

QUESTIONS AND ANSWERS ON WHETHER

LABOUR'S CURRENT EUROPEAN POLICY IS

LIKELY TO KEEP US IN THE EUROPEAN UNION

1. **What do most members of the Labour Party want to achieve in terms of our continuing membership of the European Union?**

There is little doubt that the Labour leadership – and indeed a majority of Labour MPs, Party members and activists - would like the UK to remain within the European Union. The Labour Leader has made this clear on numerous occasions, not least in his speech to the CBI on 11th November 2014 when he stated that, in his view, exit from the EU would be “A clear and present danger to businesses like yours that trade with Europe every single day. . . . It would risk millions of pounds in lost profits, risk millions of jobs and would make Britain weaker, not stronger, in the world. And giving succour to the argument that the real answer is leaving the EU, or contemplating it, simply drags us closer to the danger of exit.” Labour Party policy is thus to support our staying within the EU on a more or less unconditional basis and to refuse to hold a referendum on our membership, unless there is a change in the EU treaties which the leadership thinks is unlikely to happen. While acknowledging that the EU needs to be reformed, the Party’s intention, if in government after the 2015 election, is to try to engineer changes by persuasion. The crucial question is whether this strategy will in fact keep the UK in the EU or whether it is more likely to achieve exactly the opposite result.

2. **What are the risks with this strategy?**

A Labour government formed in 2015 is going to have to deal with a number of very difficult issues to do with the EU. The crucial question is whether a negotiating strategy with no referendum at the end of it is likely to make it more or less easy to achieve the changes in our terms of membership which most people in the UK want to see,

particularly if over the next few years there are major moves within the EU to “more Europe” to cope with the strains of the Single Currency. If the result of no referendum promise is that there is relatively little substantive progress on renegotiation, the outcome is very likely to be increasing euroscepticism. A large majority of the electorate does not want to see a United States of Europe being created; does not want unrestricted immigration from the poorer countries in the EU; is concerned about the very high net cost of our EU membership; does not support either the Common Agricultural or Fisheries Policy; thinks that there are too many regulations coming from Brussels; and is not impressed by either the democratic accountability or the probity of management in the EU. In addition, the performance of the Eurozone economy is clearly both extremely poor and potentially catastrophically unstable. To deal with this situation it is clear that there is going to have to be much tighter political and economic integration among the Eurozone states, potentially leaving the UK in a relatively powerless outer ring. A Labour government elected in 2015, if it is to retain the support of the electorate, is therefore not only going to have to deal with a number of adverse elements of our existing terms of membership but also to cope with future changes which are likely to entail closer integration just at the time when most people in the UK would like to see us going back to the trading arrangement which most people thought we had joined at the time of the last EU referendum in 1975.

3. **What could Labour’s EU strategy be?**

Labour – as indeed will be the case for any government formed in 2015 – is therefore going to need to muster all the strong negotiating cards it can. In this context, it is hard to believe that the prospect of a referendum at the end of whatever process of renegotiation which takes place would not strengthen the UK government’s hand. This, of course, is not an argument against conducting all negotiations in as positive a way as possible. We need allies in the EU not only to achieve the changes in our terms of membership we would like to secure but also to improve the way the EU is run generally, which will benefit everyone. The EU also has very strong reasons for wanting the UK to remain a member. It would be very severe blow to the concept of European unity for the UK to leave. We are substantial paymasters to the EU, so that our departure would cause major funding and budget difficulties for the remaining Member States. The countries in Northern Europe in particular would want us to stay because they broadly share our approaches to trade and opposition to protectionism. The UK has a substantial trade deficit with the other Member States, meaning that they have a large trade surplus with us. The UK’s departure from the EU would leave the remaining states uncomfortably heavily dominated by Germany. Nevertheless, accommodating the sorts of changes that the UK wants is going to be disruptive and difficult for the other Member States. The only way to achieving substantial alterations to our terms of membership, therefore, is for there to be a substantial risk that the UK will be willing to leave the EU if the changes we achieve by renegotiation are not sufficient, to avoid a majority of the electorate thinking that the risks involved in our staying in the EU are greater than those involved in our leaving and going our separate way. If, on the other hand, Labour achieves substantial changes along the lines the UK electorate clearly

wants, it could then hold a referendum, advocating a “yes” vote which, with the government behind it, from its perspective, it would very probably win.

4. **Without a referendum, where is Labour’s current strategy like to lead?**

If there is to be no referendum held during the term of the forthcoming parliament, however, there are two major risks which Labour will run. The first is that, without this sanction being present, whatever negotiation is achieved will be insufficient to stop the electorate becoming more and more disillusioned with the EU. The second is that the right of centre parties in the UK – particularly the Conservatives and UKIP – will exploit anti-EU sentiment to put themselves in a position to get themselves elected on a Brexit platform in 2020 on the footing that they will then hold a referendum some time in the early 2020s with the government recommending that the UK leaves the EU. In these circumstances, it looks much more likely that the result would be an “out” vote. The big danger, therefore, arising from current Labour policy is that it sets up a series of developments which may achieve the precise opposite to what it wants.

5. **What might happen if a right of centre government is formed in 2015?**

If there is a Conservative or Tory led coalition formed after the 2015 election, events could take a very different path. It is then likely that an “in or out” referendum would be held by the end of 2017. This would give the government two years in which to negotiate sufficient changes to our terms of EU membership for it to be able recommend an “in” vote, even if – as is very probable – the outcome was not supported by all of the Conservative Party or by other members of the coalition, if there is one. There will inevitably be a great deal of pressure on the government to announce that its negotiations had been successful – as happened with Harold Wilson’s government in 1975. A referendum with the government supporting an “in” vote, in these circumstances, would then be likely to carry the day. It cannot, of course, be certain that this would be the outcome as the government may not be able to achieve enough change to feel confident in recommending an “in” vote and – even if it does so – the electorate may disagree. The chances are, however, that it would not do so.

6. **Where does this leave us?**

The outcome of this analysis is that Conservative policy may be much more likely to provide the electorate with what it wants – continuing membership but on substantially revised terms – than is Labour’s. This leaves Labour vulnerable on a number of different but overlapping fronts. First, Labour is going to have to go into the 2015 election with no undertaking to provide the EU referendum which is generally wanted by both those in favour and against our staying in the EU, because of a widely held view that whether we should stay in the EU and make the best of it or leave to pursue the future outside is a decision which needs to be democratically taken. Second, without the prospect of a referendum at the end of the renegotiation process, Labour is unlikely to be able to stop

sentiment in the country becoming steadily more eurosceptic as attempts to persuade the other Member States to accommodate what the UK is asking for become rebuffed, thus increasing the chances of a right of centre government being formed after the 2020 general election. Third, by refusing to have a referendum during the period between 2015 and 2020, when Labour may well be in power, Labour will forego the opportunity to hold one under its own control, with the government behind a recommendation to stay in, and with the question of our membership of the EU being settled probably for at least a generation in the way in which most of the Labour Party wants to see it go.

7. **Why is Labour then so reluctant to promise a referendum?**

Labour has supported referendums on many other matters than the EU over the last few decades, so it cannot argue that having one on our EU membership is wrong on principle. All the polls show that a large majority of the electorate – including many people who are strongly pro-EU – want to express their view on our membership. There has been no democratic mandate on the EU since 1975. Clearly, the UK needs to make up its mind whether to stay in the EU and make a go of it or to find its future elsewhere. These are all strong arguments for referendum being held, but there appear to be three arguments which have persuaded Labour not to promise one during the coming parliament. First, no-one could be certain of the way the vote would go and, even in favourable circumstances and at a time of Labour's choosing, holding a referendum would run the risk of the result not being what most people in the Labour Party want. Second, holding a referendum would be a distraction from other urgent priorities. Third, a commitment to holding a referendum at all might be seen by a substantial number of Labour Party members as being an anti-EU step in itself – an attitude which would no doubt be fanned by all those outside the Labour Party who are instinctively in favour of our EU membership. These are all, no doubt, important considerations. The crucial issue, however, is whether these points of view add up to a strategy which will avoid a referendum being held sooner or later in circumstances much more likely to lead to an “out” result than the one which would probably be achieved if a Labour government was in control when a referendum took place. To summarise, the danger for Labour is that, because its stance if in government may be perceived as not being as effective at renegotiating our terms of membership as the country wants, it leads to the electorate becoming increasingly eurosceptic. Labour would then set up its right of centre opponents with an opportunity to win the election due in 2020 on a Brexit platform. This would then lead to a referendum being held with the government recommending an “out” vote, which is likely to be supported by an increasingly disillusioned electorate. The outcome would then very probably be exactly opposite to what Labour says it wants. This is why Labour strategists need to realise that refusing to hold a referendum may greatly increase, rather than reduce, the chances of the UK leaving the EU.