

# GV311

## Britain and Europe

### Part 2: Options for Britain

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# Outline

1. Where the EU is heading: Micro- to Macro-Economic Union
2. Options for Britain
3. Current Positions of the UK Parties on Europe
4. British Public Opinion on the EU

# Where the EU is heading:

## A Micro-Economic Union to Macro-Economic Union

### **1980s-2000s: Building a “Micro-Economic Union”**

single market: free movement of goods, services, capital, labour

common regulations: environment, social, consumers, competition etc.

### **2000s+: Towards a “Macro-Economic Union” (in Eurozone+)**

18 members of the Euro + 8 expecting to join (exc. UK & Swed.)

Emerging Eurozone+ architecture:

European Stability Mechanism (ESM) – “bailout” fund

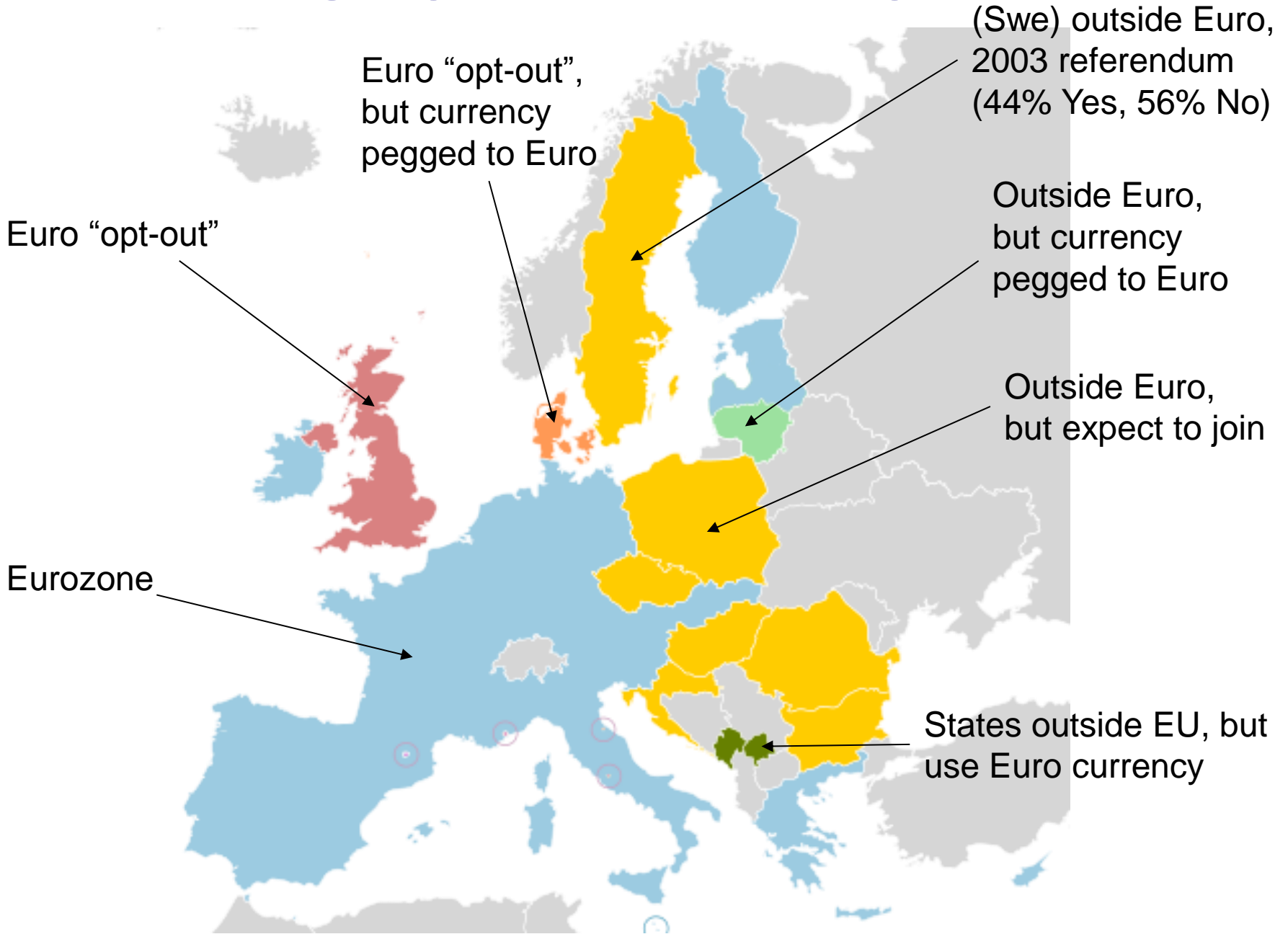
Fiscal Compact Treaty – EU26, except UK & Czech Republic

Euro-Plus Pact – coordination of national macroeconomic policies

Banking Union – common governance of banks

ECB as “lender of last resort”

# EU28 and Euro18



(Swe) outside Euro, 2003 referendum (44% Yes, 56% No)

Euro "opt-out", but currency pegged to Euro

Outside Euro, but currency pegged to Euro

Euro "opt-out"

Outside Euro, but expect to join

Eurozone

States outside EU, but use Euro currency

# Isolation of the UK in Europe

| EU member state    | European<br>Stability<br>Mechanism | Fiscal<br>Compact<br>Treaty | Euro-Plus<br>Pact | Banking<br>Union<br><i>(expected)</i> |
|--------------------|------------------------------------|-----------------------------|-------------------|---------------------------------------|
| 18 Eurozone states | √                                  | √                           | √                 | √                                     |
| Bulgaria           |                                    | √                           | √                 | √                                     |
| Denmark            |                                    | √                           | √                 | √                                     |
| Poland             |                                    | √                           | √                 | √                                     |
| Romania            |                                    | √                           | √                 | √                                     |
| Lithuania          |                                    | √                           | √                 | √                                     |
| Hungary            |                                    | √                           |                   | √                                     |
| Sweden             |                                    | √                           |                   |                                       |
| Croatia            |                                    |                             |                   | √                                     |
| Czech Republic     |                                    |                             |                   | √                                     |
| United Kingdom     |                                    |                             |                   |                                       |

# Options for Britain

1. Join the Euro !
2. Status Quo
3. “Mind the Gap”  
safeguards for UK within current EU, e.g. UK Protocol
4. “Widen the Channel”  
more UK opt-outs, e.g. social policy, fisheries, free movement
5. Exit  
Norway – join European Economic Area (“Puerto Rico” of the EU!)  
Switzerland – bilateral agreements with the EU

# Norwegian and Swiss Options?

House of Commons Foreign Affairs Committee (2013) *Future of the European Union*, 11 June 2013, HC 87-I

“Our witnesses and interlocutors also brought home to us the essential similarity between the positions of Norway and Switzerland: namely, that both are in practice obliged to adopt EU legislation over which they have had no effective say. ... On our visits to Oslo and Berne, we gained the impression that both Norway and Switzerland were prepared to accept what they acknowledge to be a ‘democratic deficit’ ... as the ‘price’ for their continued access to (parts of) the Single Market .... However, our interlocutors in both Berne and Oslo largely advised the UK to remain inside the EU, as a way of retaining influence over the legislation that it would be obliged to adopt if it remained part of the Single Market.”

# EU Treaty Reform

## Ordinary revision procedure

- Proposals submitted by a M.State, EP or Commission
- European Council, after consulting EP and Commission, votes (by simple majority) to either convene a “Convention” or an Intergovernmental Conference (IGC)
- EU leaders sign the treaty (by unanimity)
- All member states ratify the treaty “in accordance with their respective constitutional requirements” (e.g. nat.parls and/or referendums)

## Simplified revision procedure

- Proposals to amend Part 3 of the Treaty (on Functioning of EU) submitted by a M.State, EP or Commission. Amendments cannot increase competences of the EU
- European Council, after consulting EP and Com., votes by unanimity
- All member states must approve the decision “in accordance with their respective constitutional requirements” (usual nat. parl. vote)



# UK Balance of Competences Review

Launched in July 2012:

“an audit of what the EU does and how it affects the UK”

Via submissions from business, interest groups, academics, general public, to UK ministries

32 reports finally delivered by Dec 2014

<https://www.gov.uk/review-of-the-balance-of-competences>

Report on “Single Market: Free Movement of Persons” delayed: due in Feb 2014, finally released in July 2014 after “political amendments”

**Main conclusion so far: balance is more-or-less right !**

=> contradiction: UK government wants “reform”, while the official position of the UK ministries is that reform isn’t necessary!

# Party Positions: Conservatives

## Cameron

Speech, **23 Jan 2013**: EU reform + In/Out referendum in 2017

*Sunday Telegraph*, **16 March 2014**, 7 “demands”:

- longer transitions on free movement for new m.states
- curbs on social security benefits for EU migrants
- “red card” block on EU laws by national parliaments
- deregulation in single market & faster free trade agreements
- “ever closer union” should not apply to the UK
- more power to “flow away” from Brussels
- end “unnecessary interference” by ECtHR (*not part of EU!*)

=> changes without EU treaty reform (except for a “UK Protocol”)

**But backbenchers want treaty reform:** (1) “repatriation” of social policy, free movement etc.; (2) remove “ever closer union”

# Party Positions: Labour

## Miliband response to Cameron, 12 March 2014

“I believe our country’s future lies in the EU”

EU reforms:

economic reform – single market, CAP, free trade

free movement – longer transitions (>7 yrs), more discretion (benefits)

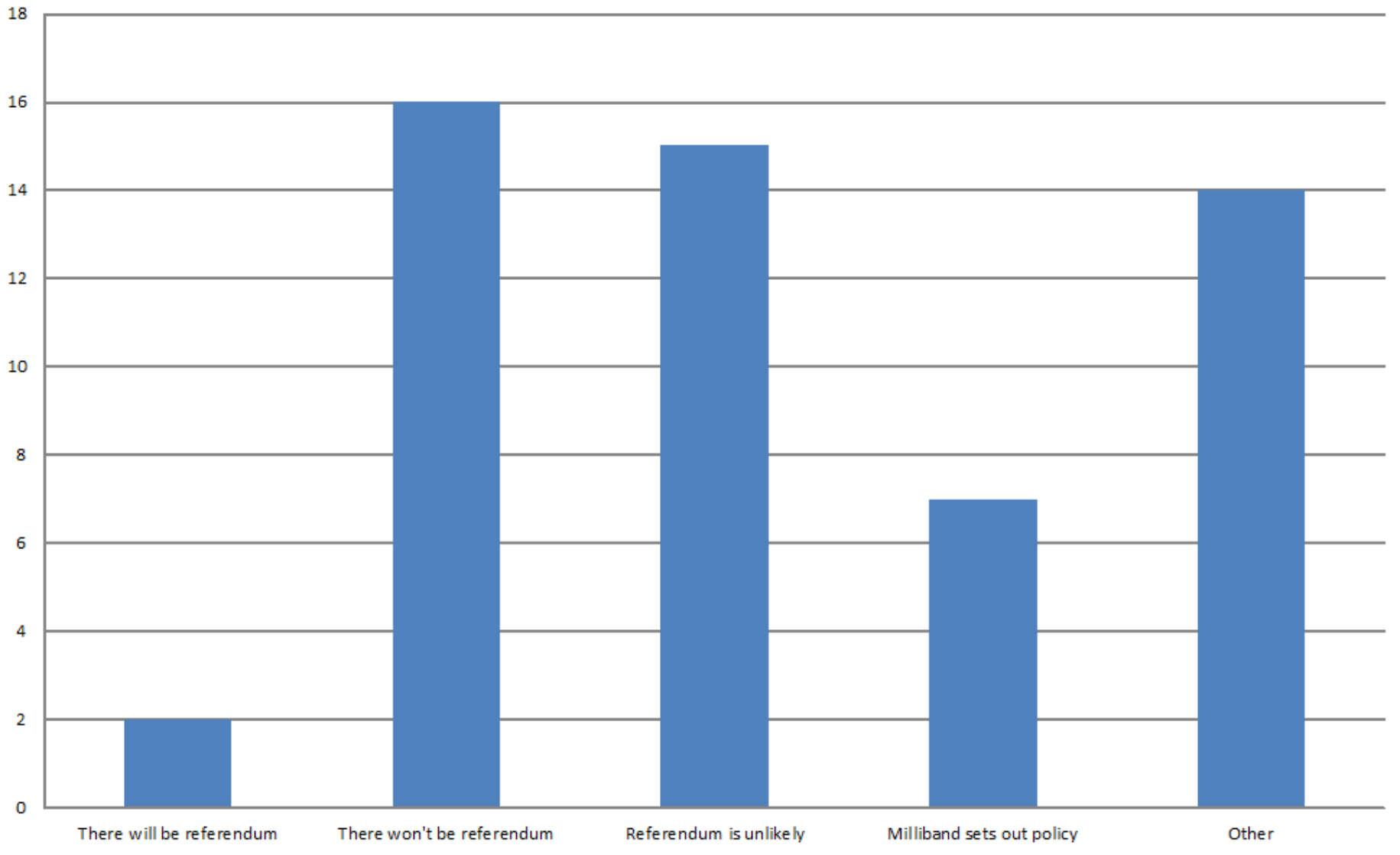
national parliament’s can block draft EU laws (“red cards”)

British opt-out from “ever closer union” provision

A “new lock”: “no transfer of powers without an In/Out referendum”

*Alex Stubb (Finnish PM): “All this talk of referendums and ‘locks’, as promised this week by Mr Miliband, is worrying. What if someone just throws away the key?”*

## Media coverage of Milliband's Referendum Announcement



Source: Simon Usherwood (<http://politicsatsurrey.ideasononeurope.eu/2014/03/13/labour-europe-and-the-continuing-absence-of-british-eu-policy/>)

# Cameron on EU Migration Reform

**28 November 2014** -> a new list of “demands”

1. Deport EU job-seekers who have not found work within 6 months
2. 4-years before EU migrants have in-work benefits or housing benefit
3. No child benefit for children of EU migrants if children not in UK
4. No “free movement” for new accession states until there has been GDP convergence with existing member states
5. Easier to deport criminals, fraudsters & beggars, and ban re-entry

=> conspicuously: no “cap” & no “emergency break”

These can be achieved through reforming existing EU Directives

-> Issue boils down to immigration

Nb. UK government has missed its target of reducing net migration to below 100,000 (net migration into UK in 2014 was 298,000).

# Party Positions: LibDems & UKIP

## **Liberal Democrats: “The Party of In”**

No “demands” for new relationship for Britain

Free market reform of single market, esp. services liberalisation

Referendum on a new Treaty, if it transferred more powers to EU  
(not an In/Out referendum)

## **UK Independence Party**

An immediate In/Our Referendum

-> 2 head-to-head debates between Clegg & Farage before the  
May 2014 EP elections

# “Let Britain Decide” Campaign

LABOUR AND THE LIB DEMS  
WON'T GIVE YOU A SAY

UKIP CAN'T  
GIVE YOU A SAY

ONLY THE CONSERVATIVES CAN AND WILL  
GIVE YOU A REFERENDUM ON EUROPE

BACK OUR CAMPAIGN AT [LETBRITAINDECIDE.COM](http://LETBRITAINDECIDE.COM)

# The “Draft Referendum Bill”

**May 2013**, Conservatives published “Draft Referendum Bill”, which was not proposed to Parliament because it was not supported by the Lib Dems

-> **June 2013**, taken forward as a private members bill by Conservative MP James Wharton MP, with Second Reading in HoC in **July 2013** (by 304 votes to 0). Now stuck in the HoL.

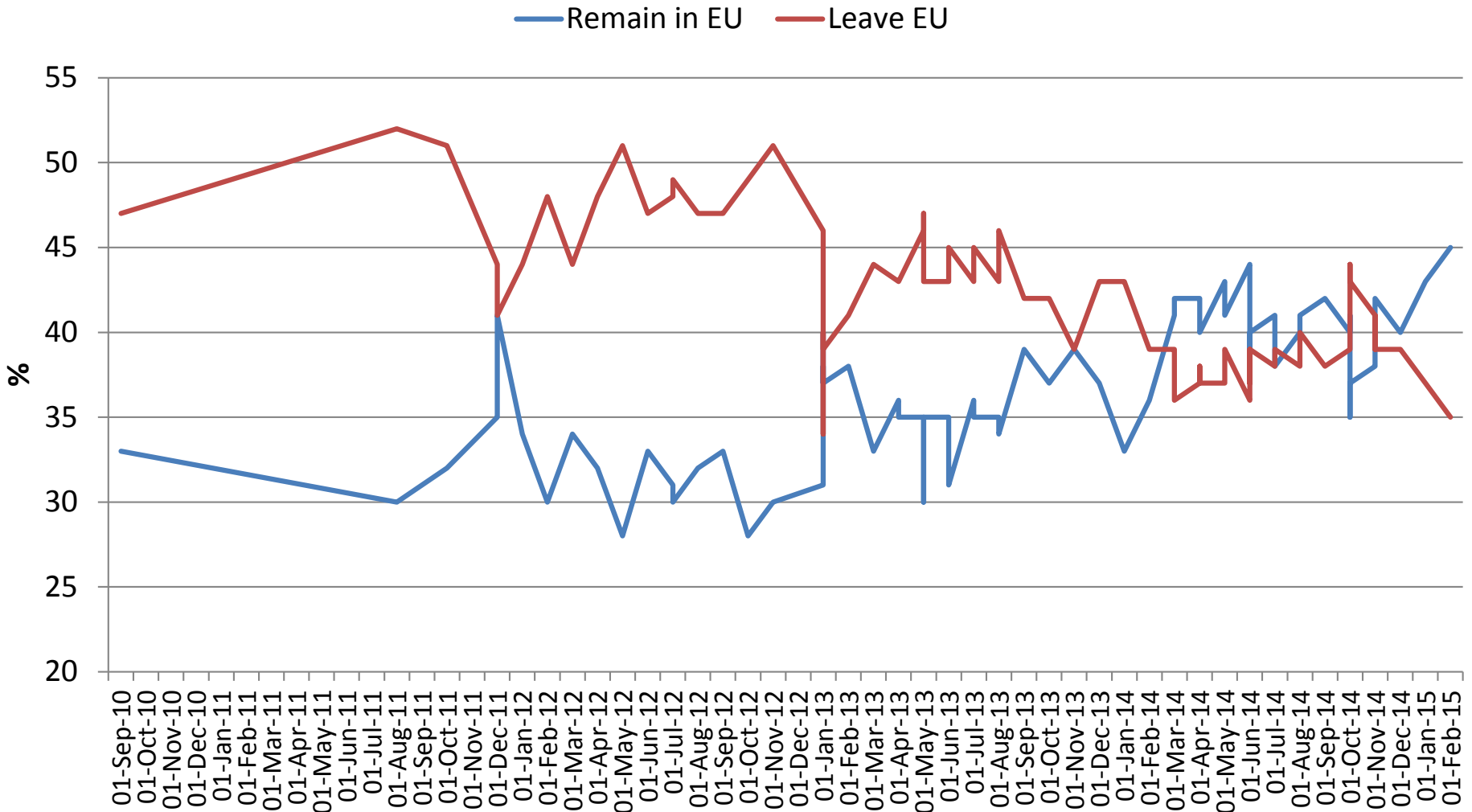
Bill includes the question: *“Do you think that the United Kingdom should be a member of the European Union?”*

Patrick Dunleavy (LSE) => this question is highly misleading because it suggests either that the UK is not already a member of the EU, or that membership is up for renewal (in a routine way)



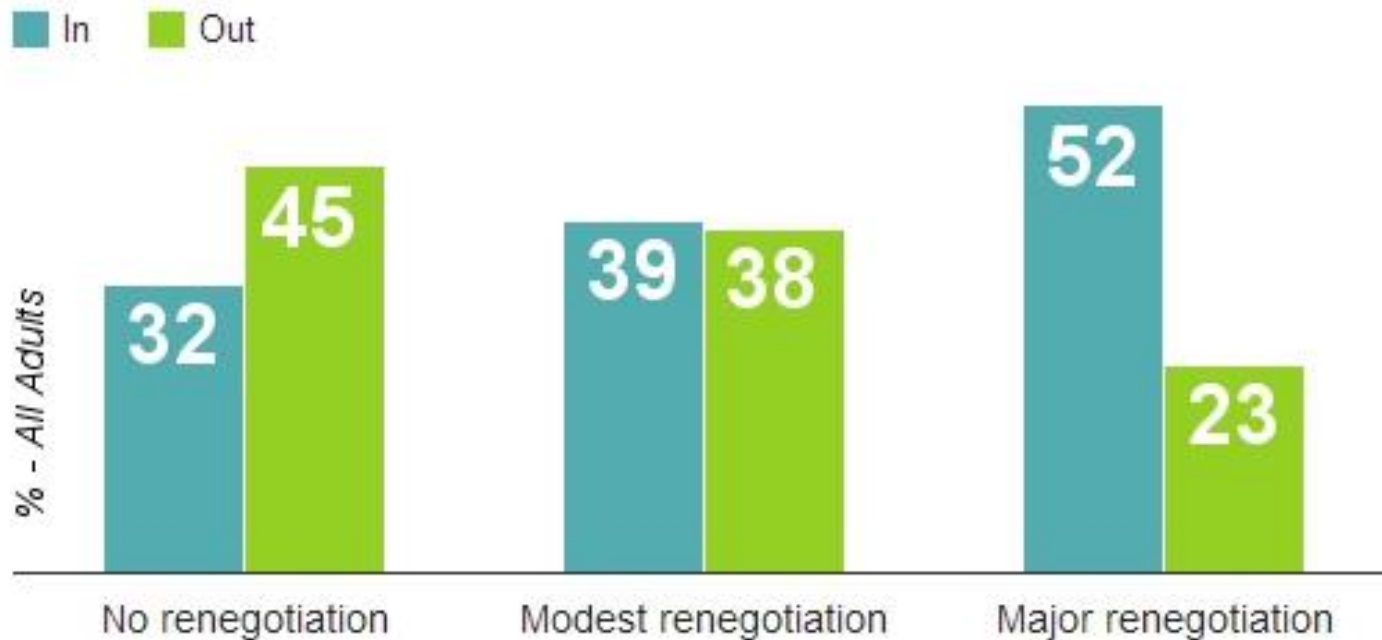
# Public Opinion on In/Out Issue

YouGov EU Referendum Tracker



# But, What if There is a New UK-in-EU settlement?

How would you vote in a referendum on Britain's membership of the EU if David Cameron secured the following renegotiation of our relationship?

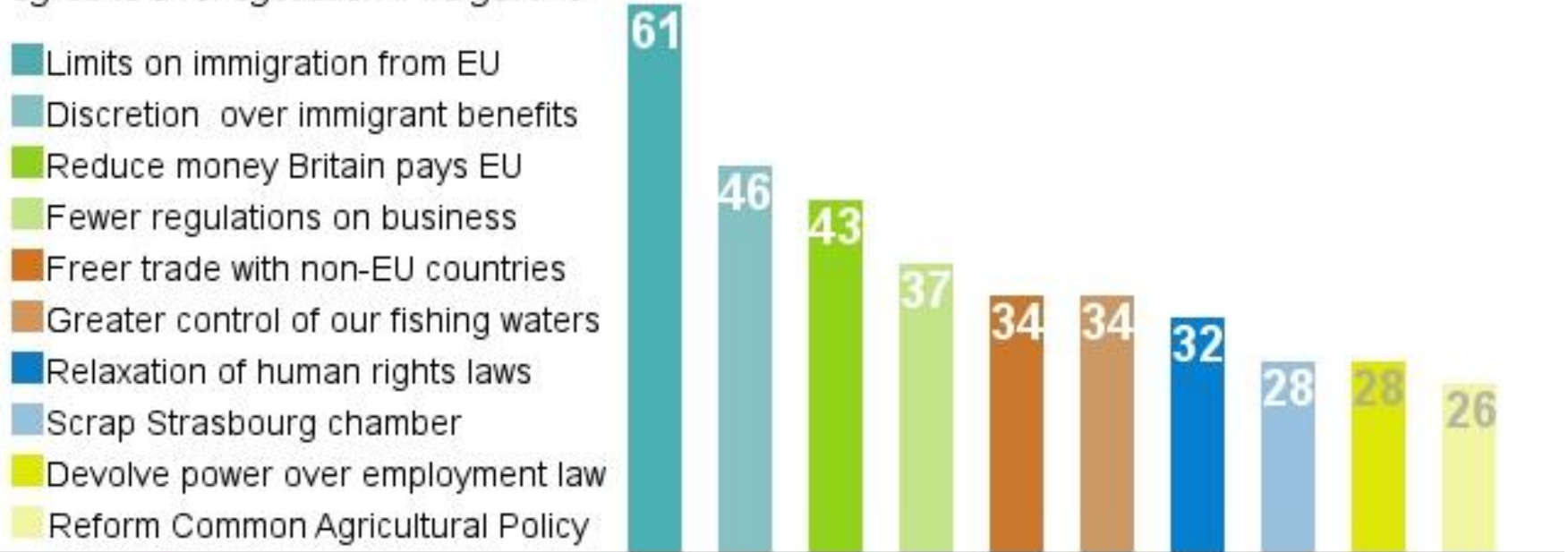


Source: YouGov

# Red Lines for “Swing Voters”

## Red lines for swing voters

*% of swing voters who say the following are 'of the utmost importance - Britain should only agree to a renegotiation if we get this'*

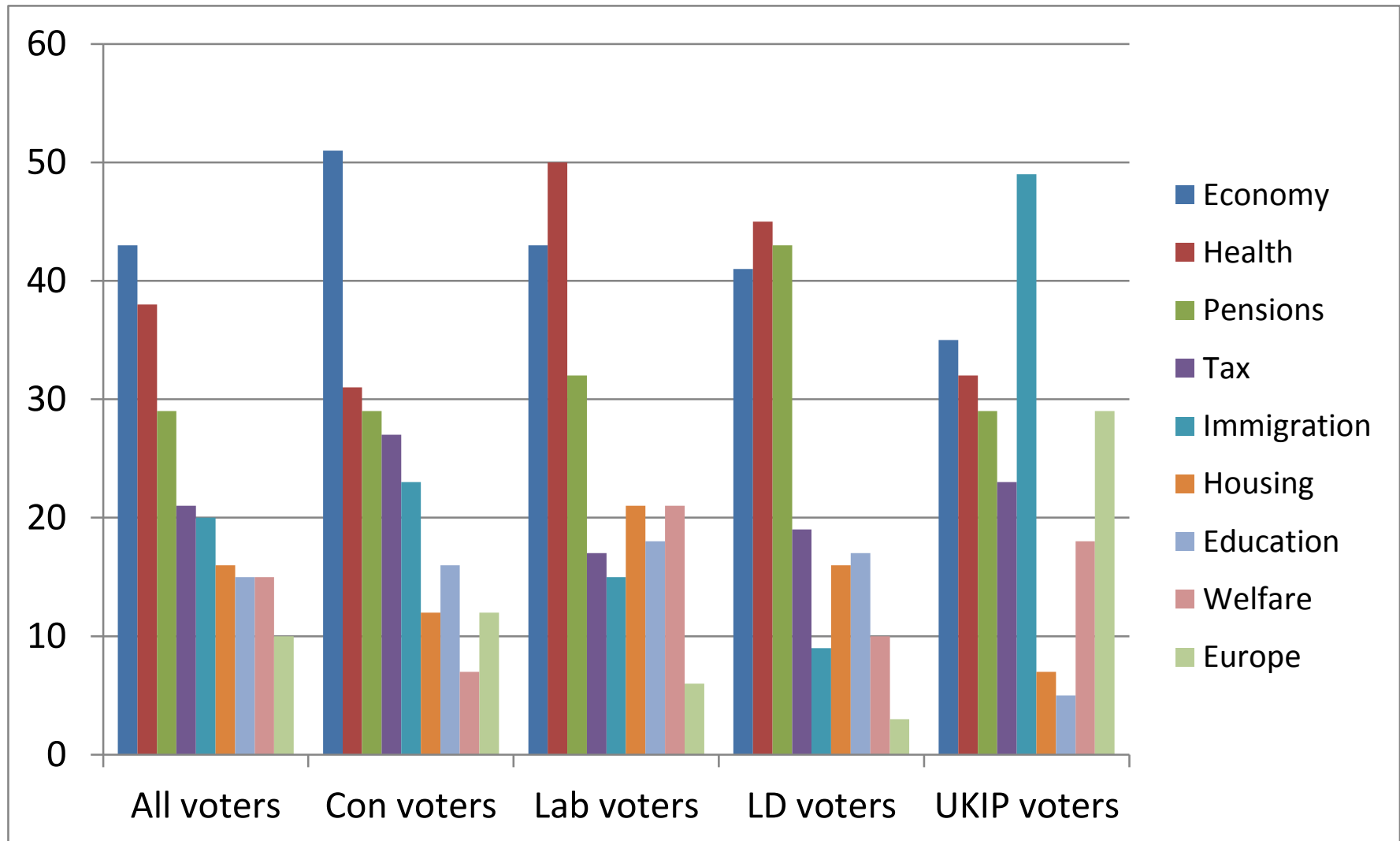


Source: **YouGov**

# But Europe is Not An Important Issue

What are the “most important issues facing the country”?

YouGov, 3 March 2015



# Summary

Deeper Economic and Monetary Union presents UK with a difficult choice: *“isolated inside the EU, or isolated outside the EU”* (N. Lawson)

Cons, Lab & the majority of public want a “new relationship” for UK in EU  
But major Treaty reform (and “repatriation”) is unlikely  
=> only option is “Mind the Gap”

Convergence in the positions of Conservatives and Labour in terms of their “demands”: free movement limits, opt-out from “ever closer union”, reform of single market etc.

But, Conservatives committed to an In/Out referendum regardless of the outcome of these negotiations, whereas Labour only committed to a referendum if/when a “new deal for Britain” has been achieved

Question: could we have a referendum before 2017 (e.g. in early 2016)?