

# LABOUR EURO-SAFEGUARDS CAMPAIGN

# **BULLETIN**

JULY 2015

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## **QUESTIONS AND ANSWERS ON WHAT**

## **LABOUR'S RESPONSE TO RENEGOTIATION**

## **AND THE EU REFERENDUM MIGHT BE**

1. **What is Labour's current position on renegotiation of our EU terms of membership and the referendum to come?**

Labour opposed holding an EU referendum during the run up to the recent general election but, in the light of the outcome and the election of a majority Conservative administration committed to holding an “in or out” referendum no later than 2017, agreed not to oppose in principle the Referendum Bill now before Parliament. Labour still appears, however, to be relatively undecided about how best to respond to the renegotiations on our terms of membership which are now in train. A substantial proportion of Labour MPs are so committed to the UK's membership of the EU that they appear to be unwilling to press for any alterations. Others recognise that there are some changes worth fighting for, as has long been Labour's policy, but nearly all would nevertheless vote for staying in even if none were achieved. This Bulletin argues that these attitudes are bad both for the Labour Party and the country. There is a major opportunity here which Labour is almost entirely failing to grasp.

2. **What should Labour be pressing for?**

In fact, both in the country and among Labour MPs and Party members there are substantial changes to our EU terms of membership which almost everyone would like to see accomplished provided that at the same time we could stay in the EU – albeit very probably with a different status than other Member States – and if we

could continue to trade with the continent on broadly the same basis as at the moment. How many people really want to see the UK as part of a United States of Europe? How many support our net annual financial contribution to the EU - at £11.4bn in 2014 - as being reasonable? How many are happy to see us turning away Indian computer programmers and Chinese students while there is unrestricted immigration from Central European countries where living standards are far lower than ours? How many accept it as reasonable that movement of people should be an inviolable pillar of the EU but that trade in services – at which the UK excels – should remain heavily constrained? How many are genuinely happy to see the UK in the Common Agricultural and Common Fisheries Policies? How many are content to see more and more legislation on social and political matters emanating from Brussels rather than Westminster? The answer to all these questions is almost no-one. Almost everyone would like to see changes made to all these aspects of our EU membership if they could be achieved.

3. **What in more detail would need to be changed?**

A really radical renegotiation strategy would need to be along something like the following lines, not least to enable us to carve out a long-term viable position in the EU but not, like almost all other Member States, eventually in the Single Currency. To retain the benefits of free trade without the obligations of the Single Market, we would be better to negotiate a Free Trade agreement with the other EU Member States rather than being in the EU's Customs Union. This would enable us both to repatriate to Westminster legal supremacy over EU law and to set our own immigration policies. To enable us to reduce the net cost of our membership, we would almost certainly need to come out of the CAP and CFP, although in doing so we would need to recognise that this would be bound to have some compensating impact on our Free Trade agreement. Our relationship with the other EU Member States would then very largely be on an intergovernmental basis, leaving us still in the EU but with associated rather than full membership status. Of course there would be difficulties in achieving all these objectives but surely our starting point ought to be to argue for what we – and the electorate – really want, rather than meekly accepting the status quo.

4. **So why is Labour not pressing for changes in all these areas?**

Why is the Labour Party so reluctant to articulate its own reform agenda for the EU? It is not that there are no substantial elements of our relationship with the EU which most Labour MPs and party members would like to see changed. Evidently there are plenty of them. The main reason why so many people seem to be so reluctant to set them out appears to be fear that any hint of euroscepticism may put them beyond the pale – outside any reasonable shade of opinion. Rational discussion of what changes Labour and the public would like to be made then simply does not take place – an attitude which clearly a large section of the

electorate which Labour needs to attract back to the fold finds incomprehensible. Perhaps more rationally, there is a fear that radical changes of this sort are unobtainable. Maybe they are right – but then if you don't ask you don't get. But perhaps also they are wrong. The EU is going to have to make major changes to the way it is run if the Single Currency is to survive. It will have to move to much closer financial, fiscal and political integration, which will sooner or later have to involve treaty changes. As long as the UK stays outside the euro – which it virtually certainly will – we are going to have to have a looser and specially crafted relationship with the other Member States. This is not only because their aspirations are so different from ours but also because, with the UK outside the euro, it is essential that we have adequate protection from those Member States which are in the Single Currency effectively running the EU at the expense of countries like the UK which are not in the Eurozone. The treaty changes which will have to come to take place to put into effect this changed EU architecture will provide the UK with far the best opportunity we will probably ever have to refashion our relationship with the other Member States in a creative and long-lasting way, to everyone's mutual benefit. This is the opportunity which Labour surely ought to support the UK taking.

5. **Should Labour campaign as a party for a “yes” vote?**

Far from supporting the government for radical changes in our EU terms of membership, there are moves within Labour to get the whole party to campaign for staying in irrespective of anything positive or negative achieved by renegotiation. This is surely not the right way to go ahead. In the first place, while it may make sense to prepare for running a campaign when you know what the outcome of the negotiations is, it makes much less sense to start campaigning before you even know exactly what you will be arguing for. Second, enthusiasm for the EU on this scale is not shared by a large section of voters whom Labour needs to attract back into the fold, thus running Labour the risk of a further haemorrhaging of support. Third, the more wholehearted the support for our EU membership is seen to be among large sections of the UK population by other Member States the more difficult it is going to be to achieve any of the radical changes which most people want to see accomplished, a factor which will certainly not go unnoticed among a sceptical electorate. Fourth, attitudes towards the EU have always cut across the membership of all parties, including Labour and it is certainly not true that everyone who is a loyal member of the Party is equally enthusiastic about our EU membership, especially on the present terms. Trying to dragoon the whole Party into supporting a pro-EU line is therefore likely to be widely perceived as both unfair and impractical. A far better way ahead is to recognise that there are differing views on the EU within the Party which should be allowed to be expressed, as they were running up to the 1975 Common Market referendum, by Party members on both sides of the divide.

6. **Would the UK be better off inside or outside the EU?**

While most Labour MPs and activists are strongly in favour of the UK continuing to be in the EU almost irrespective of what happens to the current renegotiation this is not a view shared by many voters. A large gap has opened up between Labour and many of its potential supporters on whether our EU membership is really in our long term interest. Events in the EU over the next crucial couple of years may well reinforce sceptical views. The Eurozone is clearly in dire trouble not only because of the problems in Greece but because joining together nineteen highly diverse economies in the Single Currency has had the effect of locking the EU into high unemployment and stagnant living standards on what looks like being a more or less permanent basis. Free movement of people, which originally worked really well among countries with roughly the same living standards, has caused massive problems when applied across the huge economic gradient there is between West and East European countries. Scepticism about the way the EU conducts its affairs is not just a UK phenomenon. Eurosceptic parties are on the rise almost everywhere in the EU, leading to the ever increasing likelihood of extremist parties being more and more successful in elections, leading to increasingly unstable governments. The effect of EU mismanagement on this scale has been to lower the bar very substantially when assessing whether the UK would be better out altogether of an unreformed EU rather than staying in. The assumption among too many Labour Party MPs and Members is that it won't in the end, be very difficult to keep the UK in the EU whatever the outcome of current renegotiations. This could turn out to be a really major miscalculation.

7. **What is Labour's choice?**

Labour has a choice. On the one hand, it can stay in its comfort zone, condemning eurosceptics as being unable to see what it believes to be the overwhelming benefits to the UK of our EU membership. On the other, it can wake up to the fact that the EU has very badly lost its way, that too many of its major policies are failing, that its influence in the world is rapidly declining and that its politics are steadily getting more and more unstable and divisive. Unfortunately for Labour, an increasing proportion of the electorate are coming to the latter view, making Labour's policy of not appearing to be willing even to try to secure any meaningful changes to our EU terms of membership less and less in tune with what most people think should be done. What Labour ought to be doing is to frame its own agenda for change and then to support the national interest where it overlaps with that of the government, while of course retain the right to dissent where this is appropriate. When is this going to start happening?