The British Question: shall we stay or shall we leave the EU?

by rpinto_anglodeutsch - Wednesday, January 21, 2015


Since joining the European Union (or EEC at the time) in 1973, the United Kingdom has had an ambivalent attitude to being a member of the European Union (EU). The British general election due in May 2015 will determine whether Britain will hold a referendum over whether to stay or leave the EU. The skirmishes over the "British Question" or "Brexit", in other words, whether Britain is to remain a part of the EU or not started long before the General Election.

EU Red Lines for Britain Staying

When Mr Jean-Claude Juncker sought to become the President of the European Commission (EC) his election manifesto had five priorities, the first four of which were:

• Creating jobs and growth.
• A European energy Union (diversify our energy sources, and reduce the energy dependency).
• A balanced trade agreement with the USA.
• Reform of the monetary union with a greater focus on social aspects (governance in the Eurozone beyond the ECB, reform of support to Eurozone countries in financial difficulties to take into account of the social impacts and strengthen the Eurozone’s voice in the IMF).

So far so good - nothing unexpected there. However, it is Mr Jean-Claude Juncker’s fifth priority (reproduced below with the original emphasis) that was a little bit unexpected and gave rise to the title of this post.

A fifth and last priority for me as Commission President will be to give an answer to the British question. No reasonable politician can ignore the fact that, during the next five years, we will have to find solutions for the political concerns of the United Kingdom. We have to do this if we want to keep the UK within the European Union – which I would like to do as Commission President. As Commission President, I will work for a fair deal with Britain. A deal that accepts the specificities of the UK in the EU, while allowing the Eurozone to integrate further. The UK will need to understand that in the Eurozone, we need more Europe, not less. On the other hand, the other EU countries will have to accept that the UK will never participate in the euro, even if we may regret this. We have to accept that the UK will not become a member of the Schengen area. And I am also ready to accept that the UK will stay outside new EU institutions such as the European Prosecutor’s Office, meant to improve the fight against fraud in the EU, but clearly rejected by the House of Commons and the House of Lords. We have to respect such clear positions of the British Parliament, based on the British “opt out” Protocol. David Cameron has recently written down a number of further key demands in an article published in the Daily Telegraph. As Commission President, I will be ready to talk to him about these demands in a fair and reasonable manner. My red talks would be the integrity of the single market and its four freedoms; and the possibility to have more Euro the Eurozone to strengthen the single currency shared so far by 18 and soon by 19 Member States. But I have the impression that this is as important for Britain as it will be for the next President of the Commission.
This was a remarkably explicit statement from a man seeking high political office at a point in time when he was far from certain of being successful in his bid to lead the EC. This uncertainty was largely due to a high-profile initiative on the part of the British government, led by the Prime Minister himself, to ensure that Mr Juncker did not become the President of the EC. Yet Mr Juncker won resoundingly, despite colourful rumours floating around about his alleged drinking habits.

There was a steely underlying determination to recognise but not pander to UK demands: the four freedoms of movement (of capital, people, goods and services) are non-negotiable, the UK can continue to opt out, but the Eurozone will continue its march towards further integration, so as to strengthen the Euro. But it is interesting to note the absence of a broad commitment towards “an ever-closer union”, 1957 Treaty of Rome, except in the context of the Eurozone countries.

Six months into his mandate as President of the EU, Mr Juncker has underlined his views of the British Question. On the 18 January 2015, he publicly floated the idea of a British exit (or Brexit) from the EU for the first time. Mr Juncker not only compared Britain’s membership of the EU to a “doomed love affair” but also suggested that it might be time to call it a day. He rounded off his comments by warning David Cameron that he will not be "grovelling" for the UK to stay in the EU during future negotiations. What was previously a personal “red line” prior to his election to the most influential of the EU’s Presidential posts, has now become the official EU one.

**British Red Lines for leaving the EU**

An answer to the British Question it is due now, in the run-up to the British General Election on 05 May 2015. Britain has been largely ambivalent towards the EU, tending to focus on the economy and trade issues and, for a period of time when it suited its economy and voters, enlargement of the EU. Due to a combination of the Eurosceptic wing within the Conservative Party and the growing influence of the Ukip, should they win the election, the Conservative Party has pledged to allow the voters a referendum on whether to stay in or leave the EU unless the current terms of membership are renegotiated. There is, of course, the possibility that the Conservatives will not win but the ambivalence towards the EU is more than likely to remain. Mr Juncker’s red lines are presumably of importance, regardless of whether the Conservatives win the general election or not.

The Conservative attempts at EU reform which would satisfy its Eurosceptic wing and win back Ukip defectors included renegotiated of the terms of EU membership, such as the principle of freedom of movement of people. The explicit aim was to find an acceptable half way house between “uncontrolled” and “no” immigration.

David Cameron has stressed that he favours staying in a reformed EU but that Britain will "rule nothing out" if the changes required are not made, some of which will necessitate EU treaty changes. There are several problems with this position, which the British Government is well aware of: treaty change requires the agreement of 28 member states, all member states are highly averse to such treaty changes because of the debacle of the aborted attempt to develop a EU constitution, several countries are required to hold referendums in relation to such changes and, quite simply, there is not enough time to undertake such changes before the UK referendum is due in 2017. Apart from anything else, why should other member states do anything unless and until there is a Conservative Government in power post May 2015? The insistence on EU treaty change appears to be a lot of hot air blown by the British government, which
other politicians and the EU representatives are willing to play along with. There are obviously messages to be put out to the British voter between now and the general election.

For the British is it a serious matter: asylum and immigration are among the top four issues that are likely to determine the outcome of the general election. Consequently, the PM David Cameron has set out his own (latest) version of his “red lines” most recently in November 2014:

- Workers from the EU: ban EU nationals from claiming in-work benefits or social housing in Britain for four years. No child benefits or tax credits paid for children living outside the UK.
- Unemployed EU migrants: deport jobless migrants if they do not get work for six months.
- Other: veto EU enlargement unless the new country impose controls on the movement of their workers until their economies reach UK levels, restrict EU migrants bringing in family members from outside the EU, longer bans on rough sleepers, beggars and fraudsters returning to the UK and tougher rules on deporting foreign criminals.

Notice that there is no mention of EU treaty changes, change to the principle of freedom of movement or renegotiation of the current terms of EU membership. The British Red Lines are highly specific and, to my mind, do not amount to a radical change in the British position within the EU. For the British government it seems as if the British Question or whether to remain in the EU or not simply boils down to these issues.

**Early skirmishes over the red lines**

The British Question is already being addressed by the two most influential people, namely Mrs Angela Merkel and Mr Jean-Claude Juncker. The German Chancellor Angela Merkel has made the position of the German government clear. In the same way as Mr Juncker and any other leader of the other 27 EU members, in her [07 January 2015](http://anglodeutsch.eu) visit to the UK she said at the joint press conference with Mr Cameron: “We have no doubt about the principle of freedom of movement being in any way questioned.” Taking his cue from those words, in a speech on [18 January 2015](http://anglodeutsch.eu), Mr Juncker said: “When one mentions the end of the free circulation of workers, there can be no debate, dialogue or compromise.” Not much wiggle room for Mr Cameron there. He added that: “We can fight against abuses, but the EU won’t change the treaties to satisfy the whim of certain politicians.” No other EU nation state has questioned the freedom of movement principle. Mr Juncker also added a dimension which is rather pertinent to Britain’s economy, dominated as it is by the financial industry: “if you question the free movement of workers, Great Britain has to know that one day the free movement of capital will also be called into question.” Do I detect an attempt by the EU to outflank Britain?

The Conservative Party if left with a weak hand: despite the threat to pull out of the EU if it does not get its way; its bluff is being called. Britain is on to a loser in terms of both treaty change and/or reform of the freedom of movement principle. The British government knows it, hence the reasons for the watered down version of Mr Cameron’s red lines above.

The only chink of light for the British government is in relation to cracking down on welfare abuse by EU migrants (but many doubt the extent to which this is widespread abuse). But even here, Britain is not being handed carte blanche. The possibility of tackling EU migration abuses been conceded by the German Chancellor, whose country is holding a similar debate connected with the end of the transition
arrangements for Bulgaria and Romania: “We are looking at the legal (aspect) and we are looking at legislation here ... abuse needs to be fought against so that freedom of movement can prevail.” But there is a sting in the tail for Britain - Mrs Merkel added: “One has to take a very close look at the social security systems of individual member states ... and to what extent they have to be adjusted. And that’s something we need to address”. It hardly amounts to a ringing endorsement of reforms that might involve EU treaty changes before a possible 2017 referendum. It sounds as if the emphasis is placed on individual nation states (Britain and Germany?) getting their own house in order in terms of their welfare benefit eligibility rules and regulations.

It is still early days in the battle of the red lines over the British Question, though some of the early skirmishes have already been decisive. The latest British position appears to be mainly designed for domestic consumption in the run up to the General Election. However, the red lines are of importance, so I plan to address them in future posts.

Ricardo Pinto, 21 January 2015, www.AngloDeutsch.eu