2015 to £330m in the first half of 2017. However there is not yet a consistent picture of the economic impact of the vote.<sup>iii</sup>

Supporters of Britain leaving argued that, once it leaves, it will be able to secure a trade deal with the EU which protects most or all of the trade currently done with the rest of Europe, and to negotiate new trade deals with other English-speaking countries like Australia and USA or with emerging economies such as China and India, which would make up for any shortfall with Europe.

The TUC, in common with most economists and employer organisations, considers this excessively optimistic, both in terms of trade volumes - about half of the UK's foreign trade is with the rest of the EU - and the ease of making deals with the EU and other countries. The alternative - falling back on World Trade Organisation (WTO) rules with all other countries - would reduce GDP by an estimated 1.5% to 7% (Kohl, Brakman & Garretsen, 2017).

In response to the TUC's demand that the UK abide by current and future EU employment laws around working time, health and safety, and discrimination, the government set out in speeches and a white paper issued in January 2017 that it aims to protect and enhance workers' rights. This does not extend to legally binding guarantees to maintain EU-derived workplace rights after the UK leaves the EU, nor that the UK will be bound by any new rights.

The EU (Withdrawal) Bill does provide for existing EU employment directives to be written into UK law when it leaves the EU, but there is nothing to guarantee that those laws won't be watered down thereafter, so British workers could well see their rights reduced and failing to keep pace with improvements secured by trade unions from the EU. The Commission's recently published proposals for a European Pillar of Social Rights already exceed the rights provided for UK workers, for example in the field of paid parental leave.

### Beyond workers' rights

Unions in the UK and neighbouring Ireland have expressed serious concerns about how leaving will affect the economy of Ireland and the peace process in Northern Ireland, because the border between them will become the main land border between the EU and the UK. Both the UK and EU have expressed a desire to avoid creating a 'hard border' but no one has explained convincingly how that would work if the UK left the EU's single market and customs union.

Concerns have been raised about the impact on the energy industry and medical procedures of the government's plans to leave the Euratom Treaty on nuclear materials; about the effect on air travel of leaving the EU open skies initiative; about the loss of environmental and other laws, and so on.

The TUC has also drawn attention to increasing violence against ethnic minorities - including citizens from other European countries - following the referendum result. Racially-motivated incidents spiked after the vote, and the number of incidents reported to the police grew by 20% in the following nine months. The TUC has issued guidance, with employers, on how to combat such problems in the workplace, but much more needs to be done for minorities to feel safe.

The TUC has been part of a broad coalition (again including most employer organisations and politicians from all parties) calling on the government to unilaterally give EU citizens currently

resident in the UK the right to remain, rather than use them as bargaining chips in negotiations. The European Trade Union Confederation (ETUC) has called on EU governments to do the same for Britons living in the rest of the EU.

The TUC has also called for migration to be managed better, in ways which could be achieved without leaving the EU or dispensing with freedom of movement, such as regulating the labour market more effectively (TUC, 2016b) or using the tax surplus produced by migration to provide better, targeted public services (TUC, 2016c)

### A Brexit that benefits working people?

The TUC, with the opposition Labour Party, urged the government to prioritise defence of jobs and rights at work in its negotiations, and we have had some success with the solidarity shown by the ETUC in persuading the European Parliament and the EU itself to insist on a level playing field on workers' rights, which would prevent the UK undercutting the rest of the EU and protect workers' rights in the UK now and in the future.

To preserve frictionless, barrier-free trade with the rest of the EU while defending and keeping up with EU workers' rights, the TUC has advocated continued membership of the single market and customs union. If another means to achieve those objectives can be identified, the TUC would consider it, but the alternatives suggested so far have fallen short.

Indeed, even sections of the government and employer organisations seem to have accepted that, at least transitionally, the UK will need to remain a member of the single market, implying that it will continue to be bound by the rulings of the European Court of Justice and that it will allow freedom of movement. That view, however, is opposed by the most neoliberal and nationalist parts of the government, including several members of the Cabinet who maintain that leaving the EU and all of its institutions can be achieved speedily with minimal disruption, allowing them to conclude free trade deals with countries such as the USA and unwind EU laws protecting workers, the environment and consumers.

The struggle for a Brexit that benefits working people is still under way, and British politics is likely to be dominated by the issue for years to come.

### Author

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<sup>i</sup> Three unions - with a combined membership of 120 000, making up 2% of the TUC's affiliated membership - campaigned to leave.

<sup>ii</sup> The data tables and questionnaire are available on the website (GQRR, 2016).

<sup>iii</sup> Periodic surveys of union convenors (senior lay union representatives in large workplaces) suggest that some employers are being adversely affected by the decision to leave, some are benefitting from increased export orders, and others are using the Brexit vote as an excuse to propose changes which they would have proposed anyway. Similar surveys by the GMB, Britain's third biggest union, found that where a Brexit impact can be identified in enterprises, it has been universally detrimental.



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