

CIVITAS



Civitas National EU Conference
12th March 2009

***2009: a pivotal
year for the
EU?***

***CONFERENCE
NOTES***

The Emmanuel Centre, Westminster

CIVITAS





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NOTICE:

The following are summaries of the lectures, discussion panel and debate held during Civitas' Annual EU Conference on Thursday 12th March 2009, at the Emmanuel Centre in Marsham Street. They are intended as brief but structured lecture notes for the purpose of future reference. The notes record major points made within the speakers' presentations and should not be considered as a transcript. Statistics and legal points recorded within these notes have not been checked for accuracy or refereed by a third party. As such they should be considered as expressions of opinion, representing only the political beliefs of those individuals making them.



The EU: A Unique Political Model

Charles Grant, *Centre for European Reform*, Director

The European Union is a hybrid of two forms of international governance:

1. **Supranational:** countries that are members of the EU give up authority in certain areas and pool sovereignty to the EU's central institutions.
2. **Inter-governmental:** decisions are taken through cooperation - there must be consensus before anything happens, so each country has a veto.

The EU has undergone waves of enlargement: When the EU started with the Treaty of Rome (1958) it had 6 members: France, Italy, Germany, Belgium, The Netherlands, and Luxembourg. It now has 27 members.

- I think EU enlargement is a good thing:
 - The EU helped to cement democracy in Portugal, Greece and Spain when they cast off dictatorship and in Eastern Europe when states cast off communism.
- Enlargement makes the EU more complicated - the EU is a diverse union
- Not everybody can take part in every policy:
 - Not all EU nations are in the euro, defence cooperation, or the Schengen area (for passport-free travel) e.g. Britain still has a separate passport control.

The Institutions of the EU:

The EU also has two kinds of Institutions: supranational and inter-governmental.

Supranational institutions:

The European Commission sets the EU's agenda:

- The Commission is the political bureaucracy in Brussels.
- Unlike the UK civil service, the EU Commission can initiate new laws.
- It is controlled by 27 Commissioners - one from each member state.
- The current President is Jose Manuel Barroso from Portugal.

The European Parliament influences legislation in the EU:

- It also holds the Commission to account e.g. it can sack the whole College of Commissioners. However, it cannot sack individual Commissioners.
- EU states will elect Members of the European Parliament (MEPs) in June 2009.

The European Central Bank sets interest rates for the 16 eurozone countries (not the UK)

- eurozone countries' national central banks do not each set a separate interest rate.

The European Court of Justice interprets the EU Treaties:

- If there is a dispute in the EU, the European Court of Justice (ECJ) at Luxemburg interprets the EU's rules.

Intergovernmental Institutions:

The Council of Ministers approves EU legislation.

- It is the most powerful body in the EU with a lot of influence on legislation.
- Ministers from all EU member states meet at the European level e.g. all foreign ministers or health ministers) to take decisions and approve legislation.

The European Council directs how the EU will develop.

- It is the supreme body in the EU.

- The Council is a regular summit where the heads of governments meet.
- EU summits usually happen every 3 months, but there are more frequent emergency summits.

EU Policymaking:

EU decision making is complicated:

- Some EU policies are controlled at a supranational level
- Others policies are controlled far more by the member states

1. Centralised policies are decided at the EU level:

Monetary policy: is completely centralised for countries in the eurozone.

Trade policy:

- Member states all have the same trade policy and rules.
- In International trade negotiations the EU speaks for all member states.

Agricultural policy:

- The Common Agricultural Policy (CAP) and EU Fisheries Policy are centralised.

The Single market:

- The EU's single market enables free movement of goods, capital, labour and services.
- The rules for the single market have to be centralised.
- The EU has the largest single market in the world
- The Single Market exists within the 27 EU member states (and some others, i.e. Norway and Switzerland)
- Margaret Thatcher is often considered a Eurosceptic, but she made the changes for single market legislation to be passed - she gave up the National veto on single market rules and signed the Single European Act (1985).

2. Policy areas where power is shared between the EU and national governments:

Asylum and visas rules

Regional aid policy

Environmental policy: Climate change is a cross-frontier issue which requires one set of rules on waste disposal, pollution, carbon emissions and vehicle exhaust emissions.

Migration policy is mainly up to national governments, but there is some coordination at EU level.

3. Policy controlled at the national level:

Health policy

Education policy

Welfare policy

Foreign policy

- The EU does not have a Common Foreign Policy. Decisions are entirely up to national governments.
- EU states do work together on foreign policy where they think it is in their interests, but decisions must be unanimous - each state has a national veto.
- Foreign Policy is always controversial and EU member states often disagree. E.g. the EU was divided over the Iraq war in 2003.
- Iran is a key Foreign Policy issue at the moment The EU is speaking with one voice to persuade Iran to abandon its nuclear ambitions.

Defence Policy:

- There is also cooperation on defence and security problems and the national veto also remains on Defence Policy.
- There are EU peacekeepers in various parts of the world, including Bosnia. These are the same soldiers who could go on UN or NATO missions.
- The Brussels bureaucrats will not order British troops to fight for the EU. If The British Government does not want to join EU missions it will not.

Policing is a matter for national governance, but there is cooperation amongst national police forces to tackle cross border crime in a body called the European Law Enforcement Organisation (EUROPOL)

Transport policy is controlled by Member states unless it regards a cross-border issue, or an issue that is fundamental to economic policy for the single market and businesses operating throughout the EU.

Economic policy is set nationally.

- E.g. the British budget is not written in Brussels. It is written in London by the UK Chancellor of the Exchequer, Alistair Darling.

The future of the EU:

The current economic crisis threatens the Single Market:

- o EU rules on state aid to industries have been suspended in these extreme circumstances because governments might need to bail out companies.
- o **Protectionism:**
 - o The economic downturn could encourage national governments to be protectionist
 - o E.g. populist politicians want to keep jobs at home:
 - French President Nicholas Sarkozy recently said the French Government would only give money to Car companies Peugeot and Renault if they only have factories in France, (they currently have profitable factories in Slovakia and the Czech Republic). That is against all the EU rules and it was not allowed.
- o **The euro is facing a crisis:**
 - o As a pro-European, I think the euro is a good idea. Currency movement enables cross-border trade and investment, making the single market more economically efficient
 - o Some eurozone members are finding it hard to stay in the euro:
 - e.g. Greece, Italy, Spain, Portugal and Ireland have let government borrowing run out of control.
 - They have become uncompetitive because they haven't raised productivity.
 - These countries will probably be bailed out by other EU states, but they will have strict conditions imposed on them, such as conditions to cut public spending
 - o eurozone members can't devalue their currency to restore competitiveness
 - Britain, which is outside the euro, is doing this now.
 - Britain sees its currency collapse as a good thing because it will rebalance our economy - exports have become more competitive and imports are more expensive.
 - Instead, Ireland has to cut wages, which is directly painful.
 - o The euro is unlikely to collapse and if survives this crisis, it will be a much stronger currency.

- **Energy Policy:**
 - In 2008, after an argument with Ukraine over the gas price, Russia cut off gas supplies to much of Europe.
 - The EU is trying to set up a common energy policy:
 - One problem is that every member state thinks they have their own interests. E.g. Germany and Italy had special deals (bilateral relations) with Russia, and they did not support the common EU rules.
 - Things are beginning to change. If you can create a true single market in energy, then you can create a convergence of interests.
 - Possible reforms include:
 - Greater energy efficiency and renewable energy
 - liquefied natural gas - which does not have to travel through a pipeline,
 - More pipelines e.g. from Norway, Algeria, the Caspian area
 - Europe is dependent on Russian gas imports and we need to reduce that dependency.
- **Russian Policy:** Russia is a big challenge for the EU:
 - Russia invaded Georgia last summer, with some provocation Russia launched a cyber war attack in Estonia a couple of years ago and Russia has said that if Ukraine joins NATO it could use military force against it.
- The lack of solidarity in the EU on Russia is a problem, but I am optimistic that if the EU learns to speak with one voice and achieve a common energy policy, we might have a single policy on Russia.

Conclusion:

My essay entitled "[why is Britain a eurosceptic?](#)" analyses why Britain is the most eurosceptic country in the EU. Britain has become a lot more British in recent years and it doesn't like EU rules. It still sees the EU as a Federalist project (moving power to the centre) run by France and Germany, but the EU is too complex for any two countries to run. Things are different in the EU now. There was a key change in 2004 when Eastern European countries joined the EU. The newer member states are quite pro-American, pro-Free Trade, and anti-Federalism. The French actually voted "No" to the EU Constitution in 2004 because they thought the EU had become too British (dominated by Free-market, Anglo-Saxon thinking) and that under the EU Commission President Manuel Baroso, the Commission had an economically liberal and free-trade agenda.

Like Britain, many member states see the EU as a useful tool to solve problems like climate change, energy security, migration and terrorism. Therefore, Britain has a great opportunity to shape the EU but we must engage more with other member states; Europe will take a lot of co-operation.

QUESTIONS:

Q: Is Russia the biggest problem for the EU?

A: *We are condemned to partnership with Russia because 20% of the EU's gas comes from Russia and 40% of Russia's exports are in biomass gas to the EU.*

- Russia is now more willing to engage with the West because it has been hit hard by the huge economic crisis
- Improved relations between the US and Russia will probably result in better relations between the EU and Russia. Barack Obama, the new US President, is negotiating with Russia to abandon the US missile defence programme in Czech Republic if Russia helps to persuade Iran to abandon its nuclear programme.
- Solidarity with Russia is important, so the EU needs to speak with one voice. For example, BP and Shell invested billions of pounds in Russia. When BP were harassed by the Russian authorities last year the EU spoke up together to defend BP.

Q: Should there be more EU-wide funds to help countries in financial trouble?

A: The EU has given money and might give more money.

- Some countries in the EU have serious problems, e.g. Greece. The EU might create a special fund for Governments in return for strict conditions, e.g. reforming the economy.
- Some countries outside of the EU also have serious problems, e.g. the Ukraine and Serbia. My worry is that countries that don't belong to the EU don't belong to anyone. The EU should do something to help them.

Q: A Dutch MP, Geert Wilders, planned to show a controversial film about Islam at the House of Lords in February, but he was refused entry into the UK. Why did the EU allow the UK Government to deny him entry?

A: The EU doesn't have a police force to make sure that everyone follows the rules.

- It is up to member states' national governments to apply EU rules, although in this case the British Government did not.
- I think that Mr Wilders views are rather disgusting, but I also believe in free speech.
- I think we need to argue and disagree with him to show them that he is wrong.
- The British Government refusing him entry actually gave him more publicity.

Q: What are the problems with creating an EU-wide energy policy?

A: The EU moves very slowly:

- o The first attempted to liberalise EU energy markets was 20 years ago.
- o Some liberalisation has happened, e.g. British suppliers of energy are separated from the distributors.
- Member states disagree on where the EU should get its energy from:
 - o The French like nuclear power, the German's don't. But even the Swedes (the "greenest" country in Europe) have adopted full nuclear power. I expect Germany, like Britain, will go for nuclear power in the next few years.
 - o Governments are changing their minds about nuclear power because of climate change
 - o Having a common energy policy doesn't mean everybody has to have the same energy mix. It means having a single market to trade gas and electricity freely across national boundaries.
 - o Speaking with one voice will give the EU more clout in International energy negotiations, particularly with the Russians on gas.

Q: What are the flaws within the EU as a political model?

A: The EU's biggest problem is complexity

- It has arisen through compromise, with many different Treaty amendments.
- The EU was not 'designed' as a single group and there is no single ruling document
- An advantage to the EU's moving slowly is that it has a lot of checks and balances:
 - o No one can 'seize power' - there are many constraints, committees and consultations.

- *The EU's slow movement produces consensus through compromise.*
- *To argue that the EU is undemocratic is a false argument:*
 - *The European Parliament is directly elected*
 - *The Council of Ministers consists of directly elected members*
 - *Whilst the Commission is not elected, the Commissioners (one from each 27 member state) are appointed by democratically elected national governments*
 - *I favour a directly elected Commission because it would have more legitimacy. However elected Commissioners would be thinking about national interests if they had to getting elected.*

Q: How far should the EU expand? Should Turkey become a member of the EU?

- A: *The EU's ambition is to spread the Single Market and democracy across the continent.*
- *There is concern that the labour market will suffer if the EU keeps expanding. Democratic politicians sometimes make populist claims e.g. that new EU members will steal jobs.*
 - *EU Treaties say "countries in Europe should join if and when they meet the criteria", but "Where does Europe end?" is an existential question that divides Europeans.*
 - *There is no consensus about Europe's borders. People are divided on Turkey's possible EU membership of the EU. Some people oppose Muslim countries joining the EU and Turkey is partly in Europe and partly in Asia.*
 - *I believe that the EU should let in the Ukraine and Turkey - if they meet the conditions*
 - *I believe that countries like Serbia and Bosnia are better inside the EU than outside:*
 - *Outside of the EU they will fester and become hotspots for drug smuggling, people smuggling and organised crime.*
 - *But they must meet certain conditions first*
 - *Russia is also partly in Europe, but it is has a very different world view, so it would not integrate very well.*

Q: What is the benefit of being a member of the EU?

- A: *It is hard to quantify the direct benefits.*
- *Britain pays a net contribution to the EU every year and in return we get access to the biggest single market in the world, which hugely increases our prosperity.*
 - *Companies like Nissan, Honda and Toyota invest billions of pounds in the British economy because to gain access to the single market.*
 - *Non-EU member states - such as Norway, Iceland and Switzerland - join the single market by being members of the European Economic Area (EEA).*

Q: Why aren't we like Norway - in the single market, but not part of the EU?

- A: *To be in the European Economic Area you must accept all the rules of the single market.*
- *Those rules are set in Brussels by member states that vote in the Council of Ministers. I wouldn't want to be subject to rules that we haven't been able to contribute to.*



June 2009: European Parliament elections

The role of UK political parties at the EU level

Jean-Paul Floru, Conservative MEP candidate
Dinti Batstone, Liberal Democrat MEP candidate
Anne Fairweather, Labour MEP candidate
David Campbell Bannerman, UKIP MEP candidate

Jean Paul Floru - Conservative Party candidate:

The state regulates lives from cradle to grave, but the Conservation Party believes in individual liberty. Individuals should be free to pursue their own dreams and aspirations. We judge the European Union against this belief. However, the EU increasingly regulates peoples' lives. It introduced 10,000 laws in the first 40 years of its existence. In the last 10 years it added another 16,000. So in some sense the EU is actually too efficient! It is regulating at an ever greater pace. For example:

1. **The Working Time Directive** dictates how many hours you are allowed to work per week. So if you want to work more hours to save some money, the EU says you can't. They say they know what is good for you and they override your free choice.
2. **The Lisbon Treaty**: transfers more powers to Brussels. It used to be called the EU Constitution, until it was rejected by France and The Netherlands. It was then revamped as the Lisbon Treaty, but it was again rejected by the great people of Ireland in a referendum in June 2008. The EU decided to overrule Ireland's free choice and ignore the referendum by claiming that the people of Ireland didn't know what they are talking about because the treaty was too complicated for them. The Conservative Party is the only mainstream UK political party still offering a referendum on the Lisbon Treaty in the UK. We believe you should decide your own future.

At the European Parliament election on 4th June 2009 the choice is between freedom (the Conservative Party) and the nanny state (the other parties).

Dinti Batstone - Liberal Democrat candidate

The Liberal Democrats' approach to the EU is not ideological, it is pragmatic and constructive. We aim to translate our democratic values into concrete actions. For example, we champion environmental issues and we are the only party that fought consistently at local, national and European level against the expansion of Heathrow airport. The Liberal Democrats Party Counsellors, London Assembly members, MPs and MEPs work together at every level of Government (local, national and European) to fight the third runway. We will use every weapon in our armoury - including EU air, noise and pollution legislation - to fight Heathrow expansion. In contrast, my local Labour MP resigned from the Government over the issue of Heathrow expansion, but his 2-page resignation letter did not mention the EU at all. He has no plans to work with his Labour MEP colleagues to actually do something. The Conservative Party finally rejected Heathrow expansion last year, but their motive was to gain votes for Boris Johnson to become the Conservative London Mayor. Even now, Boris Johnson is fighting the Heathrow expansion with one hand tied behind his back because the Conservative Party opposed many EU regulations that could be used to fight the

Heathrow expansion. In the European Parliament the Liberal Democrats seek to achieve exactly the same things we seek to achieve at every level of government:

- Sustainable prosperity,
- Balancing security with civil liberties
- Open and accountable government.

The Liberal Democrats have been at the forefront, working constructively for reform in the European Parliament.

Anne Fairweather - Labour Party candidate

The Labour Party looks forward to the 2009 EP election in order to tackle:

1. The global recession:

- 60% of UK trade is with the EU
- The UK cannot pull the country out of recession alone - Gordon Brown is speaking to his European colleagues to work at an International level.
- If the UK alone puts money into our economy (a fiscal stimulus) it will not work.
- The European Parliament can help regulate the financial services industry and create a package to regulate the financial markets properly.

2. Climate change:

- No country can tackle climate change alone.
- We need to tackle CO2 emissions across the world -the European Socialist Group (of which the Labour Party is a member) pushed through strong negotiations to tackle CO2 emissions.

3. Security:

- Some people think that policing our streets is a national issue, but it is a broader problem if replica guns bought in Germany can be converted into real guns on the streets of Manchester.
- The European Parliament can tighten the relevant rules.

The Labour Party looks at the relevant issues and decides the best way to tackle them at a local, national and European level.

David Campbell Bannerman - United Kingdom Independence Party candidate

UKIP has 50 councillors, 10 MEPs, 2 Members of the House of Lords and 1 MP. We are not anti-Europe, but we don't think we should be members of the EU - like Norway and Switzerland aren't. 75% of UK laws now come from the EU. Hans Pottering, President of the EP, said the EU imposes 120,000 regulations and directives on the UK. We want the benefits of trade with the EU whilst avoiding the emerging bureaucratic political Superstate.

At the 2009 EP election UKIP will campaign on:

1. The cost of the EU:

- We believe the EU costs £55 million per year. That is £106,000 per minute.
 - The cash contribution - £6billion this year - will keep increasing
 - EU regulation - also costs a huge amount
- Fraud: the EU's financial accounts have not been signed off for 14 years in a row.

2. Immigration:

- UKIP is a non-racist, non-sectarian Party. We are not anti-immigrants and we strongly oppose the BNP. We want a sensible, non-racist policy on immigration.
- The UK population has increased by 1.8 million since 1997.
- UN statistics predict the EU population will rise to 72 million.

- We have lost control of immigration - we can only limit the non-EU immigration. Only UKIP, with its proposal to leave the EU, could control the immigration of EU citizens.
3. Democracy:
- Czech President, Vaclav Klaus, (the current President of the EU) told the European Parliament, "[There is no European demos, there is no European nation](#)".
 - It is dangerous that democracy is failing in the EU. Without democracy we will be left with an anti-democratic, bureaucratic Superstate and there will be no real power for national governments.
 - UKIP are a party of democracy.

In light of the lack of democracy and fraud within the EU and consider voting for UKIP. Let's keep the Super trade, but lose the Superstate.

QUESTIONS:

Q: For democracy to work in the European Parliament, do we need stronger parties at the European level?

JP Floru: The two biggest groups in the European Parliament are the Party of European Socialists (PES) and the European People's Party (EPP). The Conservatives are currently members of the EPP, which has a moderate socialist-centrist agenda.

Anne Fairweather: The Labour party is in the Party of European Socialists (PES), which contains Social Democrats and Socialists parties from across Europe. They will have a single Europe-wide manifesto for the 2009 election. Cooperation within pan-European Parties is crucial because people with similar political traditions from different countries must work together to make decisive changes. There will be tensions between countries, but the political groupings need to deal with those tensions internally.

David Campbell Bannerman: The European Parliament works on a 'group' basis and UKIP are members of the Independence and Democracy group (ID) - one of the smallest groups. We work with parties from different countries that have similar views about democracy and independence. If cross-EU parties are too powerful it takes away from democracy because the Institutions become remote from the people.

Dinti Batstone: The Liberal Democrats are members of the Alliance of Liberal and Democrats group for Europe (ALDE). The ALDE actually holds the balance of power in the EP because we often have the deciding vote in debates. This enables us to multiply our influence in the EP. A Tory MEP recently said "when we want to see which way the vote will go, we often look to the Liberals".

Q: If the Conservatives pull out of the European People's Party (EPP) they will have less influence. Why should we vote Conservative?

Jean-Paul Floru: There is very little real debate in the European Parliament. The UK Conservative Party are used to debate where there is a real difference between the

parties, like in Westminster where there is real debate between the Government and the Opposition. That is why the Conservatives Party plans to leave the EPP. William Hague (Shadow Foreign Secretary) and Marc Francois (Shadow Minister for Europe) were in Brussels recently to discuss our amicable divorce from the European People's Party. We are going to set up a new group in the European Parliament to have our own opposition. We want real debate.

Anne Fairweather: The European People's Party (EPP) is the same political group as German Chancellor Angela Merkel and French President Nicholas Sarkozy's Parties. If the Conservatives refuse to sit in the EPP they won't be able to seek any change in the EU.

Q: Is the European Parliament a "real" Parliament?

Dinti Batstone: The EU is made up of three main institutions: the Council of Ministers, Commission and Parliament. Of these, the Parliament traditionally has the least power, but that does not mean that it is not valuable. Many consumer benefits have resulted from EP initiatives. The EP is becoming more powerful. A few years ago the EP rejected the EU Commission because it contained Rocco Buttiglioni (a conservative Roman Catholic from Italy who said that homosexuality was a sin).

Anne Fairweather: We believe that the President of the EU Commission should come from the largest political party to enable political direction from the Commission. The European Parliament approves (or rejects) all Commissioners very effectively.

David Campbell Bannerman: The European Parliament is not a real Parliament. There is no real debate (like the classic Labour-Conservative debate in Westminster). The EP system is close to a Soviet model, with the Parliament being like a token 'Soviet' assembly. For example see the Czech President Vaclav Klaus' [speech](#) in March when he said that there is no opposition in the European Parliament and Klaus knows the Communist system. The longest speech in the EP is 3 minutes. You can't possibly keep a check on 75% of your laws coming from the EU with speeches of only 3 minutes.

Q: Mr Campbell Bannerman commented that the European Parliament is Soviet. Could he explain this?

David Campbell Bannerman: My comparison was not intended an exact comparison. Vladimir Buchovsky, a member of UKIP, has made the same comment and he was a prisoner in a Soviet gulag for 12 years, so one tends to listen. The lack of power in the EP allows only 'token' representation and the Parliament's power is only minimal. Unlike the British Parliament, which can repeal whole areas of legislation, the European Parliament can only reject minimal laws from the Commission because all they can do is throw them back for review.

Dinti Batstone: People often refer the EU's 'democratic deficit', which is really about the Council of Ministers not being held to account by national parliaments.

Q: What is UKIP's alternative to the EU?

David Campbell Bannerman: The UKIP alternative is a free trade agreement, like Norway and Switzerland which are the two richest countries in Europe, but they are not in the EU. In case of Switzerland, they kept their democracy, in the case of Norway, they kept their oil and fishing. Yes, they trade actively with the EU. Britain is a much bigger trading partner, we are the largest single importer of EU goods, so as a trading partner we would be a very powerful one. It would be very much in our interest to keep the trade, but open up more to the global economy. By 2050, India is going to be larger economy than all 27 EU nations put together. Too few people celebrated Commonwealth day this week, we should celebrate the Commonwealth, 53 countries. That's where we want to be, global trade.

Q: People need to be properly informed to enable real debate before a referendum on something as important as the Lisbon Treaty. Is this possible when the British media is very eurosceptic?

David Campbell Bannerman: The Irish have already voted no to Lisbon Treaty. The people should decide on the Lisbon Treaty, that is democracy, and if you don't believe in democracy then we are all in trouble. Whilst the 460 pages of the Lisbon Treaty are very difficult to understand, Jens-Peter Bonde MEP analysed the Treaty and it is the former EU Constitution (sections have been deliberately moved to hide its true significance, but 95% of the text is the same as the Lisbon Treaty). The Labour and Liberal Democrats Parties are a disgrace because they denied that the Lisbon Treaty is different to the former EU Constitution. They whipped their MPs to vote against a referendum even though they had promised a referendum in their Party manifestos. There are two killer actions in the Lisbon Treaty:

- 1. It is self amending: democratic governments will not be consulted again. Decisions can be made in secret behind closed doors.*
- 2. It makes everyone an EU citizen. That is very significant. Who has been consulted on that major change? We should have a referendum.*

JP Floru: The British people are intelligent enough to understand the Lisbon Treaty. Politicians in Brussels have arrogantly said people won't understand it and they don't know what is good for them. The politicians decided themselves and refuse to listen to the people, so we should have a referendum. The main UK political parties all promised a referendum and then one-by-one they decided not to have one. The Conservative Party stick by their promise; we will continue to promise a referendum.

Dinti Batstone: In the British Parliament, the Labour and Conservative Parties conspired against the Liberal Democrats to stifle debate on the issue that we put forward for a referendum - "in or out of the EU". The Liberal Democrats called for a

referendum on British membership of the EU. Nobody has had a chance to vote on EU membership in decades, so we need a proper debate on the full issue.

Anne Fairweather: The Conservative Party is hypocritical because they signed two significant changes to the EU - the Single European Act (1986) and the Maastricht Treaty (1992) - without a referendum, but now they want a referendum on the Lisbon Treaty, which makes relatively minor changes to the EU. The Lisbon Treaty is different from the former EU Constitution because key constitutional aspects were removed. The Lisbon Treaty addresses the concerns of both UKIP and the Conservative Party: It gives power back to national parliaments to question Directive proposed by the Commission and it increases Qualified Majority Voting (QMV) in the council. The Conservatives and UKIP only talking about the referendum distracts from the major issues, such as climate change. The election needs to be about real issues that affect people's lives.

Q: Is a eurosceptic stance unproductive because it means that you can't achieve anything in Europe?

JP Floru: As eurosceptics, we think that less Europe would be good so we want to reform the European Union. As an MEP in Brussels, I will have a voice to speak up for Britain. Once I am in Brussels I will not simply enjoy the EU 'gravy train' and do nothing, I will take the opportunity to change things and to get the best deal possible for Britain.

Q: The EU's Common Agricultural Policy (CAP) makes goods more expensive for the third world. Shouldn't poor countries be allowed to export more easily?

Campbell Bannerman: The CAP is very unfair because it creates 'tariff barriers' (e.g. there is a 100% plus tariff against New Zealand lamb). People within the EU end up paying for the CAP twice: firstly we pay taxes to subsidise the farmers and secondly we pay for more expensive food in the shops. UKIP wants fair prices for everyone and free trade.

Jean-Paul Floru: The CAP accounts for 50% of the EU budget, yet it is completely immoral. The EU subsidises farmers so that the Third World can't export to Europe (exports from Africa have declined from 6.7% 25 years ago, to 2.4% now). We have closed our markets to their principles industries and then we subsidise their rulers. A few MEPs are farmers themselves and they like the subsidies.

Dinti Batstone: Liberal Democrats have strongly called for reform of the CAP. We believe in free trade, so we want the CAP to be replaced with a Stable Rural Development Policy.

Anne Fairweather: The World Trade Organisation has been looking at the CAP for quite some time. The EU is trying to free up its agricultural trade with the Third World.



European Economics: Can the EU help to avoid financial turmoil?

Graeme Leach, *Institute of Directors*, Chief Economist and Director of Policy

Britain's EU membership is not economically beneficial:

- A realistic assessment of the costs and benefits of Britain's EU membership is unlikely to come out with a net positive figure.
- Before joining the EU, the UK Government made it clear that EU membership would be economically net negative and the original calculations did not consider the EU's subsequent enlargement and the increased affect of EU regulation on the economy.
- The claim that millions of jobs depend on EU membership is a misunderstanding It is economically irresponsible and politically deceitful.
- Debate should consider to what degree EU membership is negative for the UK economy.

If Britain had been a member of the euro, it would have worsened the economic crisis by limiting the British Government's ability to respond:

- The UK Government would not have had control over interest rates during the economic downturn.
 - o Eurozone Interest rates were raised during the bust cycle (economic downturn)
 - o During the downturn UK interest rates have been lower than in the EU. The UK couldn't have coped with high interest rates.
- The UK housing market boom and bust wasn't as bad as many other places in the EU (e.g. Ireland and Spain). If the UK had been in the euro, the lower interest rates during the last decade would have caused a worse boom and bust in the housing market.
- The UK Government is suggesting "Quantitative Easing" (printing money to stimulate the money supply), but the Maastricht Treaty forbids that for members of the euro.
- Vince Cable (shadow Chancellor for the Liberal Democrats) has been the most sensible voice during this economic crisis. He very honestly said that the Liberal Democrats' policy on euro participation for the UK was wrong because euro membership would have been very damaging to the UK economy. He is an economic Liberal in the genuine sense, so he thinks we need to be careful how we respond to the economic crisis, but that markets work better than Governments.

European banks are not more responsible than British or American banks:

- European banks are not immune to this crisis. They don't behave more responsibly, just differently.
- A large number of European banks are also heavily exposed to the financial crisis. (In the 1990's the Scandinavian countries had their own financial crisis.)
- A European dimension to the financial crisis could strike very soon:
 - o A recent article in the [Economist](#) revealed a danger in Eastern Europe. Loans made by Austrian banks to Hungary and the Central and Eastern bloc countries were made in euros so they must be paid back in euros, not in the domestic

currencies. However many smaller countries' domestic currencies have been depreciating sharply against the euro. As a result, their payments to Austrian, Italian, or Scandinavian banks are now much more expensive.

- Many people in Eastern Europe are defaulting on loans, which could have catastrophic effects on banking in the eurozone.

This year's forecasts for the eurozone economy are as grave as elsewhere in the world:

- The European economy faces as many problems in the world economy as the UK, America, or Japan.
- Many economists think that the EU economies will be particularly adversely affected:
 - Germany has been badly affected because it has a very export orientation economy e.g. exports of BMWs and Mercedes have been hit
 - Spain and Ireland's housing markets have suffered a damaging boom and bust
 - The Italian economy is in a very gloomy position. Prior to joining the euro, when excess wage growth depreciated the Italian currency, they simply set lower interest rates instead of making structural changes to boost competitiveness. There has been continual debate about whether Italy will survive in the euro.
- The Labour economist, Paul Brown, recently argued that the downturn won't be as bad in the eurozone because the EU's rigid labour market policies protect against high unemployment. However this is a ridiculous argument:
 - High employment only puts off the day of judgement
 - regulation forcing companies to retain and pay for the excess labour will lead to greater costs.
 - That means your overdraft must go up, but your overdraft can't go on forever.
- Protecting the labour market could increase unemployment rather than protect jobs:
 - Long-term studies of the European economy show that more labour market regulation results in lower growth rates in the long term.
- There are always knock-on effects in economics.
- Knee-jerk regulatory responses would not be the right approach. There is a difference between supervision of individual institutions and simply imposing regulatory constraints.

The Populist danger:

- Populist voices have called for *Economic Nationalism* and *Protectionism*.
- French President Nicholas Sarkozy recently inflamed leaders in Eastern and Central Europe by calling on French companies to "bring jobs home".
- However there have been examples of responsible and wise political leadership calling for a non-knee jerk response to the crisis.
- Gordon Brown has strongly opposed protectionist measures and he has been right.
- Protectionist voices need to be silenced because:
 - In the 1930's protectionism deepened the recession. The USA put tariffs on 10,000 products overnight - we can't make the same mistake. 1,000 economists wrote to the *New York Times* to say it was the wrong decision at the time.
 - Protectionism is not just a European problem. It is a global problem.
- EU subsidies are not the answer:
 - How could we decide who should get the money?
 - Car manufacturers want protection, but what about those who supply the components for car making, what about aircraft? What about financial services? Where do we stop the subsidies?
- Some people have tried to use the current circumstance to impose a certain agenda. E.g. there has been talk about removing tax havens, but tax havens are not related to

the financial crisis. It is merely politicians trying to exploit the current circumstances.

Conclusion:

- There have been failures but we need a cautious response to the financial turmoil.
- Some banks have been irresponsible, but we don't want to use their mistakes as an excuse to kill Capitalism because we would all be worse off as a result.
- We certainly don't need populist measures.
- Big Government (increased government activity) isn't a solution
 - o a much smaller state we could achieve all of our central objectives: faster growth, high employment and low unemployment.

QUESTIONS:

Q: Why should taxpayers pay to bailout the banks?

A: Given the state of the Western economies, the least bad alternative was bank bailouts to avoid the collapse of the whole financial system. We would usually avoid bailouts at all costs but the banking system is a special case - if the banking system collapses, the whole economy will collapse as well.

Q: Will Hungary's problems with paying back its loans to Austria (highlighted in the Economist article) affect the EU as a whole?

A: The question is - could the European Central Bank (ECB) help banks inside and outside the EU (i.e. in the Eastern zone)? Legislators have suggested that they could change the law to enable Eastern European countries to repay debts in their own domestic currency, but it would trigger the same financial crisis.

Q: Should the EU establish a body to regulate banks in the EU to prevent a similar financial crisis, or would that be too difficult to coordinate?

A: It would be difficult for member states to agree a structure for an EU-wide regulator. The UK Prime Minister, Gordon Brown, suggested creating a global financial architecture, but I have doubts about whether that is possible.

An EU-wide regulatory framework would almost certainly damage the UK. At the moment London is the most powerful financial centre in the world. The danger is that financial controls would chip away that competitiveness to enhance the position of other European financial centres.

Much of the current crisis was due to supervisory, not regulatory errors. Therefore imposing regulations could constrain markets and damage our growth rate without doing any good. The real question is why didn't we have better supervision? Given the degree to which Northern Rock had to borrow money using the wholesale market to fund its lending, rather than using its depositors, it was obviously going to be a problem. This is as much about supervisory failures as regulatory failures.

Q: A number of EU member states (including Ireland, Greece and Spain) have breached the EU's GDP budget deficit maximum of 3%. What disciplinary response can we expect from the EU? Will work?

A: The Commission released a statement saying that they will be less stringent because these are exceptional times. Even in good times of relatively robust growth, it would be very difficult for the EU to invoke a strong disciplinary response.

Q: If you advocate Free Trade, isn't the World Trade Organisation (WTO) a more useful organisation than the European Union?

A: Trade outside the eurozone is affected by policies like the Common Agricultural Policy (CAP). The CAP is an outrage for the developing world and the eurozone: people within the eurozone pay more for food as a result of the CAP.

We need more focus on the WTO to enforce free markets, but the Government frequently bypasses the WTO, so it is difficult to see how it can have an impact. The WTO doesn't have that power at the moment and I fear it is going to be sidelined. I want to see the WTO give direction across all markets: food products, commodities and services.

Q: Could the eurozone countries get the world out of the recession?

A: It is difficult to see how the eurozone and the EU economies could make any special contribution to alleviate the financial turmoil. There are big problems elsewhere in the world.

Q: Why did the UK join the EU if it wasn't for political union?

A: We joined the then European Community (now the European Union) to reassert British influence. Britain had experienced economic decline in the post war period and weaker growth than France and Germany. However the UK economy then experienced a resurgence and began to outpace other EU economies. Despite this economic recovery, some people are still wedded to the belief that we must increase our political relationship with the EU.

Tony Blair always said that millions of jobs depend on British membership of the EU, but I can't believe that he really thinks that. There are companies that trade with the EU, who do employ millions of people, but it doesn't mean that all their trade depends on the EU and that they would lose all their jobs if we withdrew from the EU.

There are fundamental issues about how to renegotiated the package of EU membership and there is a need to reassert the reasons for entering the European Union. That doesn't mean that the UK economy will reduce dramatically. We must look very carefully to judge the economic costs and benefits of the EU. That is the sort of debate that we need to have before we have any referendum on our EU participation, or whether the adopt an EU constitution, or the Lisbon Treaty. The British public has not been informed

enough about the economic repercussions of our membership of the European Union.



EU law: a help or hindrance to business performance?

Ruth Lea, *Global Vision*, Director

The current economic crisis is historic and dangerous:

- A number of banks have gone bust because they took huge risks and were badly regulated. They were trading in products that nobody really understood and lending under risky circumstances. Then everything fell apart.
- The Financial Services Authority (the regulatory body in the UK) has accepted that regulation was inadequate.
- Taxpayers have bailed out banks like Northern Rock and Royal Bank of Scotland and the Government has guaranteed a hundred thousand billion Pounds in toxic assets. Just think of the zeros!
- There have been huge economic costs and huge costs to the taxpayer, but the real cost of the current economic crisis will be borne by your generation.
- The world is changing, so we must change the way the economy and businesses are run.

To perform well businesses need:

1. Rule of law
2. Respect for property rights
3. A highly trained work force
4. Well regulated markets

People often talk about regulation being 'right' or 'wrong', but it is more complicated than that. Regulation is not all bad and some markets need it to thrive, but regulation does result in a cost to business. Therefore the crucial question is: how can we make sure that regulation is sufficient but that it doesn't hinder business performance?

Policy priorities - weighing the costs and benefits of EU regulation

Politicians don't intend to create cost, but there will always be policy conflicts; some people will benefit from the new legislation, whilst some will be disadvantaged. Therefore, legislating is always about policy priorities. I was a Civil Servant for 16 years and the exciting thing about policy is that it is never straightforward. It is always full of conflicts and dilemmas.

Why is the EU interested in business regulation in the UK?

We don't have intricate specifications and rules for when we trade with China, but we do when we trade with the European Union because it is very different from a normal trading bloc. The Single Market is all about trade via the four freedoms; goods, services, labour and money. All EU regulation is intended to create a 'level playing field' so that businesses all compete on the same level. It is quite a unique concept internationally. The EU wants all member states to have similar regulations

because if the business regulation in one country is more costly, it can give certain countries a competitive advantage, which is “unfair”.

Trade is at the heart of why the EU was established, but the EU not just about trade - the EU is also about social and political integration. The EU creates a vast amount of regulation. If you ever read the lists of EU Directives, they go on and on and on, covering health and safety legislation, corporate governance, the tax system, VAT (we can't cut VAT below 15% because the EU won't let us - except in exceptional circumstances). In almost any aspect of business, you will find that there is an EU element to the legislation, it is widespread and endemic. If you talk to any businesses or public service (builders, the NHS), they face a great deal of interference from the EU and they say that they are increasingly affected by EU legislation.

The EU Working Time Directive is now a part of British law. It determines the maximum number of hours that you are allowed to work per week (48 hrs) and the minimum number of breaks that you have to take. The EU Working Time Directive was enacted for social reasons, to help people maintain their work/life balance, but it may add cost on to business, making them less able to grow and create new jobs in the international labour market. The British Chamber of Commerce estimates that the Working Time Directive will cost UK businesses £2billion per year. For example the Directive is going to be very costly to the NHS because it restricts the amount of hours that doctors can work, so the National Health Service will find itself very short of doctor capability.

Is EU regulation a good, or a bad thing?

You won't be surprised to hear that the balance of regulation now coming from the EU provides more cost than benefits. The costs of EU regulation outweigh the benefits. About three years ago, the EU Commissioner Gunter Verheugen estimated that EU regulation costs businesses €600billion per year (six hundred, thousand, million euros every year). That is equivalent to the Dutch economy, which is really quite sizeable! According to the Commissioner Gunter Verheugen's figures the benefits were worth €180 Billion. Compared with costs worth €600 Billion, this means that EU regulation is an overall cost to business. The current economic crisis will mean that the economy in almost every country in the world will not function as well as it should, which will translate to more loss. But EU businesses carry extra costs. Therefore the cost of EU regulation will certainly need to be addressed.

Climate Change Regulations:

A rapidly developing area of EU regulation that will incur greater costs is to do with climate change policies. I ask you to consider:

- Many EU member states are already essentially backing out of climate change policies
- Is it worth the cost to businesses when we don't know if the policies will actually work?

These are sensitive issues, but you have to constantly question policies coming from the EU to look at the downside as well as the upside.

Conclusion:

I don't think regulation is necessarily a bad thing but for quite a lot of EU regulation, the costs to business do outweigh the benefits. Therefore you have to decide whether you think that the social affects are worth it. There is no right or wrong, but we all have to exercise our common sense.

Questions:

Q: Is any sector exempt from the EU's Working Time Directive?

A: There might be some exceptions for the armed forces (which are a very special case) but I understand that no other major sectors will be exempt. The Directive is a particular problem for the National Health Service. The NHS delayed the implementation of the Working Time Directive when it came into force for most businesses in 1999. Doctors currently have a limit of 56hrs per week, but the 48hr limit will apply for trainee doctors from August 2009 and many surgeons are concerned that they will not have enough coverage. I will be amazed if the Department of Health told the EU that they wouldn't enforce the Directive.

Q: Does the UK have an opt-out for people who want to work more than 48 hrs?

A: There is an opt-out so that those who want to work more than 48hrs a week can sign a piece of paper, but it has been under threat from the EU Commission for a long time. It is claimed that the opt-out gives British employers an unfair competitive advantage (undermining the EU's aim to create a "level playing field"), so we will have to wait and see when the opt-out actually disappears. The new Temporary Agency Workers Directive will also disadvantage the British employer as it will give temporary and agency workers the equivalent rights of full-time rights of full time workers that they have not had to date. The new Directive will have a huge affect on British business.

Q: Could the UK Parliament implement the Working Time Directive if we remained a sovereign country?

A: The legal situation is that the Working Time Directive is now in the British Law, so if the UK became a sovereign country it would be up to the Government to decide whether to repeal the Working Time regulation or not. If we left the EU all the EU inspired legislation would not just disappear. It is in British Law, so it would any new British government would have to individually repeal any piece of legislation.

Q: There will reportedly be fewer Billionaires because of the economic downturn. How can policy makers take the opportunity presented by the downturn to improve the distribution of income?

A: EU legislation doesn't deal with the distribution of income. It is up to individual governments to decide whether they want to distribute income or not. I don't think individual European Governments will change the distribution of income as a deliberate policy as a consequence of the downturn, but this recession is leading to huge public sector debt so taxes will have to go up and they will probably go up for the higher paid. That will redistribute wealth. Alistair Darling has already suggested putting up the highest tax rate bracket up from 40 to 45% in April 2011.

Q: Does the EU need to present a united front to tackle climate change?

A: Britain's Climate Change Act is even tougher than the EU climate change legislation. Because I'm a slight sceptic about man-made global warming I fear that Britain will suffer, but the British Government and the Opposition are convinced that this is the right thing to do. I believe that we should change British energy supply to wean ourselves off fossil fuels, which are connected with carbon dioxide emissions. I think we should wean ourselves off imported fuels for security reasons.

The Kyoto Agreement to reduce carbon emissions expires in 2012 and a successor to the Agreement is due at the end of this year. However, many Eastern European countries are deeply sceptical about climate change: Poland opposes getting rid of their coal-powered power stations because they would have to rely on Russian gas. Germany's Chancellor, Angela Merkel, said she will not support EU climate change policies if they damage German jobs. Italy's Prime Minister, Silvio Berlusconi, has said that he will not bear the cost of climate change policies at all! These are difficult circumstances to make progress in. The debate is also happening against a background of a horrendous global recession, so it will be interesting to see which states are committed to pushing these policies through.

The USA is very important. George W. Bush was a true sceptic and he wouldn't sign the Kyoto Agreement, but the new US President, Barak Obama, seems determined to push for climate change policies. There is a lot of rhetoric and we must wait to see what actually happens. China, the biggest emitter of CO₂, is not willing to cooperate and it is building new coal-powered fire stations.

Q: What is your opinion on EU migrant workers?

A: EU migrant workers have come to work in the UK and contributed to the GDP and economic activity, there is no question about that. But if you look at the facts, in the past few years most new jobs in the UK have gone to EU migrant workers and not to British workers. You may think that is fine and other people might think that is not fine. But those are the facts. With every policy there is always a policy conflict. The conflict is between those who come to work here and those who already live here and would like the work. I am not going to draw a conclusion about whether it is a good or bad thing. I will let you decide.

Q: Should we leave the EU to avoid excessive regulation?

A: I think there is a very strong case for Britain to have a looser relationship with the EU so that we can make more decisions about what is right for our country not only to get out of this current economic mess, but for the future. I note that some EU regulations damage British businesses and regulations will also damage other member states' business. For example, the German Chancellor, Angela Merkel, recently commented that EU climate change policies will damage business. Europe is relatively modest part of the world (about 20% of the world GDP) and Europe will not be the fastest growing part of the world economy over the next 20/30 years. The growth will be in India, China and possibly in the USA. It would be beneficial too if we turned our focus to the world beyond the borders of Europe.



Debate: Do we need a referendum on the Lisbon Treaty?

Derek Scott, former advisor to Tony Blair, Deputy Chairman of Open Europe
Richard Laming, *The European Movement*, Secretary

Derek Scott:

The origins of the Lisbon Treaty:

The world has changed since the European Union (formerly the European Community) was set up in 1957. As a result of this change, in 2002 the Heads of European Governments set up a Convention chaired by Giscard d'Estaing, the former French President, to look at the allocation of powers between EU member states and the European Union. The Convention was intended to make the EU more democratically accountable to the citizens of the EU. However, it was a hugely missed opportunity because the Convention didn't address the EU's democratic deficit at all. Instead, the Convention came up with an EU Constitution which merely reasserted the old EU model. The Constitution sparked huge political debate which led to France and Holland rejecting the Constitution at referenda in 2005. The EU then decided to cobble something together to convince Holland and France to change their minds - and they came up with the Lisbon Treaty.

The Lisbon Treaty is the failed EU Constitution:

Apart from a few non-essential features (e.g. abolishing an EU Anthem, which is still sung) the Lisbon Treaty is the same as the failed EU Constitution in all the relevant respects. When he was Prime Minister, Tony Blair promised a referendum on the EU Constitution in the 2005 Labour Party Manifesto. Therefore, the argument that there should be a referendum on the Lisbon Treaty is very strong.

What the Lisbon Treaty says:

- Despite the changing circumstances, the Lisbon Treaty's proposals for the EU Institutions and the allocation of powers are very similar to when the EU was set up in 1957.
- The Lisbon Treaty will not solve the EU's fundamental flaw - the democratic deficit. The EU will remain a mixture of supranational and intergovernmental organisation with an unelectable bureaucracy and mostly unelected politicians.
- The Lisbon Treaty will make significant changes to the EU institutions:
 - o it will create an EU Foreign Minister (although it won't to be called a Foreign Minister)
 - o further powers will be transferred away from member states towards the EU
- The Lisbon Treaty is a further step in the integration of the EU:
 - o There is a crucial difference between cooperation and integration. Whilst it is sensible for countries to cooperate, integration transfers power away

from member states to the EU and once that power is gone, it never returns.

- The most integrated areas of common policy (e.g. the Common Agricultural Policy, Common Fisheries Policy, or the Single Currency) are the areas where the damage is most pronounced.
- The Lisbon Treaty will also enable the way that the EU is run to be changed without the need for more Treaties. So, in a sense, this is the last opportunity for the Peoples of Europe to have a say on the workings of the EU.

The need for real reform:

Like the rest of the world, Europe is facing a major economic and financial crisis. In my view, much of these crises are made worse in Europe by the Single Currency, the euro. The problem is not just bad economics and bad finance, but bad politics. Large numbers of the institutions governing Europe aren't listening. We have got to a situation where when countries vote "yes" it is accepted, but when they vote "no" they are told that they really meant "yes". That is a dangerous politics. In order to re-establish trust, promises need to be kept, and there was a distinct, clear promise made by the British Government to hold a referendum on the EU Constitution. The Lisbon Treaty is almost the same document; therefore there should be a referendum on the Lisbon Treaty.

Richard Laming:

There are two main arguments against holding a referendum on the Lisbon Treaty:

1. There shouldn't be a referendum at all
2. There should be a referendum, but only on the right subject

The two arguments contradict each other but, for the purpose of the discussion, it is best if you hear all the different points of view rather than assuming that I hold any particular one of them.

1. ***There shouldn't be a referendum at all*** because it ought to be left to Parliament to decide all important constitutional issues.

The Lisbon Treaty has already been agreed by the governments of the member states and approved by the UK Parliament. Under the British system our Parliament approves the law. We should respect that system and the principle of Parliamentary Sovereignty. The argument for a referendum on the Lisbon Treaty is that we should reopen legislation that the British Parliament has already approved, but that is not the British Tradition.

Some people say that Constitutional questions are so important that they should be put to a referendum, so let's see how consistent they are with that principle. Other constitution decisions that might equally be taken at referendum include:

- Should we abolish the Monarchy so that Britain becomes a Republic?
- Should there be electoral reform in the House of Commons to bring in proportional representation?
- Should Scotland have its Independence?

Proponents of a referendum now on the Lisbon treaty should, if they are consistent, also support referendums on these other issues of constitutional importance.

2. *There should be a referendum, but only on the right subject:*

This argument recognises that the Lisbon Treaty is not the real cause of debate. The real dispute is about whether the UK should be a member of the European Union at all.

It is correct to give citizens a direct say in how we are governed, so we should have referendums on important questions as they come up.

The arguments voiced against the Lisbon Treaty are very vague. For example, the Lisbon Treaty will give the EU a legal personality (but parts of the EU already have a legal personality), the EU has a democratic deficit (which the Lisbon treaty will reduce), Britain should leave the Common Agricultural Policy and the Common Fisheries Policy (they are part of the overall EU and not affected by the Lisbon treaty). Voting “no” to the Lisbon Treaty will change none of those things, so holding a referendum on the Lisbon Treaty would not satisfy people at all. Debate about EU regulation and the EU institutions isn’t about the Lisbon Treaty at all. It is about membership of the EU.

Derek described the difference between ‘Cooperation’ and ‘Integration’. The EU was entirely founded upon the idea of integration, that is the whole point of EU membership, but that is actually what a lot of people object to with the Lisbon Treaty. They object to EU integration. If you want “cooperation” and not “integration”, you have to reject the whole EU and not merely the Lisbon treaty.

Therefore we don’t need a referendum on the Lisbon Treaty but instead we should have a referendum on membership of the European Union.

Questions:

Q: Do we need a referendum on all constitutional issues? (from Richard Laming to Derek Scott)

Derek Scott:

- *Holding a referendum on constitutional issues does not conflict with parliamentary democracy*
- *A.V Dicey, the 19th Century constitutional expert, made it clear that because sovereignty ultimately lies with the people, any decision that involves fundamental constitutional reform, or the removal of sovereignty from a country, would require a referendum.*
- *It is also inconceivable that Britain would abolish the monarchy without having a referendum.*

Q: Do people who are calling for a referendum on the Lisbon Treaty ultimately want to leave the EU? (from Richard Laming to Derek Scott)

Derek Scott:

- *These are two separate questions:*
 1. *Do you want to stay in the EU?*
 2. *Do you agree or not agree with Lisbon Treaty?*

- People commonly criticise opponents of the Lisbon Treaty for wanting to come out of the EU, but it is a false argument.
- It is possible to criticise the way the EU is run, and the Lisbon Treaty, without saying 'we must leave the EU'.
- E.g. an alternative for the EU was put forward by Ludwig Erhard in the 1950's, long before the Lisbon Treaty model, however he was overruled by Adenauer.
- At this time of huge global changes, reforming the EU is especially important.

Q: Is a referendum on pulling out of the EU pointless because we can't actually pull out of the EU?

Richard Laming:

- It would be a simple procedure to leave the EU - we could repeal the Act of Parliament that took Britain into the EU.
- However, it would be much more work to unwind the consequences of EU membership but Parliament would have the freedom to repeal EU legislation, in the way that it doesn't now. EU laws and regulations would not suddenly disappear if Britain left the EU unless (or until) the British Parliament repealed those laws.
- It took a referendum to confirm British membership of the EU in 1975 and I do not think anybody would argue that the Britain should leave the EU without a referendum. If we have a referendum on Britain's relationship with the EU, the question should be "Do we want to be a part of the EU or not?" It should not be on an aspect like the Lisbon Treaty alone.
- I am not in favour of leaving the EU because I believe we would lose out enormously if we left.

Derek Scott:

- When considering the implications of leaving the EU, those who support the EU's existing model often assume that the alternative to the EU would be isolation and creating a "Little England".
- In reality, given our geographical position and our history we couldn't be anything other than involved in Europe. But we need to have the choice to be involved.

Q: Isn't the European Question different from every other kind of constitutional question because we did not give the Government permission to surrender the right to make laws to somebody else outside the country?

Richard Laming:

- The vote by Parliament to give up power to the EU could be overturned after another election because a subsequent Parliament could repeal the Lisbon Treaty. For example, David Cameron has said he will repeal the Lisbon Treaty if the Conservative Party wins the next general election.
- I do not think there is a fundamental difference between being a member of an international organisation and any other domestic constitutional reform because it is always open to Parliament to unpick the European Treaties.
- Parliament can say we no longer wish to abide by the EU Treaties.

- Similarly, if we abolish the Monarchy we can always reinstate it (as happened in the 17th Century). Any Constitutional principle can be challenged. It is up to us.
- Where the EU is different is that there is one respect in which it is not just up to us. The EU is based on mutual agreement between 27 countries and while we are entitled to say we want changed in it, we are not entitled to force the other countries to agree. That is why it is different.

Derek Scott:

- It is argued that you can always change EU legislation and leave the EU when a new Parliament comes in, but my point is that you can object to the Lisbon Treaty without wanting to leave the EU.
- If the result of the referenda in France and Holland had been different and those who opposed the EU Constitution had insisted that “yes” to the Constitution really meant “no” it would have been an absurd argument. But that is what supporters of the Lisbon Treaty are insisting.
- Every Member State was meant to unanimously agree to the Lisbon Treaty. Some people argue that countries who have voted “yes” to the Treaty are being unfairly held up by a small minority of countries who have voted “no”, but unanimity means if one member state says no, the Treaty is rejected.

Q: Could we just have a referendum on the Lisbon Treaty, or to have a referendum on the Lisbon Treaty we have to have a referendum on Scotland’s Independence and the Monarchy?

Richard Laming:

- If people argue that we should have a referendum on the Lisbon Treaty because it is a fundamental constitutional principle but that we shouldn’t have a referendum on Scottish Independence, they are being inconsistent. The call for referendums on constitutional principles is an excuse to oppose the Lisbon Treaty.
- Their real motive for calling for a referendum on the Lisbon Treaty is that they lost the vote in Parliament and are seeking to overturn Parliamentary procedure through a referendum. It is an attempt to force the result that they want by another means.

Q: Do you expect everyone to read the full Lisbon Treaty?

Derek Scott:

- Anybody reads the Lisbon Treaty if they don’t have to is probably mad, but I think that those who are in favour of the Lisbon Treaty have a responsibility to read it. My worry is that half of the UK Ministers did even not do that.
- Electorates become better informed in the course of an election or referendum campaign. Electorates are good at finding out the relevant information to understand the whole argument.
- In continental Europe, they have had referenda on many issues not only EU membership or a particular Treaty.

Q: Voter turnout at European Parliament (EP) elections is very low. Wouldn't it be unrepresentative if too few people voted in a referendum on the Lisbon Treaty?

Derek Scott:

- *I would guess that a referendum on the Lisbon Treaty would probably result in a higher turnout than any European Parliament election since 1951.*
- *The passion that the Lisbon Treaty debate engenders from both sides of the debate would guarantee a very high turnout. I have no doubt about that at all.*

Q: The media reports about of EU regulation on the shape and size of a banana makes me cynical about whether the general public could make an informed decision. I would be in favour of a referendum if we could be sure that the British public could be properly informed.

Derek Scott:

- *It is arrogant to think that people hold certain views against the EU because they haven't thought about it properly. People can distinguish between truth and fiction.*
- *Britain has an aggressive journalistic and political culture, but there is often more to these stories, no matter how badly they are expressed. For example the banana story was an exaggeration but there is a bananas Directive that spells out the circumference and diameter required for bananas to be imported into the EU.*
- *Almost every view on Europe is reflected somewhere in the British press. You may not like the way those views are expressed, but they are there. I think the British press broadly reflects the divergences in the British public opinion, rather than the other way around.*
- *In the Continental Europe press is a suffocating consensus in favour of the EU*

Q: Is it possible to have a referendum on the Lisbon Treaty if the UK Parliament has already ratified it?

Richard Laming:

- *I didn't say that it isn't possible to have a referendum on the Lisbon Treaty, but I argued that some people who lost the Parliamentary vote on the Lisbon Treaty are now seeking to overturn that vote via non-parliamentary means i.e. via a referendum.*

Q: Parliament cannot bind its successors. Therefore shouldn't the Lisbon Treaty be abandoned because it would supersede UK law?

Richard Laming:

- *The notion that no Parliament can bind its successor is often identified as fundamental in the British Constitution, but in reality that is not true.*
- *The decisions of previous Parliaments do bind their successors. E.g. Parliament authorised the building of the M25 about 20 years ago. You can't now go back now and take up the M25 to restore all the ancient woodlands*

that it was build through. We are also stuck with the nuclear power stations that Parliament has authorised.

- *We could undo the Constitutional change of EU membership and leave the EU.*

Derek Scott:

- *The argument that opponents of the Lisbon Treaty are seeking to overturn it by an extra-parliamentary process (a referendum) because they were defeated in Parliament, is exactly completely wrong.*
- *In reality, those who were in favour of the Lisbon Treaty realised that they couldn't get it through in a promised referendum, so they forced it through Parliament.*

Q: There were referenda on the EU Constitution in France and The Netherlands. The people who are calling for a referendum on the Lisbon Treaty are not looking to overturn the vote in Parliament, but they were always promised a referendum.

Richard Laming:

- *The British Parliament voted to pass the Lisbon Treaty.*
- *Technically the Lisbon Treaty is different from the Constitutional Treaty on which all 3 parties promised a referendum, but the differences are political rather than legal.*
- *The Labour and Liberal Democrats Parties have used the small print to avoid their commitment to a referendum on the EU Constitution and voters can ask questions about this at the next General election. It is a political matter of interpreting their manifesto promise of a referendum on the EU Constitution in a particular way that avoided a referendum on the Lisbon Treaty, and should be addressed in a political way.*

Q: Does the Lisbon Treaty strengthen democracy by strengthening the powers of National Parliaments to question EU legislation?

Derek Scott:

- *The Lisbon Treaty's new 'yellow card procedure' (if a third of national parliaments vote against a proposal it must be reviewed) is an irrelevance because it requires national parliaments to vote against the government (which has a majority). Even if a proposal is reviewed the Commission can then ignore it, so it is not a restraint at all.*
- *The Council of Ministers is accountable in as far as the ministers come from national parliaments, but in reality it is as undemocratic as the other institutions. The whole EU needs to be much more transparent.*

Richard Laming:

- *Derek has complained about the democratic deficit in the EU and I am in favour of the Lisbon Treaty because it will take big steps to fill the democratic deficit:*
 - o *The Council of Ministers will meet in public so they are accountable for what they do.*

- *Co-decision will be strengthened so the European Parliament will have more power over legislation and the budget.*
- *The President of the Commission will cease to be unelected. He or she will be elected by the European Parliament. So the President of the European Commission will have the same kind of mandate as the British Prime Minister has (chosen by a majority in the parliament after a General Election).*
- *It is odd that people who complain about the EU's democratic deficit also complain about the Lisbon Treaty, because it does a lot to fix the democratic deficit.*
- *People who complain about wanting a referendum on the Lisbon Treaty are they actually complaining about the Lisbon Treaty itself.*

Q: Could we enable European trade without EU integration?

Richard Laming:

- *Economic theory and experience demonstrate that free trade is mostly a good thing because countries that trade more tend to be more prosperous.*
- *Free trade is not simply about lower tariffs (i.e. a lower tax on trade), it also requires rules and regulations for ensure common standards in the way we make and sell things, otherwise standards could be used to keep out foreign goods. E.g. German tractor manufacturers put an escape hatch on the top, while French tractor manufacturers built the escape hatch on the side, which means that a national standard requiring an escape hatch on the top could be used to remove competition from French tractor manufacturers. For this reason, the EU also has a common standard for how bananas are packed and the Working Time Directive establishes common standards on how workers are treated.*
- *We can't have free trade without EU institutions because the institutions exist to set the common standards for trade.*
- *We want common trade standards to be decided democratically through the institutions of the EU (the European Parliament, Council of Ministers and European Commission).*
- *Insisting on free trade without common standards is like saying that you want to eat something in a restaurant without paying the bill. It doesn't work that way.*

Derek Scott:

- *Free trade requires only a minimum amount of common standards.*
- *There is a very important distinction between imposing a level playing field for trade and allowing a level playing field to emerge through trade and competition.*

Q: If a referendum here in Britain produced the "wrong" result do you think it would be ignored like Ireland's rejection of the Lisbon Treaty in the referendum last June?

Derek Scott:

- *There is a tendency to bully small countries but there wouldn't be much point in bullying Britain. Therefore, if Britain voted "No" it would really mean NO. The EU would have to recognise that.*

Q: Would Tony Blair make a good EU President?

Derek Scott:

- *The most diplomatic thing I can say is that I think he would make as good a Mr. Europe as he was a good Prime Minister, which leaves you to make your own conclusion!*

Q: Is Britain's problem with the EU that we really don't feel European?

Richard Laming:

- *This question is at the heart of debate surrounding the EU*
- *It affects whether people accept EU membership and the EU institutions that make up the trade agreement.*
- *Some people say that because Britain is different from other countries it will never accept international co-operation. However, national identity is a constantly changing process and opinions change over time. We have a British democracy and we can also participate in a European democracy.*
- *Lots of people say that whilst democracy exists in individual countries it could never really work at the European level.*
- *As a pro-European, I believe that there is no conflict between being British and European - it is possible to be both.*

Derek Scott:

- *Increased free travel has encouraged people - especially young people - to feel European, but young people across the EU are also increasingly disillusioned with so-called "Institutional Europe".*
- *The aim of the EU program is political union.*
- *For political union in Europe to evolve naturally the citizens of Britain, Italy, Germany and other countries must see their relationships with the Union in the same way as the people of Massachusetts, California and Texas see their relationship with the Union in the USA. I do not think this going happen.*
- *I worry that attempts to impose political union slow the natural evolution of any European feeling. National identity (broadly speaking a political identity) is being undermined without being replaced by a European identity. This is dangerous because people will seek a different sense of identity through ethnicity, race and 'the tribe'. That is what worries me about Europe at the moment.*