





Fabian Ideas 637



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Fabian Ideas 637

First published 2014 ISBN 978-0-7163-0637-5

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British Library Cataloguing in Publication data. A catalogue record for this book is available from the British Library.

Printed and bound by DG3, London, UK

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Europe was the Future Once...

AND HOW IT CAN BE ONCE AGAIN

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Acknowledgements

This pamphlet is dedicated to my father Dick Leonard, whose example and ideas are a permanent inspiration. Britain was only able to join the EU because of the political bravery that he and 68 other rebel Labour MPs showed in the House of Commons vote of 1972. I hope my own generation will summon as much courage in its quest to stop Britain from leaving.

Over the course of the last eighteen months I have spoken to many people in the Labour and Fabian tribes about Europe. None will agree with all the ideas in this paper, but they have all inspired the thinking behind it. In particular, I should mention Douglas Alexander, Jon Cruddas, Ruth Davis, John Denham, Sebastian Dullien, Tony Giddens, Maurice Glasman, Andrew Harrop, Neil Lawson, Roger Liddle, Tim Livesey, Adam Lury, David Miliband, Geoff Mulgan, Anthony Painter, Marcus Roberts, Jan Royall, Ruth Smeeth and Stefan Stern. As well as talking to me often about these issues, Sunder Katwala, Peter Kellner, Simon Hix, Kirsty McNeill, Andrew Small and Will Straw all gave helpful feedback on an earlier draft. I am grateful to British Future, IPPR and YouGov for sharing research and data with me and to the people who came to discussions organised by the Fabians and 3D Labour on this topic. This pamphlet builds on an essay I wrote for the New Statesman that was commissioned by Jason Cowley and published under the title 'It's no again to all things Euro: The rise of the new Eurosceptics' on 28 February 2014. Finally, I want to thank Ed Wallis who has been an exemplary editor and a wise sounding board throughout this process.

Summary

Europe was the future once – and it could be once again. The signature achievement of the Eurosceptics – merging the EU issue with migration – has allowed them to modernise their arguments and broaden their coalition. Meanwhile the pro-Europeans have been living in the past, appealing to an ever-narrower section of society.

All of the traditional arguments for Europe, which appealed to different social groups, have been turned on their heads. For naturally conservative, working class communities, the EU offered peace and stability; now they see their neighbourhoods being transformed by a wave of migration from new member states. For the aspirant, the single market promised jobs and prosperity; now they see the economic threat of the euro crisis and the burdens of regulation. And for the prosperous social liberals, the European project was exotic and exciting; now it is portrayed as provincial and old fashioned, a bureaucratic monolith in an age of global networks.

This pamphlet sets out a new strategy for how to reinvent the pro-European cause with arguments that appeal to the three main tribes of British society. The different strands of this message – developing a new deal on migration, turning Europe from a zone of austerity to one of growth, and pioneering self-government for the 21st century – start with public concerns about the Europe we have but they try to map out a vision for a British future in much more complex world.

The Labour party can lead this fight if it changes from being seen as a supporter of the status quo to setting a radical reform agenda. And it must move from a strategy of winning the argument amongst elites to one anchored in grassroots organisation.

1. A strategy to manage and mitigate the costs of migration.

Labour must continue to defend managed migration. But in order to earn the right to be listened to, progressive politicians need to show that they are as serious about mitigating against the negative side effects of migration as they are about opening EU borders to citizens from other EU nations. The starting point should be to get out of a debate about numbers and instead have a real conversation about practical measures to deal with the problems of people's lived experiences. The response needs to go beyond the economic measures Labour has already championed to engage with political and cultural responses as well:

Labour should push for EU governments to issue European social insurance cards to citizens moving to other member states. Once this was done, the UK should push for the creation of a European migration adjustment fund in the EU budget. Local authorities could apply to this for help in increasing the capacity of schools, hospi-

Move resources to areas of rapid population change.

tals and public services, so that the indigenous population would benefit from an upgrading of local provision

- in areas with large levels of intra-EU migration.
 Explore a mechanism for restricting EU migrants' claims for benefits like child benefit and job seeker's allowance for at least a year. More local authorities should investigate following the example of councils in Southampton, Dagenham and Newham and introduce minimum residency rules for social housing. This can be coupled with a European-level strategy of pushing for changes in the rules on claiming social security, so that families cannot claim benefits from member states where they are not resident.
- Further the cohesion agenda to lessen the salience of migration. One powerful approach would be a move to make language lessons compulsory for all migrants.

2. A strategy for turning Europe from a zone of austerity to one of growth, jobs and protection from the iniquities of China-led globalisation.

The starting point for a new economic case for Europe is that the biggest challenge to the UK comes from the rise of Beijing rather than Brussels. If Labour is to develop an adequate response, it can best be done through a European prism rather than the notion of 'responsible capitalism' in one country:

- Labour must spell out the European dimension of the 'cost of living crisis'. Labour should build on the important role the EU has played in driving down the cost of phone calls and flights and push for much stronger action in different sectors to stand up for the rights of consumers and break price-fixing cartels. Many of the incumbents in the UK energy and transport markets are owned by European, state-backed companies or other European multinationals.
- Set out an account of Europe as a multiplier of growth in a multipolar world, rather than a conveyer belt for austerity. This could include pooling European investment efforts in breakthrough research; modernising and reforming our higher education systems; improving our domestic infrastructure. In some sectors, such as energy, it may also be necessary to rethink the application of state aid rules to make them compatible with a renewed interest in industrial policy.
- Restore a level playing field in the global economy by bringing in rules at a global level. The next generation of trade agreements with countries such as the US and Japan should help to drive up standards in the global economy and level the playing field with China.
- End the scourge of tax avoidance. It is now over a decade since the European Commission first put forward ideas for a common consolidated corporate tax base, but

Labour should seek to use the public attention given to recent scandals coupled with the fact that there are now parties of the left in power in 15 European countries to finally give it the traction it needs.

• Invent a new social Europe agenda. National governments should set a European minimum wage at a level of at least 50 per cent of national median earnings in each member state. While the differences between different labour markets mean that Brussels is not the right place to set out a one-size-fits all wages policy, all member states should understand that it will be easier to win consent for free movement of labour and capital if they show that they are not indulging in 'social dumping'.

3. Claiming the mantle of 'self-government' by showing how Europe is the answer to 21st century problems – from the rise of China to the NSA

Labour's policy of supporting an 'in-out' referendum only when power is transferred to Brussels will be tested by the return of a private member's bill this autumn requiring a referendum to be held before the end of 2017. In order not to look opportunistic, the Labour leadership should stick to its position and explain that its biggest concern is protecting jobs by removing the uncertainty of a vote early in the next parliament. Labour will need to show much greater message discipline than it has done in the past.

The bigger challenge will be to show that self-government is not about a single one-off vote about being in the EU, but rather about the ability of governments to be sovereign over their own affairs. An exit from the EU would be a massive blow to the national interest: a British government that stands outside the EU will struggle to have its voice heard. The EU affords Britain a platform not just to shape its own future but to take part in writing the rules for global governance.

Labour should call for a set of root and branch changes to show that Europe is being run for the people. This could have some key principles – flexibility, ensuring Europe adds value, tackling waste, and giving people a direct voice. Potential changes include:

- Future European legislation should to have an automatic sunset clause so that it returns to national parliaments after 15 years if governments don't want to renew it.
- Pro-Europeans should lead the war on waste in the European system – reducing the salaries of senior officials, and the costs of two seats for the European parliament.
- Hand out European money in a more transparent and democratic manner. EU's structural funds should only be given to local authorities that implement it with experiments in participatory budgeting.
- Introduce a digital bill of rights: citizens will stand a much greater chance of protecting their privacy from the NSA and corporate giants like Google and Facebook from within the EU.
- Embrace the idea of 'open data'. The Labour party should encourage the European commission to become world leaders in this area working with civic groups and technology entrepreneurs to use this data to transform the way Europe is governed from the local to the European level.

Labour also needs to **build a new kind of pro-European organisation that goes beyond elites**. For much of the last two generations, Europe was an issue that did not attract much interest from the public. The issues were abstract, so voters were willing to defer to experts and follow the politicians and business leaders they respected the most. But this theory of change now needs to be updated for an era defined by distrust of elites and the death of deference. What's more, political

arguments today need to be made in a way that links with the lived experience of individual people rather than dwelling on economic and other benefits in the aggregate.

In order to get this message across, Ed Miliband should:

- Embark on a European 'masochism strategy' and spend a week trying to reframe the European debate by laying out its radical reform agenda. This could feature a 'four ports tour' travelling to Thurrock docks, Dover, Southampton and Grimsby, linking the plight of blue collar workers who have been at the sharp end of globalisation and migration but whose future is linked to trade.
- Charge his front bench and all parliamentary candidates to see different kinds of people who will be affected by the abstract European debate: the City of London; part-time workers like nurses who will lose holiday; workers in a Nissan plant whose jobs depend on Britain's membership of the EU; a new wave of energy and technology entrepreneurs who need the EU as part of their growth plans; police working on organised crime who benefit from the common arrest warrant; British companies who have invested in China who want European help to protect their intellectual property.
- The search for narrative and policy must also be linked with a revolution in campaigning, drawing on American models of community organising pioneered in the Labour party by Arnie Graf. The challenge is to work out a retail offer on Europe and migration that local Labour parties could implement. The right way to frame this is to come at the future of Europe through a debate about the future of Britain looking at how we cope with a changing world. This could draw on some of the examples of innovative campaigning such as the 'Hope, not Hate' campaign against the BNP and the rewriting

- of the Icelandic Constitution, which was done by a panel of citizens.
- The organisational challenge at a local level needs to be met with a diplomatic strategy at a European level. Labour could set up a European Reform Commission with leaders from other countries to explore how to advance this agenda once Ed Miliband is in power.

INTRODUCTION: LABOUR'S EUROPE PROBLEM

Pro-Europeans like to accuse Nigel Farage and the Eurosceptics of wanting to take the country back to the 1950s, perhaps the 1850s. But the uncomfortable truth is that they have done more to modernise their arguments and broaden their coalition than the pro-Europeans. With the euro crisis and the enlargement to Eastern Europe, they've seized their chance. Their signature achievement – merging the EU issue with migration – has transformed Europe from being a topic for political obsessives into a central battleground for the next election. As well as capturing older working class voters who feel left behind by globalisation, they have made in-roads into core support for the EU by raising questions about the economic benefits of the single market, and the suitability of the EU for the networked age.

Meanwhile the pro-Europeans have been living in the past, appealing to an ever-narrower section of society. Many of the arguments and most of the leading figures making the case for Europe hark back to the 1990s. Although they talk about reform, pro-Europeans have often found themselves defending an unsatisfactory and unsustainable status quo. Too often they sound like technocrats who struggle to grasp the public's concerns about the local side-effects of EU integration. Nick Clegg's campaign in the European elections was a

disastrous expression of this trend. Faced with electoral wipe out, he wanted to show that the Lib Dems are as popular as EU membership in this country. But, by losing the debates with Farage so comprehensively, he persuaded many that Europe is as unpopular as the Lib Dems.

In this situation, the Labour leadership has been understandably reluctant to talk about Europe because it thinks there is little it can say that is simultaneously popular, Labour and politically feasible. Where it has spoken out – as in Douglas Alexander's interventions and Ed Miliband's excellent London Business School speech – it has been thoughtful, principled and politically shrewd. But Labour has given the impression that it has said the minimum necessary to shelve the issue – rather than engaging with it and trying to reframe the debate.

There is some evidence that Labour's reluctance to talk about Europe and migration has been more damaging to its electoral prospects than the relative unpopularity of any its policy positions. Furthermore, it seems that UKIP could in the long term pose a bigger threat to Labour than it does to the Tories. Steve Fisher from Oxford University has shown that although UKIP mainly took votes from the Tories between 2010 and 2012, it has had more success since 2012 in attracting Labour voters. Using the BBC's elections data for the 2014 local elections, he estimates that UKIP took 5 points from Labour, and 6 points from the Conservatives. "The net effect", he argues, "is that the UKIP rise from 2010 to 2014 has been at similar expense to Labour and the Conservatives". Even worse, UKIP has deprived Labour of the ability to harvest discontent with the government by stealing much of the oxygen of opposition and making Labour seem like part of the political status quo.

Europe has emerged as a key dividing issue in British politics – and there is now a risk that Britain could end up leav-

ing the EU. There is a danger that the Westminster obsession with whether and when to have a referendum will crowd out a more important debate about how to reform the EU to promote British interests.

An exit from the EU would be a massive blow to the national interest: shrinking Britain's economy, reducing its standards of living and muting its voice in the world. It would also be a fundamental defeat for the values of solidarity, peaceful co-existence and internationalism that have done so much to define the post-war politics of the left.

There is still time to turn things around. But to do this, Labour will need to start engaging at the highest level, and showing much greater message discipline than it has done in the past (in particular on the referendum question). Labour must work harder to transform the way it is seen – from being a supporter of the status quo to setting to a radical reform agenda. Labour should start by acknowledging the crisis affecting the main pillars of European integration. Rather than defending Europe as it is, it should define what it wants Europe to be. In order to win back some of the ground it has lost to UKIP, it needs to set out:

- a strategy to manage and mitigate the costs of migration
- a plan for turning Europe from a zone of austerity to one of growth, jobs and protection from the iniquities of China-led globalisation.
- a campaign to reclaim the mantle of 'self-government' by showing how Europe is the answer to 21st century problems – from the rise of China to the NSA

Labour will also need to help build a new kind of pro-European organisation that goes beyond elites. For much of the last two generations, Europe was an issue that did not attract much interest from the public. Because the issues

were abstract, voters were willing to defer to experts and follow the politicians and business leaders they respected the most. But this theory of change now needs to be updated for an era defined by distrust of elites and the death of deference. What's more, political arguments today need to be made in a way that links with the lived experience of individual people rather than dwelling on economic and other benefits in the aggregate.

If Labour wants to present itself as a government in waiting it needs to engage with an issue that has enormous implications for our national interest: the future of our EU membership. The next general election – like all political contests – will in part be a contest over who 'owns' the future. Key to this is showing how the world is changing and what Britain's role within it will be. In 1945, 1964 and 1997 Labour set out a new British story – showing how we should adapt to a changing world whether by winning the peace, catching up with the modernisation of our European neighbours or taming globalisation. It is time to link the 'cost of living crisis' with a modern, global narrative and to develop an ambitious agenda of European reform as a passport for British success in this new world.

It was a celebration that felt like a wake. In the middle of October 2012, much of the pro-European establishment gathered in the grandly proportioned "Entente Cordiale Room" of the Foreign and Commonwealth Office to celebrate the launch of Sir Stephen Wall's lovingly compiled official history of Britain's European policy "from rejection to referendum 1963–75". Over wine and sandwiches, former foreign secretaries, civil servants, business leaders, journalists and the cream of British diplomacy exchanged gripping anecdotes of how they overturned de Gaulle's veto on British membership and steeled the British political class to take the plunge and join the EU, a decision which the public blessed by a plebiscite in 1975. But looming over the room – like Banquo's ghost – was the threat of another referendum.

At the beginning of 1975 the polls showed a majority of the public were planning to vote no; but in the event a two-thirds majority voted to stay in the EU. This startlingly successful campaign was run by a pro-European camp that enjoyed support from the most credible political leaders from all parties (Jenkins, Heath, Thorpe, Williams, Wilson and Callaghan); all of the national newspapers (apart from the Morning Star), and virtually all of the business community.

As recently as 2000 – when Tony Blair was prime minister and was preparing a referendum to take Britain into the euro – it seemed possible to recreate much of the 1975

coalition. At the time that Britain in Europe (the cross-party pro-euro campaign) was launched, most strategists agreed that Europe was a second-order issue where people would follow the lead of the politicians they respected the most. Thus, Britain in Europe was led by some of the most popular politicians, Blair, Ken Clarke, Michael Heseltine, Charles Kennedy. Both the TUC (under John Monks's leadership) and the CBI (under Adair Turner's) were solidly in favour of the single currency. And the next step of the campaign would have been to build a bedrock of support among civil society by knitting together some of the big NGOs on climate change, development and human rights.

But today, the pro-European coalition has withered on the vine. When Tony Blair spent his political capital on the war in Iraq rather than a referendum on the euro, pro-Europeans moved from a forward-leaning posture to defending the status quo. They gradually lost their financial backers, their vocal champions in the business community, and then the Tories. On the left, the trade union movement became increasingly sceptical of a project that seemed to be more about deregulation and open borders than social protection (not least because New Labour blocked many of the social measures). With the advent of the euro crisis, pro-Europeans seemed to lose the ability to make the argument for Europe to a public sceptical of globalisation and elites. In fact, what is so puzzling to the pro-European elite that gathered in the FCO is that it is their own proudest achievements - helping to create Europe's single market, fostering a European trade agenda and championing the enlargement to the east - that have become the most powerful arguments against the EU.

By simply restating that these achievements have benefited the UK economy as a whole – as Nick Clegg did during his debates with Nigel Farage – pro-Europeans have narrowed the appeal of Europe to the most prosperous and besteducated members of society. Moreover, they have turned themselves into the spokespeople for some of the least popular groups in Britain.

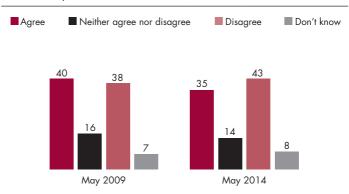
In the debates, Clegg relied heavily on facts but the audience seemed unconvinced by his claim that Farage plays fast and loose with reality. More importantly, Nick Clegg turned himself into a defender of the status quo at a time when the status quo is visibly not working (he actually went so far as to admit that the EU in 10 years would be "much the same as it is today" in one of the debates). By becoming deputy prime minister, Clegg had also lost the insurgent quality that he had during the debates with Gordon Brown and David Cameron in the 2010 general election.

As Anthony Painter, author of Left Without a Future?, argues, there are parallels between the way pro-Europeans have prepared for the Europe debate and the way that the 'No' campaign is being run in Scotland. The model of the 'No' campaign is organised around economic and business elites who have been generating a rising chorus about the irrationality of the nationalists, the looming economic catastrophe of independence and the idea that Scotland can't make it alone. Painter argues that the No camp will probably win in Scotland – in spite of rather than because of this way of arguing. He says that in an anti-elitist era where economic issues are being balanced against cultural and other arguments, there are more effective ways of campaigning. In the place of an elite-level, fact-driven, scare-campaign, he recommends presenting people with an honestly framed choice, acknowledging the real costs of EU membership in order to win a hearing for the benefits.

It is true that people's views on Europe seem to be volatile. Five years ago British citizens divided narrowly in favour of a withdrawal from the EU; today, by a modest margin, they prefer to remain a member:



Do you agree or disagree with the statement: "The UK should withdraw completely from the European Union"?%



YouGov

One of the reasons for the shift in the polls seems to be the growing risk of a so-called Brexit - a British exit from the EU. When the risk of a Brexit seemed distant, the subliminal question to which opinion poll respondents gave an answer was 'do you like the EU?' Given the current state of the eurozone it would be surprising if they did. However, as the chances of actual withdrawal have grown, the subliminal question is no longer whether people like the EU, but whether Britain should take the risk of going solo.1 This has also been labelled 'the Farage paradox' – that the more support Nigel Farage gets for UKIP, the less support there is for its core idea: leaving the EU.2 In other words, the more support UKIP gets from hardcore eurosceptics, the more they scare the pragmatic centre into supporting the EU. As Sunder Katwala, the director of British Future, argues "most people like complaining about Brussels but that doesn't

mean that they want to risk leaving the club, and certainly not on a ticket back to the 1950s".

For that reason, pro-European strategists expect the dynamics of public opinion to change fundamentally in a referendum campaign. If people think that a Brexit is really on the cards, many businesses will explain the risks of leaving to their employees. In fact, the Japanese government has already warned that many British people who work for Japanese companies would lose their jobs, as have companies such as Nissan and Ford. Any referendum campaign is likely to highlight the fact that we are only 27 miles from France and we trade as much with Ireland as all the Brics combined.

What is more, the YouGov poll shows that some of the public continue to be willing to follow political leaders on this issue. If you rephrase the question and ask what would happen in the event that David Cameron secured a renegotiation of the terms of British membership, there is overwhelming support for staying in the European Union with 54 per cent choosing to stay in as opposed to 25 per cent who want to leave.

The fact that public opinion is soft shows that there is still everything to play for in the debate on Europe. But, if Labour wants to launch an ambitious, insurgent, reform agenda for Europe rather than solely relying on economic and political elites and scare tactics, it first needs to confront the depth of the crisis that the traditional case for Europe is facing.

Ed Miliband accused the prime minister of "sleepwalking" towards the EU exit, evoking the march of folly by misguided elites that led Britain into the first world war. But the more appropriate martial analogy is between those who are conspiring to push Britain out of the European Union and the neo-cons who pushed for the American invasion of Iraq. Like the neo-cons, what Britain's Europhobes lack in numbers they make up for in passion. They have a power-

ful intellectual framework, wealthy backers, and advocates in the media, the House of Commons and even the cabinet table. Like the neo-cons who seized on 9/11 to build a coalition for invasion, the Europhobes have been quick to capitalize on the euro crisis to coalesce an alliance of disparate groups and interests.

2: THE NEW EUROSCEPTIC COALITION

The genius of the Eurosceptics has been their ability to turn the arguments of pro-Europeans on their head – so that each pro-European triumph has been transformed into an argument against the EU. Europhobes used to accept that the EU was good for the British economy, but balked at the loss of sovereignty. Now the reverse is happening: in the place of old arguments about European super-states destroying British sovereignty, Eurosceptics have a narrative about Britain "tethered to the corpse" of the eurozone. They claim that the single market ties British business in red tape; the customs union holds Britain hostage to the protectionist lobbies of all member states; and the free movement of people unleashed by enlargement is flooding Britain's labour market with immigrants.

Europe is one of those issues where public attitudes are motivated by identity and values as much as by traditional metrics of class or financial interest. When pollsters and market researchers think about values, they tend to segment the British public into three main tribes. First, there are the 'settlers' who make up around 30 per cent of the population. They are naturally conservative focused on safety, security and belonging. The next group are 'prospectors' who want to maximise their wealth and seek opportunity for personal advancement, who make up 30 per cent of the population. Finally, are the pioneers who also make up 40 per cent.³ They

have satisfied their material needs and are interested in selfactualisation and concerned about the big picture. As Adam Lury points out, the power of the pro-Europeans was that they developed a case for British membership that appealed to all three. For the settlers, the EU offered peace and stability. For prospectors, the single market promised jobs and prosperity. And for pioneers, it was exotic and exciting. But today, it is the Eurosceptics that have found arguments against Europe that appeal to all three tribes.

UKIP - the settler's friend

Nigel Farage puts a smiling relaxed face on UKIP's alarmist appeal to settlers. In an interview with the author, he explained the essence of the appeal: "If you live in the east of England, you will have seen social change in your towns and cities over the course of the last 10 years that is absolutely huge. And by and large people are very uncomfortable with it". That is why the UKIP website begins not with the European issue, but rather a statement that: "As crisis has followed crisis, our politicians are seen to be impotent in the face of the dangers rearing up all around us". It conjures up the spectres of violent crime, job loss, a tide of immigration, falling pensions and fear of old age.

A major study of public opinion by Lord Ashcroft last year confirmed that Europe is a secondary issue even to potential UKIP supporters (only 7 per cent of UKIP supporters said Europe is the single most important issue for them.) In focus groups, UKIP supporters reeled off a litany of complaints, both imagined and real, about the cultural and social state of Britain. For example: your school is not allowed to hold a nativity play; you cannot fly the flag of St George; you cannot call Christmas 'Christmas' anymore; you cannot be promoted in the police force unless you are a minority; you

cannot wear an England team shirt on the bus; you won't get social housing unless you're an immigrant; you cannot even speak up about these things, because you'll be labeled a racist. "All of these examples," says Lord Ashcroft, "make the point that the mainstream political parties are so in thrall to the prevailing culture of political correctness that they have ceased to represent the silent majority".

UKIP claims to talk for the settled majority, but it adopts the rhetoric and tactics of an oppressed minority with its talk of 'self-government' and 'independence'. Farage claims that his goal is more about changing minds than capturing seats. "To some extent, the success or failure of UKIP is in the hands of the other parties. If for example, the Labour and Conservative parties came to those positions then the electoral appeal of UKIP will diminish". But UKIP would, as the SDP did before it, have changed the political agenda.

Matthew Goodwin has shown in his work how the rise in UKIP is creating a split on the left as well as the right. As he argues: "Between 2009 and 2013, Labour's support among the over-65s, working class, Britons with no qualifications, and men increased by an average of just three percentage points. UKIP's advance among these groups, in contrast, averages close to ten percentage points. Labour's failure to consolidate support among these left behind groups is one thing standing in the way of a more commanding poll lead, and the fact that UKIP are doing so well among these groups should be ringing loud alarm bells". Goodwin argues that UKIP will now copy the Lib Dems and try to use the local, European and general elections to establish themselves as the second political force in many traditional Labour areas.

As Labour's Jon Cruddas argues: "You have this shapeshifting political force that can move in and out of some those visceral identities that are being generated in the context of austerity, massive generational change, crisis of political

representation and generally a sense of anomie across the political landscape".

Fresh Start – the Prospector's grouping

The Eurosceptic appeal to prospectors keys into pragmatic rather than visceral concerns. That is why the most effective Eurosceptics today claim to be in favour of reform rather than revolution. The articulate Andrea Leadsom is one of the leaders of the Fresh Start group of Tory MPs, who bring granular detail and concrete proposals to a debate which has too often been defined by bluster. For her, the euro crisis has set the members of the euro firmly on the path to fiscal union - inevitably in the process changing the nature of Britain's membership of the European Union. Speaking to me in an interview last year, she argued that British banks are already having to deal with decisions over which they have no control such as the decisions on Cyprus, but more importantly she fears that in the new European Union, the eurozone will act as a caucus that imposes unpopular decisions on the City of London. She cites the recent decision to limit banker's bonuses as an example of danger to come.

The organisational and intellectual driving force behind Fresh Start's agenda is the campaign group Open Europe, which used to be the 'No' campaign on the single currency. Their director, Mats Persson, explained the core of the Eurosceptic case: "there is a feeling that the British voted to join a common market and got something different. This relates to trust in politics". The word 'reform' covers a multitude of sins. And it is under this rubric that the 'reformers' of Open Europe have gone about systematically trying to undermine many of the traditional arguments in favour of the EU – by publishing reports with dubious research that cost the price of European red-tape and show the threats to

the City of London (one study tried to quantify all the costs of European red tape – implying that if EU regulations were removed the UK would have no regulations rather than national regulations with a similar cost to the current EU ones).

These sorts of campaigns have been remarkably effective in changing the nature of the debate. For example, a YouGov poll for *The Sun* in October 2013 found that 32 per cent thought leaving the EU would be good for British jobs, while 31 per cent believed it would be bad for British jobs, with the remaining third thinking it would make no difference. The same poll found that 34 per cent thought Britain would be economically better off outside the EU, 34 per cent thought we would be worse off and the rest that it would make no difference. In fact, the campaign has worked so well that Open Europe is now entering an identity crisis as it is finding – like David Cameron – that the debate has move in such a sceptical direction that it may end up as part of the 'Yes' camp in a referendum campaign.

The Technological Utopians

The most surprising shift in Euroscepticism has been the appeal to pioneers. Some of the more independent backbenchers of recent intakes – such as Douglas Carswell – bring a technological utopian bent to their Europhobia, making it seem more modern in the process. Carswell, who coined the phrase about the eurozone as a corpse, sees its collapse as a byproduct of the new, networked society. "The collapse in trust in hierarchy is a good thing. The internet is riding to the rescue. The internet dooms gigantism". He claims that elites are bad at public administration and are unaccountable. In the past, we needed political parties to aggregate opinions but new movements like Beppe Grillo's Five Star Movement

show how one can use the internet to develop a common platform: "New parties can spring up out of nowhere". He talks in grandiose terms about how the internet will bring forth a world of networks – where the natural liberalism of the individual will prevail: "At university, I used to study the conflicts between liberty and democracy. But one of the advantages of the internet is that the crowd is no longer a mob". Carswell's arguments both distort the reality of the EU - which is the ultimate networked organisation - and overplay the potential of the internet to create new political communities. But his arguments sound modern and open the Europhobic coalition to a generation that has been closed to the nostalgic arguments of UKIP. Part of Carswell's power stems from his bluntness - he is more specific about his endgame than some of the Fresh Starters. "Instead of thinking about how to reform the EU, we should be thinking about a post-EU Europe".

Behind the UKIP case, the Fresh Start group and the technological utopians is a modern-sounding argument that has a different tone to the blimpish isolationism of Euroscepticism past. Settlers are being targeted with the fear that their neighbourhoods are being transformed by a wave of migration from new member states. Prospectors are told of the economic threat of the euro crisis and the burdens of regulation. And pioneers are being told that Europe is a bureaucratic monolith in an age of global networks. The EU is portrayed as provincial and old fashioned rather than modern and exotic. The Europhobes present it as a fossilised relic of the 20th century in a new digital world. What matters to the sceptics, as conservative columnist Matthew D'Ancona argued in GQ Magazine, is "not post-colonial reach or the ability to fight alongside America in military interventions, but the real freedom to trade globally." He concludes:

"What is so bad about being a new Singapore off the shore of Europe?"

These new sceptics think that the modern era transcends geography, uniting the world economically and politically in the cloud. The countries they admire the most – such as Australia, Dubai and Singapore – have successfully managed to carve out a global role without being hung up on trying to shape the world. The intellectual rationale for this move is that while Britain may enter a 'new Elizabethan age' where though it retains a global outlook, it should refuse to be drawn into disputes about the shape of the European continent.

The fragility of the Eurosceptic coalition

But although the Europhobes have momentum, their coalition is vulnerable.

In this phony war, the European question has been framed as a sub-section of the debate about migration, but in the event of a referendum, the campaigns will also be forced to grapple with economic issues. Once the plebiscite is called, sceptics will not simply be allowed to argue against Europe: they will also have to say what they are for. The CBI has recently released a study of the alternatives to EU membership – and concluded that none of the alternatives are very appealing.

Unlike Nick Clegg, who is associated with the traditional pro-European agenda and David Cameron, who is a prisoner of his party's obsessive Europhobes, Ed Miliband has an opportunity to create a new European coalition. By so doing he can also tell a story about how his 'one nation' project will help British citizens succeed in a new world.

Rather than defending the Europe of the status quo, he has an opportunity to critique it and offer a new reform agenda for Europe.

A substantial minority of the settlers will not be open to arguments about Europe. However, many would be open to accept EU membership as part of a bigger package that was offered by a Labour leader who showed an understanding of the challenges posed by migration and globalisation,

The prospectors are the core battleground in the European debate. Ed Miliband needs to win many of them for Labour with a post-crisis growth and social policy agenda. As the euro crisis subsides and the economic costs of Brexit become more pronounced, there is a chance to attract prospectors back into the pro-European camp.

Finally, Miliband has an opportunity to rekindle the excitement of pioneers by showing how the EU can be a passport to success in a world of globalisation.

The following three chapters contain some analysis of the political dynamics in each of these battleground areas – as well as some ideas on how Miliband can try to craft a reform agenda for Europe that could expand the pro-European coalition. This will be a long-term process, but if pro-Europeans develop a reform agenda that can appeal to some of these groups, it can shrink the anti-Europe coalition to an unattractive, traditionalist, anti-immigration rump that repels the political mainstream.

The European debate used to be about economics and sovereignty – but today it is predominantly about migration. Nigel Farage admitted in an interview with the author that he struggled to make the issue relevant to people when it was about abstract ideas of sovereignty. But the charge that we have 'lost control of our borders' links an issue that people care little about (Europe) with one that they care a lot about (migration). And unless pro-Europeans find a way of dealing with this, they will lose many working class supporters of the case for Europe.

The turning point for this development was 2004 when eight former communist countries joined the European Union. This was one of Europe's proudest moments – replacing the divided continent of the cold war with a Europe that was for the first time 'whole and free'. Moreover, it was a historic move that had been pushed by successive British governments. But, much to the surprise of both the Conservative and Labour parties, that historic enlargement transformed the nature of the EU debate in Britain.

Until 2004, no one talked very much about immigration in the context of the EU. With between one and two million British pensioners settled in southern Spain, free movement in western Europe was seen as in our interest or at least as reciprocal. As recently as the year 2000, only 0.1 per cent of EU citizens moved to live in another EU country. Most

experts thought that would change little with enlargement in 2004 – the Home Office predicted a few tens of thousands of central and eastern Europeans a year at most – so they were taken aback when almost 1.5 million central and eastern Europeans migrated to the UK in the seven years after 2004 (about 1 million remain resident in the UK). It was, according to David Goodhart, "the biggest peacetime movement in European history".

Some academics have argued that the most important reason for the drop in Labour support between 2005 and 2010, from 35 per cent to 29 per cent, was immigration from other EU member states.⁶ The success of UKIP in the local and European elections in May 2014 has raised again the question of EU migration.

Labour should continue to make the case for managed migration, but it must not heed the advice of businesses and liberal commentators, who regard concerns about EU migration as irrational. It is true that EU migrants are, on average, net contributors to the British economy and that there is no evidence of widespread welfare tourism. But individual neighbourhoods in areas that attract large migratory flows do have to provide additional housing and services without necessarily receiving an increase in revenue. As Marcus Roberts, deputy general secretary of the Fabian Society, argues, "it seems extraordinary for Labour to tell people to ignore the national growth statistics which show the economy is recovering and instead trust their lived experience of the cost of living crisis, while insisting they must do the opposite on migration: ignore what they see and feel because there is a study by that will show them how much they have benefited". Labour has struggled to engage with the issue with different factions veering between tough language and reassurance.

When it has tried to 'out-UKIP' Labour has lacked credibility and simply allowed the debate to shift into even more negative territory. Given his track record in government, Gordon Brown's 'British jobs for British workers' seemed cynical and insincere. And it is hard to reconcile Labour's historical policy and values – not to mention the biography of its leader – with statements committing the party to reduce the number of immigrants.⁷ It is not just that the Tory government has demonstrated the emptiness of numerical targets, it is hard to see how a party in favour of staying in the EU can ever win the numbers game against UKIP.

But Labour attempts to reassure the public that it understands how they feel are also hampered by the 'trust issue' of having predicted that only 13,000 Poles would arrive when over a million made the journey. In order to square the circle, Labour has tried to defuse the issue by focusing on the economic challenges to working class voters. It has put forward various ways of boosting labour standards – including crackdowns on employers who don't pay the minimum wage, and new policies such as supporting a living wage and British apprenticeships. Labour has also pledged not to remove transitional controls for future EU applicants.

But, as Southampton MP John Denham argues, the economy is just one of the ways that EU migration is concerning Labour voters. He characterises four different sets of issues:

• Economics: including pressure on wages as a result of agency workers, non-enforcement of minimum wage and the negative externalities of labour market flexibility. Although median wages across the country might have held up, for example, Denham claims that daily wages for construction workers in Southampton went from £140 in 2003 to £70 in 2014

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- Public services: putting a finite number of teachers, doctors, nurses and school places under greater pressure and challenging the 'contributory principle'
- Housing: including pressure on private house prices and waiting lists for social housing
- Identity and voice: rising numbers of non-English speaking groups and cultural segregation, with predominantly Polish pubs, schools and churches springing up around the country.

So, is it possible for Labour to decouple the European issue from migration, and to win over a significant number of settlers? Polling by the think tank British Future shows that public attitudes are more nuanced than many people realise. They find that the public can be segmented into roughly three groups:

- **Liberal minority:** 23 per cent of the British public, who think immigration makes a very positive contribution to Britain. They tend to be young, affluent, metropolitan, hyper-diverse.
- Sceptical middle: 54 per cent of the British public, who can see a mixed picture on the benefits of immigration to Britain. They are cross-class, cross-generational, ethnically mixed.
- Hardline minority: 23 per cent of the British public, who see immigration as entirely negative. They tend to be old, working class and white.

This segmentation shows that while many of the pioneers see migration as an opportunity, a large number of prospectors and some settlers can be persuaded to support migration under certain circumstances. The most interesting finding in the British Future polling was that 72 per cent of respondents

agreed with the statement that: 'If Romanians and Bulgarians want to stay in Britain they've got to work hard and pay taxes, learn the language, be part of the community. If they do that they'll find we welcome people who make the effort'.

The Labour party needs to engage with this debate – not simply by increasing the toughness of its messages but by staking out its position in a way that remains true to Labour values. Its starting point should be to get out of a debate about numbers and instead have a real conversation about practical measures to deal with the problems of people's lived experiences. The response needs to go beyond the economic measures Labour has already championed to engage with political and cultural responses as well. While most of the measures will need to be local – and lie beyond the scope of this pamphlet – they can be reinforced by action on the European level.

On the economy, as well as the national policies it has put forward, Labour could press for Europol to establish a special unit to tackle gangmasters. Another policy would be to look at a political strategy for tackling low pay across the EU to show that the EU is a 'race to the top' rather than the bottom (see next chapter). Labour could link these ideas for action at a European level with campaigns at a local level, such as those in Southampton where the MP organised a 'fair wages fortnight' with a coalition of church groups, trade unions and other civil society organisations.

A political response would include adopting much more ambitious measures on monitoring access to public services, housing and welfare. The fact that EU migrants make a net fiscal contribution means that the national pot for public services is growing but there is a mismatch between that growth and pressure on services in specific areas. The government needs to come up with a plan to move resources in a timely way to areas of rapid population change. This

should not just include regular and transparent public reporting at national and local level. One way of monitoring the use of public services would be measures to ensure that all users of public services had social insurance cards. Labour could push for EU governments to issue European social insurance cards to citizens moving to other member states.⁸ As the LSE's Hugo Brady argues: "Ideally this system would be anticipatory: you would register before you actually moved to give the authorities in your host country time to allocate resources and plan".

Once this was done, the UK should push for the creation of a European 'migration adjustment fund' in the EU budget, building on the precedent of the EU's 'globalisation adjustment fund'. Local authorities could apply to this fund for help in increasing the capacity of schools, hospitals and public services, so that the indigenous population would benefit from an upgrading of local provision in areas with large levels of intra-EU migration.

Welfare tourism is the biggest threat to public consent for migration. Part of the problem is the structure of Britain's public services and welfare system, which tends to be free at the point of use rather than be being based on contributory or insurance systems. This means that immigrants get instant access before they have had the chance to pay anything in and this causes a lot of tension. The best way to change the debate is to focus on ensuring that all beneficiaries also contribute to the pot, as the polling evidence shows that the public are willing to accept those who do contribute as 'club members' – and so prefer contributing migrants to noncontributing fellow citizens.

There are plenty of things that British governments can do to change the way that benefits are administered. The Labour party should explore a mechanism for restricting claims for benefits like child benefit and job seeker's allowance for at least a year. Furthermore, Labour local authorities could investigate following the example of councils in Southampton, Dagenham and Newham and introduce minimum residency rules for social housing. As one senior council official said: 'the effect on the actual numbers is marginal but it has transformed attitudes to the system on the doorstep". This can be coupled with a European-level strategy of pushing for changes in the rules on claiming social security, so that families cannot claim benefits from member states where they are not resident. Hugo Brady argues that the European Social Insurance Cards could be useful in this context as well: "They should include a single EU social security number so that red flags would be automatically raised if, say, someone is applying for benefits in more than one country at the same time."

Finally, Phoebe Griffith at the IPPR has conducted interesting research in Derby and Newham that shows cultural concerns about EU migration have more impact on the public than economic issues such as the downward pressure on wages (particularly for people who live in gateway areas, which are most often Labour supporting). Griffith reports that "local people resent the lack of permanence - people coming and going who treat their neighbourhood 'like a building site". The cohesion agenda may be a separate policy concern to the European agenda, but it will be an important factor in lessening the salience of migration. One powerful approach would be a move by Labour to make language lessons compulsory for all migrants. Because so many migrants want to learn English, there should be ways of making ESOL self-financing and ensuring that people have access to it across the country.

The question of Englishness has also become a lightening rod for debates about cultural identity. Steve Ballinger at British Future has suggested a series of ways to turn St

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George's Day into inclusive local celebrations of Englishness on the model of the Jubilee. Ideas include offering a tax breaks on the price of a pint of beer for landlords who hold St George's Day events, encouraging English cricket to hold its own equivalent of football's Charity Shield on St George's Day or making 23 April a bank holiday. There have also been innovative experiments by local Labour parties such as Southampton to organise St George's celebrations across the constituency.

The instinct of liberal commentators has been to argue that many of the concerns about migration are irrational and ill-conceived. But this response will leave pro-Europeans struggling to attract any settlers, and it can only fuel the surge of UKIP. Labour must continue to defend migration. It should celebrate the contribution migration has made to British culture, to our intellectual life and to the economy. It should point out that EU migrants are net contributors to the British economy. It should celebrate the idea of Britain as an open society in all senses of the word. And it should be honest that the only way that we can benefit from access to the European single market is to allow citizens from other EU countries to live and work on the UK. Ultimately, focus groups and polling show that the public is open to arguments about the trade-offs around migration. But politicians need to do a better job of helping the public to understand and own these trade-offs. And in order to earn the right to be listened to, progressive politicians need to show that they are as serious about mitigating against the negative side effects of migration as they are about opening EU borders to citizens from other EU nations.

raditionally the most powerful arguments for Britain in Europe were economic. But the euro crisis transformed the debate – raising doubts about the core economic arguments in favour of Britain's EU membership. Polling by YouGov in 2013 revealed a dramatic reverse in the economic argument – with more and more people thinking that EU membership is bad for the economy. A poll in early 2013 revealed that 33 per cent thought that leaving the EU would be good for British jobs, 30 per cent bad for British jobs. Similarly 35 per cent thought EU exit would be good for the economy, 34 per cent bad.

However, the good news is that as UKIP has grown in prominence, there has been a slow reversion to seeing the economic benefits of the EU in public opinion polls. At the end of February in 2014, slightly more people reported that leaving the EU would be bad for both jobs and the wider economy.

Would Britain leaving the EU be			
	Mar 13	Feb 14	Change
Good for the economy	35	30	-5
Bad for the economy	34	37	3
Good for jobs	33	28	-5
Bad for jobs	30	32	2

YouGov

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Asked about how leaving the European Union would affect them personally, slightly more people think it would leave them worse off (21 per cent) than better off (19 per cent), but a far bigger group (43 per cent) think it would make no difference to their own finances.

Faced with this shift in attitudes to the economy, the temptation for pro-Europeans has simply been to rattle off the familiar statistics about how Britain benefits from being in the European Union: the fact that 1 in 10 UK jobs rely on the EU; 50 per cent of our trade is with EU members; and that the CBI estimates that the net benefit to the UK is £90bn annually (£3,300 per household). But the evidence from the Clegg-Farage debates is that this will do little to change people's perceptions. A fascinating YouGov poll looked at attitudes to these issues among people who watched the debate before and after vote. What they found was that as a result of the debate, the balance of views on British membership of the EU shifted slightly, from 48-42 per cent in favour, to 47-44 per cent. There were also increases in the numbers thinking that, outside the EU, Britain would have more jobs (up from 28 per cent to 34 per cent) and more influence (up from 11 per cent to 19 per cent).

One of the reasons for this is probably that the pro-European statistics feel abstract and do not relate to people's experiences or say anything about where Europe is going. In that sense, they go against Labour's overarching narrative on the economy which is to encourage voters to look to their lived experiences of the economy rather than looking at aggregate data for economic growth.

The bigger opportunity for Ed Miliband is not to defend the status quo but rather to explain how his vision for a reformed Europe is linked to his vision for a renewed Britain. The starting point for a new economic case for Europe is that the biggest challenge to the UK comes from the rise of Beijing rather than Brussels.

In April 2014 China overtook the USA to become the biggest economy in the world in purchasing power parity (PPP) terms and sometime over the next decade, it will become the biggest economy in currency terms. But it is not just the size of the Chinese economy that is a challenge for the UK – it is the nature of Chinese state capitalism. While the driving force behind globalisation in the last 20 years was the liberal capitalism of the US and UK, the driving force of next 20 years will be the state-led capitalism of China and other emerging powers.

It is striking that while Britain has very little by way of industrial policy, all of the Bric economies have not been afraid to use the power of the state to shield domestic industry from foreign competition at home while smoothing the ground for its companies oversees. Labour also needs to acknowledge that – although globalisation has benefited the British economy in the aggregate – it has sped up the deindustrialisation of many regions and has costs in terms of jobs and wage growth for many.

After several false starts, David Cameron has an account of the world that makes sense of his domestic agenda, the idea of the 'global race'. "We are in a global race today", he said when he launched the idea at the Lord Mayor's Banquet in October 2012, "and that means an hour of reckoning for countries like ours. Sink or swim. Do or decline." In *Global Britannia Unchained*, a group of young Conservative MPs expand on his vision with an account of a British economy held back by rising dependency, the lack of a work ethic, and some of the structural problems of southern Europe, such as a bloated public sector, pension liabilities, too much spending, too little growth and poor productivity. The answer to

these problems, the argument goes, is deregulation, cutting public spending and a return to the 1980s.

The Labour response has been halting at best – not going much beyond a statement that we believe in a race to the top rather than a race to the bottom. If Labour is to develop an adequate response, it can best be done through a European prism rather than the notion of 'reponsible capitalism' in one country.

There can be an important European dimension to the cost of living crisis, for instance. The EU has played an important role in driving down the cost of phone calls and roaming charges by liberalising and regulating the telecoms market. It has reduced the costs of flights by improving air traffic management and increasing competition. Labour could continue in this vein and push for much stronger action in different sectors to stand up for the rights of consumers and break price-fixing cartels. Miliband's closest adviser, Stewart Wood, has said that Labour's responsible capitalism agenda can be summed up in three words: markets need rules. But Britain's market is the single European market, so the best way of getting companies to be bound by rules - rather than moving off-shore - is through European regulations. David Cameron and many members would like to extend the single market to services, digital and energy sectors. But, in order to win the case for liberalisation of new sectors, the EU will need to link it with an agenda of protecting citizens's rights. This is particularly true of Miliband's famous pledge on consumer prices for energy and transport. Many of the incumbents in the UK energy and transport markets are owned by European, state-backed companies (like EDF, Dong, Statkraft, Arriva) or other European multinationals (such as RWE, Eon, Iberdrola). We need to be looking at the market power of these companies on a pan-national basis.

Labour will need to set out an account of Europe as a multiplier of growth in a multipolar world, rather than a conveyer belt for austerity. It has become a cliché that the best national response to global competition is to invest in knowledge and innovation in order to spur the re-industrialisation of our economy. Each European country needs to find its own path. But, as the Labour peer Roger Liddle, Tony Blair's former Europe adviser, argues, we can also pool our efforts in a 'high investment decade'. This could include pooling European efforts in breakthrough research; modernising and reforming our higher education systems; improving our domestic infrastructure. This could be kickstarted by reforming the EU budget to increase investments in research and development (R&D), infrastructure (including digital, rail and transport) and creating European energy grids.9 In some sectors, such as energy, it may also be necessary to rethink the application of state aid rules to allow EU member states to kick-start innovation as part of a revival of industrial policy.

Labour will need to show how it can try to restore a level playing field in the global economy by bringing in rules at a global level. To get access to global markets, it should push to ensure that the next generation of trade agreements with countries such as the US and Japan help to drive up standards in the global economy and level the playing field with China.

Just as importantly, a Labour government must work with other European countries to end the scourge of tax avoidance. It is a disgrace that half of the world's liquid capital rests in tax havens. 10 There is an important challenge to tackle the tax avoidance schemes of big companies such as Starbucks and Amazon that make a lot of their revenue in the UK but are registered in low-tax countries such as Luxembourg or Ireland. It is now over a decade since the

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European Commission first put forward ideas for a common consolidated corporate tax base, but Labour could seek to use the public attention given to recent scandals coupled with the fact that there are now parties of the left in power in 15 European countries to finally give it the traction it needs.¹¹

There must also be a new approach to social Europe. In 1988, Jacques Delors travelled to the Trade Union Congress to explain why the European Union could defend British workers against Thatcherism. But although New Labour signed up to the social chapter, it was scared of alienating business and resisted much of the social Europe agenda. Moreover, for many working class people, the EU has often seemed more like globalisation on steroids than protection against it. It has liberalised economies, prised open markets and exerted downward pressure on wages in some sectors by opening the door to migration from poorer member states. A key part of recreating a pro-European coalition is the need to invent a new social Europe agenda. One policy to push which would have strong symbolic appeal would be to encourage national governments to set a minimum wage at a level of at least 50 per cent of national median earnings in each member state. While the differences between different labour markets mean that Brussels is not the right place to set out a one-size-fits all wages policy, all member states should understand that it will be easier to win consent for free movement of labour and capital if they show that they are not indulging in 'social dumping'.

As well as making the case for a different kind of European economy, Labour could do much more to point out the risks of leaving the current EU – as well as the uncertainty generated by David Cameron's referendum strategy.

David Cameron has done little to reinvent the 1990s approach to globalisation. Although he talks a lot about China, he has not explained how the rise of state capitalist

powers change the dynamics of the global economy. His 'global race' says little about how Britain should adapt to this world – beyond working harder and abandoning talk of human rights on trade missions to Asia. His neo-Darwinian rhetoric implies it is not just countries but individuals that are being challenged to 'sink or swim'. This is where a Labour pitch for a reformed Europe could make all the difference – explaining how a middle-sized economy like Britain can get leverage over continental-sized powers and thrive in the global economy.

ne of the reasons that the referendum question has been so sensitive in the British debate is the perception that the EU is an elite project that is being imposed on European citizens. Most people do not feel that strongly about a referendum, but they are suspicious of a political class that seems to be scared of discussing the issue and giving people their say.

The Eurosceptics claim that rather than integrating Europe against the wishes of the people, they are mobilising the people against Europe. As on migration, Labour approaches this debate with a 'trust problem' – having promised a referendum on the European constitution but not delivered one on the Lisbon treaty.

After a debilitating debate, Labour has staked out a strong position on the question of the referendum. It is in favour of one in principle, but only when sovereignty is transferred from Westminster to Brussels rather than organised at an arbitrary moment for party management reasons. After the euro elections, Labour's Eurosceptic fringe and some pro-European unions are now unwisely trying to re-open the question. The internal debate is set to pick up steam when the Conservative MP Bob Neill uses his high place in the annual private member's bill ballot to table a bill requiring an 'in-out' referendum to be held before the end of 2017. This was unsuccessfully proposed by his colleague James

Wharton in the last session. Based on that experience, it seems unlikely that Labour and the Lib Dems will be able to block the passage of the bill in the House of Commons. But the big difference is that the government are threatening to use the Parliament Act to prevent Labour and the Lib Dems blocking it in the Lords this time around. Rather than waiting for the bill to be presented in the House of Commons, the Labour leadership needs to get on the front foot and explain that this bill will damage British jobs by creating uncertainty about Britain's commitment to the single market, as well as making a wider case about European reform. One key to executing this strategy will be to enforce much stricter message discipline on the parliamentary Labour party.

Rather than returning to the referendum question, Labour should try to reclaim the mantle of self-government – and to define what it means in the 21st century. The debate should not be about a single one-off vote about being in the EU, but rather about the ability of governments to be sovereign over their own affairs. Labour has a chance to explain that we are living in a cut-throat world of economic competition where size and power matter – and where new players such as China will seek to use their enormous markets to create an uneven playing field.

A British government that stands outside the EU will struggle to have its voice heard. Being in the European Union gives the UK the ability to prize open new export markets with fair rules – from Beijing to Bangalore – by giving it the clout of being part of a single market with 500 million consumers. In this way, the EU affords Britain a platform not just to shape its own future but to take part in writing the rules for global governance on everything from the regulation of banks and genetically modified organisms to nuclear proliferation and carbon emissions. A poll by YouGov implies that there is at least a substantial minority of European voters who would

be receptive to these arguments. This echoes the consistently strong public support for 'closer cooperation' on energy and climate issues. 12

Can Britain go it alone?	
Statement A – 'In today's world, with global trade and global companies, there are severe limits to what Britain can achieve on its own. We must work closely with other countries and with global institutions such as the United Nations, the Commonwealth and the World Trade Organisation if we are to maximise our influence and prosperity'	40
I agree with both statements to the same degree	13
Statement B – 'The case for global rules and institutions is often overstated, and their so-called benefits an illusion. Britain is perfectly able to decide for itself how best to run its affairs and relate to other countries. Britain should seek to control its destiny without worrying about the rest of the world.'	
Neither / Don't know	12

YouGov; August 2012

The question of self-government comes out most strongly in relation to the rules of the European single market. The problem is that the Eurosceptics have so far been allowed to argue against the present European Union without being forced to say what they are for. The CBI has recently released a study of the alternatives to EU membership. The main candidates are the Norwegian/Swiss model where you are bound by all EU laws but have no right to make them; the Turkish model where you have access to a customs union but are excluded from the real benefits of the single markets; or a simple a free trade agreement with no access either to the market or the influence that EU membership gives you. The CBI does not find any of the alternatives very appealing.

It is important to focus on the example of Norway, whose own parliament labeled Norway's non-membership of the EU as "a democratic disaster". Because Norway cannot afford economically to be excluded from Europe's single market, it is bound to pay into the EU budget and adopt nearly all EU laws but has no role in their creation. The Norwegian parliament recently published a 900 page review of its experience of being outside the EU. It finds that it gets the worst of both worlds. Norway's agreements with the EU affect every single domestic area. The report estimates that EU law has been incorporated to some extent into around 170 of a total of 600 Norwegian statutes and approximately 1,000 Norwegian regulations. Norway has incorporated approximately three-quarters of all EU legislative acts into Norwegian legislation and has implemented them more effectively than many of the EU member states. At the same time, Norway is neither a member of the EU nor involved in the decision-making processes to any significant extent. Norway has a right to reserve itself against specific policies, which differs from a veto in that a reservation only blocks a policy from being implemented in Norway, not the EU as a whole. But Norway has never, not once, used its right of reservation. The report concludes that while Norway has benefited a lot economically from being part of the single market, it has been democratically calamitous.

There is also scope for Labour to call for a cultural revolution within the EU to show that it is run in the interests of its citizens rather than its Brussels-based institutions. David Cameron and the coalition have focused on three main sets of changes. Firstly, they want to empower national parliaments over the Brussels institutions – advancing the idea of a red card that would allow two thirds of national parliaments to block legislation.

Secondly, they want to halt the activism of the European court by scrapping the treaty commitment to "ever closer union". Thirdly, they want to protect the UK and other non-eurozone members from caucusing within the Eurozone.

These are all measures that Labour could support but they are technical fixes rather than a deep change in the culture of the Brussels-based institutions. Labour should call for a set of root and branch changes to show that Europe is being run for the people. This could have some key principles: flexibility, ensuring Europe adds value, tackling waste, and giving people a direct voice.

Franziska Brantner, a German MP who served in the European parliament, has called for future European legislation to have an automatic sunset clause so that it returns to national parliaments after 15 years if governments don't want to renew it. Could Labour encourage the European commission to deploy a zero-based budgeting approach to European legislation, with a view to deciding the appropriate level of legislation?

Pro-Europeans should also be the ones leading the war on waste in the European system – reducing the salaries of senior officials, and the costs of two seats for the European parliament.

Pro-Europeans should call for European money to be handed out in a more transparent and democratic manner. One idea that is worth pursuing is exploring whether the EU's structural funds should only be given to local authorities that implement it with experiments in participatory budgeting.

One of the big new issues that has come up in recent times is the whole question of data privacy. Nigel Farage says that he will not even get an oyster card because he doesn't want the government to have data on him. But British citizens will stand a much greater chance of protecting their privacy from the NSA and corporate giants like Google and Facebook from within the EU. An important part of self-government in the 21st century should be introducing a digital bill of rights.

Europe was the future once

Finally, pro-Europeans should embrace and support the idea of 'open data'. One of the most powerful sources of accountability for national governments has been the publication of comparative pan-European data which shows how their performance in different policy areas holds up against other countries. The Labour party should encourage the European commission to become world leaders in this area – working with civic groups and technology entrepreneurs to use this data to transform the way Europe is governed from the local to the European level.

CONCLUSION: MOBILISING A NEW PRO-EUROPEAN COALITION

Then the EU referendum bill goes through the House of Commons, the Tories and UKIP will try to paint Labour as a party that is trying to deny the people a voice on the European issue. There will be some in the Labour party that will want to change their stance on the referendum in a defensive way, but the best way to counter these accusations will be for Labour to show that it has clear convictions on the European issue – and that it is not afraid to argue for them.

In order to get this message across, Labour's leadership should begin this autumn with a European version of Tony Blair's 'masochism strategy' and spend a week trying to reframe the European debate by laying out its radical reform agenda. Ed Miliband could launch his listening week with a 'four ports tour' travelling to Thurrock Docks, Dover, Southampton and Grimsby. He should use this to link his reform agenda to the plight of blue collar workers who have been at the sharp end of globalisation and migration but whose future is linked to trade. He should make sure that any set-piece speech is anchored in a wider set of activities that show the human logic for this ideological stance. It is important to tell a story about where the Labour vision for Europe comes from – and to populate it with real people.

After he has launched the discussion, Ed Miliband should charge his frontbench and all parliamentary candidates to see different kinds of people who will be affected by the abstract European debate: the City of London; part-time workers like nurses who will lose holiday; workers in a Nissan plant whose jobs depend on the European single market; a new wave of energy and technology entrepreneurs who need the EU as part of their growth plans; police fighting organised crime who need the common arrest warrant; British companies who have invested in China who want European help to protect their intellectual property.

Since the prospect of a referendum emerged there have been some attempts to recreate a pro-European movement. The private sector-friendly Business for New Europe has helped to raise awareness of some of the economic risks of uncertainty. They have been joined in this quest by the CBI and some big companies. In parallel, a new lobby group – British Influence – is trying to appeal to wider groups by showing that Britain benefits from and is influential in the current EU. If there is a referendum campaign, they will need to mobilise an elite-focused coalition encompassing a cross-party group of politicians together with the CBI, elements of TUC and many of the big NGOs. However this will be more difficult – not least because many of those groups have turned away from Europe –because the public is less likely to follow elites.

That is why Jon Cruddas argues that the search for narrative and policy must also be linked with a revolution in campaigning: "the best Labour party response presently is organisational. It is about reengaging with those models of community organising from North America. It is about getting away from some of those top-down, Clinton-Blair models of voter harvesting. It suggests a more localised policy agenda – almost a modern subsidiarity politics – while at the same time you pool issues of migration or energy where necessary".

The Labour party has successfully mobilised its activists to push back the BNP. It is important to start using some of the same techniques to counter UKIP and to build a different kind of infrastructure on the European issue. Caroline Badley, a highly-rated Labour organiser in Birmingham Edgbaston argues, that the best way to counter the politics of protest is with a politics that is personal. The challenge therefore is to work out a retail offer on Europe and migration that local Labour parties could implement. The right way to frame this is to come at the future of Europe through a debate about the future of Britain – looking at how we cope with a changing world. This could draw on some of the examples of innovative campaigning such as the 'Hope not Hate' campaign against the BNP and the rewriting of the Icelandic Constitution, which was done by a panel of citizens.

Marcus Roberts argues that it should be possible to get local Labour parties to engage with the community on concrete issues such as campaigns for the living wage as part of a wider campaign on Europe. This would link with the work led by the American community organiser Arnie Graf to train a generation of community leaders in every ward, on every street, in every tower block.

In order to win credibility for this agenda, the organisational challenge at a local level needs to be met with a diplomatic strategy at a European level. After a period where the centre-left was in opposition in most countries, there are now parties of the left in power in 15 European countries. Miliband has a chance to flesh out a vision with other European leaders such as Mateo Renzi in Italy, Manuel Valls in France, Helle Thorning Schmidt in Denmark, Stefan Löfven in Sweden, Diederik Samsom in the Netherlands, and Werner Faymann in Austria. Labour could set up a European Reform Commission with leaders from other countries to explore how to advance this agenda once he is in power.

Europe was the future once

The core message of reinventing Europe for an era of China-led globalisation can allow Labour to recover some momentum and reclaim some of the policy space from UKIP. The different strands of the message – developing a new deal on migration, going from austerity to growth, and pioneering self-government for the 21st century – have the potential to appeal to the three main tribes in British society, the settlers, the prospectors and the pioneers.

They start with public concerns about the status quo but they try to map out a vision for a British future in much more complex world. Each of these messages is backed up by some symbolic policies: a European industrial strategy, a mechanism for ensuring free trade, a European minimum wage, using the EU budget to ease the pressure on public services, sunset clauses in European legislation.

Taken together, they could allow pro-Europeans to get out of the business of defending an unpopular status quo and relaunch Europe as project for the future.

Endnotes

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Discussion
Guide: Europe
was the Future
Once...

And how it can be Once Again

How to use this Discussion Guide

The guide can be used in various ways by Fabian Local Societies, local political party meetings and trade union branches, student societies, NGOs and other groups.

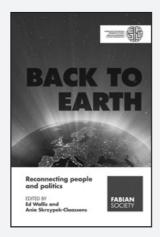
- You might hold a discussion among local members or invite a guest speaker – for example, an MP, academic or local practitioner to lead a group discussion.
- Some different key themes are suggested. You might choose to spend 15–20 minutes on each area, or decide to focus the whole discussion on one of the issues for a more detailed discussion.

A discussion could address some or all of the following questions:

- How far will Europe be an issue that dominates the 2015 general election? How should Labour deal with the issue of a European referendum?
- 2. Has migration had costs to the UK? What could Labour do to mitigate those costs? Are these costs primarily economic, social and cultural or a mixture? Do Labour's announced policies on migration meet the political challenge faced?
- 3. How can Europe assist in tackling the cost of living crisis? In an increasing multipolar world with big economic players like China and India how can European countries best compete?
- 4. Is the democratic deficit a key obstacle to participation in Europe? What is the right balance of powers between national government and European structures?

Please let us know what you think

Whatever view you take of the issues, we would very much like to hear about your discussion. Please send us a summary of your debate (perhaps 300 words) to debate@fabians.org.uk.



Back to Earth

Reconnecting people and politics

Edited by Ed Wallis and Ania Skrzypek-Claassens

With public trust in politicians to tell the truth at a paltry 18 per cent, the democratic deficit has never felt so real. In this pamphlet, innovative new research from BritainThinks reveals that change must be rooted in an understanding of what citizens feel is wrong with politics. When asked what they'd most like to change about politics, people talked about changing politicians themselves: who they are, the way that they talk and act, and the kinds of issues they prioritise. But the solutions that really hit home were those that ultimately put power back in the hands of people, making them more connected to decision-making. Power needs to be recognised at a local level before people will feel that they have a stake nationally.

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Europe was the Future Once... And how it can be Once Again

Europe has emerged as a key dividing issue in British politics – and there is now a real danger that Britain could end up leaving the EU. The signature achievement of the Eurosceptics – merging the European issue with migration – has allowed them to modernise their arguments and broaden their coalition. Meanwhile the pro-Europeans have been living in the past, appealing to an ever-narrower section of society.

This pamphlet sets out a new strategy for how to reinvent the pro-European cause. The different strands of this message – developing a new deal on migration, turning Europe from a zone of austerity to one of growth, and pioneering self-government for the 21st century – start with public concerns about the Europe we have but they try to map out a vision for a British future in a more complex world.

The Labour party can lead this fight if it changes from being seen as a supporter of the status quo to setting to a radical reform agenda. And it must move from a strategy of winning the argument amongst elites to one anchored in grassroots organisation.

Mark Leonard is director of the European Council on Foreign Relations. He writes in a personal capacity.

Published with the financial support of the European Parliament

Fabian Ideas 637 Subject: Politics ISBN 978-0-7163-0637-5 £9.95