

Sir Bill Cash MP: Why the Chequers Plan is bad for the UK and Defies the Referendum Vote to Leave the EU

Executive Summary

- 1. The Chequers plan does not respect the people's vote in the referendum result and it would require the UK indefinitely to comply with laws and regulations it has not democratically and transparently made itself. It undermines the repeal of the European Communities Act 1972.**
- 2. Through the Common Rulebook and majority voting of the EU27 it would worsen the already disastrous UK trade deficit with the EU27 in goods and thereby enhance the German national trade surplus against UK businesses with disadvantageous EU product standards and regulations.**
- 3. By promoting Chequers to the EU we would be indefinitely subjecting ourselves to the interpretation of the European Court of Justice, a lego-political court created to promote EU political union.**
- 4. We would be subject to the Council of Ministers where majority or consensus voting, behind closed doors would impose laws on us in vast areas with no recordings or transcript.**
- 5. We would also be subject to the unelected European Commission which meets in private and is the only EU institution that can propose legislation. Both the Commission and the Council of Ministers participate in undemocratic procedures which makes a mockery of the scrutiny and transparency of EU law-making and our sovereignty.**
- 6. The Prime Minister herself understands these arguments all too well, as she argued in a paper in 2007 for real and not fictional sovereignty over EU rules in our parliament and in relation to parliamentary oversight of European legislation. The Chequers proposals and the White Paper will not deliver effective sovereignty, nor effectively and fully repeal the European Communities Act 1972.**
- 7. In practice the camouflage of Chequers will last indefinitely and the uncertainty of the Common Rulebook and changes to it will greatly disadvantage British business.**
- 8. All this must be made crystal clear to Party members and to the public at the Conservative Party Conference.**

LET US HAVE AN INFORMED DEBATE - WHY THE CHEQUERS PLAN IS BAD FOR THE UK AND DEFIES THE REFERENDUM VOTE TO LEAVE THE EU

Leaving the EU above all means regaining our self-government and repealing the shackles of the EU

The EU have rejected Chequers therefore Chequers is dead. It should never have been born because it is so fundamentally undemocratic and inconsistent with the referendum vote to leave the EU. Chequers is not a compromise, it is an appeasement of the EU and therefore of France and Germany in particular. Leaving the EU is an instruction from the British people in the referendum. It is fundamentally and simply about democratic and sovereign control over our own laws and who governs the United Kingdom. Everything including our commerce, our future global trading, our economy, and everything else depends on our freedom to govern ourselves.

The British people voted to leave the European Union on 23rd June 2016 because they wanted to have their own laws in line with their wishes at general elections. Other European countries, most notably Italy, are now voting with their feet, frustrated by the imposition of European laws on their people.

The decision by the UK to leave the EU compares to other great watersheds in British history. The repeal of the 1972 European Communities Act is even more important than the repeal of the Corn Laws in 1846 or the 1867 Reform Act that gave the vote to working men. Our whole history up to 1972 was the story of voters taking control of their laws and government through elections and an elected Parliament working for them. Over the centuries power was taken away from the Crown to establish a full democracy. The decision to join the European Economic Community reversed this process and through Maastricht and the later treaties including Lisbon we became subjected to European government.

Chequers is wrong and bad for Britain - it is capitulation not a compromise

The Chequers plan, has now been rejected by the EU. It was imposed on the Cabinet without consultation, led to eight resignations from the front bench and did not honour the result of the referendum. The common rulebook on goods does not take back control of UK laws as it gives the EU27 the indefinite right to impose on the UK rules over a vast area of law and commercial policy. This will make things worse and create even more uncertainty for British business because they cannot and will not know what changes to the rulebook will be made in future.

No more than consultation

The 'Joint Committee' under the Chequers proposals would simply not allow effective scrutiny of EU legislation. The parliamentary lock that has been proposed is not even mentioned in the White Paper. However, the so-called provisions of the Joint Committee proposed by Chequers to examine EU legislation represent no more than consultation.

The Prime Minister argued for real Sovereignty, not less, in 2007

Sitting on the European Scrutiny Committee for 33 years I have not once in all that time, nor at any time before that, seen Parliament overturn an EU decision. They are taken in the Council of Ministers behind closed doors, undemocratically, without a transcript or any recordings. I do not believe that EU decisions or rules would ever be overturned by Parliament in practice.

The Prime Minister herself, in a pamphlet published by Politeia in 2007, was very explicit about the failures of UK parliamentary scrutiny of European law¹ even whilst the UK was a full member.

Chequers locks us into undemocratic laws

We would not be able to change existing EU laws that do not work for us nor the outcome of pending EU law cases. I have opposed the Chequers proposals since I was on Newsnight on the day it was unveiled on the 6th of July. My friends in the ERG and I have accepted the implementation period up to 30th December 2020 but cannot accept the indefinite application of

¹ Theresa May and Nicholas Timothy, "Restoring Parliamentary Authority: EU Laws and British Scrutiny", Politeia (2017) <http://www.politeia.co.uk/wp-content/Politeia%20Documents/2007/Nov%20-%20Restoring%20Parliamentary%20Authority/'Restoring%20Parliamentary%20Authority'%20Nov%202007.pdf>

the Common Rule-book with all the undemocratic implications mentioned above, including the undermining of the repeal of the European Communities Act 1972 under the Withdrawal Act itself which was passed on the 26th June, nor the interpretation of law by the European Court. Indeed, as I said in the debate on Monday 10 September 2018, this indefinite rulebook goes beyond the implementation period. The EU will punish us if we do not submit to their shackles. If we did choose not to incorporate EU laws, the treaty would enable the EU to punish us by withdrawing market access to goods and agri-products, as Norway discovered in 2013².

Chequers will create uncertainty for business and impose uncompetitive laws



The Chequers proposals would create even greater uncertainty for business. UK influence in relation to standards is often created at an international level. However, under the Chequers plan, the regulations made in relation to these standards would be applied through the EU as legal requirements and imposed on us without British representation in the EU decision-making process. The EU27 could therefore change the rules on their own terms, undermining our competitive advantage and we would be required to accept them. This would be especially damaging for British business, where we are at the forefront of emerging technologies such as driverless cars, artificial intelligence, genetics, and battery technology, all of which require competitive and flexible standards.

Roland Vaubel, Professor of Economics at Frankfurt University has shown that the majority voting system in the Council of Ministers has led to well over 50 labour regulations being imposed by the European Union. This amounts to regulatory collusion by the strategy of raising rival's costs through those who dominate and control the majority voting system. Outside the EU but subject to the Chequers Common Rulebook the 27 would impose changes to the rulebook on

²Henriette Jacobsen, "EU threatens to punish Norway for breaching EEA agreement," Euractiv, Jan 30, 2013.

us. We do not want to be at the table because we are leaving the EU but Chequers, with mere consultation through a joint-committee and subject to majority votes behind closed doors and no transcript would put us in an even worse position than before. Chequers would take us down the same road as the Remainers and reversers would have us travel, that of reabsorption into the undemocratic EU institutions.

Chequers will worsen the already disastrous UK trade deficit locking us into disadvantageous EU product standards and regulations

As I have argued for many years, within the Single Market the UK's trade deficit with the rest of the EU has grown dramatically, demonstrating that Single Market rules do not work for UK manufacturing and exports generally. The White Paper following Chequers would maintain these rules and largely keep us under the Single Market.

Since 2000, the UK's trade deficit with the EU has widened from £10bn, to £67bn in 2017.

However, with non-EU countries, a trade deficit of £11bn in 2000 became a surplus of £41bn by 2017.

When trade in goods is reviewed separately, the position is much worse for the UK. The UK's goods trade deficit with the EU grew from £5bn in 2000 to £95bn in 2017.

Broadly, this implies that goods that were produced in the UK (supporting UK jobs) are now produced in the EU. The EU will also have gained some of the related investment that has supported that increase in manufacturing capacity. This has had a disproportionate impact on the Midlands and North of England.

A fundamental problem with the Chequers proposals is that they lock in all UK manufacturing in perpetuity to EU product standards, which are especially to the benefit of German corporates, and future EU product standards. These standards (as well as related state aid, competition, consumer protection and employment rules) would ultimately be under the jurisdiction of the European Court of Justice.

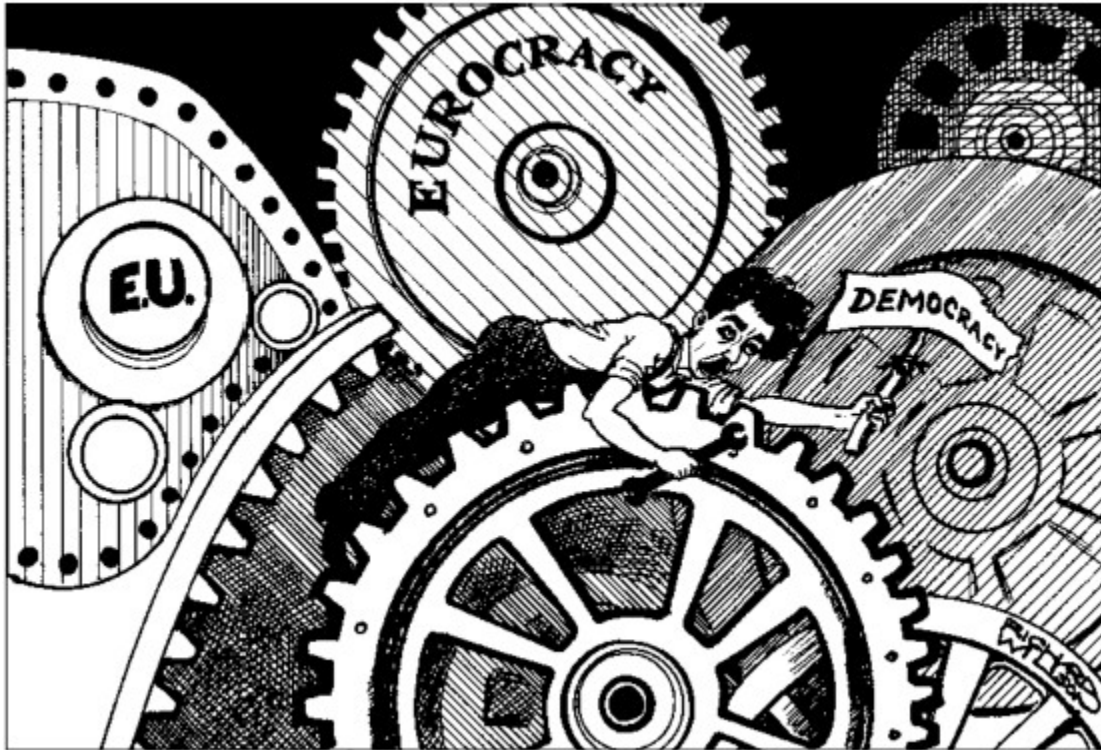
Meanwhile, 65% of the UK's goods trade deficit with the EU is with three countries: Germany (33%), the Netherlands (20% - although part of this is non-EU transshipments) and Belgium (12%). These imbalances are exacerbated by the Euro, which undervalues their currencies.

So the White Paper would mean that UK consumers could only buy products that meet EU product standards; UK exporters could only manufacture and export products that meet EU product standards, and UK importers could only import goods that meet EU product standards. That would prevent UK manufacturers and service businesses from innovating and becoming more competitive at home and in non-EU countries (which now represent 85% of world trade). The White Paper therefore represents a major threat to the UK and its economy, because:

- the proposals lock in UK manufacturing industry to EU product standards
- they lock in the UK economy to related EU rules (the *acquis*)
- these will be effectively enforced by the ECJ without UK participation or control

Failures of EU Institutions which we had to leave to regain our self-government

European Commission - an unelected elite

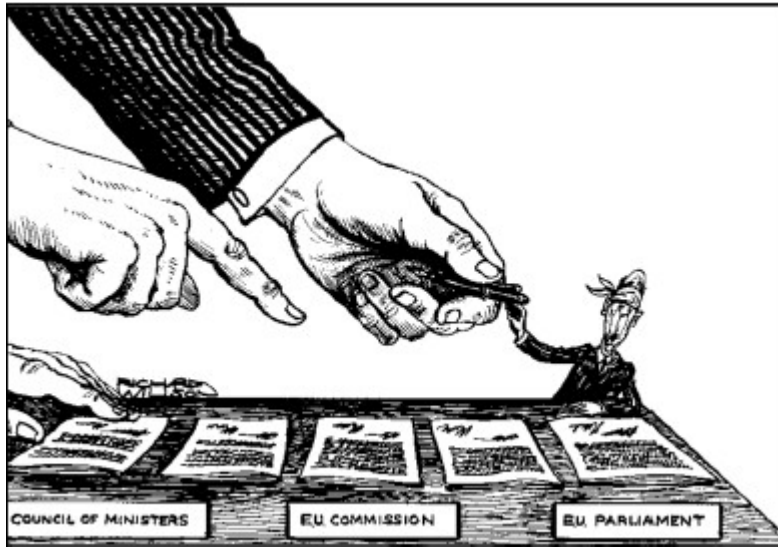


The EU law-making machinery is constitutionally alien to the Westminster legislative tradition. British MPs are directly elected by their constituents and make laws for the country and are accountable to their voters. In Brussels, Commissioners are appointed for a five-year term by a majority of the EU Member States heads of government meeting behind closed doors at a European summit. Unlike the EU, in Britain, the law-making procedure is transparent, all votes cast are recorded and debates are filmed, with transcripts available through Hansard. In contrast, the unelected European Commission meets in secret and is the only institution that can propose legislation.

European Court of Justice - A lego-political court created to promote EU political union

The ECJ is also bad for the UK, being a lego-political decision-making body that is the ultimate interpreter of all EU law. It would thus have power under Chequers of effectively interpreting our rules for goods and agri-products with our Supreme Court taking account of EU law. The ECJ's primary purpose under the treaties is to promote and enforce the political aspirations and interests of the EU.

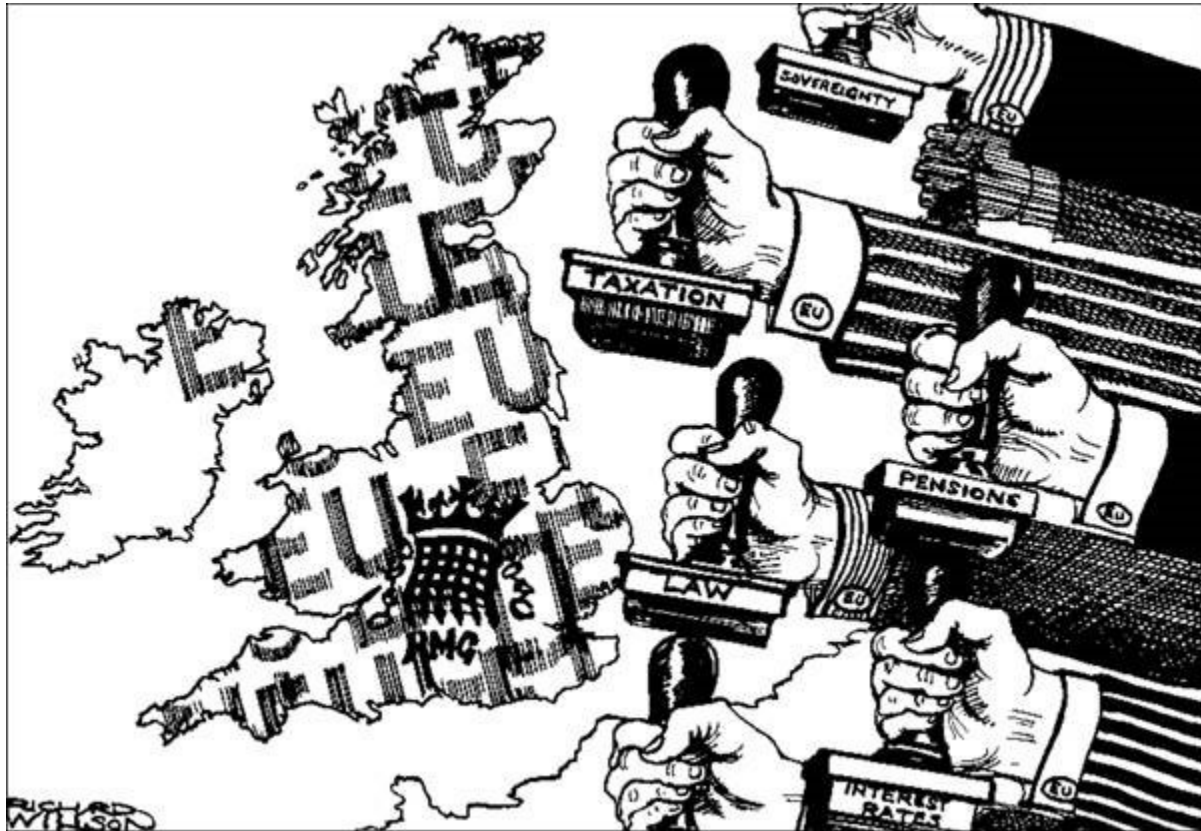
European Parliament - Unrepresentative and increasingly ignored



The European Parliament was formally created to represent the interests of EU citizens. It operates by proportional representation and an undemocratic list system. It is meant to hold the Commission to account but it does not. Neither is it properly representative, as the number of seats per country does not match populations, leading to smaller countries having disproportionately more seats. European elections are seldom contests about the future design of European integration and voters are never presented with alternative perspectives on the key issues relating to the treaties. The EU citizens' disillusionment towards the European Parliament is evident from the fact that at every election since 1979, turnout across the continent has decreased. In the UK, it has become derisory and elsewhere in the EU it has consistently fallen, except where voting is compulsory.

Furthermore, the European Commission and the Council of Ministers participate in what are called Trilogues which reduce further any idea that the EU allows sufficient scrutiny to decisions. These are profoundly undemocratic and they result in decisions being taken without adequate scrutiny or proper debate. As trilogues are generally secret, it is difficult for governments to follow the course of trilogue negotiations and to feed in their views. Indeed, Ministers involve themselves less in negotiations leading up to the trilogues as they lack a veto. A former British representative to the EU indicated his own concern about Trilogues in evidence to the European Scrutiny Committee.

Council of Ministers - Majority voting and consensus undermines our national interest by imposing laws on us in all areas made behind closed doors with no recordings or transcript



In the Council of Ministers, countries are supposed to be able to protect their national interests, but the extension of Qualified Majority Voting (which has stripped nation states of their veto) and the substantial expansion of EU membership has meant that even large countries find it difficult. The UK's share of the vote is 8%³ and its ability to influence, let alone block measures, is derisory. A series of reports by Votewatch⁴ demonstrate that between 2009-2015 the UK was on the losing side on an increasing number of occasions, more than any other Member State. Germany was the least likely to vote the same way as the UK, and the most likely to vote against us.

³V. Miller, J. Lunn - House of Commons Library – “The European Union: a democratic institution?” Research Paper 14/25 (26/4/2014)

⁴Votewatch Europe, Agreeing to Disagree: The Voting Records of EU Member States in the Council since 2009 (2012)

All this has contributed to the manner in which the Single Market has become increasingly disadvantageous for the UK as I have argued for years and is now made even worse under Chequers and the White Paper.

The German Question - A further reason why we had to leave and cannot remain in the EU

"Tell the truth to the British people. They are a tough people, a robust people. They may be a bit offended at the moment, but if you have told them exactly what is going on, you have insured yourself against complaints and reproaches which are very unpleasant when they come home on the morrow of some disillusion." - Winston Churchill

"What will be clear is that Germany's leadership of the EU is geared principally to the defence of German national interest. Germany exercises power in order to protect the German economy and to enable it to play an influential role in the wider world".

- Sir Paul Lever - former British Ambassador to Germany and EU Director of the Foreign Office - "Berlin Rules" (IB Tauris 2017)

Chancellor Kohl in 1997 told his party members that *"European integration and the Euro were the price Germany had to pay for dominating Europe without frightening its neighbours"*

-Sir Christopher Meyer, also former British Ambassador to Germany - September 2018

"EMU is a highly political undertaking. The Federal Republic will ultimately be the country which profits most from European unity, even if this is not immediately visible."

- Johann Wilhelm Gaddun, Vice President of the Bundesbank

[Deutsche Bundesbank Austräge aus Presseartikela, No. 38, 25th June 1998]

Germany runs the EU show - Diplomatic appeasement does not and will not work

I do not and did not blame Germany in particular but we must be clear about this. I argued a similar point to those made by Sir Paul Lever above in my book "Against a Federal Europe"

back in 1991 (Duckworth) and in my pamphlet “British and German National Interests”, written in September 1998. I also wrote this for the Bow Group in 1990:

“If Germany needs to be contained, the Germans must do it themselves. To play safe in political union as a means of submitting to voluntary containment is an abdication of responsibility. If the Germans desire political union because they cannot trust themselves, we must persuade them that political union would not contain them, rather the opposite. Germany is a mature nation now: now is the time for the Germans to prove themselves by agreeing to co-operate and work together within the Community, without all this assertiveness and Bismarckian single-mindedness, which merely awakens old fears. The answer to the German question lies, at least partly, in Germany herself” - [A democratic way to European unity: Arguments against Federalisation, Bow Group, April 1990.]

Their national interests are incompatible with ours in relation to the EU, a point which Helmut Schmidt emphasised to me in a conversation when we met in Hamburg in the 1990s. He had read my book with its chapter “A European Germany and a German Europe” with which he agreed.

According to a report from the Süddeutsche Zeitung, Germans hold more key positions in the European Commission than any other EU Member State. Indeed, German influence has grown significantly, both at the political and administrative levels. Nine out of twenty EU Commissioners have placed the leadership of their cabinet in EU hands. Sir Paul also notes: *“now that we are leaving, it is Germany that is in charge... it is Germany whose voice will be decisive...the German government will effectively determine what sort of trade agreement Britain will be able to conclude... this element of our economic fate will be in German hands... we will face directly the reality of German power in Europe...Germany would also determine how the EU itself will develop after we leave.”*

Germany has become increasingly dominant in the European Parliament, with German MEPs on the winning side of votes on a staggering 93 percent of occasions. This is compared to only 71 percent for British MEPs, the lowest of all Member States. This is a product of the fact that German MEPs have disproportionate influence in the European Parliament’s two main political groups, the centre-right EPP and the centre-left Progressive Alliance of Socialists and Democrats. In both cases, the group leaders are German and the German contingent constitutes

the largest and second largest national grouping respectively. In contrast, most British MEPs do not sit in the groups that dominate the European Parliament agenda. Even when they do sit in these groups, such as Labour in the Socialists and Democrats, British MEPs are often opposed to the majority positions. As a result British MEPs, unlike their German counterparts regularly find themselves on the losing side in key votes. Jean-Claude Juncker's German deputy in Brussels, Martin Selmayr was fast-tracked into his role as Secretary-General of the EU Commission in a way which "stretched and possibly even overstretched the limits of the law" stated Emily O'Reilly, the European Ombudsman, after a full inquiry.

Germany insists on having its own way in its own national interest

The German domination of the EU can clearly be seen in the EU's handling of the Greek bailout and the Mediterranean refugee crisis when Merkel unilaterally and unlawfully tore up the Dublin Regulation on border rules. The Ex-Greek Finance Minister, Yanis Varoufakis said almost every condition that was created to secure a Greek debt deal turned out to be the work of Wolfgang Schäuble, Germany's finance minister. Italy's Matteo Salvini put forward anti-euro economist Paolo Savona as the proposed Minister for Economic Affairs who described the EU single currency as putting Italy in a German prison. He was blocked.

The EU is a Goldmine for Germany

The paradox of the EU is that through its undermining of democracy it has actually institutionalised the German domination of the continent. The Euro has proved to be a goldmine for Germany, who hide behind the Euro to run a huge surplus with the other 27 Member States of £104.7 billion a year (ONS). A strong currency makes southern European countries less competitive abroad whilst enhancing German competitiveness. As a result, Germany enjoys economic control over other EU Member States with large debts. The architecture of the EU has translated this into effective political control by Germany, as Chancellor Kohl predicted in 1998 as mentioned above with the EU insisting on stringent austerity policies in countries that have been bailed out using German money. Even the European refugee policy set out in the Dublin Regulation was designed to provide Germany with access to young and well-qualified migrants, with a view to alleviating the pressures of an ageing German population. By contrast, southern

European countries with high unemployment were forced to take refugees that they could scarcely afford.

Remainers and reversers and second referendumites would take us back into this undemocratic EU

Britain in 2018, let alone in 2016, has to reassess its attitude towards the EU in light of its longstanding foreign policy of maintaining a balance of power in Europe. This is at odds with the historical German instinct for single European governance. It is only through a balance of power that democracy, based on national self-determination, can thrive. Federalism demands centralisation, bureaucracy and the unification of people without a common identity. Despite the vote to leave, Chequers takes us backwards into European rule-making.

Under the Chequers arrangement the EU27 will be largely driven by German national interest. Qualified majority voting will be dominated by German national interests in terms of goods and therefore under Chequers, British industry perversely will be disadvantaged by regulation intended to promote German industry.

Who governs: the EU undermines democracy and stimulates the far right

The whole EU project focuses on integrating nation states. The intention of the founding fathers to create an undemocratic federation is clear from the writings of Jean Monnet. Monnet understood that the people could not be persuaded to abandon their old identities and allegiances overnight and that democracy was a potential obstacle to federalism. The EU tradition has disguised further integration under the pretence of reform. Whenever pressure is applied to increase accountability, the EU responds with greater centralisation. There is no reverse gear as ever-closer union and irreversibility is embedded into the very architecture of the EU. The Commission and the ECJ in particular are obliged to uphold integration under their oaths of office. National leaders and governments enthusiastically embrace a drive towards integration. In September 2017, Martin Schulz argued for a 'constitutional treaty that established the United States of Europe' closely followed by Emmanuel Macron who stated 'European sovereignty requires constructing and we must do it'.

In the EU democracy is being undermined. With the EU faced with an economic and immigration crisis, the people of Europe have voted against established parties throughout the continent. The reason is that they have no means of holding the authority exercised by the EU to account. This vacuum has enabled the far right to grow. Parties of the centre right and centre left have seen their voter coalitions fragmented as people have become frustrated with their unwillingness and in-ability to assert national sovereignty, make their own laws, and control immigration. Furthermore for those younger voters in the UK looking to their future job prospects they should be told that youth unemployment in Greece is 43.2 percent, in Spain 33.8 percent and in Italy 31.9 percent. Croatia, Cyprus, Portugal and France are around 20 percent, all of which are the result of dysfunctional EU policies.

Remainers and reversers and the second referendumites are selling out the UK

Remainers and reversers are now set on undermining the referendum vote itself and on having a second vote. They intend to reshackle us to the disastrously undemocratic EU described above which includes massive youth unemployment. They are betraying and undermining young people and trust in our democracy.

Conclusion

Wake up Britain and wake up the Conservative Party. The EU have rejected Chequers. Chequers is dead and should never have been born because it is undemocratic and inconsistent with the referendum vote. If the government continues to pursue Chequers, the UK will be reabsorbed into this authoritarian EU in dangerous respects. We will also be subjected to its undemocratic machinery of majority voting by the 27 Member States and legal interpretations by the ECJ behind closed doors in critical areas of our trading relationships. By maintaining the Chequers plan we would transmute the gold of our own democracy into the base metal of EU subservience, a perverse alchemy.