

LABOUR EURO-SAFEGUARDS CAMPAIGN

BULLETIN

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QUESTIONS AND ANSWERS ON WHERE

LABOUR IS NOW ON THE EU NEGOTIATIONS

1. **What is Labour's current stance on the UK's negotiations with the other 27 EU countries?**

During the June 2017 general election, Labour was able to face in two separate directions on Brexit. In largely Leave areas it was able to point to its manifesto commitment to supporting the UK leaving the EU. In mostly Remain areas it had a rather different message – that Labour was not really happy with the referendum result and would therefore do all it could to maintain as much of the status quo as possible, even if the UK formally left the EU. Because generally it is the latter approach which has tended to prevail, Labour voted against the EU Withdrawal Bill and has constantly attacked the government's position on Brexit on the grounds that it is not sufficiently in favour of a "soft" Brexit, which would keep the UK in the Single Market and the Customs Union. The issue is whether this stance is good for either the reputation of our governing class generally, for Parliament, for the Labour Party or for the long-term relationship between the UK and the EU27.

2. **What are the risks to democracy of not accepting the result of the June 2016 referendum?**

The EU referendum held in June 2016 was about two possible ways ahead for the UK in its relationship with the other states in the European Union. Should we stay in the EU, taking full advantage of its benefits although mindful of its defects, with the intention or working inside it to try to overcome what we thought was wrong? Or should the UK take back control of its law-making capacity, its money and its borders, its trade policy, agriculture and fisheries, and forge a new relationship

with the EU based on inter-governmental co-operation rather than being part of a political project? By 52% to 48% the electorate voted for the latter option, taking a decision which it had been made clear the government would treat as being binding. This is not what the metropolitan elite in the UK wanted, partly because many in the Remain camp, most of whose most influential members had done very well out of neoliberalism, globalisation and the UK's EU membership, never really seemed to understand or appreciate what motivated the millions of people who had not benefitted nearly so much – or at all. Because the status quo suited them, they assumed it must be in everyone else's interest too. The result is that too many of them do not accept the result of the referendum and want to see it overturned, either by the UK nominally leaving but in practice not doing so, or by reversing altogether the Leave decision which the referendum produced. Remainers may be entitled to their point of view that the result of the referendum went the wrong way from their perspective, but refusing to accept the outcome is deeply undemocratic,

3. **What are the risks to Parliament from the way negotiations are going at present?**

If there are risks to the whole democratic process from the way that the Brexit negotiations are currently being conducted, there is an even more acute risk for Parliament itself. The government has clearly stated that its intentions are to leave the Single Market, the European Economic Area (EEA) and the EU Customs Union and to negotiate as comprehensive a free trade agreement as possible with the EU27. If this cannot be done on reasonable terms, the fall-back position would be for the UK to leave the EU without a trade deal and to move to conducting trade with the EU27 on world Trade Organisation (WTO) terms. Our ability to achieve a reasonable deal, especially on the so-called “divorce payments” then clearly depends on how realistic a prospect it is for the UK to be willing to fall back on WTO conditions. In these circumstances, the more that MPs make it clear that they regard WTO conditions as completely unacceptable while staying in the Single Market and the Customs Union is treated as being essential, the weaker the UK's negotiating position becomes. The danger then is that the outcome is a very poor deal which Parliament votes through but which the country as a whole regards as being far too harsh to be reasonably acceptable.

4. **What are the dangers to the Labour Party from these circumstances?**

The problem for the Labour Party is that if we finish up with a very disadvantageous deal it is likely that it will be Labour that gets blamed for this happening rather than the government, whose position appears to be much closer to what the electorate want than that of many Labour MPs. Recent polls consistently show that most people accept the result of the June 2016 referendum whether they voted Leave or Remain at the time, and just want the UK to secure

the best deal we can. They are quite prepared to accept WTO terms if the alternative is unacceptably poor. This is particularly important for Labour's prospects in the almost 70% of Labour-held seats which voted for Leave in 2016 – closer to 90% if London and a few university cities are excluded. Of the 9.3m people who voted Labour in the 2015 general election, nearly 40% - around 3.5m – voted for Leave in 2016. If Labour is going to secure its position at the next general election, it cannot afford to alienate all these erstwhile Labour supporters by putting forward conditions which mean that the UK comes out of the Brexit negotiations really badly.

5. **What about the broader picture?**

Ever since the Common Market, the European Economic Community and now the European Union were established, the UK's relationship with the other EU Member States has been uneasy. The UK has never supported the federal ambitions which most leading EU politicians take for granted. While more than willing to co-operate in every way which makes sense with our European neighbours, the UK has always preferred to do so on an inter-governmental basis rather than as part of a political union. Indeed, the UK has always regarded the main advantages of our EU membership as being generally economic rather than political. The result of the EU referendum, if well handled, might therefore provide the potential for a way ahead which might satisfy most of those favouring Remain as well as Leave. This could be done by maintaining close trading links with the EU27 through a comprehensive free trade deal while at the same time continuing with co-operation in all the many ways in which this makes sense on a close bilateral basis. This could then provide a permanent settlement for our relations with the EU27 with which would satisfy nearly everyone in the UK. Instead, if we finish up half in and half out of the EU with a very expensive bill to pay on top, there is every likelihood that Euroscepticism will continue to be a major dividing force in UK politics, providing an endless distraction from finding ways to resolve our many other pressing problems.

6. **What should Labour do in these circumstances?**

How should Labour respond to these challenges? First, accepting the result of the June 2016 EU referendum, Labour should recognise that far the best final outcome to the negotiations would be for the UK to be out of the Single Market, the EEA and the Customs Union, but with a comprehensive free trade deal in place. Labour would then be presenting a united front with the government on these key points, which must help the UK negotiating position. Second, Labour should accept that a fully completed free trade agreement is unlikely to be in place by March 2019 but that a framework agreement must be there by then including both a commitment to a free trade deal and a reasonable settlement on whatever divorce bill the UK is

going to pay, citizens' rights and the Irish border. Third, any transitional period beyond March 2019 should be time limited to a maximum of two years. Fourth, while every reasonable effort both before and after March 2019 should be made to achieve a free trade deal, Labour should recognise that the price which the EU might try to extract from the UK could be too high to be bearable, which means that the UK must be prepared, if necessary, to fall back on WTO terms – not because this is the best outcome but because, without this option in the background, the UK will be in no position to withstand unreasonable EU27 demands. Fifth, to ensure that we are ready both for a free trade deal and – if necessary - for trading on WTO terms, all the resources needed should be made available to ensure that we are in a position to trade with the EU27 from outside the Single Market and the Customs Union by March 2019, in case we need to do so. The customs processes and procedures for trading on free trade and WTO terms from outside the EU are identical, except that in the former case no tariffs are paid whereas in the latter case they are. No money should therefore be wasted by moving ahead with these arrangements as fast as possible.

7. **What are the politics of Labour adopting this approach?**

If Labour adopted this approach, it would help to show that the political elite in the UK accepted the result of the EU referendum even if many Labour Party members and MPs wished that the result had gone the other way. It would help the government, on behalf of the British nation, to secure the best possible Brexit deal, thus enhancing the role and reputation of Parliament as playing a constructive and positive role in the Brexit negotiations. It would position the Labour Party in a role which would be broadly acceptable to both Remain and Leave supporters – accepting the outcome of the referendum and then working to make the best of the outcome which followed from it. Hopefully, the eventual final outcome to the Brexit negotiations would then leave the UK with a settled and positive relationship with our European neighbours, laying Euroscepticism to rest, while leaving the EU to develop as it thinks best. If the euro is to survive, this will have to be within an increasingly federalist framework, which is not what the British people have ever wanted – and one of the key reasons why the referendum went the way it did. Prosperity and stability in the EU27 is, however, as much in the interests of the UK as it is on the continent and we should do all we can to ensure that we work with our neighbours as constructively as possible, to ensure that their best interests are served, as well as ours.