

# LABOUR EURO-SAFEGUARDS CAMPAIGN

# BULLETIN

MAY 2012

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## QUESTIONS AND ANSWERS ON

## THE DECLINE OF THE EUROPEAN UNION

### 1. **Why has the European Union always been unpopular in the UK?**

Those of us who for a long time have believed that membership of the European Union was not in Britain's interest have founded our arguments mainly on the costs and the democratic deficit which our membership has entailed. These include the very large net contribution which the UK makes to both the EU budget and on other EU spending – now totalling about £12bn every year – causing the total net contributions to the EU budget by the UK since 1973 to have cumulated up to a total of well over £100bn. Part of this huge budget deficit has been caused by the way the Common Agricultural Policy – supported by almost no-one in the UK – has been financed. Similar problems, but on a smaller but more intensive scale, surround the Common Fisheries Policy. This was stitched together just before we joined the Common Market as an extra price for UK membership, giving other members access to our vast fish stocks. To this needs to be added the flood of Regulations and Directives from Brussels, some of which have been beneficial while many were not. All of them could have been chosen or rejected by our own Parliament, however, if it had still had the power to decide which of them we wanted and which we did not. On top of this, there has been widespread resentment at our loss of freedom to conduct trade negotiations for ourselves, to the submergence of our diplomatic role into that of the EU as a whole, and to our limited control over EU policies. This combination of high costs and the erosion of our democracy and capacity to govern ourselves as we think fit has always been the bedrock of the case against our EU membership.

### 2. **How has the situation now changed?**

While historically, there were always cogent arguments for the terms of our membership not being favourable to the UK, there has not, at least until recently, been a particularly widespread view that the EU itself was, on balance, a bad thing. It had clearly performed an important role in reconciling France and Germany after World War II. Its initial economic performance had been

impressive. The collective appeal of the EU Member States and the pressure put on the post Communist countries in Central Europe by the EU has been a very significant factor in drawing them towards West Europe's traditions of national democracy and the rule of law, even if the performance of some of them still falls short of these benchmarks. More recently, however, there has been a significant change in perception. The EU has always been seen by most of the British people as being too bureaucratic and undemocratic, but now it is increasingly regarded as being incompetently run as well, with unwieldy and expensive institutions which are unfit for purpose as the twenty-first century evolves. Increasingly, therefore, the EU is perceived by the British electorate as being not just an organisation to which it is disadvantageous for us to belong but also one which now manifests so many fundamental flaws that its costs outweigh its benefits for almost everyone involved.

### 3. **What has gone wrong with the EU economy?**

Probably the biggest change in perception has to do with the EU's economic performance, which has deteriorated markedly over the last thirty years compared both to its previous performance and that of many other parts of the world. Ever since the 1970s, unemployment in the EU, which was almost non-existent in the 1950s and 1960s, has averaged about 10%, with the total number of people with no jobs but who would like to work if employment was available at reasonable rates of pay at a much higher figure still – at least 50% greater. Similarly, the EU's average growth rate has slumped from an average of about 6% per annum achieved in the early decades after World War II to well under 2% during the 1990s and early 2000s, falling to much worse outcomes over the last three or four years. Much of this lamentably poor performance has been the result of the Single Currency, which has totally unbalanced the EU economy. Most EU economies are incapable of competing with German levels of discipline, low inflation and competitiveness. They thus have dire balance of payments problems, as they cannot export enough to pay for their imports. As their economies decline, however, so they, as the main market for German exports, pull down German economic performance. This is why there is now no overall growth in the EU. Furthermore, it is also clear that much worse still is to come if the euro disintegrates, as seems very likely to happen during the next year or two.

### 4. **Do we want “More Europe”?**

As the EU's problems with the Single Currency become ever more serious, the reaction of the EU's political class and those working for all its institutions has been to call for more centralisation of powers in the EU. Draconian new controls over the budgets of all the eurozone countries are being planned. Politicians have been pushed aside in countries such as Greece and Italy, to allow technocrats to implement drastic austerity measures. People in all the countries affected by these developments have little control over what is being done and feel increasingly alienated, as recent election results very strongly show. There is little support anywhere among EU electorates for more and more control from either Brussels or the most powerful countries in the EU,

particularly Germany, with correspondingly less and less from elected parliaments and national assemblies. Unfortunately, however, there seems to be no alternative if the euro is to be saved. These developments put Britain in an increasingly awkward position. We are not eurozone members and we are thus not part of much of the ever tighter control which Single Currency Member States have to endure. While this in itself is a blessing, it has the side effect of leaving us more and more marginalised in EU affairs. Furthermore, the fact that we have concentrated on selling to the EU market rather than to the wide world much more than we should have done has also made us much more vulnerable than might otherwise have been the case to the consequences if and when the euro does implode.

#### 5. **What are the population trends in the EU?**

It is not, however, just the overall performance of the economy which is a major worry for the EU. There are also severe demographic changes in the offing, which are going to cause huge problems. The main one is the very low birth rate in many EU countries. For the population to be sustained, the average number of children to whom women have to give birth is a little over two. In many countries in the EU, the birth rate is nowhere near this high. In Germany, in particular, it is only 1.36. This has two major implications. The first is that the number of people of working age is going to fall dramatically compared to those who have retired. The second is that the indigenous population will fall precipitously in many EU countries over the coming decades. While it would help if the retirement age could be raised, there is massive resistance to this being done. The only way of keeping the population up would be to allow immigration on a much larger scale than exists already, but the capacity of the populations in the EU to absorb a very large increase in inward migrants is surely limited. The demographic future of continental Europe is thus plagued with problems to which – by combination of good luck and good management – the UK, if not immune, is facing much less daunting prospects.

#### 6. **How is the EU managing from an institutional standpoint?**

The public's perception of the way that the EU operates has also become much more jaundiced over recent years. There is increasing awareness that, even if all the countries making up the EU are run on democratic lines, this is not true of the EU as a whole. Despite all the promises made at the time a few years ago, when there were proposals for a new Constitution for the EU, nothing has been done to make it more accountable to the EU's electorates. Indeed, the reverse is the case. The European Parliament does not have the powers to make and unmake governments, like all proper national assemblies have. The European Council – the periodic meetings of the EU Heads of State – has nothing like the control over the EU executive that all national governments have over their own civil servants. The result is that much too much real power is in the hands of unelected officials in the Commission, unelected bankers at the European Central Bank and unelected judges at the Luxembourg Court. The consequence is a widespread feeling that the EU is increasingly out of control and that ordinary people have no effective way of influencing anything it does.

These sentiments are then soured still further by far too many examples of extravagance and corruption at every level in the EU, with no-one being held to account.

7. **How have these sentiments found expression in Britain?**

While an ever increasing proportion of the UK electorate may feel disillusioned about both our terms of EU membership and the directions in which the EU is heading, unfortunately none of the major parties in the UK have policies towards the EU which accurately reflect the way in which public opinion has moved. The EU has been amazingly successful at establishing itself as the norm to which there is no alternative in the eyes of senior UK politicians, just as it has among other Member States. There is thus an enormous gulf between what our politicians – especially those in power – do and what the public would like to see being done. This is a very dangerous situation for all the major political parties to be in and one which badly needs to change.

8. **Why not have a referendum?**

Much of the discontent which is so manifest comes from the fact that there has been no opportunity for the British people to express their views on our membership of the EU since 1975. The recent unofficial referendum, organised by the People's Pledge in Thurrock, shows how great this resentment is. In a poll with more respondents than in the most recent local elections, 90% of those who cast a vote wanted an "in-out" referendum on our EU membership and only 10% were opposed. Surely acceding to this strongly expressed sentiment ought to be the way ahead for our major political parties – all of whom at one time or another have supported EU referendums when they thought they could be sure of winning them. There is now an increasingly widespread view – among Europhiles as well as Eurosceptics – that the electorate ought to be allowed the opportunity choose what it wants our future to be. There will certainly be a significant number of people who, despite all, want us to stay as EU members. If, however, a majority thinks otherwise and wants to leave, the electorate should be allowed to express its opinion in a binding vote, to provide the government with the mandate it needs to negotiate a radical new relationship with the other EU Member States. This would, of course, not leave Britain without many common interests with other countries in Europe. It would, however leave the UK out of the CAP and CFP, free from the obligation to pay in huge net sums every year and with the rights to determine our own laws and relationship with other countries back in our own hands. There can be no certainty as to what the outcome of an "in-out" referendum would be, but there is no way of settling whether or not we should accept our present terms of membership for the next generation, or to cut loose, other than giving the electorate the chance to choose.