

## QUESTIONS AND ANSWERS ON LABOUR'S POLICY ON THE EUROPEAN UNION

1. **What was the gist of the Prime Minister's speech on the UK's relations with the European Union, delivered in the City on Wednesday, 23rd January 2013?**

The Prime Minister's speech on the policy he proposes that his party should pursue on future relations between the UK and the EU promised that a draft bill setting up arrangements for an "in or out" referendum would be drawn up by the Conservatives before the 2015 general election. Their election manifesto would then ask for a mandate from the electorate for a new Conservative government to negotiate a fresh settlement with the EU, which would be put to the electorate in a referendum to take place within the first half of the 2015-2020 Parliament. The Prime Minister made it clear that he wanted the renegotiations to be successful and that he wanted to be able to campaign in the referendum for the UK's continued membership of the EU, although he declined to say what he would do if negotiations to change the UK's relationship with the EU proved unsuccessful. Clearly, the Prime Minister's ability to put these proposals into practice depends on his party being in a position after the next general election to implement the programme laid out in his speech.

2. **How should Labour react to the Prime Minister's speech?**

Up to now, Labour has opposed an "in or out" referendum being held, although the Party's line has softened on opposition to the requirement in the Referendum Lock legislation which mandates a referendum being held if there is any fundamental change proposed in our relationship with the other EU Member States. Labour's leadership is clearly strongly biased in favour of the UK staying in the EU but the more resolute this commitment is known to be and the more reluctance there is to support a referendum being held, the less likely it is that the other EU Member States will agree to any of the concessions which the Conservatives will demand. It is also clear – as one opinion poll after another has shown - that the electorate would like to have an opportunity to express

its views on the UK's continued EU membership, whether or not the voters are in favour or against the UK staying in the EU. This being the case, it would not appear to be in Labour's interest to campaign during the run up to the next general election either against a serious attempt being made to renegotiate the terms of our EU membership or against a referendum being held to endorse or reject whatever settlement is then on offer.

3. **Are there other considerations which ought to be borne in mind?**

There may also be other important considerations which Labour might want to bear in mind when determining what attitude to take to the evolving EU scene. A major problem with the Prime Minister's proposals is that they will not involve a referendum being held on whether or not our membership should continue for at least another four years. The inevitable consequence is going to be a long period of uncertainty. It would surely be better, if possible, to get the UK electorate to decide whether it wants to stay in the EU or to leave it earlier than 2017. Holding a referendum in the immediate future may not be good timing because at the moment there is too much uncertainty both about whether renegotiation is going to be successful and about whether or not the euro crisis is going to be contained, and what changes in EU governance and structure will have to be put in place to make this happen. Within a year or two, however, the position on both these issues should be much clearer. It may, therefore be in the UK's interest – and that of the other EU Member States – to have the UK making a decision on its future during the current Parliament rather than the next one. Would it therefore make sense in the country's interest for Labour at least to keep its options open for advocating that this should be done, if the circumstances in a year or two's time warranted doing so?

4. **Would it be in Labour's interest to have an earlier referendum?**

There may also be significant party political advantages for Labour in having an “in or out” referendum taking place before the next general election. If the electorate clearly wants to have a referendum, it is not going to help Labour if it opposes one being held during the run up to the election taking place. If, on the other hand, by then the Party supports a referendum being held, it is not logical to support one happening in 2017 but to oppose it being held earlier. Furthermore, if we are to have a Labour government in 2015 it would be much easier for policies to be implemented on a range of issues with a clear decision already having been taken on our EU membership. If this has not happened before 2015, the new Labour government is going to be faced with continuing uncertainty about the UK's future relationship with the EU which will not be resolved until a referendum is held to enable the British people to decide whether they want a future inside or outside the European Union. Without this happening, Euroscepticism is unlikely to have weakened by the time of the next Parliament, especially if renegotiation has been unsuccessful. The danger then is that the lack of a clear decision having been taken on whether the UK wants to stay in, making the best of the opportunities which the EU offers, or to leave and to embark on a future outside the EU's *acquis communautaire* framework, will provide a major distraction from other priorities.

5. **What is likely to happen over the coming period?**

A judgement also has to be made about the way in which changes in our relationship with other EU countries are likely to develop over the years immediately ahead. The Prime Minister has made it clear that he expects there to be significant alterations to our relationship with the other EU Member States as a result of the renegotiation he is planning to undertake, although he was careful not to specify what these might actually entail. It may be that he will be successful in achieving substantial changes but the omens for this happening do not look propitious. If a major objective is to retain the UK's access to the Single Market but to obtain significant opt outs from its Social Chapter elements, this is likely to be very strongly resisted. In the eyes of nearly everyone on the continent, the Social Chapter is the price which businesses have to pay for the disruption caused by the trade liberalisation which the Single Market brings in train. On other fronts, there are far too many vested interests in the Common Agricultural Policy and the Common Fisheries Policy being maintained for there to be any realistic chance of the UK's involvement in both these policies being significantly altered. The roles of the Commission, the European Central Bank and the European Court of Justice are also very unlikely to be diminished as the 17 countries in the Eurozone grapple with the centralisation which will be the inevitable concomitant of doing all they can to keep the Single Currency intact. Nor are there likely to be any improvements to the democratic deficit which has always dogged the EU. In particular, the federalist policies needed to save the euro are ones which have little electoral support anywhere in the EU, let alone in Britain. The EU is all too likely, therefore, to become less and not more responsive to democratic pressures over the coming period. In all these circumstances, the chances of renegotiation producing any really major – as opposed to cosmetic - changes in our terms of membership along the lines which the vast majority of people in the UK want do not appear to look good.

6. **What will happen if renegotiation fails?**

Labour also therefore needs to prepare for a situation in which in good faith an attempt has been made to renegotiate our terms of membership in the direction which it is clear that a large majority of the British people would like to see happen, only to find that very little is achieved. This may well happen at the same time as the Eurozone countries strengthen their institutions, leaving the UK outside much of their decision making processes while also, at the same time the Eurozone economies continue to languish as a result of the austerity measures and the mounting debt involved in holding the Single Currency together. If this scenario materialises, what is Labour going to do then? While it is easy to understand why the Labour leadership may want to support the UK's continuing membership provided the terms on which this could be done are reasonable, there must come a point where this condition is increasingly clearly not being met – a point of view which the electorate is very likely to share. With the prospect of these circumstances arising, it may well be sensible for Labour's leaders to express their hope that events will turn out the way they would like while making it clear that their support for the UK's continuing membership of the EU is not entirely unconditional.

7. **What should Labour do if very little is achieved from renegotiation but success is claimed?**

If there is a major effort made to renegotiate the UK's terms of membership with the EU, there will be enormous pressure on those responsible for the negotiations to claim success however small the changes actually achieved may be. This is exactly what happened in 1975, following the return of the then Labour Prime Minister, Harold Wilson from the meeting in Dublin where minimal concessions were secured. This will put Labour into another difficult predicament if no room has been left for opposing a settlement which clearly falls far short of what the country expects. It must be Labour's policy to secure the best future that can be obtained for the UK and it may be that, in the judgement of Labour's leadership, this lies with the UK remaining in the EU. It is nevertheless very important that this judgement should be made when the time comes without so many prior commitments having been given to support continuing membership at any price that no room is left for opposing a settlement which is not only one which is not in the country's best interests but also one which the electorate perceives to be seriously disadvantageous.

8. **What should Labour's strategy on the EU then be?**

During all of the last 40 years during which the UK has been in the EU, our terms of membership have continued to be a contentious issue. They have divided political parties and taken up a huge amount of our politicians' time. The way in which the EU has evolved has not been the one which the UK would have preferred, leaving us as in many ways reluctant members - but also reluctant to leave the comfort of the status quo. Over the next few years, however, we are going to have to decide whether to do the best we can to make a go of our membership or whether we are going to strike out on our own. Which way we go will depend very heavily on what happens to renegotiation, the euro and how much "more Europe" is required to defend it over the next year or two. It may be that events will turn out much more successfully for the UK than now seems probable to those with a less optimistic turn of mind, with a looser more palatable relationship being established and the Eurozone stabilising and becoming more prosperous. If this happens, it will very probably be the Labour leadership's choice to support these developments. On the other hand, it may happen that a much less propitious future in the EU turns out to be what is actually on offer. Labour needs to be very careful not to paint itself into a corner, pledging support for our continuing membership on any terms. This would not lead to a settled future for the UK - only to more years of widely felt discontent and uncertainty.