VOTE TO LEAVE THE EU

The 3 Million Jobs Myth

"A widely held but false belief or idea"

UKIP

INFO CLIP HERE 1

So many times you will have heard on TV and radio programmes “three million British jobs depend on our membership of the EU”

It is tempting to say it’s a lie, which of course it is.

But a more accurate description of this statement would be to call it a Myth. The Oxford dictionary defines a myth as:

“A widely held but false belief or idea”

If you have found yourself hearing this three million jobs myth and being concerned by it, or if on some level it causes you to be afraid or worried then what I am about to show you should remove any concerns you have about jobs and leaving the EU.

First we need to look at where this myth came from and who began the myth.

In 1999 an organisation called; the National Institute of Economic and Social Research wrote a report on the costs and benefits of EU membership. This is what the report said.

Slide or Handout of below:

INFO CLIP HERE 2

DO NOT READ AS PART OF SPEECH

Detailed **estimates** from input-output tables suggests that up to **3.2 million UK jobs** are now associated directly with exports of goods and services **to the EU countries.**

This has given rise to popular concern that some of these jobs **might be at risk** if **Britain** were to **leave the Union.**

Opponents of membership on the other hand argue that many of the benefits flowing from the increasingly integrated European Economic Area might still be available even if the UK were to withdraw, particularly since the Uruguay Round Agreement [under World Trade Organization auspice] has imposed significant limits on the trade barriers that the EU can place on non-members.

In conjunction with the potential gains from withdrawing from the common Agricultural Policy and no longer paying net fiscal contributions to the EU, **there is a case that withdrawal from the EU might actually offer net economic benefits.**

I will draw your attention to the key words here:

INFO CLIP HERE 3

Estimates - 3.2 million UK jobs - might - be at risk - Britain - Leave EU

I should also point out the final part which you no doubt have never heard before:

There is a case that withdrawal from the EU might actually offer net economic benefits.

INFO CLIP HERE 4

Also in 1999 the pro-European parties Conservative, Labour and Liberals, formed a cross party group called The Britain in Europe Campaign Group. The main names associated with the group are; Tony Blair, Gordon Brown, Kenneth Clarke, the late Charles Kennedy and Michael Heseltine. It is this group that is often cited as being the main culprits in the distortion of the National Institute report.

As this distortion grew and was constantly used by politicians to scare the British people the then Director of the Institute Martin Weale was so angry at the twisting of the words that he described any use of the figures to scare the public as “pure Goebbels”

INFO CLIP HERE 5

Joseph Goebbels was of course the Nazi Minister of Public Enlightenment and Propaganda. 1933-1945

Using Joseph Goebbels as an example, is an indication of how strongly Martin Weale felt about the establishment twisting the facts.

The person who has used this myth the most in recent times is the ex-deputy Prime Minister Nick Clegg.

That feels so good I'm going to say it again EX- deputy Prime Minister Nick Clegg.

Both Nick Clegg and many more mainstream politicians will shout this myth loudly and often as we run up to the referendum.

It is a fact that if you tell an untruth often enough the people will eventually believe it.

Will you?

The questions I would ask are, can you see how the myth came about?

Can you see how you have been played?

And how many times will you need to hear this myth pedalled again before it begins to change your mind once more?

INFO CLIP HERE 6

Before we look at the present and future jobs situation let's take a moment to reflect on what the EU has done for British jobs since our entry to the common market in 1973.

(Figure 1)

In 1973 when Britain joined the Common Market which has now revealed itself as a Political Union, employment was just under 25 million.

Five years later employment was slightly lower; ten years later employment was under 24 million; a loss of 1 million jobs in ten years.

Question: When were the alleged employment benefits meant to happen?

In fact there were no positive employment effects at all, only negative effects because of extra regulations and costs associated with EU membership.

Figure/slide 1 shows employment up by the 1980s and 1990s while we were members of the EU, but this was due entirely to women entering the workforce as a result of better domestic appliances and the contraceptive pill giving greater freedom to women.

The increase in women's employment had nothing to do with the EU. It was driven by wider social and economic trends and a relatively healthy economy.

INFO CLIP HERE 7

So what about the Men?

(Figure 2)

This graph shows British Male employment since our joining the EU. It clearly shows that for the UK born male there has been no jobs bonanza in fact there are no more jobs now than there were 40 years ago when we entered the EU.

INFO CLIP HERE 8

So if the EU is so good at creating jobs, where are these jobs and who is doing them?

(Figure 3)

Figure three answers that question. As well as jobs for women, foreign born employment has surged.

Between 1997 to the end of 2011 UK born employment increased by ¾ million mainly women.

During the same period foreign born employment grew by almost 2 ¼ million, more than twice as much.

This influx in foreign born workers is a direct result of the open borders policy of the EU and is a major factor in the low wages that many UK workers are now subject to.

This graph makes two points one that the EU does nothing to create jobs for UK nationals.

And two, the jobs of Europeans are more dependent on the UK remaining under the control of Brussels than the government would have you believe.

INFO CLIP HERE 9

Where are the jobs for UK nationals to be found in the future?

Figure 4

There are 195 countries in the world and only 28 feel the need to give up their sovereign rights and be governed by a foreign power.

They collectively are called the EU and you are an EU citizen whether you asked for it or not.

Take away 28 from 195 and you get 167.

That’s 167 countries that could trade with the EU without being governed politically by the EU and we could be the 168th.

The world trade organisation or WTO has set very clear limits on trade tariffs that the EU can impose on countries outside the EU, so we would have just as much access as before but we would have the freedom to trade as we wish with the other 167 countries too, something we can't do now as the EU controls our ability to negotiate with the rest of the world.

To sum up:

The EU has done nothing to increase employment for the indigenous UK population.

The EU has flooded the low paid labour market and taken the jobs of UK nationals.

More EU jobs rely on continued trade with the UK than the other way round.

The only jobs that will be lost when we leave the EU are the 75 British MEPs and their staff.

ENDS

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THE EU

100 Days Countdown

UKIP

It is one hundred (change as appropriate)days to go until the most significant vote the British people will have in a generation.

On the 23 June we will go to the polls with the chance to take back control of our country - and stop being told what to do by unelected and unaccountable foreign bureaucrats.

For too long, we have been a member of this diminishing European club - a club that doesn't serve our interests or listen to our demands.

On 72 occasions since 1996, we have opposed EU policy in the Council of Ministers. On all 72 occasions, we have been outvoted. This statistic proves what pitiful influence we have as a member of the EU.

The message from Grassroots Out is very simple. The UK will be safer, stronger, and more prosperous, outside of the EU.

We want to bring back control of our borders and create a fairer immigration system that treats people equally, regardless of where they come from in the world.

We don't want open borders with 500million EU citizens, not to mention the additional 77 million Turks who are set to be granted free movement within the EU - nor do we want to discriminate against Commonwealth citizens, or those from other parts of the world, who find it difficult to come here because of our discriminatory migration policy.

Instead, we need an Australian-style points based system so we can control who comes and who goes at our ports.

We want to stop sending £350million a week to Brussels - and instead put that money towards supporting our schools, hospitals, police and brave armed forces, to name just a few.

British taxpayers' cash should be spent, or saved, in a way that is decided by elected Britons - and on our own priorities.

The recent budget highlighted the willingness of the government to inflict yet more austerity on the British people. We should all be asking ourselves - what could we do with the £55 million a day we currently give to the EU?

How much public investment, or how many tax cuts for hard-working families, could we introduce if we had control of our own purse strings.

We also want to make our own laws in our own Parliament. The British people should be able to elect a government that has the power to make, amend, and scrap legislation.

That same population should have the power to vote in a good Government, and vote out a bad one. This is the definition of a parliamentary democracy.

But, while we remain a member of this unreformed European Union, 75% of our laws will be made abroad, where unelected officials have the sole power to propose and scrap legislation.

At the same time, we should also have the power to sign our own trade deals - trade deals that would boost jobs and investment in the United Kingdom, whilst establishing trade links and relationships the world over.

Trade deals that will help third world nations to trade their way out of poverty, instead of relying on hand outs from us.

So, the time has come for us to rejoin the wider world and have a truly global outlook.

We are the fifth largest global economy, the second most important defence player within Nato, a country with an incredible history and a fantastic future.

A UK outside of the EU would still be a permanent member of the UN Security Council, be America's strongest and closest ally, retain our seat in the G7 and the G20, and remain at the forefront of the Commonwealth of Nations.

Far from being a leap into the dark, as the 'stay' camp would have you believe, the United Kingdom leaving the European Union would be a leap into the light - into a more prosperous, brighter, global future.

I believe we are good enough, strong enough and significant enough - do you?

ENDS

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Agriculture

5 mins 30 secs

UKIP

TITLE SLIDE

SLIDE 2

“Many of our farmers might feel that as a major source of income, the Common Agricultural Policy has been good to them in the past and indeed in the distant past it was.”

They will all have noticed that there is no longer direct support for lamb or beef and in order to claim the area aid that replaced these schemes there are complications with regulations governing ‘Greening’ and ‘Cross-Compliance’.

SLIDE 3 (EU FLAG OVER FARM)

Cross-Compliance refers to the bureaucratic demands for farmers to comply with a set of Statutory Management Requirements and keep their land in Good Agricultural and Environmental Condition in order to quality for full payments under the following schemes.

Greening of course will affect those farmers who will be forced to reinstate land currently maintaining crops to it’s former grassland status under certain restrictions.

SLIDE 4 (QUEEN BEE WITH SIGN)

Over and above that, more EU regulations have been imposed, covering fallen stock disposal, Electronic Individual identification of sheep, asbestos-cement roofing sheet legislation, Nitrate Vulnerable Zones, emissions, pesticides and many others.

Much of this legislation would never have been dreamed up by British or devolved governments. However there remains a mindset amongst a number of British farmers, that despite all the stress and cost of these rules it is still a price worth paying, but only just.

Many, of these farmers are quite unaware of is what is coming down the tracks at them from the CAP.

Financial support to Agriculture will decrease and onerous legislation will increase.

CAP Support will decrease because of four dynamics:

- The Agricultural slice of the EU grant payment cake will continue to diminish because of pressure from other sectors who want a larger slice themselves.

- The cake itself will get smaller as the economies of many Eurozone countries continue to shrink, (because the Euro is the wrong currency for them) reducing their contributions to the budget

- CAP support is set in Euros. As the Euro loses value against Sterling, British farmers receive less.

The Euro is likely to weaken further due to 'Quantitative Easing' by the ECB on a massive scale and the poor performance of Eurozone countries as mentioned above.

SLIDE 5 (NEW EU STATES)

- New Member States lining up to join the EU are all poor. They will therefore be net recipients of the budget and dilute farm payments to everyone else.

The British Government, supported agriculture financially right up to the day we joined the CAP, many non-EU countries also support their agriculture.

It is reasonable to assume that an Independent Britain would support our own farming industry in the event of us leaving the EU.

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Within the EU. legislation will continue to increase.

There are two big areas of worry here.

The first concerns the re-registration and classification of pesticides.

This process has already started and a number of useful products are no longer available as a result. The real issue here is that the EU wish to classify pesticides by the criteria of ‘hazard’ as opposed to the traditional criteria of ‘risk’.

If we extended this logic to fuel, we would not be allowed to use petrol which is highly hazardous, but at present the risk of this hazard causing serious problems is considered acceptable, if petrol is handled correctly.

The concept of ‘hazard’ seems all the more unrealistic when you consider that even the humble organic blueberry contains 12 chemicals that the EU would classify as hazardous, and five of those as ‘toxic’.

It is all a matter of degree .

It seems likely that agriculture will lose at least half of the active ingredients currently benefiting the industry under this new classification.

On top of this is the fact that the considerable cost of re-registering products will deter the manufacturers of minority-use materials from even attempting the process and so these materials will be lost as well.

We could then find ourselves in the position of not growing certain horticultural crops in the UK, only to import those same crops from countries that have used pesticides which are banned here.

There will also be greatly increased use of the pesticides that the EU does allow, which in turn will greatly increase the possibility of resistance building up to these products. Finally the cost of re-registration of existing pesticides will be ultimately borne by the farmer.

The second major legislative headache concerns the emission levels of CO2 and methane from farms.

The EU believes that the world’s weather will

stabilise if the output of these trace gases is reduced. In practice this means that tractors, (which emit CO2 in their exhaust) must be used less or the CO2 must be captured and buried.

Either way this will make life more difficult and expensive for farmers. When one considers that CO2 is a vital and irreplaceable ingredient for all plant growth this, seems an incredibly retrograde step.

Emissions of methane from farms are mainly from the digestive processes of ruminants. This is an entirely natural function.

The Commission tell us that ruminants will produce less methane if fed cereals and concentrates as opposed to grass and silage.

The expense of this will make it a non-viable option, so the only other alternative is to reduce sheep and cattle numbers on farms to meet Methane emission targets that may well be part of proposed Cross-Compliance regulation.

Reduction in sheep and cattle numbers on British farms could of course result in an increase in imports from countries not hampered by such legislation thus totally negating the whole purpose of CO2 limits in within the EU farming industry.

.../**7**

It is difficult to convey just how fanatical the EU are about the man-made global warming theory. Britain outside the EU on the other hand would hopefully not inflict such burdens on Agriculture.

Expect further onerous legislation on the rules for organic farming , 'gender balancing' of the farm workforce and increasing difficulty in using futures markets.

British farmers are concerned that Trade will be lost if we leave the EU, particularly lamb exports.

They should be aware that the UK is the EU's single largest customer and we run a trade deficit of at least £60 billion annually with the EU.

They need us far more than we need them. Any attempt to raise tariffs and start a trade war would hugely backfire, but in any case such activity would be against World Trade Organisation rules.

Of more concern to British farmers are the two ongoing EU trade negotiations known as Mercosur (the South American country trading bloc) and TTIP (the secretive trade deal between the USA and the EU)

These are a real threat to the British sucker beef industry in particular. The UK can only sit on its hands and watch it all happen.

For the British consumer the results of the CAP also has far reaching negative consequences resulting in much higher food processor families in this country.

CAP is a double whammy for your wallet. Taxpayers fork out billions in subsidies then pay again when CAP artificially inflates food prices reflected in higher weekly grocery bills in your local supermarket

CAP supporters say this is a price to pay for food security – that's nonsense. With free trade we could import bountiful cheap food from the United States, Canada, China and elsewhere in the globalized world. Food security just isn't a problem.

One last consequence of the CAP is the effect that it has on emerging and third world countries and their farming industries

If surplus food is produced, then the EU intervenes in the market either by subsidising export of the product at below cost price; by storing it, creating the EU 'food mountains'; selling it later; or destroying it.

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Such exports are generally dumped on poor countries, especially in Africa thus wrecking the retail markets of farmers in this countries already struggling to survive.

All of the above makes pretty depressing reading, but it is only continued EU membership that will continue to facilitate these horrendously negative aspects of EU regulate food production and only Leaving the EU can prevent it.

ENDS

VOTE TO

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THE EU

Brexit/Iceland Option

If I asked any of you to tell me what our objective is in this fight, you would tell me that the answer is obvious: our objective is to win a Leave victory in the referendum.

And you would be wrong.

Our objective is to take the United Kingdom out of the EU.

Winning a Leave vote is merely a part of our strategy to achieve our objective.

If a Leave victory does not result in Britain leaving the EU, it is worthless.

That is why I want to suggest to you a Brexit plan that fits both our strategy and our objective: it can both win the vote and get Britain out.

This plan will neutralise “project fear.”

This plan will guarantee that there will not be one day’s disruption to trade.

More importantly, this plan will take away the Cameron Government’s excuse — with the collusion of the EU institutions — for prolonging Article 50 negotiations for four or more years.

That would be long enough for another “beneficial crisis” to come along, one they can use as an excuse to drop the plan to exit.

Remember, under our Constitution, Parliament can overturn any referendum result.

More, if the moment of Brexit is delayed until after the next general election in four years’ time, a new Conservative (or any other government) leader may run and win on a party manifesto of “reconsidering” the referendum result.

That danger vanishes under my UKIP´s/our plan, which is that after a Leave we join the EEA-EFTA countries of Norway, Iceland and Liechtenstein as a temporary measure.

It is a temporary measure that would make Britain a member of the fourth largest trading bloc in the world. (as opposed to currently belonging to....)

Members of EEA-EFTA are free from every part of EU law except the laws covering the Single Market and the four freedoms. I will get to those in a moment.

What this means is that as soon as the UK quits the EU and joins EEA-EFTA, about 15,000 of the 21,000 directives and regulations in the body of EU law cease to apply to us.

Membership of EEA-EFTA offers equal access for Britain to the Single Market, but frees Britain from political union, from the CAP, the Common Fisheries Policy, the Customs Union, the Common Trade Policy, Common Foreign and Security Policy, Justice and Home Affairs and the monetary union.

As for the four freedoms, the freedom of movement of goods, services, capital and workers – what is notable here is that the EEA Agreement gives EEA-EFTA members controls over the four freedoms that EU member states do not have.

The agreement allows Norway, Iceland and Liechtenstein to have an emergency brake on the four freedoms – not an emergency brake that must be cleared by the European Commission, but one that any one of the Governments of the EEA-EFTA countries can pull themselves. (a real, effective emergency break)

In 2008, in the banking crisis, the Icelandic government shut down the free movement of capital. It did not ask permission of the Commission because it did not need to. (Furthermore Iceland jailed its bankers and other measures)

.../**4**

Liechtenstein, too, as an EEA-EFTA member has powers over its immigration that the UK does not have as a member of the EU.

EEA-EFTA countries even have controls over EU regulations which EU member states do not have.

The only costs we would be compelled to make to the EU would be those covering the cost of administering the Single Market. It is tried and tested solution. It is no leap in the dark.

Once in EEA-EFTA we could take as long as needed to negotiate a comprehensive free trade agreement with the EU – yet we could not be pulled back in the EU.

The EEA-EFTA Brexit strategy would be a winner with undecided voters (for those of you who are still undecided). It would offer a guaranteed swift exit, yet one which would leave UK businesses with full unbroken access to the Single Market.

(in the bible - don't use UKIP but refer to voters as citizens/electorate/members of the public etc)

I know UKIP voters would vote Leave even if we offered no Brexit strategy at all. And I know UKIP voters want to be rid of every trace of the EU in our lives before lunchtime tomorrow.

I understand. I feel that way, too.

But this referendum needs to win over cautious, undecided people who are not blood-red, liberty-or-death eurosceptics.

If we cannot persuade the cautious majority that life will be better outside the EU and there is a safe, certain way to get there, they will vote to Remain. (if we can persuate the cautious majority... they will vote to leave)

The EEA-EFTA plan is that one safe certain way.

ENDS

VOTE TO

LEAVE

THE EU

Closing Speech
Future after Brexit

4 mins 50 secs

UKIP

Opening Info Graphic

We in the out campaign believe the best people to govern Britain are the British people. Not a group of foreign politicians or bureaucrats.

INFO CLIP HERE

In the TV debates of 2014, the Deputy Prime Minister, Nick Clegg was challenged by Nigel Farage:

“You don’t think we are good enough do you?”

Mr Clegg’s only response, was to pull a face and look down, shaking his head.

He gave no defense of the British people, our character or our abilities.

INFO CLIP HERE

Forty years ago with a world war still in recent memory, power cuts and constant strikes, the idea of a free and open market might have looked like an attractive solution to many of Britain’s problems. It was the progressive argument, and appeared to be the answer to our economic malaise.

GENERIC BACKGROUND

But that is not the EU that we live in today.

We were told it was just a matter of countries co-operating and trading together, in short, a common market.

That is exactly what we in the out campaign want.

Free self-governing Nations making their own laws and being governed by their own democratically elected parliaments.
Trading and being friends with our neighbours.

That, is what Brexit, is all about, our right to govern ourselves…

We used to call it democracy.

INFO CLIP HERE

Democracy is when people vote for politicians who go to Parliament and make the laws by which we live. And, if we don’t like the laws they make, we can vote for another government who have the ability to change or remove those laws.

INFO CLIP HERE

Viviane Reding, the former Vice-President of the European Commission admitted that 70% of our laws are made in Brussels, by unelected commissioners, who meet in secret and who we cannot hold to account or vote out.

That is not self-determination, freedom or democracy. And it is not what two world wars were fought for.

QUOTATION

Karl Keetch said - "In the European Union, true power is held behind closed doors in the Council of Ministers, who make decisions away from the cameras and above the heads of voters. How can I continually advocate the devolution of power from Whitehall to local government, while applauding the transfer of power from our flawed but elected parliament to an unelected and unaccountable EU bureaucracy?"

This is our first chance in over forty years to change the direction that our Nation faces.

QUOTATION

Penny Mordaunt - The Armed Forces minister said: "The oldest, most stable and most successful country in Europe has a duty to remind a European Union barely 50 years old that government is the servant, and not the master, of the people."

INFO CLIP HERE

Outward to a growing and dynamic world.

Or

Inward on an ever declining EU. Incapable of halting the economic slide into bankruptcy for countries like Greece, Spain and Portugal.

An EU that has trapped proud nations into a single currency, bringing them down to misery and poverty.

An EU that has opened its borders to the largest influx of migrants in living memory. Without the ability to house, school or care for them - or us.

An EU that takes no thought for the security of its people, as ISIS has declared that they are sending jihadi soldiers, hidden in amongst the migrants.

An EU that happily watches as its Energy policy drives industries like the Redcar Steel works, out of Europe to countries with lower environmental standards. (Take the recent closure of Port Talbot steelworks and other Tata sites in the UK with the loss of thousands of jobs and the loss of heavy industry throughout the UK)

The EU is an old solution to an old problem and is no longer fit for purpose.

INFO CLIP HERE

Iceland with a population of 330,000 people has a trade deal with China. The EU doesn't, so Britain misses out as we are not allowed to create our own deal.

If Iceland can negotiate trade deals, so can we.

Free of the EU Britain could once again re-engage with the Commonwealth, who speak our language, have the same justice system, and actually want to be our friends.

INFO CLIP HERE

This opportunity will not come again, so we must not allow ourselves to be fooled as in 1975, when, Harold Wilson conned the British people

We know we were conned because, we no longer live in a trading block of individual nations, but a United States of Europe speeding towards an ever closer union.

We must send a message that cannot be ignored.

And we now have a way to do just that by voting to leave.

INFO CLIP HERE

This is our country.

We developed Parliamentary democracy and we exported it around the world.

Our forefathers knew how to govern themselves. So can we.

Let’s take back control of our country.

Let’s have a proper immigration policy like Australia, Canada and New Zealand.

Let’s stop giving away £55 million a day to the EU.

Let’s re-embrace the wider world.

Let’s strike trade deals with emerging powerhouses like India, China, and everywhere else.

Let’s be an example to the rest of Europe and show once more what it means to be free, independent and prosperous.

No one knows Britain better than the British.

We believe in Britain

And

WE WANT OUR COUNTRY BACK!

Which Flag Represents You?

INFO GRAPHIC

ENDS

VOTE TO LEAVE THE EU

EAW: the implications of an EU shared justice system

6 mins 15 secs

INFO CLIP HERE 1

I wonder how many people here tonight/today have grown up believing that the British justice system will protect them and provide a fair hearing in the event of accusations being made in a court of law.

Well, ladies and gentlemen, while we remain in the EU, you and your families' interests are no longer protected by the British justice system.

Our own government has chosen to 'opt in' to 35 European justice measures that cede control of our legal system to one imposed on us by the European Union.

INFO CLIP HERE 2

The reality of this decision means that our Supreme Court, is not Supreme.

Let us examine the most controversial measure imposed on British citizens by the EU

The European Arrest Warrant or EAW.

INFO CLIP HERE 3

The European Arrest warrant has been the most significant EU policing instrument overriding our British justice system.

People in the UK are arrested on EAWs every day and transported to a foreign prison by virtue of a piece of paper put before British courts, even if there is no evidence presented to support the arrest of a British citizen by a foreign country.

We are not saying that if someone commits a crime abroad, they shouldn’t pay for that crime. But if you wish the suspect to be deported, you had better meet the requirements of the British Law courts and show us the evidence.

Today all our courts are allowed to do is to check whether or not the application forms are filled in correctly.

The EAW principal is that an order issued by a judge sitting in a court in Romania or Bulgaria must be considered as carrying the same weight as that of a British judge. But we know that corruption in some of these countries is rife and their legal systems are not immune.

INFO CLIP HERE 4

As a result, the EAW can see British citizens extradited from the United Kingdom to a foreign country without having first had an adequate opportunity to demonstrate their innocence.

Supporters of this surrender of fair British justice, claim that the EAW facilitates the fast recovery of criminals here.

It is, of course, true that there have been many cases where this has happened.

However, it is important to remember that this country already has extradition treaties with countries all over the world, whether these countries are members of the EU or not. Speed is not a justification for miscarriages of justice.

British enthusiasts for the EAW have been telling us for years that suspects' rights were safeguarded by section 21 of the Extradition Act 2003 which provides for refusal of an EAW on human rights grounds.

In practice, no case has ever been refused on such grounds.

INFO CLIP HERE 5

One case that perfectly illustrates this appalling loss of justice is that of Andrew Symeou.

Andrew was extradited under the EAW in July 2009 to Greece, facing charges in connection with the death of Jonathan Hiles, who died of injuries he received in a night club in Zakynthos in Greece.

Two friends that accompanied Symeou that night were detained and questioned after the incident by Greek police. They claim they were held for eight hours, beaten and threatened and denied food or water until their statements corroborated the implication of Symeou.

After being released from questioning, the two friends left and reported their appalling treatment to the British consulate and immediately retracted their statements.

Symeou was never questioned and did not learn of the incident until after his return to the UK. He was issued with an EAW by the Greek authorities seeking his extradition from the UK, which was ordered by the UK courts.

During a 10 month wait for trial in a Greek prison cell, he was held in deplorable conditions and reports being beaten due to his status as a foreigner.

Finally, Andrew Symeou was cleared by a Greek court following the presentation of photographic evidence proving he could not have been at the scene of the crime.

If the British authorities had been allowed the power to scrutinise Greek evidence at the extradition stage, Symeou would have been exonerated from the start.

The real assailant, still remains at large.

This is the fate that could await any British citizen.

The European Arrest Warrant system, as currently constituted, poses a clear and present danger to the liberty of British citizens.

If anyone here still believes – that you are innocent until proven guilty – then I'm afraid you will have to think again, as our membership of the EU has stripped that fundamental right from us.

INFO CLIP HERE 6

Another European Union organisation that threatens our civil liberty is called Europol.

While sometimes referred to as the ‘EU’s police force’, in fact Europol is a criminal intelligence agency, modelling itself on the USA’s FBI or the UK National Criminal Intelligence Service.

Europol employs over a thousand staff, who enjoy immunity from prosecution or civil lawsuits in relation to everything they do or say as Europol officers, including all their activities in Britain.

Today we have an EU police agency within our borders whose operatives are unaccountable and completely immune to prosecution, regardless of their actions.

Just another reason why Britain must leave the European Union.

ENDS

VOTE TO LEAVE THE EU

Fisheries

3 mins 35 secs

UKIP

INFO CLIP HERE 1

In 1973 during the negotiations for the United Kingdom to join what was then known as the Common Market, The founder countries, led by France, quickly organised a policy of “Common Access” to the fisheries of all the nations in the Common Market.

These talks were brought about specifically to seize one of the United Kingdom’s greatest natural resources.

How would a French President react to a proposal to make the Vineyards of Champagne a “Common resource”?

INFO CLIP HERE 2

When Prime Minister Edward Heath was told of this ‘Common Access’ decision by the UK Governments chief negotiator, his reaction, was that the fishing industry would have to “Swallow the lot, and swallow it whole”.

It’s hard to think of a greater betrayal of our nation in living memory.

INFO CLIP HERE 3

To grasp the scale of the injustice perpetrated on our fishermen, our coastal towns, and our economy you need to understand that the waters then controlled by the United Kingdom held around 80% of the fish stocks in Western European waters.

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Aneurin Bevan once said "We are an island almost built of coal and surrounded by fish" and yet Heath not only set in motion the forces to destroy our coal industry, he signed away our fishing grounds.

When the infamous "Quota" method for dividing up fish stocks was introduced in 1983 the United Kingdom, although home to almost 80% of the fish stock, was allowed just 37% by volume and perhaps only 12% by value.

Moreover EU law does not even allow us to reserve these quotas for our own fishermen. The practice known as "Quota hopping" is the method of buying UK quota and licences by foreign companies.

When the UK government tried to outlaw this dodge in 1991 it was overturned by the European Court of Justice. This was the first time a member states act of parliament had been overturned by the ECJ and clearly demonstrated that when EU and national laws are in opposition, then EU law takes precedence.

So much for our Sovereignty and Heaths promise that our membership would lead to "No loss of essential sovereignty".

To give you some data on how bad the quota system is for our fishing industry and the coastal communities.

.../**3**

In November of last year Greenpeace revealed that 43% of England's fishing quota is held by foreign fishing businesses.

INFO CLIP HERE 4

A SINGLE Dutch trawler holds almost a quarter of England's ENTIRE quota and those catches are not even landed in the UK.

What value does British industry or the British taxpayer gain from that?

Nothing!

And in the meantime our small-scale fleet gets a measly 4% of the quota.

The problem with the EUs fishing rules is not just confined to our waters. Every year the EU concludes new agreements with third world nations.

This is how it works:-

INFO CLIP HERE 5

First the EU gives a big bag of EU taxpayers money to a poor nation's government. The often corrupt regime gives giant European, usually Spanish fishing companies access to the nation's fishing grounds.

European factory ships then hoover up all the fish which have now been effectively subsidised by European taxpayers,

members of poor nation's government buy more Lear jets and houses in Monaco as boltholes for when they are usurped in the next coup

And everyone is happy.

Except for the taxpayers of the EU nations and the fishermen of the third world countries who lose their livelihoods and are then left with four choices

INFO CLIP HERE 6

1) Die of malnutrition.

2) Become economic migrants, generally to Europe.

3) Become smugglers, either of people or drugs.

Or 4) Use their boats for piracy.

This is a real consequence of EU fishing policy.

It is utterly without thought and humanity. The EU Parliament fisheries committee is run entirely by and for the interests of the major Spanish fleets.

It is Spain's version of what the Common Agricultural Policy is to France.

Anybody who tells you otherwise is lying.

INFO CLIP HERE 7

What can we do?

First. Leave the EU. This is the only way we can end the disaster that is the Common Fisheries Policy.

Second. Establish our own 200 mile Exclusive Economic Zone in our waters as guaranteed by the United Nations International Law of the Sea.

And third. Call on the UN to give third world nations unfettered access to their own fishing grounds and ban industrialised nations from plundering them.

We should buy and import fish fairly from local fishermen if we want their fish.

Let me expand on how we can make our fisheries profitable and sustainable.

No foreign vessels should be allowed to fish in our waters without a licence, the money from which to be used to rebuild onshore facilities such as slipways, markets, and harbours.

Any fish caught by foreign vessels should be landed and processed in the UK.

We should also halt any fishing by non UK vessels inside our 12 mile limit. Our inshore fleet is the heart of our fishing industry and must be sustained.

This will also help our sea angling industry and build tourism for our coastal towns.

Sea Angling is worth billions of pounds a year and can be worth billions more with a sustainable inshore policy.

A new fleet of fisheries protection vessels needs to be built.

These ships should, be built in the UK and manned by the Royal Navy.

None of these measures are revolutionary. They are just common sense.

INFO CLIP HERE 8

All we need is the will to do it and the belief in our own abilities. Fishing has been one of the largest industries in our islands history.

Remember Aneurin Bevan when he said “We are an island almost built of coal and surrounded by fish”

Free of the EU Britain could reclaim this precious resource.

ENDS

VOTE TO

LEAVE

THE EU

The European Union and Immigration and asylum in the UK

6 mins 15 secs

INFO CLIP HERE 1

Traditionally Britain has been one of the most accommodating countries in the world to refugees fleeing persecution but today we seem to have a problem with that. Why should that be?

Typical examples from the past are:

The Huguenots in the 17th century.

Thousands of Russian Jews sought sanctuary in Britain during the 1880s and European Jews, came before and during the 2nd world war 1933-1948

In 1956 21,000 Hungarian refugees fled to Britain.

INFO CLIP HERE 2

In 1972 Ugandan Asians in their thousands settled in Britain, after being expelled by the dictator Idi Amin.

In 1973 After General Pinochet seized power in Chile some 3,000 Chileans were allowed to enter the UK.

So what has changed?

INFO CLIP HERE 3

In 1973 we joined what is now the EU. A project designed to strip away our way of life, our sovereignty and which gave us open borders.

The dilemma Britain faces is because of the open borders and free movement of people which is a core, founding principle of the EU.

QUOTATION

David Davis MP - It has been over 43 years since Britain joined the European Economic Community. For all that time there have been calls for Europe to reform. For Europe to be more democratic, more competitive, more functional. And for Britain to lead that reform.

The result? If anything Europe has become less democratic, less competitive and more dysfunctional. And Britain has become more side-lined.

The EU has been in decline for some time now. There is no change of course in sight. The risks involved in staying are clear for all to see – low growth, high unemployment, and waning influence. “Those who cannot learn from history are doomed to repeat it”. We were taught a lesson in 1975. If we were to have a simple In/Out referendum and voters were scared into voting “In”, that would be the worst case scenario for

Britain. It would not reflect voters' concerns about Britain's relationship with the EU. And it would render future British governments utterly impotent in European negotiations, undermining their ability to block EU initiatives which threaten British interests.

INFO CLIP HERE 4

As long as Britain is a member of the EU we will never be able to control our own borders.

Let me repeat that.

As long as Britain is a member of the EU we will never be able to control our own borders.

INFO CLIP HERE 5

Something that today is more important than ever, as ISIS has claimed to have sent Jihadi fighters into Europe as part of the current influx of migrants.

Labour, Liberal and Conservatives refusal to control immigration has led to the latest immigration statistics showing that in the year ending March 2015, immigration to the UK from the EU alone, was 190,000 net. (Office of National Statistics)

This high intake of EU immigrants has been ongoing since 2004 when ten countries joined the EU.

In 2004 the Labour government refused to put in place any controls saying they only expected tens of thousands to arrive but the real figure has been closer to 5 Million.

QUOTATION

Telegraph 9th March 2016: “Last week ministers were accused of hiding the full scale of migration after officials suggested that 257,000 EU nationals came to Britain last year.

“Over the same period, 630,000 EU citizens registered for a national insurance number, which would entitle them to work or claim benefits in Britain. We’d like to go on building with Great Britain a good immigration policy especially at Calais and that’s what we’re doing together.”

INFO CLIP HERE 6

This is equivalent to 4 cities the size of Birmingham or 9 cities the size of Manchester.

We have seen more immigration to these islands in the last 50 years, than in the previous 8,000 years combined.

Because of these huge influxes of EU immigrants the employment and social landscape in many parts of Britain has changed so dramatically that it has become a major political issue.

Literally, parts of our country are unrecognisable from just 10 years ago.

INFO CLIP HERE 7

Wages have been supressed and lower skilled jobs that traditionally help youth gain work experience and employment are now taken by others, creating youth unemployment in October 2015 of 15.4%.

QUOTATION

John Mills - Labour Donor and business tycoon. Getting out of the EU would be a start, he adds, saving the UK at least £11bn net a year.

"Tougher border controls would help with jobs and wages too. At least two-thirds of all new jobs have gone to migrant workers." "There are many Labour MPs who do want out but daren't say so."

Graham Stringer Labour MP For a third of a century the leaders and members of the Labour movement understood there was a fundamental contradiction between support for the EU and the protection of British workers and our democracy. Free movement of workers both skilled and unskilled are providing unprecedented levels of competition for jobs in the UK.

"The trade unions can do little to protect workers job security. On a wider democratic front some of Labour's most cherished and popular

policies are unlikely to survive scrutiny by European Court of Justice.

“We can forget ambitious plans to renationalise the railways and Royal Mail or place a cap on energy prices. The institutions of the EU have ensured the interest of multinational companies take precedent over national laws and workers’ rights.

“The Transatlantic Trade and Investment Partnership will effectively give multinationals powers over national governments and parliaments.

“The EU cannot be reformed. Most of the objectionable policies are locked in the treaties, and there is no chance of persuading the other 27 EU members to vote for change.

“Fifty five times this country has tried to block Commission proposals – and fifty five times we have failed. We have diminishing influence as the EU increases in size.

“Now, the EU is just transposing rules on trade, agriculture, finance and automobile manufacture from world bodies. The UK would be much better off representing itself as an independent country at these global regulatory bodies.

INFO CLIP HERE 8

No wonder people like Lord Rose, who heads the campaign to keep us in the EU, is such a big fan of it. After all, the EU has given him and other big companies a never ending supply of cheap labour.

The government's response, to keep the people quiet is to promise to reduce the number of people from outside the EU entering the UK.

However the government has failed to put any effective controls on who comes in, and who leaves the UK, from non EU countries as well.

This has led to much discontent with the situation and a total migration figure of nearly 700,000 in one year!

INFO CLIP HERE 9

It also means that whereas in the past, Britain could accommodate the needs of quite large influxes of refugees, to do so now would be to bring our crowded and creaking public services under unbearable pressure.

We used to carry out census surveys in order to plan our requirements for schools, hospitals and housing but the government has given up on them because open borders mean we can never know how many people will come to live in the UK.

We do not have an immigration system to speak of, as there is no planning, no checks and no way to stop murderers or rapists from coming to live here.

What we must do, as a matter of urgency, is retake control of our borders, manage who comes here in the first place, and decide for ourselves who can come to live and work here. We need an Australian style point's based system to replace the gross incompetence that is EU open door immigration.

If the British people felt they had a say in who and how many people could come to live in the UK their natural compassion for refugees would not be compromised.

As long as we are told by an unelected bureaucracy who can and cannot live here this problem will deepen and our countries character will continue to change.

Recently the European Parliament voted on a Directive forcing member states to take a quota of migrants set by the commission or face a fine of 0.002% of GDP. This doesn't sound like a huge amount but for Britain it would amount to £3.2 Billion.

We should be able to make these decisions for ourselves but this will never be possible while a foreign power dictates what we must do.

ENDS

VOTE TO

LEAVE

THE EU

Opening Speech

3 mins 35 secs

UKIP

OPENING GRAPHIC 1

Welcome... *We would like to extend a warm welcome to...*

Thank You... We would like to express our thanks to...

Introduction – *My name is (Name) and I am representing (The Out Campaign /UKIP) as (Assembly Member Candidate or whatever capacity).*

INFO CLIP HERE 2

Twice in the last 100yrs Britain led the way when freedom and democracy was threatened by a power seeking to control and dominate Europe.

Thankfully, our forefathers chose to do what was right, and not what was easy.

Will the British people today rise to the challenge?

Do we believe in Britain as much as our parents did?

This is the most critical national conversation we will have in a generation and that same determination and courage will be needed, if we are to win our freedom.

QUOTATION

Tom Pursglove MP: “No matter which political party you are in, this is an exciting time in British politics. This is the moment in which we can break the mould, free our country from the grip of the EU and transform the nation’s prospects for the better. We must seize this opportunity and work together to win”.

INFO CLIP HERE 3

The questions we need to ask ourselves are:-

Is there anything that the EU decides for us that we could not decide for ourselves?

Will the remaining EU nations trade freely with us? Or will they start a Trade War?

Should Britain be a free, independent, sovereign nation once more?

Are the British people good enough to decide their own future and write their own laws?

INFO CLIP HERE 4

The UK may be small, but we are a powerful and influential country on the world stage. Other countries do listen to us, and WILL trade with us, whether we are in the EU or not. The World Trade Organisation and the Lisbon Treaty will ensure that.

To put it simply, we want to take back control of our country from the unaccountable, unelected bureaucrats in Brussels.

GENERIC BACKGROUND 5

There is no reform of the EU that would give back to the UK, the supremacy of our parliament, our courts and control of our own borders.

Take David Camerons recent renegotiation attempt - did he achieve reform, is there treaty change? NO

The whole purpose and design of the EU, is that no country should be left with such powers.

Stripping powers from nation states is what The European Union was set up to do.

QUOTATION

Bill Cash - “The government’s position is inadequate. It doesn’t address structural reform. It just nibbles at the treaties. I firmly believe I am not anti-European. I approve of the ideas of the founding fathers, but not of political union. I don’t believe I’m anti-European. I just don’t believe the project can work. I believe the entire European project is dysfunctional and undemocratic”.

Because we believe in Britain, those of us wishing to leave the EU have been unfairly and misleadingly labelled as being 'anti-Europe.'

We are not 'anti-Europe,' but we are firmly opposed to Britain's political integration into a United States of Europe.

INFO CLIP HERE 6

Back in 1973, we were told we were joining a 'common market.'

What we actually joined was a multinational political union.

INFO CLIP HERE 7

This new European state has its own flag, national anthem, parliament, central bank, court of justice, a vast civil service, and fledgling military and police forces. If we vote YES to remain in, then the EU will take that to mean that we accept all of these things, and they will go full speed ahead.

INFO CLIP HERE 8

The tentacles of the EU stretch into almost every area of our national life.

The EU has complete control over British financial services, fishing, farming, energy and trade. It dictates UK business and employment legislation as well as immigration rules.

On these and many other issues, our elected Westminster politicians are effectively impotent. They pretend to have the power to influence matters, but actually they have very little if any.

It is an out-of-sight, unaccountable, European elite which has the final say and they do not consider Britain's best interests. After all, they have 28 Nations to consider.

Whilst our politicians act out a pantomime in Westminster, the EU bureaucrats have slowly but surely been allowed to take control of our nation one EU Directive at a time.

INFO CLIP HERE 9

The European Parliament is no safeguard either by the way. It is a sham of democracy. A thin veneer to appease the citizens. The European Parliament is the only legislature in the world where the members are not allowed to propose primary legislation.

They can only vote on decisions made by unelected Commissioners and, even then, their vote can be, and is often ignored. We have nothing to lose and everything to gain by leaving the EU.

Despite the fact we are the sixth largest economy and the seventh largest manufacturing nation in the world, we will never again make our own trade deal with any other nation unless we leave the EU.

INFO CLIP HERE 10

For example the EU have negotiated in secret a trade deal with the USA known as TTIP that directly threatens our NHS, and exposes the British government to litigation by large American corporations. We are leading the charge to stop this deal from being imposed on the British people.

We will never control our borders nor manage immigration. What kind of a country does not even manage its own borders? Are we really a free country if we cannot decide who lives here?

We will never be able to prevent foreign trawlers plundering our seas of precious, declining fish stocks. Who else gives away a national treasure?

If the EU's plans for 'tax harmonisation' come to fruition, soon we will not be able to even set our own taxes.

QUOTATION

Kate Hoey MP said: "TTIP is a gift to the multi-national corporations. I don't trust the EU to negotiate on our behalf, and I certainly don't trust it to be on the side of small businesses or Trade Unions...

Baroness Jenny Jones - Green Party said" "A Union that stands for TTIP, corporate empowerment and the trampling of Greek democracy is one we are better off leaving".

INFO CLIP HERE 11

What else is coming down the tracks? The Euro?

The Lisbon Treaty that Gordon Brown signed, states clearly - the currency of the EU is the Euro. No mention of Pounds or Krona.

A British exit from the EU, widely known as 'Brexit,' is the only choice open to us, if we are to make our own laws and control our own destiny.

Unless we leave, our democracy, our law-making powers and our sovereignty will continue to be salami-sliced away by the EU.

INFO CLIP HERE 12

Genuine reform is impossible.

Successive EU Presidents, senior officials and European Prime Ministers have consistently confirmed there is no hope of Britain renegotiating any opt-outs, or special treatment.

As far as our 'influence' goes, past experience shows we have very little anyway.

As the European Union has expanded, our vote share in the Council of Ministers, the European parliament, and the European Commission, has declined to the point where it is now almost insignificant.

Even if every British MEP in the European parliament voted together this would constitute only 8% of the total vote. If Turkey and the Ukraine join, it will shrink even further.

We can vote 'no' to proposals as often as we like, but unless other countries agree, measures will become British law anyway.

ENDS

VOTE TO

LEAVE

THE EU

The Cost to Britain of the EU

INFOGRAPHIC 1

Let us turn to the thorny – and let's face it – controversial issue of how much membership of the EU actually costs Britain.

The one thing that you can be assured of is that, whichever source or sources are quoted, their figures will be disputed and substituted with others supplied by either side of the EU in/out debate. This, of course, is due to the complex nature of working out such figures.

INFOGRAPHIC 2

One thing that we do know is that successive British Governments have consistently refused to instigate a comprehensive costs and benefits study in financial terms of our membership of the EU, despite motions being laid down in the Lords requesting just such a study.

One would think it ludicrous that such a financial costs and benefits analysis has never been commissioned by the British government, given the importance of this subject.

Even the smallest of local businesses carries out such research each year as its returns and performance are calculated for tax purposes, and yet the country with the fifth largest trading economy in the World has failed to investigate and publish the benefit or otherwise of EU membership to Britain year after year after year.

We can attempt to calculate the cost of both the direct cost to Britain due to our direct contributions, less the amount that we receive back through various grant and Regional development fund payments, but to that we must also add the massive cost of complying with EU generated regulations and directives.

INFOGRAPHIC 3

In simple terms, the latest figures from 2014 released by the OBR (Office for Budget Responsibility) show that Britain's contributions increased by £2.7bn between 2012 and 2013 alone, and had quadrupled since 2008.

Our net contributions after all sums received back through the schemes, such as the Single farm payment to farmers or the Regional development fund for the year 2013 to 2014, was £10.4bn. a figure estimated to rise to over £12bn this year

To put this figure into perspective, £10.4bn would build thirty-four 600 bed hospitals per year, or pay the wages of over 250,000 nurses or police officers during the same period.

There are those who would argue that membership of the EU brings with it financial benefits through participation in the single trading market, and no doubt it does, bearing in mind, of course, that this trading market would still be there if Britain left the EU and we continue to trade with the remaining EU countries, as of course we will, to the mutual benefit of those countries and ourselves.

One very important fact never mentioned by those advocating Britain's continued membership of the EU is the added indirect cost to our industry, trade, commerce and, of course, domestic household bills in addition to the direct net current fee of £10.4bn p.a.

It is estimated by sources including the UK government and the Financial Conduct Authority that just the top 100 regulations imposed on member countries by the EU are currently costing Britain £33.3bn pa through such legislation as the Renewable Energy Strategy, the EU Climate and Energy package and the Working Time Directive.

.../**4**

The massive yearly cost of EU regulation on the 95% of British businesses that do not even export to other EU countries is incalculable.

INFOGRAPHIC 4 (SHOPPING BILL)

Let's not also, forget to add the cost to each individual household in Britain through increased grocery bills, estimated to be over £400 a year, caused by the Common Agricultural Policy blocking the import of cheaper imported food to these shores – yet another consequence of EU membership.

We have become accustomed to hearing David Cameron and his coterie telling us how he will be renegotiating a better deal with the EU before holding the in/out referendum.

Well, let's just remind ourselves about Cameron's previous record in standing up for this country's interests with regard to the ever-increasing financial demands of the EU on the British taxpayer, you and I.

I'm sure that we all remember in February 2013 one David Cameron returning from Brussels in almost Chamberlain-like fashion shouting from the rooftops that he had engineered the first cut in the EU's budget in it's 56 year history.

"I wonderful," I'm sure that we all thought at the time, as the Conservative party went into overdrive shouting their David's wonderful achievement from the rooftops: less money to hand over and more of our own money to spend at home.

Well, I'm afraid that, as with any Europhiles claims, there is, and of course there was, the inevitable catch, the sting in the tail, you might say. What our prime Minister had omitted to tell us was that he did indeed negotiate a cut in the EU's budget. Unfortunately, he did forget to mention that this new budget deal cost Britain an extra £700m whilst reducing the bill for virtually every other EU country.

And as we now know the much vaunted budget cut has since been overturned anyway.

What a result!

INFOGRAPHIC 6

Who can forget, in October of 2014, the EU demanding off Britain a surcharge of £1.7bn after recalculating our gross national income, including ludicrously taking into account estimates of turnover of the prostitution and illicit drug dealing industry in this country. How one can actually calculate these figures is anyones guess.

If you recall, our prime minister responded with an outburst of “over my dead body”. Our chancellor followed up with claims of negotiating a 50% cut in this surcharge and, of course, as we now know both chancellor and Prime Minister remained uncharacteristically quiet as they handed over the full £1.7bn to the ever-grasping coffers of the EU in the Summer of 2015.

I think it’s worth remembering that the EU’s justification of this extra £1.7bn surcharge was that Britain’s economy was doing much better than other EU countries. We are, of course, currently running a £90 billion annual deficit.

The Germans and French? They both received £780m and £800m rebates respectively, while Britain was handing over our extra £1.7bn.

And so it goes on, another extra demand for £384m has just dropped on the mat for a contribution towards helping the EU deal with the migrant crisis, in the same week that it was revealed that the UK has already contributed £1.1bn in one year alone towards those affected by the Syrian civil war.

Where will it all end?

INFOGRAPHIC 7

Only when the majority of British voters realise that getting only 50% of your contributions handed back to you is not actually an EU grant but an EU tax and a large tax at that

It's time we left!

ENDS

VOTE TO

LEAVE

THE EU

The Euro

Short Version

6 mins 35 secs

UKIP

INFO CLIP HERE 1

Britain isn’t a member of the Euro so why should we be concerned about it?

Well, for several very good reasons.

First:

If the UK votes to stay in the EU then the pressure to join the Euro will build and we have obligations under the Lisbon treaty to join at some point in the future.

Second:

We may be able to put off the inevitable day of joining for some time, but we would still be tied economically to a group of countries whose future will be blighted by the Euro for many years.

Third:

INFO CLIP HERE 2

The Euro Groups stated aim is to create a Federal Treasury, which will begin moving spending and taxation decisions from national democracies to Frankfurt or Brussels.

For example, remember Ireland.

INFO CLIP HERE 3

In 2008, when the politicians in Ireland wanted the Free Market to actually kick in, and the banks to fail, the EU threatened to financially cripple Ireland.

The new government out of fear agreed to put the entire Irish population into a debt they can never repay, in order to repay the German and French bond holders who should have lost the money they recklessly lent to Ireland.

The austerity that followed led to tens of thousands of Irish youth having to leave their homeland.

In order to get the EU bailout funds, which they were forced to accept, all the finance ministers in the EU received the details of the Irish budget before the opposition parties or the people of Ireland.

The Euro is proving to be the ruin of many other member States such as Greece, Portugal and Spain.

Even countries like France and Italy are in serious financial difficulties.

So what is wrong with the Euro?

The Euro has never been a serious monetary system. It was the product of a political initiative and a brief look at the history leading up to the establishment of the currency is needed to understand why the Euro is a fatally flawed project.

INFO CLIP HERE 4

The problem is the politicians.

They seek to buy the electorate by making promises to the people that they can't afford, and one of the things they do to pay for it is to print money.

The two main players in the Euro story are France and Germany.

INFO CLIP HERE 5

When a country prints too much money it shows in the exchange rate. And after the 2nd world war many countries in Europe were doing just that, except for one… Germany.

Twice in the 20th century Germany suffered from rampant inflation of the Deutschmark and as a result the German Bundesbank was wiser and more determined NOT to repeat the mistakes of the past.

If you expand your country's money supply quicker

than other countries it will show in the fall of the value of your currency against other currencies.

Basically it shows up the politicians for printing money and if they could they would prefer to keep that quiet.

However the German Deutschmark was so disciplined it became one of the safest currencies in the world. And in doing so, it showed up the failings of other European countries.

With a single currency there would be no Deutschmark to expose the printing of money.

INFO CLIP HERE 6

Today the European Central Bank prints money, much to the annoyance of the Germans.

The Euro would be economically disadvantageous for Germany so why would they agree to it?

Polling in Germany showed 70% wanted to keep the Deutschmark.

The German people were so opposed to the Euro, the government launched a 17-million DM add campaign to convince them but the people were still not buying it.

So how did they find themselves in the Euro despite their objections?

INFO CLIP HERE 7

The German political class were determined to bring about the reunification of East and West Germany. It was in their constitution and these talks coincided with the latest push led by France for the creation of the Euro.

The politics are long and involved, but in short, the price Germany would have to pay for reunification was to agree to the Euro.

“European monetary union may not have come about had it not been for Germany’s reunification.” Bundesbank president Karl Otto Pohl

Horst Teltschik the chief foreign policy adviser to Chancellor Helmut Kohl noted that:-

“The German Federal Government was now in a position that it had to accept practically any French initiative for Europe.” And it did – completely defying the will of the German people concerning the Euro.

The French always wanted to remove the shadow of the Deutschmark. It is reported that officials in the office of the French president, claimed:-

INFO CLIP HERE 8

“We may have the nuclear bomb, but the Germans have the Deutschmark.

With a simple majority vote, the Council of the European Union could admit countries to the Euro Zone regardless of their financial state, and they did.

Many countries were permitted to join even though they were completely unsuited to the Euro.

INFO CLIP HERE 9

Today we see the effects of the mismatch between Germany and Greece, Portugal and Spain. And perhaps we can understand why the Germans are so insistent on the failing countries changing the way they govern their financial affairs, after all it will be Germany footing the bill.

For a currency to survive across such a diverse group of nations, those nations have to submit to central political control, and more importantly they have to agree that richer parts of the EU will permanently transfer money to the poorer parts.

This happens in the USA but there are fundamental differences between a United States of America and a United States of Europe.

INFO CLIP HERE 10

The fact is, this mishmash of vastly different countries are locked in a death spiral of increasing debt and only monetary freedom from the Euro will ultimately bring any relief.

The Euro was a political project.

It hasn’t worked.

And if we vote to stay in, it will ruin our future too.

ENDS

VOTE TO LEAVE THE EU

Trade

UKIP

INFO CLIP HERE 1

Businesses from the USA, China, Japan and all over the world, sell their goods inside the EU every single day.

But none of these countries need to be members of the EU in order to do so.

So why would Britain?

The UK is the 6th largest trading nation in the world and currently runs a £60 billion plus trading deficit with countries that are members of the EU. Put simply, they sell more to us, than we buy from them.

The thought that businesses or governments in these countries would put obstacles in the way of trading with their largest customer - Britain, would be nothing short of madness.

INFO CLIP HERE 2

In 2007 Lord Digby Jones became a peer of the realm and was given ministerial responsibility for Trade and Industry by the then Labour Government.

He was not a member of the Labour party.

In fact he has shown no allegiance to any political party.

He was asked to do the job because he was one of the UK's leading businessmen.

You might even have seen him on TV sorting out failing businesses and turning them around.

INFO CLIP HERE 3

Digby Jones spoke at a conference recently where he said about membership of the EU "If we came out there would be a free trade treaty with most countries in Europe in 24hrs. Why? Because countries like Germany need us just as much as we need them and they are not stupid."

Let's consider a few facts pertinent to the current trading situation of the EU

1975 was the last time the UK had a referendum on membership of the EU.

Since then the global economy has changed considerably.

INFO CLIP HERE 4

The International Monetary Fund shows the share of world output by country back to 1980, and today the EU makes up a smaller share of global GDP than it did then.

The EU's share of world output has fallen from 30% in 1980 to 17% in 2015.

This isn't because the European economy has shrunk. It's actually larger than it was in 1980. Europe's smaller share of world output is because economic growth has increased by a greater amount elsewhere in the world than in Europe.

Why is this important to the UK?

Because future growth and prosperity is happening outside the EU not within it and Britain is not allowed to negotiate trade agreements with these growing countries.

INFO CLIP HERE 5

Can anyone tell me who this lady is?

Her name is Cecilia Malmstrom. She is a Swedish politician and she alone is responsible for negotiating Britain's trade with the growing economies of the world.

When she negotiates she is forbidden - by law - to consider Britain's best interest.

She can only consider what is best for the 28 countries of the EU and if Britain's interests are not in harmony with the others that's too bad - we lose out.

None of the old British political parties today believe that Britain is good enough to negotiate for over 60 million people, when Iceland with a population of 330 thousand has recently negotiated a trade deal with China.

INFO CLIP HERE 6

When you see a British Prime Minister on what is called a trade visit to places like China or India you should understand that he will have no power to negotiate anything for Britain, all he will be doing is acting as a Public Relations person for the companies that are on the visit with him.

So let’s be clear, Britain is powerless to take advantage of this growing world trade.

INFO CLIP HERE 7

Instead we are chained to a declining EU which Lord Digby Jones described this way “we are right in the middle of a group of nations that is marching valiantly towards the 1970s”

INFO CLIP HERE 8

You will hear a lot about how 50% of Britain's exports are to the EU.

So what are we to understand by that statement?

It's important to understand what it means because it is designed to scare you.

When we hear this 50% figure for trade we need to see beyond the smoke and mirrors. First most trade is not concerned with export.

INFO CLIP HERE 9

Most trade is conducted in the UK between UK citizens. When you buy potatoes grown in Lincolnshire that's trade. When you fit a new car exhaust pipe made in Birmingham that is trade.

Only 10% of trade is export trade.

INFO CLIP HERE 10

Now 50% of that export trade is with the EU.

INFO CLIP HERE 11

One more wisp of smoke to dispel.

If a company is exporting its goods to Africa or South America for example, it will almost certainly go by container ship.

Many containers are routed through the super port of Rotterdam in Holland for onward worldwide final destinations and that is wrongly counted as an export to Europe even though its final destination is outside the EU, following its brief stop in Rotterdam.

INFO CLIP HERE 12

This

This

This is far less scary than

This is far less scary than

But this is what they want you to imagine when they throw out the 50% trade sound bite. It’s the same kind of myth as the 3 million jobs myth. Don’t get fooled again.

One of the major reasons for leaving the EU is evidenced by these figures while only 5% of British companies are directly trading with the EU.

The other 95% who don't, are subject to the same stifling regulation.

INFO CLIP HERE 13

A 2013 report on the cost to the UK of EU regulation put the cost between £165 billion and £170 billion every year.

Put into perspective this figure would be the equivalent of the sum required to pay off the British national debt in less than ten years.

Next we need to look at the big picture. The picture that the establishment and the mainstream media will portray is most likely to be a scary one, as FEAR is a powerful way of controlling people.

Governments do not trade with governments. Businesses and individuals trade with each other.

INFO CLIP HERE 14

We don’t buy cars from the German government, wine from the French government or pay the Spanish government to go there on holiday. We don’t need to be linked politically and governed by Brussels to trade with these countries. This is why we can be confident that trade would continue once free of our political masters in Brussels.

We buy more goods from the EU than they buy from us.

In fact we buy goods to the value of £64 billion more than companies in other EU countries buy off us.

Those wishing to remain in the EU will scare you by telling you the EU would punish us by imposing trade tariffs on us to prevent trade.

That might have been true 20 years ago but in 1995 the World Trade Organisation was set up and prevents the EU from doing that. And on that point Britain has a seat at the table of the World Trade Organisation but it is left empty.

Quotation

Bill Cash said about the threatened trade war by German politicians: “Yes we can (survive). We’ve been doing it for generations. We have a multi-billion-pound trading deficit with the EU: you run a multi-billion surplus. You need to sell us your cars and trucks. What do you take us for? Do you think we are incapable of running our own affairs?”

INFO CLIP HERE 15

Only our Swedish representative Mrs Malmstrom speaks for Britain and as we have learnt she cannot put Britain’s interests first. For the sixth largest trading nation in the world I’m sure you will agree that is a disgrace and shame on any government that supports that position.

In Summary:

The UK is shackled to a declining European Union.

We have lost the right to negotiate trade in the UK’s best interests.

Only a tiny fraction of total UK trade is with the EU but 100% of businesses are subject to suffocating EU regulation.

The world is growing and we need to be free to take advantage of it.

ENDS

VOTE TO LEAVE THE EU

Additional Resources

VOTE TO

LEAVE

THE EU

Q&A

Financial and supposed mythical benefits of EU Membership

Why should Britain leave the EU? Leaving is very risky and would isolate us.

Britain must leave the EU in order to get back its democratic government. It must leave to get back the billions of pounds it pours into the EU institutions. It must leave to get back control of our borders and our immigration policy.

Brexit would free the UK to regain its independent vote at the top table in key international bodies such as the World Trade Organisation (WTO). Brexit would give our government greater direct influence in world affairs in the global organisations that really matter.

GRANTS

1. Why is it the best interests of various British regions to leave the EU when they are a NET beneficiary of membership?

EU funding is raised by all nation states paying in to the EU. The amount a nation state pays in is determined by the size and relative wealth of the nation. Therefore if the UK were to leave the EU it would redistribute the funds that it currently pays into the EU to areas of the UK most in need of economic help.

At the moment the EU decides which areas of the UK will receive structural funding rather than our own government and local councils who surely are the best bodies locally placed to know where and what on that money should be spent.

In addition member states are obliged to match fund many of the projects funded by the EU, in the UK this can and in the past has, proved to be impossible, resulting in funding being returned to Brussels as an area such as Wales for example has been unable to match fund the money on offer from the EU.

The EU of course has no money of it's own and the UK as one of the largest net contributors to EU coffers would have more money to allocate to it's own home countries and regions if we withdrew from the EU without the need for these areas to find extra money to match fund UK taxpayers own contributions.

2 British farmers rely on EU subsidies to survive, if we withdraw we will lose these, won't this force small farmers out of business and benefit the big companies?

We do not need to be in the EU to have a farming subsidy scheme. Because the UK is a net contributor to EU funds, subsidies to British farmers are paid by the British taxpayer anyway.

The difference after Brexit would be that Britain could design and control its own form of subsidies. We could abandon the "one size fits all" subsidy which diverts much needed money away from small and medium sized farms and pours it into large landowners and corporations.

3. Being part of the EU has surely brought investment into the UK? Would we lose our appeal and ultimately our investment partnerships?

The UK is the 3rd most attractive nation in the world to invest in, we are in the top three nations for

.../2

Foreign Direct Investment (FDI) and attract at least one third of all European inward investment.

We attract $35 billion worth of FDI in comparison to other European nations. This is more than Spain ($9billion), Germany ($7billion), France ($6 billion) and the Netherlands ($5 billion) put together based on the figures produced by the FT FDI report 2015.

We have attracted the business of BRICS nations and we are still a world leader in financial investments. No other EU nation is anywhere near our record of attracting FDI; we are clearly ahead by billions.

If Britain withdrew from the European Union they would still hold key positions in dozens of global organisations such as the G7, G20, United Nations Security Council and the World Trade Organisation as well as the commonwealth which makes up a third of the world population and as seen below has had consistently higher growth levels than the EU for over two decades.

4. But the European Movement tells me that EU membership is worth £3,000 a year to every British family. Surely it would be a disaster for us to lose that money?

That figure is wrong.

The money the UK receives from the EU budget is little more than a return of the money it contributed to the EU in the first place. Britain puts into the EU budget more than twice what it gets back. Research by Business for Britain shows that British families would be £933 a year better off after Brexit.

Those who say Britain is a net beneficiary from the EU are claiming we get big gains from being in the Single Market.

Not true. Britain is over-paying for the trading benefits of EU membership. In 2013, economist Professor Tim Congdon calculated that the annual net cost to the UK economy of EU membership was 11% of British GDP.

TRADE

5. Our biggest trading partners are countries within the EU, won't withdrawal mean the reintroduction of tariffs therefore resulting in more expensive products for us in the UK?

The UK is the Euro zones biggest export market. Currently the UK has a massive ongoing yearly trade deficit with the combined EU countries.

You will have noticed the complete and utter absence of any European business man or woman suggesting that trade will cease or diminish between the UK and firms in other EU countries in the event of a UK exit rom the EU.

Thats because trade is conducted between these same business people fortunately not EU politicians with a vested interest in protecting their jobs and salaries.

In 1995 the World trade organisation of which the UK and the EU are members was established and prevents the EU imposing tariffs on British goods in the event of a Brexit.

The EU has free trade and mutually advantageous trade deals signed

with over 60 countries worldwide, one of the most recent being with Iceland which has a population the size of Cardiff.

The thought that the EU would instigate a tariff war with it's biggest export market (the UK) would frankly be a nonsense, except in the minds of politicians desperate for the UK to remain in the EU.

6.British manufacturing has been decimated by the policies of successive governments, won't withdrawal from the EU mean we will be putting British manufacturing jobs at risk?

Withdrawal from the EU will not put British manufacturing jobs at risk but will in fact go a long way into boosting British manufacturing and creating jobs.

By leaving the EU the UK has the potential to boost British manufacturing by allowing businesses to flourish without having to abide by countless amounts of costly regulation and red tape. One example of harmful regulation that has driven investment in Britain away and pushed up costs for all businesses is numerous EU energy regulations and renewable targets.

These regulations, which the UK is bound to implement as a member state, have pushed up prices across the EU with figures showing that energy prices are 20% higher than in China and 65% higher than India. These rising costs of energy bills threaten up to 1.5 million jobs in the energy sector alone.

High energy costs have also led to manufacturers moving production to countries where energy prices are lower and where it is cheaper to produce the goods. One recent example of this is the relocation of the Southampton Ford Factory to Turkey where costs were "significantly lower". This relocation of manufacturing to Turkey caused 500 job losses as well as the economic dent to British manufacturing.

By leaving the EU the UK would be able to opt out of rules and regulations that are harmful towards British manufacturing. Just by not having to meet the Renewables Target alone, energy bills for the energy intensive industry

7. Wales is dependent on EU trade, is it a good idea to leave? (Wales Specific)

Wales of course does trade with the EU but is not dependent on the single market to flourish. In fact Wales exports more to non EU countries. Out of the top 30 countries that Wales exports to only 10 are members of the EU. In fact exports to core European markets such as Germany, Spain and Italy have been drastically falling on an annual basis.

Leaving the EU does not mean a withdrawal from trading with EU countries.

Leaving the EU would give the Wales and the UK it's place back on the WTO and give it the capability to broaden it's trade links globally as a result of being able to renegotiate it's own international trade agreements including those with the EU trading bloc.

8. The EU is the largest market in the world. Won't Britain be cut off from the Single Market if we leave?

Britain will continue to trade freely across the EU after Brexit. We don't need to be in the EU to export to EU countries, and Britain doesn't need to be in the EU for EU countries to export to us.

The USA exports almost as much to the eurozone as the UK does.

It is in the self-interest of all the major EU member states to trade with Britain and they will continue to do so. World Trade Organisation rules forbid any significant tariffs or discrimination against our products.

It is also important to remember that the EU and the Single Market are not the same thing. Norway, Iceland and Liechtenstein are members of the Single Market but are not members of the EU. The Single Market has 31 members, the EU just 28.

9. But pro-EU experts calculate that most half our exports (45%) go to the rest of EU. Why risk those exports?

As Business for Britain research points out, the relative significance of the EU-28 as a trading partner for the UK peaked before the Maastricht Treaty came into force in 1993.

Pro Eu supporters consistently claim that 50% of Britains trade is with other EU countries. This is deliberate misinformation.

90% of all Britain's trading volume is contained within the domestic home market and never leaves these shores. Exports account for only 10% of our output, and of that less than half is to other EU countries a figure that is also falsely inflated by the so called Rotterdam effect. where the majority of goods from Britain destined for export worldwide pass through the hub super port of Rotterdam and are thus counted as an import from Britain to the EU even though their final destination is elsewhere in the world market.

So beware of the deliberate distortion of fact from EU supporters and their use of false statistics to exaggerate the level of British trade with other EU countries.

Indeed, if the current trend in decline continues, the EU share of total British exports is set to decline by 2030 to roughly the level enjoyed when we first joined the EU in 1973.

Global Britain research shows that, of the ten fastest growing export markets for UK goods 2003-2013, just one (Poland) was in the EU. UK exports to the world-outside-the-EU are already worth a third more than UK exports to the EU.

10. But millions of jobs depend on our membership of the EU, don't they? I've heard from the LibDems that up to 3m jobs will be endangered if we leave.

That claim and others like it have been so discredited for so long it is extraordinary that anyone still continues to suggest it.

The claim is without evidence. The

source of the story was a research paper published 15 years ago by South Bank University

The paper estimated three million jobs were associated with exports to the EU countries. Researchers emphasised they were not suggesting these jobs would be lost if the UK left the EU.

In fact report joint author Ian Begg has become so incensed that his report has been so misrepresented by pro EU supporters that he has spoken out denying that it's conclusions for British jobs rely on EU membership and condemning those misrepresenting it's findings.

11. But being in the EU keeps Britain at the top table, doesn't it?

The EU is no longer the 'top table.' To an increasing degree, EU trade regulations are just global regulations which the EU is compelled to accept. By one calculation, more than 80 per cent of the work connected with Single Market policy comes under international organisations whose decisions trump those made by Brussels.

Look at the World Trade Organisation, the WTO. It is the 'top table' setting the global rules of trade. Norway has a seat and an independent voice in all trade negotiations at the WTO. Britain does not.

In trade negotiations, Britain has no independent power and must submit to whatever the EU negotiates for the entire 28 member states.

12. But membership of the EU means we get access to its free trade deals in over 50 countries. How can our exporters afford to lose those deals?

Membership of the EU means Britain is worse off in terms of trade deals. The UK is forbidden to negotiate its own free trade deals because the European Commission has a monopoly on trade negotiations for all countries in the EU. Britain must settle for whatever deals are negotiated by EU officials.

The EU has shown itself slow in negotiating deals. Two examples: Iceland already has its own trade deal with China. The EU has not yet managed to negotiate one.

In September 2015 independent Norway became the first country in Western Europe to enter into a formal partnership with the Association of Southeast Asian countries (ASEAN), a trading bloc which forms the fourth largest economy in the world. The EU still has not finalised an agreement with ASEAN.

13. Many leaders of industry, the big decision-makers of trade, say we must stay in the EU. Surely we should listen to them?

Different surveys of "decision makers" show different results. Certainly many SMEs say that the EU damages their businesses.

What never changes is the fact that the UK can have exactly the same access to the Single Market whether it is in or out of the EU.

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The EU is a political project, not a trade project. Britain trades with individual countries across the Continent. That will continue after Brexit.

14. Sometimes eurosceptics say we should take the "Norway option," which would take us out of the EU but leave us in the Single Market. But Norway still has to follow EU rules, though it has no say over them. They are ruled by fax democracy, aren't they?

Norway has more real influence over EU laws than do EU member states of similar size.

As a member of the European Economic Area (EEA) and the European Free Trade Agreement (EFTA), Norway has the same access to the Single Market as does Britain, but remains free from the political, economic and monetary parts of EU control.

Norway only has to abide by regulations governing the Single Market. That means it can ignore more than 15,000 items of EU law and abide by the less than 5,000 that are relevant to the Single Market.

Norway is involved in the early stages of EU legislation. Norwegian officials participate in expert groups and committees of the European Commission which draft the laws. Norway also has a power that Britain does not have, a veto -- called "a right of reservation" -- over EU legislation. Norway has a seat at international organisations which set global and regional regulations, and which must be taken into EU law by Brussels.

15. Won't Brexit mean the re-introduction of tariffs on British goods sold in EU countries? That will hurt our exports.

High tariffs are history. They were a problem of the 1970s and earlier, but not now. The World Trade Organisation (WTO) ensures that the UK gets low to zero tariffs on most of its exports. Business for Britain calculates that even if the EU tried to put tariff burdens on our exports, the cost to us (£7.4bn) would be far less than the annual cost to us of EU membership (£11.3bn).

However, the idea that the EU would attempt to establish barriers to trade with their biggest export market is fanciful. The "threat" only exists in the minds of politicians desperate for Britain to remain in the UK

16. Won't leaving the EU put British manufacturing jobs at risk?

It is our membership of the EU which is putting manufacturing jobs at risk, and it is not just EU regulations that are threatening industry. Manufacturing depends on energy. EU energy regulations, which Britain is forced to adopt, have pushed energy prices for industry 20 percent higher than in China and 65 percent higher than in India.

These EU-enforced high energy costs have led manufactures to move production where energy is cheap. One recent example is the decision by Ford to move its factory from Southampton to Turkey because of "significantly lower" costs. Five hundred British workers lost their jobs.

17. I've heard from the pro-EU campaigners that the EU could impose onerous conditions -- that they could dictate damaging conditions on Britain when we negotiate to leave.

The rules of the World Trade Organisation would prevent that, as would the Treaty on European Union itself. The treaty compels the EU to "contribute to ... free and fair trade" and "develop a special relationship with neighbouring countries, aiming to establish an area of ;prosperity and good neighbourliness.

" The treaty also requires the EU to "work for a high degree of co-operation in all fields of international relations, in order to... encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade."

These are not just aspirations, these are legal requirements under which European Commission negotiators must operate. If they fail to do so, the UK can take the Commission to the European Court of Justice to enforce the law, because as long as the Article 50 negotiations continue, Britain remains a member of the EU with full standing and protections at the ECJ.

As for scare stories that Britain would be "excluded from the decision-making apparatus" of the EU talks at the European Council during negotiations, Britain would only be excluded when matters directly pertaining to the negotiations are being discussed, and from votes on the same issue.

FREE MOVEMENT AND STUDY

18. I'm a student just about to go on a gap year. Being a member of the EU means I can work anywhere on my travels without a VISA, won't withdrawal mean I wouldn't be able to work without applying for visas in each country, costing time I don't have – I'm only travelling for a year and hoping to spend a couple of weeks in each country?

It is not necessarily the case that after a UK withdrawal from the EU that the ability of young people to travel across Europe to engage in short term work will cease. Before the UK's membership of the EEC or EU many young people travelled and worked in Europe on short term engagements without being required to have work permits.

Students would still have the option to apply for a single Schengen visa under whatever terms were mutually agreed as part of the exit negotiations between the UK and the rest of the EU.

It would be for the UK as in other sovereign countries worldwide to have the sole right to determine who is and who is not admitted to the UK.

It is anticipated that a reciprocal approach for student travel would be taken between the UK, many EU countries, and other Schengen agreement states which would reflect the best interests of all parties after satisfaction of proper and fair control; being put in place.

19. The Erasmus scheme means I can study anywhere in the EU, with financial help. That can only be a good thing. What would we do once weft the EU?

First, the Erasmus scheme is open to countries which are not members of the EU. All that Britain would have to do is pay a fee for using the scheme. However, after Brexit the UK could design a far better programme for British students. The Erasmus scheme prohibits the allocation of normal grants and restricts payments to students to about £220 a month.

It bars study in America, Australia and other countries around the world, so it is no surprise that just 14.500 British students have used the programme, even though the UK taxpayers fund more than 10 percent of the entire Erasmus scheme. A British programme after Brexit could be more generous and it could help British students study in the countries which really interest them.

20. We rely on migrant workers from the EU in our services as well as jobs British nationals don't want to do.

It is unfair to say as some do that British people are lazy and don't wish to work in certain jobs.

The majority of people in this country wish to work in order to support themselves and their families.

Unrestricted unskilled immigration means that there is an unlimited supply of low or unskilled labour available from other EU countries which means that many British workers have been shut out of the jobs market, for example half of the two million jobs created during the last parliament went to people born outside the UK.

Another effect of this over supply of labour from outside the UK is that wage levels have been compressed as a result of cheap labour which means that many of those finding work have to rely on in work benefits.

The possibility of claiming while working also enhances the attractiveness of the UK to EU citizens especially those from Eastern European countries where the minimum wage is much lower than our own.

21. If we left the EU what would become of free movement and travel. What would the implications be for Schengen? Would this incur more costs for visas etc?

Subject to any new agreements all EU treaties would cease to apply to the UK at the moment of withdrawal including provisions relating to the unrestricted right of EU citizens to enter the UK to work and vice versa.

The UK is not currently a member of the Schengen agreement anyway and the principle of substantive negotiation following a UK withdrawal from the EU would be to arrange reciprocal conditions that easily enable UK citizens to apply for visas that cover the entire Schengen area or to take advantage of visa waiver agreements similar to those already in existence with the USA and many other countries worldwide.

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22. Free movement of people is brilliant for me as I own a house in Spain, won't withdrawal make things more difficult for me?

Anyone owning a second home in Spain will no doubt have noticed large influx of non EU Russian citizens particularly around Marbella.

Their presence plus that of other non EU nationalities illustrates an important practical point.

Ownership of property and residence in Spain does not depend on membership of the EU.

Residency rights for British nationals will undoubtably be the subject of negotiation for mutually beneficial reciprocal arrangements but the current presence of British nationals living in Spain has a huge positive influence on Spain's balance of payments and general economic health.

It is in Spain's economic interest to agree sensible mutually beneficial terms in regards to British citizens.

23. If Britain leaves the EU, we will lose the right to free movement across the EU. Doesn't that mean that British people who live in EU countries will be forced to leave, and citizens of EU countries working in Britain will also be forced to get out of the UK?

Anyone making this claim is ignorant of international law. First, it would not be in anyone's interest to force settled British people out of Continental countries, nor would it be in the interests of the UK to force out citizens of EU countries who have settled in Britain. It wouldn't happen, and our Brexit agreements can ensure it doesn't happen.

More to the point, it would be illegal under international law to do so. The "doctrine of acquired rights" has been established since at least the 1920s. The doctrine means that people who arrive in a country legally, establish themselves and their property, acquire the right to be there.

24. Will leaving the European Union mean I have to show my passport in every EU country I visit?

No, the free movement of people within the EU's Schengen area will not be changed by the UK's withdrawal. The UK and Ireland are not members of the zone, so you will simply show your passport on exit and entry to the UK like you currently do. Unless the EU decides to end its visa free area - which it has repeatedly said it will never do, once you are in the EU you'll still be able to move around like you do today.

25.Opponents of Britains membership of the EU try to portray Brexit as a simple way to shut the border and stop immigration. But EU rules say free movement would continue so long as we wanted to be part of the single market, don't they?

No one has ever portrayed Brexit as a "simple" way to do anything. A realistic position is that taking back control of our borders is just the vital first step in establishing an orderly and democratic immigration policy.

As for the idea that being free to trade in the Single Market must always mean uncontrolled freedom to move to the UK by anyone with the right to live in the EU, that assumes that a country as powerful and important as Britain will be unable to secure any changes to the freedom of movement during negotiations following Brexit.

Yet both Iceland and Liechtenstein have demonstrated that a country can be a member of the Single Market yet change parts of the so-called Four Freedoms when their vital national interests were at stake.

The idea that the UK has less negotiating power than Iceland or Liechtenstein is absurd.

CRIME & SOCIAL JUSTICE

26. I am worried that our legal system will be weakened by leaving the European Union.

On the contrary, leaving the EU will make British law much stronger. Currently European law has primacy over our own system, even our Supreme Court judgements can be overturned by the European court rulings. After we exit the EU our courts will have the final say on cases such as deportation of hate preachers.

27. British judges have been known to make some foolish judgements, doesn't having another layer of the judiciary safeguards against this happening?

The European Court of Justice is wholly unaccountable to the British people and to parliament.

In the UK higher court judges are both directly accountable to and have their independence guaranteed by Parliament.

If UK courts make judgements on a continuing basis that our elected parliament feel are unjust then parliament has the option of changing law after debate.

If however the ECJ makes rulings that appear to be against the interest of the UK then the UK can do nothing to ultimately change any seemingly unjust law as it faces being outvoted in the European Council and European Parliament.

28. The European Arrest Warrant and European police integration seems sensible to me, won't withdrawing from the EU make us less safe?

The public were initially told that the EAW would be used for serious crimes such as rape, murder, and serious drug offences.

Unfortunately it's existence means that you could be arrested anywhere, anytime in Europe including the UK and deported to a country where you don't understand the language or legal system.

Many EU countries do not have a trial by jury system as we do and European law is based on a system of civil law rather than the common law system as used in the UK.

Police forces in any other EU country can issue an EAW for an individual simply on the basis of wanting to question them and there does not have to be a suspicion of crime for this to take place.

Perhaps the most worrying part of free movement is that foreign criminals including those with convictions for rape and murder can also move to the UK, and there is nothing we can do about it unless there are 'exceptional circumstances'. In this regards we would be safer outside of the EU, since we could re-introduce proper checks at the border which would allow us to screen for criminals. Organised crime gangs have also exploited the free movement of people rules to traffic people and to operate pick-pocketing gangs on our streets; only by leaving the EU can we re-establish proper law and order.

29. Cross border crime is easier to control and detect in the EU, right?

The EU's free movement and borderless Schengen area is advantageous for law abiding citizens and travellers but unfortunately this fundamental pillar of the European project is also widely used by criminals

Whilst the UK is not a member of Schengen we are signed up to the free movement pf people principle that applies to EU citizens. Anyone who holds an EU passport is free to enter the UK and we are powerless to screen or stop any individual.

This means that EU citizens with convictions for serious crimes can come and go as they please or even settle in the UK.

You will I'm sure have noted a number of high profile publicised cases of EU citizens already having a history of serious crime convictions committing further crimes in the UK which is then exacerbated by the inability of the UK government to deport them after serving sentences in British prisons.

30.The world seems a more dangerous and more unpredictable place than ever, aren't we more capable of dealing with global threats as part of a collective, rather than acting as one small nation?

The UK is not a small nation, it has the fifth largest defence expenditure in the world.

The UK is a leading member of the most important international institutions including being a permanent member of the UN security council, a position that has previously come under threat by suggestions that the UK and France should give up their seats in favour of the EU.

The UK is also a leading member of the Commonwealth, NATO, G20, G7 and many other global institutions.

Britain can and does already cooperate with EU allies in military and security issues outside the structure of the EU and there is no reason that close cooperation in military, security intelligence and international police cooperation won't continue to the mutual benefit of all.

31. Will our response to international terrorism be weakened by leaving the EU?

No. The UK has agreements and works with countries all around the world and we will continue to work with our European partners to combat global terrorism and respond to threats even after leaving the EU.

32. Will leaving the EU and having our own Bill of Rights instead of the Human Rights Act mean that I have less protection?

No, the UK legal system has been in operation for over 900 years and is one of the most respected legal systems in the world. The majority of legal cases are dealt with by UK courts.

The Human Rights Act only came into effect in 1998 to allow UK courts to enforce the European Convention on Human Rights. By ensuring that we have our own Bill of Rights it will mean that the UK will be able to make sure that fiascos like the Abu Hamza deportation do not happen again.

Also our own Supreme Court would have the final say on Human Rights and don't expect those Judges to be charitable to the Government when it comes to interpreting basic rights. (http://ukhumanrightsblog.com/2013/03/03/what-would-happen-if-the-uk-withdrew-from-the-european-court-of-human-rights/)

33. Why has the UK given prisoners the right to vote?

It hasn't. The European Court of Human Rights has ruled that it is against the European Convention on Human Rights to not let prisoners vote in European and General Elections. However our very own Supreme Court has not agreed with this ruling and has not upheld appeals by prisoners wanting to vote. It just goes to show that the Supreme Court is more than capable enough of acting in the best interests of the country without the interference from Strasbourg.

34. Isn't the European Arrest Warrant a good thing?

No as we have seen with the case of Ashaya King the young boy who was taken by his parents to Spain for treatment, the European Arrest Warrant was issued incorrectly and in contravention of the rules of Habeus Corpus which is a fundamental British right where by you have the right to know why you are being detained. This just shows that the blanket one size fits all attitude by the European Union just does not work.

(http://www.bbc.com/news/uk-england-28993791)

35. But the laws that come from Brussels have been helpful, haven't they?

The European Union gets carried away with itself more often than not and the meddling from Brussels is ridiculous for example there have been 3600 new laws from Brussels in three years, strangling business in red tape. In addition do you remember when the Commissions regulated on Bananas, they very much in a nutshell made it clear that they could not be bent, after all we all know that Bananas are bent.

(http://www.dailymail.co.uk/news/article-2458354/3-600-new-laws-3-years-EU-strangles-UK-firms.html)

(http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX-:31994R2257:EN:HTML

36. But doesn't the EU's Charter of Fundamental Rights and Freedoms apply to the UK and do the same thing as the ECHR?

The EU Charter of Fundamental Rights and Freedoms is a document similar to the ECHR and reflects many of the rights in the latter document. All EU law is subject to the Charter when it is being applied by a Member State or by the EU itself.

At the time of the passing of the Lisbon Treaty in the mid-2000s, pro-EU politicians claimed that a protocol negotiated by the UK meant that the Charter had no application to the UK. On the other hand Eurosceptics said that before very long the European Court of Justice would hold that the Charter did apply in the UK.

Sure enough, when Case C-411/10, NS v Secretary of State for the Home Department was determined in 2011, the ECJ held that the Charter did apply to the United Kingdom in the application of any EU law.

Therefore in practical terms many rights similar to those in the ECHR are applicable to the UK by virtue of our membership of the EU.

This is a particularly good example of how pro-EU politicians in the United Kingdom are either dishonest about the consequences of EU treaties and law or are simply not sufficiently competent to be aware of potential problems. When Eurosceptics claimed that that the consequences would be as set out above, they were dismissed for scaremongering. It took no more than two years for the ECJ to show who was right.

37. Drugs and human beings are being trafficked across Europe: the European Investigation Order will help tackle these serious issues, won't it?

The European Investigation Order (EIO) will permit prosecutors across Europe to instruct UK Prosecutors and police to aid in the investigation of crimes committed outside the United Kingdom.

The cost of those investigations will have to be borne by the UK police. In addition Prosecutors can secure the interception of communications by UK authorities and even force the UK to transfer witnesses and suspects to their jurisdiction. In some instance foreign police will be allowed to conduct their enquiries on UK soil.

Whilst drug-trafficking and people-trafficking are always cited as the reason why this is a good idea, in practice, as with the EAW, we shall soon find that EIOs are being deployed, at British Taxpayer's expense, for relatively minor crimes.

Proper police and judicial co-operation does not require the United Kingdom to be a member of the EU. Cross-border co-operation already works extremely well and the international community is already well served by the mutual sharing of criminal intelligence and the operation of INTERPOL.

38. The EU has led to member states working together to combat terrorism and cross-border crime. EU crime and justice measures such as the European Arrest Warrant have been highly effective in fighting terrorism and catching criminals quickly. Why risk losing that protection?

Inter-governmental cooperation against terrorism is well-establish outside the EU. Extradition has existed between states for centuries. EU institutions are not needed for any of this -- worse, for the citizens of the UK, according to Fair Trials International, the European Arrest Warrant "is actually resulting in cases of serious injustice."

Fair Trials says warrants have been used to send people to the other side of Europe for the most minor offenses; warrants have been issued many years after an alleged offence was committed -- "in one of our cases, 20 years later." They have been used to send people to another EU member state to serve a prison sentence resulting from an unfair trial. Warrants have been used to force a person to face trial when the charges are based on evidence obtained from police brutality.

The European Arrest Warrant takes away from British citizens many of the protections which our Common Law and system of justice has secured for them over centuries including habeus corpus and trial by jury.

39. The EU has brought peace to Europe. If the EU breaks up, Europe will be in danger again from war, won't it? Brexit is not worth the risk to peace.

Business for Britain has noted a letter in the Guardian in January 2014 which answers this question very well. The letter was written by some leading historians. It praised Europe's peaceful postwar diplomacy but added: "...it is historically inaccurate and misleading to put this solely down to the European project.

Any historical analysis of postwar Europe must take into account the vital role of NATO, the Cold War and the US in preserving peace. We should also note the dismal failure of the EU to prevent conflicts in the Balkans and the civil strife which the Union's economic policies have created in the Mediterranean."

We could now add to that the tensions created across central Europe by the EU's migration policies.

INFLUENCE

40.As long as Britain remains a member of the EU, we can use our influence in Brussels to bring about change. If we leave, we will lose our influence, won't we?

Britain has little power to influence the direction of the EU. What power it has has been declining for years.

The UK has never managed to prevent a single proposal placed in front of the Council from becoming European law.

The UK's voting power in the Council is just 29 votes out of 352.

In the European Parliament, UK MEPs have less than 10 percent of the vote.

Among the staff of the European Commission just four percent of the staff are British, and EU regulations forbid them to act in the interests of Britain.

41. What exactly is the percentage of our voting share in the EU parliament? Some commentators say that the UK has just 8.2 percent of the vote. But it is more than that, isn't it?

The 8.2 percent is an out of date calculation and should be abandoned by anyone campaigning for Britain to leave the EU. Since the Council of Ministers moved to a population-weighted voting system in November 2014, the UK has 12.6 percent of the votes. The old system can still be invoked on a case-by-case basis until March 2017 but this has not happened yet.

The question of whether Britain has a vote on the Council worth 8.2 percent or 12.6 percent is not the point, however. Both figures are tiny and illustrate Britain is always at risk of being overwhelmed by votes from other states. More, as new countries join the EU, Britain's voting strength will shrink.

42. Not that much of our law actually comes from Brussels, whatever eurosceptics say. I've seen reports that say the independent House of Commons Library found that the real proportion is just 13.2 per cent of our laws. Surely that is far from saying "most of our laws are made in Brussels?"

That is not what the House of Commons research says. The library's briefing paper warns that its 13.2 per cent figure does not take into account the vast number of EU regulations which become UK law. Its 13.2 per cent figure is only for the far smaller numbers of Acts of Parliament and Statutory Instruments.

The reason the Commons researchers did not count EU regulations introduced into UK law is because EU regulations are put straight into UK law without ever passing through Parliament.

Adding in EU regulations to the library's figures, 65 percent of our laws ultimately come from Brussels

GENERAL

43.Britain is shrinking in terms of military and diplomatic strength. Aren't we better off as part of a union of 28 countries, rather than as one small nation?

In military terms, the UK is not a small nation. It has the fifth largest defence expenditure in the world. It is a nuclear power and a key member of NATO.

In diplomatic terms, the UK remains a world power on the UN Security Council, despite attempts by Brussels to have France and Britain surrender their seats to the EU. Britain retains its seat in global UN organisations such as its Food and Agricultural Organisation and the International Labour Organisation.

Britain is a member of the World Bank and its related bodies such as the IMF. Britain is, and will remain after Brexit, important in these and many other global organisations such as the Commonwealth, the G7 group of advanced econo-

mies, the G20 group of advanced and emerging economies, and in the Organisation for Economic Co-operation and Development (OECD). We do not need to belong to the EU to belong to these important, intergovernmental global organisations.

44. Products and workplaces are safer now than ever, all because of EU legislation. How can we trust the British government to guarantee the same protection?

The important regulations on everything from food safety to electrical products are not made at EU level. They are made at global level by organisations that are not part of the EU. Once these regulations are agreed, the European Commission is required by the World Trade Organisation to introduce them into EU law.

Among the more than 160 global standards-setting organisations which can direct the EU to adopt regulations are the Codex Alimentarius, which reports to the UN's Food and Agriculture Organisation (FAO), in Rome, and the IEC, the International Electrotechnical Commission. Britain will have a voice in all these global organisations after Brexit.

As for protections for workers, the democratically-elected parliament of this country is a far better and more responsive place in which to design protections for workers. British workers and their unions can influence MPs far more effectively that they can influence Brussels bureaucrats.

45. If we left the EU, we would lose the EU safeguards on human rights, wouldn't we?

Throughout modern history, the rights guaranteed in the UK under our Common Law have been the template by which human rights are measured. Magna Carta and the establishment of the right of Habeas Corpus have been in existence far longer than most states on the Continent. Human rights have been one of Britain's greatest global exports.

If anything, the imposition of European styled "rights," which are conditional on political decrees, are a danger to our own long-established rights. In our system, rights are something with which an individual is born. In the Continental system, rights are something politicians merely allow.

However, anyone who still thinks British citizens need international protection should remember that after Brexit, the UK will still belong to the key international human rights bodies. Also, parliament is free to adopt any parts of the EU Charter of Fundamental Rights which the British people would want.

46. Why should we take all the risks associated with Brexit? Surely it would be better to work to reform the EU and get the deal we want for Britain.

If by "reform," you mean turn the EU into a trading area based on free market principles and democracy, you are talking about changing the entire purpose of the EU. The EU was established as a long term project leading to a political,

economic and fiscal union controlled by supranational institutions. It was designed to over-ride national democracy -- or "national egoism" as it is called in Brussels.

It can therefore be no surprise that all the pledges by British prime ministers for the last 40 years for "reform" have come to nothing. It is not just a matter of the disdain with which attempts are dismissed by the European Commission.

Any treaty change must be by unanimous agreement of all member states. The desire on the Continent to rebuild the EU into a free market area controlled by national parliaments is near zero. In fact, history shows that the core EU countries invented the Common Market to prevent such an "Anglo-Saxon" democratic system ever taking hold in Europe.

47. David Cameron vetoed an EU treaty at a European Council in December 2011. Doesn't that show he can stand up to the other EU leaders in defence of Britain's interests?

David Cameron never vetoed an EU treaty in December 2011. A veto is only relevant to the final text of a treaty following lengthy negotiations. In December 2011, no such text existed.

All that existed was an indication by the then-presidents of the European Commission and European Council that they wanted an EU treaty to create a fiscal government for the eurozone. Neither Chancellor Merkel of Germany nor President Sarkozy of France wanted this. Instead they wanted a much-speedier intergovernmental agreement among eurozone countries that each would enact drastic public spending curbs.

Cameron said he would not agree to an EU treaty unless the other member states agreed to concessions for the UK on, and exemptions from, EU financial markets regulation. This played straight into Merkel's and Sarkozy's scheme. They dismissed Cameron's demands and went ahead in 2012 with the Fiscal Compact, an intergovernmental treaty --- which, despite being outside the EU legal framework, is operated by EU institutions. More, it will be taken into the EU's legal framework by 2018. Cameron's so-called "veto" stopped nothing.

48. I am worried about that Brexit would damage the NHS. What about my European Health Insurance Card, what about all the EU healthcare workers we need in our hospitals?

You should be more worried about the way the EU is damaging the NHS right now. While in theory the EU has little control over health-related laws, mission creep by the European Commission threatens our government's monopoly of control over the health service. For example, in 2010, 80 per cent of consultant surgeons said that patient care had deteriorated under the EU's Working Time Directive.

Since 2006 the Commission has used an ECJ judgement to push most national healthcare into the services provisions of the EU treaties - leading to EU interference in many aspects of healthcare including medicines, medical devices and research.

More, the Commission's proposals for the planned EU-US trade deal,

TTIP, would leave the NHS vulnerable to demands by private American healthcare corporations.

Some international cooperation is useful. Mutual recognition of professional qualifications across the 31 countries of the European Economic Area would continue.

The UK could continue to participate in the European Health Insurance Card. More importantly, The UK's membership of the World Health Organisation would ensure that an independent Britain stays at the top table of international public health policy.

49. Shouldn't we put our energy into reforming the EU? Working out the exact deal we want that is good for the UK.

Various British Prime Ministers over the last 40 years have made pledges in regards to reforming the EU. most notably Tony Blair who signed away much of the UK's financial contributions rebate in exchange for a cast iron promise from the EU to reform the Common Agricultural policy.

This reform of course never happened as the EU treated British demands and proposals with the same disdain as they have every other suggestion for reform since the commencement of our membership.

Even the vague unspecified comments that David Cameron has made in regards to reform leading up to the referendum have been instantly dismissed in the press by the Presidents of the EU institutions as soon our Prime Minister has uttered them.

Cameron knows that any significant change to the EU has to be by means of treaty amendment in order to make them binding: Such amendments require unanimous agreement across all 28 member states who will each want something in return for their agreement.

If nothing of any note has been reformed during the 40 years of our membership of the EU why would anyone know think that this is possible? especially when all senior members and presidents of the EU institutions insist that they are not?

50. What if different countries in the UK vote differently as a whole? This would not be democratic for the UK as a whole.

The UK entered what was put to the electorate as the Common Market trading bloc in 1973 as a whole entity. The 1975 referendum whether to stay in or leave was also put to the entire UK.

To suggest that certain geographical areas of the UK can either remain or leave what is now the EU whilst other areas, regions or constituent countries do the opposite is frankly ludicrous.

The UK entered what has now morphed into the EU as one single entity and must leave or remain in the same way according to the majority democratic choice of the national electorate.

51. The EU regulations on food production and food safety keep British consumers safe. If we left the EU, wouldn't those protections disappear?

The EU does not originate standards of food production and food safety. A global organisation called the Codex Alimentarius Commission (CAC), established in 1961 by the Food and Agriculture Organisation of the United Nations, is responsible for internationally recognised standards for food.

The CAC produces codes of practice, guidelines and other recommendations relating to foods, food production and food safety which the EU is obliged to adopt. The Codex regulations are repackaged as EU directives and regulations, but they remain the product of global regulation.

After Brexit, Britain would remain a member of the CAC and influence its regulations. This is another example of how the real "top table" is no longer the EU.

52. Is the Common Fisheries Policy unfair to Britain?

The Common Fisheries Policy was designed as a grab of British resources by Continental countries, in particular France.

The UK was cheated when quotas were divided up in 1983. Britain had 80 percent of the fish stocks, but received just 37 percent of the quota by volume, representing as little as 12 percent of the value. The total annual end cost for Britain of being in the policy has been estimated to be £2.81bn. More, the CFP is destroying fish stocks both in European waters and off the coasts of developing countries, and leaving fishermen and fishing communities without control over their livelihoods.

One should note that Norway is an important European fishing nation but it is not a member the EU. However Norway is a member of EEA-EFTA so it participates in the Single Market but is free of any control by the CFP.

53. But how in particular has the CFP hurt the British fishing fleet?

Foreign trawlers are not only given free access to the UK's waters, but are encouraged to over-fish because of the CFP's lush system of subsidies. The EU has been pumping billions into the fishing industry, worsening the problem of over-capacity.

Spain in particular has done well out of CFP's subsidies, being the largest recipient of the £3.2bn European Fisheries Fund. By contrast, the UK was the ninth largest recipient -- despite being a net contributor to the fund. That means UK taxpayers are financing a system from which foreign fishing companies profit

54. Won't Brexit be a danger to the City and the UK's financial services industry?

Exactly the opposite. If Britain does not leave the EU, the City will be in danger because of EU over-regulation. The City is of vital importance to the UK economy, yet much of its regulatory destiny is now decided by the EU. A Europe

Economics report has found that British interests in EU financial regulation are increasingly and systematically likely to be overruled in favour of those of the Eurozone.

Many financial regulations originate in global organisations superior to the EU, such as the Basel Committee on Banking Supervision and the Committee on the Global Financial System. Rules devised in these organisations are "retailed" into EU regulations. Brexit would not change Britain's membership at these key international organisations. Indeed, Brexit would keep Britain a leading independent voice in global regulation development.

55. What about all these plans for integrated transport across the EU. Wouldn't Brexit cause disruption to air and road transport arrangements across Europe?

No. For a start, EU aviation initiatives are open to non-EU countries. Eurocontrol, the air traffic management system, includes a number of non-EU member states such as Switzerland, Ukraine and Turkey. Business for Britain points out that the UK is a member because of its geography, not its membership of a political union. It sits between Europe's busiest airports and North America.

As for the road transport sector, Brexit would be a benefit. An independent UK at global organisations such as the United Nations Economic Commission for Europe (UNECE), which initiates regulations for freight and personal transport, could argue for reform of transport regulations which add unnecessary costs to British business.

56. Some EU rules and regulations are good, won't leaving be a bad thing?

Currently almost 70% of regulation and law that affects our country originates in Brussels and while some European Union laws and regulations can be considered beneficial, we believe that the real issue is with authorship. Any law passed or any regulation adopted by the United Kingdom must originate within our elected Westminster system, and not the unelected EU commission.

Leaving the EU will restore full power to our political system, and allow us to legislate for the benefit of our country rather than have a one size fits all system imposed upon us.

57. I am worried about the future of or country without the EU, maybe we should just play it safe and stay in...

Leaving the European Union will not solve all our problems overnight, but it will allow us to restore full sovereignty to our country, control to our borders and re-establish connections with our friends in the Commonwealth so that we can work towards a better future.

Leaving constraints of the European Union and going to back into the world will be an exciting journey for us, and our children and grandchildren.

To stay in is not a safe option, it is the stagnant one; to remain inside a failed political experiment latched to a declining trade bloc with huge structural problems will not benefit us.

We can do so much more than this, we have an abundance of talent and innovation - let's share it with the world.

58. If the UK leaves the EU, surely the EU will discriminate against the City of London and our provision of financial services?

The UK is in fact the Eurozone's largest single export market (buying 213bn Euros of goods from it in 2011 according to the ECB monthly bulletin of February 2013).

The UK and 18 other member states of the EU are committed by their membership of the OECD (and its legally binding codes of liberalisation of capital movements) to maintain and expand non-discriminatory liberalisation of capital movements, and the EU's own treaty (Article 8) obliges it to "develop a special relationship with neighbouring countries...based on cooperation", at such a delicate time in the economic history of the Euro

The EU needs to access global financial markets, it is therefore it the EU's own interests to continue an amicable trading relationship with the UK.

59. David Miliband, a former Foreign Secretary whom many people would like to see as Labour leader, recently said that we have to stay in the EU. He asked: "In the modern world, are you stronger or weaker in alliance with your neighbours or separate from them?" I think that is a fair point. Alliances do make Britain stronger, don't they?

Alliances such as NATO can make Britain stronger but the EU is not an alliance. An alliance is an agreement of cooperation among independent states for a specific purpose. The EU is the opposite of that. Its goal is the creation of institutions which stand above and are superior in power to the parliaments, governments and courts of the member states and their voters. The EU is not an alliance of states. Its institutions are geared towards an ever closer union which ends in a single European state.

60. Eurosceptics say they want out, but they never say what arrangement the UK would have with the EU after Brexit. Our membership gives us unhindered access to the Single Market. What do the Brexit lobby offer that is better than that?

For a start, our access to the Single Market is far from "unhindered." The cost to the UK of trading in the Single Market by way of membership of the EU is an annual net payment of £11.4bn. Such a financial demand is a substantial hindrance to the budget plans of any UK government.

Britain could of course have access to the Single Market without being a member of the EU. One way would be by becoming an EEA-EFTA country such as Norway, where the costs of operating in the Single Market would be far lower. Another way would be by negotiating an independent trade agreement with the EU. Such arrangements would leave the UK far less hindered.

61. David Cameron says he wants a "red card" system for new proposals by the European Commission. This would mean that if a sufficient number of member states parliaments objected, the Commission proposal would not go ahead. Surely that's a good way to bring back national control of EU laws?

Cameron's idea is either half-baked thinking or designed to deceive. What it is not is democratic. First, democratic control means it is only our parliament at Westminster that makes laws for the British people. Shifting power out of Brussels and into the parliaments in Athens or Helsinki or Madrid makes it no more democratic for the people of Britain.

A red card system would just shift control over our laws from one set of people in Brussels, none of whom was elected by British voters, and giving it to another set of people scattered around Europe, none of whom was elected by British voters.

Worse, if the UK accepted the plan, it would be conceding that the parliaments of the countries of the EU are in fact subsidiary legislatures to the single supranational institutions of the EU. The red card system would make national parliaments no more than the local offices of the EU, not the democratic legislatures of independent nations.

62. I am worried about that Brexit would damage the NHS. What about my European Health Insurance Card, what about all the EU healthcare workers we need in our hospitals?

You should be more worried about the way the EU is damaging the NHS right now. While in theory the EU has little control over health-related laws, mission creep by the European Commission threatens our government's monopoly of control over the health service. For example, in 2010, 80 per cent of consultant surgeons said that patient care had deteriorated under the EU's Working Time Directive.

Since 2006 the Commission has used an ECJ judgement to push most national healthcare into the services provisions of the EU treaties -- leading to EU interference in many aspects of healthcare including medicines, medical devices and research. More, the Commission's proposals for the planned EU-US trade deal, TTIP, would leave the NHS vulnerable to demands by private American healthcare corporations.

Some international cooperation is useful. Mutual recognition of professional qualifications across the 31 countries of the European Economic Area would continue. The UK could continue to participate in the European Health Insurance Card. More importantly, The UK's membership of the World Health Organisation would ensure that an independent Britain stays at the top table of international public health policy.

63. I've heard from the pro-EU campaigners that the EU could impose onerous conditions -- that they could dictate damaging conditions on Britain when we negotiate to leave.

The rules of the World Trade Organisation would prevent that, as would the Treaty on European Union itself. The treaty compels the EU to "contribute to ... free and fair trade" and "develop a special re-

lationship with neighbouring countries, aiming to establish an area of ;prosperity and good neighbourliness. " The treaty also requires the EU to "work for a high degree of cooperation in all fields of international relations, in order to... encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade."

These are not just aspirations, these are legal requirements under which European Commission negotiators must operate. If they fail to do so, the UK can take the Commission to the European Court of Justice to enforce the law, because as long as the Article 50 negotiations continue, Britain remains a member of the EU with full standing and protections at the ECJ.

As for scare stories that Britain would be "excluded from the decision-making apparatus" of

the EU talks at the European Council during negotiations, Britain would only be excluded when matters directly pertaining to the negotiations are being discussed, and from votes on the same issue.

VOTE TO LEAVE THE EU

BSE 10-Point Rebuttal

UKIP

As requested these are the boiled-down version of Open Europe's "ten questions for the Remain campaign" of Oct 16 2015

1) At the launch of the "Britain Stronger in Europe" campaign, Lord Rose said that three million jobs were linked to trade with the EU. I know UKIP has said before that this is just a figure that has been discredited, but when the former CEO of Marks and Spencer uses it, surely we have to pay attention?

Whether Lord Rose used it or not, the idea of three million jobs being under threat from Brexit remains a discredited statistic. Even Open Europe, a think tank that wants Britain to remain in the UK, said the figure was based on a "simplistic methodology." In other words, the figure is a fiction. It is part of the policy of fear, uncertainty and doubt that underlies all of the pro-EU lobby. In this case, they want British people to believe that all trade with the Continental countries will cease once the UK leaves the EU. The idea is ludicrous.

2) Each UK household benefits to the tune of £3,000 from EU membership. Surely we can't afford to throw that away?

That figure does not stand up. It is based on a CBI assessment -- and remember, the CBI takes money from the European Commission -- from 2013. Their calculations were based on just five highly selective papers, the most recent being from 2008. After pulling out some figures, the CBI increased the overall figure of alleged benefit from 2 to3 percent to 4 to 5 percent without any convincing reason why. Then the CBI neglected to calculate the benefits to British households from being outside the EU. In short, the figure of £3,000 is discredited. It is propaganda wishes, not honest maths.

3) But EU membership makes every one of us £450 a year better off due to lower prices.

This is another figure that has just "emerged" without any clear explanation of how it was calculated. It appears to conflate alleged wider economic benefits of our membership of the EU with our direct cash contribution to the EU, and then ignores things like the high regulatory costs borne by British business and investment. It is just another flawed figure invented by people who want to keep the UK trapped in a political union which has no benefit for us.

4) Forget all the figures. Is the real argument that is going to win or lose the referendum an emotional one?

Yes. But the "leave" side will only win if it can produce facts which give the British people the strength to act on their emotions of national pride, self-confidence and love of democracy. However, if the "remain" side injects enough fear, uncertainty and doubt into the campaign -- fear over jobs, industry, trade, costs -- then the British people will be driven by the emotion of fear to protect their wages and their investments before they will follow their hearts to protect their parliament. The job of the "leave" side is to produce the facts which will result in rational emotional choices.

5) What about all those people who are on the "remain" side now who also wanted the UK to join the euro? What should I make of them? Maybe they have learned their lesson.

Or more likely they haven't. The public backing for the Britain Stronger in Europe campaign by unreconstructed pro-euro British politicians such as Tony Blair makes it hard for the "remain" campaign to distance itself from the historical support for the euro by the 1990s ruling political class. It was this elite which tried to frighten the British people into joining the euro by claiming the UK would be isolated and suffer financial loss if it stayed outside. Since those are exactly the arguments being made by the "remain" campaign now, the similarities can only be damaging to their case.

6) But of course the "remain" campaign has a policy on migration which is more broadminded than that of the "leave" campaign, don't they?

Judging by their performance at the launch, the Britain Stronger in Europe campaign has no particular migration policy at all.
Lord Rose, who is the head of the campaign, is the Marks and Spencer ex-CEO who two years ago said that the public shouldn't complain about migrants undercutting British workers and taking jobs for less money. Therefore we can assume he is all for wide-open borders.
Meanwhile the campaign's director Will Straw admitted people are "legitimately concerned" about migration.
It remains unclear what the official line of the "remain" campaign will eventually be. Migration is such an important topic for so many millions of British people that it is likely the spin-doctors briefing the "remain" campaigners will tell them to avoid the topic when they can. They will be told that when they can't avoid talking about it, to keep asserting that there are benefits to mass migration, while avoiding being made to produce facts to back the assertion.

7) Being in the EU lets the UK boost its influence and security. Why give that up?

This an assertion constantly made by people such as the Britain in Europe campaign. However, beyond asserting it, they offer no argument to back it up.
Britain is one of the most important foreign policy powers in Europe, but that has nothing to do with its membership of the EU. It has to do with its long-standing alliance with the United States and the key role it has played in NATO since that alliance was created. The UK is also a member of the UN Security Council, a powerful position it gained from its own influence, long before it joined the EU.
It has little influence to influence the direction of the EU. EU. What power it has has been declining for years. The UK has never managed to prevent a single proposal placed in front of the Council from becoming European law. The UK's voting power in the Council is just 29 votes out of 352, or about 12 percent once the population weighting is included.
In the European Parliament, UK MEPs have less than 10 percent of the vote. Among the staff of the European Commission just four percent of the staff are British, and EU regulations forbid them to act in the interests of Britain.

8) Britain outside the EU will be isolated, surely?

That is what the "remain" campaign wants to scare you into believing. In fact, not only are there many examples of how an independent country can trade freely with the member countries of the EU -- for example, Canada and Switzerland. Also the EU is bound by treaty law to come to "contribute to ... free and fair trade" and "develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness. " The treaty also requires the EU to "work for a high degree of cooperation in all fields of international relations, in order to... encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade."
These are not just aspirations, these are legal requirements under which European Commission negotiators must operate. If they fail to do so, the UK can take the Commission to the European Court of Justice to enforce the law, because as long as the Article 50 negotiations continue, Britain remains a member of the EU with full standing and protections at the ECJ.

9) Does the "remain" campaign have a picture of what life for the UK would be like outside the EU?

They only say it will be a "leap into the dark." That of course is just more mis-information. The fact is that the usual situation of any developed country today is to be independent of any supra-national political and economic union such as the EU. That is no "leap in the dark," that is "situation normal." What Britain would be doing in leave the EU is resuming the independent position of other countries from Brazil to Japan to India.
The real 'leap in the dark" is staying in the EU. The so-called Five Presidents Report launched by the European Commission earlier this year, though not much noticed in the UK, lays out a road map that will take the eurozone into a single state controlled with a eurozone treasury and common eurozone debt. The implications of this core undemocratic state on other member states is incalculable, and therefore highly dangerous.

10) It is hard to believe that leaving the EU would boost UK trading opportunities, therefore surely it is better to stay a member?

In fact, our membership of the EU damages our trading opportunities. The EU is notably slow and inefficient in negotiating trade agreements. EU negotiators must take into account political demands from 28 separate member countries, some, in particular France and its farmers, more powerful than others in making or blocking deals. Because the EU has a monopoly on trade negotiations, Britain is just one-twenty-eighth of any consideration. The ponderous nature of the EU makes it difficult and frustrating for independent countries to deal with. This is why even Iceland has reached a trade deal with China, while the EU hasn't. Nor has the EU been able to reach a deal with India. If Britain were free again to negotiate its own deals, it could be flexible and quick in negotiating deals.

ENDS

VOTE TO

LEAVE

THE EU

Quotes from MPs

UKIP

JOHN LONGWORTH - British Chamber of Commerce (Director General) stated Britain could have a "brighter future" outside the EU.

LIAM FOX, - former defence secreary, said: "The fact the Government would try to influence a group like the British Chambers of Commerce to sack someone as respectable as John Longworth is bad enough. If then attempts were made to cover this trail then it is an even more serious matter." Liam Fox used a powerful speech at the Grassroots Out campaign's launch event to persuade voters to leave the European Union, saying he wanted to live in a country that was "an independent sovereign nation" again.

IAIN DUNCAN SMITH - one of the original Maastricht rebels - is one of the most committed and outspoken Eurosceptics in David Cameron's cabinet, recently warning that Britain was "sailing perilously close to the rocks" by remaining in the European Union.

MICHAEL GOVE - In a few months' time we will all have the opportunity to decide whether Britain should stay in the European Union or leave. I believe our country would be freer, fairer and better off outside the EU. And if, at this moment of decision, I didn't say what I believe I would not be true to my convictions or my country... My starting point is simple. I believe that the decisions which govern all our lives, the laws we must all obey and the taxes we must all pay should be decided by people we choose and who we can throw out if we want change. If power is to be used wisely, if we are to avoid corruption and complacency in high office, then the public must have the right to change laws and Governments at election time.

THERESA VILLERS - A former MEP for six years before becoming an MP, Theresa Villiers bases much of her argument for wanting to leave the EU on her experiences in Brussels and before that as a lawyer. She has described leaving the EU as the "safer option".

BORIS JOHNSON - "But nobody can claim this is fundamental reform of Britain's relationship with the EU. "I would like to see a new relationship based more on trade and co-operation. I want a better deal for the people of this country to save them money and to take back control. So I will be advocating Vote Leave."

Johnson said the EU was "a political project that has been going on for decades, and is now in real danger of getting out of proper democratic control".

Mr Johnson said he couldn't "pass up the only chance any of us have in our lifetimes to put an alternative point of view".

He asked: "Is it better for Britain to remain in Europe as it currently is, or is there a way that we could actually get a better deal that did more for Britain, and restored some control to the people in this coun-

.../**2**

try?”

KATE HOEY MP - I’m tired of people thinking that only those on the right of politics are Eurosceptic. This is far from true.....How can we protect civil liberties when the EU forces on us unaccountable extraditions through the European Arrest Warrant? How can we ensure the jobs and growth that we need when vital contracts for work go to preferred bidders on the continent and not to British firms? How can we preserve and improve our public services when the Services Directives help force the privatisation of the Royal Mail and EU rules against state aid will make it almost impossible to renationalise the railways? TTIP is a gift to the multi-national corporations. I don’t trust the EU to negotiate on our behalf, and I certainly don’t trust it to be on the side of small businesses or Trade Unions..... I have never felt so optimistic about our chances of winning the referendum. In the event of a Brexit, we can trade and co-operate with other European countries not involved with the EU, and reach out globally, particularly to the bloc of Commonwealth countries in Asia. We face a great opportunity if we leave. We can stop being Little Europeans and become Internationalists again.

BARONESS JENNY JONES - Green Party. ‘As the EU comes down for neoliberalism, austerity and capital against popular will, Greens and other ‘progressives’ must consider switching sides in the ‘in or out’ debate, writes Jenny Jones. A Union that stands for TTIP, corporate empowerment and the trampling of Greek democracy is one we are better off leaving’. Jenny Jones, aka Baroness Jones of Moulsecoomb, is a London Assembly member, green campaigner, long term Green Party member, and member of the House of Lords.

DAVID DAVIS MP - It has been over 43 years since Britain joined the European Economic Community. For all that time there have been calls for Europe to reform. For Europe to be more democratic, more competitive, more functional. And for Britain to lead that reform.

The result? If anything Europe has become less democratic, less competitive and more dysfunctional. And Britain has become more side-lined.

The EU has been in decline for some time now. There is no change of course in sight. The risks involved in staying are clear for all to see — low growth, high unemployment, and waning influence. “Those who cannot learn from history are doomed to repeat it”.

We were taught a lesson in 1975. If we were to have a simple In/Out referendum and voters were scared into voting “In”, that would be the worst case scenario for Britain. It would not reflect voters’ concerns about Britain’s relationship with the EU. And it would render future British governments utterly impotent in European negotiations, undermining their ability to block EU initiatives which threaten British interests.

GEORGE GALLOWAY - The left-wing firebrand and former MP said the UK should be able to decide for itself "how many immigrants we have, who we deport, what the levels of taxation are and what our foreign policy should be". He told the BBC's Sunday Politics: "I campaigned against breaking up Britain; I campaigned for a No vote in the Scottish referendum. That didn't mean I was with the Tories or the Orange Order.

...the EU is "built on neo-liberal economic principles which are iron-clad and unchangeable...

people want to vote and only Brexit would deliver true democracy for British voters. We want our people to choose our government and thus our direction. I'd rather take my chance with changing things in Britain than waiting for change in Bulgaria or in Poland or in Germany. The people of Greece were crushed underfoot by this neo-liberal consensus on which the EU and its main institutions are built. Portugal actually elected a majority of left-wing MPs and the president of Portugal was told by the European Union 'you mustn't summon these people to your palace and ask them to form a government'. This is unconscionable. I don't want us to suffer the same fate as them."

BILL CASH - The government's position is inadequate. It doesn't address structural reform. It just nibbles at the treaties. I firmly believe I am not anti-European. I approve of the ideas of the founding fathers, but not of political union. I don't believe I'm anti-European. I just don't believe the project can work. I believe the entire European project is dysfunctional and undemocratic.

JOHN REDWOOD - THE UK MUST TAKE BACK CONTROL OF OUR MONEY AND OUR BORDERS AND MUCH ELSE.

Outside the EU the UK will be able to draw up free trade agreements with the rest of the world.

Our trade with the EU is not at risk, as they sell us more than we sell them and they do not want to impose new tariffs or barriers.

Outside the EU the UK will have £10 billion more to spend or to offer in tax cuts, the money we currently have to send to Brussels and do not get back.That's £300 a family every year.

Outside the EU we could have cheaper and more reliable energy.

Freed of EU control we save our fish and have farming and environment policies suited to the UK landscape and needs. We will carry on paying all current EU subsidies out of the money we get back from the EU.

Outside the EU the UK will regain seats on international bodies which the

EU threw us off, and will have her own voice with more influence as a result.

Leaving the EU means we can take back control of our borders and decide who to invite in.

The UK will be more secure outside the EU as we can have our own foreign policy, cease to rely on EU common policies, and control admission to our country.

Above all the UK will be a democracy again. Public opinion and elections will be able to change policies and governments instead of having to accept many laws and spending requirements because the EU demands.

The risky option is to stay in. The rest of the EU is on a wild ride to political union. If we stay we will continue to lose control over more of the things that matter to us.

Peter Bone - It is perfectly clear that the Prime Minister's renegotiation is of very little consequence. Nothing fundamental is even on the table, nor up for debate. Free movement, the cost of our membership and making our own laws are not even being discussed.

Tom Pursglove - No matter which political party you are in, this is an exciting time in British politics. This is the moment in which we can break the mould, free our country from the grip of the EU and transform the nation's prospects for the better. We must seize this opportunity and work together to win.

GRAHAM STRINGER Labour MP For a third of a century the leaders and members of the Labour movement understood there was a fundamental contradiction between support for the EU and the protection of British workers and our democracy. Free movement of workers both skilled and unskilled are providing unprecedented levels of competition for jobs in the UK. The trade unions can do little to protect workers job security. On a wider democratic front some of Labour's most cherished and popular policies are unlikely to survive scrutiny by European Court of Justice. We can forget ambitious plans to renationalise the railways and Royal Mail or place a cap on energy prices.

The institutions of the EU have ensured the interest of multinational companies take precedent over national laws and workers' rights. The Transatlantic Trade and Investment Partnership will effectively give multinationals powers over national governments and parliaments. The EU cannot be reformed. Most of the objectionable policies are locked in the treaties, and there is no chance of persuading the other 27 EU members to vote for change. Fifty five times this country has tried to block Commission proposals — and fifty five times we have failed. We have diminishing influence as the EU increases in size. Now, the EU is just transposing

rules on trade, agriculture, finance and automobile manufacture from world bodies. The UK would be much better off representing itself as an independent country at these global regulatory bodies.

KELVIN HOPKINS Labour MP There should be no doubt that the European Union is anti-working class, anti-socialist and anti-democratic. This has been the case since its first incarnation as the European Common Market in 1957, and the evidence is now overwhelming. But the anti-socialist and anti-democratic nature of the EU were long ago recognized by the left and it is the left which threatens it today.

JIM ALLISTER TUV leader. Mr Allister said his party would be enthusiastically campaigning for the UK to leave the EU. He said the EU had caused enormous damage to the local agriculture and fishing sector and the former MEP argued that it was time people were freed from the "shackles of the EU".

JOHN MILLS - Labour Donor and business tycoon. Getting out of the EU would be a start, he adds, saving the UK at least £11bn net a year. "Tougher border controls would help with jobs and wages too. At least two-thirds of all new jobs have gone to migrant workers." "There are many Labour MPs who do want out but daren't say so."

OWEN PATERSON - The Tory MP and former enivronment secretary has described the EU talks as "a sideshow" and insisted that Brexit is not a "a leap into some terrible black abyss".

PENNY MORDAUNT - The Armed Forces minister has gone against her boss Defence Secretary Michael Fallon in adding her voice to the Out campaign. "The oldest, most stable and most successful country in Europe has a duty to remind a European Union barely 50 years old that government is the servant, and not the master, of the people," she wrote in the Telegraph.

PRITI PATEL - "We've become too tolerant. We've just sat back and accepted it." She told the Daily Mail that an EU withdrawal would free up UK taxpayers' money, as their cash would no longer be diverted to Brussels. "You could build a hospital or a school with that. Think of all the roads we could build. The potholes we could mend. All the local services," Ms Patel said.

CHRIS GRAYLING - Despite once working as the European marketing director for a communications agency, Mr Grayling is firmly in the Leave camp and was the first cabinet minister to speak out in an article in the Daily Telegraph. The Commons Leader said that remaining in the EU would be "disastrous" for Britain, and has gone on to warn ministers against scaremongering about Brexit.

KARL KEETCH - former Liberal Democrat MPFormer Lib Dem MP, Paul Keetch sets out the liberal case for leaving the European Union.

“In the European Union, true power is held behind closed doors in the Council of Ministers, who make decisions away from the cameras and above the heads of voters. How can I continually advocate the devolution of power from Whitehall to local government, while applauding the transfer of power from our flawed but elected parliament to an unelected and unaccountable EU bureaucracy?”

IF the EU really is good for jobs and employment throughout the union. why is it that Greece and Spain have record unemployment? And if jobs were so great and plentiful throughout the EUunion then why are migrants flocking out of Eastern Europe to the UK?

BERNARD CAZENUEVE, the French Interior Minister.

Anglo-French cooperation has existed for centuries before the creation of the EU and will continue long after the EU has gone. ITV: “Your colleague Monsieur Marcon said today [the Le Toquet Treaty] would go; you said last year it would stay?”

French Interior Minister, Bernard Cazeneuve: “Mr Marcon is not involved in immigration policy in France. He’s involved in economical problems. That is a tremendous job for him. We’d like to go on building with Great Britain a good immigration policy especially at Calais and that’s what we’re doing together.”

Immigration and the NI scandal see Liam Fox - “So the choice is clear, either we can leave the European Union and fulfill our pledges, or we can remain and fail.”

http://www.telegraph.co.uk/news/newstopics/eureferendum/12181306/EU-referendum-200-small-firm-bosses-and-entrepreneurs-tell-Britons-to-vote-for-Brexit.html

36 our of the top 100 FTSE companies in the UK signed a letter in support of continued EU membership - this represents about a third. well the corrollary is that 2/3 of companies have not! This includes the major supermarket chains operating in the UK. two of the UK’s leading banks Lloyds and Barclays have also not signed the letter.

Telegraph 9th March 2016: Last week ministers were accused of hiding the full scale of migration after officials suggested that 257,000 EU nationals came to Britain last year. Over the same period, 630,000 EU citizens registered for a national insurance number, which would entitle them to work or claim benefits in Britain.

VOTE TO LEAVE THE EU

Regional Funding Briefing

Open Europe's recent 2012 briefing on EU regional policy which found that the UK contributed roughly £29.5 billion to the EU's structural and cohesion funds and received only £8.7bn in return. The report was also covered by WalesOnline, which noted that although West Wales was only one of two UK regions that was a net beneficiary from the funds, Wales overall paid £1.65 for every £1 it received back from the funds. (see attached PDF of tables)

EXECUTIVE SUMMARY

- Over the 2007-2013 EU budgetary period, the UK is contributing roughly £29.5bn to the EU's structural and cohesion funds, and getting back around £8.7bn, making it the third largest net loser from the funds, after France and Germany.

- Firstly, it can channel funds away from where they can have the most *comparative* impact, as richer member states already attract investment, which, at worst, can be crowded out by the structural funds.

Secondly, in richer member states, the structural funds mostly serve to redistribute income *within* the same regions. We estimate that of the UK's overall contribution, 70% goes to other member states, only 5% is redistributed across regions, with the remaining 25% being redistributed *within* the same region in which the funds were raised. This begs the question what the added economic value of the structural funds is for Britain.

- **Of the 37 regions in Britain under the EU's classification system, 35 are *net* contributors to the structural funds, with only West Wales and Cornwall net beneficiaries. This means that some relatively poor areas lose out substantially.**
- **For example, we estimate that the West Midlands, which has the lowest disposable income per capita in the UK, pays £3.55 to the structural funds for every £1 it gets back. Merseyside, which has a disposable income of 88% of the UK average, pays in £2.88 for every £1 it gets back. All the regions in the North East pay in more than they get back, as does Northern Ireland (£1.58 for every £1 it gets back). All sub-regions in Scotland are likewise net losers from the structural funds.**

- Some regions that are under the UK average for disposable income per capita pay far higher contribution ratios than those above the average; for example Devon (94% of the average) pays £6.58 for every £1 it gets back, while Herefordshire, Worcestershire and Warwickshire (105% of the average) pays £4.49.

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Off Target: The case for bringing EU regional policy back home

The billions spent by the EU on regional development subsidies have a mixed record when it comes to providing jobs and growth. Wealthier member states can afford to run their own regional policies instead of recycling money between themselves via the EU budget.

Experts: Pawel Swidlicki, Raoul Ruparel, Christopher Howarth, Mats Persson

Talking of our Report

We support the principle of repatriating regional policy funding.

House of Commons Communities and Local Government Committee, 13 July 2012.
Intelligence RSS Feed

REPORT INFLUENCE

- The House of Commons Select Committee for Communities and local Government’s report into the European Regional Development Fund recommended that the government should try to repatriate regional policy-funding.

- In its 2013 ‘Subsidiarity review’, the Dutch government backed Open Europe’s policy proposal. Upon its release, 18 Labour MPs including former cabinet ministers also backed the report’s conclusion in a letter to the Guardian.

€147bn

Save billions by targeting EU regional funds at poorest states

If the EU had targeted regional development funds at the poorest EU states during its 2007-2013 budgetary period, rather than recycling them around the richer states, Open Europe estimates that savings of €147bn could have been made. Source: Open Europe

The structural funds: an effective tool for jobs, growth and convergence?

The structural funds can have a positive impact in individual cases if combined with good public administration and pro-growth policies, as the example of Ireland in the 1990s shows. However, there is no conclusive evidence that the funds in the EU's regional policy have had an overall positive economic effect on Europe's economy. There are still a number of problems with the funds, including an unsatisfactory correlation between funding and results.

Most fundamentally, involving all member states in EU regional spending, irrespective of their relative wealth, is economically irrational. As the Commission itself has admitted, this exercise creates "considerable administrative and opportunity costs." Firstly, it can channel funds away from where they can have the most comparative impact, as richer member states already attract investment, which, at worst, can be crowded out. Secondly, in richer member states, the structural funds mostly serve to redistribute income within the same regions.

EU regional policy: Does Britain get a good deal?

Over the 2007-2013 EU budgetary period, the UK is contributing roughly £29.5bn to the EU's structural and cohesion funds, and getting back around

£8.7bn, making it the third largest net loser from the funds, after France and Germany.

We estimate that of the UK's overall contribution, 70% goes to other member states, only 5% is redistributed across regions, with the remaining 25% being redistributed within the same region in which the funds were raised. This begs the question what the added economic value of the structural funds is for Britain.

Of the 37 regions in Britain under the EU's classification system, 35 are net contributors to the structural funds, with only West Wales and Cornwall net beneficiaries. This means that some relatively poor areas lose out substantially. For example, we estimate that the West Midlands, which has the lowest disposable income per capita in the UK, pays £3.55 to the structural funds for every £1 it gets back. Merseyside, which has a disposable income of 88% of the UK average, pays in £2.88 for every £1 it gets back. All the regions in Scotland, the North East pay in more than they get back, as does Northern Ireland.

In 2003, the then UK Chancellor, Gordon Brown, said that the time was ripe to "bring regional policy back to Britain." However, the Coalition has dropped the previous Labour Government's commitment to devolve regional spending back to the UK and to focus EU structural funds exclusively on the less developed EU member states.

Focusing funding on the least developed member states: a win-win situation

As proposed by the previous Labour Government, limiting the funds to EU member states with income levels at 90% or below the EU average could create a win-win situation. Such a move would instantly make the funds easier to manage and tailor around the needs of the poorest regions in the EU. We estimate that 22 or 23 out of 27 member states would also either pay less or get more out of the EU budget, as the funds would no longer be transferred between richer member states. This option could therefore attract strong political support in many capitals.

If this policy had been adopted for the present EU budgetary period (2007-2013), France would have emerged as the biggest winner from focussing the funds on the poorer states, cutting up to €12.8bn from its net contribution to the EU budget over seven years. The UK comes second, saving up to €5.1bn (£4.2bn) over seven years. Importantly, all new member states except for Cyprus (and Slovenia under one possible scenario) would also save money on their contributions to the EU budget, with Poland gaining the most.

Italy, Spain and Greece would all lose out substantially, but they are already set to get a smaller share of EU subsidies as recent enlargements continue to erode their net receipts. More importantly, to cope with the eurozone crisis, these countries need far more responsive and better-targeted support than is currently being offered by the structural funds.

Devolving regional policy should involve the Coalition promising to ring-fence the £8.7bn that it currently receives via the EU's structural funds for continued regional and regeneration spending around Britain. In addition, it could pledge to re-invest its projected saving of up to £4.2bn under the 90% threshold back into regional development. This would mean that virtually all UK regions would experience a rise in the amount of subsidies they receive. However, the UK must also ensure that it replaces the structural funds with something that works radically better with a focus on results, rather than getting the money out of the door, as is often the case at present.

http://openeurope.org.uk/intelligence/economic-policy-and-trade/eu-regional-policy/

No such thing as EU money. UK is a massive net contributor to the EU. We would be much better off keeping our own money in the UK and deciding ourselves how best to spend it . The EU's energy policy has helped push up energy prices, and make our steel industry uncompetitive in the global market, and on Tuesday in the EP, they are voting to hobble the British competitative port system in order to save the bloated expensive EU system.

UK taxpayers are the big loosers as EU hands over 325 BN euro on Cohesion funds

UKIP MEP Gerard Batten said about this Cohesion Fund vote today

"There is no such thing as EU money, it is taxpayers' money. It is British taxpayers, as well as those from Germany and France who are the big losers in this vote today..

UK taxpayers will make a huge contributions to cohesion funding which goes to poorer states in Eastern Europe but get little in return.
In the last funding period, the UK gave £29.5 billion to the EU's structural and cohesion funds, and got back around £8.7 billion. This was a very poor deal.
Even Wales, which people think in a beneficiary, overall paid £1.65 for every £1 it received back from the funds. Cohesion funds constitute 34% of the EU spending budget.
As we are now talking about 325 billion euro over the next seven years, this should concentrate peoples' minds on the exorbitant cost of EU membership."

Open Europe calculated how for every £1 we get in Wales from EU we have spent £1.65 (2012 report link no longer working)

Germany, France and the UK: 'Net losers'

As negotiations move on, voices are being raised among the net contributing countries to make a better use of the regional funding.

In January 2012 Open Europe, a British eurosceptic think tank, published an analysis of how much the UK receives back from its EU regional funding contribution.

"Over the 2007-2013 EU budgetary period, the UK is contributing roughly £29.5 billion to the EU's structural and cohesion funds, and getting back around £8.7 billion, making it the third largest net loser from the funds, after France and Germany," the report says.

Some relatively poor areas in Britain lose out substantially. "The West Midlands, which has the lowest disposable income per capita in the UK, pays £3.55 to the structural funds for every £1 it gets back. Merseyside, which has a disposable income of 88% of the UK average, pays in £2.88 for every £1 it gets back".

The report's conclusions were unequivocal. The British government, its said, should "seek to bring regional policy back to the UK." "The economic, social and democratic arguments clearly point in favour of this policy direction," said Pawel Swidlicki, author of the report.

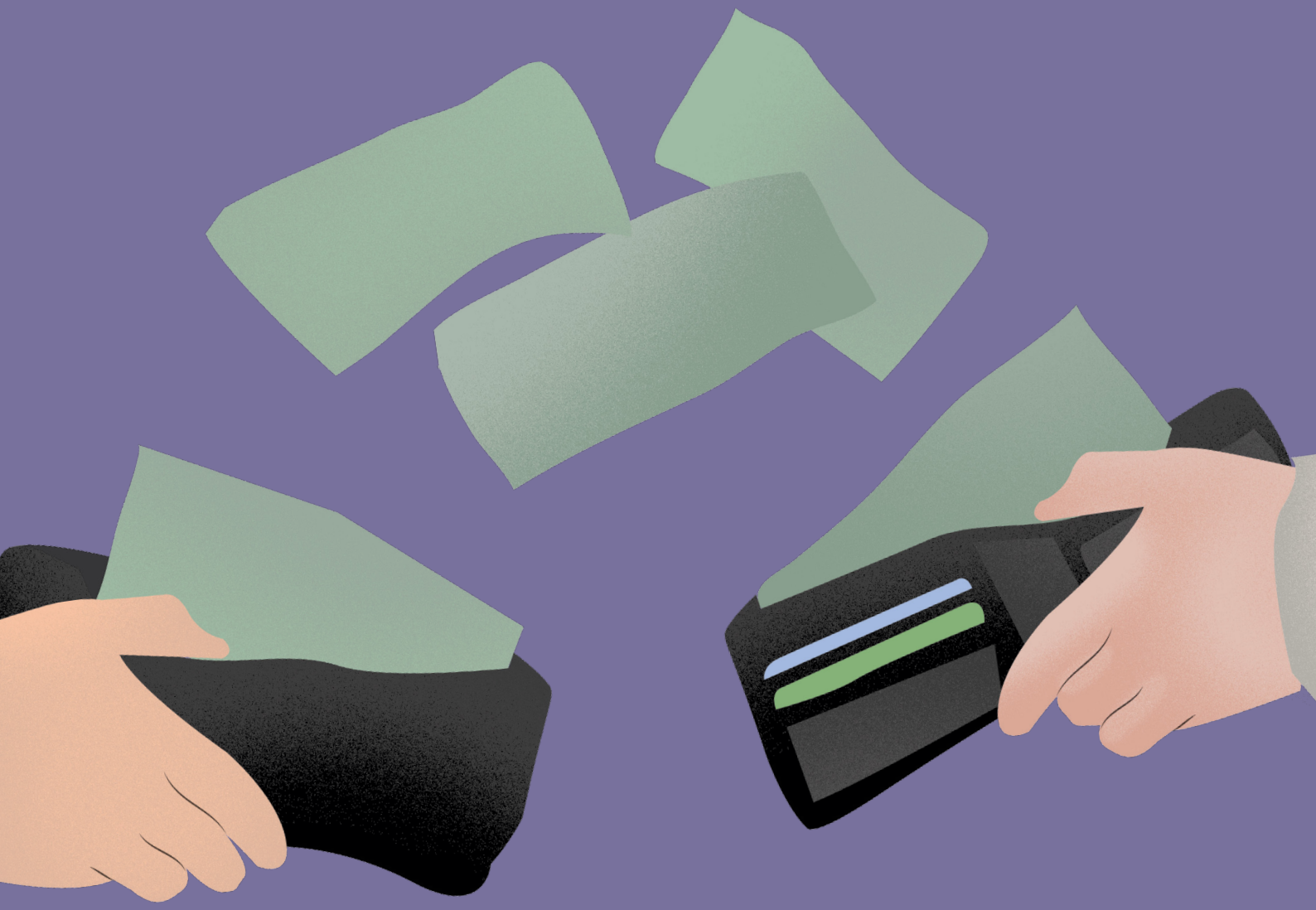
The report was also covered by *WalesOnline*, which noted that although West Wales was only one of two UK regions that was a net beneficiary from the funds, Wales overall paid £1.65 for every £1 it received back from the funds.
EurActiv
http://www.openeurope.org.uk/Content/Documents/Pdfs/2012EUstructuralfunds.pdf

Report
01/2012

Open Europe

Off Target:
The case for bringing regional policy back home

Mats Persson, Pawel Swidlicki, Raoul Ruparel and Christopher Howarth



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EXECUTIVE SUMMARY

- In 2003, the then UK Chancellor, Gordon Brown, said that the time was ripe to "bring regional policy back to Britain." However, the Coalition has dropped the previous Labour Government's commitment to devolve regional spending back to the UK and to focus EU structural funds exclusively on the less developed EU member states.

- Over the 2007-2013 EU budgetary period, the UK is contributing roughly £29.5bn to the EU's structural and cohesion funds, and getting back around £8.7bn, making it the third largest net loser from the funds, after France and Germany.

- The structural funds can have a positive impact in individual cases if combined with good public administration and pro-growth policies, as the example of Ireland in the 1990s shows. However, there is no conclusive evidence that the structural funds have had an *overall* positive economic effect on Europe's economy. There are still a number of problems with the funds, including an unsatisfactory correlation between funding and results.

- Most fundamentally, involving all member states in EU regional spending, irrespective of their relative wealth, is economically irrational. As the Commission itself has admitted, this exercise creates "considerable administrative and opportunity costs."

- Firstly, it can channel funds away from where they can have the most *comparative* impact, as richer member states already attract investment, which, at worst, can be crowded out by the structural funds. Secondly, in richer member states, the structural funds mostly serve to redistribute income *within* the same regions. We estimate that of the UK's overall contribution, 70% goes to other member states, only 5% is redistributed across regions, with the remaining 25% being redistributed *within* the same region in which the funds were raised. This begs the question what the added economic value of the structural funds is for Britain.

- Of the 37 regions in Britain under the EU's classification system, 35 are *net* contributors to the structural funds, with only West Wales and Cornwall net beneficiaries. This means that some relatively poor areas lose out substantially.

- For example, we estimate that the West Midlands, which has the lowest disposable income per capita in the UK, pays £3.55 to the structural funds for every £1 it gets back. Merseyside, which has a disposable income of 88% of the UK average, pays in £2.88 for every £1 it gets back. All the regions in the North East pay in more than they get back, as does Northern Ireland (£1.58 for every £1 it gets back). All sub-regions in Scotland are likewise net losers from the structural funds.

- Some regions that are under the UK average for disposable income per capita pay far higher contribution ratios than those above the average; for example Devon (94% of the average) pays £6.58 for every £1 it gets back, while Herefordshire, Worcestershire and Warwickshire (105% of the average) pays £4.49.

- As proposed by the previous Labour Government, limiting the funds to EU member states with income levels at 90% or below the EU average could create a win-win situation. Such a move would instantly make the funds easier to manage and tailor around the needs of the poorest regions in the EU. We estimate that 22 or 23 out of 27 member states would also either pay less or get more out of the EU budget, as the funds would no longer be transferred between richer member states. This option could therefore attract strong political support in many capitals.

- To illustrate: if this policy had been adopted for the present EU budgetary period (2007-2013), France would have emerged as the biggest winner from focussing the funds on the poorer states, cutting up to €12.8bn from its net contribution to the EU budget over seven years. The UK comes second, saving up to €5.1bn (£4.2bn) over seven years. Importantly, all new member states except for Cyprus (and Slovenia under one possible scenario) would also save money on their contributions to the EU budget, with Poland gaining the most.

- Italy, Spain and Greece would all lose out substantially, but they are already set to get a smaller share of EU subsidies as recent enlargements continue to erode their net receipts. More importantly, to cope with the eurozone crisis, these countries need far more responsive and better targeted support than is currently being offered by the structural funds.

- Devolving regional policy should involve the Coalition promising to ring-fence the £8.7bn that it currently receives via the EU's structural funds for continued regional and regeneration spending around Britain. In addition, it could pledge to re-invest its projected saving of up to £4.2bn under the 90% threshold back into regional development. This would mean that virtually all UK regions would experience a rise in the amount of subsidies they receive by around 45%. For example, Cornwall could get an additional £207 million over seven years under such an arrangement.

- However, the UK must also ensure that it replaces the structural funds with something that works radically better. This could include adding a second pillar to the existing Regional Growth Fund which would see potential projects competing for an enhanced pot of cash. Rather than the current raft of, at times contradictory, objectives, the disbursement should be more heavily premised on which project has the strongest business case. The focus would be on results, rather than getting the money out of the door, as is often the case at present.

Box 1: EU Regional policy and the structural funds in brief

The EU's structural and cohesion funds are aimed at helping poorer regions in the EU catch up with richer ones, but also cover a number of other side objectives as well, such as 'social cohesion' and competitiveness along the lines of the Lisbon Agenda. They are the second largest item in the EU budget, accounting for roughly one third of total expenditure: €348.4bn over the current seven year budgetary period.[1]

The structural funds are financed directly from the EU budget, to which all member states contribute. Despite being geared towards narrowing regional disparities, all regions in all EU member states – even the richest – are eligible for at least some degree of funding.

The scope of this report covers three specific instruments: two structural funds – the European Regional Development Fund (ERDF) and the European Social Fund (ESF) - and the separate Cohesion Fund which is limited to member states with a national income below 90% of the EU average, with Spain qualifying for transitional support. In addition, a small share of funding is earmarked for projects aimed at boosting cross-border cooperation. There is no one-to-one relationship between these funds and their various objectives - for example, all of the funds have "convergence" as an objective. In this paper, the term 'Structural Funds' (SF) refers to the ERDF and ESF, while 'Structural and Cohesion Funds' (SCF) refers to all three. This is an important distinction because when we discuss the devolution of the funds back to the UK, we refer only to the structural funds as Britain is not eligible for support from the Cohesion Fund.

There is a significant body of literature looking at the benefits or otherwise of regional policies aimed at helping poorer areas to catch up with richer ones, be they top-down or bottom up, and/or more interventionist or more market-orientated. This paper is not a contribution to that debate, but rather an assessment of the effectiveness and desirability of active EU involvement in regional and regeneration programmes via the structural funds. The question is not one of whether to dismantle policies and spending programmes aimed at helping relatively poor areas – which this paper considers to be necessary – but how they can become most effective.

1 2007 – 2013 EU Multiannual Financial Framework
http://ec.europa.eu/budget/figures/fin_fwk0713/fwk0713_en.cfm

1. EU STRUCTURAL FUNDS: CURRENT STATE OF PLAY

1.1. The UK Government's position has changed

Although it has made few public references to it, the Coalition's position on reforming the EU budget appears to have changed in comparison to that of its predecessor, arguably marking a softened stance in EU talks. The Coalition has effectively three objectives in the negotiations on the EU's next long-term budget:

- Steadfastly protecting the UK rebate from further reduction,
- Freezing the overall size of the budget,
- Achieving reform through 'downward pressure' – with less money available, the cash available must be spent better.

In contrast, the previous Labour Government was explicitly in favour of bringing regional spending back to the UK. In 2003, former Chancellor and Prime Minister Gordon Brown wrote:

> *"When the economic and social, as well as democratic, arguments on structural funds now and for the future so clearly favour subsidiarity in action, there is no better place to start than by bringing regional policy back to Britain."*[2]

In 2003, Alan Johnson, then a junior Minister at the Department of Trade and Industry, also noted that exempting richer member states from EU regional spending, "would concentrate EU activity where it can add most value." He said:

> *"Devolving the delivery of regional policy in support of common objectives to Member States would entail less red tape and bureaucracy…We believe that actually we could introduce huge cuts in bureaucracy and rid ourselves of the frustration of dealing with that process by having a properly structured, debated and set out method, whereby, richer European Union countries did not go through that wasted process."*[3]

A number of subsequent Government policy papers also argued this point including a Treasury note in 2008, which stated that "Structural Funds in the richer Member States should be phased out."[4]

This aim is not part of the Government's negotiating position on the EU's next long-term budget (to run from 2014 to 2020), and on the whole, such language has not found its way into the Coalition's statements on Europe, although Deputy PM Nick Clegg did say in a recent interview that:

> *"My view is that we can do a lot to help countries like Poland by not spending structural funds in other parts of the EU where they are not needed that much."*[5]

2 *The Times*, 'As the EU expands, we must repatriate some of the power from Brussels' 6 March 2003 http://www.thetimes.co.uk/tto/law/columnists/article2045877.ece

3 Alan Johnson MP: 'London's Perspective' - Consultation on the future of EU Structural Funds post-2006, speech delivered on 6 May, 2003 http://webarchive.nationalarchives.gov.uk/+/http://www.dti.gov.uk/ministers/speeches/ajohnson060503.html

4 HM Treasury, 'Global Europe: vision for a 21st century budget' June 2008 http://www.hm-treasury.gov.uk/d/global_europe190608.pdf, page 17

5 *The Economist,* 'An interview with Nick Clegg' 30 September 2011 http://www.economist.com/blogs/eastern-approaches/2011/09/britain-and-europe

Box 2: UK regional policy before the structural funds

Up until the 1980s, the UK's approach to regional policy was heavily state centric; businesses wishing to invest in less advantaged areas were targeted with loans, grants, and other incentives, while nationalised industries were an integral part of the process. This changed with the passing of the 1980 Local Government, Planning and Land Act, which established Michael Heseltine's Urban Development Corporations. These switched the focus from wide swaths of the country to more targeted pockets of depravation with growth potential, and mixed state-funded infrastructure with private sector investment.

The UK became a pioneer in this area and achieved notable success in urban regeneration, in particular of the London docklands. The Labour Government continued many aspects of this policy, but it also re-introduced a larger-scale approach with the establishment of the Regional Development Agencies (RDAs), whose objectives largely mirrored those of the EU's structural funds. Another significant development in regional policy under Labour was devolution, which transferred a range of competencies, including the administration of the funds, to the new Scottish, Welsh and Northern Irish administrations.

Under the Coalition, regional policy has been seen as an integral part of achieving the overall objective of 'rebalancing' the UK economy away from its significant reliance on financial services and the City of London,[6] even if overall funding has been cut back as part of the deficit reduction programme. The Coalition was not convinced of the effectiveness of the RDAs, and replaced them with Local Enterprise Partnerships with additional Enterprise Zones[7], which aim to promote economic growth at the local level through partnerships between local authorities and businesses. The Coalition has also set up a separate Regional Growth Fund which operates on a national scale, and which targets areas and communities currently dependent on the public sector to make the transition to private sector-led growth and prosperity.[8]

The current EU-driven policies therefore do not attempt to achieve anything above and beyond what the UK has tried before, and what could not be done in the absence of EU funding and guidelines. In fact the period during which the UK's regional policy was arguably at its most successful was when it was innovative, adaptive, and consciously moved away from the EU's preferred model of targeting wide areas, targeting specific pockets of poverty, particularly in urban areas, instead.

1.2. What are the objectives and eligibility of the structural funds?

The funds have three specific objectives, which in turn are targeted at particular regions depending on their eligibility.

Convergence: Financed from all three funds, this objective accounts for 81.5% of total spending. It aims to help both the least-developed member states, and less-developed regions within member states to catch up with the rest of the EU. Regions with a GDP that is below 75% of the EU average are eligible, while a number of regions in the older member states (EU15) receive transitional support due to the impact of enlargement on the level of average EU GDP.

Regional Competitiveness and Employment: Financed by the two structural funds, this objective accounts for 16% of total spending. It aims to boost innovation, competitiveness and employment in regions other than the most disadvantaged, with a focus on social inclusion and tackling discrimination in labour markets.

European Territorial Co-operation: Financed solely by the ERDF, this objective accounts for only 2.5% of total spending. It aims to strengthen cross-border cooperation between regions.

To add to the complexity, the EU has other financial instruments which pursue similar objectives to the structural and cohesion funds. For example, the European Agricultural Fund, which comes under the Common Agricultural Policy (CAP), aims to promote development in rural areas, while the European Globalisation Adjustment Fund, which falls outside the main EU budget, very much duplicates the skills and re-training objectives of the ESF.

The objectives of the structural funds are therefore multiple and overlapping - from strictly economic goals to more subjective social and political ones - and do not necessarily always complement each other.

6 To read more about the importance of the City of London and financial services to the UK economy refer to Open Europe's 2011 'Continental Shift' report http://www.openeurope.org.uk/research/continentalshift.pdf

7 Department for Business, Innovation and Skills – Local Enterprise Partnerships and Enterprise Zones http://www.bis.gov.uk/policies/economic-development/leps/lep-toolbox/enterprise-zones

8 Department for Business, Innovation and Skills – Regional Growth Fund http://www.bis.gov.uk/RGF

1.3. How are they raised and spent?

i) Raised and spent at the national level but routed via Brussels

The structural funds are financed directly from the EU budget, and their size and distribution are agreed amongst member states and the European Parliament ahead of each new long-term EU financial framework (MFF), usually running for seven years, with a limited ability for member states and the European Parliament to adjust the funding on a yearly basis. Although there is a net transfer from richer member states to poorer ones, since all regions in all EU member states are eligible for at least some degree of funding, the result is not a classic redistributive model but more a circular flow of money around the EU with Brussels as the hub (see section 2.2).

The EU's system for dividing regions and allocating the funds is called NUTS[9], and it consists of three sub-units. NUTS 1 is the biggest unit and in the UK includes, for example, the North East, Yorkshire and the Humber, Greater London and the devolved administrations. NUTS 2 is the second biggest, and is used to determine which regions qualify for additional support. NUTS 3 is the smallest unit of measurement and plays a limited role in determining the allocation of funds. Under EU rules, once the allocations are decided, there is no possibility for the UK Government to adjust the distribution of money around the regions.

ii) Project delivery

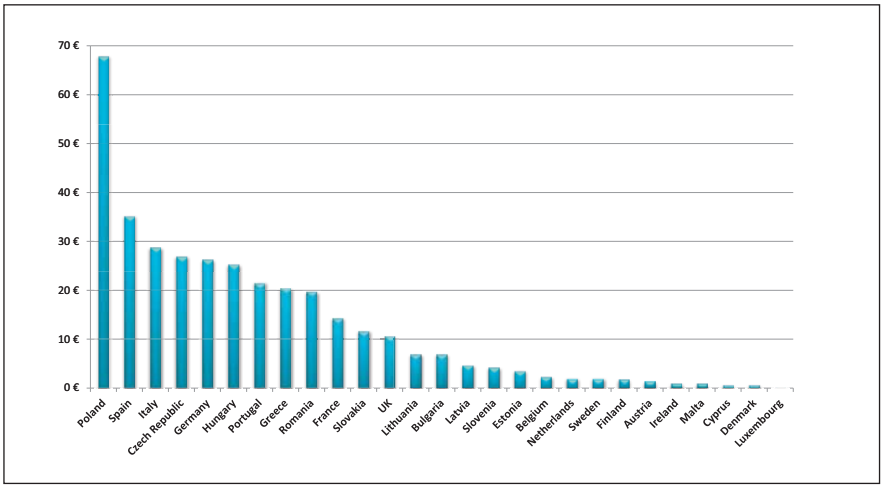
Individual projects can range from large-scale infrastructure development to support for small businesses. The money is paid out by designated authorities in the member states, which are in turn reimbursed by the EU. For any project to be eligible for EU financial support, it must first secure matching funds from other sources such as national or local authorities, and/or the private sector – usually between 15% and 50% depending on the funding instrument and objective. Co-financing is in theory meant to serve as a form of conditionality ensuring that national governments remain committed to the money being spent in the most effective way.

The projects have to conform to a set of EU guidelines and regulations, and the Commission can withhold or demand the return of funds in cases where these have been breached. Around 5% of projects are scrutinised by the European Court of Auditors, the EU body in charge of auditing EU spending.

1.4. Winners and losers under the present system

Of the total €348.4bn of cohesion funding over the current budgetary period, €347.1bn has been allocated directly towards investment in member states, while €1.3bn has been directed towards inter-regional programmes and technical assistance. Graphs 1 and 2 show the money allocated to member states in absolute terms and also receipts allocated per capita.

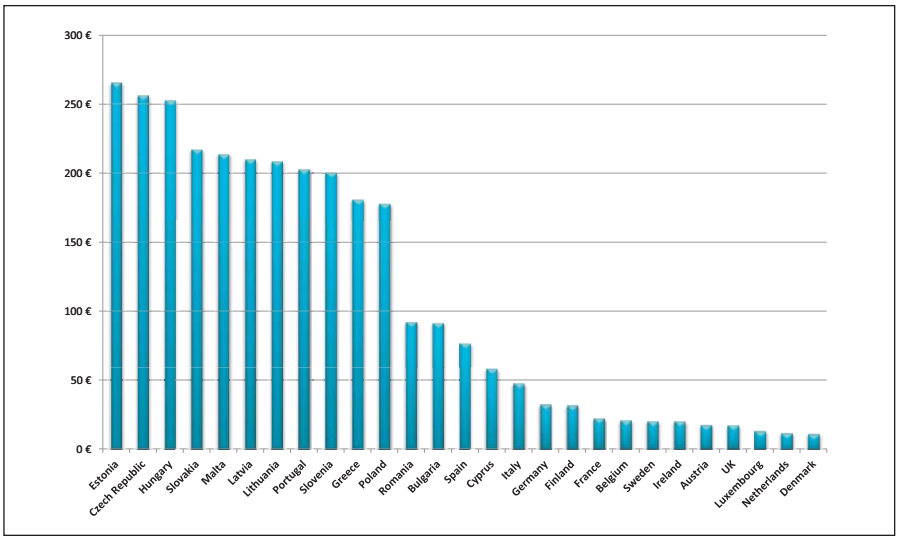
Graph 1: Structural and cohesion funds allocation 2007-2013 (€bn)



Source: EU Commission

9 NUTS (Nomenclature of Territorial Units for Statistics) regions are the EU's category for referencing territorial subdivisions within member states and are used as the basis for allocating structural funds. They may or may not correspond to existing national administrative subdivisions.

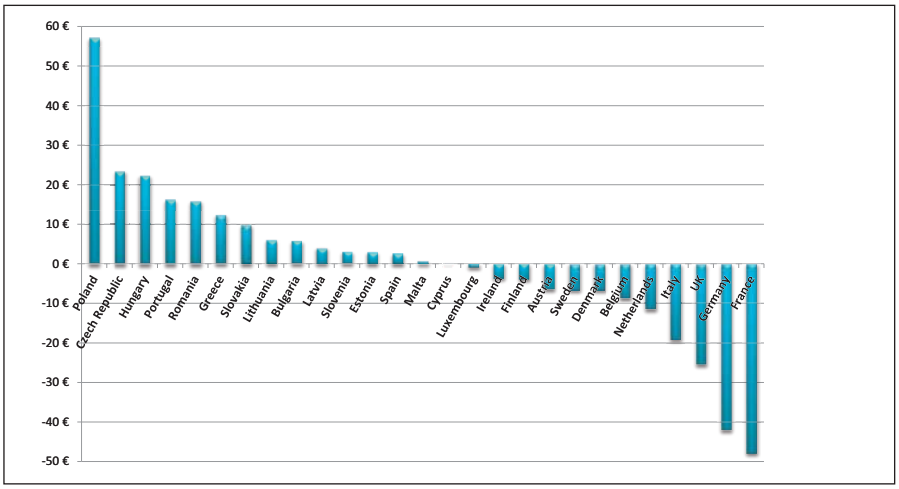
Graph 2: Structural and cohesion funds allocation per capita 2007-2013 (€)



Sources: European Commission, World Bank, Open Europe Calculations

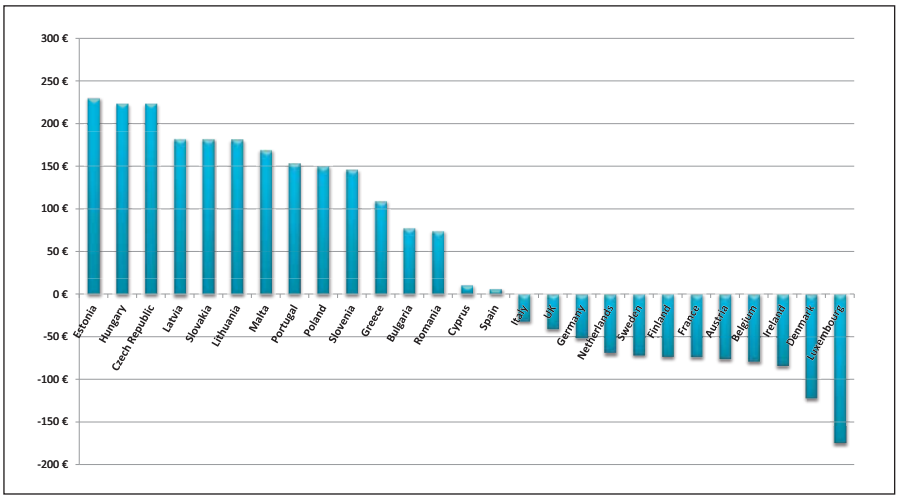
However, as we shall see in section 2.2, looking at the absolute amount of money a certain region or country receives only tells a small part of the story. Net contributions and net receipts, using various measurements, are far more important in terms of understanding where the money is raised and where it goes.

Graph 3: Net structural and cohesion funds allocation 2007-2013 (€bn)



Sources: European Commission, Open Europe Calculations

Graph 4: Net structural and Cohesion funds allocation 2007–2013 per capita (€)



Sources: European Commission, World Bank, Open Europe Calculations

The graphs show that overall, as expected, the biggest winners under the present system are the new Central and Eastern European member states, as well as Portugal and Greece. The biggest losers are the Benelux countries, France, Germany and Denmark. Ireland, which benefited significantly from the SCF after joining the EU, has since become one of the biggest losers in per capita terms.

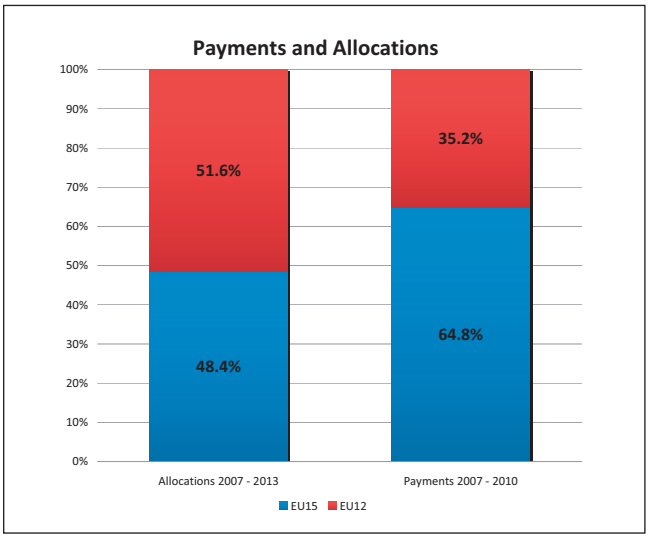
Significantly, larger receipts do not equate to a better position overall. This is evident from comparing the UK's position with that of France or Germany, who receive more money but have a worse net position. Therefore, for net contributors to the EU budget, higher receipts come at the cost of higher inputs.

Allocations versus payments

In reality, however, there is a gap between allocated funds and money actually paid out. There are several reasons for this, which we look at in further detail in section 2.2, but the consequence is usually that the newest member states, which get allocated the most money but that have limited administrative capacity to absorb the funds, get proportionally less than their allocated share.

For the entire 2007-2013 period, only 51.6% of the Structural and Cohesion Funds were allocated to the new states, with the rest going to richer member states. However, of the actual payments up until 2010, 65% went to richer member states.[10] This is because the newer member states tend to be more at risk of developing a 'backlog' due to difficulties in absorbing the funds. There are many reasons for this, but the consequence is that the actual proportional targeting gets even worse.

Graph 5: Allocation vs Payments, EU15 and EU12



Sources: European Commission, Open Europe calculations

1.5. How much does the UK get?

The UK has been allocated a total of €10.6bn (£8.7bn) from the structural funds for the 2007-2013 period[11]. Using the UK's average direct national contribution to the EU budget between 2007-2011 as an indicator, we calculated that the UK's total contribution to the structural and cohesion funds over the whole budgetary period totalled almost €36bn (£29.5bn), resulting in an estimated net contribution of €25.3bn (£20.8bn). We estimate that the UK's net per capita contribution is - €40.74 (-£33.38).

Due to divergent levels of prosperity across the UK, different regions get different amounts, and there is not always a clear link between relative levels of wealth and the amount received in structural funds. Only two out of the UK's 37 NUTS 2 regions are net recipients from the structural funds. These are Cornwall and the Isles of Scilly, and West Wales and the Valleys, which are both eligible under the Convergence objective. Scotland's Highlands and Islands region has 'Phasing-out' status, Merseyside and South Yorkshire have 'Phasing-in' status, while all remaining 32 UK regions qualify for the Regional Competitiveness and Employment objective as they are deemed sufficiently prosperous by EU standards.

10 On the poor targeting of the funds, the Sapir report noted, "National political constraints mean that each government worries more about being able to flag a negotiation success (i.e. obtaining a significant share of EU money to be spent in its own territory) than about being sure that money is spent on worthwhile projects, let alone those fostering convergence in the EU as a whole."

11 Figures in EUR are in 2004 prices. Figures in GBP have been converted into sterling using an average 5 year exchange rate from between 2007 – 2011 (for more details on currency and price calculations please refer to Annex 3)

2. ARGUMENTS FOR AND AGAINST EU-LEVEL REGIONAL SPENDING

In this section we will look at the arguments for and against the current system, i.e. having an EU regional policy involving all 27 member states, with every region, even the richest ones, receiving EU subsidies. Again, this is not a discussion about the merits of regional development spending *per se*, but an assessment of the effectiveness of having active EU involvement in all member states.

Box 3: Inconclusive on growth, jobs and convergence

There is no conclusive evidence showing that the SF have had an overall positive economic impact on the EU's economy, or even on individual measures such as growth, jobs and regional convergence. A huge body of literature has looked at the impact of the funds and produced mixed results – and at times radically different conclusions (see Annex 1 for a review of the literature).

All the academic literature covering the SF's impact on convergence, growth and jobs suffers from a number of shortcomings:

- While it is possible to show benefits in individual cases, it is virtually impossible to construct a meaningful counterfactual, i.e. to establish whether any growth and convergence attributed to the SF would *not* have taken place in their absence.
- It is extremely difficult to isolate SF from other economic and political factors, such as monetary and fiscal policies, FDI flows, or labour market reforms. In turn, it is difficult to establish a definite causal relationship between funding and growth and/or convergence.[12] As the influential Sapir report for the European Commission noted: "there is simply not enough relevant regional GDP data for statistical procedures to distinguish the effects of cohesion policies."[13]
- The macroeconomic models which attempt to measure the impact of the SF – including those used by the Commission – likewise suffer from numerous shortcomings and rest on unrealistic assumptions such as complete and perfectly efficient markets (see Box 4 for a full discussion of this issue).
- The opportunity cost (see section 2.2 C)) is extremely difficult to quantify. Although the European Commission accepts that there are some opportunity costs in its models, its generalised and preferred 'discount rate' used to estimate this cost cannot possibly capture the huge circumstantial divergence between the hundreds of regions and thousands of projects funded by the SF.[14]
- Given that these funds are aimed at structural reform, the effects of policies – negative or positive – take time to become evident. For example, the potential opportunity cost involved in propping up an economically unviable industry may only become clear once the business finally goes bust, at which point other economic opportunities have already come and gone (however, the reverse is also true).

2.1. Arguments in favour of EU-level regional spending

A) Can boost growth and convergence in individual cases

While there is no conclusive evidence showing that the SF have had an overall positive impact on Europe's economy, there are individual cases where they have played a positive role, even when considering the costs attached to them.

Ireland in particular is often heralded as the 'poster child' of the success of EU structural funds in boosting growth and convergence, for good reason. Between 1987 and 2000, Irish Gross National Product (GNP) expanded by 140%[15] with the country experiencing a radical increase in SCF from 1989 onwards. In the decade between 1989 and 1999, Ireland's GDP went from 72% to 111% of the EU average.

12 A study for *Gesellschaft für Finanz- und Regionalanalysen* – a consultancy specialising in evaluating the impact of the SF – looking at the use of economic models noted that: "We conclude with the observation that the impact analysis of Cohesion Policy interventions is very complex and the final results shown to the audience are determined by a series of hidden decisions taken by the modellers which are seldom obvious but determine the outcome". *GEFRA Working Paper: July 2007 – Nr. 3* 'Do economic models tell us anything useful about Cohesion Policy impacts?' http://www.gefra-muenster.org/downloads/doc/GEFRA-WP-3-2007.pdf, page 29

13 The report also noted the absence of data on other regional characteristics, such as initial income, human capital, local industrial structures, quality of local administration, the peripheral nature of the region, and of random influences. European Commission (2003) Sapir Report; 'An agenda for a growing Europe, Making the EU Economic System Deliver, Report of an Independent High-Level Study Group established on the initiative of the President of the European Commission' http://www.umic.pt/images/stories/sapirreport.pdf, page 60

14 To account for opportunity cost, the Commission recommends that a 5% financial discount rate in real terms is used as an indicative benchmark for public investment projects co-financed by the Funds. This is a lower discount rate than it recommended for the 2000-2006 programming period which is said reflects "changing macroeconomic conditions in the EU". See: http://ec.europa.eu/regional_policy/sources/docoffic/2007/working/wd4_cost_en.pdf, page 8

15 Barry F, Bradley J and Hannan A (2001) 'The Single Market, The Structural Funds and Ireland's Recent Economic Growth' http://www.tcd.ie/business/staff/fbarry/papers/papers/jcms.PDF

A range of studies have looked at the extent to which these impressive convergence rates can be attributed to the SCF. Some convincing evidence shows that they did play a role, though they were not the dominant factor. As with the impact of the SCF more generally, it is hard to isolate the specific effects of the funding stream from other factors. But they suggest that the amount of SCF cash that was injected into the Irish economy in the 1990s – at one point accounting for up to 4% of Irish GDP[16] – was large enough to have had an overall economic impact.

The Irish Government, it appears, managed to use the SCF to complement a range of national pro-growth policies – such as opening up the economy, labour market reforms and lowering the corporate tax – by investing in human capital, research and infrastructure.

A study by Mary Farrel looked at why Ireland experienced faster growth and convergence than Spain, noting that Ireland's investment of its SCF in developing human capital, as opposed to Spain's primary focus on infrastructure, in part helps to explain the growth differential between the two countries. Also, since Ireland was small enough to qualify as a region in itself, it could pursue a uniform development policy, while Spain experienced varied growth across its regions.[17]

Barry et al (2001) concluded that "both the single market and EU funds played a role in Ireland's economic performance" in addition to national policies,[18] while a paper from the World Bank attributed Ireland's success to single market access and national policies, arguing that the impact of the SCF had been limited[19].

The picture from the other older member states that have received large amounts of SCF since the 1980s – Greece, Portugal, Spain and Italy – is far more mixed, with the record in southern Italy looking particularly bleak (see Annex 1). However, several studies have pointed to a positive impact during limited time periods in individual regions, such as Andalusia in Spain.[20]

The case of EU12

There are few credible studies looking at the impact of the SCF in the 12 countries that have joined the EU since 2004 (EU12). This is because measuring the impact of the funds takes time, and in any case would be very difficult to separate from accession funding – the money a country gets leading up to its EU accession. However, the case of Ireland suggests that the funds have a far greater chance of having a positive impact if they are targeted, over a limited period, at transitional economies which are undertaking a range of domestic structural reforms, and which enjoy a sudden surge in market access. This, in itself, is a strong argument for the basic principle of keeping SCF for the newest member states. We will look at this argument in greater detail in section 2.2.

B) Regional governments and authorities get a 'fairer hearing' in Brussels

Regional governments and authorities across the EU – and particularly in the UK – perceive that engaging directly with the EU increases their chances of securing funding.

They argue that they receive a more sympathetic hearing than from their own central governments, especially if their region has traditionally been less advantaged in national terms. This has definitely been a factor for the UK's devolved administrations, which now have offices in Brussels for this very purpose, and continue to receive funding via the EU.[21] As Welsh First Minster Carwyn Jones argued recently:

> *"I have no doubt at all that Welsh communities see real benefits from EU funding…Our voice will continue to be heard loud and clear in Brussels as we seek to make sure our communities continue to benefit."*[22]

16 Barry F, Bradley J and Hannan A, (1997), 'The European Dimension: The single market and the structural funds, in 'Understanding Ireland's Economic Growth' ed. Barry F.
17 Farrell, M (2004) Regional Integration and Cohesion - Lessons from Spain and Ireland in the EU. *Journal of Asian Economics*, 14(6), pp. 927-946.
18 Barry et al (2001).
19 On balance, a World Bank report concluded that: "it seems that national policies and the single market played a much more important role in Ireland's impressive growth than EU policies."
20 Lima, M and Cardenette, A (2008) 'The Impact of European Structural Funds in the South of Spain' Department of Economics, Universidad Pablo de Olavide, Seville http://www.macardenete.com/wp-content/uploads/2010/08/EPS_2008.pdf
21 For a discussion, see Bulmer S. et al (2006) 'UK devolution and the European Union: a tale of cooperative asymmetry?' Publius, 36 (1). pp. 75-93. http://publius.oxfordjournals.org/cgi/content/abstract/36/1/75
22 BBC News 'Carwyn Jones: Wales better off thanks to EU funding' 10 August 2011 http://www.bbc.co.uk/news/uk-wales-politics-14424362

Similarly, the idea of restricting the SCF to new member states only and allowing the richer countries to run their own regional policies, is often resisted by UK regions on a 'better the devil you know' basis: if spending were brought back to the UK, there would be no guarantee that their region would continue to receive as much funding under national priorities. Equally, regional authorities may believe that in spite of the practical limitations of EU funding, it does at least provide a constant and predictable source of income, given that allocations are largely fixed for a seven year period.

While this position is politically understandable, as we shall see in section 2.2, it rests on flawed economic logic.

C) EU more trusted than some national governments

Conversely, national governments in countries which experience difficulties in managing large payments due to an inefficient bureaucracy and higher levels of mismanagement may find it preferable to cycle money through Brussels, rather than their own national governments, due to the EU's guidelines and regulations which they perceive as imposing additional discipline. This may be difficult for British, Dutch or Swedish audiences to grasp, but this has been a factor in countries like Italy and Greece.

D) Political cover for the single market

It is widely acknowledged that the structural funds have been a way for the EU and national governments to sell economically liberalising measures to at times sceptical electorates. As such, they perform a similar function to other interventionist EU activities like social and employment law and the Common Agricultural Policy, which can be regarded as a "subscription fee" for more economically liberal member states such as the UK to access the single market – and a side-payment for countries with a more protectionist record.

E) EU visibility and European Solidarity

The structural funds are also a way for the EU to increase its visibility on the ground and to demonstrate its 'practical benefits' directly to EU citizens, for instance through improvements to infrastructure via the ERDF or the Cohesion Fund, and/or participating in skills and re-training programmes financed by the ESF. The Commission is very open about this and describes its regional policy as "an expression of the EU's solidarity with less developed countries and regions"[23], while individual projects are seen by supporters of the current system as a way for the EU to "show its face" at a local level (although whether this actually works is a different discussion).[24]

While this line of argument is not universally accepted, it is nonetheless commonly cited in defense of the status quo. For example, a 2010 report the House of Lords' EU select committee argued explicitly against scrapping the ESF for richer member states, citing among others the following claim:

> *"In particular, we agree with the Commission that the ESF is a concrete expression across the EU of solidarity among all of Europe's citizens."*[25]

Similarly, Spanish Secretary of State for European Affairs Diego López Garrido said last year that:

> *"We joined the European Union when our income was around 75% of the European average, and we are now above that average…This would not have happened without a policy of European solidarity, expressed by the structural funds"*[26]

23 European Commission – Regional Policy webpage http://ec.europa.eu/regional_policy/what/index_en.cfm

24 *EurActiv* 'Rich countries should also benefit from regional funds: MEP' 22 March 2011 http://www.euractiv.com/regional-policy/rich-countries-benefit-regional-funds-mep-news-503329

25 House of Lords European Union Committee 9th Report of Session 2009–10: 'Making it work: the European Social Fund' http://www.publications.parliament.uk/pa/ld200910/ldselect/ldeucom/92/92i.pdf

26 Interview with *Campus Digital* (Universidad de Murcia's official website), 'Diego López Garrido, Secretario de Estado para la Unión Europea: Si hay un país Europeísta, es España', 18 April 2011, http://redi.um.es/campusdigital/entrevistas/14321-diego-lopez-garrido-secretario-de-estado-para-la-union-europea-si-hay-un-pais-europeista-es-espana

Box 4: Why the Commission's models to evaluate the SF should be treated with caution

There is an intense debate currently taking place between macroeconomists over the validity of economic models like those used by the European Commission to evaluate the effectiveness of policies such as the SCF.[27] The so-called QUEST models, for example, are often used by the Commission and others to estimate the potential impact of SCF. While they can provide some insight, QUEST models are built on the assumptions of rational actors and efficient markets. As the Commission openly admits in one of these studies,

> *"It should also be stressed that these results are based on a macroeconomic analysis and depend crucially on the underlying assumption that the money is spent efficiently."*[28]

With respect to the SCF, this means that the models assume that the funds are spent on the most rational (productive) projects and are used completely efficiently. As another Commission study admits, "They [the QUEST models] assume no money is wasted on suboptimal projects."

As our report shows, it is simply not the case that under the SCF resources are either allocated or spent in the most efficient way. Even if the Commission's assumption could hold (which it cannot), it would probably conflict with the aim of boosting convergence. As we note in section 2.2. (C, spending money on projects with the potential to generate the most growth could steer resources away from poorer regions, in turn undermining convergence. It is the comparative best use that counts.

Modelling the potential impact of the SCF in this way can never take into account the deadweight costs, wasted funds, or mismatch between payments and allocations that the ex-post data highlights. Neither is there any way that these models can fully account for the opportunity costs which need to be factored in with the allocation of funds, nor the impact of issues such as the diverse crowding out across economies and regions in the EU.[29]

For example, in a report for the European Commission, Janos Varga and Jan in't Veld (2010), use a QUEST model to predict that the existence of co-financing will be beneficial in the long run since it will result in higher levels of overall investment (accepting potential crowding out effects in the short run). But the study implicitly assumes that member states will actually be able to come up with all the match-funding required to unlock the funding. All the ex-post evidence suggests that this is almost never the case – even more so when economic circumstances change.[30]

These models do have their uses but arguably not in the case of SCF. As our report highlights, the key question when assessing the SCF is how best to target and allocate them to maximise efficiency and effectiveness. However, these questions are already built into models such as QUEST through its many assumptions. It is highly questionable as to whether these models should have a role to play in serious policy decisions relating to the future of the SCF, not because they provide the wrong answer, but simply because they cannot ask the right questions.

27 In particular, the so-called New-Keynesian Dynamic Stochastic General Equilibrium (DSGE), used by international institutions such as the Commission, has come under criticism given its failure to anticipate the financial crisis.

28 ECFIN European Economy Economic Paper , no. 387, October 2009. http://ec.europa.eu/economy_finance/publications/publication16016_en.pdf

29 Evidence from the numerous studies suggests the models are sensitive to changes in hard to estimate variables such as output elasticity of public investment – a key variable when considering the impact of SF (imported public spending for a large part).

30 The study does model impact of absorption problems, which have substantial effect on potential outcomes, yet this is not incorporated into the central scenario of the model. Varga, J., in 't Veld, J. (2010). The Potential Impact of EU Cohesion Policy Spending in the 2007-13 Programming Period: A Model-Based Analysis. ECFIN European Economy Economic Paper, no. 422

2.2 Arguments against EU-level regional spending

A) An ineffective tool for redistribution

There is a basic tension between the subsidiarity principle – the idea that the EU should not get involved in policies that are better handled nationally or locally – and the EU's structural funds, which are per definition *regional*.

Despite this tension, the Commission justifies its involvement by arguing that the SCF generate high levels of "European added value", which it defines as:

> *"value resulting from an EU intervention which is additional to the value that would have been otherwise created by Member State action alone."*[31]

The first test of the effectiveness of the structural funds is therefore whether the *redistribution* itself actually makes sense in light of these aims and the subsidiarity principle. Redistribution through structural policies can take place in one of the following specific ways:[32]

- *Across countries*, with a country being either a net beneficiary or a net recipient,
- *Across regions*, just as countries, a region can either be a net beneficiary or a net recipient,
- *Within regions*, with capital redistributed between individuals and groups in the same region

In order to justify heavy EU involvement in regional spending, there would have to be at best, a large degree of redistribution *between* countries, or at least, across regions in the same country, which add some sort of economic value. After all, there cannot possibly be any "added European value" in merely reinforcing redistribution between individuals in the same region.

While Section 1.3 demonstrated that following enlargement, the SCF definitely re-distribute capital from more to less wealthy member states, a paper for the Bruegel think-tank authored by Indhira Santos (now at the World Bank) in 2008 noted that:

> *"for most [EU15] countries, structural funds largely redistribute resources among individuals within regions. This finding renders questionable the ability of EU structural policy to achieve its objectives of promoting growth and reducing regional disparities."*[33]

In Graph 6 we have updated Santos' figures, to get an idea of the redistribution patterns of the SF in EU15. We excluded the Cohesion Fund as it is clear that this is a genuinely redistributive policy (since it only focuses on the poorer countries).[34]

The graph suggests that not only is a huge share of SF in EU15 redistributed within a country, but also *within* the same region. A few countries stand out:

- 70% of the UK's structural fund flows are in the form of subsidies to other countries, which is unsurprising given that it is a big net contributor overall. However, only 5% of its flows actually comprise re-distribution across regions, meaning that of the remainder, local taxpayers are financing their own region, albeit via the EU.
- Spain, a net beneficiary from the EU budget during this budget period, surprisingly has only 8% of its SF receipts originating from other EU countries. 54% of the funds allocated to a Spanish region come from that same region.[35]

31 'The added value of the EU budget', Commission Staff Working Paper accompanying the Commission Communication 'A budget for Europe 2020', Brussels, 29.6.2011 SEC(2011) 867 final http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/working_paper_added_value_EU_budget_SEC-867_en.pdf

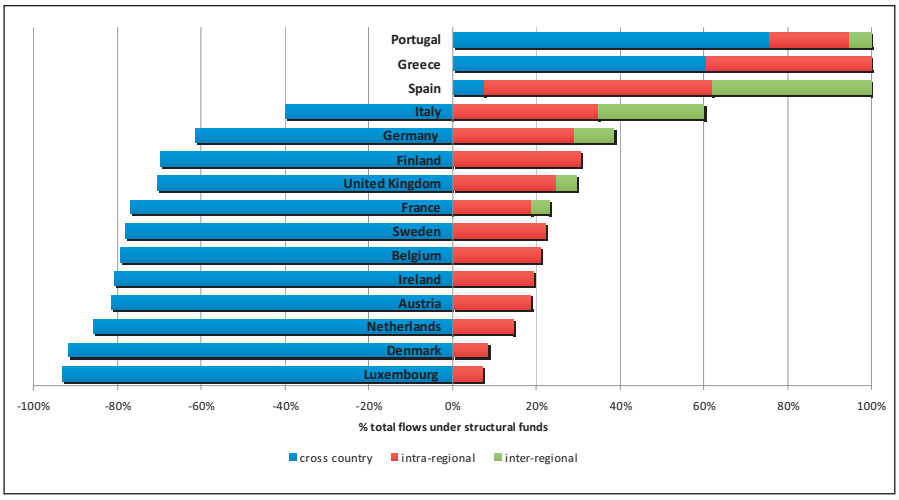
32 As pointed out by Indhira Santos in her Bruegel paper 'Is structural spending on solid foundations?' February 2008 http://www.bruegel.org/publications/publication-detail/publication/8-is-structural-spending-on-solid-foundations/

33 Ibid.

34 The Cohesion Fund is allocated on a country-by-country basis, and is therefore genuinely cross-border in its redistribution effects. We also limit the analysis to EU15, as again, the new member states are clearly subject to cross-border flows by virtue of being net recipients and eligible for support from the Cohesion Fund. However, it is also difficult to obtain comparative date for the new member states, which limit the possible scope of the analysis. See Annex 2 for a more in-depth discussion.

35 However Spain also receives support from the Cohesion Fund, which could partly offset these redistributive trends.

Graph 6: Structural Fund flows within and between countries



Sources: Santos (2008) dataset, Open Europe Calculations

- Even in Greece, which is a clear net beneficiary from the EU budget, the picture is far from clear cut. Although it gets 60% of its structural funds from other countries, 40% of its funds are re-distributed *within* regions.

- Co-financing, which is usually raised locally from businesses or authorities, adds to the effect of intra-regional distribution.

- This suggests that from the point of view of redistribution, it makes far more sense to focus on the new member states in order to achieve genuine redistribution, rather than a circular flow.

B) Poor targeting: how poor regions can lose out

The redistribution patterns we highlight above also raise questions over how many regions actually come out net beneficiaries from the SF. The relative wealth of a region can change radically depending on which measurement is used. The EU uses GDP or GVA per capita[36] to measure wealth.

However, an equally good, if not better, measurement is disposable income (DI) per capita, as this better reflects relative wealth levels of individuals, including spending power and ability to meet living costs.[37] When taking into account the SF contributions of UK regions and setting them alongside DI per capita, it becomes evident how little correlation there actually is between a region's relative wealth levels and how much it gets from the SF (see Table 1).

When looking at the contribution ratios for each UK region; i.e. how much they have to contribute in order to receive £1 back via the SF, we see that:

- The West Midlands, a region containing many pockets of urban deprivation following the decline of its traditional industries, and which has the lowest disposable income per capita in the UK, pays £3.55 for every £1 it gets back.

- Other less advantaged English regions that are nonetheless net contributors include Merseyside, which effectively pays £2.88 for every £1 it gets back, Manchester, which pays £2.99, Lincolnshire, which pays £4.55, and Derbyshire and Nottinghamshire which pays £4.39.

- Northern Ireland, another region that has traditionally relied on support to address its social and economic problems, pays £1.58 for every £1 it gets back.

- Some regions that are under the UK average DI per capita pay far higher contribution ratios than those over it; for example Devon (94%) pays £6.58 for every £1 it gets back while Herefordshire, Worcestershire and Warwickshire (105%) pays £4.49.

36 GVA measures the contribution to the economy of each individual producer, industry or sector. GDP is derived from GVA by adding taxes and subtracting subsidies on products. Essentially, GVA measures output divided by population.

37 GDP/GVA does not account for factors such as commuting, demographic trends, productivity factors and population structures.

Table 1: UK regions' net contributions to the structural funds

Region	Contribution (£m)	Receipts (£m)	Net Receipts (£m)	GDP per capita(PPP) (£)	Disposable Income per (PPP) (£)	Disposable Income (% of UK average)	Contribution per £ received
West Midlands	1,077	303	-774	21,388	15,219	83	3.55
Tees Valley and Durham	489	213	-276	16,717	15,576	85	2.30
South Yorkshire	556	199	-357	18,356	15,767	86	2.79
Northumberland, Tyne and Wear	607	259	-348	19,913	15,954	87	2.35
West Wales and The Valleys	819	2,072	1,253	14,914	15,978	87	0.40
East Riding and North Lincolnshire	397	138	-260	18,602	16,076	87	2.88
Lancashire	634	216	-418	18,684	16,157	88	2.93
Merseyside	593	206	-388	16,963	16,170	88	2.88
West Yorkshire	964	328	-636	20,978	16,224	88	2.94
Greater Manchester	1,145	383	-762	21,470	16,438	89	2.99
Cornwall and Isles of Scilly	238	462	225	15,324	16,601	90	0.51
Derbyshire and Nottinghamshire	937	214	-724	20,323	16,791	91	4.39
Highlands and Islands	203	188	-16	17,700	16,864	92	1.08
South Western Scotland	1,073	401	-673	30,894	17,294	94	2.68
Devon	530	80	-450	18,028	17,295	94	6.58
Lincolnshire	325	71	-253	16,717	17,300	94	4.55
Northern Ireland	826	523	-303	19,011	17,303	94	1.58
Shropshire and Staffordshire	713	176	-537	17,946	17,360	94	4.05
East Wales	515	178	-338	22,535	17,469	95	2.90
Cumbria	238	75	-163	18,438	17,622	96	3.19
Leicestershire, Rutland and Northamptonshire	810	169	-642	23,355	18,133	99	4.80
East Anglia	1,139	148	-991	22,289	18,225	99	7.67
Eastern Scotland	996	338	-659	21,142	18,698	102	2.95
Hampshire and Isle of Wight	962	90	-872	23,764	19,255	105	10.64
Kent	860	81	-778	19,093	19,299	105	10.64
Gloucestershire, Wiltshire and North Somerset	1,198	161	-1,037	25,977	19,318	105	7.42
Herefordshire, Worcestershire and Warwickshire	810	169	-642	20,486	19,347	105	4.49
Dorset and Somerset	646	89	-557	19,831	19,372	105	7.28
North Yorkshire	417	119	-298	21,224	19,664	107	3.51
Cheshire	535	150	-385	25,321	19,714	107	3.58
Essex	909	108	-801	20,077	19,886	108	8.37
North Eastern Scotland	256	89	-168	24,502	21,108	115	2.91
Outer London	2,694	316	-2,377	21,552	21,570	117	8.51
Bedfordshire and Hertfordshire	988	107	-881	25,813	21,893	119	9.20
Berkshire, Buckinghamshire and Oxfordshire	1,338	107	-1,232	31,631	22,634	123	12.56
Surrey, East and West Sussex	1,644	129	-1,514	24,830	23,010	125	12.70
Inner London	2,326	207	-2,119	68,179	28,538	155	11.26

Sources: European Commission, Eurostat, ECB, Open Europe calculations

The distribution highlighted in Table 1 contrasts with a 2010 report by the Department for Communities and Local Government, which found that 98% of England's most deprived areas were urban, and listed Liverpool, Middlesbrough, Manchester, Knowsley, Kingston-upon Hull, Hackney and Tower Hamlets as having the highest proportion of deprivation.[38] But every single one of these areas comes under NUTS 2 regions which are net contributors to the SF. For example Liverpool and Knowsley come under Merseyside, which despite having 'Phasing-in' status (qualifying it for additional support) is still a net contributor to the SF.

All economic criteria have flaws, but having regional spending locked in at the EU level invariably means that there needs to be a single measurement for all the 27 countries and several hundred regions involved, rather than one better tailored to individual countries, and until this is addressed, these shortcomings will remain.[39]

Looking ahead to 2014

Under the Commission's provisional eligibility classification for the next financial framework (2014-2020), Cornwall is set to lose its status as a 'Convergence' region. Instead it and 7 other UK regions[40] are to qualify under the new 'Transition' status which will cover regions with a GDP per capita that are between 75% and 90% of the EU average. However, given that under the 'Phasing-in' and 'Phasing-out' categories these regions are still net contributors, this is also likely to be the case under the new 'Transition' regions.

C) Conflicting aims: return of capital vs convergence

The above redistribution patterns link with a key question: what is the actual aim of the funds? Is it to channel funds to where they can generate the most return, or is to foster convergence between regions? In the current SCF set-up, there is a clear conflict between the two, which leads to a wasteful allocation of resources.

If the aim of the SCF is to foster growth, then the funds should be channelled to areas where each invested euro can generate the greatest *absolute* return – where the so-called Marginal Product of Capital (MPK)[41] is the highest. If it is to foster "regional convergence", then the funds need to go to areas which struggle to attract private investment, often areas where MPK is relatively low.

The areas with the highest growth prospects tend to be in richer member states and regions which benefit from good administration, developed infrastructure and a range of other factors. However, targeting such areas runs in direct conflict to the aims of convergence and cohesion, as this would allow them to soar further ahead of poorer regions.[42]

Therefore growth based on MPK alone is not a valid way of assessing the effectiveness of the SCF. Instead, we must look at the comparative impact that the funds can have in one region over another. If we can discern that the MPK is higher in more developed regions, then it is clear that markets and private capital will as well. Since the aim of any public funds should be to avoid replicating what the market can already provide, it becomes absolutely clear that spending the funds in richer member states and regions is not the best use of scarce resources. At worst, SF could serve to 'crowd out' private investment that otherwise had take place in richer regions[43] while channelling funds away from poorer regions that need them the most. The result is the opposite of convergence.

i) Opportunity cost:

The above can lead to so-called opportunity costs – where SF spending leads directly to other, more productive economic opportunities being wasted. A leaked Commission report from 2009 which looked at the shape and focus of the post-2014 EU budget, admitted that:

38 Department of Communities and Local Government, Statistical Release: 'The English Indices of Deprivation 2010' http://www.communities.gov.uk/documents/statistics/pdf/1871208.pdf

39 The ONS, for example, has in the past recommended a mixture of regional GVA per full-time employee, which they argue is the best way to measure regional differences in productivity as it is not affected by the number of non-working residents; and regional gross household disposable income, which indicates the prosperity of residents. See here for further details: House of Commons, ODPM: Housing, Planning, Local Government and the Regions Committee: 'Reducing Regional Disparities in Prosperity', Ninth Report of Session 2002–03, Volume I: Report http://www.publications.parliament.uk/pa/cm200203/cmselect/cmodpm/492/492.pdf

40 Alongside Cornwall the other regions will be Devon, Cumbria, Highlands and Islands, Lincolnshire, Merseyside, South Yorkshire, Tees Valley and Durham, and the West Midlands

41 MPK is the additional output resulting from the use of an additional capital.

42 As Caselli and Feyrer point out, the variation in MPK between developed and developing countries/regions is not as substantial as may be expected, but still discernible. See Caselli F and Feyrer J (2006) 'The Marginal Product of Capital'. http://www.imf.org/external/np/res/seminars/2006/arc/pdf/cas.pdf

43 Herve Y and Holzmann R, (1998), 'Fiscal Transfers and Economic Convergence in the EU: An Analysis of Absorption Problems and an Evaluation of the Literature', Nomos Verlagsgesellschaft, Baden-Baden.

"the considerable administrative and opportunity costs of a setup which channels funding from well-off Member States to well-off regions, without generating appropriate levels of added value compared with national funding are generally ignored."[44]

SF can duplicate economic activity in relatively wealthy states that would have taken place anyway, either through private or public investment. Since the pot of money is limited, this can also mean less money for a region where such investment is not forthcoming, meaning a loss for Europe as a whole. At the same time, opportunity costs can arise when resources are steered away from the most productive activity in richer areas.[45]

For example, under the 'Convergence' objective, Cornwall has been allocated funding geared towards developing its high-skill sector, as a result of which money has gone into business parks for which there is limited demand.[46] However, the region is good at producing niche foodstuffs, and there are a number of innovative companies producing everything from sea salt to nettle beer.[47] But since the SF cannot support businesses engaged in food production, and these particular products are ineligible for support from the EU's separate agricultural funds, these companies fall into a 'funding black hole' despite the fact that they have a good business case and create viable local jobs. Capital is not geared towards a sector in which the region has a comparative advantage.[48]

Taken together, this is another argument for focussing the funds where they can have comparatively the greatest impact, i.e. the new member states.[49]

ii) Pro-cyclical and unresponsive to changing needs

Another problem – which links back to targeting and return on capital – is the fact that the funds are negotiated on a seven year basis, and come with fixed spending criteria (though national authorities have substantial discretion). As we noted in the previous section, the benefit of this arrangement is that regions have predictability in their funding streams. But it also makes the SF far less responsive to economic changes.

At worst, the structural funds are pro-cyclical as they can be sucked into areas of the economy where unsustainable growth is taking place, with few ways of making adjustments. For example, during the last decade, Spain needed ways of cooling its overheated economy, particularly its property bubble, as low ECB interest rates led to an extraordinary amount of credit in the economy. The SCF provided another inflow of cash, often geared in different ways towards infrastructure, which already was subject to abundant private credit and over-investment. Notably, 28% of EU subsidies (including €3.5 billion from the Cohesion Fund) are still directed at infrastructure in Spain over the 2007-2013 period.[50]

Co-financing can also have a pro-cyclical impact: due to liquidity problems, several EU countries now have a difficult time affording match-funding, meaning that a huge amount of money risks being never paid out to countries. This also makes the SF pro-cyclical in the sense that a country could lose out on funding when it needs it the most.[51]

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44 European Commission, (2009) A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review.

45 For example, a study for ODPM has argued, "The policy effect of the Structural Funds might be considered as a 'cost' where these skew the use of domestic resources away from their intended (domestic) policy objectives." ECOTEC Research and Consulting Limited, December 2003 'Evaluation of the Added Value and Costs of the European Structural Funds in the UK': Final Report to the Department of Trade and Industry (DTI) and the Office of the Deputy Prime Minister (ODPM) http://webarchive.nationalarchives.gov.uk/+/http:/www.berr.gov.uk/files/file12203.pdf

46 Channelling resources away from such business could amount to an opportunity cost as economic restructuring is a benefit in itself which facilitates wider economic growth and usually job creation.

47 In a similar vein, the 2011 Court of Auditors report on the EU's budget implementation flagged up an example of an ERDF project application which was deemed ineligible for funding because the projected revenues would have exceeded the cost of the project – in other words the project was too successful. http://eca.europa.eu/portal/pls/portal/docs/1/9766724.PDF, page 11

48 Remember, Jan in't Veld of the European Commission's Directorate General for Economic and Financial Affairs acknowledged the risk that in the short-term SF could lead "to crowding out of private spending." See: in't Veld J, Directorate-General for Economic and Financial Affairs, 'The Potential Impact of the Fiscal Transfers under the EU Cohesion Policy Programme' Number 283 – June 2007 http://ec.europa.eu/economy_finance/publications/publication9579_en.pdf , see also in 't Veld, J and Varga, J, DG Economic and Financial Affairs 'A Model-based Analysis of the Impact of Cohesion Policy Expenditure 2000-06: Simulations with the QUEST III endogenous R&D model' September 2009 http://ec.europa.eu/economy_finance/publications/publication16016_en.pdf

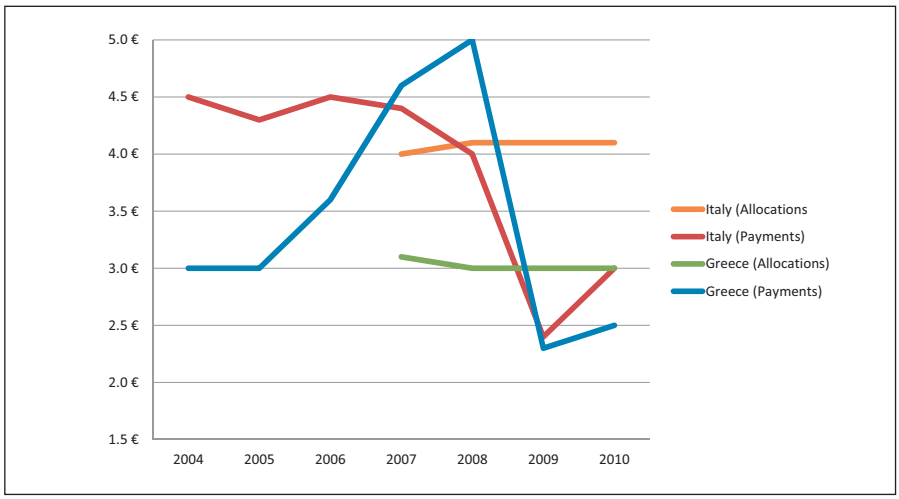
49 There is anecdotal evidence to support this theory, such as the high level of private R&D investment in the stronger countries, the ability of the sovereigns and banks to borrow relatively more easily from the markets and the fact that research suggests that many of the new EU member states lie much further within their production possibility frontier than the more established and developed ones (as would be expected).

50 It would make far more sense to channel this cash towards labour market adjustment programmes, but the negotiations over the funds go back to 2005 when the economic situation appeared very different – and Cohesion Fund is not allowed to be used for this purpose. http://www.elpais.com/articulo/primer/plano/Menguantes/fondos/europeos/elpepueconeg/20120101elpneglse_28/Tes

51 To counter such trends, the European Commission and member states have agreed that the co-financing requirement for Greece should be relaxed for this funding period, to allow the country to benefit from a cash injection. But it does illustrate that the SF remain largely unaffected by changing economic times. Eligibility criteria for the Cohesion Fund can be found here: http://europa.eu/legislation_summaries/regional_policy/provisions_and_instruments/l60018_en.htm

The graph below provides some evidence that difficulties in providing co-financing coincided with the eurozone crisis. Greece and Italy experienced a massive drop in payments despite no real change in their allocations.[52]

Graph 7: Co-financing problems in Greece and Italy (€bn)



Source: European Commission

Equally, not wanting to forgo the potential opportunities presented by taking up structural funding, governments and local authorities feel obliged to spend the money on co-financing, even if this channels money away from key functions, including basic service provision.[53]

D) Other problems with the funds

i) No link between performance and spending

Intimately linked to opportunity costs and sub-optimal targeting is the absence of strong conditionality and performance criteria in the allocation of funds. A range of reports have pointed this problem out, including the European Court of Auditors (ECA) which noted last year that,

> *"Despite the claimed focus on results, the scheme remains fundamentally input-based, and therefore orientated towards compliance rather than performance."*[54]

At the moment, countries and regions can consistently fail to meet set targets and continue to receive funding year on year. For example, Sicily failed to meet a whole range of targets under a €8.5bn programme (of which €6.6bn came from the ERDF and ESF)[55] running between 2000 and 2007 – despite spending all the allocated cash.[56] And yet, it received €6.6bn for a successor programme running through this financial framework (although not all through the SF).

Such a practice stands in stark contrast to cross-border schemes such as the eurozone bailout funds and the IMF, which have all set achieved targets as a precondition for receiving additional funding.

52 This phenomenon is not universal, for example Spain and Portugal have seen a steady flow of payments while Ireland's have been declining consistently over this time period. However, that the two states with the biggest public financing problems, have failed to turn allocations into payments ought to tell us something.

53 A point made by ECOTEC Research and Consulting Limited, December 2003 'Evaluation of the Added Value and Costs of the European Structural Funds in the UK': Final Report to the Department of Trade and Industry (DTI) and the Office of the Deputy Prime Minister (ODPM). http://webarchive.nationalarchives.gov.uk/+/http:/www.berr.gov.uk/files/file12203.pdf Separately, a joint investigation by the *Financial Times* and the Bureau for Investigative Journalism gave the extreme example of a Polish town that ran a 21% budget deficit to come up with the 15% co-financing contribution under Cohesion fund - *FT* 'Funds rush threatens Polish budget' 29 November 2010 http://www.ft.com/cms/s/0/a849cdb6-fbd9-11df-b7e9-00144feab49a.html#axzz1kUy28kof

54 Similarly, a leaked 2009 Commission document, setting out the proposed shape of the post-2014 EU budget, acknowledged: "Conditionality based on the achievement on agreed and measurable objectives must be strengthened in an effort to make cohesion spending both simpler and more efficient and to counterbalance the increasingly dominant focus on mere spending absorption."

55 The grants are broken down according to the following streams: European Regional Development Fund (€5.6 billion), European Social Fund (€1.3 billion), European Agricultural Guarantee Fund (€1.5 billion), and the Financial Instrument for Fisheries Guidance (€0.1 billion). See *Presidenza della Regione Siciliana*, 'POR Sicilia 2000-2006: Rapporto finale di esecuzione', April 2011, p51, http://194.243.81.173/Portals/0/Altri%20documenti/rfe/RFE_DEF.pdf

56 For example, €700 million was spent to improve water supply throughout the island but the percentage of families who experience a patchy "stop-and-flow" supply of water has actually increased from 33% in 2000 to 38.7% in 2008. €400 million was spent to improve the system of water purification. However, the share of population receiving purified water directly into their houses has only increased from 43% to 47%, compared to the 75% average in Italy as a whole. Another €300 million was spent on improving rubbish collection and recycling. The EU recycling target was fixed at 35% of garbage collected on the island, but Sicily only reached 6%. €230 million was used to improve Sicily's railway network, but only 8km of track has been repaired, meaning a cost of almost €29 million per kilometre completed. See *Presidenza della Regione Siciliana*, 'POR Sicilia 2000-2006: Rapporto finale di esecuzione', pages 10-13. Responding to the claims, Gaetano Armao, Sicily's local government's Economy Minister, did not deny that targets have been missed, but pointed to other examples where the funding had achieved better results, such as a 39% increase in the number of off-season tourists visiting Sicily every year and the completion of the motorway connecting Messina and Palermo.

Furthermore, due to the cumbersome bureaucracy inherent in the implementation of the structural funds, there can often be a substantial backlog between their allocation and distribution. Consequently, there develops a 'getting the money out of the door' mentality as funding gets distributed 'far and wide', instead of being targeted at the areas where it can provide the most added value.

ii) No administration or absorption criteria

A whole range of studies conclude that the ability to absorb and administer the funds is vital to achieving growth and convergence – and yet the allocation of SF pays scant attention to a region's or country's ability to absorb them.[57] A study by the Romanian National Bank found that in Romania's first year of membership, its absorption rate for the structural and cohesion funds was only 21.7%.[58] This is a familiar dilemma in development literature – it can be partly offset by introducing criteria taking into account absorption capacity, and better tailoring the funds around the needs of poorer member states.

iii) Another layer of bureaucracy

EU involvement in regional funding quite naturally creates additional layers of bureaucracy both at the EU and national levels. This manifests itself in three specific ways:

Firstly, the sheer size of the EU's cohesion policy, as well as the lack of a one-to-one relationship between objectives, eligibility criteria and funding instruments, all make the structural funds more difficult to manage than national redistribution schemes. Assessing the Commission's most recent proposals to reform the SCF, the ECA noted:

> *"The arrangements for Cohesion spending are complex. There are six layers of rules (common provisions, general provisions, Fund-specific provisions, delegated acts, implementing acts, Commission's guidelines). National legislation will, in some cases, constitute an additional layer. The Court notes the positive efforts to reduce beneficiaries' administrative burden… However, the burden for the EU and national administrations remains high, and will even possibly become higher than is currently the case."*[59]

Secondly, the additional bureaucracy can also create additional costs for public authorities, and therefore to taxpayers, which arguably would not have arisen had the funds been administered under a simpler bureaucratic framework. Finland's Minister of Economic Affairs, Jyri Häkämies, recently claimed that although Finland was one of the EU's more efficient administrators of structural funds, he aimed to further halve costs in the future as "it is in nobody's interest that project administration swallows a quarter, and in the worst cases, up to 60 per cent, of project budgets."[60]

In a recent report for the Commission, administration costs of the ERDF and the Cohesion fund were estimated at between 3% and 4% of total allocations over the 2007-2013 period[61], accounting for a workload equivalent to 170,000 person years (not including externally purchased services).[62]

Thirdly, and most critically, the complexity and size of the SCF imposes substantial costs on potential recipients, with a proportionally larger cost for small organisations (such as SMEs) with limited resources to deal with compliance and administration.

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57 See for example, Rodriguez-Pose, A, (2009),' Do institutions matter for regional development in the EU', London School of Economics: http://ec.europa.eu/dgs/policy_advisers/activities/conferences_workshops/budget_en.htm

58 Florina, Popa (2010) 'Absorption capacity of Structural Funds in Romania', The Institute of National Economy http://pubs.ub.ro/sceco/papers/2010/20101544.pdf

59 Court of Auditors - Opinion 7/2011 on the proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 http://eca.europa.eu/portal/pls/portal/docs/1/11446729.PDF

60 Minister Häkämies: Structural fund administration must be improved http://www.rakennerahastot.fi/rakennerahastot/en/06_topical/01_news/20111214_hakamies.jsp

61 However this is for the ERDF and Cohesion Fund only; the ESF is not included in this figure. Sweco International (2010) on behalf of DG Regional Policy: Administrative workload and costs for Member State public authorities of the implementation of ERDF and Cohesion Fund Sweco International 2010 on behalf of DG Regional Policy http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/2010_governance.pdf

62 This represents the equivalent of 170,000 people working full time for one year over the course of the seven year framework, or 24,285 people working full time per year.

In its Impact Assessment for the SCF post-2014, the Commission conceded that:

> *"Both ex-post evaluations and feedback from stakeholders reveal that the day-to-day management of cohesion policy programmes is perceived to be overly complex… In terms of simplification and reducing the administrative burden for beneficiaries, evidence indicates that the heaviest costs are linked to the processes of applying for funding, everyday reporting by beneficiaries and storage of documents."*[63]

It is clear that the Commission takes this issue seriously and is working on reforms to target the problems identified above, for example by looking to introduce the electronic submission of documents (see 3.2).

2.3 Conclusions

In many parts of Europe, the SCF make up too small a share of the economy to have any overall economic impact, including in most of the EU15. Where the funds do make up a sizeable chunk, there clearly are cases where they have had a positive impact on individual projects, groups, regions and countries. Ireland in the 1990s is the clearest example. However, even in the case of Ireland, SCF appear to have served to complement the key drivers of economic activity, such access to the single market, good administration and pro-growth Government policies, rather than acting as a determining factor in itself. Conclusive evidence of the SCF's overall positive impact is therefore still missing.

In terms of the specific instruments, it is clear that while the ERDF in particular suffers from confused and conflicting objectives, the underlying rationale for the ESF – targeting training and skills in order to boost participation in the labour market - is basically sound. Clearly this is an area where Europe as a whole needs substantial investment, in particular in the wake of the eurozone crisis and weak growth around the world. Nonetheless, the question remains as to whether this is something for which the richer member states should not be primarily responsible.

As acknowledged by a whole range of studies, it is hard to find any economic justification for having wealthy countries subsidising wealthy regions. Firstly, as we show in section 2.1, the redistribution patterns do not make much sense, with some of the poorest regions in the UK being big net losers from the SF. Secondly, the added impact of funds is far greater in the poorest regions, where they do not crowd out investment and domestic priorities. Thirdly, there are a number of problems with the funds which could be addressed, in part, by reducing their scope and making them more focussed on a limited number of objectives and regions.

63 COMMISSION STAFF WORKING PAPER {COM(2011) 615 final}- IMPACT ASSESSMENT Accompanying the document: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2011/sec_2011_1141_en.pdf

3. WHAT ARE THE OPTIONS FOR THE UK?

3.1. Preferred option: focussing funding exclusively on poorer countries

This option would involve taking the current eligibility criteria of the Cohesion Fund or similar threshold, i.e. GNI or GDP per capita at 90% or below the EU average, and applying it to the structural funds as a whole. This would focus the funds exclusively on the genuinely poor regions and countries, with richer ones running their own regional policy. As we note in section 1.1, this was the preferred policy of the previous Labour Government, and has also been hinted at by the Commission itself in unguarded moments. In its leaked 2009 policy paper, the Commission wrote:

> *"The European added value of current Cohesion support in well-off regions can be questioned."*[64]

A 90% threshold would mean funds are targeted at regions where they can have the greatest comparative impact. To illustrate the financial benefits of such a threshold, Tables 2 and 3 outline what would have happened over the 2007-2013 budgetary period had this policy been applied. The first table looks at the effects of a 90% threshold using GNI per capita – the threshold currently used to determine the eligibility for the Cohesion Fund. The second table applies a threshold based on GDP per capita, which could be used as an alternative measurement. As we see, under both measurements, a 90% threshold would create a whole range of winners, and a handful of 'losers'. Contributions and receipts in the tables include both the Structural Funds and the Cohesion Fund.

A) New winners and losers – 23 vs 4, or 22 vs 5

Table 2: Estimated savings from 90% threshold (GNI per capita)

Member State	GNI per capita (% EU Average)	Estimated Gross Saving (€m)	Estimated Net Saving (€m)	Estimated Net Saving per capita (€)
Austria	131	3,417.1	1,955.9	232.85
Belgium	125	4,724.9	2,467.0	226.33
Bulgaria	43	455.7	455.7	60.76
Cyprus	98	229.5	-410.4	-373.10
Czech Republic	80	1,513.1	1,513.1	144.10
Denmark	132	3,194.1	2,581.0	469.28
Estonia	67	201.0	201.0	154.64
Finland	125	2,466.1	749.8	138.86
France	115	27,131.9	12,813.0	197.43
Germany	125	29,794.8	3,455.0	42.29
Greece	93	3,527.4	-16,892.4	-1,494.90
Hungary	63	1,290.0	1,290.0	129.00
Ireland	121	2,033.3	1,132.0	251.55
Italy	107	20,916.0	-7,895.8	-130.51
Latvia	58	268.6	268.6	122.11
Lithuania	60	390.9	390.9	118.46
Luxembourg	213	408.2	343.0	685.94
Malta	81	78.0	78.0	195.11
Netherlands	139	5,784.9	3,877.9	233.61
Poland	60	4,651.2	4,651.2	121.76
Portugal	81	2,286.1	2,286.1	215.67
Romania	47	1,656.2	1,656.2	77.39
Slovakia	75	832.5	832.5	154.18
Slovenia	92	496.8	-3,708.5	-1,765.93
Spain	107	14,198.7	-21,018.3	-455.93
Sweden	133	3,751.5	1,860.2	197.89
UK	123	15,680.1	5,066.9	81.46

Sources: EU Commission, Open Europe Calculations

64 European Commission, (2009) 'A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review' http://followthemoney.eu/docs/budget-leak.pdf

Table 3: Estimated savings from 90% threshold (GDP per capita)

Member State	GDP per capita (% EU Average)	Estimated Gross Saving (€m)	Estimated Net Saving (€m)	Estimated Net Saving per capita (€)
Austria	125	3,322.2	1,861.0	221.55
Belgium	117	4,593.6	2,335.8	214.29
Bulgaria	43	443.0	443.0	59.07
Cyprus	98	223.2	-416.8	-378.89
Czech Republic	82	1,471.0	1,471.0	140.10
Denmark	125	3,105.3	2,492.3	453.15
Estonia	67	195.4	195.4	150.34
Finland	117	2,397.6	681.3	126.17
France	108	26,378.2	12,059.3	185.81
Germany	117	28,967.1	2,627.3	32.16
Greece	92	3,429.4	-16,990.4	-1,503.57
Hungary	64	1,254.2	1,254.2	125.42
Ireland	134	1,976.8	1,075.5	239.00
Italy	103	20,334.9	-8,476.9	-140.11
Latvia	54	261.2	261.2	118.72
Lithuania	58	380.0	380.0	115.16
Luxembourg	273	396.9	331.6	663.26
Malta	80	75.9	75.9	189.69
Netherlands	133	5,624.2	3,717.2	223.93
Poland	59	4,522.0	4,522.0	118.38
Portugal	79	2,222.6	2,222.6	209.68
Romania	46	1,610.2	1,610.2	75.24
Slovakia	72	809.4	809.4	149.89
Slovenia	88	483.0	483.0	230.02
Spain	103	13,804.2	-21,412.7	-464.48
Sweden	123	3,647.3	1,756.0	186.81
UK	113	15,244.5	4,631.3	74.46

Sources: EU Commission, Open Europe Calculations

From tables 2 and 3 we can observe the following:

- All net contributors to the EU budget (except for Italy) would save money, *net*, from opting out of the SCF if a 90% threshold was applied. In other words, these countries would recoup the money that would otherwise have been sent to Brussels (and paid back out) *in addition* to making an actual saving.

- Furthermore, all net recipients apart from four or five (depending on the measurement used) would pay less into the EU budget, and potentially get more back.

- All new member states, apart from Cyprus (and Slovenia under the GNI measure), would actually get back more money than before.

- This means that 22 or 23 out of 27 member states would either pay less or get more out of the EU budget under this arrangement, since:

    - Richer member states would no longer transfer money between each other,

    - Some relatively wealthy states that do well out of the SF are taken out, correspondingly the "net" sum available for poorer member states (although not the overall amount), increases.

In terms of individual winners and losers amongst *net* contributors to the EU budget:

- France is by far the biggest winner, cutting €12.1bn or €12.8bn from its net contribution to the budget between 2007 and 2013.

- The UK comes second, saving €4.6bn or €5.1bn (£3.8bn and £4.2bn) over the period. We do not expect the UK's rebate from the EU budget to fall more than Britain's fall in net contributions, meaning that the above amounts are fair estimates even when taking the rebate into account (See Box 4).

- It is followed by the Netherlands, saving €3.7bn or €3.9bn, and then Germany, saving €3.5bn or €2.6bn.

- Italy – a net contributor to the EU budget but receiving a lot under the SF due to its relatively poor southern regions – would lose €7.9bn or €8.5bn. Italy is the only loser amongst the net contributors.

- If switching to per capita, as expected, smaller countries appear the biggest winners. Luxembourg is the biggest winner (€663 per capita or €685 per capita), followed by Denmark (€453 or €469) and Ireland (€239 or €251).

Among the net recipients:

- Poland – which is already doing well out of the funds – is the biggest winner, receiving an extra €4.5bn or €4.7bn.

- Coming in under the 90% marker, Portugal emerges as a big winner from the threshold, receiving an extra €2.2bn or €2.3bn. Romania is third on €1.6bn or €1.7bn, and Czech Republic comes fourth (around €1.5bn)

- The biggest loser is Spain, which loses around €21bn under both measures compared to its current levels. Greece loses around €17bn, while Cyprus loses around €400m. Greece is also the biggest loser when looking at GDP per capita.

- Slovenia, which comes in over the 90% threshold for GNI but under it for GDP, loses €3.5bn under the first scenario but gains €400m under the second.

Therefore, a 90% threshold would come with a number of economic and political benefits – and also a few challenges.

For member states:

- For the UK and all other net contributors to the EU budget, it frees up *more* money to run regional policy – the amount currently going into the SF plus an additional sum – at a time when virtually every government in Europe is looking to save money.

- Crucially, *all* the newest member states, whom the structural funds are supposed to help the most (apart from Cyprus and Slovenia under GNI), would benefit under this scenario because they would no longer be contributing to funding projects in richer member states.

- Therefore, it has the potential of attracting a wide range of potential allies, as most European governments would reduce their net contribution to the EU budget.

For the effectiveness of the funds:

- Reducing the size of the SF will make them far easier to manage and control. Limiting the SF to the newer member states would also allow the funds to be better tailored around countries and regions with certain common economic characteristics (though still with high degrees of divergence among them), meaning that targeting will be made easier.

- If combined with some performance-oriented targets, this could genuinely channel the funds to where they would have the potential to generate the most comparative return – rather than crowding out private investment and domestic priorities – and would therefore benefit Europe as a whole the most.

B) How to deal with those that lose out?

Having three member states that are currently grappling with the eurozone crisis – Italy, Spain and Greece – losing out so badly under the 90% threshold clearly presents a substantial political challenge.

Given the negative impact the crisis is having on Greece in particular, it could be that by the time the SCF are allocated under the next long term EU budget its GNI and/or GDP will have fallen bellow the eligibility threshold. This would likely make one or two net contributors, such as Germany, worse off than under our model, although the UK would still emerge a net winner overall.

However, the key thing to keep in mind is that the reason why Spain and Italy are doing so well from the SF is that much of their allocation for this budget period was determined by indicators preceding the 2004 and 2007 enlargements. Eligibility for the Cohesion Fund was, for example, calculated based on average GNI per capita for 2001, 2002 and 2003,[65] meaning that for example, Spain still qualified. The eastward enlargement means that Spain and Italy are likely to lose out, irrespective of the 90% threshold. These countries should therefore have less of an incentive to defend the status quo, instead wanting new, innovative ways to promote growth and jobs in their regions. 'Cohesion' as an over-riding objective, designed for accession countries in the process of political and economic transition, is no longer appropriate for these countries.

Due to poor targeting, unresponsiveness, the burden of co-financing and the other factors that we highlighted in section 2.2, replacing the SCF in Italy, Spain and Greece with something more purpose-built could actually prove to be a huge benefit as they fight to bounce back from the eurozone crisis. After all, there is little evidence that the funds have had much of an impact in Italy and Greece, while in Spain they have often been targeted at the wrong things.

Examples of alternative targeting or use of funds could include:

- Criteria based on levels of immigration, given that Spain, Italy and Greece all are border states. There is an economic case for channelling more funds to 'social inclusion' or better reception conditions for asylum seekers or economic migrants, for example. This is probably best done under a separate funding stream however.[66]

- Criteria based on labour inactivity – particularly in Spain. In the wake of the austerity and reform drives sweeping southern Europe, there will be a huge need for re-adjustment and re-training, as unemployment levels increase. A radically re-vamped and better targeted Globalisation Adjustment Fund, or possibly ESF, could replace the SCF in the Mediterranean and target two elements:

    - The transition of pools of the labour force into new sectors, for example following the shutting down of a major industry,

    - General labour market mobility.

- The financial monitoring system that is being introduced for the eurozone could be used to assess a country's economy, focusing on detecting potential bubbles or structural weaknesses, and then adjusting the funding streams accordingly. In Spain, for example, such a monitoring system could have served to steer funds away from the infrastructure and housing sectors in the last decade, channelling them towards labour market reforms instead.

- No matter what new criteria is being used, it will have to be combined with very strong performance targets and conditionality.

65 COUNCIL REGULATION (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 http://www.2007-2013.eu/documents/legal_documents/regional/regulation_1083_2006.pdf

66 Although Italy is already receiving a substantial amount targeted at immigration flows, for example €614 million from the European Refugee Fund (2008-2013): http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/l14567_en.htm; (2007-2013): €1.82 billion from the External Borders Fund http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/l14571_en.htm; and €825 million from the European Integration Fund (2007-2013): http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/l14572_en.htm

- Slovenia clearly is a special case – it is the only one of the 2004 accession states which lands above the 90% threshold under GNI, but below the marker if using GDP. There is a strong case to give Slovenia continued funding, based on the length of its membership (and in order for it not to get instantly penalised for being relatively wealthy), with the view to phasing it out post-2020.

Economically and politically, pushing for a 90% threshold appears to be the best policy option for the UK – by far. When Gordon Brown was Chancellor, the Treasury produced a policy paper which argued the following:

> *"It cannot be right for richer Member States to continue to receive substantial development funding from the EU budget. Equally, it cannot be assumed that nations and regions of the UK should have to scale down their spending on regional development programmes to accommodate the loss of EU support… We would therefore guarantee that, by increasing UK Government spending on regional policy, UK nations and regions receive a level of resources which ensures they do not lose out from the UK's proposals on Structural Funds reform."*[67]

This is exactly the policy that the Coalition should adopt. If the Coalition were to match the pledge of its predecessor, it could:

1) Continue to help Europe's poorer member states and regions in line with its pro-enlargement stance,
2) Spend exactly the same amount of money on the regions over seven years, around £8.7bn, as it currently does via the EU,
3) Save an additional £3.8bn to £4.2bn which it could also channel into its regions, meaning these would get more money than what currently is the case,
4) Eliminate the administrative and opportunity costs that come with EU involvement in regional spending,
5) Creating its own tailored and better targeted regional policy.

Box: 5 How would a 90% threshold impact the UK rebate?

The UK has a rebate from the EU budget, which accounts for roughly £9bn over the 2007-2013 EU budgetary period. As it is a residual, which makes the UK contribution to the EU budget substantially lower than what it would otherwise have been, any discussion about net or gross receipts must take the rebate into account.

Identifying the impact on the rebate under a 90% threshold is not straightforward and hard to discern exactly. Since the overall size of the EU budget is falling, the rebate will also fall. However, since spending in the UK falls by more, in percentage terms, than the total EU spending, the impact will be cushioned. The rebate as a share of the overall budget may actually increase. A good rule of thumb is that the rebate will fall by only two thirds of the fall in the UK's gross contribution (see methodology). Under our plan, the UK's gross contribution will fall by €15.2bn, triggering a fall in the rebate of around €10bn over 2007-2013 period. However, it must also be considered that under the current budget structure the regional spending in the poorer countries is not abatable for the UK, while regional spending in richer countries is. This further clouds the net impact on the rebate but it could likely still be positive. This set up could also be renegotiated in the next budget period. In other words, there is scope for the UK to push for a reduction in SF and reduce its overall contribution to the EU, while keeping a sizeable rebate.

C) After EU regional policy: a targeted growth fund

If the Coalition decided to go for the above policy option and succeeded in EU negotiations, what could a UK 'regional policy' look like?

UK regions would benefit substantially from a 90% threshold

As we saw above, 35 out of 37 NUTS 2 regions in the UK are net contributors to the SCF under the current arrangement. Given that the UK could save £4.2 billion under a 90% threshold, it follows that the regions could likewise benefit substantially.

67 HM Treasury, 'A modern regional policy for the United Kingdom' March 2003 http://www.hm-treasury.gov.uk/d/modregdevcondoc03_1to4.pdf, page 21

Table 4 shows how the regions would benefit if the savings from a 90% threshold were re-invested back into the regions. All areas would see the amount of money they get increased by almost 50%.

Table 4: UK regions' gains from bringing regional policy back home

Region	Current Receipts (£m)	Disposable Income per capita (PPP) (£)	Disposable Income (% of UK average)	Extra Receipts under OE plan	New Receipts (£m)
West Midlands	303	15,219	83	137	440
Tees Valley and Durham	213	15,576	85	96	309
South Yorkshire	199	15,767	86	89	288
Northumberland, Tyne and Wear	259	15,954	87	116	375
West Wales and The Valleys	2,072	15,978	87	929	3,000
East Riding and North Lincolnshire	138	16,076	87	62	199
Lancashire	216	16,157	88	97	313
Merseyside	206	16,170	88	92	298
West Yorkshire	328	16,224	88	147	475
Greater Manchester	383	16,438	89	172	554
Cornwall and Isles of Scilly	462	16,601	90	207	669
Derbyshire and Nottinghamshire	214	16,791	91	96	310
Highlands and Islands	188	16,864	92	84	272
South Western Scotland	401	17,294	94	180	580
Devon	80	17,295	94	36	116
Lincolnshire	71	17,300	94	32	103
Northern Ireland	523	17,303	94	234	757
Shropshire and Staffordshire	176	17,360	94	79	255
East Wales	178	17,469	95	80	258
Cumbria	75	17,622	96	33	108
Leicestershire, Rutland and Northants	169	18,133	99	76	245
East Anglia	148	18,225	99	67	215
Eastern Scotland	338	18,698	102	151	489
Hampshire and Isle of Wight	90	19,255	105	40	131
Kent	81	19,299	105	36	118
Gloucestershire, Wiltshire and North Somerset	161	19,318	105	72	234
Herefordshire, Worcestershire and Warwickshire	169	19,347	105	76	245
Dorset and Somerset	89	19,372	105	40	128
North Yorkshire	119	19,664	107	53	172
Cheshire	150	19,714	107	67	217
Essex	108	19,886	108	49	157
North Eastern Scotland	89	21,108	115	40	128
Outer London	316	21,570	117	142	458
Bedfordshire and Hertfordshire	107	21,893	119	48	155
Berkshire, Buckinghamshire and Oxfordshire	107	22,634	123	48	154
Surrey, East and West Sussex	129	23,010	125	58	188
Inner London	207	28,538	155	93	299

Sources: European Commission, Eurostat, ECB, Open Europe calculations

It is difficult to identify how regions' 'net' positions would change should regional spending be brought under UK control, as we do not know what, exactly, a national redistribution scheme would look like. It is highly likely, however, that relatively poor regions which are currently net contributors to the SF, such as Merseyside, the West Midlands and Lincolnshire, would become net recipients, as more appropriate and better targeted criteria to redistribute resources are introduced.

A UK "growth fund" as an alternative to EU structural funds

Instead of the current system, which, as we see, can fail to target pockets of poverty, and suffers from a range of other flaws, the UK could develop its own, innovative regeneration and growth policy. Such a policy should aim to be far more flexible, responsive and performance-driven than the SF.

This could take the form of a "second pillar" under the Regional Growth Fund (RGF), which the Coalition government has set up.[68] In brief, the growth fund could work as follows:

- *One objective:* Unlike the many objectives entailed in the SF, the fund could have one simple aim: convergence through supporting *economically viable* projects in poor areas. Growth funds could be established either at the national level or the equivalent of NUTS 2 level, but with far more flexible criteria for determining which areas should get preferential treatment based on relative poverty levels. This would allow the funds to target small pockets of poverty, identified through a basket of indicators in a way that is impossible under the SF.

- *Best business case wins:* Projects should then be allowed to compete for the cash. Disbursement should be based on one single consideration: which has the strongest business case and is therefore most likely to generate growth and/or jobs. This would move funding away from focussing on 'compliance' and meeting set criteria – all too often the case for the SF - to giving money to whichever project has the best chance of success.

  The RGF has remained oversubscribed (by £2bn for its second round),[69] which has allowed for a higher quality of projects to be taken on. The Department of Transport has also recently been through a similar funding round where they purposely set a maximum figure for potential grants (in this case an additional £900 million) for 45 potential extra schemes. The requirement here was that all schemes were made to compete on their respective business cases for a limited amount of money, incentivising those who could cut costs.[70] A practice to ensure that all applicants are picked on the best possible business case would be the polar opposite of the current SF, where the focus is on absorbing the funds and spending the cash.

- *Use of private sector expertise in fund allocation:* Rather than creating bureaucratic headings, objectives, priorities and the like, one potential solution could be to make greater use of private knowhow. For example, in the South West some EU funding to small businesses has been successfully allocated via the South West Investment Group, a private fund manager.[71]

3.2 Other options for the UK

A) Maintaining status-quo or minor reform

If the Government decides that the costs of engaging in negotiations with European partners over bringing back overall control over regional policy back to the national level outweigh the potential benefits, the current arrangement will remain in place, albeit possibly with some reforms.

There may be reasons for the Government to avoid making a stand on this issue; certain UK regions may apply pressure in order not to lose a perceived economic benefit, other strategies to make the SF more efficient may be considered more likely to be successful in EU negotiations (i.e. reform though downward pressure), and the Government may wish to save political capital in Europe for other negotiations. From an economic point of view, such an outcome would clearly be far from ideal. The UK and most other member states would forgo an opportunity to achieve genuine benefits by making the SF far more rational, and also, as we set out below, the Coalition would miss an opportunity to push ahead with its objective of 'rebalancing' the UK economy by losing out on potential savings, and the chance to better target public money.

68 The Department for Business, Innovation and Skills (BIS) explains: "The Regional Growth Fund (RGF) is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment. It aims particularly to help those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity.

69 BIS: Summary of Regional Growth Fund Second Round Bids http://www.bis.gov.uk/policies/economic-development/regional-growth-fund/summary-of-rgf-2nd-round-bids

70 Department for Transport, 'Over £45m savings give boost to transport improvements' 4 February 2011 http://www.dft.gov.uk/news/press-releases/dft-press-20110204 and 'Funding decisions on local authority major transport schemes' 14 December 2011 http://www.dft.gov.uk/news/statements/greening-20111214

71 http://www.southwestinvestmentgroup.co.uk/index.aspx

B) Fundamental reform

The UK Government can seek to keep the SF for all member states and push for reforms, including better targeting, more effective redistribution and clearer objectives. There are two – largely overlapping – routes it can take to achieve this:

Reform through downward pressure

As we noted in section 1.1, the Coalition Government is primarily seeking to apply downward pressure to the EU budget as a whole by freezing its overall size at current levels. The idea is that by limiting the amount of money, there would be no choice but to spend the existing pot in a more effective way. This would also involve channelling more cash away from recycling SF between richer member states to other spending areas such as Research & Development. The logic is similar to that which lies behind many of the UK Government's savings at the domestic level.

Push for radical reform

The rationale behind reform through limiting the amount of cash available makes perfect sense. However, this strategy will still not be effective unless it is accompanied with a clear vision for how to make the SF far more successful, by addressing some of the serious flaws that we highlight in section 2.2.

A number of reforms could radically improve the performance of the SF:

i) Establish a clear link between funding and performance

No matter what happens, a clear link needs to be established between performance and disbursement of funding. Creating a link between funding and performance would eliminate the perverse incentive for beneficiaries to get the money out of the door – in order for the cash not to be lost for the region – rather than spending it where it really can add value. There are a number of ways in which the SF can become far more performance-linked:

- *Inject more competition:* In order to avoid channelling public money away from economically unviable projects, disbursement of the SF could be made far more oriented around business and competition. For example, the pot of money allocated to a region could be subject to open competition, where projects compete for the cash based on one single question: which has the strongest business case (all things considered), and therefore the biggest chance of success in promoting growth and jobs?

- *Make disbursement conditional on met targets:* A variation of the above could be ex-post allocations based on met performance targets from the previous financing period. Recipient governments and/or regions could be given full discretion as to which investment projects they would like to see financed (subject to state aid restrictions). However, governments and/or regions would be obliged to declare beforehand the expected results of the project. Disbursement of the funds could then be made in lump sums, and would depend upon results being reached – rather than on the ability to spend allocated funds. This would have the added benefit that accountability for the money spent would clearly rest with member states, as opposed to now, when the responsibility falls somewhere between them and the Commission.

- *Introduce performance reserves:* The Commission has sought to insert some results-driven incentives into the SF, by so-called 'performance reserves'. In its post-2014 draft budget, for example, it has proposed a performance reserve that would allow some funding to be set aside and given to those regions that have achieved the best results. This is clearly a step in the right direction, although the commission's proposed reserve will only cover 5% of overall funding for the 2014-2020 budget period,[72] which is not nearly enough to have a significant impact.

- *Sunset clauses:* The leaked 2009 report from the Commission proposed that "sunset clauses" should be introduced in order to:

72 "A total of 5 % of the national allocation of each fund will be set aside and allocated, during a mid-term review, to the Member States for the programmes that have fully met their milestones. In addition to the performance reserve, failure to achieve milestones may lead to the suspension of funds, and a serious underachievement in meeting the targets of a programme may lead to cancellation of funds." http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation2014_leaflet_en.pdf

"reduce support for member states which have failed to progress and to limit the expectation of continued support."[73]

It also suggested that allocation could be linked to the length of EU membership to reflect the fact that, usually, the newest member states are the ones which have the most catching up to do, and are the ones that meet the toughest challenge in adopting to EU rules and increased competition.

In practice, this would mean that countries such as Italy, Spain, Portugal and Greece would have their large amount of cohesion support phased out and replaced with something more efficient.

- Given that poorer regions have difficulties affording co-financing, which can exacerbate pro-cyclical effects, well functioning performance targets and mechanisms could replace co-financing altogether.

ii) Establish a single objective

The many and at times contradictory objectives of the SF add to the underlying problems of poor targeting, evaluation and complexity.[74] Instead, the funds should be focussed on one single objective: convergence. This means channelling funds to economically viable projects in areas that otherwise would find it difficult to attract investment. Indeed, MPK convergence may be a good way to assess the effectiveness of the SF.

Accordingly, all other objectives should fall under alternative policies. For example, 'reducing emissions' should come under one of the EU's environmental schemes, or a new budget line. The development of human capital, or re-training of the workforce, should fall under the Globalisation Adjustment Fund, or a radically revamped ESF. If there is a project involving personnel developing a new skill-set, then it should be justified on the basis of the business case of the project, and not the training itself.

iii) Other ways to improve targeting

- *Allocation criteria based on absorption capacity:* These would make a realistic assessment of the amount of resources a country could make best use of based on governance and administrative structure.

- *New measurement to track inequality within a region:* This would allow allocations to take into account the spread of wealth levels within a region, even if it is converging overall (for example by using the Gini coefficient).[75]

iv) Radically simplify the funds

The simplification of the funds must continue – in particular for recipients. The Commission has taken some positive steps to make the SF simpler to deal with for both recipients and public authorities, for example by allowing organisations other than the actual recipients to find match funding (though some recipients and authorities have not perceived this as a simplification at all). It has also proposed a series of simplifications, such as exempting smaller projects from some auditing requirements, allowing for more electronic submissions and reducing the length of time during which projects have to save records.[76] However, a huge body of evidence still points to continued complexity.[77] We suspect that much of the complexity and administrative burden stem from the very existence of such a large redistribution scheme, crossing a range of very divergent countries and regions.

73 European Commission, (2009) A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review

74 The Commission's communication on the EU's long-term budget (the post 2013 financial framework) states that, "Clear priorities could be fixed to deliver smart, sustainable and inclusive growth, with work on: support for new businesses; innovation; reducing emissions; improving the quality of our environment; modernising universities; energy saving; the development of energy, transport and telecommunication networks with a common EU interest; investment in research infrastructure; human capital development; and active inclusion to help the fight against poverty." European Commission, "The EU Budget Review" 19 October 2010, COM(2010) 700 final http://ec.europa.eu/budget/reform/library/communication/com_2010_700_en.pdf

75 The Gini coefficient measures the inequality among values of a frequency distribution, such as levels of income.

76 As proposed in Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, COM(2011) 615 final 2011/0276 (COD), 6 October 2011, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0615:FIN:EN:PDF

77 For example, The Chief Executive of Co-ordinating European Funding for the East Midlands Third Sector (CEFET) told a House of Lords inquiry that "the administrative burden on the delivery bodies has roughly quadrupled [since the previous EU budget period] in terms of the staff time needed to fill in the returns and draw down the money" Cited in http://www.publications.parliament.uk/pa/ld200910/ldselect/ldeucom/92/92i.pdf

C) Seeking to scrap the funds altogether

Scrapping the structural funds altogether would radically reduce Britain's net contribution to the EU budget. However, this would not arguably be a desirable option, for a number of reasons:

- There is a political and economic case to be made for supporting post-Communist countries financially and helping them to catch up with the rest of Europe – providing such support is properly targeted and time-limited.

- The new member states – many of them potential UK allies – would fight tooth and nail to keep the funds. As the promise of financial support to these countries went hand in hand with enlargement – which the UK strongly supported – it would be politically counterproductive to adopt the position of scrapping the funds altogether.

- However, even if the UK were to adopt this position, since the SCF are enshrined in the EU Treaties, scrapping them would require Treaty change.

- Given that all member states apart from four or five would benefit financially from scaling down the funds as opposed to scrapping them altogether, the UK has the potential of building up a network of allies with a shared objective.

D) Unilateral repatriation of the funds

Given that scrapping the funds altogether would be very difficult, the UK Government could play hardball and say it wants to unilaterally repatriate the structural funds, and is ready to veto the entire EU budget deal if this does not happen. If such a move were successful, it would effectively take the UK's contribution and receipts out of the part of the EU budget which redistributes the SF. It would also allow the UK to run its own regional policy, with the various benefits that come with it.

In theory there is no reason why this could not happen. However, this scenario would not save the UK as much money in net terms as a 90% threshold. Firstly, if remaining within the overall framework of the EU budget, Britain would still contribute towards the regional policy of other, richer member states. In addition, it could actually increase the UK's contribution to the EU budget, if its rebate from the budget falls by more than its net savings – which is a possibility (see Annex III).

ANNEX I: LITERATURE ON GROWTH AND CONVERGENCE:

As we have noted throughout this report, the current literature on the efficacy of EU structural funds is inconclusive as to what effect (if any) they have had on growth and employment as well as convergence between poorer EU states and regions. The mixed record is also driven by the confusion over what the SF are actually aimed at achieving - maximum growth or convergence (meaning most comparative impact) - or something completely different, such as reducing carbon emissions, which may run counter to both growth and convergence. Below we provide a sample of the key literature on the topic.

Inconclusive on growth

Those who have detected a positive effect include Jan in't Veld of the European Commission's Directorate General for Economic and Financial Affairs, who in a series of papers used various economic models to argue that the *potential* impact of the SF during 2007-2013 on output and growth is positive in the long-term, "due to sizeable productivity improvements". However, he acknowledged that in the short-term, SCF could lead "to crowding out of private spending" – which, naturally, could have a negative impact on short-term growth rates.[78] Another study that has shown positive effects is a recent paper for the ECB (Mohl, P, and Hagen, T, 2011) which argued that SF can have an impact on growth, but added that the SCF could have a negative impact on jobs in low-skill environments. In contrast, a report by Somik V. Lall for the World Bank argued that the SCF

> *"are not well suited to maximizing aggregate economic growth because they try to promote spatial evenness and not agglomeration. Nor are they especially well-suited to promoting catch-up by lagging areas. Traditional cohesion policies that provide "hard" infrastructure and assistance to firms are unlikely to increase the competitiveness of lagging areas."*[79]

With respect to individual countries which have received a lot of cash from the SCF, there is evidence that individual Spanish regions, significant beneficiaries of SCF over the last few decades, have added to their growth rates. However, interestingly, a study published by the Spanish Savings Banks Foundation (FUNCAS) in March 2010 showed that over the 2000-2006 EU budget period, the substantial amounts of SCF money paid out to the country did not have "any impact" on Spanish regions' growth rate in terms of GDP per capita and productivity.[80] One is hard pressed to find a study which points to a positive impact of the SCF on growth rates in Italy, though Jan in't Veld suggests that the long-term effects of the SCF could be the most positive in Italy (perhaps showing the weaknesses in the models he uses).

As we show in section 2.1, in Ireland, the SCF clearly served to complement economic reforms in a growth-generating manner.

Inconclusive on jobs

Particularly for the ESF, evaluations sponsored by the Commission or public authorities assessing the impact of the funds often conclude that a given project has created a number of jobs. For example, a Commission-sponsored study on the impact of the ESF between 2000 and 2006, put the number of jobs created by the programme at 600,000 with the number of jobs "retained" at 200,000.[81]

As we note in Box 3, such claims should be treated with caution as they make unrealistic assumptions and do not adequately account for the best comparative use of the funds, the counterfactual or the opportunity costs. Other reports from EU institutions have been far less flattering. The paper published by Mohl and Hagen last year for the ECB concluded that the SF could even be damaging for job-creation in low-skilled settings due to their tendency to subsidise the cost of capital. It concluded:

78 in't Veld J, Directorate-General for Economic and Financial Affairs, 'The Potential Impact of the Fiscal Transfers under the EU Cohesion Policy Programme' Number 283 – June 2007
http://ec.europa.eu/economy_finance/publications/publication9579_en.pdf , see also in 't Veld, J and Varga, J, DG Economic and Financial Affairs 'A Model-based Analysis of the Impact of Cohesion Policy Expenditure 2000-06: Simulations with the QUEST III endogenous R&D model' September 2009
http://ec.europa.eu/economy_finance/publications/publication16016_en.pdf

79 Lall, S. V. (2009) 'Regional policy: what it can and cannot do? What does and does not work?'
http://ec.europa.eu/dgs/policy_advisers/docs/15_paper_lall.pdf

80 FUNCAS, 2010 'Structural funds and regional convergence' (2010)
http://www.funcas.es/Publicaciones/Sumario.aspx?IdRef=1-01123

81 EU Commission report into the ESF: Culture and Tourism (2010), page 10
http://ec.europa.eu/esf/BlobServlet?docId=176&langId=en

"there was no clear evidence that EU funding promotes employment, EU funding acted as a capital subsidy and had a negative effect (on jobs) in a low skill environment and a higher one in a high skill environment."[82]

Inconclusive on convergence

As with growth effects, evidence on the impact on convergence[83] is mixed, though a number of heavy-weight studies have expressed disappointment with the record of the funds in closing gaps between richer and poorer member states. A 2007 OECD report labelled the record of the SCF as "patchy", noting that at current rates, it would take 170 years to halve divergence across the EU. The leaked 2009 report from the European Commission admitted,

'"While income disparities among Member States have declined substantially since the early 1980s, they have increased across regions."[84]

Others still point out that there have been simultaneous disparities between regions within those same states, and question whether the convergence can be attributed to the funds at all. A commonly identified problem (Cappelen et al 2003) with regards to holding back convergence is the capacity in the recipient states to absorb the funds effectively, which contributes to some areas benefiting to a larger degree than others.

On convergence as with growth, arguably the most convincing case is that of Ireland, which clearly underwent significant convergence in the 1990s, going from well below to well above the EU average. A report from the World Bank notes that Spain converged to the EU average, but at the same time, the disparities between regions in Spain increased.

82 Mohl, P, and Hagen, T, 'Do EU structural funds promote regional employment? European Central Bank Working Paper Series No. 1403 December 2011 www.ecb.int/pub/pdf/scpwps/ecbwp1403.pdf

83 Regional convergence is not the same thing as "economic growth", since growth measures involve investment (public or private) in areas where it has the biggest chance of generating 'return'.

84 European Commission, (2009) A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review

Selected bibliography with key conclusions

Publications that focus on convergence:	
Publication	**Conclusion**
OECD, (2007), 'Economic survey of the European Union 2007'.[85]	"Its record so far has been patchy: regional disparities are not falling, or at best are declining very slowly."
Bouve F, (2005), 'Dynamics of regional income inequality in Europe and the impact of EU regional policy and EMU', Department of Economics, Sonoma State university.[86]	"The persistence of within country inequality calls for a reform of the existing EU regional policies, as there is not yet evidence that these policies has delivered the promised regional cohesion."
Becker S, Egger P, and Von Ehrlich M, (2010), 'Too much of a good thing? On the growth effects of the EU's regional policy', Journal of Public Economics.[87]	"We conclude that some reallocation of the funds across target regions would lead to higher aggregate growth in the EU and could generate even faster convergence than the current scheme does."
Rodríguez-Pose A and Fratesi U, (2003), 'Between development and social policies: the impact of European Structural Funds in Objective 1 regions', Europe Economy Group.[88]	"The results of the analysis underscore that the EU is not only still far away from its aim of greater economic and social cohesion, but also that the doubts about the capacity of the development funds allocated to lagging regions in Europe to deliver sustainable economic growth and to reduce the gap between the European core and the periphery seem to be well founded."
Barry F, (2003), 'European Union Regional Aid and Irish Economic Development, European Integration, Regional Policy and Growth'. Washington, World Bank, 2003.[89]	Regional aid does not guarantee a real convergence of living standards in the recipient region. This is obvious from the experience of the Italian Mezzogiorno, to a lesser extent from the experience of Greece, and perhaps to some extent from the experience of Spain. Regional aid is likely to be of greatest benefit when the other requirements for real convergence are satisfied. From this point of view the Irish and Portuguese experiences are of particular interest.
Ederveen S, Gorter J, de Mooij R and Nahuis R, (2002), 'Funds and Games, The Economics of European Cohesion Policy', CPB Netherlands' Bureau for Economic Policy Analysis.[90]	"The results confirm some degree of redistributive efficiency: poor regions get more than rich regions. It remains, however, unclear, to what extent cohesion support affects convergence. Some econometric analyses suggest that the funds have a negligible, or even a negative impact on convergence, while in others imply a significant positive impact." "Hence, a crude summary of the studies suggests that annual growth rate increases by 0.15 percentage points if the EU injects Structural Funds equal to one percent of GDP."
Fabio Canova, (2001), 'Are EU Policies fostering growth and reducing regional inequalities', Els Opuscles del CREI.[91]	"There is some movement among regions receiving structural funds, but it is too small and too unstable to suggest any tendency to reduce relative inequalities over time."

85 http://www.oecd.org/document/8/0,3343,en_2649_34111_38958856_1_1_1_1,00.html
86 http://ec.europa.eu/economy_finance/events/2007/researchconf1110/bouvet_en.pdf.pdf
87 http://147.142.190.246/joomla/peio/files2011/papers/Becker,%20Egger,%20Ehrlich%2013.10.2010.pdf
88 http://ideas.repec.org/p/eeg/euroeg/28.html
89 http://www.tcd.ie/business/staff/fbarry/papers/papers/Regiona_Aid_paper_revised.PDF
90 www.enepri.org/files/CPBstudy.pdf
91 http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.195.2633

Publications that focus on growth and/or employment:	
Publication	**Conclusion**
Rodriguez-Pose, A, (2009), 'Do institutions matter for regional development in the EU?', London School of Economics.[92]	"the role of local institutions is crucial for economic development and as a means of determining the returns of European regional development policies, generating an institution-based general regional development strategy is likely to be undermined by the lack of definition of what are adequate, solid, and efficient institutions across regions in the EU."
Becker S, Egger, P, and Von Ehrlich M, (2010) 'Going NUTS: The Effect of EU Structural Funds on Regional Performance', Journal of Public Economics.[93]	"We find positive growth effects of Objective 1 funds, but no employment effects. A simple cost-benefit calculation suggests that Objective 1 transfers are not only effective, but also cost-efficient."
Cappelen A et al, (2003), 'The Impact of EU Regional Support on Growth and Convergence in the European Union', JCMS.[94]	"EU regional support through the structural funds has a significant and positive impact on the growth performance on European regions." "However…there is clear evidence suggesting that the economic effects of regional support are much stronger in more developed environments. This suggests that the impact of such support is crucially dependent on the receptiveness of the receiving environment. Hence, it seems that support is least efficient where it is most needed."
European Commission, (2009) 'A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review'.[95]	"the European added value of current Cohesion support in well-off regions can be questioned."
Santos I, (2008), 'Is Structural Spending on Solid Foundations?', Bruegel Policy Brief.[96]	"Overall the evidence on the impact of Structural Funds is mixed."
Mohl P, and Hagen T, (2008) 'Does EU Cohesion Policy Promote Growth? Evidence from Regional Data and Alternative Econometric Approaches', Centre for European Economic Research.[97]	"The empirical evidence indicates that the Objective 1 payments in particular have a positive and significant impact on growth, whereas Objective 2 and 3 payments negatively affect the regions' growth rates. Furthermore, our results show that the growth impact occurs with a time lag of approximately two to three years."
Mohl P, and Hagen T, (2011) 'Do EU structural funds promote regional employment?' European Central Bank Working Paper Series No. 1403[98]	"Found that there was no clear evidence that EU funding promotes employment, EU funding acted as a capital subsidy and had a negative effect (on jobs) in a low skill environment and a higher one in a high skill environment."
European Commission, (2003), Sapir Report; 'An agenda for a growing Europe, Making the EU Economic System Deliver, Report of an Independent High-Level Study Group established on the initiative of the President of the European Commission.[99]	"there is simply not enough relevant regional GDP data for statistical procedures to distinguish the effects of cohesion policies in the absence of data on other regional characteristics, such as initial income, human capital, local industrial structures, quality of local administration, the peripheral nature of the region, and of random influences."
Lall S, (2009), 'Shrinking Distance Identifying priorities for territorial integration', World Bank[100]	"academic research shows that these programs are not well suited to maximizing aggregate economic growth because they try to promote spatial evenness and not agglomeration. Nor are they especially well suited to promoting catch-up by lagging areas. Traditional cohesion policies that provide "hard" infrastructure and assistance to firms are unlikely to increase the competitiveness of lagging areas."
Polasek W, and Sellner R, (2007), 'Does Globalization affect Regional Growth? Evidence for NUTS-2 Regions in EU-27', Rimini Centre for Economic Analysis.[101]	"we found evidence that the structural funds expenditures (the EU integration proxy variable) impacted positively on per capita income growth during the first 5 years in this century".
Bussoletti di S and Esposti R, 'Regional Convergence, Structural Funds and the role of Agriculture in the European Union, A panel-data approach'[102]	"Past policies that supported agriculture in such a way to maintain relatively high employment levels in the sector, may actually reduce the impact of successive objective 1 structural funds payments."

92 http://ec.europa.eu/dgs/policy_advisers/activities/conferences_workshops/budget_en.htm
93 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1314690##
94 http://people.pwf.cam.ac.uk/mb65/library/cappelen.a.o.2003.pdf
95 http://followthemoney.eu/docs/budget-leak.pdf
96 http://www.bruegel.org/publications/publication-detail/publication/8-is-structural-spending-on-solid-foundations/
97 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1298935
98 www.ecb.int/pub/pdf/scpwps/ecbwp1403.pdf
99 www.umic.pt/images/stories/sapirreport.pdf
100 http://ec.europa.eu/dgs/policy_advisers/activities/conferences_workshops/budget_en.htm
101 http://www.rcfea.org/RePEc/pdf/wp24_11.pdf
102 http://dea2.univpm.it/quaderni/pdf/220.pdf

Publications that focus on growth and/or employment:	
Publication	**Conclusion**
García-Milá, T McGuire T, (2001), 'Do Interregional Transfers Improve the Economic Performance of Poor Regions? The Case of Spain', Universitat Pompeu Fabra.[103]	"No real impact"
Sandy Dall'erba, (2007), 'Politiques de development et croissance regionale en Europe: Le role des rendements croissants et dependances spatiales', University of Arizona.[104]	"We find positive growth effects of Objective 1 funds, but no employment effects. A simple cost-benefit calculation suggests that Objective 1 transfers are not only effective, but also cost-efficient."
Puigcerver-Peñalver M, (2004), 'The Impact of Structural Funds Policy on European Regions Growth. A Theoretical and Empirical Approach', Universidad de Murcia 2004[105]	"Structural Funds have had a clear positive effect in regions growth while their impact has been quite null during the second Programming period."
Antunes M and Soukiazis E, (2009), 'Foreign Trade, Human Capital and Economic Growth: An Empirical Approach for the EU Countries', Centro de Estudos da União Europeia[106]	"the southern countries of the EU, as being less competitive, did not benefit much from the free single market, compensated instead, as it is known, by large transfers in the form of structural funds."
Percoco M, Dall'erba S and Hewings G, (2005), 'Structural Convergence of the National Economies of Europe'[107]	"European cohesion actions might result in strengthening yet stronger regions by broadening the spatial extent of their markets".
Jan in't Veld, (2007), European Commission, DG ECFIN, Economic Papers[108]	"Potential benefits of Structural Funds with significant output gains in the long run due to sizeable productivity improvements", "The simulations show the costs and benefits of Structural Funds spending on beneficiary and donor countries in the EU. The increase in public investment has positive externalities and yields significant output gains in the long run due to sizeable productivity improvements. In the short run it can lead to crowding out of private spending."
Gripaiosa P and Bishop P (2006), 'Objective One Funding in the UK: A Critical Assessment', Regional Studies Volume 40, Issue 8[109]	"It is questionable whether funding can have much impact given the extent of underlying structural problems and flaws in the focus of the programme."
Spanish Savings Banks Foundation (FUNCAS), March 2010[110]	"Structural funds which Spain received in 2000-2006 did not have any impact on Spanish regions' growth rate in terms of GDP per capita and productivity."
European Commission, (2009) 'A reform agenda for a Global Europe [Reforming the budget changing Europe] 2008/9 budget review'.[111]	"While income disparities among Member States have declined substantially since the early 1980s, they have increased across regions."
OECD (2007) 'Economic survey of the European Union 2007'.[112]	"Its record so far has been patchy: regional disparities are not falling, or at best are declining very slowly….at current rates it will take 170 years to halve divergence across regions"
Canova F, (2001) 'Are EU Policies fostering growth and reducing regional inequalities?', Opuscles del CREI[113]	"There is some movement among regions receiving structural funds, but it is too small and too unstable to suggest any tendency to reduce relative inequalities over time."
Swedish Institute for Growth Policy Studies: 'The EC Regional Structural Funds impact in Sweden 1995-1999: A quantitative analysis'[114]	"it is not possible to trace any effects of the EC's geographical programmes on overall regional development [in Sweden]. During the period the programmes were studied, the regional differences have tended to intensify rather than be levelled out. This does not prevent individual projects in individual municipalities from being successful but nevertheless it is surprising that we are unable to trace any effect on overall regional development."

103 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=285503
104 http://ideas.repec.org/p/lat/legeco/2007-02.html
105 http://repec.org/esLATM04/up.23143.1081937884.pdf
106 http://www4.fe.uc.pt/ceue/working_papers/antunes_soukiazis_51.pdf
107 http://ideas.repec.org/p/pra/mprapa/1380.html
108 http://ec.europa.eu/economy_finance/publications/publication9579_en.pdf
109 http://www.tandfonline.com/doi/abs/10.1080/00343400600877839
110 http://www.funcas.es/Publicaciones/Sumario.aspx?IdRef=1-01123
111 http://followthemoney.eu/docs/budget-leak.pdf
112 http://www.oecd.org/document/8/0,3343,en_2649_34111_38958856_1_1_1_1,00.html
113 http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.195.2633
114 http://www.innovation.lv/ino2/publications/A2004_028.pdf

Publications that focus on growth and/or employment:	
Publication	**Conclusion**
M. Carmen Lima and M. Alejandro Cardenete, (2008) 'The Impact of European Structural Funds in the South of Spain' in European Planning Studies Vol. 16, No. 10[115]	"We conclude that regional funding has deeply contributed to Andalusian regional development and the effectiveness of the funds seems to be larger for the last years of the study"
Beugelsdijk and Eijffinger (2005), 'The Effectiveness of Structural Policy in the European Union: An Empirical Analysis for the EU-15 in 1995-2001', Journal of Common Market Studies, Vol. 43[116]	Convergence across EU15, Positive impact of structural funds on convergence rates, Corrupt countries do not gain "less" economic growth from structural funds
Ederveen, S, de Groot F, Nahuis, R (2003) 'Fertile soil for Structural Funds? A panel data analysis of the conditional effectiveness of European cohesion policy' CPB Netherlands Bureau for Economic Policy[117]	"European support as such does not improve countries' growth performance. However, enhances growth in countries with the right institutions, such as openness and institutional quality (different measures such as corruption, government effectiveness etc.) Aid works if directed to regions with the right institutions, and who are open to competition."
Shankar, R and Shah, A (2009) 'Lessons from European Union Policies for Regional Development', World Bank Poverty Reduction and Economic Management Division[118]	"The evidence on EU regional policies and regional development suggests the following lessons: Remove barriers to trade and movement of people, skills and technologies… Minimize centralized redistribution and subsidies. Transfers to poorer regions can distort market signals and hamper the flow of business to lower wage areas or of people to higher income regions."
Farrell, M (2004) 'Regional Integration and Cohesion - Lessons from Spain and Ireland in the EU', Journal of Asian Economics, Vol. 14[119]	"Higher Irish growth was in part supported by EU structural funds…In Spain, while the whole country converged to EU average, internal regional inequality actually increased… Differences in part attributable to institutions and policy; Spain's investment was in infrastructure, while Ireland also focused on developing human capital and on industrial policy to attract large MNCs to set up operations in Ireland."

115 http://www.macardenete.com/wp-content/uploads/2010/08/EPS_2008.pdf
116 http://arno.uvt.nl/show.cgi?fid=44731
117 http://www.cpb.nl/sites/default/files/publicaties/download/fertile-soil-structural-funds.pdf
118 http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2009/06/22/000158349_20090622133035/Rendered/PDF/WPS4977.pdf
119 http://www.sciencedirect.com/science/article/pii/S1049007803001301

ANNEX II: METHODOLOGY

The original Commission document which lays out the defined allocations for the SF under the 2007-2013 budgetary period is in 2004 prices. Our overall country level figures are based on this document and are therefore kept in 2004 prices. To convert this to pounds we used an average exchange rate over the past five years of 0.819 GBP to EUR (taken from the ECB's historical data) as this best captures the exchange rate over the budget period which has changed significantly since 2004. For the regional level data we converted the figures to 2007 prices to allow for the most up to date assessment of the contributions and receipts ahead of the budget period. This also allowed us to use more recent data on the GDP and Disposable Income for the regions. To convert these figures to GBP we used the same exchange rate as before.

The calculations at the regional level were only done at the EU15 level due to the patchy regional data available for the newer member states. This is not ideal since the new member states play a large role in the SF programme. However, since our focus is on the contributions side, it is not prohibitive. The data on the specific use of funds in terms of regional breakdown for the newer states is also not readily available and tends to be broken down in national programmes or overarching policy areas, making the regional allocations difficult to ascertain without the clear allocation criteria. That said, the data on the EU15 still highlights the recycling of funds and their poor targeting.

Calculating the level of regional receipts and contributions is difficult given the significant data constraints, therefore our figures should always be taken at best as an approximation of an opaque policy process. The regional receipts are laid out in the National Strategic Reference Frameworks. However, since access to datasets is limited, we have combined them with the datasets used by Santos (2008) to give as complete a picture as possible. The data on regional contributions, as with national ones, is never fully published. Therefore, using our national contributions calculations (based on shares of EU budget) we then calculated regional contributions based on shares of disposable income (2007 data taken from Eurostat). Using other indicators such as GDP or per capita calculations does not shift the shares substantially. We also calculated the contributions of UK regions to the Cohesion Fund this way, for the purpose of estimating contributions of individual UK regions. We did not include the Cohesion Fund when estimating redistribution patterns in the EU15, as these funds are, by virtue of being allocated on basis of the wealth levels of countries and targeted at poorer member states, genuinely cross-border in nature. The figures were updated using the Eurostat GDP deflator data to give 2007 prices. Given the variance in receipts and contributions between countries, it was necessary to use an average deflator for all EU countries.

Calculating the flows of funds between and within countries is again challenging due to data constraints, and so the figures should be taken as illustrative. The cross country flows are equal to a country's net shares (net contributors' money flows to another country where it is a net benefit coming in from abroad). The flows within a country are equal to the flows from net contributor regions to net recipient regions - the minimum difference between the positive and negative flows within a country. The within-region flows are essentially the residual, but are also logically equal to the funds raised in any one region. These flows are then amalgamated to the country level and charted as percentages.

Savings for member states under a 90% threshold

In order to calculate how much member states contributed to the structural funds, we took a five year average (2007-2011) of their national contributions to the EU budget, and extended that to cover the whole financial framework. We then used two criteria for establishing the eligibility thresholds; GNI per capita and GDP per capita, both adjusted for Purchasing Power Parity (PPP). For both indicators we used a four year average (2007-2010), and then calculated each member states' GNI and GDP per capita relative to the EU average.

Additional funds available to UK regions under a 90% threshold

We used the UK to illustrate the benefit of distributing regional funds in richer member states at a national level. Taking the savings from the reduced structural fund receipts, we allocated the money to regions based on their original shares under the structural funds. We considered additional weighting relating to disposable income (2007 Eurostat) to increase the level of funding going to those areas seen to be most in need in terms of divergence from the mean in the UK, but rejected the methodology.

ANNEX III: IMPACT ON THE UK'S REBATE

One of the key concerns with presenting any structural changes to the EU budget is the potential impact it could have on the UK rebate. Any change to the budget levels and distribution will have some impact on the UK rebate. Protection of the UK rebate is vital in any EU negotiations, but it is important to not be overly dogmatic in relation to the *absolute* amount of the rebate, as that would prevent the UK from losing out potential gains that would reduce its net contribution to the EU budget.

There could well be scope to adjust the budget, particularly in relation to structural funds, resulting in the reduction of the UK rebate, but still an overall saving for the UK in terms of its contributions to the EU budget.

The UK rebate is currently calculated using a complex formula, involving numerous variables which could be affected by our plan to limit SCF spending to those states with a GNI and/or GDP at or below 90% of the EU average. That said, it is possible to work out some general inferences over how our plan and other plans would affect the level of the rebate.

Calculating the UK rebate

"Core" UK rebate –

$$0.66*\left(\frac{V^{NC}_{UK}}{V^{NC}}-\frac{E_{UK}}{E\text{-}PAE_{t\text{-}1}}\right)*(E\text{-}PAE_{t\text{-}1})-\left(\frac{V^{NC}_{UK}}{V^{NC}}*TP-(YP_{UK}+VP^{C}_{UK})\right) \qquad (1)$$

Since the share of the UK uncapped VAT base in the total EU uncapped VAT base times the total VAT and GNP payments equals the UK uncapped VAT payments,

$$V^{NC}_{UK}=\frac{V^{NC}_{UK}}{V^{NC}}*TP \qquad (2)$$

(1) becomes

$$0.66*\left(\frac{V^{NC}_{UK}}{V^{NC}}-\frac{E_{UK}}{E\text{-}PAE_{t\text{-}1}}\right)*(E\text{-}PAE_{t\text{-}1})-(V^{NC}_{UK}*TP-(YP_{UK}+VP^{C}_{UK}) \qquad (3)$$

where

V_{UK}	= *YK VAT base*
V	= *EU VAT base*
E_{UK}	= *EU expepnditure made in the UK*
E	= *Total allocated expenditure*
$PAE_{t\text{-}1}$	= *Pre-Accession expenditure of year before the enlargement which took place only in the acceeding countries*
TP	= *Total VAT and GNP payments made by all Member States*
YP_{UK}	= *UK GNP payments*
VP_{UK}	= *UK VAT payments*

where NC = uncapped; C = capped.

Source: European Commission

The formula above shows the core rebate, which is the part most likely to be affected by our calculations. The important change is that the level of spending in the UK will change as will the total funds allocated to the EU. Under our plan it is likely that, in percentage terms, the decline in the level of spending in the UK will be greater than the decline in the allocation of funds to the EU. Broadly, we can say that the UK would see its receipts fall by €10.6bn, out of an estimated €32.2bn over the 2007 - 2013 budget period – a fall of a third.[121] Meanwhile the EU budget for the period would fall by €147bn out of €975bn, a fall of 15%.[122] This relative shift in the balance between the UK and the EU would help to cushion the reduction of the rebate as the overall level of the budget falls.

121 Open Europe, 'UK Contribution to EU Budget rises', November 2007: http://www.openeurope.org.uk/research/budget07.pdf
122 European Commission, Financial Programming and Budget website: http://ec.europa.eu/budget/figures/fin_fwk0713/fwk0713_en.cfm

Since there is a reduction in UK contributions to the EU budget and a reduction in the overall EU budget, there will definitely be a fall in the absolute level of the rebate. It must also be considered that the regional spending in poorer member states, which cannot be abated as spending in richer member states can, will now make up a larger share of total EU spending, which may distort the impact and reduce the savings. This is almost impossible to accurately estimate but it is not clear cut which way it would go. However, the general rule of thumb in this instance is that the rebate will fall by only two thirds of the fall in the UK's gross contribution (see structure of the equation above). Under our plan, the UK's gross contribution will fall by €15.2bn, triggering a fall in the rebate of around €10bn, over the 2007 – 2013 budget period. Clearly this is not an exact calculation, but it highlights that the fall in the rebate will not eclipse the reduction in gross contributions as may have been feared.

ANNEX IV: FULL TABLE OF SAVINGS UNDER ELIGIBILITY THRESHOLD OF GNI PER CAPITA AT 90% OR BELOW THE EU AVERAGE

Member State	GNI per capita (% of EU average)	Eligible under new threshold?	Current Contribution	Current Receipts	Current Net Contribution	Estimated New Receipts	Estimated New Contribution	Estimated Saving Gross	Estimated Saving Net
BE	125	NO	10,833.93	2,257.9	8,576.1	N/A	6,109.05	4,724.9	2,467.0
BG	43	YES	1,044.89	6,852.9	-5,808.0	6,852.86	589.20	455.7	455.7
CZ	80	YES	3,469.37	26,928.7	-23,459.3	26,928.70	1,956.31	1,513.1	1,513.1
DK	132	NO	7,323.87	613.0	6,710.8	N/A	4,129.79	3,194.1	2,581.0
DE	125	NO	68,318.13	26,339.8	41,978.4	N/A	38,523.34	29,794.8	3,455.0
EE	67	YES	460.96	3,455.8	-2,994.9	3,455.84	259.92	201.0	201.0
IE	121	NO	4,662.32	901.4	3,761.0	N/A	2,629.00	2,033.3	1,132.0
EL	93	NO	8,088.18	20,419.8	-12,331.6	N/A	4,560.77	3,527.4	-16,892.4
ES	107	NO	32,556.96	35,217.0	-2,660.0	N/A	18,358.27	14,198.7	-21,018.3
FR	115	NO	62,212.30	14,318.9	47,893.4	N/A	35,080.38	27,131.9	12,813.0
IT	107	NO	47,959.37	28,811.8	19,147.6	N/A	27,043.41	20,916.0	-7,895.8
CY	98	NO	526.34	640.0	-113.6	N/A	296.80	229.5	-410.4
LV	58	YES	615.99	4,620.4	-4,004.5	4,620.44	347.35	268.6	268.6
LT	60	YES	896.32	6,885.0	-5,988.7	6,884.98	505.42	390.9	390.9
LU	213	NO	936.10	65.3	870.8	N/A	527.85	408.2	343.0
HU	63	YES	2,957.94	25,307.4	-22,349.5	25,307.40	1,667.93	1,290.0	1,290.0
MT	81	YES	178.95	855.4	-676.4	855.36	100.91	78.0	78.0
NL	139	NO	13,264.55	1,907.0	11,357.6	N/A	7,479.63	5,784.9	3,877.9
AT	131	NO	7,835.23	1,461.1	6,374.1	N/A	4,418.14	3,417.1	1,955.9
PL	60	YES	10,665.04	67,916.6	-57,251.6	67,916.64	6,013.82	4,651.2	4,651.2
PT	81	YES	5,241.90	21,510.6	-16,268.7	21,510.56	2,955.81	2,286.1	2,286.1
RO	47	YES	3,797.60	19,667.6	-15,870.0	19,667.65	2,141.40	1,656.2	1,656.2
SI	92	NO	1,139.25	4,205.3	-3,066.1	N/A	642.40	496.8	-3,708.5
SK	75	YES	1,908.99	11,725.6	-9,816.6	11,725.62	1,076.44	832.5	832.5
FI	125	NO	5,654.57	1,716.2	3,938.4	N/A	3,188.51	2,466.1	749.8
SE	133	NO	8,602.03	1,891.3	6,710.7	N/A	4,850.53	3,751.5	1,860.2
UK	123	NO	35,953.74	10,613.2	25,340.6	N/A	20,273.66	15,680.1	5,066.9
TOTALS			347,104.81	347,104.8	0.0	195,726.05	195,726.05	151,378.8	0.0

GNI figures taken as an average over the 2007 – 2010 period and expressed in terms of purchasing power parity. All cost figures in €m
Sources: World Bank, EU Commission, Open Europe Calculations

ANNEX V: FULL TABLE OF SAVINGS UNDER ELIGIBILITY THRESHOLD OF GDP PER CAPITA AT 90% OR BELOW THE EU AVERAGE

Member State	GDP per capita (% of EU average)	Eligible under new threshold?	Current Contribution	Current Receipts	Current Net Contribution	Estimated New Receipts	Estimated New Contribution	Estimated Saving Gross	Estimated Saving Net
BE	117	NO	10,833.93	2,257.9	8,576.1	N/A	6,240.31	4,593.6	2,335.8
BG	43	YES	1,044.89	6,852.9	-5,808.0	6,852.86	601.86	443.0	443.0
CZ	82	YES	3,469.37	26,928.7	-23,459.3	26,928.70	1,998.35	1,471.0	1,471.0
DK	125	NO	7,323.87	613.0	6,710.8	N/A	4,218.53	3,105.3	2,492.3
DE	117	NO	68,318.13	26,339.8	41,978.4	N/A	39,351.04	28,967.1	2,627.3
EE	67	YES	460.96	3,455.8	-2,994.9	3,455.84	265.51	195.4	195.4
IE	134	NO	4,662.32	901.4	3,761.0	N/A	2,685.48	1,976.8	1,075.5
EL	92	NO	8,088.18	20,419.8	-12,331.6	N/A	4,658.77	3,429.4	-16,990.4
ES	103	NO	32,556.96	35,217.0	-2,660.0	N/A	18,752.71	13,804.2	-21,412.7
FR	108	NO	62,212.30	14,318.9	47,893.4	N/A	35,834.10	26,378.2	12,059.3
IT	103	NO	47,959.37	28,811.8	19,147.6	N/A	27,624.46	20,334.9	-8,476.9
CY	98	NO	526.34	640.0	-113.6	N/A	303.17	223.2	-416.8
LV	54	YES	615.99	4,620.4	-4,004.5	4,620.44	354.81	261.2	261.2
LT	58	YES	896.32	6,885.0	-5,988.7	6,884.98	516.28	380.0	380.0
LU	273	NO	936.10	65.3	870.8	N/A	539.19	396.9	331.6
HU	64	YES	2,957.94	25,307.4	-22,349.5	25,307.40	1,703.76	1,254.2	1,254.2
MT	80	YES	178.95	855.4	-676.4	855.36	103.07	75.9	75.9
NL	133	NO	13,264.55	1,907.0	11,357.6	N/A	7,640.34	5,624.2	3,717.2
AT	125	NO	7,835.23	1,461.1	6,374.1	N/A	4,513.07	3,322.2	1,861.0
PL	59	YES	10,665.04	67,916.6	-57,251.6	67,916.64	6,143.03	4,522.0	4,522.0
PT	79	YES	5,241.90	21,510.6	-16,268.7	21,510.56	3,019.32	2,222.6	2,222.6
RO	46	YES	3,797.60	19,667.6	-15,870.0	19,667.65	2,187.41	1,610.2	1,610.2
SI	88	YES	1,139.25	4,205.3	-3,066.1	4,205.30	656.20	483.0	483.0
SK	72	YES	1,908.99	11,725.6	-9,816.6	11,725.62	1,099.57	809.4	809.4
FI	117	NO	5,654.57	1,716.2	3,938.4	N/A	3,257.02	2,397.6	681.3
SE	123	NO	8,602.03	1,891.3	6,710.7	N/A	4,954.74	3,647.3	1,756.0
UK	113	NO	35,953.74	10,613.2	25,340.6	N/A	20,709.25	15,244.5	4,631.3
TOTALS			347,104.81	347,104.8	0.0	199,931.35	199,931.35	147,173.5	0.0

GDP figures taken as an average over the 2007 – 2010 period and expressed in terms of purchasing power parity. All cost figures in €m
Sources: Eurostat, EU Commission, Open Europe Calculations