

## Is this a viable Brexit alternative for Labour?

Published: January 14, 2026, 8:39 pm

---

Larry Elliott is one of the very few reasoned Brexiteers I know and respect for their opinion. He explained much of his reasoning [in the Guardian yesterday](#), saying:

*Labour's current contortions over Brexit are evidence of the tension between these two worldviews. A chunk of the party — the bigger chunk — thinks the only way to counter the excesses of capitalism is at a supra-national EU level. Yet it is hard to square this belief with the 2007 Lisbon treaty, which commits member states to act in accordance with the principle of an open economy with free competition; frowns on state aid; and lays out disciplinary procedures for governments that run excessive deficits.*

Larry believes, as some in Labour obviously do, that the answer is to reassert sovereignty over the state outside the EU. He adds, in support of this argument, that:

*It is a big — and debilitating — modern myth that the neoliberal revolution of the 1970s and the 1980s weakened the power of the state. What actually happened was that parties of the right refashioned and repurposed the state to undermine the power of labour and strengthen the power of capital.*

Larry is right in this: it is a theme I pick up in my [blog on inequality today](#) where I argue that the state has been captured to be an agent creating, rather than correcting, inequality.

He is right too to argue that this is based on the Right's correct perception that the state is still enormously powerful in the economy, and therefore worth fighting to control:

*The enduring power of nation states was highlighted in the 2008 financial crisis, when it was only the willingness of governments to wade in with public money and taxpayer guarantees that prevented the entire global banking system from going bust.*

So what does Larry suggest?

*So here are the options. Parties on the left can carry on believing that capitalism can be*

*tamed at a transnational level, even though all the available evidence is that this is not going to happen. They can seek to use the power of the state for progressive ends, even though this will be strongly resisted. Or they can sit and watch as the predators munch their way through their prey. Even for the predators, this would be a disastrous outcome.*

Larry and I are on the same wavelength on that last point: also see my [blog today](#). Maybe this is why we are both members of the Green New Deal Group.

What I do respect is that this is an argument. My question is whether it is viable. In the case of a hard Brexit I very much doubt it, and that remains a possibility. With a soft alternative I think it viable. But if Labour does embrace that then at the very least it has the duty to say so. Larry has set out how to do it. I'd welcome similar clarity from our Opposition.