

The Labour Case for Brexit

Edited by Kevin Hickson and Jasper Miles

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Editor's Preface

The referendum on 23rd June 2016 on Britain's membership with the European Union (EU) has at its core a fundamental question: do the British people want to be a self-governing nation in control of their own destiny or governed by a European superstate designed to become a United States of Europe?

Whilst we are a much changed country from when Edward Heath took us into the 'Common Market', what is now the EU has expanded and developed competences not envisaged in 1972. For the editors, membership of the EU over the past forty years and more has had a direct and negative impact on Britain, and especially for the working class. Should Britain vote to remain in the EU the costs of membership - financial, economic, social and cultural - will continue.

Due to the Parliamentary Labour Party overwhelmingly backing *Remain* - unfortunate given the long tradition of Euroscepticism within the Labour Party - it was considered that the arguments of the Eurosceptic British left required expression. Indeed, a danger existed that onlookers might consider that Euroscepticism is the preserve of the British right, whether that be the Conservative Party or the United Kingdom Independence Party (UKIP). Therefore, Eurosceptics on the left were at risk of being drowned out in the referendum campaign by their pro-European counterparts and Eurosceptic arguments from the right.

The Socialist Case for Brexit is designed to ensure that the moderate, sensible and respectable Eurosceptic social democratic/democratic socialist standpoint is made, importantly at a time when the Labour Party is generally pro-European. Moreover, the Eurosceptic arguments of the British left put forward in the second half of the Twentieth Century have continuing relevance in the first half of this Century, due to the pace of further and deeper European integration.

Contained in this pamphlet are a broad range of chapters on topics that should concern the left, written by individuals from different backgrounds - current and former politicians, academics, a trade unionist and a businessman - arguing that it is

in the interests of working people, society as a whole, business and the British left that the United Kingdom withdraws from the EU.

We are grateful to all the contributors who have written thorough and convincing chapters arguing for Brexit and have given up their precious time when many have been actively involved in the *Leave* campaign and have numerous other commitments on their time.

A particular thanks goes to John Mills who has not only written the ‘Business case for Brexit’ but has supported the creation of this publication from the outset.

Also, a special mention to Labour Leave who whilst small in number have continued to make a positive case for Labour voters to back Brexit.

Foreword: The Unhappy Marriage

Austin Mitchell

When Ted Heath conned Britain into joining the Common Market, supporters argued that the economic case for joining was evenly balanced but the political case was overwhelmingly strong. Membership would give our politicians a bigger stage to strut on and preserve Britain's place at the top table as a leader in Europe.

Today, with the experience of four decades of membership and experience behind us it's clear that both arguments were wrong. British influence in the European Union (EU) and the wider world has been reduced. Far from having a neutral effect on our economy Britain has been weakened by massive de-industrialisation and a growing trade gap, now 6% of GDP mostly with the EU.

In the EU Britain has always been peripheral and has become more so with the development of the Euro bloc. The Franco-German partnership still dominates and though their partnership is now looser Britain has neither been able neither to interpose herself nor to build a coalition of the smaller members to counter it. Our influence in the wider world is reduced by our inability to conduct our own negotiations or conclude our own trade deals.

Starting with the French sale of Exocet missiles and the Belgian refusal to supply our army with bullets in the Falklands war, the list of failures in cooperation extends through the refusal to follow Blair's lead on Kosovo, the (sensible) refusal to get involved in Iraq through to the failure to cooperate in Libya or Syria. Britain was too keen to back Bush but the spectacle of British troops fighting and dying in Basra and Helmand is hardly a shining example of EU cooperation.

Far from neutral the economic case has turned sour. The easy assumptions of people like Sir Donald Stokes that British cars would capture Europe ended with the collapse of the British car companies and takeover by foreigners. Few understand the dynamics of competitive markets where the weak lose out and the well invested and well organised win. Germany duly did.

Among the puerile arguments for membership was the claim that the cold shower of competition would revitalise British industry in the same way as cold showers energised public school chaps. In fact it is equally likely to bring pneumonia to the ailing. The idea that Britain would be hitching itself to faster growth in Europe was equally misguided given the fact that faster growth is the result of higher investment and productivity which confer greater strength in competitive markets than industries lagging in both.

Much was made, still is, of the access membership gives to the EU market. Yet it is far easier to penetrate a small market from a larger one than vice versa as Britain was being asked to do by setting up dealerships and suppliers all over Europe to compete with local, well entrenched and central producers. Entry was an invitation to penetrate the British market while British producers were less successful the other way. So what had been a surplus in Britain's trade with the six before entry quickly turned into a growing deficit.

This was then compounded by escalating membership fees to belong to the club doing the damage. The budget contribution is currently eleven billion pounds and scheduled to increase substantially. The costs of the Common Agricultural Policy (CAP), which requires us to buy Europe's dearer food when we could get it cheaper on world markets - a cost which was thirty pounds a week for every family of four - is lower now but still substantial and we should also include the costs of the fish lost and not processed here due to the Common Fisheries Policy (CFP) and add in the little incidentals such as the costs of the useless Galileo programme. The total net bill must be between fifteen and twenty billion pounds, around a sixth of our annual trade deficit. Effectively Britain is borrowing to pay for membership rather like a wastrel taking out new credit cards to pay the costs of their old one.

All this to stay in a club which the euro has turned into the high unemployment and low growth black spot of the advanced world by imposing a universal deflation which is harshest for the weaker, less competitive economies and particularly vicious for Greece. The EU faces a refugee crisis which it is incapable of tackling, and declining support all over Europe which it has to counter by requiring electorates which vote against its wishes to vote again.

The great experiment of the fifties has stalled, and locked itself into a situation where it can neither move forward nor back, neither abandon the euro nor make it work. So the main justification supporters offer for continued membership is no longer illusory benefits but the creation of fear about what will happen if Britain leaves, mobilising a terrifying collection of horrors claimed as likely to result, all enormously exaggerated

and mainly the same fears supposed to result from failure to join the euro. An EU which needs our money, has a surplus in trade with the UK and requires us to buy their overpriced food rather than the cheaper food available elsewhere is hardly likely to cut off its nose to spite our face.

Because its reality is so unattractive the big bureaucracy in its gleaming marble palaces in Brussels maintains a chameleon ability to be all things to all people. It changes colour and assumes any hue which might win support, red for the left, blue for business and the Tories, green for environmentalists. This allows supporters of membership to defend it as a hypothetical organisation they want it to be rather than it actually is. They advocate staying in to lead and reshape it even though Britain has been incapable of doing for the last decade as the central core draws together in a eurozone which excludes peripheral Britain.

The question facing Britain is whether to listen to myths, hopes and dreams or look at the realities of an undemocratic plutocracy, locked by the euro into deflation and high unemployment. On that choice depends our ability to manage our own destinies for our own purposes or let others do it for us. After four decades of being weakened by EU membership, our companies taken over by foreigners, demand and profits syphoned off to Europe, Britain needs to rebalance its lop-sided economy and rebuild production to pay its way in the world and sustain its standard of living. The EU isn't going to help with that. It is not a system of outdoor relief to help lame dogs over styles but a market which compounds weakness. Its rules preclude both the aid for industry and the support for production competitors have used to become strong. So the choice is between sinking into a low wage, poorer periphery of a stagnating EU and the risks and strains of rebuilding an economy which can face the world and pay its way. We should ask ourselves what kind of nation we want to be not what kind of EU we'd like to see.

How I Became a Eurosceptic¹

Gisela Stuart MP

I can pin point the exact moment when it became clear to me that the European Union was incapable of changing and that ultimately Britain's days in the EU were numbered.

It was on Thursday, 10th July, 2003 at the signing ceremony to close the European Constitutional Convention. I had spent 15 months almost full time in Brussels to negotiate the document that eventually turned into the Lisbon Treaty. Officially I represented Parliament, but as one of the 13 which formed what was known as the 'Presidium', I had close contact with all Whitehall Departments as well as No 10.

Everyone was standing around sipping champagne to the strains of Beethoven's Ninth. But I was in no mood for self-congratulation. I grumpily scribbled my name, declined the drink and headed straight for the airport.

Seeing Europe's power politics operating up close had not been pretty. It was in the worst traditions of the EU - a mule-like refusal to listen to democratic concerns or accept any suggestions of deviation from the orthodoxy of political integration.

Giscard d'Estaing did a masterly job of managing the whole event on behalf of the people who, in his opinion, mattered.

Apparent progress turned into illusion. Until the last 48 hours, we thought we had agreement on a whole range of issues - and it all unravelled.

Time to break free

I shouldn't have been surprised. The EU is an institution that keeps heading on a single trajectory, incapable of critically examining the way it is heading.

Questions like democratic accountability and economic competitiveness, which are so central for us in Britain, are downgraded in case they become a diversion from the European Project. I call it integration at whatever the cost or consequences.

This referendum is our opportunity to set ourselves free from an organisation that only serves its own interests.

That is why I am proud to chair the Vote Leave campaign.

¹ Vote Leave Launch Speech

Outside the EU we can return real democratic control to important areas of national life; from international trade, the right to work and live in Britain to business regulation. These things affect our daily lives, but we hardly ever have anything resembling meaningful debates on some of these things as our parliament has so little power.

We would also regain control over the £350m subscription we pay Brussels every week. We could spend it on schools, the NHS, the environment, cutting the deficit - the choice will be ours.

Where we have come from

When I moved here from Germany in 1974, a year after the UK joined the Common Market, membership made sense to me. The country was in the throes of the 'three day week'. The miners were on strike and the national politicians seemed to have lost control.

Germany was at the height of the Wirtschaftswunder (economic miracle) and it was hoped that some continental vigour and glitz might rub off on a tired country. Economics drove British interest in the EEC. That was as true for the government as it was true for the voters. Let's not forget that the words Common Market appeared on the ballot paper in the 1975 membership referendum.

Roy Jenkins, then Labour's loudest pro-European voice, campaigned for a Yes because he believed the EEC had changed - dropping its goal of economic and monetary union and shedding its federalist ambitions. The Commission would have its wings clipped and the institutions would become more responsive to member states.

It wasn't so in 1975, or 2003 and isn't so today.

As Albert Einstein said, insanity is doing the same thing over and over again and hoping for a different result.

There was a big push for deeper integration in the 1990s. That was after German reunification when the decision was made to create Economic and Monetary Union with a new currency, the euro; followed by the pulling down of borders with the Schengen agreement.

It was then when the UK secured two significant opt outs. We would not join a single currency and we would not open our borders completely.

With hindsight it feels as if this referendum is the culmination of a 20-year process of Britain peeling away from the European project.

Dangers of staying in

Voting Yes on 23rd June is not just about staying in the EU as it is today, but it is saying to the EU as it will look in 2025 or 2035.

How do we know what this will be like?

The EU has a clearly mapped out path. The ambition is set out in the so-called 'Five Presidents' report published last summer.

It details a three-stage plan to be completed by 2025 for, 'a political union including ideas such as a euro-area treasury and unified external EU representation'.

There is no explanation in there about how remorseless centralisation will actually create the 'better and fairer life for all citizens' the report wants.

The literal meaning of Utopia, let us remember, is 'no place', a fantasy land. It is appropriate perhaps that this year is the 500th anniversary of Thomas More's great work.

The Five Presidents' Report - its title alone is a reminder that we are not dealing with a very streamlined institution - describes an EU where the priorities of the eurozone will gradually take over Brussels institutions.

There is little discussion of how they can serve the interests of countries with their own currencies, just a lofty assurance that they will be able to join the euro in future. In other words, the faithful are kindly keeping their church doors open to new believers, dissent may be tolerated, but not encouraged.

Let us be charitable and suppose the EU sticks to the commitment it gave David Cameron in the renegotiation that the eurozone will respect the rights of non-members not to be discriminated against, even as it swallows up the Brussels institutions.

If we stay in, David Cameron's non-reform package will have exhausted our negotiating capital. The next time a Prime Minister tries to bang the table for Britain, it will be all too easy to remind him - 'what are you talking about? Your people support the EU'.

We may be able to fend off some negative change, but our ability to bring positive reform will wither. At the same time we will remain subject to all the restrictions on our sovereignty and economy that Brussels brings.

So in a few years' time, as the bank UBS said recently, there could well be another referendum dilemma confronting Britain - leave the EU or join the euro.

Crying wolf

Then the warnings of doom will be similar to those we hear from the Remain people today - and to what the supporters of the euro and the Exchange Rate Mechanism (ERM) mistakenly claimed years ago.

One of the most depressing aspects of the European debate is how the same discredited warnings keep popping up.

In the run-up to joining the ERM, the head of the Stock Exchange said London's status as Europe's financial centre would be threatened if we stayed out. The governor of the Bank of England warned that only ERM membership could provide a credible monetary policy. The CBI was an enthusiast.

We went in, we crashed out - and enjoyed our longest period of growth for three centuries.

It was not long, though, before they were at it again, this time over the single currency. We had warnings of disaster from the CBI and multinationals who thrive in the corporatist Brussels set-up.

Michael Heseltine said staying out of the euro was 'threatening great swathes of British industry'.

Thankfully, the Labour government did not listen. And free of the shackles of a fixed exchange rate, we have recovered from the financial crisis more quickly than even the stronger continental economies, let alone those plunged into penury by the euro.

Benefits of Out

Given how unsure our position is in the future European set-up, leaving looks less and less like a leap in the dark and more like jumping from darkness into light.

I agree with what the Prime Minister said a few months ago: 'My argument is not going to be in any way that Britain can't succeed outside the EU. Of course we could. We're a great country.'

The shape of the global economy and the way it works have changed profoundly since Britain joined the EU.

For the first 40 years of our membership, two thirds of our trade was with Europe. As other economic powers have risen, the share has dipped below half and is still falling.

Whether it is in cars, labour law, banking or food, many of the rules governing Europe's internal market are now agreed globally, with the EU acting as a costly middleman to pass them down. The idea of regional economic blocs will soon seem as outdated as so many other kinds of middle management.

Trade, the motor of globalisation, has speeded up thanks to the steady fall in tariffs since the creation of the World Trade Organisation in 1995.

Under the current set-up, though, the middleman does our negotiating for us at the WTO. That means our opportunity to reach trade agreements relies on the snail's pace of Brussels. If we leave, we can take back our WTO seat and reach our own deals, giving our businesses new opportunities to create prosperity and jobs.

We may decide to speed up talks with emerging economic superpowers like India and China and perhaps to reboot our relations with old friends like Canada and New Zealand.

The Remainers tell us, though, that the EU itself would be reluctant to reach a new deal with us. Are we really to believe Brussels would throw away the free trade that member states currently enjoy with this country, the world's fifth-biggest economy? Would they really betray the interests of their own people like that? All to attempt a punishment beating against a country that has simply expressed its democratic will?

Then they tell us we would be required to pay all sorts of fees and accept free movement to keep our access to continental markets. These supposed costs have done nothing to convince Norway or Switzerland they should be in the EU. Only 16% of Norwegians backed membership in a recent poll and the Swiss parliament recently withdrew its application to join after 24 years. It is just not even on the agenda in these countries.

In the case of Britain, I believe the question of free movement is at the heart of our immigration policy and should be something we debate and decide on here. That is because we are an outward-looking country - one that looks not just to Europe, but to the wider world too.

Is it fair that my Birmingham constituents who are the grandchildren of immigrants from the Indian subcontinent find it so hard to get their relations here for family weddings when someone from Romania or Latvia can come and go at will?

Of course free movement will have to be discussed as we work out our new relationship, but we should not just concede it in advance.

There will be numerous issues to be negotiated. But as Angela Merkel says, 'wir schaffen das' - we'll get there.

And there could be other benefits from leaving. Perhaps, as Stuart Rose from the In campaign so kindly pointed out, wages may even go up.

Conclusion

For years, British governments have tried to be pragmatic about Europe. They have taken the view that you can always kick the big decisions down the road. Well, now the time has come to decide.

If the EU were an energy supplier or a bank, you would long ago have stopped believing its marketing, you would have seen it was hopeless value for money and never listened to its customers. You would just move your account.

It is time for Britain to recognise that Brussels has had enough chances. And that the only safe option is to Vote Leave.

The EU as a Barrier to British Social Democracy

Roger Godsiff MP

With all the claims, counterclaims, selective quotes and disinformation swirling around in connection with the European Union (EU) referendum campaign it is hardly surprising that a large number of people are either bewildered, confused or keen to know the true facts. Others are just turned off completely. Against this background I put forward my reasons why I believe, on balance, that it would be better for the United Kingdom to vote to leave on the 23rd June. First of all, though, we need to look at some of the historical background because anybody under the age of 40 would have been born with the UK as a member of the Common Market, which then evolved into the EU, and they would have known nothing about life outside. Likewise anybody over the age of 60 would have been born into a world where Britain still had a large empire.

The Evolution of European Unity

The 'Common Market' which Britain entered under the Heath Government in the early 1970s was essentially a free trade area and in the 1975 referendum, under Wilson's Labour Government, a clear majority voted to remain. Since 1975, however, the Common Market has evolved into a European Union and this was cemented when Mrs Thatcher signed the Single European Act in 1986.

At the same time, in the mid-1980s, the trade union movement and Labour Party which had, until then, been sceptical about the whole concept of a European Union also signed up to it after the European Commission President, Jacques Delors, went to the TUC and told the trade union movement that the only way they could protect themselves against the ravages of Thatcherism, and her attacks on working people, was to seek the protection of the European Union. Almost overnight the majority of trade unions switched from being sceptical or anti-EU to being supportive of the institution.

The coming into being of the EU was a massive step away from the Common Market. From being just a free trade area this was a huge step towards the creation of a United States of Europe, modelled on the way America was governed, which was always the intention of the founding fathers of the European Coal and Steel Community which was a precursor to the Common Market. The two most prominent advocates of the setting up of the European Coal and Steel Community were Monet and Schumann and they knew, as their biographies acknowledge, exactly what they had in mind which was, eventually, a United States of Europe modelled on America. But they were also aware that this would take time and could only be done step by step. Most importantly they were aware that it had to be achieved by stealth because if the people of Europe were asked, on a regular basis, whether they wished to be part of a

European super state then it was highly likely that the proposal would have been rejected. This principle of never consulting the people of Europe has been something which the Federalists have stood by ever since and whenever a new treaty is signed by governments and there are objections amongst the electorates of member states the whole paraphernalia of the Brussels bureaucracy is then mobilised to ‘rubbish’ such criticism and to vehemently deny that what is being proposed is in anyway a movement towards the creation of a European super state.

Neoliberalism

The EU is a ‘protectionist club’ of 28 member states with a combined population of 506 million people. Its Single Market rules are very much modelled on neoliberal economic thinking with capital free to move anywhere within the 28 countries and the 506 million people free to work and settle in any of the countries without any restrictions. In all capitalist economies the sole purpose of companies is to maximise profits for their shareholders and having 28 countries to move capital around means that large companies and multi-national businesses can locate where they can maximise their profits and keep their costs, including wage costs, as low as possible. Coupled with the ability to minimise tax liabilities by convoluted accounting methods which allow corporations to pretend they operate from tax havens such as Luxemburg within the EU, and Switzerland and exotic tax havens outside of the EU, it is obvious why big business and globalised corporations are fervently in favour of the UK remaining within the EU. The questions, therefore, which those on the left need to ask is whether the EU is good value for money and what is in it for the workers in terms of benefits and jobs.

Firstly costs. According to the Government the forecast net payments to the EU budget for 2016/17 by the UK is £10.178 billion. Only four out of the 28 members of the EU are nett contributors and the UK is the second largest contributor to the EU budget.

Secondly benefits. It is often claimed by EU enthusiasts that 3 million jobs would be ‘at risk’ if we left the EU. This is highly misleading and arose from a study by the National Institute of Economic and Social Affairs in 1999 which calculated that 3 million jobs are associated with trade with the EU. The Institute’s Director, Martin Weale, repudiated the claim and described the misuse of the report for propaganda purposes as ‘pure Goebbels’. These three million jobs depend on the continuation of trade with the EU not on continued membership and it is disingenuous to think that if we left the EU there would be no further trading between us particularly as the United Kingdom has a massive trade imbalance of £65 billion with the EU. Furthermore using similar assumptions that arrived at the figure of 3 million jobs in the UK being associated with the EU trade it is estimated that 5-6 million jobs in the EU are associated with trade with the UK.

Workers’ Rights

So what the about benefits for the workers?

The strongest argument put forward by the Remain camp to Labour and trade union members is the alleged benefits that workers in the UK get from various employment rights conferred on them, allegedly, by the EU. As an example Alan Johnson, the Leader of the Remain Campaign, wrote in the Progress magazine: 'It is also about rights for British workers; minimum paid leave; rights for agency workers; paid maternity and paternity leave; equal pay and anti-discrimination laws'. In the same Progress document Glenis Willmott, Leader of the European Parliamentary Labour Party, made a similar statement: 'Our membership gives working people majority rights and protections. A minimum four weeks paid holiday; a right to parental leave; and the same protection for part-time workers and full-time workers did not come about by magic but as a result of us being in the EU'. These comments are, at best, being economical with the truth and, in some cases, totally untrue.

The House of Commons Library - which is a totally impartial institution - did an analysis of these issues based upon whether particular employment rights were 'home grown', having been initiated as legislation by the UK and passed through the House of Commons, or whether they were initiated in the EU and then issued as Directives or Regulations for the 28 member countries to translate into their own national law. The analysis by the Library clearly showed that the right to paternity leave and pay derived solely from UK law and there is no corresponding EU right; UK maternity leave and pay rights predated any EU laws and are more generous than EU law on maternity rights; equal pay rights are a mixture of UK and EU law and agency work is also regulated by a mix of domestic and EU derived law. The statutory right to paid annual leave is enshrined in EU law although annual leave rights existed in the UK for much of the 20th century through Wages Councils. Only rights for part-time workers not to be treated less favourably than full-time workers derive from EU initiated laws. The idea, therefore, that a UK Government or Parliament would, if we left the EU, seek to remove these rights is once again disingenuous bearing in mind that most of them were already enshrined in UK law before the EU sought to harmonise them throughout the 28 member countries. So what about British industry and public services - are they protected in the EU?

Industry and Public Services

We have recently had a situation where the British steel industry is on the verge of disappearing because China has been dumping excess steel on world markets. The British Government has no powers to protect, or give advantage to, the British steel industry because of EU procurement policy. We cannot, for example, insist that the new HS2 project should only use UK produced steel. This would be contrary to EU procurement policies. Contrast this with America. If a key American industry was under similar threat then the American Congress could do whatever it wanted to protect that industry and could insist that all large government projects only used American sourced commodities.

Then we come to the notorious Trade and Investment Partnership (TTIP) deal which the EU is currently engaged in negotiating, in secret, with America. The TTIP deal, pushed by the American Chamber of Commerce, is about removing all ‘barriers’ which restrict potential profits of powerful transnational corporations. A provision, within TTIP, is the Investor State Dispute Settlement (ISDS) which allows corporations to sue governments for any laws and practices that threaten their profits. An example of how pernicious this provision is can be seen by what has happened to Canada which is part of the three country North American Free Trade Agreement (Canada, America and Mexico). The ISDS within the North American Free Trade Agreement has resulted in 35 corporate ISDS challenges against Canada which has already paid out over \$100 million to US corporations. Finally investors are seeking another \$1.3 billion from the Canadian Government in new cases and Canada has already spent over \$35 million defending itself from ISDS challenges. Two thirds of the cases involve challenging environmental protection or management of Canadian resources. These are issues that should reflect the democratic will of the people of Canada who elect their provincial and federal governments but as yet no US corporation has ever lost a NAFTA case against Canada.

If a TTIP is agreed between the EU and America then it will fundamentally undermine the sovereignty of all EU member states including the UK. It would greatly reduce the ability of governments to regulate on behalf of citizens and the environment and it would endanger public services and jeopardise labour standards and food safety. Particularly at threat would be the National Health Service and a recent legal ‘advice’ obtained by the United Kingdom clearly states that unless the NHS is specifically excluded from TTIP it will pose ‘a real and serious risk to the future ability of the UK Government to regulate the NHS’ and ‘will give US investors more powers to sue the British Government.’ The same will apply to any future British government who wishes to take back into public ownership the railways as it could face claims from railway owners for loss of profits that they anticipate making into the future.

Self-determination

Those on the left who support the UK leaving the EU do not believe that Britain is taking a step back into some sort of romantic vision of the past when Britain had an empire across the globe. They believe that the UK, which is still the fifth largest economy in the world, can do better by taking back the sovereignty which we have ceded to the EU and by allowing our democratically elected UK Parliament to make our own laws. The EU Commissioner, Viviane Reding, has admitted that ‘70% of British laws are made in the EU’. Of course, if the UK votes to leave the EU, there will be panic among the establishment and in the financial markets on the day after and dire predictions of what will follow. But back in 2008 the financial system of the UK, and indeed of the western world, was taken to brink of collapse through the greed and irresponsibility of those self-same people in the financial sector who are now predicting chaos if the people of the UK do not do what they want them to do and vote to remain.

President Franklin D. Roosevelt became President as America experienced a depression following on from the financial crisis on Wall Street in 1929. In his first address to the American people after being elected he made the prophetic comment that ‘the American people have nothing to fear but fear itself’ and the people of the United Kingdom - who are facing a barrage of scare stories and predictions of doom - also have nothing to fear and should take back their own destiny by voting to leave the EU on the 23rd June.

Labour's Eurosceptic Tradition

Kevin Hickson

‘They don’t want us’ Ernest Bevin²

Supporters of Britain's membership of the European Union like to portray advocates of withdrawal as mavericks, lunatics or extremists. Opposition to the EU is often portrayed by the media as an obsession by the right of British politics - with UKIP and right-wing Tories dominating media attention. Moreover, those enthusiasts on the left wish to argue that membership of the EU is compatible with their belief in internationalism, as if the EU were just another institution such as the UN, IMF, WTO etc.

The reality is very different. There have always been voices in the Labour Party going back to the end of the Second World War who opposed what they saw as the Federalist and supranational intentions of those who believed in European integration. Membership of the EEC/EU was not like being a part of other international organisations because they were essentially intergovernmental. The EEC/EU was a direct challenge to the sovereignty of the British nation.

I wish to argue in this chapter that those voices were right and that there is a respectable tradition of Euroscepticism in the Labour Party which sees the EEC/EU as undemocratic, Federalist and anti-socialist.

Moreover, those historical arguments are still relevant today. Far from being outliers in social democratic/democratic socialist thought the present day Labour anti-EU position is part of that longer tradition.

Moves towards European integration

The initial moves to integrate Western Europe came after the Second World War and was an attempt to promote economic growth in countries devastated by war and peace through the suppression of national rivalries. The founding fathers of European Unity believed in the idea of functionalism. If certain areas of economic activity could be subjected to greater cooperation this would then spill over into other areas of the economy. Once there was integrated economic activity there would need to be a central bank with a single currency and once this was established it would require integrated political organisation. Hence, the founding fathers were clear in their intention to move towards greater and deeper Federalism. Indeed, Monnet argued that this should be done without raising the attention of the peoples of Europe.

‘Europe’s nations should be guided towards the superstate without their people understanding what is happening. This can be accomplished by successive

² Quoted in J. Callaghan, *Time and Chance* (London: Collins, 1987), p.79

steps, each disguised as having an economic purpose, but which will eventually and irreversibly lead to federation.’³

The postwar Labour Government was internationalist. Several of the key ministers were members of the wartime Coalition Government. The Attlee Government sought to maintain a close relationship with America, to establish the Commonwealth and develop an independent atomic weapons capability. In so doing, they angered the left of the Party, who believed that the Labour Government was far too Atlanticist and was failing to develop a more full-blooded socialism in domestic and international policy. The left favoured a policy of ‘neutralism’, distancing Britain from the two superpowers and creating a neutral band in Western Europe. However, when measures towards European integration began they were sceptical of those moves too.

However, significantly for this chapter the moderates within the Labour hierarchy were also sceptical of European integration. As the opening quotation from Ernest Bevin highlights they were aware of the federalist nature of European integration and sought to oppose it, or at least to argue that Britain should not be part of it. Britain did not wish to be part of a federation and the Federalists would not want to have a partner who opposed their ambitions.

The first attempt at membership of the recently formed EEC was made by Harold Macmillan in the early 1960s. The timing was no coincidence as the realities of British relative economic decline were now apparent, despite Macmillan boasting in the 1959 General Election that the people of Britain had ‘never had it so good’. The response of the Labour leadership was strongly against membership. Largely under the influence of Peter Shore, Research Director of the Labour Party, Hugh Gaitskell made a speech at the 1962 Party Conference opposing membership of the EEC and warning of its federalist intent.

‘What does federation mean? It means that powers are taken away from national governments and handed over to a Federal Government and Federal Parliament. It means that if we go into this we are no more than a state, as it were, in the United States of Europe, such as Texas and California... That is what it means; it means the end of Britain as an independent state... it means the end of a thousand years of history. You may say “let it end”, but my goodness, it is a decision that needs a little care and thought. And it does mean the end of the Commonwealth.’⁴

Following Gaitskell’s death and the election of a Labour Government under Harold Wilson in 1964 there was a second attempt at membership – the first having been rejected by De Gaulle. For those sympathetic to membership such as George Brown and Roy Jenkins, membership offered a way out of the sluggish economic growth and

³ Quoted in M. Baimbridge, B. Burkitt and P. Whyman, *Britain and the European Union: Alternative Futures* (London: Campaign for an Independent Britain, 2005), p.95

⁴ Quoted in P. Shore, *Leading the Left* (London: Weidenfeld and Nicolson, 1993), pp.82-83

social ‘backwardness’ of Britain. However, a strong rear guard action was taken by Douglas Jay to resist the application, again warning of the implications for national sovereignty. The strength of his opposition was not necessarily shared by other leading figures such as Denis Healey and Tony Crosland but neither did they share Jenkins’ pro-Europeanism. ‘Neither Tony or I ever shared Roy’s dedication to the Common Market... Both of us found the arguments of the Euro-fanatics intellectually disreputable.’⁵ Others such as Callaghan were concerned about the position of the Commonwealth.

Labour’s position again changed after the election defeat in 1970 with Wilson arguing that although he was not opposed to membership in principle the terms on which Edward Heath was negotiating were against the national interest. This split the Party and several MPs under the direction of Jenkins defied the official position of the Party and voted with Heath to join. These dissenting Labour MPs held the political balance and offset the then relatively small number of Eurosceptic Conservative rebels. Indeed, critics of entry in the Labour Party blamed the complicity of the Labour Chief Whip in organising the pro-EEC Labour rebels.

Hence, Britain’s membership of the EEC was confirmed albeit against the background of a Labour Party which was deeply split on the issue.

Awkward Europeans?

Largely as a way of averting further divisions over Europe, Wilson decided that collective responsibility should be suspended and a referendum would take place in which Labour Ministers and MPs would be free to vote for or against continued membership. Callaghan, now as Foreign Secretary, led the ‘renegotiations’ although it was far from clear what the concessions amounted to in practice. Despite this Wilson endorsed the ‘renegotiated’ terms thus changing his position from 1972-73: ‘It was perhaps fitting that, once again as Prime Minister... Wilson endorsed in the final “renegotiation of the terms of entry” a package barely distinguishable from that negotiated by Heath in 1971 and far from the “fundamental renegotiation” that Labour’s manifesto had pledged.’⁶

Several Labour MPs campaigned to stay in the EEC, notably once again Roy Jenkins, while others called for withdrawal. Although the supporters were largely on the right of the Party it would be wrong to see the ‘out’ campaigners as being exclusively on the left for while it is true that the likes of Barbara Castle, Tony Benn and Michael Foot campaigned to withdraw so did the likes of Peter Shore and Douglas Jay on the basis that membership was fundamentally against the national interest. For others, it was hard to muster much interest, including Tony Crosland.

⁵ D. Healey, *The Time of My Life* (London: Penguin, 1990), p.329

⁶ Shore, *Leading the Left*, pp100-101

The result was a decisive vote to remain as members of the 'Common Market' although sceptics argued that the odds were stacked against them and the real nature of the EEC was never really explained.

This may well have been the end of the story but the Labour Government continued to remain sceptical of measures aimed at further integration. As Chancellor, Healey was opposed to membership of the European Monetary System, an early attempt at creating monetary union. In so doing he once again came into conflict with Jenkins, who by this stage had left British politics to become President of the European Commission. Moreover, there were some who were critical of the introduction of direct elections to the European Parliament as another move towards federalism.

Following the 1979 General Election, the Labour Party moved radically leftwards under the direction of Tony Benn. They argued that Labour governments had failed to implement socialism and had betrayed the rank and file membership of the Party. They believed that for a future Labour Government to implement socialism it was necessary to make MPs more accountable to the membership and adopt an Alternative Economic Strategy, which would amount to a protectionist set of policies subsidising exports, controlling imports and the movement of capital, and withdrawing from pro-capitalist organisations such as the EEC and pro-American organisations such as NATO. For the left of the Party the EEC was a barrier to the implementation of socialism in Britain and internationally. Among numerous policy commitments in the 1983 manifesto, Labour pledged to withdraw from the EEC. Benn had gone full circle from being a strong advocate of membership in the 1960s.

The Drift Towards Europe

The association of Euroscepticism with the 'Hard Left' meant that plans to modernise the Labour Party from 1983, and even more so 1987, meant that the Party came to adopt a more positive view of European integration. This process was further encouraged by the continued electoral success - and increased radicalism - of the Conservatives. European integration appeared to offer a barrier to Thatcherism, especially when the then President of the European Commission Jacques Delors spoke to the TUC and set out his plans for a social dimension. The trade unions and the Labour leadership became more enthusiastic about Europe with Neil Kinnock reversing his own personal opposition to European integration.

By the end of that decade the Conservatives had become the Eurosceptic party in British politics and the Labour Party was now officially in favour of continued membership. Successive steps towards closer union were supported by the Labour Party, with Eurosceptics once again becoming the dissenting voices in the Party. This included the Single European Act, the Exchange Rate Mechanism and the Maastricht Treaty. Indeed, criticism from the Opposition Leader, John Smith, was in the form of arguing that the Tories should have embraced integration more fully.

By the time Labour eventually returned to office in 1997 the Party was strongly pro-European. In order to demonstrate this Tony Blair signed up to the Social Chapter of the Maastricht Treaty and was heralded around Europe as a fresh start after the difficult years under Thatcher and then Major.

However, divisions in the Party once again emerged over membership of the single currency. Privately, Blair was sympathetic to joining. Indeed, it seems that he regarded this as his possible legacy. Once again, the presence of Jenkins was felt as Blair was apparently close to him at this stage. However, Gordon Brown was much more sceptical, as was his senior advisor Ed Balls. What was later to become the dominant theme of New Labour emerged as the Treasury and the No 10 struggled for power over the making of the decision to keep the pound or enter the euro. Eventually, the Treasury view prevailed as the 'five economic tests' that Brown and Balls devised were ruled not to have been met.

Pro-Europeans then sought to get the British government to sign up to the EU Constitution, but before Britain could hold a referendum it was already being rejected elsewhere. However, the essence and much of the content of the Constitution was maintained and repackaged into the Nice Treaty, which supporters claimed was actually very different and was therefore to be accepted without a referendum.

Following election defeat in 2010 the official Labour Party position has remained one which is pro-Europe. Ed Miliband was a supporter of EU membership and ruled out a referendum on membership in the 2015 manifesto, arguably conceding ground to Labour's opponents in the process. Although Jeremy Corbyn has long held Eurosceptic views he has backed the Parliamentary Labour Party (PLP) majority view to remain in the EU. Arguably, this only adds to his wider credibility issue as he is unconvincing in his current stance having held a diametrically opposed view until as late as last year. Moreover, as Frank Field explains in this volume, the Party is at risk of losing any sense of English identity at all.

The Relevance of Labour's Eurosceptic Tradition

I wish to argue that the Eurosceptic tradition in the Labour Party is an important one and one that has been present since 1945. It cannot be dismissed as a temporary phenomenon of the years of the 'hard left' between 1979 and 1983 and nor is it the preserve of any particular faction within the Party. Moreover it cannot be ridiculed, as many pro-EU politicians are prone to do, as a minority view of the mavericks and extremists in the Party for many of those I have named - Bevin, Gaitskell, Jay, Healey and Shore - are major figures in the history of the Labour Party, and although numerically small the current-day anti-EU MPs cut across the Party's ideological spectrum.

Moreover, I wish to argue that the essence of their critique of the EEC/EU is essentially correct and very much relevant to the referendum this year.

Firstly, the process of European integration is fundamentally undemocratic. The people have rarely been given a say. This is the first referendum in over 40 years and even then the people were not told the full facts about the federalist nature of European integration. At each subsequent stage of integration they were not offered an opportunity to vote and the implications for national sovereignty have been denied.

Secondly, Gaitskell and others rightly stressed federalist nature of European integration, and therefore the implications for national sovereignty. Approximately 70% of our laws are now made by the EU through regulation and Treaty. Decisions of the European Court of Justice overrule member-state law and are often made in ways which lead to further integration. The use of the veto has been reduced in favour of qualified majority voting. As detailed in this booklet policies which are fundamentally against the national interest have to be accepted as part of our membership from free movement of labour to the Common Fisheries Policy (CFP).

Finally, the EU is fundamentally hostile to the pursuit of socialism, or social democracy, in Britain. The EU free movement of labour policy erodes wages, while competition rules preclude public ownership and state subsidies to industry. The TTIP agreement between the EU and America has damaging consequences for our welfare state. Protectionist measures and preferential trade between members is a barrier to the development of the poorer regions of the world.

For all of these reasons I believe that the Labour anti-Europeans are right and that the cause of socialism would be better served by withdrawing from the European Union on 23rd June.

Economic Costs of Membership

Mark Baimbridge

Introduction

The left's relationship with the European Union (EU) has long been the focus of debate. At the time of the 1975 Referendum leading members of the Labour Party campaigned on both the 'Yes' and 'No' sides, while as recently as 1987 the official policy of the British Labour movement supported withdrawal. Thus, there has been a periodic oscillation of position held by the left, varying from a 'progressive' critique of Britain's role within European integration to wholehearted support for the creation of a 'social' Europe.⁷ This has been most recently exemplified by the position of the Leader of the Labour Party, Jeremy Corbyn, who voted to leave in 1975, but now argues that is 'possible to be critical and still be convinced we need to remain a member'.

More recently, the left's support for European integration has been viewed as a bulwark against globalisation; however, the belief that the EU provides the potential for realising a progressive social and economic policy is problematic. Considerable faith has been placed in the European Social Model (ESM), yet this remains patchy in both coverage and generosity.⁸ Moreover, the neoliberal framework associated with Economic and Monetary Union (EMU) requires the separate formulation of monetary policy by the independent European Central Bank (ECB) from nationally determined fiscal policy, itself constrained by the Stability and Growth Pact and Fiscal Compact, leading to a lack of policy coordination prejudicial to the construction of a progressive economic framework.⁹

The threat to democratic socialism of EU neoliberalism

The British left has been increasingly identified as one of the most fervent supporters of the 'European project' where its failure would gravely undermine a sizeable proportion of contemporary social democratic strategy. This is in sharp contrast to the former preference for a national focus for democratic socialist organisation and policy programmes where the EU was distrusted due to a perceived bias in favour of 'big business'.

⁷ M. Baimbridge, P.B. Whyman, P.B. and A. Mullen, (2007) *The 1975 Referendum on Europe: Current Analysis and Lessons for the Future* (Exeter: Imprint Academic, 2007)

⁸ P.B. Whyman, M. Baimbridge and A. Mullen, *The Political Economy of the European Social Model* (London: Routledge, 2012)

⁹ M. Baimbridge and P.B. Whyman, (2015) *Crisis in the Eurozone: Causes, Dilemmas and Solutions* (Basingstoke: Palgrave, 2015)

One of the most notable arguments proffered to explain social democratic support for European integration relates to the oft repeated claim that globalisation has created a new environment within which progressive forces need to adapt traditional programmes and arrest a perceived decline in the efficiency of their preferred policy instruments. The implications from this perspective for democratic socialist strategy are catastrophic, since there remains no room for manoeuvre for discretionary Keynesian policy, with governments compelled to revise policy to conform to the dictates of international financial markets. Thus, ‘luxuries’ such as full employment, redistribution and the development of a universalistic welfare state may be no longer be afforded due to greater economic constraints. However, such a perception of globalisation constitutes a gross exaggeration since nation states retain considerable autonomy in national economic policy as witnessed by Britain’s economic performance after exiting the ERM in 1992.¹⁰

A second significant attraction for the left concerns the existence of what is often described ‘Social Europe’ that essentially refers to the combination of a successful, competitive market economy with generous welfare provision and labour protection. Nevertheless, it is the vision that proves attractive and not the realisation of democratic socialist aspirations. For example, the current form of social dimension being constructed across the EU, while it has had an impact in less regulated EU member states (such as the UK), remains a minimalist version of a fully-fledged system of social protection of the kind idealised in discussion of the ESM.¹¹

Hence, a key reason for questioning the left’s enthusiasm for EU integration concerns the existence of pressure within the EU for reforms intended to create a model more attuned to the neoliberal precepts of the EU’s economic framework. Moreover, this neoliberal approach is reflected in the attitude of the EU Commission that increasingly views social policy as a means of promoting adaptability and flexibility across the EU economy that is synonymous with weakening collectivised labour and social protection.¹²

A further key aspect that has been embraced by large sections of the left is EMU; however, its critics point to the combination of substantial initial transfer costs and the danger of being trapped within a permanently fixed exchange rate system, magnified by the deflationary impact of the monetarist-inspired creation of the ECB whose sole objective is control of inflation through a ‘one size fits all’ interest rate policy. Additionally, the constraints imposed upon national fiscal policy ensure that this

¹⁰ P. B. Whyman, M. Baimbridge and A. Mullen, (2014) ‘Revisiting the European Social Model(s) Debate: Challenges and Prospects’ *Journal of Studies on European Integration and Federalism* 372 (2), 2014, pp.8-32

¹¹ P.B. Whyman, (2007) *The Nature of Globalisation and its Impact on the UK Economy*; in House of Commons Treasury Select Committee, *Globalisation: Prospects and Policy Responses*, No. 137, (London: The Stationary Office Ltd, 2007)

¹² D. C. Vaughan-Whitehead, *EU Enlargement versus Social Europe? The Uncertain Future of the European Social Model* (Cheltenham: Edward Elgar, 2003)

deflationary approach will be maintained by the more intensive ‘reform’ of welfare provision than has already occurred and restriction of counter-cyclical economic strategy.¹³

The economic costs of EU membership¹⁴

The relationship between the UK and the EU has always proved to be difficult, where a reason for this scepticism arises from a vague understanding that membership has not delivered the benefits that proponents predicted, while the loss of areas of sovereignty and autonomy of democratic decision making have appeared more profound.

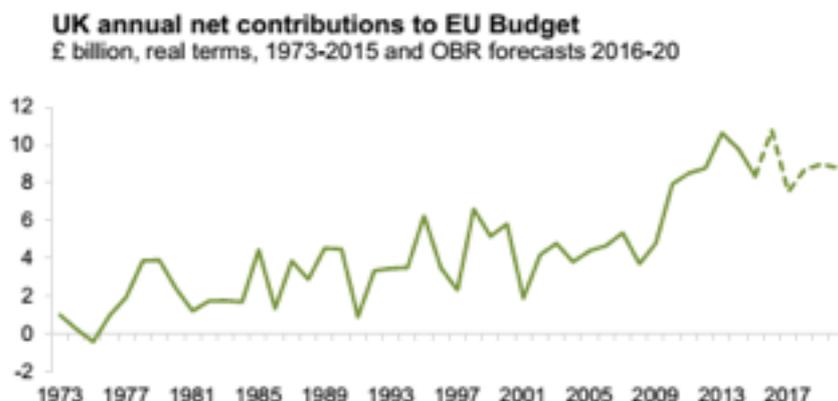
Since the abolition of the Corn Laws in 1846, Britain’s policy was to allow free entry to the lowest cost foodstuffs, which benefited industry because workers obtained their food at competitive prices. Additionally the British public possessed more income to spend on other goods, while the countries from which the UK imported food spent on commodities produced in Britain. This beneficial cumulative process was destroyed by the Common Agricultural Policy (CAP) that not only raises the British cost of living, but encourages an inefficient transfer of resources into agricultural output. Moreover, because the UK has traditionally been a net importer of foodstuffs, higher food prices represented deterioration in the UK’s terms of trade, whilst the inflationary impact upon UK exports damaged the balance of payments. Estimates of these impacts suggest that UK food prices are up to 20% above world prices, costing the average British family more than £40 per week such that withdrawal from the CAP would benefit the UK economy by between 1-1.5% of GDP. Similarly, the Common Fisheries Policy (CFP) constitutes an example of how the UK gave away control of its resources due to EU accession where accepting fish to be ‘a common European resource’ contributed to the decline of the UK fishing industry. Additionally, the CFP has been an unmitigated disaster for UK consumers who faced price rises due to restricted supply and lower utilisation of vessel capacity.

The EU budget is structured so that the UK consistently contributes a greater proportion of finances than it receives in return, or than is warranted, by its relative national income. The four revenue mechanisms were biased against members (like the UK) whose historically higher-than-average consumption rates caused overpayment to the EU in comparison to the GDP per capita calculation. Although the UK has benefitted from a rebate on its contributions since 1985 certain elements

¹³ M. Baimbridge, P. B. Whyman and B. Burkitt, ‘Beyond EU Neoliberalisation: A Progressive Strategy for the British Left’ *Capital and Class*, (2007) 93, pp.67-91

¹⁴ This section draws upon data from D. Webb and M. Keep, M. (2016) *In brief: UK-EU Economic Relations*, Briefing paper 06091 (London: House of Commons Library, 2016) and extracts from M. Baimbridge, P.B. Whyman and B. Burkitt, *Moored to the Continent? Future Options for Britain and the EU* (Exeter: Imprint Academic, 2012) and M. Baimbridge, B. Burkitt, and P. B. Whyman, (2006) *Alternative Relationships between Britain and the EU: New Ways Forward? The Political Quarterly*, (2006) 77 (3) pp.402-412

from the Budget are excluded from the deduction; in particular, non-agricultural expenditure in new member states, that largely accounts for the sharp increase in the UK's net contribution since 2009. In monetary terms the net remittance to Brussels, and thus the direct cost to UK taxpayers, is currently around £8.5 billion per annum.



The Single Internal Market (SIM) removed all formal trade barriers, while ensuring the free movement of capital, people, goods and services; where estimates suggested that across the EU it would increase GDP by 7% and create 5 million new jobs.¹⁵ For Britain's political and business establishment the belief that it generates such enormous benefits has become an unqualified article of faith; however, rounds of global trade liberalisation suggest that the UK would now not join the EU for trade reasons where the net balance of trade is important for the prosperity and future development potential of an economy. For example, in 2014, the EU accounted for 44.8% of total UK exports while imports from the EU were 52.8% of the total, generating a trade deficit of £59 billion; in contrast, the UK generated a trade surplus of £24 billion with non-EU countries. Thus, experience to date provides no support for the belief that the SIM provides significant benefits for the UK.

Such a substantial volume of resources, drained from the British economy, will have contributed to lower economic growth, leading to fewer jobs (particularly in manufacturing industry) than would otherwise have been the case. Consequently, it has been estimated that a net cost for the UK economy, arising from trade-related matters could be as much as 2.5% of GDP. Furthermore, successive governments have stated that over three million jobs are linked, directly or indirectly, to exports to the EU. However, this is not the number of jobs linked with membership *per se* since trade with EU countries would still take place if the UK were to leave and would be in the overwhelming interest of EU exporters for it to do so.

An additional pernicious aspect of the SIM is the over-regulation it imposes on firms in that restricts the autonomy of investors, producers and employers, thereby increasing costs, causing inflationary pressure and restraining potential economic growth rates; where estimates suggest such costs being 2-6% of GDP. Furthermore,

¹⁵ P. Cecchini, *The European Challenge - The Benefits of a Single Market* (Aldershot: Wildwood House, 1988)

such EU regulation has been criticised because it is designed and applied at super-national level; thus, it has not been democratically determined and may be better left to individual nation states.

In addition to these continual hindrances, EU membership included one of the most disastrous economic experiments inflicted upon the UK economy through its ill-fated ERM membership of 1990–92 that resulted in GDP shrinking by 3.8% and unemployment rising by 1.2 million thereby cumulatively costing the UK economy over £67 billion or 11.3% of 1992 GDP in terms of lost potential output.¹⁶

Finally, one of the greatest milestones of European economic integration has been EMU; however, as the events of 2010 onwards indicate this undertaking has not been without risks, particularly given the absence of any EU government or budget mechanism. Indeed, without traditional means of macroeconomic management success of the eurozone largely relies on improving labour market ‘flexibility’ that frequently results in a ‘race to the bottom’ of wages and social welfare. Second, the loss of national fiscal and exchange rate policy tools combined with hawkish ECB monetary policy suggests that lower than potential growth rates will become entrenched. Although (thankfully) not a eurozone member, the UK will inevitably be negatively affected by these developments in terms of weaker trade and investment opportunities.

Conclusion

The UK’s membership of the EU has proved to be disappointing to the advocates of European integration, where the majority of costs exert an annual burden that will continue indefinitely and may even intensify over time. For example, the EU Commission has frequently raised the possibility of eliminating the UK’s budget rebate, while agricultural protectionism will remain costly to the UK economy and consumer for the foreseeable future. Moreover, the devastating experience of ERM participation fatally cast doubt upon EMU membership since a forced exit from this scheme would bear a considerably greater cost. Indeed, even the SIM, the one area where most commentators have assumed the UK to be a net beneficiary produces conflicting evidence.

Despite the arguments and evidence presented many in the UK political elite, including those on the left, continue to assert that no viable alternatives exist to further European integration. This is a perverse response to the available evidence and it makes little sense to allow a nation’s democratic self-determination to be undermined through participation in initiatives leading towards deeper economic and political integration without first considering a range of alternatives. Consequently, either the left redoubles its efforts in a struggle within the EU to realise a fundamental reform of its institutions and policy framework, or else considers other, more globally orientated, alternatives.

¹⁶ M. Baimbridge and P. B. Whyman, *Britain, the Euro and Beyond* (Aldershot: Ashgate, 2008)

The Economic Case for Brexit

Bryan Gould

Readers of the centre-left or liberal press are constantly told that supporters of Brexit are not only inevitably right-wing, but ignorant, prejudiced, xenophobic, or just plain deranged. The possibility that there is a perfectly rational case for reconsidering our future in Europe, a case that is not only consistent with a left-of-centre stance but actually required by it, is overlooked. The debate is all the poorer for it.

I have been involved with this issue since, as a new recruit in 1964 to both the Labour Party and the Foreign Office, I helped to organise from our Brussels embassy the Wilson-Brown tour of Common Market capitals as part of a further attempt to have the Gaullist veto on our membership lifted.

By the time I returned to the UK in 1968, I was clear that the issue was not whether we should or could be part of Europe, since no one could doubt that we were historically, geographically, culturally, and politically an integral part of that entity, however defined. The question was not whether, but what kind of Europe?

I had come to the realisation that what we were offered was not 'Europe' but a Franco-German deal guaranteeing free trade in manufactures to the Germans in return for subsidised agriculture to suit the French. It was a deal that was directly inimical to British interests and, in particular, to the jobs and living standards of British workers.

It is often forgotten that joining 'Europe' in 1972 represented for Britain a restriction of our trading opportunities and an abandonment of a rational and long-established trading pattern. It meant a substantial increase in food prices and therefore in domestic costs, making British manufactured goods more expensive and therefore less competitive. It also meant an end to the preferential markets we had enjoyed beyond Europe, and opened us up instead to direct competition from more efficient manufacturing rivals in a single European marketplace.

Yet we are told, in support of the constantly repeated refrain that Britain has no option but to stay in the EU because there are no other viable choices available, that we derive unmatched trade advantages by virtue of the simple fact of our geographical proximity to the European market. We cannot afford to turn our backs, we are told, on the market in which we now do most of our trade.

This argument is so full of holes that it is surprising that its proponents think it worthwhile to make it. First, it would be hugely surprising if the figures did not show an increase in our trade with the EU and a comparative decline with the world outside. What, after all, was the whole exercise about, if not to concentrate our trade in Europe and divert it from elsewhere?

If more than 40 years of managed (rather than free) trade, in which a European customs union on the one hand and tariff barriers against the world on the other have quite deliberately and systematically narrowed our trading opportunities, we would surely be able to sue for false pretences if something of the kind had not materialised. But is that outcome necessarily to be welcomed?

The UK is surely the last country to be told that trade is something best done at close quarters. No other country has enjoyed more extensive trade links or has a longer or more successful experience of the great advantages of trading on a world-wide scale. It is surely a matter of regret rather congratulation that British goods are rarely seen today in markets such as Australia and New Zealand and that EU membership restricts our freedom to improve our trading prospects with some of the fastest growing economies in the world such as India.

The concentration of our trade in Europe, while markets elsewhere have been systematically neglected, may please the true believers but it has left our trade dangerously unbalanced and focused unnecessarily on a market where the evidence over four decades demonstrates that we are at a substantial disadvantage.

Let us put to one side the very large net annual contribution we pay to the EU (a continuing burden on our balance of payments and variously estimated at somewhere between £8.5 billion and £11 billion each year). The crucial fact is that we have now run a trade deficit in every year since 1982, just, as it happens, when the full impact of EU membership took effect - hardly a coincidence, since the greater part of that deficit is with the other members of the EU, and much of it arises in the trade in manufactured goods. It continues to weigh on the whole economy and shows no sign of diminishing; in January alone, the deficit in our trade in goods with the EU amounted to £10.3 billion.

A trade imbalance of that size does more than suck productive capacity and jobs out of the UK. It means that we dare not expand our economy for fear of sucking in yet more manufactured goods from the EU, and creating an even higher deficit that can be financed only by increased borrowing and the sale of yet more assets - in addition, that is, to the more than £600 billions worth we have already sold in recent years.

The deficit in our trade with the EU in manufactures has meant that our manufacturing sector has shrivelled away, and now contributes just 10% of our GDP - a lower proportion than is to be found in any other advanced industrial country. This dramatic loss of manufacturing capacity has meant that working people and their families, especially those in the regions, have lost out on jobs and decent pay - the steel industry is just one example among many.

And, with manufacturing prospects so poor, it is not surprising that our net investment in new manufacturing capacity is virtually nil, so that our ability to compete in the future is even further reduced. These factors, with their serious implications for the

living standards of working people, are - or should be - of major concern to the left, and a Labour Party that showed that it understood this and was prepared to stand up for British workers could be rewarded at the polls for doing so.

The seriousness of these downsides of EU membership is not usually denied, since the facts cannot be gainsaid. Apologists try instead to distract attention from them by framing the debate in terms of rival pessimisms; we are constantly told that the burdens of membership are unfortunate but are outweighed by the risks of being left out in the cold. We are solemnly warned that our EU partners will refuse to trade with us if we upset them by pressing for a different and better Europe.

But - while blood-curdling warnings designed to deter us from reaching a rational decision are only to be expected - are our partners really going to turn their backs on a one-sided trade relationship that has been so much to their advantage? Once we decide to re-negotiate our relationship with the EU, it will no longer be a case of issuing dire warnings but of grappling with a real situation. Talk of retribution and punishment for daring to take a decision in our own interests will no longer be relevant. The focus will inevitably be on optimising the trade opportunities for both the EU and the UK, and our own interest in maintaining access to the EU market will be at least matched by the European unwillingness to lose access to ours. It beggars belief that valuable trading opportunities would be passed up in a fit of pique.

We should take in any case take courage from the lessons of our own experience. Similar arguments were made about the supposedly disastrous consequences of leaving the European Monetary System and of not joining the euro. Most people in Britain will offer daily thanks that we had the courage to reject those arguments and to stay out of the euro. Our eurozone partners rapidly decided that they needed us at least as much as we are said to need them, and then simply got on with it, on the terms that we had decided.

The issue of the EU's response to a Brexit is of course an interesting test of the real purpose of the EU. Is that purpose really free trade, in which case they would do their utmost to keep trade links open? Or is it really the creation of a European super-state, run in the interests of the dominant economies? It is only on that latter assumption that we might expect that, even at the expense of the EU's own economic self-interest, defectors would be punished *pour encourager les autres*.

A decision in favour of Brexit would not in any case produce, as is so often alleged, the complete rupture of our relations with the EU. It would not mean turning our backs on Europe. It would signal instead the real possibility of a new European agenda, aimed not only at a better deal for the UK but also at a better and more constructive Europe, and one with a greater chance of success.

A new Europe would not operate, as it has done since its inception, against the interests and instincts of the left. It would no longer operate as a manifestation of free-market capitalism, guaranteeing an intervention-free zone so that market forces

have free rein and serving the interests of big business rather than those of ordinary people. It would not, in thrall to neoclassical economic doctrine, impose a policy of austerity across the continent, trashing the interests of working people across the euro zone and requiring them to bear the burden of free-market failures - ask Syriza and the people of Greece.

It would not run a hugely diverse economy in terms of a monetary policy that suits Germany but no one else. It would not attempt to impose a political structure decided by a small elite, but would allow the pace of cooperation and eventually perhaps integration to be decided democratically by the people of Europe. A resurgent British left could help, post-Brexit, to bring these changes about to the benefit of the whole of Europe.

There are those on the left who urge the UK to remain in the EU on the ground that we are lumbered with a Tory government for the foreseeable future and that to leave would mean giving up any chance of defending social and employment provisions, in both UK and European law, that would be vulnerable to Tory attack. But to treat as a plus the fact that a body of law cannot be overturned by democratic decision or through the exercise of the powers of self-government is surely an extraordinary position for the left to take; such a defeatist and anti-democratic argument should not be countenanced by any democrat or anyone prepared to work for a Labour government. The left was clear in its opposition to the Thatcherite assertion that 'there is no alternative' but we are expected to acquiesce when a similar message is delivered by the EU.

Even if it had any merit, it is in any case outweighed by the much more powerful and democratic argument that an incoming Labour government would find it much easier not only to defend but also to advance the interests of working people if it were untrammelled by EU commitments.

It would not, for example, be unable - by virtue of the EU's injunction against state intervention or giving priority to domestic suppliers - to defend the jobs of steel-workers. It would not be obliged, given the EU's outlawing of subsidies for public services and its predilection for privatisation, to sell off the Royal Mail. It would not be bound by a Transatlantic Trade and Investment Partnership to concede to international corporations the power to sue a Labour government if its policies threatened to reduce their profits. It would not be powerless to stem the inward flow of cheap labour which has done so much to lower the floor that underpins the wages structure. And it could view the threatened fall in the value of sterling following a Brexit as an opportunity rather than a handicap.

The left's failure to understand these issues speaks volumes for its loss of intellectual self-confidence and the reduced level of its ambitions. But the removal of the EU as both crutch and straitjacket could change all that. A Labour government would enjoy a new freedom to legislate on health, education, social, employment and environmental matters in the interests of working people. Among the many economic

benefits of a Brexit, we might also find the restoration of the left's confidence, optimism, vision and momentum.

The Business Case for Brexit

John Mills

Many thousands of words have been written on the subject of how the UK will fare should we vote to leave the European Union on 23rd June. I would hazard a guess that the majority have been devoted to how our economy is sure to fail on the back of prolonged business uncertainty due to suspended EU trade deals. However, it is likely that many fewer words have been written describing the balanced view - that while there will undoubtedly be some uncertainty, it is inevitable that there will be some very substantial economic benefits too.

Free to trade worldwide

UK trade with the European Union is declining and it has been for many years. This is not a blip; rather it is a slow and steady decrease in the amount of goods and services we sell to the EU. In 2006, the EU accounted for 54% of our total trade, versus 44% today. There is little doubt that this figure will continue to fall whether we remain a member of the EU or vote to leave. This deficit needs to be filled somewhere else and we have been successfully doing so thus far, striking landmark deals with booming emerging nations such as India. So why do we persist in the belief that we cannot exist without this declining EU market?

Despite being told that being a part of the EU gives us the ability to benefit from excellent trade terms, the facts show that the EU does not have a good track record of striking trade deals on behalf of its members outside the block. Recent research by think-tank Civitas actually indicates that most trade agreements entered into by the EU are followed by a decline in export growth between Britain and the new partner nation. The study looked at 15 EU agreements for which good trade data is available.

Only five saw a subsequent rise in export growth from the UK - in the other 10, the growth rate fell.

Much has also been made of the strength of the EU in terms of its growing number of members: the more countries that join, the greater the amount of trade potential. But let us look at this critically. Outside of the core countries, do we really think that in 10 years' time, trade with accession countries such as Turkey or Albania will be more beneficial to the UK than extending our trade with India or China or the Asia Pacific Rim countries?

As it stands we are tied to and by the EU. Take a look at the recently Tata Steel crisis. The Government cannot intervene without breaking multiple EU rules and risking financial sanctions. The EU would rather the UK steel industry disappeared altogether than allow government intervention. This is not the kind of trading club we really want to be a member of.

It is this generation's job to lift its vision on behalf of the next, look outward to where the huge growth will come and build the foundations and partnerships necessary to capitalise on these opportunities long term.

Continue to trade with the EU

In my view, and that of many others, there is little reason to believe that we cannot strike good trade deals with the EU if we leave. As many continue to repeat, the UK is the fifth largest economy in the world with ties to every continent. Rather than believing that, if we leave the EU we are in danger losing out, we must accept that, in fact, it will be the EU that is losing something potentially much bigger if they fail to strike decent trade deals with the UK. And this is clearly the view of the EU. If they cared so little about losing us as a member and trade partner then they would not be quite so determined to ensure that we do not see the benefits of leaving.

Europe's Trade Commissioner, Cecilia Malmstrom, put this point forcefully just the other day. '[We hope the] Brits will choose to stay. We want them, we love them, we need them.' And yes, the EU does need us very badly indeed. Currently, we have an extremely large trade deficit with the EU. We import much more than we export. Again, this situation is unlikely to change any time soon. The future of export trade for the UK lies firmly outside the EU and there is nothing the EU can do to reverse this global trend.

Cut stifling EU business regulation

More than 70% of the UK economy is made up of domestic businesses that do not engage in international trade. Exports of goods and services to the EU represented only 13% of GDP in 2014. But every single UK business must adhere to the ever-growing mass of EU business regulations covering almost every aspect of starting, growing and operating a UK business.

This situation has become a great deal worse since the financial crisis of 2008. We are now at the point where one corporate treasurer at a FTSE 250 manufacturing company told the Financial Times earlier this year: ‘The last 10 years have been the toughest of my career - and that is all down to regulations. They [the EU] are swamping us. It even takes six months to do simple things like open a bank account.’

There is no doubt that many EU regulations have led to a fairer and better life for workers and a reduction in risks in the workplace. But we are now at the point where EU red tape is stifling business growth, not to mention costing firms very large sums to implement. Based on an analysis of UK Government Impact Assessments (IAs), it was found that the 100 most burdensome EU-derived regulations cost the UK economy £33.3bn a year.

On top of our EU membership fee, which, including everything, last year amounted in total to almost £20bn, we are leaving ourselves very short indeed. And this shortfall is landing firmly on those in our society who are least able to bear the economic and social cost. With the money we spend on the EU and the money businesses waste on EU regulations, we could be building schools, hospitals, and transport systems, and creating jobs for young people who are currently unemployed. Do we really believe that this is the right way to run our economy and our country?

A Trade Union Case for Brexit

Mick Whelan

ASLEF is backing the campaign to leave the European Union in the referendum on 23rd June. Not because we are standing shoulder to shoulder with Nigel Farage - a man memorably described by *The Economist* as ‘a saloon bar bore’ and with whom we have nothing in common, politically or industrially - but because we believe the EU has become a rich man’s club which offers lots for the boss class - for the neoliberals whose siren calls echo around the corridors of power in the capitals of Europe - but little for ordinary hard-working men and women trying to earn a living in this Conservative Age of Austerity.

At the heart of our objections are a couple of proposals emerging from Brussels which we think will be bad for Britain, in general, and bad for the railway, in particular - the European Commission’s Fourth Railway Package and the Transatlantic Trade and Investment Partnership with the United States.

Fourth Railway Package

The Fourth Railway Package is a controversial set of proposals which would foist the British model of rail privatisation on the rest of Europe. We know that privatisation doesn't work. It is not the right model for Britain and it is not the right model for Europe. But this package - which, despite the reservations of many MEPs, and protests from rail workers right across the continent, the neoliberal ideologues at the heart of the EU appear determined to foist on people - would turn what we see, and is still seen in many European countries, as a public service, into an opportunity for a few firms to plunder a private profit.

Privatisation hasn't worked, doesn't work, and will not work in what is - like other public services, such as the provision of gas, water, electricity and the Royal Mail - a natural monopoly. The model is broken and is selling Britain - passengers, taxpayers, and those of who work on the railway - woefully short. In the last 20 years, since John Major privatised our industry - a privatisation, incidentally, which even Margaret Thatcher described as 'a privatisation too far' - we have seen rolling stock get older, trains get more crowded, and fares go through the roof. We now have the highest fares in Western Europe, because of privatisation.

But the European Commission is determined to impose this flawed model on the rest of Europe. And, if they succeed, it will prevent us from ever bringing the railways back into public ownership. We were delighted when Jeremy Corbyn - who we backed when he was campaigning to become Leader of the Labour Party - came out and committed the next Labour government to renationalising Britain's railways. It's not just the right policy, it's a popular policy - even Conservative voters are fed up paying over the odds to help the privatised train companies make a profit at our expense - but the Fourth Railway Package, if it is enacted, will prevent us from doing what voters want.

TTIP

The Transatlantic Trade and Investment Partnership is a free trade and investment treaty being negotiated, in secret, between the EU and the US. It is unnecessary, as the EU and US already enjoy strong trade and investment relationships, with tariffs at minimal levels, so why are companies so keen to see this new deal signed?

Because the aim of TTIP is to remove those barriers which restrict the profits transnational corporations can make. The problem is that what global corporations perceive as barriers include vital regulations protecting our labour rights, food safety and banking safeguards. It might be handy for profit-hungry corporations if they didn't have to comply with social and environmental regulations - many would like to live in a free market Wild West - but it would not be good for the rest of us.

Another aim of TTIP is to open public services and government procurement contracts to competition from transnational corporations. Our health and education sectors are undergoing gradual privatisation - from children's social services to care homes and from ambulance services to the railways - and TTIP would accelerate this

transformation of public services into privately-run sectors. The aim, of course, is to make a private profit at public expense.

TTIP would also make it easier for companies to source goods and services from the US, where labour standards are lower, and to eradicate workers' rights, like collective bargaining and the right to organise, on the grounds that they restrict their business model and profit margins. I think it is ironic, to say the least, that David Cameron has spent the last few weeks travelling around Europe in a bid to take back British sovereignty from Brussels when he is happy to hand it over, through TTIP, not just to the Americans, but to neoliberals everywhere.

Conclusion

There are other arguments, of course – at ASLEF we were very concerned about the way Greece has been treated by the European Union - but when ASLEF's executive committee met to discuss our position, the decision to back a Brexit was taken - with the proviso that we not campaign alongside, or stand on any platforms with, any of the racist, xenophobic and misogynist supporters of the Leave campaign from UKIP and the right-wing of the Conservative Party - primarily because of what the Fourth Railway Package would do to our industry and what the Transatlantic Trade and Investment Partnership would do to our country.

FOOD AND THE EU

Philip B. Whyman

The Common Agricultural Policy

The Common Agricultural Policy (CAP) was introduced in the founding Treaty of Rome, although it did not start operating until 1962. The intention was to: (i) support agricultural incomes, as these were falling behind wage growth in the rest of EU societies; (ii) to stabilise the prices of agricultural products, which are unstable due to

weather shocks; and (iii) to reduce Europe's reliance upon imported food and promote what is now termed food security.

At the present time, the CAP supports the 12 million (full time) farmers in EU member states, with an average farm size of 15 hectares. In comparison, the 2 million farmers in the USA have an average farm size of 180 hectares. Consequently, one unstated aim of the CAP system is to subsidise the continued survival of small-scale farming, whether for social or environmental reasons. If the agri-foods industry is included in the calculation, the food production sector accounts for 6% of EU GDP and is responsible for 46 million jobs.¹⁷ The CAP operates across all EU member states and thus the EU regime has replaced previous national forms of agricultural support. As such, agriculture is the only sector entirely funded from the EU budget.

The initial form of CAP depended upon the setting of guaranteed prices, with the EU intervening to purchase farm output when the market price fell below an agreed target level. It did reduce the EU's reliance upon imported food, but the resulting over-production was wasteful and led to the infamous butter mountains and wine lakes. This began to change in the 1990s, as the MacSharry reforms began to weaken the link between subsidies and production, and agricultural support embraced objectives such as diversifying the rural economy, ensuring environmental protection, together with meeting consumer demands for safe food and high standards of animal welfare.

Cost

When measured as a share of total EU expenditure, the CAP accounted for around 73% in 1985, whereas this has declined to 42.8% by 2014.¹⁸ However, because of the growth in the EU budget as a whole, total CAP expenditure rose in real terms during this time, from around €30bn to €61bn in 2014.

Without these reforms to CAP expenditure, this element of budgetary expenditure would have increased dramatically, following the eastward enlargement of the EU, as this increased the total amount of EU agricultural land by 40% and more than doubled the total number of farmers in receipt of CAP subsidies.

Export subsidies have also fallen over the past two decades, from €10bn a year to around €160m by 2011. Nevertheless, the persistence of agricultural subsidies in the EU still distorts free trade and denies consumers the change to buy products at world prices.

Criticism

¹⁷ http://europa.eu/rapid/press-release_MEMO-13-631_en.htm

¹⁸ http://ec.europa.eu/agriculture/cap-post-2013/graphs/graph1_en.pdf; http://ec.europa.eu/budget/figures/interactive/index_en.cfm

The first problem with the CAP is that it misallocates resources. All subsidies have the potential to do this, of course, but the CAP is particularly wasteful where it encourages over-production, which is itself a further waste of scarce resources. Moreover, the agricultural tariff barrier that protects the EU agricultural market means that EU consumers have to pay more for their foodstuffs than would be the case if this sector was opened up to free trade. As a result, the Institute for Economic Affairs estimate that UK consumers are paying 17% more for food than we would under market conditions¹⁹, whilst Milne suggests that the CAP could be costing the UK between 1.2 and 1.7% of GDP per year.²⁰

A second criticism is that this misallocation of resources was worsened by the decision to use export subsidies to sell the surplus produce at below cost price in the world market. This 'dumping' on world markets was singled out for criticism at the Doha World Trade Organisation talks in 2003. Thus, an issue relating to the inefficient use of resources was magnified by the unfairness to poor farmers in developing countries, who could not compete with the artificially low prices charged as a result of the export subsidies, thereby impairing economic development. CAFOD are particularly vociferous in their criticism of the CAP as resulting in trade distortion and inflicting enormous damage to developing economies. Indeed, in a telling intervention, they noted that the average cow in the EU receives total support equivalent to US\$2.20 a day, which is more than the income of half the world's population.²¹ Moreover, the Overseas Development Institute argue that existing protectionist measures may exacerbate price volatility at world level, and therefore completely abolishing CAP subsidies would help to stabilise prices in world commodity markets.²²

Finally, by encouraging farm 'modernisation', the CAP was blamed for environmental damage resulting from increasing use of agricultural chemicals and intensive farming methods.²³ Moreover, the CAP has been identified as a potential cause of various health anxieties, ranging from claims that practices encouraged by the CAP have led directly to food safety issues such as BSE, or, more generally, to concerns that subsidising certain types of foodstuffs might be contributing to health problems.²⁴

Have the EU Reforms Solved the Problem?

¹⁹ <http://www.iea.org.uk/blog/abolish-the-cap-let-food-prices-tumble>

²⁰ I. Milne, *A Cost Too Far? An Analysis of the net economic costs and benefits for the UK of EU membership* (London: Civitas, 2004). Available via: <http://www.civitas.org.uk/pdf/es37.pdf>

²¹ http://www.iatp.org/files/Dumping_on_the_Poor_The_Common_Agricultural_Po.htm

²² <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7891.pdf>

²³ https://www.rspb.org.uk/Images/CAP_flooding_briefing_feb_14_tcm9-362590.pdf

²⁴ http://www.fph.org.uk/uploads/r_CAP.pdf

Not really. By reducing the extent of price support and export subsidies, the EU has less of a trade distorting impact than previously, but these elements still persist in the new CAP model. Moreover, whilst the tariff on external agricultural goods remains high, UK consumers have to pay more for food than if trade occurred at world prices. Nevertheless, it is important to recognise that some progress has been made.

Were the UK to withdraw from the EU, it would still need to provide some sort of support for the agricultural sector, or else accept the decline in more marginal areas of farming, with potential impact upon the rural environment. The Australian or New Zealand agricultural support systems could usefully provide an insight into how this might be managed.

The Common Fisheries Policy (CFP)

The fishing industry is a relatively small, but still significant industry within Europe, contributing close to 1% of EU GDP, employing around 140,000 trawler workers, in 97,000 vessels and catching 6.4 million tonnes of fish, with an additional 85,000 people working on fish farms and contributing an additional one million tonnes of fish and shellfish. Despite this level of catch, the EU has a trade deficit in fish products of around €3 billion.²⁵

Unlike the rest of the world, where each sovereign nation has an Exclusive Economic Zone (EEZ) which extends 200 nautical miles from its coastline, within which the nation has control over its maritime resources to manage or exploit as it determines, the EU decided to amalgamate all EEZ's for its member states and bring them within the auspices of the CFP. As a result, each EU member state has sovereign rights over only the 12 miles closest to its shoreline, with the remainder of the 200 mile EEZ being managed by the EU, and with access to the entirety of this common zone being equally accessible to trawlers from all member states. This includes landlocked nations with no previous deep sea fishing industry.

The CFP forms part of the EU European Maritime and Fisheries Fund, which has a budget of €6.4 billion to manage the CAP and encourage the diversification of development within maritime economies. The bulk of CAP funding (71%) is allocated to structural intervention, or subsidising the EU fishing industry, with additional budgetary items including payments made to gain access to foreign fishing grounds (19%), conservation (5%), market price intervention (4%) and the remainder (2%) split equally between research and administration of the scheme.²⁶ The CFP claims exclusive competency over fisheries *conservation* policy, whereas responsibility for fisheries policy *as a whole* is shared between the EU and member state governments.

²⁵ http://ec.europa.eu/fisheries/documentation/publications/pcp_en.pdf

²⁶ <http://britishseafishing.co.uk/conservation/common-fisheries-policy-cfp/>

The CAP works by assigning each member state a certain quota, based upon the annual total allowable catches allowed within a geographic area, derived from scientific advice on fish stocks and comparison made to historical catch rates. The UK's share of the EU quotas, when allocated in 1983, was 37% by volume and around 12% by value, which was a considerable setback for the UK fishing industry, as the former UK territorial waters held approximately 80% of all EU fish stocks.²⁷ Moreover, under EU rules, the UK quota could not be ring-fenced for the exclusive use of UK-based fishermen, as EU nationals can purchase UK boats and therefore access UK quotas - a practice which became known as 'quota-hopping'. UK government attempts to prevent this practice, through residency tests, were rejected by the European Court of Justice (ECJ) in 1991.²⁸ It was the first time that the ECJ had overruled a member state's Act of Parliament, clearly demonstrating that when EU and national law are in disagreement, EU law prevails.²⁹ Thus, by 2014, when Greenpeace conducted a survey of the UK fishing industry, it found that fully 43% of the English quota was held by non-UK holdings, and indeed, a single Dutch trawler holds almost a quarter of the English quota, corresponding to 6% of the entire UK fishing quota.³⁰

Even in its own terms, the CFP has been a disappointment, as it was meant to protect fish stocks without damaging fishing communities. However, the evidence would suggest that three out of four of the major commercial stocks are overfished, whilst, despite reducing the tonnage of the EU fishing fleet, CFP subsidies to restructure and re-equip the industry has led to an increase in the effective capacity to catch fish by 14%.³¹ Thus, the EU fisheries remain at over capacity.³² Moreover, the quota system operates to the advantage of larger, industrial trawlers rather than small, more sustainable inshore fishing operations.

One particularly damaging side-effect arising from the operation of the CAP, which is finally beginning to be addressed, relates to the discarding (dumping) of an estimated 1.7 million tonnes of fish per year (23% of the total EU catch), because they do not

²⁷ R. Lea, Institute of Directors, EU Policy Comment, 'The Common Fisheries Policy and the wreckage of an industry', p. 2. (2002) Available via: <http://www.iod.com/MainWebsite/Resources/Document/CommonFisheriesPolicy1.pdf>.

²⁸ European Court of Justice, Factortame II (ECJ judgement Case C-221/89 of 25th July 1991)

²⁹ C. McLean, *The Common Fisheries Policy of the European Union. Diverging responses in Germany and the United Kingdom*, Lewiston Queenston (Lampeter: The Edwin Mellen Press, 2008), p.08

³⁰ N. Shrank, Greenpeace UK, 'Our net gain', 18th November, 2014. Available via: <http://www.greenpeace.org.uk/blog/oceans/our-net-gain-20141118>.

³¹ European Court of Auditors, *Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?*, Special Report No.12, 2011, p.17

³² <http://www.debatingeurope.eu/focus/arguments-for-and-against-the-common-fisheries-policy/>

meet the specifications of the EU quota system.³³ These fish are not being returned to the wild, to live and grow, but rather the dumping occurs after they are already dead. Thus, an absurd waste of a valuable resource.³⁴ It took the intervention of the celebrity chef, Hugh Fearnley-Whittingstall, with his ‘fish fight’ campaign in 2010, to finally get a ban on fish discards being phased in between 2015 and 2019, albeit with certain exemptions still allowed.³⁵ The fact that this practice persisted for so long, however, points to the difficulty in reforming the CFP.

There is a further problem associated with the CFP, in that it finances the access of EU fishing fleets into the territorial waters of twenty non-EU nations, fifteen of which are poorer, developing nations. This policy is controversial since EU subsidies are effectively paying for the depletion of fish stocks in developing nations and the shipping of the catch to European markets. Subsistence indigenous fishermen cannot compete with factory fishing vessels, with potentially negative developmental results.³⁶

The CFP was established, at some haste, six hours immediately prior to the 1970 accession negotiations scheduled to take place with Denmark, Ireland, Norway and the UK; the waters of which contained 90% of Western Europe’s fish stocks. As a result, the CFP formed part of the *acquis communautaire*, or body of EU law that any aspiring applicant nation would have to accept as part of membership negotiations. This was a clear act of naked self-interest, or, as Ray Finch describes it, a ‘resource grab’, on behalf of the existing members of the EU.³⁷ Nevertheless, the desperation of the then Prime Minister, Edward Heath to secure EU membership led to what Sir Con O’Neill, the senior civil servant on the British negotiating team, admitted thirty years later was that the principle which guided the negotiations was ‘swallow the lot, and swallow it now’.³⁸ Given its origins, it is not surprising that the CFP has proven to work against UK national interests.

³³ European Commission Staff Working Document, *A Diagnosis of the EU Fisheries Sector*, COM (2009) 163 final, p.166. Available via: <http://s3.documentcloud.org/documents/241352/frankensteinsreport.pdf>.

³⁴ http://www.efddgroup.eu/images/publications/Stolen_Seas.pdf

³⁵ E. Witbooi, *Fisheries and Sustainability: A Legal Analysis of EU and West African Agreements*, (Leiden/Boston: Martinus Nijhoff Publishers, 2012), p.100

³⁶ <http://www.debatingeurope.eu/focus/arguments-for-and-against-the-common-fisheries-policy/>; <http://britishseafishing.co.uk/conservation/common-fisheries-policy-cfp/>

³⁷ C. Booker and R. North, *The Great Deception: A Secret History of the European Union* (London/New York: Continuum, 2003), p.146; C. Lequesne, *The Politics of Fisheries in the European Union* (Manchester: Manchester University Press, 2004), p.20; S. Wall, *The Official History of Britain and the European Community - Volume II: From Rejection to Referendum, 1963-1975* (London/New York: Routledge, 2013), p.425; http://www.efddgroup.eu/images/publications/Stolen_Seas.pdf; <http://forbritain.org/cogchapter14.pdf>

³⁸ Quoted by P. Johnston, ‘Britain was Ready to Pay any Price to Join EEC’, *The Daily Telegraph*, 7th September, 2000

The consequence for the UK fishing industry has been dramatic, as the number of vessels fell from 10,295 in 1994 to 6,406 in 2012, with a decline in fishermen from 20,751 to 12,450 during the same period.³⁹ Moreover, the amount of fish landed in UK ports has experienced a similar decline, dropping from 948,000 tonnes of fish were landed from British vessels in 1970 to 417,000 tonnes in 2008. Indeed, this is only just above the level of 405,000 tonnes landed in 2015, when the North Sea was a warzone and U-boats sought to disrupt UK food supplies. As a result, despite its abundant natural marine resources, the UK has become a net importer of fish, to the value of £2.66 billion per year, such that two-thirds of UK consumption is satisfied through imports.⁴⁰ In addition to this loss associated with import penetration, it has been estimated that the CFP costs the UK an additional £2.81 billion annually; an estimate which included costs associated with unemployment (£138 million), net contributions to the CFP scheme (£65 million), the value of dumped fish (£130 million) and higher food prices factored into social security payments (£269 million).⁴¹ This equates to higher bills of around £186 per household per year, or £3.58 a week.⁴² Hence, it is not an exaggeration to conclude that the CFP has been an ‘unmitigated disaster for UK fishermen and UK consumers.’⁴³

Given the failure of the CFP, it would make sense if the UK took back control over its own territorial waters, but to do so could only occur if the UK left the EU.⁴⁴ Having withdrawn, it should be possible to form cooperative arrangements with former partner nations to manage sustainable fishing within a restored 200 nautical miles UK EZZ territorial waters. After all, Greenland negotiated a mutually advantageous agreement with the EU after its own withdrawal from the EU in 1985 (following a referendum decision taken in 1982), whilst Norway, Iceland and the Faroes have similar deals in place. Canada also, through the North Atlantic Fisheries Organisation, has an agreement with the EU.⁴⁵ Hence, it would not seem particularly problematic for the UK to reassert its traditional maritime rights and negotiate similar limited access to EU fishing fleets following withdrawal, but on much more advantageous terms than apply within the confines of the CFP.

³⁹ Marine Management Organisation, UK Sea Fisheries Statistics 2012; Marine Management Organisation, UK Sea Fisheries Statistics, 2013; Ministry of Agriculture, Fisheries and Food, UK Sea Fisheries Statistics 1994, in: HM Government, Review of the Balance of Competences between the United Kingdom and the European Union. Fisheries report, Summer, 1994, p.30

⁴⁰ http://www.efddgroup.eu/images/publications/Stolen_Seas.pdf

⁴¹ <http://forbritain.org/cogchapter14.pdf>

⁴² L. Rotherman, *The Price of Fish. Costing the Common Fisheries Policy* (London, Taxpayers’ Alliance, 2009), p.6-7

⁴³ B. Burkitt, M. Baimbridge, and P. B. Whyman, *There is an Alternative* (Oxford: Nelson and Pollard, 1996), p.14

⁴⁴ <http://britishseafishing.co.uk/conservation/common-fisheries-policy-cfp/>

⁴⁵ <http://forbritain.org/cogchapter14.pdf>

Patriotism and the Left

Frank Field MP

The time has come for the Labour Party, as the single largest occupant of the centre-left in British politics, to speak for England. Its failure to do so could, over the course of the next few elections, condemn the Party to a fate that is not too dissimilar to the one that has been visited upon our colleagues in Scottish Labour.

Two crunch issues will go some way towards determining the Party's reputation for being able to reflect and act upon voters' sense of national identity: getting ahead of the game on the devolution debate, and recognising throughout the European referendum debate the concerns held by traditional Labour voters over the impact of mass immigration from the European Union.

Although the Party north of the border was beaten into submission last year by the SNP, Scottish voters have decided that they are content for the nationalists, and now even the Tories, to continue landing blow after blow on Scottish Labour's lifeless body. This merciless political beating looks set to continue into this year's elections for the devolved assembly, and beyond.

It would be tempting for the Labour Party in England to see this, rightly in one sense, as a political earthquake, but, wrongly in another, as one that is confined to Scotland. I believe that the catastrophic collapse of the once all-powerful Scottish Labour Party, and the whirlwind pace at which this collapse has taken place, should put to bed any false sense of comfort that may have settled into the thinking of the rest of the Party.

Nothing can be taken for granted in British politics, and the trends that have given rise to this political earthquake in Scotland are beginning to crystallise elsewhere across Britain.

It is true that, in the long aftermath of the dismantling of the British Empire, Scotland managed swiftly and in a distinct way to reinvent its role and identity. To have achieved this reconfiguration long before the rest of the British Isles is no mean achievement, particularly given the disproportionately large stake Scotland had held in the Empire.

The reinvention of the Scottish nation has engulfed not only its political system, with an increasingly powerful devolved parliament now calling the shots from Edinburgh, but also the tone and content of Scottish political debate. Hence the rise and rise of the SNP, and the colossal downfall of Scottish Labour.

I believe that a next logical step in the Scottish political debate will come within the next decade once the SNP decides it is ready to use its dominant position to push for a next major round of devolution. This will entail further negotiations between Westminster and the Scottish Government that move us closer still towards Scottish independence under the Crown.

If it is to avoid being caught unprepared for these negotiations, Labour above all else needs to get ahead of the game in setting out its views on English identity and what it means to be English in the Twenty-First Century. By the time the formal, institutional negotiations on Scotland's future do eventually take place, Labour will need to have positioned itself as the Party that is ready to speak for England in a newly federalised United Kingdom. Success on this front will show the country as a whole that Labour has ceased being a minority interest in large parts of England, and that it is best placed to fight for what the English voters tell us is in their interests. Failure, on the other hand, could condemn the Party to minority status in vast swathes of England.

As things stand, the Party is in no fit state to position itself as a defender of the English nation. The sorry tale⁴⁶ that led to Emily Thornberry's sacking last year from the shadow cabinet reaffirmed English voters' worst suspicions of the centre-left in general, and the Labour Party in particular; that somehow we believe it's primitive, immature, and not the 'grown up' thing to do to have and express a love for one's country. We saw then, although not quite as catastrophically as we saw in Scotland,

⁴⁶ While campaigning in a by-election in Rochester and Strood, Emily Thornberry took a photograph of a home with a white van parked outside, and a St George's Cross draped from the window, and shared it on social media with a derogatory caption, 'Image from Rochester'.

just how toxic an effect this tendency for disdain, distaste, and lack of sensitivity to voters' sense of national identity, can have at the ballot box.

At the last general election, many of those voters who had supported Labour in years gone by simply didn't want to hear what Labour had to say. The Emily Thornberry episode had led voters to feel that Labour was in the business of belittling the pride they have invested for their whole life in the English nation, and so, in return, they were not prepared to listen to what the Party said it could offer them.

We can see from successive general elections that apathy, and then the UKIP, seems to have provided some traditional Labour supporters with an escape route from their belittlement. Since the heyday of Tony Blair's 1997 election victory: the Labour vote has fallen by 4.2 million; abstention's share has risen by 2.7 million; and the UKIP vote has increased by 3.7 million.

Not all of the abstentions come from Labour voters and not all disgruntled voters who are allying themselves with UKIP come from the Labour fold. But as a very minimum we can say that over the past decade the Labour leadership has been the primary recruiting sergeant for what are now millions more UKIP voters.

It is important to recall, however, just how significant the Labour haemorrhage has been to UKIP. What began as a trickle is now a mighty flood. In the 2010 General Election UKIP had only managed to recruit 138,000 voters who previously had voted Labour. Compare that position now with the position in 2015. Nearly a million (931,000) Labour voters deserted their traditional party and put crosses against UKIP candidates. Almost a quarter of UKIP's vote in 2015 came from voters who in the 2005 General Election had voted Labour.

The need for Labour to understand and respond to English voters' sense of identity, which for most people comes from their sheer gut feeling and pride in one's country, is therefore blindingly obvious. But the Party at the moment is in danger of heading in the opposite direction. Its unwavering support for the European Union is, I believe, a step away from most English voters' sense of who we want to be as a nation, and what is in our best interests.

The campaign to remain in the EU is increasingly reliant on voters' natural reluctance to step into the unknown; 'better the devil you know' would make a fitting campaign slogan for the Remain camp. Yet it is the certainty of what we know will happen in the event of a vote to remain that will erode further the link between Labour's worldview and that held by a majority of English voters.

We know that, should the UK remain in the EU, our government will have no say whatsoever on the numbers of people migrating here from overseas. We have already seen a churn in the population of seven million people since Tony Blair threw open the doors to Eastern Europe in 2004. With the population set to grow by nine cities the size of Birmingham in the next 25 years, and two thirds of this growth being

accounted for by future migrants and their children, our country is set to undergo yet another radical change in its composition.

That the arrival of so many newcomers will restrict our own poorest citizens' access to housing, healthcare and places at decent schools, will grate away at that part of our identity that longs for fair play in the allocation of public resources.

It will chip away simultaneously at two further aspects that are fundamental to any national identity: a common set of memories and shared experiences. Voters by and large remain highly reluctant to let go of the symbols and customs that bind us together as a nation. I fear that Labour's inability or unwillingness to gauge this feeling, and to show itself able and willing to protect England's shared traditions, could scupper the Party's ability to respond effectively to voters' wishes for the kind of country in which they wish to live.

What steps therefore will the Party need to take along the road to being able to speak for England?

First, and most immediately, the Party needs as many of its elected representatives as possible to encourage Labour voters who wish to leave the EU, to cast their vote as proud Labour voters and not as political outcasts. I fear that the Party's overwhelming support for the Remain campaign, and the unwavering support for the free movement of people from the EU, could have the unintended effect of leading another tranche of traditional Labour voters to feel as though UKIP now offers a more welcoming political home. With UKIP hot on our heels in second place in 44 constituencies, the electoral impact of this dynamic on Labour's prospects of forming a government, could be damaging beyond belief.

Second, in the aftermath of the referendum result and regardless of the result, Labour should get ahead of the game in looking at how entitlement to welfare, health and housing can be reformed to ensure our own people are at the front of the queue, based on their residence and prior contributions. Any move in this direction would show that the Party is in tune with voters' sense of fair play.

Third, and with an eye on Scotland's longer term future, Labour should come to recognise that, with a few notable exceptions in Wales, practically all of its elected representatives now are English. It could start by reflecting the current arithmetic and re-establishing itself as the English Labour Party.

It is then an English Labour Party that could, when the next round of negotiations get underway on Scotland's future, begin pushing for England to have its own devolved assembly. This assembly - along with those in Wales and Northern Ireland - should have the powers that have been, or soon will be granted to the Scottish Parliament. The remaining functions would be reserved for a senate (which would replace the present House of Lords). Foreign affairs, defence and the remaining Exchequer powers would be exercised by a senate common to all four nations.

For Labour to be seen pushing for England to have its own direct representation, on a par with that enjoyed by Scottish voters, would strike a chord with English voters. It must take this step before other political parties get in first.

Managing Immigration

Jasper Miles

Immigration is a hotly debated topic across political parties and wider society, prompting passionate debate about whether the benefits outweigh the costs. It is not as some might have us believe, a simple left-right split, in which you can easily fit

voters into one of two camps. Instead, it cuts across party lines, thus creating a political dilemma for both Labour and the Conservatives. Indeed, the recent migration crisis across the EU has further heightened the matter, and raises the question of whether it is capable of dealing with this issue on such a vast scale. The UK being outside the Schengen Area means that border checks take place and the government can reject those who pose a serious threat to the realm, yet as long as an economic migrant from the EU has sufficient documentation they are free to live and work in the UK. Therefore, it is very hard - unless in extreme circumstances - for the British government to refuse entry to any EU citizen.

Immigrants have made a valuable economic and cultural contribution to society, and it has been a method that has attracted the wealthiest, most talented and dynamic hard-working people into the country. In a post-Brexit Britain, it will be in the interests of all to ensure that the brightest and best, and those in need of humanitarian aid continue to automatically see Britain as first choice. Indeed, immigration into Britain comes from all over the globe, not solely from the EU and such diversity and respect for different identities should be celebrated. Yet, the positive analysis of immigration tells only part of the story, and it is the other part of the story that should deeply concern the British left. The implications of mass immigration, as witnessed over the past two decades at a rate unseen before in British history⁴⁷, produces economic and political effects, primarily based on the issue of social class. Whilst big business in the UK enjoys access to cheap foreign labour, indeed in some circumstances has actively sought European workers, and the liberal middle class are at ease with a multicultural society, sections of Labour's core vote adopt a different position; uneasy with cultural changes and what this means for national identity, along with practical implications such as the depressing of wages.

The central claim of this chapter is the issue of immigration from the EU is inseparable, given the EU's belief in the free movement of goods, services and people across the 28 member states. Therefore, immigration into Britain from the member states of the EU is a direct consequence of membership. This chapter will outline why for the British left, managing immigration is vital culturally, economically and politically, that due to the costs of the EU's unrestricted free movement of labour and the implications this has predominantly on the working class, the British Labour Party, created to protect and further the interests of the that class, should support withdrawing from the EU.

The Labour Party and immigration – the political imperative

Europhiles take pleasure in pigeonholing those who wish to leave the EU because of unregulated immigration as wishing to 'pull-up the drawbridge', considering those who desire a balanced and fair immigration system as xenophobic or racist. However,

⁴⁷ <http://www.migrationwatchuk.org/briefing-paper/48> (Accessed 28th April 2016)

this is not the case on either front and fails to recognise the legitimate concerns of the working class. Many at the top of the Labour Party emphasise the cultural benefits of immigration, influenced by metropolitan cultural liberalism and internationalism. Yet, those who subscribe to multiculturalism and metropolitanism fail to take into account the importance attached by people across all social classes and areas of the country to the strong bonds of national identity and local community. The importance placed on British, and arguably more specifically English, culture and tradition raises a problematic perception for political elites, who are considered to be comfortable with high levels of immigration and therefore adjudged not share the same regard for ‘the British way of life.’

The last Labour Government attempted to deal with the increasingly salient issue of immigration by introducing a points-based immigration system. Yet, this only applied to those seeking to enter the UK from outside the EU. Moreover, the Labour Government’s failure to introduce controls in 2004 - with the relaxation of other immigration laws - when the EU experienced a significant enlargement of former Eastern Bloc countries, has caused to some extent a disconnect between the Party and sections of the electorate. Whilst immigration is not the sole reason the Labour Party lost in 2010 and 2015, it is part of a wider narrative of whether the electorate consider the Labour Party a credible party of government; importantly whether the electorate is able to trust the Labour Party on border control and immigration. James Morris, who worked in a personal capacity for Ed Miliband and then the Labour Party, conducted focus groups in 2010. The last Labour Government was ‘seen as having consistently ignored English people’s views on immigration’, not just amongst working-class voters but Middle England; ‘Among C2s and Ds there was a particular concern about competition from eastern European migrants for work’, especially in the trades. Sending child benefit abroad was symbolic of the concerns felt.⁴⁸

The Labour Party faces a conflict between a pro-European elite in the Parliamentary Labour Party and an electoral base more sceptical towards the EU and immigration. Labour MPs and trade unions overwhelmingly back *Remain*, whereas circa one in four Labour voters who voted in May 2015 express a preference to leave the EU.⁴⁹ Consequently, the political door in Labour’s industrial heartlands, predominantly in England but also in Wales could be opened to the hard line and populist rhetoric of UKIP. Labour’s older, manual and white core vote is susceptible to UKIP’s message, meaning the Labour Party must tackle and alleviate the concerns of the working class surrounding immigration to avoid losing this demographic to other political parties. Frank Field MP, who makes the case for *Patriotism and the Left* elsewhere in the booklet, alluded to this predicament in a *Vote Leave* speech. For Field, the Labour Party backing *Remain* is the second ‘longest suicide note in history’ and an ‘untold

⁴⁸ *Guardian*, ‘Labour pollsters advised party to change on immigration and welfare in 2010’, Wednesday 5th August

⁴⁹ Figure quoted in *Daily Telegraph*, ‘Think Labour looks out of touch? Wait until the EU Referendum starts.’ 6th January 2016

danger' of 'Labour voters departing to UKIP - who they see registering more effectively their own sense of national wellbeing and destiny.'⁵⁰

A fair and balanced immigration system

The EU's insistence on free movement has had a knock on effect on government policy, with an attempt to restrict non-EU immigration, in order to get net immigration into the 'tens of thousands'. However, the rejection of skilled individuals from countries with which we have stronger historical and cultural ties, into sectors of the economy in which there is a shortage of labour is a consequence of the unregulated EU labour market discouraging the British government from looking beyond the EU. As Gisela Stuart mentions in this volume, this has created an inherent unfairness in the UK's immigration system. Khalid Mahmood, the Labour MP for Birmingham Perry Barr who is campaigning for *Vote Leave* explained how Britain would benefit from an immigration system tailored to its needs. Only by leaving the EU would it be possible to 'get people in from the Commonwealth countries based on the contributions they can make, such as the qualifications they have and what they can do, without having the people coming from Eastern Europe who are undercutting our workers.'⁵¹

It is often said by those who advocate EU membership that the free movement of labour allows British workers the opportunity to live and work anywhere across the EU. Although correct and Britons have utilised this opportunity, in practice the numbers suggest the free movement of labour leads to uneven migration across the EU. Understandably those from poorer regions move to wealthier regions, in the search for work and a better standard of living. Notably, whilst half a million Poles have moved to the UK, less than one thousand Britons have moved to Poland.⁵² Without the economic spur, such as higher wages and a better standard of living, there is little incentive for workers in wealthier regions to move to poorer regions, and this trend is unlikely to change. For the imbalance to be corrected, a significant transfer of funds from wealthy countries to poorer is required; a result only likely to be achieved by further and deeper EU integration!

The social impact of immigration

Underpinning the debate on immigration is lived experience, of which a fundamental component has been the impact on wages. Due to British membership of the EU it is as Khalid Mahmood stated, impossible to stop low-skilled migrants entering the country and undercutting British workers. Whilst immigration might have benefited

⁵⁰ The Rt. Hon Frank Field MP, *Vote Leave Speech*, Westminster Tower, 26th April 2016

⁵¹ *Birmingham Post*, 'Birmingham Labour MP to urge ethnic minorities to vote 'no' to Europe', 8th November 2015

⁵²https://docs.google.com/spreadsheets/d/1FMw_ZTIZxZNtjwYdUr6oRBnfJ0L1tTh5uWWyReEUHmw/edit?pref=2&pli=1 (Accessed 30th April 2016)

the economy as a whole, the concern to the British left should be its impact on the wages of the poorest in society. A number of organisations - Migration Advisory Committee, the Economic Affairs Committee of the House of Lords, Department of Communities and Local Government, the Bank of England and a study by University College London (UCL) - all found that there was a small but significant negative impact on the wages of those at the bottom. UCL discovered that for each 1 per cent increase in the share of migrants in the UK born working-age population leads to a 0.6% decline in the wages of the lowest paid.⁵³

In addition, social services, many of which are of vital importance to working-class people, are not immune from the consequences of immigration. The current government's policies in social services could be improved, yet it would be a mistake to underestimate the impact of immigration on a range of services; extra resources have to be allocated in education due to English not as a first language, the health service struggles to keep up with the increased demand, including in specific areas such as maternity and a report by the Communities and Local Government Committee in July 2008 considered the escalating concern about migration due to the 'sheer pace of change experienced in some areas' meaning 'community cohesion cannot be improved without addressing and alleviating public concerns about migration.'⁵⁴ Whilst the impact on house and rent prices is disputed it has been suggested that 'if current rates of net immigration persist, 20 years hence house prices would be over 10% higher than what they would be if there were zero net immigration.' In the UK, Vargas-Silva found little systematic evidence although evidence from other countries suggests that migration has effects on both.⁵⁵ Secondary housing issues caused by high migrant demand in the private rental market include poor quality, overcrowded accommodation and exploitation from rogue landlords.

Conclusion

The level of immigration into Britain over the last two decades has cultural, economic and political implications that will influence how individuals vote in the EU referendum and beyond. Anecdotally and statistically, immigration has become an increasingly important issue for the British people and the British left should not fear having an open and frank discussion about a matter that strongly impacts on sections

⁵³ 'Limits on Migration: Limits on Tier 1 and Tier 2 for 2011/12 and supporting policies', Migration Advisory Committee, November 2010, Para. 7.88; 'The Economic Impact of Immigration', Vol. 1 Report, House of Lords Select Committee on Economic Affairs, 1st Report of Session 2007–08 (HL Paper 82-1) para 78; 'International Migration and Rural Communities', Department for Communities and Local Government, March 2011, 3.2.1; 'The impact of immigration on occupational wages: evidence from Britain', Staff Working Paper No. 574, The Bank of England, December 2015, December 2015; 'The Effect of Immigration along the Distribution of Wages', Centre for Research and Analysis of Migration, Department of Economics, University College London, Discussion Paper No 03/08

⁵⁴ House of Commons Communities and Local Government Committee, Community Cohesion and Migration, 16th July 2008, paras. 127 and 130

⁵⁵ House of Lords Select Committee on Economic Affairs, 2008; C. Vargas-Silva, *Migrants and Housing in the UK: Experiences and Impacts*, COMPAS Briefing Paper, (Oxford: Migration Observatory, 2011)

of its core vote and its future electoral success. Counterintuitively, as it is often said divided parties lose, a more obvious split in the Labour Party on the issue of Europe along with critical voices on the left towards immigration would be beneficial to Labour's pursuit of power. It would emphasise to Eurosceptic sections of the electorate that the Labour Party does acknowledge their concerns about the EU and mass immigration, that outside the EU it is possible to deal with the day-to-day and practical impact of immigration and that the Labour Party understands their attachment to community, national identity and culture.

The Coalition and now the current Conservative Government are right to seek to reduce immigration and it is essential any future Labour government commits to the same policy. Those on the left in the *Remain* campaign consider themselves the custodians of 'internationalism', a belief supposedly fulfilled by their pro-EU immigration stance. However, outside the EU a much more meaningful outward looking 'internationalism' could be displayed, reaching out towards all corners of the globe, to parts of the world with which we have stronger links, not the narrowness of EU immigration. Only by withdrawing from the EU can the British left resolve the negative consequences of immigration for working people. Furthermore, a fair and balanced immigration system can be achieved outside the EU away from unregulated and unrestricted free movement to a system that serves the wider interests of society and the economy.

Internationalism Beyond the EU

David Owen

My own journey in terms of European integration has been a painful one. I was a leading advocate of membership of the EEC in the 1970s and was a founder member of the SDP when Labour advocated withdrawal without even a referendum and the wider isolationism of the Alternative Economic Strategy. I continued to believe that the EEC and subsequently the EU could be reformed. However, David Cameron's 'renegotiation' was successful to the extent that it showed that the EU is not open to the type of fundamental reform required to benefit the member states and importantly Britain. Reluctantly I have come to the conclusion that Britain is better off out of the EU.

Supporters of Britain's continued membership of the EU normally stress two main reasons why we should stay in. Firstly, they say that it is essential economically for Britain and secondly, they argue that it is crucial for Britain's security interests. On both counts they are not only wrong, but defeatist, for it is laughable to suggest Britain to too weak politically, economically or militarily to vote to leave the EU. The weakness of the economic case for continued membership has been exposed in numerous chapters in this pamphlet already. My concern here is with the issues of defence and foreign policy, issues the Prime Minister, David Cameron, stressed for remaining in the EU when he claimed that the only person who would support Brexit was Vladimir Putin, a trivialisation of big issues.

I wish to argue the belief that remaining in the EU is in Britain's defence and foreign policy interests does not stand up to scrutiny and the consequences of the UK exiting the EU are important but clearly manageable. Explored below will be the recurring theme of what real advantage is Britain getting from all this EU pretension.

The Sham of European Security

EU membership is too often defended on the basis that it has secured peace in Europe since the end of the Second World War and that by bringing nations together in mutual interdependence the causes of two World Wars could be resolved. Given the existence of peace and stability in Western Europe since 1945, Federalists have argued that the EEC/EU have worked in maintaining that peace. Yet, the process of peace building began long before the six founding members of the EEC met in 1957, starting when Churchill met Stalin in Moscow on 9th October 1944. Postwar plans were drawn up with Stalin's big tick on Churchill's figures, resulting in two spheres of influence emerging over Europe, with the USSR on one side and the US and Britain on the other.

Indeed, pretension has been the besetting sin of the EU whether from the creation of the EEC in 1957, also known as the Common Market, to the European Community in 1967, and since 1993 the EU. Such pretension has bedeviled defence and security, beginning with 'common defence' in the Maastricht Treaty of 1992; Prime Minister Tony Blair and President Jacques Chirac took that defence wording far further, arguing in a joint declaration in St Malo December 1998, 'the Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them and a readiness to do so in order to respond to international crises.' This shift in policy in St Malo has taxed British diplomatic skills, since it has become ever more obvious that France is operating from a different agenda, and has different military aspirations. The extent to which autonomous decision making has developed is best summed up by the French Chief of Defence Staff explicitly laying out the procedure on 28 March 2001: 'If the EU works properly, it will start working on crises at a very early stage, well before the situation escalates. NATO has nothing to do with this. At a certain stage the Europeans would decide to conduct a military operation. Either the Americans would come or not.'

Now in May 2016 we have the leaks about the German Defence White Paper to be held back deliberately to avoid debate in the UK referendum. Let there be a debate now, for this document is the defining moment in the creation of a continental United States of Europe and the deepest political reason for voting to leave. This will be the moment when France and Germany create a European army with its HQ separate from NATO. This is the fork in the road and the UK should dissociate itself from it. Instead start a new initiative by leaving the EU and simultaneously strengthening our support for, and championing, NATO in the new debate in Washington that Donald Trump win or lose the Presidency will ensure continues. It is about Europe's commitment to NATO that Obama is openly questioning and it desperately needs countering from Europe and only the UK can do it and not any longer from within the EU.

Increasingly the European External Action Service (EEAS) of the EU is becoming a foreign and defence department of a government, with Embassies and Ambassadors and is charged with implementing the EU's Common Foreign and Security Policy (CFSP). A recent report of the House of Commons Scrutiny Committee pointed to many ways in which the range and the activity of the EEAS are inexorably increasing

and so is its cost. The EEAS budget for 2012 was just short of €500 million and by 2015 it had spectacularly doubled to one billion euros. At every stage this creep is initially resisted by the British government and then absorbed whilst the Foreign Office has experienced substantive cuts in its budget.

Over the break-up of the former Yugoslavia in 1991 there was one central lesson - we needed NATO to reinforce diplomacy the Clinton Administration withheld that from February 1992 until after Srebrenica in late August/early September 1995 when NATO far too late acted. That delay was a lesson. Sadly but inevitably NATO acted without Security Council endorsement on a humanitarian initiative over Kosovo. Now NATO is readier to act and is no longer restricted and can operate 'out of area'. We are still learning. We should have used the Russian/NATO Council over Libya when both Russia and China helpfully abstained in the Security Council. Syria suffers still from the subsequent stand-off in the Council. As yet only working well over the removal of sarin gas. Yet we must persevere and try to build agreement to deal with that horrendous conflict in Syria.

Recently the actions of the EU have been positively harmful. This was seen very clearly in the handling of the crisis in the Ukraine. By seeking to intervene directly in the Ukraine, and by expanding its boundaries eastwards, the EU has demonstrated to a suspicious Russia that its international power and sphere of influence has declined starkly and antagonised Putin. In the context of Russian annexation of Crimea it is all the more important that the west has an effective military strategy. The mistakes made by the EU over its handling of the Ukraine continue, as seen by the Dutch referendum rejection of the EU-Ukraine Association Agreement being the latest warning.

It is dangerous that the EU continues to undermine the world's most successfully integrated multinational command and control military organisation but it has gone beyond the UK's power to stop it. The UK can save it with a strong non-EU, but European element in NATO, building on the UK and Norway with Canada convincing the US that NATO can continue to work with the EU.

The Importance of NATO

There are people in the UK who take a largely French view that Europe alone can deal with its own defence, that we do not need the US and need not worry about a decline in NATO. The facts simply do not bear this out in terms of the money EU countries spend, the numbers in the military and the quality and total armaments held. Indeed, it is questionable whether some of our European neighbours have the necessary will and resolve in foreign affairs to make the difficult decisions.

For me NATO - primarily about conventional forces but backed up by a nuclear deterrent - has always been of fundamental importance. The British should be proud that the UK has met its target of spending 2% of our national income on defence. The failure of the EEC/EU in foreign and defence policy leaves Britain and the continent

of Europe dangerously exposed. Indeed, it appears to me that we are sleepwalking into security problems because of EU competition with NATO. There is no shadow of doubt that after Ukraine all EU Member States who are also in NATO should increase their defence budgets to 2% of their GDP, as agreed in the Wales summit of September 2014.

The German White Paper supersedes all the earlier talk of a European rapid-reaction force and common defence and security policies which would undermine the status of NATO. James Woolsey, President Clinton's former head of the CIA, speaking in Washington in the early 2000s stated, 'the one and only thing that the United States asked of our European friends was not to establish a separate and independent military planning capability. And, of course, that is precisely what they did.' The EU will move towards an independent defence policy and unless it is matched by the UK doing likewise within NATO it will be certain recipe for the US to withdraw more forces from Europe, in the process turning NATO into a mere talking shop and effectively withdrawing any US responsibilities for common defence. Moreover, and just as importantly, from time to time EU and American interests could force each side into opposing camps and there are grave implications for competing defence policies.

It is essential for the reasons I have already given that the UK champions the link between Western Europe and America. The Americans have rightly warned that pursuit of a foreign and defence policy independent from them will lead them to question their financial support for NATO. President Obama in an interview with the *Atlantic* magazine said there had been a growing move in the United States against European 'free loading', and had the British government not committed to the 2% pledge on NATO spending, the special relationship would have been affected: a rather more important warning and a less self-interested one than his warning on Brexit.

Trident

On the issue of Britain's independent nuclear deterrent, I regarded Trident as wasteful expenditure when I was Foreign Secretary in 1977-79 and still do. Even in the time of the Soviet Union a British minimum deterrent did not need to penetrate Moscow's ABM defences and a different targeting strategy was sufficient. All this I have discussed in *Nuclear Papers* published by Liverpool University Press and much of it is highly relevant today and even CND supporters will be pleased to discover how seriously Jim Callaghan, Denis Healey, Fred Mulley and I took these issues. In the early 1980s I was critical of Michael Foot for his position on nuclear weapons. Now Jeremy Corbyn as Leader of the Labour Party could secure a non-nuclear policy despite many Labour MPs voting for new Trident-carrying submarines to be built. It would be wiser in these circumstances to look at what a Labour-led government might do if it can forge a progressive alliance with the SNP and other smaller parties prior to the 2020 General Election when it would face two submarines probably past the stage where cancellation might make any sense. Supersonic dual-purpose vertically-launched cruise missiles, normally equipped with conventional warheads might make

sense in terms of demonstrating another step toward the NPT commitment to end all nuclear weapons.

Conclusion

To remain in the EU is in my judgement a more dangerous option for British security in its deepest sense - economic, political, military and social - than remaining in a dysfunctional EU dragged down by a failing eurozone. Remaining in the EU is risking more than leaving.

Britain must move beyond the failings of the EU and give primacy to NATO and demonstrate to Americans that we in Europe will not continue to be 'freeloaders'. When the British government says to the Americans we will no longer be involved in the dangerous myth of EU defence, they will listen, emphasised by diverting our attention to the priority task of supporting NATO. In spite of the growing costs of some EU activity, it would be foolish to disrupt our involvement in any existing EU missions, some of which particularly the soft diplomacy has value, under both the CFSP and Common Defence and Security Policy (CDSP) which are now inextricably linked. However, unlike a NATO mission, our involvement is not essential, and instead we should consider engaging in such a role in the same fashion as we do for the UN or Commonwealth.

A fundamental objective of social democracy, or democratic socialism, must be internationalism. The left cannot and should not be isolationist. However, that internationalism must be grounded in realism and our interests and allies require us to fashion a deep and realistic internationalism. Now is the time for Britain in 2016 to affirm our total support for NATO and let the continental Europeans, if they wish, keep the dream of European defence for their dream of a European state. For the reasons explored in this chapter this can now only be done by withdrawing from the EU on 23rd June.

A Vision of Britain Outside the EU

Kelvin Hopkins MP

Given the strength of the arguments presented in this pamphlet, what is surprising is why anyone on the left would wish to support the European Union.

A feeble and erroneous argument for supporting the EU - one which is repeatedly used by both government and opposition leaders - is that leaving the EU would damage employment in Britain. This is simply not true. A campaign by Britain in Europe entitled 'Out of Europe, Out of Work' claimed that Britain would lose millions of jobs if it left the EU. The National Institute of Economic and Social Research, however, described the campaign as absurd, finding that British withdrawal would have no long-term impact on employment. In the words of its Director, Dr Martin Wheal, the campaign was 'pure Goebbels' and 'a wilful distortion of the facts'.

As has been amply demonstrated in this pamphlet and elsewhere, Britain actually imports billions of pounds worth more of goods from the European Union than it exports to it. This amounts to a trade deficit of some £1bn a week, over £50bn a year, equivalent to the export of one million jobs from the UK to the continental EU, so that Britain is enormously more valuable to other EU exporters than EU markets are to UK exporters. It is a complete nonsense to suggest that the European Union would launch some kind of trade embargo against Britain outside the EU when it would simply be shooting itself in the foot.

If Britain were to leave the EU, it would save some billions every year on EU budget contributions while at the same time allowing the country to subsidise its own agriculture at the same level if it chose, and indeed to provide government economic support to its regions. Britain would also immediately regain control of its own fishing waters and begin the process of rebuilding fish stocks to provide a long-term future for Britain's fishing industry, following the example of Norway which has the good fortune to be outside the EU and therefore outside the Common Fisheries Policy (CFP).

Bilateral and multilateral arrangements with other EU nations on a number of fronts would be negotiated but Britain would be able to govern itself independently and democratically according to its own needs and interests. It might well be the case that other countries would see the British model as attractive and choose to follow a similar route themselves. A future Europe comprising independent democratic states co-operating where appropriate and for mutual benefit would replace the authoritarian and undemocratic European Union. This is precisely what EU leaders so fear and why they have been talking up the danger to the EU of Britain's independent line even within the European Union.

There is everything to be gained by socialists electing a Labour government committed to rebuilding a democratic socialist Britain, a Britain recognisable to Clement Attlee and Harold Wilson, a country immeasurably better for the lives of working people. Sadly the decision to rule out a referendum in 2015 cost the Party crucial votes.

The European Union is about economics, neoliberal economics, monetarist market capitalism, economics that do not work. It is inherently deflationist. That is to say it is built on constraining economic demand and driving up unemployment. It is an

economics that has failed in the past, is failing again and which has rolled back the successful economic arrangements that worked so well, so brilliantly indeed, in the immediate post-war decades.

This same economics is being inflicted on Britain - cuts and austerity, with living standards having fallen, wages reduced as a proportion of total economic output (GDP) and in real terms, and inequality and poverty increasing. In the rest of the EU however, things are worse, especially in the eurozone, which is suffering an extra dimension as the result of the rigidities of the single currency.

The EU is not at its core about employment rights, nor is it about human rights even. Those employment rights which have been accepted in the EU have been established to give the illusion that it is on the side of workers and trade unions - at least slightly - and to try to keep trade unions passive and quiescent. The millions of unemployed in Spain, Greece and increasingly elsewhere have seen no benefit from alleged worker and trade union rights, and of course in the cases of the Viking Line and Laval the European Court of Justice found in favour of employers rather than workers despite those alleged workers' rights being written into EU law.

Workers in the eurozone are indeed in many cases far worse off than those in Britain, and across the whole of the EU the plight of working people is getting worse. If unemployment in Britain were to be at the same level as in Spain, there would be over seven million on the dole rather than two million. It should be remembered that unemployment even in Britain is now at least four times higher than it was in the successful postwar decades, the legacy of a generation of neoliberal economic policies.

As for the Labour Europhiles who raise the spectre of Britain losing worker and trade union rights and indeed human rights if Britain left the EU, the simple counter argument is that Labour could and should commit to re-establishing rights taken away by the Tories and the Coalition. Labour could and should recommit to membership of the European Convention on Human Rights (not a creation of the European Union but established by the Council of Europe) and ILO conventions. Affiliated unions could and should simply commit the Party to a package of progressive legislation to re-establish trade union and worker rights for immediate implementation after the next election.

Another of the great shibboleths of the EU is 'free movement', and especially free movement of labour. This is simply a means of driving down wages in the cause of profits. It is not the supposedly benign EU offering opportunities for workers but a component of laissez-faire capitalist ideology designed to weaken worker bargaining power. Freedom for European citizens to visit each other's countries for holidays and take pleasure in doing so is admirable. Enforcing free movement of labour is quite something else. Work permits for workers from overseas to fill skills gaps, even if temporary, would be appropriate, but having the same rules for EU citizens as for

Commonwealth citizens would surely be fair and reasonable. Ireland should of course retain its historic access to the UK.

Finally, it is necessary to kill the myth that the EU is 'internationalist'. It is actually a supra-national political structure increasingly aggrandising power to itself and taking democratic power away from national parliaments. 'Internationalism' means literally having comradely, egalitarian and just relationships between nations, and the left has always and rightly fought for genuine internationalism. EU supra-nationalism is nothing of the kind. The EU is not 'Europe' but a political construct imposed on most of the peoples of Europe. It is designed to break the hold of democratic national governments, to weaken and eliminate national boundaries and hand economic power to the markets and to the corporate world. It is seeking the effective elimination of any genuine elective democracy.

The EU is both antidemocratic and anti-socialist. What will in the end destroy it is that it is failing economically. Restoring national currencies and letting those currencies adjust to appropriate parities will be the first crucial step in restoring democracy to national parliaments and permitting those parliaments do what is necessary to rebuild their economies and serve the interests of their people and thus all the peoples of Europe.