

LABOUR EURO-SAFEGUARDS CAMPAIGN

BULLETIN

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MORE QUESTIONS AND ANSWERS ON

LABOUR'S POLICY ON THE EU

1. **What is Labour's current policy on the European Union**

The Labour Party has decided to campaign for the UK to remain in the European Union irrespective of the outcome of the current negotiations on our terms of membership. This stance has been adopted despite the fact that the Party has for a long time called for reform of the EU. Indeed, the leadership has recently issued a document setting out what changes it would like to see made. These are listed as protection of the NHS from EU competition law; reform of the state aid rules; the introduction of a red card system (which means that if sufficient member state parliaments object to a Commission proposal then it does not go ahead); reform of the EU budget; increased flexibility on transitional controls; and protection of workers' rights. How do these potential changes mesh in with what is currently happening?

2. **Does this list reflect the electorate's main concerns?**

The most striking thing about the potential reforms currently listed by the Labour Party is how distant they are from the major concerns of most of the electorate. Voters in the UK are much more worried about the cost of the EU to the UK taxpayer; control over our borders; lack of democracy reflected in too many decisions being taken by Brussels rather than at Westminster; the baleful effects of the Common Agricultural and Common Fisheries Policies; and the need for safeguards if we are to be one of the only major countries outside the Single Currency while those in it have to move towards federal integration to stop the Eurozone breaking up. Campaigning to get changes made in these areas does not imply necessarily voting in favour of leaving the EU if they are not achieved. It may well be that Labour supporters will still, on balance, believe that we would be better off staying in the EU rather than leaving it, even if many of these objectives are not accomplished. Surely, however, Labour should support at least trying to get

these goals attained, not least because this is clearly what a large number of traditional Labour supporters, who abstained or voted for other parties in May 2015, want to see secured. Nor is it at all clear that the reforms listed by the leadership, when carefully considered, would be any more likely to be achieved than those which are of most concern to the voters whose support Labour most urgently needs to win back.

3. **How do we protect the NHS from EU competition law?**

The main threat to the NHS derives from the current negotiations contain in progress on TTIP – the Transatlantic Trade and Investment Partnership. The TTIP proposals contain provisions for stopping national governments debarring potential suppliers to the NHS from using the law to undermine public control of it. As this also falls foul of EU competition rules, it is not at all clear that the UK is more likely to obtain the derogation which many people in the Labour Party would like to see if we remain in the EU than if we were outside it and in a position to negotiate our own trade treaties. In fact, because of the very diverse interests of the countries making up the EU, it may well be that the TTIP negotiations between the EU and the USA are going to founder. A more promising approach might well be for the UK and the USA to negotiate a bilateral trading treaty containing the special provisions regarding the NHS which Labour would like to see in place. This is not possible if we are in the EU but would be possible if we were outside it.

4. **How can we reform the state aid rules?**

There is virtually no prospect of getting the EU rules on state aid modified and, as long as we remain EU members, any policies designed to counteract market forces would almost certainly be struck down by the Commission. The EU has a long-established and very widely supported stance on competition policy which it is very unlikely that other Member States would be willing either to modify, so that a different regime applied to the whole of the Union, or to agree to the UK having derogations which would not apply to other EU Members. If the UK wishes to implement an industrial strategy which conflicts with EU regulations on state aid, it would be far more likely to be able to do this if we were outside the EU rather than inside it.

5. **Could we introduce a red card system, thus allowing Commission proposals to be blocked if a sufficient number of parliaments object?**

Proposals along these lines are part of the negotiating stance of the current Conservative negotiations and may be agreed, although how much difference they will make remains to be seen. It may be difficult to get blocking majorities together and, even if they do materialise, their objections may be over-ruled as a result of

conciliation processes, where the Commission, the European Parliament and the European Court of Justice will be in a strong position to drive through whatever changes they want.

6. **Is it possible to get the EU budget reformed?**

There are two elements to this proposal. One is to reduce total EU expenditure, especially on headings which are better dealt with at national rather than EU level, as well as to reduce wasteful and extravagant expenditure generally. The other is to recast the EU budget so that the UK's net contribution is substantially reduced. Neither of these objectives looks at all likely to be achieved as long as we are in the EU. Far from total EU expenditure going down, it is steadily increasing and all the UK's attempts to curb the rise in spending have been unavailing. As to getting the UK's net contribution reduced, the chances of this happening, as long as we remain in the EU, are extremely remote. This is because the way in which our gross and net contributions are calculated are intrinsic to the terms on which we joined the EU and there is no realistic prospect of getting them changed. Because EU total expenditure is rising, the Office for Budget Responsibility expects our net contributions to rise substantially over the next few years – by roughly £1bn a year – from the £11.4bn we paid in 2014.

7. **Can we achieve increased flexibility on transitional controls?**

It is not very clear what this means. If the intention is just to slow down the implementation of EU regulations and directives, it is not obvious what the long term benefits would be,

8. **Can we protect workers' rights?**

There is no doubt that there is very strong support in the Labour Party for the rights which are enshrined in the Social Chapter. They are now so entrenched, however, that there is little chance of any of the major provisions being changed, whether we are in the EU or outside it. There are differing views about some aspects of employment law, such as the Working Time Directive, nevertheless, and it seems reasonable that decisions about matters of this kind would be better taken at national rather than EU level. There is, however, a possibility that, as part of the current round of renegotiations, there may be an opt out agreed for some parts of the Social Chapter to be the responsibility of our parliament at Westminster rather than to remain with Brussels, at the same time as the UK remains in the EU. It is not particularly clear, therefore, that employment rights would be more secure if we remain in the EU than if we were to leave.

9. **Where does this leave Labour policy on the EU?**

This brief review of Labour's current policy stance on the EU highlights how weak it is. Most of the changes advocated are very unlikely to be achieved as long as we are members of the EU. The Party's stance of advocating remaining in the EU regardless of the outcome provides no incentive to get our EU partners to take Labour's proposals for change seriously. Labour says that it wants to work with other Member States to achieve a reformed EU, but there is little in Labour's current wish list which appeals to other EU countries. Even if Labour was in power, therefore, there seems to be little which the Party could reasonably expect to change for the better as a result of its current policy stance on our EU terms of membership.

10. **Is this a major wasted opportunity?**

On the contrary, there is a policy position which the Labour could take up which would be better for the country and for the Party. This would be to campaign for the much more radical changes to our terms of EU membership which most of the electorate wants to see accomplished. These would include a much lower net contribution to our costs of membership; much more comprehensive control over our borders; Westminster having much greater responsibility for social and political legislation *vis à vis* Brussels than it has now; the UK, as is the case with Norway and Switzerland, no longer being bound by the CAP and the CFP; and the UK having full safeguards as a non-euro member of a club where potentially nearly every other country may have joined within a few years. Is this all possible? Perhaps not, in which case, when the referendum comes, those who have pressed for these policy changes and not seen them achieved can still vote to remain in the EU, if they think that this is the best way ahead. But perhaps the fact that there will have to be a special dispensation for the UK outside the euro provides both us and the other Member States, which will have to move towards banking, monetary, fiscal and then political union to save the Single Currency, with a way ahead which would suit everyone. We would no longer be a drag on their aspirations to create a European federal state while they would have to agree, in return, to us having a much looser, more inter-governmental relationship with the rest of the EU than we have now, while retaining free trade, which is in everyone's interest.. This is what the vast majority of the UK electorate would like to see accomplished. Why doesn't the Labour Party campaign for these objectives – both for the good of the country and to re-establish at the same time the Party's relationship with so many of its previous supporters who share these views?