

LABOUR EURO-SAFEGUARDS CAMPAIGN

BULLETIN

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QUESTIONS AND ANSWERS ON

LABOUR AND BREXIT

1. What is the Labour Party's current stance on Brexit?

On 23rd June 2016, the UK electorate decided by a relatively small but decisive majority that it wanted the UK to leave the EU. If the result had gone the other way, by 52% to 48%, there is no doubt whatever that those in favour of Remain would have hailed this as a conclusive outcome in favour of the UK staying in the EU. It is, therefore, a matter of great concern to those long-standing Labour supporters who supported Leave to see the Party's half-hearted commitment to accepting the referendum result, and even holding a second referendum, combined with other measures intended to ensure that, one way or another "Brexit does not mean Brexit". Attitudes of this sort are not only deeply undemocratic, they may also turn out to be catastrophically bad politics.

2. Why are so many Party members so reluctant to accept the referendum result?

There is no doubt that the vast majority of Labour MPs wanted the UK to vote for staying in the EU rather than leaving it and that this view was widely shared among party members generally, particularly in London and some other metropolitan areas. They believed – rightly or wrongly – that the UK's interests were better served by our remaining in the EU and we have to respect their point of view. All of us who have been active in the Labour Party for any length of time, however, have been at meetings where resolutions were carried with which we did not agree and policies adopted by the Party which we thought were unwise or misguided. We have also campaigned in national and local elections only to see Labour sometimes defeated and other parties, with which we disagree, taking power. In these democratic respects, the impact of the decision taken by the electorate in the EU referendum – on a single clear-cut

issue - should be no different. Democratic decisions, need to be respected and implemented in good faith, not treated as a mistake which ought to be subverted by any available means.

3. **What about a second referendum?**

Of course, it is also true that everyone has the right to campaign to change policies with which they disagree even after decisions have been taken to implement them. Does this mean that Labour would be wise to campaign for a second referendum on our EU membership, in the hope that this would reverse the outcome this year? This may sound like an attractive option to some people but it is fraught with difficulties both in practice and in principle. The present government is committed to negotiating our withdrawal from the EU and is almost certainly planning to have this process completed before the next general election scheduled for 2020. There will then be agreements in place between the UK and the remaining EU members covering both trade and a large number of other matters. If Labour was elected with a majority in 2020 – which does not at the moment look like being a very likely outcome – there could be no referendum before about 2022, by which time the UK would have been outside the EU for perhaps three years. The referendum would then be not on whether the UK wanted to stay in the EU but whether we wished to apply to re-join. Assuming that the EU would be willing to take us back at all, one condition on which they would almost certainly insist is that we joined the Single Currency. Is there any serious prospect, in those circumstances, that there would be a majority for the UK going back into the EU?

4. **How about a manifesto promise to reverse Brexit?**

Another idea being floated is that Labour should fight the next general election on a platform of reversing the decision for Brexit taken in the June 2016 referendum, but again the same sort of problems arise. If the UK had completed negotiations to leave the EU in advance of the 2020 general election, would the electorate really want to see us returning to the EU fold in the early 2020s, especially if this was to bind us to joining the euro? Does anyone imagine that this would be an election winning strategy? Of the 9.3m people who voted Labour during the 2015 general election, some 37% - just under 3.5m of them – voted Leave in 2016. 70% of the seats held by current Labour MPs had Brexit majorities – and a much higher percentage still if seats in London and a few other major cities are excluded. It is vital for Labour's future that the Party re-establishes its support among these crucial ex-Labour voters, otherwise we are

never going to have a parliamentary majority again. It is hard to conceive of a policy more likely to ensure that they do not return to the fold than deliberately ignoring the huge extent to which Labour lost touch with much of its electorate during the run-up to the 2016 referendum. Nor is a second referendum policy likely to appeal to the rest of the electorate. A recent You Gov poll showed that 69% of those who canvassed thought that the result of the EU referendum should be respected, with only 22% thinking that it should be overturned. 34% of those polled thought that a second EU referendum would be acceptable while 56% took the opposite view.

5. What should Labour's EU policy now be?

Instead, surely the policy which the Labour Party should now pursue is to accept the referendum decision, whether this was what most Party members wanted or not, and to do everything possible to make the Brexit negotiations as successful as possible from a Labour perspective. While there may be a considerable amount of common ground on much of the relationship to be established between the UK and the remaining EU states as part of the Brexit negotiations, there will certainly be some areas where Labour will take a different view to that of the Conservative government. Social rights and employment policies are, in particular, likely to be two parts of the renegotiation where it will be particularly important for the Labour voice to be heard. There will also be important changes to be negotiated as substantial powers over regional and industrial policy, agriculture, fishing, university funding and many other key areas are handed back from Brussels to Westminster. It will be vitally important to have these established on a sound and sustainable footing.

6. What are the key areas of negotiations?

The UK has a large number of agreements with the other EU Member States on a very wide range of programmes, from defence procurement to joint research and from the climate change to counter-terrorism, from energy policy to sharing intelligence. It will clearly be in everyone's interest to keep the vast majority of agreements on these subjects in place, although in future on an inter-governmental basis rather than as part of an over-arching political project. While no doubt there will be important issues such as cost appropriation to be agreed, in principle most of this negotiation does not look unduly problematic. More difficult may be the overall costs to be borne by the UK over the exit period and trade relationships.

7. What cash savings on Brexit can we reasonably expect to achieve?

While everyone would like to see the UK's net contribution to the EU budget and its institutions reduced from the £11.1bn it was in 2015, it may take a considerable period for really substantial savings to be achieved. Furthermore, as it will be in the UK's interest as much as everyone else's to keep large numbers of joint programmes in being, there will be ongoing cost contributions to make for the foreseeable future. The most contentious issue on this front is likely to be the costs to which the UK has already committed through the EU budget, running up to at least 2020. These are likely to be substantially exacerbated, however, by the way in which EU accounting is done whereby overspends are carried forward to subsequent years. The total sum involved in this sort of weak accounting control is very large and the UK's share of it is arguably as high as £30bn. Reducing this sum has to be a key negotiating objective.

8. What are the key negotiating issues on trade and the Single Market?

Probably the most crucial area of all on the Brexit negotiations is going to be around trade and the Single Market. Full membership of the Single Market implies free movement of labour, a large continuing cash contribution and legal control by the EU's Luxembourg Court. None of these features are compatible with the will of the UK electorate as clearly expressed by the referendum result. The UK therefore needs to come out of the Single Market framework although this will not stop us selling to the EU any more than it stops China and the USA, for example, from doing so although neither of them are in the Single Market.

9. What would be our relationship with the EU if we were not in the Single Market?

If we are not in the Single Market, however, what would our trade relationship with the EU be? There are essentially three possibilities. The best – and in the end most likely – is for a free trade agreement to be established between the UK and the EU but with the UK outside the Single Market. Another possibility would be for us to be formally outside the Single Market but still in the European Economic Area (EEA). This option has the advantage of being easier to negotiate but its downsides are that we would still very probably be left with

significant budgetary, free movement of labour and legal obligations. If a free trade agreement cannot be negotiated, therefore, the UK – and the EU – may be pushed back to trading with each other on World Trading Organisation (WTO) terms. As average tariffs on industrial goods are now only about 3%, this would not be an unmanageable outcome, but a free trade deal would be better. Another major advantage of the UK being outside the Single Market is that this will allow us to strike our own trade deals with other countries, which cannot be done while we are in the EU because customs unions, like the single Market, involve all participants handing over their trade negotiating rights to the EU. Getting these relationships right is going to be key to a successful future for the UK – and Labour needs to play a full part in making sure that this happens.

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