

STAYING IN: A REFORM PLAN FOR BRITAIN AND EUROPE



Will STRAW

Associate Director for Globalisation and Climate Change at IPPR, United Kingdom

After months of uncertainty and speculation we now know that, if the Conservatives win the next election, David Cameron will seek a “new settlement” for Britain in Europe and put the outcome to the country through an in/out referendum. Although Labour’s leader Ed Miliband has ruled out supporting a referendum for now, there are many who think that he will be forced to accept the case for an in/out referendum as the 2015 election approaches. The Lib Dems went into the last election committed to an in/out referendum if there was a “fundamental change in the relationship between Britain and Europe”. They are likely to maintain this position.

There will be many people around Europe whose instinctive reaction is to oppose any desire change in the terms of Britain’s EU membership. Certainly, it seems unlikely that European capitals will roll over and offer Britain opt outs from sets of existing rules—and nor should they. But there is an opportunity for Britain’s friends in Europe to take seriously the near universal desire which has built up in the UK for a meaningful reform agenda (while ruling out allowing Britain to repatriate powers).

When David Cameron spoke in his speech about the triple challenge facing the EU of the Eurozone crisis, European competitiveness and “a lack of democratic accountability and consent”, he was not alone. Last year, Labour leader Ed Miliband said, “there is an urgent imperative for us to reform the European Union so that it can help us compete and pay our way in the world”. This included calls for a comprehensive reform of the EU budget and completion of the single market.

In January, Labour’s shadow foreign secretary, Douglas Alexander, fleshed out this reform agenda by calling for a reduction in agricultural subsidies to pay for “policies to promote growth, cohesion and development or to support the EU’s vital role in international affairs” and an extension of the single market into areas like the digital, energy and financial sectors. He argued for the creation

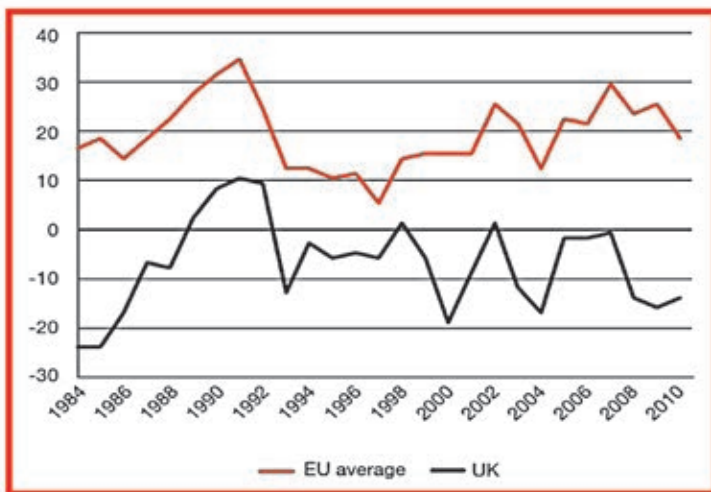
of a Growth Commissioner “tasked with assessing the impact of every new piece of legislation on the potential to promote growth across the EU” and a greater role for national parliaments to have “more of a say over the making of EU legislation” including the introduction of an “emergency break procedure” on unpopular new rules.

These ideas all formed the backbone of an IPPR and FEPS report, published last November. They come not from a desire to attack European institutions for the sake of it but as a reflection that public antipathy towards the EU is deep seated in the UK (and increasingly in other member states) and through a desire to improve the democratic legitimacy of the EU in order to renew the public mandate for membership.

The UK has always had an ambivalent relationship with the European Union. Even while calling in the aftermath of the Second World War for the creation of a United States of Europe to bind together France and Germany, Winston Churchill made clear that Britain would be a supportive but independent partner of any such entity.

Britain’s entry into the European Economic Community in 1973 came 15 years after the Treaty of Rome was signed (and was challenged by a UK referendum just two years later). The UK joined the Social Chapter in 1997, eight years after it was adopted by the other member states. And, of course, Britain has never signed up to Economic and Monetary Union or the Schengen Agreement on common borders. In general, British political leaders have been cautious and incremental about expanding the UK’s involvement with Europe.

The reason for this is simple enough. Public opinion in other EU member states has always been more positive about EU membership than it has been in the UK. The chart below shows the



Source: Eurobarometer, Spring wave surveys, 1984–2010*
Note: Data for the years 1984–2003 reflects the responses of citizens of the EU-15 countries, data 2004–09 includes post-accession EU-25 countries, and data 2009–10 relates to the EU-27 countries.



	2000	2010	2020	2030
1	US	US	China	China
2	Japan	China	US	US
3	Germany	Japan	India	India
4	UK	Germany	Japan	Brazil
5	France	France	Brazil	Indonesia
6	China	UK	Germany	Japan
7	Italy	Italy	France	Germany
8	Canada	Brazil	Russia	Mexico
9	Brazil	Canada	UK	France
10	Mexico	Russia	Indonesia	UK

difference between the number of people who say that the UK has benefited from membership of the EU and those who say it has not, compared to a similar EU average figure.

The gap between the UK and the EU average is wider now than at any time since the mid-1980s. Indeed, since the Maastricht treaty was signed in 1992, there have only been two years in which more people than not believed that the UK benefited from EU membership. And sentiment is getting worse. In 2008, 2009 and 2010, 50 per cent of Brits surveyed told Eurobarometer that Britain did not benefit from membership of the EU.

Reflecting these concerns, pressure for a referendum has been building. A recent YouGov opinion poll revealed that 59 per cent of respondents were in favour of holding a referendum on UK membership of the EU “within the next few years”. While it is often pointed out that Europe does not top the list of issues concerning most voters – just one in twenty voters spontaneously list it as an important issue facing Britain today – sentiment is sharp when people are asked to form a judgement. New qualitative research by IPPR has shown that Brits are fed up with perceived legal interference, the opaque nature of decision-making in Brussels, the financial costs associated with EU membership, and high levels of immigration.

But following the recent debate in the UK about EU membership which has pushed the issue up the political agenda, only one third of Brits would actually vote to leave while 40 per cent would choose to remain in the EU. This is a reversal of earlier polls which showed a plurality in favour of exit and a sign that the more Europe is discussed in Britain, the more people come to see its benefits.

Indeed, if a referendum campaign does take place, the onus would be on the ‘Outs’ to explain how Britain would be better off exiting. As the right-wing Polish Foreign Minister, Radek Sikorski, warned in his famous Blenheim Palace speech, the British government would be unlikely to be able to negotiate a trade deal to preserve the advantages of single market membership without any of the political and financial costs because “many European states would hold a grudge against a country which, in their view, had selfishly left the EU.” According to one academic study, exit could cost the UK

2.25 per cent of GDP.

In his recent speech, Tony Blair set out some of the positive arguments that the 'In' campaign could use framing the new rationale for EU membership as being about power rather than peace. IPPR's research outlined that by 2020 Britain is estimate to be only the ninth largest economy in the world – down from fourth in 2000. The only route to a seat at the top table with China, India and the US in the future is through the EU. As Mr Blair put it: "In this new world, to leverage power, you need the heft of the EU. This is true in economics, in trade, in defence, foreign policy and global challenges such as climate change. It gives us a weight collectively that on our own we lack."

Since a referendum in the UK now looks inevitable, pro-Europeans on either side of the Channel should embrace it and start making the case for continued membership. Rather than a debate about whether or not to have a public vote, the debate should be about the nature of reform.

David Cameron's tactic is to wait for the conclusion of the British government's 'balance of competences' review in 2014 and present a list of EU rules that he wants to repeal or amend. This may include the plans set out in the Tories' 2010 manifesto to "negotiate for three specific guarantees ... to return powers" on the Charter of Fundamental Rights, on criminal justice, and on social and employment legislation.

By engaging on the reform of some individual regulations, including for example, the Working Time Directive which has been a bone of contention for both Labour and Conservative governments, member states can divert the British government away from seeking a repatriation of specific powers. And they support the efforts set out by Labour to bring about a more pro-growth, fairer budget settlement and address the 'democratic deficit' in Europe.

Britain's relationship with the EU is not an easy one. Neither the institutions themselves nor successive British governments have done enough to articulate the benefits of the continued relationship despite the clear evidence. As a result, a vacuum has been created in the UK where the EU's flaws are magnified and myths accumulate.

Eurozone countries may regard Britain's existential debate on the EU as an unnecessary distraction at a time of economic crisis but it is also worth understanding the currents of public opinion which make this conversation necessary. Those who wish to see Britain remain in the EU should do all they can to support EU reforms that promote growth and democracy. This is the best way of ensuring that pro-European voices in Britain are able to make the pro-European case.

WILL STRAW

Is Associate Director for Globalisation and Climate Change at IPPR. He leads IPPR's research on the EU, energy, transport, industrial policy, and climate change. Recent publications include 'Staying In: A reform plan for Britain and Europe'. Will is the founder of LeftFootForward.org, Britain's leading left-wing political blog. He is a visiting fellow at the Center for American Progress where he worked from 2008-09. He was a senior policy advisor at HM Treasury from 2003-07. Will has degrees from Oxford University and Columbia University where he was a Fulbright Scholar.

