

The 'no deal is better than a bad deal' fallacy

Written by Richard Corbett on 31 March 2017 in Opinion
Opinion

The UK is heading for disaster if it thinks that no deal is better than a bad deal with the EU, warns Richard Corbett.



Richard Corbett | *Photo credit: European Parliament audiovisual*

Until recently, the argument that the UK would be able to thrive without any kind of trade deal with the European Union was only promoted by Ukip and the Eurosceptic fringe of the Conservative party. Now, it is apparently shared by UK Prime Minister Theresa May and her foreign secretary, Boris Johnson, repeatedly saying that "no deal is better than a bad deal".

All the available research shows the exact opposite. The National Institute for Economic and Social Research predicts that leaving without a deal, and thus falling under WTO rules and tariffs, would reduce real wages by between 4.6 per cent and seven per cent.

A leaked Treasury report also warns that leaving the EU with no trade deal is the "alternative to membership with the most negative long-term impact" and would cause a "major economic shock".

RELATED CONTENT

- [Donald Tusk to UK: 'We already miss you'](#) [1]
 - [Future EU-UK deal must be 'in line' with principles of EU's four freedoms, says Business group](#) [2]
 - [Barnier: Brexit talks must put citizens first](#) [3]
 - [Nigel Farage: Theresa May has failed before and she will fail again on Brexit talks](#) [4]
-

Some studies estimate the increase in UK food prices alone could be as much as eight per cent, in addition to those already created by the devaluation of the pound following the referendum.

Yet the impacts are not just financial or trade-related. A report from the UK House of Commons' cross-party foreign affairs committee highlights the difficulties that UK citizens in other EU countries, and EU citizens in the UK, would face on issues such as residence rights, access to healthcare, employment rights, cross-border civil law disputes and pensions if we exit with no arrangements in place. It would also take our universities out of European research programmes, our police out of cross-border crime-fighting systems and our airlines out of EU skies.

Eurosceptics argue that the UK would be able to compensate for the economic shock of leaving the EU without a deal, by concluding FTAs with other countries. The sequencing makes this a complete fallacy. We may be able to start discussions, but our counterparts will want to know exactly what our future relationship with the EU is going to be before they can negotiate meaningfully.

In particular, they will want to know whether Britain hopes to retain its membership of any aspect of the single market and what customs arrangements are in place with the EU before they can develop their own position. The nature of our deal with the EU will materially change the calculations for any third country considering signing a bilateral deal with the UK. This is likely to take years.

Even then, we will be negotiating to replace existing deals we had with those countries via the EU. These were negotiated with the full clout of the world's largest market behind us. Many countries will not feel the need to give the same concessions just to Britain as they gave to the EU as a whole.

With article 50 triggered, the clock is ticking: the UK government has less than two years to reach a settlement in what is going to be the 'mother of all divorce cases'.

With May's government having been, up until now, deliberately vague about what it seeks to achieve during the negotiations, we can only hope that she will not be relying on the 'Fox paradox' - involving sacrificing half our trade for a remote chance to maybe get a better deal with the rest.

About the author

Richard Corbett (S&D, UK) is a member of Parliament's constitutional affairs committee

Tags

[Brexit](#) [5]

[Economic Affairs](#) [6]

[Employment and Social Affairs](#) [7]

[Trade](#) [8]

[Foreign Affairs](#) [9]

Categories

[Economics and finance](#) [10]

[Employment](#) [11]

[International Relations](#) [12]



Parliament Magazine is a Dods Group plc title

Site Sections

- [Home](#)
- [Content](#)
- [Policy](#)
- [Magazines](#)
- [PM+](#)
- [Thought Leader](#)
- [EU Elections 2019](#)
- [Editorial Calendar](#)
- [Policy Events](#)
- [Event Coverage](#)
- [MEP Awards 2019](#)
- [Contact Us](#)

Services

[Dods PeopleDods](#)

[MonitoringDods](#)

[ResearchDods](#)

[EventsDods](#)

[Training](#)

Media & publishing titles

[Politics HomeThe](#)

[HouseThe](#)

[Parliament](#)

[MagazineHolyrood](#)

[Total PoliticsPublic](#)

[Affairs NewsCivil](#)

[Service](#)

[World
PublicTechnology
Training
JournalDods
Parliamentary
CompanionVacher's
Quarterly The
European Union and
Public Affairs
Directory](#)

Dods events

[Westminster
BriefingDigital
Health & Care
ScotlandMEP
AwardsThe Skills
SummitScottish
Public Service
AwardsPublic Sector
Procurement
SummitPublic
Sector ICT
SummitCyber
Security
SummitCyber
Security
2017Training
Journal Awards](#)

Partnership events

[The Health and
Care Innovation
ExpoCivil Service
LiveCivil Service
AwardsChief
Nursing Officer for
England's
SummitWomen into
LeadershipThe
Youth Justice
ConventionSocitm
Spring
ConferenceNHSCC
Annual Members'
EventDods at Party
Conference](#)

Source URL: <https://www.theparliamentmagazine.eu/articles/opinion/no-deal-better-bad-deal-fallacy>

Links

- [1] <https://www.theparliamentmagazine.eu/articles/news/donald-tusk-uk-%E2%80%98we-already-miss-you%E2%80%99>
- [2] <https://www.theparliamentmagazine.eu/articles/news/future-eu-uk-deal-must-be-%E2%80%98line%E-%80%99-principles-eu%E2%80%99s-four-freedoms-says-business-group>
- [3] <https://www.theparliamentmagazine.eu/articles/news/barnier-brexit-talks-must-put-citizens-first>
- [4] <https://www.theparliamentmagazine.eu/articles/opinion/nigel-farage-theresa-may-has-failed-and-she-will--ail-again-brexit-talks>
- [5] <https://www.theparliamentmagazine.eu/tags/brexit>
- [6] <https://www.theparliamentmagazine.eu/tags/economic-affairs>
- [7] <https://www.theparliamentmagazine.eu/tags/employment-and-social-affairs>
- [8] <https://www.theparliamentmagazine.eu/tags/trade>
- [9] <https://www.theparliamentmagazine.eu/tags/foreign-affairs>
- [10] <https://www.theparliamentmagazine.eu/categories/economics-and-finance>
- [11] <https://www.theparliamentmagazine.eu/categories/employment>
- [12] <https://www.theparliamentmagazine.eu/categories/international-relations>