

The fact is that Brexit was the wrong answer to a badly...

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There's a theme emerging in the new international political economy post-Brexit.

The US is willing to offer the UK a trade deal, with a condition attached. That condition seems to be freedom of movement for people.

Australia is willing to offer a trade deal. But wants relaxed migration rules.

Not long ago India made clear that it was in the same place.

And so, I suspect, will be all other states.

And there's logic to this. Although not often stated the simple fact is that if you allow free movement to trade and capital and deny it to labour the inevitable consequence is that the likely rate of return to capital is increased compared to that for labour. The logic is simple: without restriction capital can seek the best returns. With restrictions labour can't. Cut out all the other important factors and if you're going to control labour you have to, at the very least, control capital as much. Actually, because capital has not got family, school, in-law and other ties you almost certainly have to control it more than labour to balance returns.

So of course countries want as much freedom to move as they can get if free trade is sought. It's the only way to make sure their people aren't exploited.

We have, then, three options.

The first is to accept free movement of people.

Or we can constrain free movement of people and accept that capital wins as a result, labour loses, and inequality increases.

Third, we can constrain capital in the hope of balancing the rates of return in a new world where we cannot be sure whether we're going to be better off or not.

We were relatively close to the first option in the EU.

We're going for option two, which is the worst possible outcome.

Option three is the Trump route. Colin Hines has proposed an alternative in [Progressive Protectionism](#), which no one has ever tried.

This leaves a conundrum. Progressives will reject option two, and rationally so. With protectionism dominated by Trump few will risk going that way. So free movement remains on the agenda for many - subject to conditions to manage the rate of change to which communities may be exposed, I think - and we're already finding the world is forcing us back in that direction. May might find trade negotiations very uncomfortable as a result.

The fact is that Brexit was the wrong answer to a badly formed question. As governments of the world realise, people are demanding that the return to labour be increased. And the worst way to do that is to restrict its movement by more than capital is constrained.

The way forward is to discuss how migration can work, as even the US are requiring. But what must happen at the same time is that proper debate on capital controls must take place. If not we get nowhere.