

Labour Business – Member Survey Summary February 25 2018

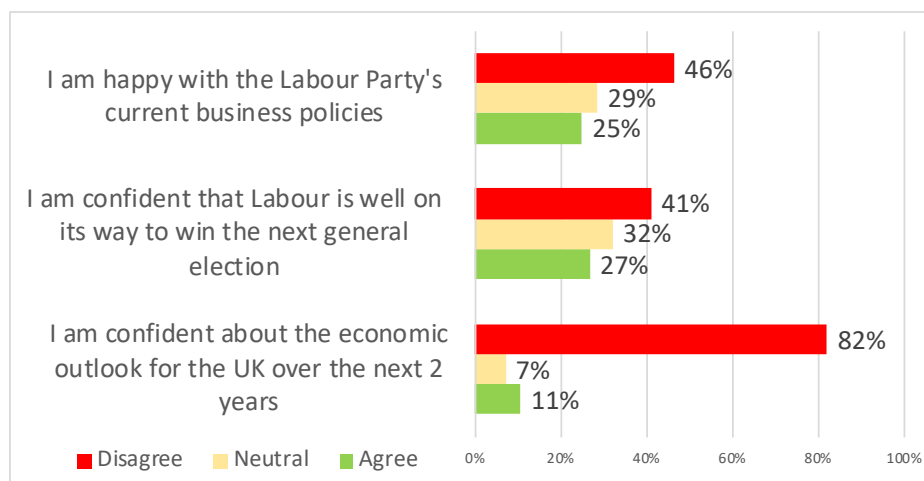
Background

Objective

Our objective was to understand the Labour Business membership’s view on current Labour Party policy, with a focus this month on Brexit. We captured additional data on the EU referendum voting history i.e. Remain/Leave and also variations by region (London 59% of sample vs outside of London 41%). We have highlighted noticeable differences by sub-segment. However, with a small base size any variations by sub-segments should be viewed as directional rather than statistically significant.

The survey was conducted online in February 2018 among Labour Business members. Current total members are 124 and total responses were 57 reflecting a response rate of 46% of the universe. This is a very healthy response rate so is likely to be representative.

General questions



Confidence about UK’s general economic outlook over the next 2 years

- Overwhelming anxiety about the UK economic outlook (82%)
- The outlook is more optimistic among those who voted to leave EU (71%)
- Unsurprisingly, pessimism is greater among remain voters (90%)
- Non-London respondents showed no significance difference in their pessimism over the economic outlook versus London respondents

Confidence about Labour’s chance of winning the next election

- Only 27% are confident Labour will win the next election with most either neutral or disagreeing. This is particularly concerning given the sample’s left-leaning nature
- London is more sceptical at only 18% agreeing Labour will win, while the regions were more optimistic of Labour winning at 39%

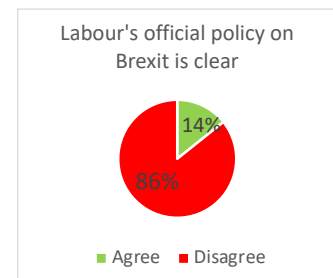
Satisfaction with Labour's current business policies

- Only ¼ of respondents are happy with Labour's business policies, with most not happy (46%) or neutral (29%)
- Exploring the sub-segments reveals a more complex set of opinions. Remain voters are more polarised in their views on Labour's business policies with 26% being happy with current policy but a far bigger proportion being dissatisfied at 49%. However, leave voters are predominantly neutral towards Labour's business policies (at 57%) with a small proportion (14%) being happy with business policy and a larger portion (29%) being dissatisfied. This suggests a strong link between a respondent's view on Labour's business policies and their feelings about Brexit.
- Regionally, outside of London respondents are more dissatisfied (52%) versus London (42%)

Brexit survey section

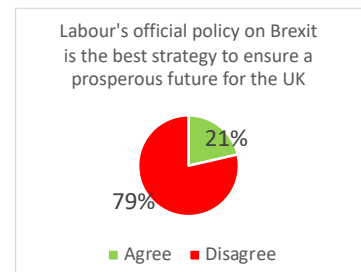
Is Labour's Brexit policy clear?

- Respondents overwhelming (86%) believe that Labour's Brexit policy is unclear.
- There is some directional difference where London respondents find the policy less clear than those outside

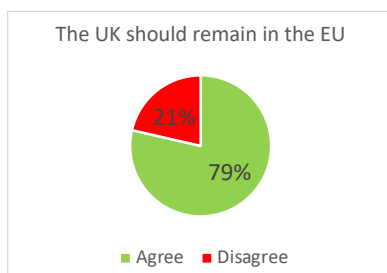


Will Labour's official policy on Brexit ensure a prosperous future for the UK?

- Respondents generally do not believe Labour's official Brexit policy will create a prosperous future (at 79%). However, leave voters are supportive (at 57%) of the future under Labour (potentially because Labour's policy is a Brexit policy, making leave voters feel they are being acknowledged).



Should the UK remain in the EU?



- Majority in agreement to remain in EU (79%)
- Some shifting (both ways) when looking at the remain & leave vote patterns
 - o Of *remain* voters 12% think we should leave the EU
 - o Of *leave* voters 14% think we should remain in the EU
 - o We are interpreting this as symptomatic of the fluid nature of the referendum voting among some voters i.e.

not all leave voters are hard Brexiters and not all remain voters are firm remainers. It could also reflect some pragmatism among remain business people who just want a resolution as well as some leavers who are getting concerned about the consequences.

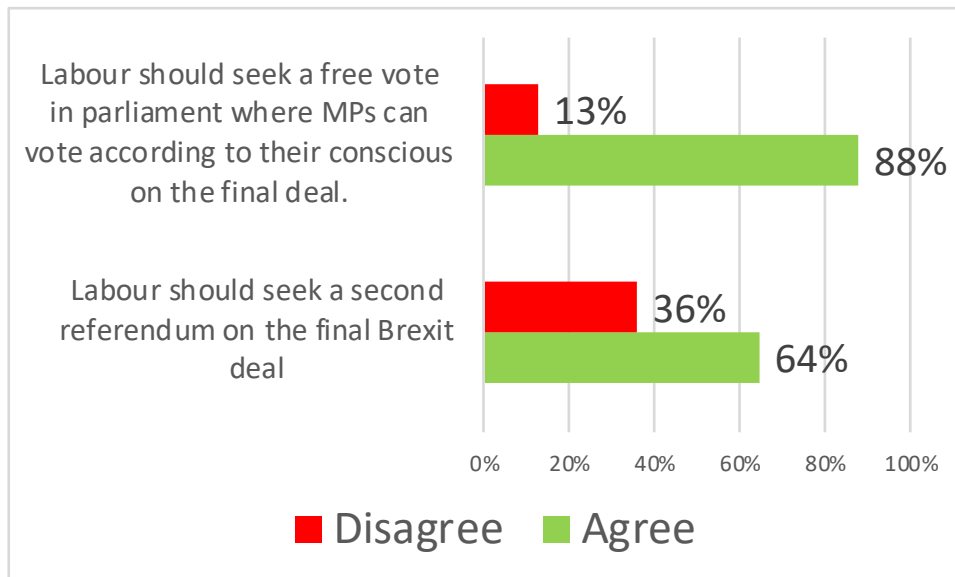
- Regionally there is no London/outside London variance on the desire to stay in EU

Should Labour seek a second referendum on the final Brexit deal?

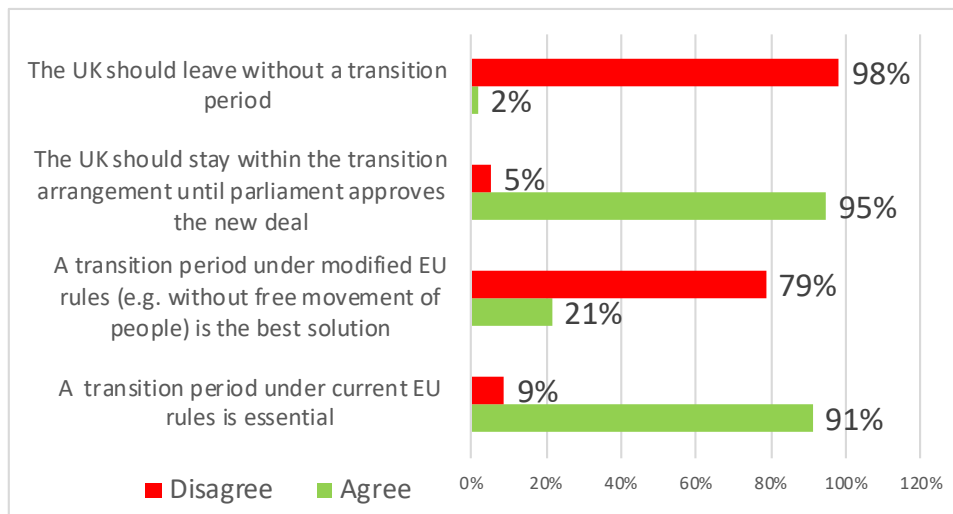
- The majority (64%) were in favour of seeking a second referendum
 - Leave voters against at 71%
 - Remain voters in favour at 69%
 - No significant regional variations

Should Labour seek a free vote in Parliament where MP can vote with their conscience?

- This was a stand-out positive with an overwhelming (88%) in favour of a free vote among both remain and leave voters
 - Remainers agree at 90%
 - Leavers at 71%



The transition arrangement



Opinions on having a transition period that maintains current EU rules

- Overwhelming agreement at 91% to this statement
 - o Even leave voters agree with this at 86%

Agreement on a transition period with modified EU rules (e.g. no free movement of people)

- Majority disagree (79%) with this
- No difference by region or remain/leave voters

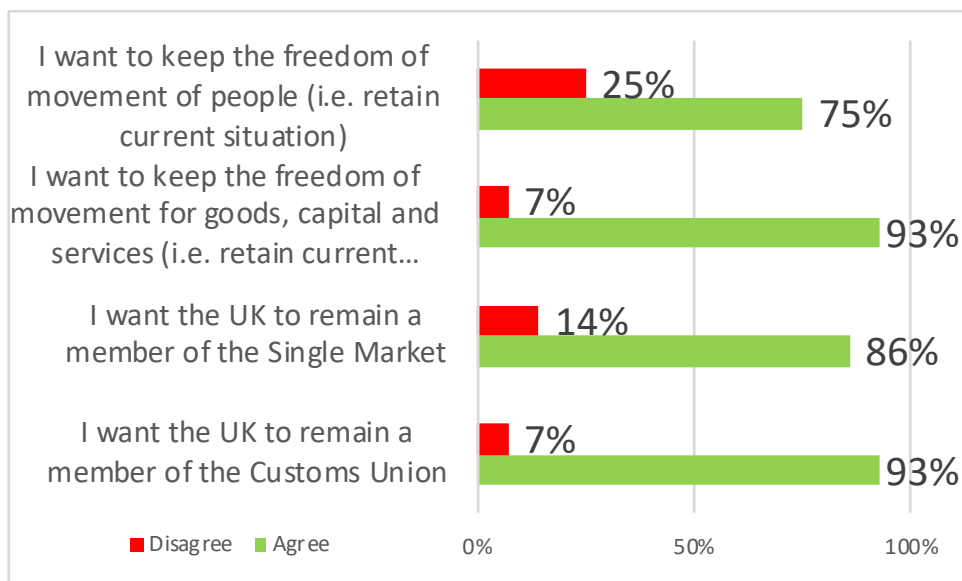
UK should stay within the transition arrangement until Parliament approves the new deal

- Overwhelmingly in favour of this statement (95% total)
- Additionally, 100% of leave voters agree with this suggesting that the current 2-year hard deadline may be less relevant to businesses than to the Government's internal political challenges

The UK should leave without a transition period?

- 98% disagree with this statement

Long-term relationship with the EU



The UK should remain a member of the Customs Union

- Overwhelming approval of this arrangement (93%)
- Even leave voters predominantly agree (at 57%) with staying in the Customs Union
- No regional variance

The UK should remain in the Single Market

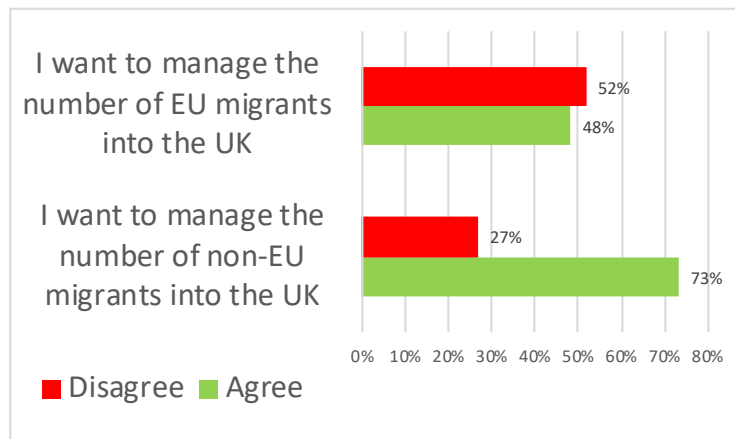
- Majority favour staying in Single Market (86%) although reactions were more polarised
 - o Remain voters want to stay within the Single Market at 92%
 - o Leave voters want to leave the Single Market at 57%
- No regional variances

Keep freedom of movement for goods, capital & services (i.e. retain current situation)

- Overwhelmingly in favour of current situation at 93%
- Even leave voters want to retain these EU freedoms at 86%
- No regional variance

Keep freedom of movement of people (i.e. retain current situation)

- Majority want to keep current situation at 75%
- However, leave voters disagree and want to abandon this at 86%
- Directionally, outside London they are more likely to favour keeping free movement of people than in London (83% vs 70%)

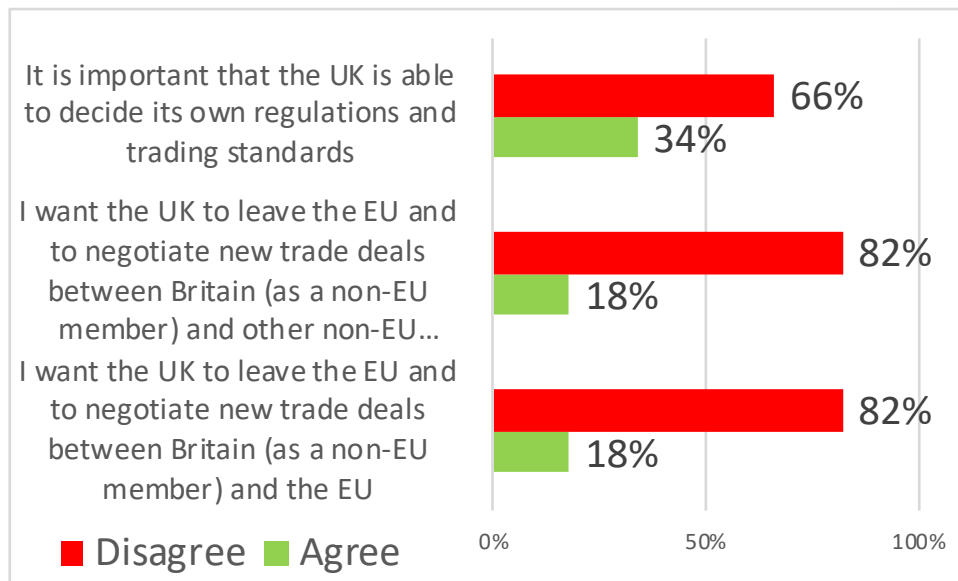


Manage the number of EU migrants into the UK

- Very mixed responses to this statement. 52% do not want to manage EU migration and 48% wanting greater management of EU migration
- Leave voters agree with more management at 71%
- Outside of London 57% also want to manage EU migrations (vs 42% for London)
- Inherent contradiction between wanting free movement of people versus more managed EU migration. This could be due to a range of interpretations from wanting to replicate more managed approaches seen in other EU countries or it could be personal interpretations of what greater management means. A further exploration would be needed here to better understand this dynamic.

Manage the number of non-EU migrants into the UK

- Much clearer message here with 73% wanting greater management of non-EU workers
- This includes 71% agreement among remainers and 86% among leavers
- Outside of London respondents wanted more management of non-EU workers at 83% vs 67% for London



The UK should leave the EU and negotiate new trade deals with EU countries AND non-EU countries

- We have combined the two questions here as the answers were exactly the same for both.
- Polarised responses according to whether they were leave voters or remain voters
- Remain voters disagreed with this at high levels (82%)
- While leavers agree to new trade deals at high levels 86%.

It's important for UK to decide its own regulations & trading standards

- Overall disagreement (at 66%) with the idea of the UK deciding everything for themselves - not such a surprise given the desire to stay in the Customs Union and the Single Market
- Differences again evidenced between leavers and remainers (86% of leavers in favour of UK deciding for itself vs 27% of remainers)

Key conclusions

- There is a general pessimism about the UK's economic future that is seen across the board
- Despite Labour's efforts to woo businesses there is little confidence about Labour's chances of winning the next election and this seems to be due to limited confidence in Labour's business policies.
- As attitudes towards Labour's business policy directionally correlate with their position on Brexit, it suggests that a shift in the Brexit position could impact confidence levels about Labour's chances at the next election. Currently Labour's support for Brexit (even if it's a different version of Brexit) may continue to undermine business confidence with Labour despite all the pro-business activities of the Front Bench.
- There is clear support for a transition deal that continues current terms with the EU as well as clear support for remaining in the EU long-term.
- The area that is most complex to understand is migration. While there is unquestionable support for free movement of goods, services and capital, this is less the case for free movement of labour. Most want to maintain free movement of labour while there is some support for managed migration. However, migration from non-EU countries is less acceptable than EU migration. This suggests that if we accept that the UK economy relies on migration, EU migrants sit more comfortably with these respondents than non-EU migrants. And if Labour's policy is one of protecting jobs and the economy, this requires immigration – and EU migration is a more acceptable form of immigration than non-EU immigration. Perhaps this is an opportunity to discuss immigration as a whole rather than exclusively focussing on EU migration and freedom of movement? Based on this survey, a continued reduction in EU migration and the resulting compromises associated with losing the 4 freedoms of the single market and finding that non-EU migration has to increase to make up for the shortfall, could lead to a very disappointed business community on both sides of the EU debate.
- These results also suggest that a second referendum is less appealing than a free vote in Parliament where MPs can vote 'with their conscience'. A business audience will, inevitably, favour a less economically distracting process. But they will also recognise that the complexities of delivering Brexit are best handled by those with expertise and knowledge rather than the electorate. A free vote would also show that Parliament is also less about party politics and more about UK sovereignty.

Addendum

Open question – verbatim answers

We asked respondents to tell us (in their own words) what the ideal long-term (i.e. 2-5 years) relationship with Europe should be. Below is a selection of quotes with specific ideas about the future.

Join EFTA. Extend article 50 until new deal to stay in single market & Customs Union equivalent to today. Use the rules that exist today to manage free movement & external trade.

To remain a full member.

We should stay in. Period. (Several of these quotes)

Frictionless trade. Military and security cooperation. Research and humanitarian contributions to EU projects.

While I want Britain to remain, I don't want Britain to leave with a terrible deal and one that costs us financially and humiliates us as a nation.

If we have to leave I don't want us to be needlessly paying a fine to the EU, because currently that is what it feels like.

EFTA outside customs union with concessions to control free movement. If not a bespoke deal.

As close to membership as is consistent with respecting the Referendum result.

Remaining a full member of the EU with a strong emphasis upon expanding the EU.

Ideally we should go back to the arrangements that obtained when we were members of the EEC, before the political ambitions of the EU.

A constructive and business-like relationship should be established.

After all, more than 50% of trade is done with EU.

There are practical reasons as to why the Labour Party should work to keep us in the EU.

We are in Europe; the countries we trade with are here; they are neighbouring countries.

It is cost effective to maintain strong trading links with the EU trading partners.

Addendum cont'd

Only the existing Customs Union (or something VERY like it) will resolve the N Ireland/Ireland situation and avoid a hard border within Ireland or in the North Sea.

The Single Market and its continent-wide regulations on issues like the environment and the social chapter is the best thing about the EU. Labour should say clearly

"Following the referendum we were prepared (against the wishes of Labour members, Labour MPs and

Labour voters) to explore what Brexit had to offer and see if as good a deal could be forged outside the EU. Two years on since the referendum it is now clear that no better deal is possible and a great deal of economic damage is likely in any form of Brexit. We now oppose Brexit, as we did in the referendum, and in the first instance will work to win a majority in Parliament to revoke the triggering of Article 50."

Norway model

Something akin to the Norwegian example i.e. member of EFTA etc. but we do have the capacity -under a labour government - to negotiate better terms around movement of people. open door migrancy is not something that many of the leading states in the EU wish to continue with and we - the labour party - have the capacity to develop a system which is more in keeping with the rights & needs of indigenous people as well as with those who need assistance from outside Europe etc. The current system of free movement is far too exploitative of workers' rights and Jeremy Corbyn is right to promote improved labour conditions.

Well, in an ideal world, Labour should unashamedly come out in favour of Single Market and Customs Union membership with the UK leading and not leaving the European Union - this has been Labour Party policy for 30 years or so. It is possible to respect a referendum result (regardless of how flawed the result is, let alone the concept), retain your beliefs and principles, and show leadership. It is by far the best way of maintaining economic stability in both the short and long term - protecting jobs; ensuring the UK is an attractive place to invest; and gives the UK a platform upon which to negotiate trade deals that work for UK businesses and consumers (i.e. a bloc of 500m+ people does better than a medium-sized country of 65m). However, if Brexit is doomed to happen (and I fear that it is, despite my wish for a second referendum and/or MPs growing a backbone and voting with their consciences), then Labour should advocate for an extended transitional period which initially maintains the status quo, but which eventually transitions into an EFTA style relationship, alongside a negotiated customs union. What happens after that, I'm not sure. I am highly sceptical as to how the UK can maintain its economic prosperity without being members of the Single Market and the Customs Union. Yet, few of the supposed benefits of Brexit can be achieved if we remain members of either. For what it's worth, Labour should also advocate seek to be an associated member state (at the very least) of EUROATOM, maintain its membership of the European Defence Agency and the EU VAT area. Happy to discuss further!

Leadership in policies to address the imbalances in the GDP shares of wages and profits driven by shareholder hegemony in the major indices traded companies. Wealth is being extracted from the economy in unspendable amounts at the expense of wages and pensions on which demand and tax revenue depend and investment in the tools a productively engaged workforce requires.

Labour should champion and incentivise GOOD business delivering total stakeholder return.

By Tories leaving the EU a Labour Government has negotiating power over the terms of Bri-entry.

Ever closer union

Addendum cont'd

Develop a solid working relationship, with a clear purpose as members recognising the historic differences and celebrating the common positive side to our joint past, (both good and bad)

It is vitally important that we recognise our place as true European partners in an economic and social project where our common interests far outweigh those that divide us. Stronger together. Weaker divided

Maintain EU membership, which failing a Norway or Switzerland style relationship with the EU. (I. E Brexit in name only.)

The UK's current relationship with Europe is the very best deal for businesses, workers and the environment. Leaving the EU and losing our ability to influence the future direction of Europe puts Britain and its workforce in a vulnerable position.

There are no trading relationships outside of the EU that will compensate for a weaker business relationship within Europe. Brexit is a Tory created drama and Labour needs to fight it.

Short of leaving the EU, there is considerable scope already over the ability of the UK to manage immigration and the impact on the UK and to improve our ability to trade with the rest of the world. Does BMW have a problem selling its cars anywhere in the world or for the UK to trade with China. There are several agencies and schemes e.g. Erasmus /aviation- flights / science that we have to remain part of let alone the ability to deliver services. In other words we remain as close as possible

Canada plus plus. I.e. out of customs union and single market but a free trade and services deal that goes beyond current Canadian agreement. I.e. back to where we were in 1974 an economic commercial arrangement with eu not a federated political one. Free to do our own trade deals

Outside the Single Market and the Customs Union but with as comprehensive a free trade deal as possible in place between the UK and the EU27

Continue to trade with EU whilst relationship with it is being defined. But also renew links trading as well as cultural with the English speaking world. To define the relationship, make some technical staff available to the European Commission.

As regards Financial Services, Frankfurt, Luxembourg and Paris do want to prise business from the City of London. They may use the passporting permission (available only to EU members) as a means of attracting new firms. If possible, seek to retain passporting from London (i.e. financial firms authorised in London can offer services in EU member states without applying for authorisation in those states).

Addendum cont'd

I would love to 'remain' but a second referendum will only cause more division.

The challenge is to unite Britain and do the best we can with how things are. I believe small businesses and the self-employed are the key to Labour winning elections locally and nationally and they are also the backbone of our economy and their needs must be a high priority when looking



at the nature of a future relationship with Europe.

The EU will continue to be the UK's primary trading partner. As such business disruption should be minimized in addition to minimizing the cultural impact of denying UK nationals the freedom to live and travel around the EU.

Current benefits sans freedom movement. We need to lance the Tory foreigner-bashing boil to build an EU that works without immigration dominating the debate. Without a seat at the table, we can't reform the EU.

We should seek to Remain in the EU as a first and best goal. If this is not achievable we should seek to remain in the single market and customs union, and work to re-join the EU as soon as possible.

I want the UK to remain in the EU if possible. If this is not achievable, then I want the greatest possible alignment post-Brexit between EU rules and UK rules to maximise free trade between the UK and the EU and to preserve the integrity of existing UK/EU supply chains.

I believe Labour should seek to overturn the result of the EU referendum through a second referendum or a general election.

*Stay in EU and take positive role, until the alternative is clear.
Best achieved by extending the Article 50 period to 5 years.*

A relationship based on EEA EFTA membership. While I don't want to leave the EU, we must do so. EEA membership limits the economic and business harm of Brexit, while also allowing for the opportunity to reform free movement and be outside of the jurisdiction of the ECJ.

I have no issues with the free movement of people, but the referendum shows that they are not democratic consent for it, and unless we reform and meet people half way we risk fuelling an even greater backlash than that which was Brexit. A Brexit based on EEA membership can help to unite the country, but giving something to both Leavers and Remainers. To Leavers, an end to ECJ jurisdiction, direct effect and EU Membership, plus the opportunity to negotiate a reformed model of free movement. And for Remainers it means the softest possible Brexit, maintaining the strongest possible relationship with the EU and Single Market, offering solutions to the Northern Irish border issue and so on.

*Ideally, remaining in the EU. Failing that remaining in the Single Market.
Failing that, staying in the Customs Union*

Assuming May delivers a potentially disastrous deal and that's understood, and we get and win a second referendum, we need to get the EU to address the social and unchallenged corporatism issues that its ignored and allowed to fester. Update the social charter to stop exploitation via zero hours contracts, agency work, externalisation. Restrict and make transparent corporate lobbying of the EU commission, etc. Get EU wide controls on the financial industry to ensure investment is directed to productivity, and speculation and financialisation are heavily taxed / restricted.

Continued membership of EU and CU Extended transition period Freedom of movement Remain a member of the Customs Union and Single Market firstly. The long-term aim is to somehow remain in the EU, as BREXIT is proving to be an absolute disaster, and the end results of the present negotiating strategy is both confusing and opaque.

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