Summary

The EU has achieved a great deal in the last 50 years and continues to do much to increase prosperity and promote freedom and democracy, especially on the European continent.

However, the EU still needs to do more to put its own house in order so it can focus better on its core objectives and realise its full potential.

In the 21st century the case for the EU has in one key respect become even stronger: it provides by far the best available platform from which to exploit the opportunities and respond to the challenges of globalisation. The UK is far more secure within the EU.

While Labour and the Conservatives stand back, the Liberal Democrats provide the whole-hearted commitment to Europe which is essential to protect and promote the UK's national interest, in and through Europe.

In this paper, therefore, Liberal Democrats set out the positive case for the EU and some of our policy ideas, to feed into the Party's manifestos for the 2009 European elections and the next general election, including:

- A greater focus on policy reform and improving existing common policies in order to bring about real change within the EU, through whatever institutional framework exists.

- Stronger environmental policies, with an increase in the EU's target for reducing carbon emissions to 30% by 2020 and reforms of the EU's Emissions Trading Scheme (EU ETS).

- A transfer of 30% of agricultural expenditure into a Rural Development budget, focused on environmental improvements.

- Vigorous support for further economic reform and for the completion of the Single Market including, for example, the implementation of the Services Directive and the implementation of existing agreed measures, and more efficient use of EU Research and Development (R&D) support.

- Strong UK backing for measures in the Freedom, Security and Justice (FSJ) area, such as tackling terrorism, fighting international crime and better justice for UK citizens within the EU.

- More accountability in budget-setting in general and in regional policy, in particular by linking the political cycles with the budget-setting cycles and by giving local and regional authorities more say in the design of regional policy.

- Fines for member states for poor financial management of EU funds.

- Leadership from the UK on improved EU defence co-operation including on procurement, as well as encouraging more EU countries to participate in deployment and, if the Lisbon Treaty enters into force, through the new Structured Co-operation arrangements which would facilitate more effective EU responses.

Contents

1. Introduction

1.0.1 The EU, now some 500 million people strong, has achieved a great deal in the last 50 years but still needs both to sharpen its focus on its original objectives and to adapt to the challenges of the 21st century.

1.0.2 Internally, there is much unfinished EU business. The EU's budget and spending priorities need to be overhauled in order to target resources where they are most needed. The Union needs to help deliver future economic success and competitiveness, by driving forward the Agenda for Economic Reform[1] and continuing to deepen the Single Market. It must also take forward co-operation in areas like tackling terrorism and international crime; transform its agriculture and re-examine its fisheries policies; do its utmost to tackle the environmental challenges; and ensure energy security through a coherent and effective energy policy.

1.0.3 Externally the EU needs to help build peace and security, both in its own neighbourhood and throughout the world. It should also lead the campaigns for a global response to climate change and a new world trade deal.

1.0.4 Both in its relations with the rest of the EU and in the EU's relations with the rest of the world, the UK has much at stake. This is put at risk when governments show a tentative, half-hearted commitment to working positively in Europe: all too often this has damaged our national interest. To think of this country as somehow separate from Europe is a complete illusion. The UK is a European country, having in common with our neighbours a shared history and shared values. We should capitalise on this.

1.0.5 In specific cases, there may be compelling reasons for opting out of wider European agreements, but UK governments have historically done so too often, and too often with regard to the opinions of populist newspaper editors rather than the national interest. Wherever we opt out, we reduce our potential influence and leverage on our own continent. The best way of maximising our national effectiveness, in and beyond Europe, is for us all, right across government and the full range of our society, to be actively and energetically engaged in the EU, where appropriate making constructively critical suggestions for change and reform and pressing for the outcomes that will best serve UK interests. We should aim to be among the leaders in Europe, not to snipe from its sidelines.

1.0.6 This paper therefore seeks to show how Liberal Democrats would achieve two goals: first, our goal of reforming the policies of the EU, not least to address the remaining reasonable concerns people have over aspects of the way the EU does its work; and second, our goal of maximising the enormous potential of the EU not just to promote the interests of its member states, but also to be a force for good in the world, whether that is in tackling climate change, reducing poverty or building and preserving peace.

[1] Sometimes called the "Lisbon Agenda for Economic Reform".

2. Putting Europe's House in Order

2.0.1 In previous European policy papers, Liberal Democrats have argued for major institutional change, as an essential element for the reform of the EU. As this paper goes to press, the outcome of the Lisbon Treaty, following the Irish referendum, remains uncertain. The entry into force of the Lisbon Treaty would introduce many of the remaining institutional reforms we have pressed for. From increased powers for the European Parliament to new powers for national parliaments to influence policy, some of the worst aspects of the previous democratic deficit will have been addressed. Many of the inefficiencies of the old institutional framework, which were being severely tested by the enlargement of the EU, will have likewise been addressed, with the Lisbon Treaty's proposed reduction in the number of Commissioners, the improved coherence and stability for leadership in the European Council and the substantially better arrangements for managing the EU's Common Security and Defence Policy.

2.0.2 If, on the other hand, the Lisbon Treaty does not enter into force, there will clearly need to be further discussion of the best way to remedy problems – such as the democratic deficit – which the Treaty was designed to address. Whatever the direction and outcome of those discussions, however, Liberal Democrats believe that the EU should sharpen its focus on policy reform to achieve real changes without being distracted by debates on institutional reform. Perpetual institutional evolution and treaty change have undermined the ability of the EU's institutions and political leaders to make the case for a pragmatic Europe that delivers results for its citizens.

2.0.3 Liberal Democrats therefore believe there should now be a greater focus on the specifics of EU policies. From the Agenda for Economic Reform for greater market flexibility, to stronger policies to protect our environment, the EU must prove and improve its ability to deliver on bread and butter issues. This paper, for example, supports both overall budgetary reform and improved audit and scrutiny of EU expenditure, including efforts led by Liberal Democrat MEPs to reform the finances of the European Parliament.

2.1 The Economy

2.1.1 The eurozone now accounts for three-quarters of the EU's economy, is more than five times the size of the UK's economy and is comparable to that of the United States. As our biggest trading partner by far, its health is vital to the UK's prosperity and stability.

2.1.2 The EU's economic fundamentals remain to a large extent sound. But there is no room for complacency: there are considerable risks ahead, arising not least from the recent financial turmoil and the slowdown of the US economy. Nor have all member states performed strongly in recent years. These problems are not entirely cyclical in nature, and there are still some serious structural weaknesses which need to be tackled. Much remains to be done if the EU is to meet its ambitious reform goals of high and sustainable employment rates, rising productivity and increased competitiveness. Changing demographics mean it is vital not just to improve productivity, but also to increase employment rates, extend

working lives and modernise pension and health care systems without incurring unsustainable levels of public debt.

2.1.3 It is therefore essential that member states follow the guidelines on economic and employment policy agreed at the March 2008 European Council, and that they should deliver regular and frank reports about action taken to implement their agreed national reform programmes.

2.1.2 The Agenda for Economic Reform

2.1.2.1 Since the mid-1990s the EU has on average had lower productivity growth than the US. If Europe is to flourish in a fast globalising world economy, it must become more productive and move increasingly into higher value goods and services. As the European Commission has consistently argued, the keys to competitiveness are good quality education, innovation, a growing services sector and labour market reform – the key elements of the Agenda for Economic Reform agreed in 2000.

2.1.2.2 The EU has enjoyed some success in improving labour market conditions: the activity rate is approaching 65% and the unemployment rate has fallen below 7%, as eurozone jobs growth accelerated in 2007 to nearly 2% (more than three times the UK growth rate). However, not all member states have been able to make rapid progress with labour market reforms. The EU's employment rate remains low, relative to our competitors, and there has recently been a worrying fall in productivity growth in the services sector.

2.1.2.3 Liberal Democrats believe that the renewed Strategy for Growth and Jobs covering 2008-10 will need to be accompanied by a commitment to a continuing process of structural reform, extending well into the future.

2.1.2.4 Europe must continually nurture, sustain and increase investment in creativity, innovation and higher education. There is great potential for better co-ordination of R&D within the EU and for more effective use of EU funding of science and technology: Liberal Democrats want a much greater emphasis on R&D, as the Agenda for Economic Reform develops.

2.1.3 The Single Market

2.1.3.1 The EU's Single Market has long made an important contribution to European economic success – raising living standards and increasing competitiveness.

2.1.3.2 That process continues, through the further deepening and widening of the Single Market. The EU should pursue the priorities identified by the March 2008 European Council, including the complete and timely implementation of the Services Directive, a speeding-up of the implementation of internal market directives, the elimination of the remaining obstacles to cross-border activity, continued efforts to tackle tax fraud, and a more effective application of public procurement rules, using light-touch regulation and mutual recognition wherever possible.

2.1.3.3 It remains vital that governments are not permitted to distort the Single Market's level playing-field through unfair subsidies to favoured businesses. Action also needs to be taken to reinforce the EU's policy for small and medium-sized enterprises. A fresh impetus is needed for the integration of Europe's financial services, which should result in reduced transaction costs, a strengthened pension system and improved supervision of financial markets. Driven by the success of the euro, the EU has already emerged as the global standard-setter in many financial sectors, with its role thus vital to maintaining the global position of the UK's financial services business.

2.1.3.4 The financial turmoil of 2007/8 has also highlighted the recent growth in the size and number of Sovereign Wealth Funds (SWF), some of whose investments can be politically rather than commercially driven, and can thus distort the free market. As Liberal Democrats, we believe strongly in the virtues of open markets. We therefore favour agreement on a code of best practice in relation to SWF investments, along the lines of that being drawn up by the International Monetary Fund – to ensure such investments accord with open market rules.

2.1.4 Fiscal and Monetary Policy

2.1.4.1 The eurozone had its teething troubles with fiscal policy coordination. Initially several members did not comply with the letter of the unanimously agreed rules – the Stability and Growth Pact (SGP) – so aggregate budget deficits in 2003 exceeded the 3% of GDP limit. But that experience gave rise to a 2005 revision of the SGP designed to maintain the goal of fiscal prudence yet take better account of the economic cycle. By mid-2007, the eurozone budget deficit was down to 1% of GDP, giving headroom for some increase this year and next to allow for the effects of the slowdown. In contrast the so-called 'prudence' of UK economic management over the same period has resulted in a deficit that may well exceed 3% of GDP. The UK now has the largest budget deficit among the seven biggest economic powers in the world.

2.1.4.2 On monetary policy, the European Central Bank has developed an increasingly tough anti-inflation reputation. Equally, Bank of England independence has been one of the most enduring successes of the Labour Government, after its U-turn on its opposition to this Liberal Democrat proposal four days after the 1997 General Election. Once the increased financial instability of 2007 and 2008 has passed, it will be important to understand which institutional framework has performed best. The massive devaluation of the pound sterling – of 11% in the year to end-July 2008 against a broad basket of currencies, and by 15% against the euro – has certainly made UK industry more competitive, but the inflationary consequences are worrying.

2.1.4.3 These facts suggest that the eurozone's approach to fiscal management, and arguably monetary management, has been more disciplined and effective than the UK's. Given also that the pound's recent decline against the euro has in effect removed one obstacle to the UK's competitiveness, there may before long be a case for a renewed hard-headed debate as to where the UK's long-term interest really lies.

2.2 Regional Policy

2.2.1 Around 35% of the total EU budget for 2007-2013 is allocated to the Structural and Cohesion funds, some £7 billion of which has been reserved for projects in the UK.[2]

> CASE STUDY
>
> Liberal Democrat run Cornwall County Council has been praised by the European Commission as 'exemplary' in its administration of Structural Funds to benefit the local economy. The county has received £350 million of Structural Funds money over the past 6 years. The County Council has used this money to fund a wide variety of projects, for example developing tourism in Caradon and the Tamar Valley, by utilising the area's mining heritage and natural environment.
>
> Other projects benefiting from EU funds in Cornwall include Newquay airport, the Jamie Oliver-inspired Fifteen restaurant and the Eden Project – both a significant tourist attraction and an important centre for study and experimentation.
>
> Through these projects, EU Structural Funds have contributed to encouraging enterprise, creating jobs, attracting investment and sustaining the environment in Cornwall.

2.2.2 Liberal Democrats believe that a regional policy funded at the European level from the Structural Funds can play a role in ensuring the EU remains competitive and attractive in the global economy.

2.2.3 EU regional policy promotes convergence within the EU, which is necessary if Europe is to maximise its strength. At present there is a great disparity between Europe's different regions – many in the new member states have a GDP per head of less than 75% of the EU average. EU regional policy has in the past made a significant contribution to improving the economies of regions that are lagging behind, as can be seen from the remarkable economic upturn in the past two decades in Ireland, Spain and Portugal.

2.2.4 Liberal Democrats therefore believe that for the foreseeable future support should continue to be focused on those regions – particularly in Central and Eastern Europe – that are economically well behind the rest of the EU. This will help to increase the potential of these regions and countries as important trading partners of the UK and will reduce pressure for large scale migration across Europe from poorer to richer regions, from which host countries may benefit but which often deprives the country of origin of skills needed for economic growth.

[2] Parts of the UK benefit from the Structural Funds, which include regional policy: the Cohesion Fund is available only for those member states with a gross national income per inhabitant of less than 90% of the EU average

2.2.5 However, Liberal Democrats believe local and regional authorities should be given a greater say in the design and management of all aspects of regional policy, to improve both democratic accountability and the policy's efficiency. These local and regional authorities have the greatest experience in implementing such policies, and are therefore in the best position to judge how they should be managed and administered. Better use should be made by European institutions of the expertise of the Committee of the Regions and European associations of local and regional authorities in designing and developing new policies.

2.3 Putting Power at the Right Level

2.3.1 Liberal Democrats have long believed that governance should be exercised as close as possible to the citizen – an idea enshrined by the EU in the 'subsidiarity' principle, parliamentary oversight of which would be significantly strengthened, should the Treaty of Lisbon enter into force.

2.3.2 Liberal Democrats regret that the proposal in the Lisbon Treaty to allow member state parliaments to object to EU legislative proposals on the grounds of subsidiarity could be lost if the Treaty does not come into force. Liberal Democrats believe that this democratic reform to empower member state parliaments could be enacted without treaty change through an institutional agreement between the Commission and the Council. If the Lisbon Treaty fails, the UK should work to persuade the EU to agree this measure. Liberal Democrats believe that the UK should set a lead by anticipating this in its domestic parliamentary scrutiny processes.

2.3.3 For the Liberal Democrats, subsidiarity in EU decision-making has three main implications. First, the EU institutions should not try to encroach upon areas of competence that can be dealt with more effectively at the national or local levels. Secondly, the UK Government, when deciding upon its own position on EU legislation, needs to ensure that the devolved administrations can help shape that position in all areas in which they have competence. And finally, all levels of government – the EU institutions, the UK government and the devolved administrations – should consult local and regional authorities and other relevant stakeholders on the development of those EU policies that will ultimately have to be implemented at the local and regional level.

2.3.4 Where member states cannot by themselves achieve an agreed shared objective, the EU should not hesitate to act. However, where the EU has accrued powers that would be better located at local, regional or national level, pressure should be exerted to redress the balance. The EU should concentrate on those areas where it demonstrably adds value.

2.3.5 The Lisbon Treaty would allow the European Council to transfer competences back to EU member states. This will be more difficult if the Lisbon Treaty does not enter into force. However, Liberal Democrats believe that much can be done without treaty change to better align current competences with the principle of subsidiarity – by continuing with the process of regulatory reform, making every effort to use sunset clauses, withdrawing unnecessary legislation, and ensuring that resources are focused on core functions. One

key to achieving this goal is budgetary reform, which is dealt with elsewhere in this paper. Another is to give the European Parliament a larger role in scrutinising the use by the Commission of its delegated powers and the implementation by the member states of EU law. Better monitoring of what happens on the ground can only be achieved by the full co-operation of national governments and parliaments.

2.4 The Budget

2.4.1 The EU budget review being carried out in 2008/9 must be used to raise fundamental questions over the size and purpose of EU spending. In particular, the review will have to explore the future of the rebate mechanisms now in force, and how far and how fast expenditure on the CAP, and therefore its budget share, should be reduced. It also provides an opportunity to restructure the EU's budget along lines that will support the Union's core activities.

2.4.2 In practice there is no realistic scenario under which the budget will grow much in size under the current Multiannual Financial Framework (MFF). The key will therefore be to ensure that whatever total budget is agreed, it is allocated on the basis of an updated definition of the EU's priorities.

2.4.3 Action should be taken to align the future pattern of agreeing the MFF with the political cycles of the Commission and the European Parliament, reducing it to five years; and to build in more flexibility for the reallocation of resources within a budget period and for dealing with contingencies.

2.4.4 Liberal Democrats also want to see a tougher regime against EU institutions and member states (including the UK) both for inefficient spending of EU budgets and for inadequate financial management. One of the main reasons why EU accounts are not signed off is because of poor accounting and audit practice at the member state level. Member states or EU institutions responsible for repeat offences should be named, shamed and fined. This could mean penalties for the UK – given the poor performance in England and Wales with the Rural Payments Agency and given the poor track record of some Whitehall Departments with their own accounts. However, if we want the EU as a whole to put its house in order, the UK must improve too.

2.5 Freedom, Security and Justice

2.5.1 Opinion polling shows that the public in the UK strongly approves of EU action to combat international terrorism and crime. This is hardly surprising, given that these are some of the fastest growing dangers facing the British people, and can only be tackled by increased international co-operation.

2.5.2 Liberal Democrats therefore want to see the EU introduce effective measures to tackle those cross-border crimes such as paedophile networks, cyber-crime, human trafficking, money laundering, drug smuggling and gun-running. These kinds of crimes thrive in the

fast-moving pace of globalisation and show little respect for national borders. Liberal Democrats also want to see greater co-operation on tackling terrorism through measures such as the European Arrest Warrant that swiftly delivered one of the failed 21/7 bombers back to the UK from Italy.

2.5.3 These kinds of threats cannot simply be dealt with at our national frontiers. To be tackled properly they require effective international co-operation. Liberal Democrats see an obvious role here for the EU, and in contrast to Labour and the Conservatives believe the UK should take the lead in ensuring that the EU both rises to this challenge and co-operates as necessary to meet it.

2.5.4 If the Lisbon Treaty does not enter into force the vital task of tackling cross-border crime and terrorism will be more difficult, continuing to require intergovernmental agreement and by consequence allowing any single country to veto any measure. This process has too often failed in the past. However, Liberal Democrats are committed to tackling these threats to the UK from terrorists and criminals. We believe these objectives are so important they must be pursued whatever the institutional framework.

2.5.5 The Lisbon Treaty provisions on Freedom, Security and Justice (FSJ) policy would make it easier for EU countries to tackle terrorism and cross-border crime such as paedophile networks and people trafficking. If we want to improve the protection of UK citizens travelling in the enlarged EU and if we want to ensure that other EU countries raise their game in dealing with the threats from the rise of internationally organised crime gangs and terrorists, then the reforms set out in the Lisbon Treaty should be strongly supported.

2.5.6 Regardless of the entry into force of the Lisbon Treaty, the UK must take a more positive approach to enable it to help shape European co-operation, not to watch others shape it. This is vital, as so much remains to be done to ensure that the EU's freedom, security and justice policy develops in a coherent and balanced way.

2.5.7 While more needs to be done in co-ordinating EU member states' actions against terrorism, such co-operation should also not be allowed to erode or undermine the EU's and the UK's commitment to high standards of human rights. Sadly, the UK Government's own record over the past ten years has been among the worst in Europe, as we have witnessed with the debate over 42 days' detention without charge. Even where anti-terrorist measures are justified, respect for and the protection of civil liberties must remain a priority for the EU, as for national governments. The 2010-14 FSJ programme must ensure due respect for freedom and justice as well as security, and should be agreed only after full parliamentary and public consideration of the issues involved.

2.5.8 There is also a need to agree at the EU level a set of minimum procedural safeguards when EU citizens appear before a court. The UK's standards are generally higher than most other states, meaning that UK citizens accused of crimes in other EU countries may get a worse deal than other EU citizens accused of crimes in this country. We need to ensure that our citizens will have rights such as access to a lawyer and legal aid, the provision of interpreters and the recording of interviews, if they are accused of a crime in another EU

country. The EU's failure to act on this, partly due to the UK Government, is to be condemned.

2.5.9 Data protection too needs to be a much higher EU priority. Databases are proliferating across the FSJ area, but despite years of promises there is still no measure which guarantees privacy safeguards in their access and use by police and intelligence agencies, even when access is given to countries outside the EU. Unless this is urgently remedied, public confidence in data exchange will be undermined.

2.5.10 Intensive co-operation against terrorism remains of crucial importance. But that must not lead to the neglect of other security problems, such as drugs and people trafficking, corruption and money-laundering. Law enforcement agencies must be trained and enabled to act on a European and global scale, just as criminals and terrorists do.

2.5.11 Terrorism and crime are not the only threats facing the population of Europe. Man-made or natural disasters occur and may affect citizens from more than one country. It is essential that there is more effective co-operation regarding emergency planning and response.

2.5.12 Another issue on which polls show the British public to be strongly in favour of EU action is migration. While Liberal Democrats believe that UK asylum and immigration policy should ultimately remain the decision of the UK government, we do feel that opportunities have been missed to develop stronger EU-wide policies to tackle illegal immigration, prevent abuse of the asylum system and agree a coherent approach to legal migration from outside the EU. We need to improve the quality of decision-making and stop unfair treatment of refugees. We believe that more progress must be made on setting minimum standards, not least to prevent our own policies being undermined by others.

2.5.13 On travel and migration within the EU, Liberal Democrats do not wish to see the UK join the Schengen area in the foreseeable future. Indeed, we would strengthen the entry checks and restore the exit checks that have prevented the current Government having any idea of who has entered or left the country. However, we strongly welcome the fact that UK citizens are now more free to live, work and travel in more European countries, and welcome the contribution to the UK's economy and society made by many EU citizens. We note not only that the influx of Polish workers could have been better managed by the Government, if its predictions had not been so poor, but also that it has led to higher wages in Poland, attracting back many of those who left originally.

2.5.14 A prerequisite for an effective common strategy in the FSJ area will be the steady development of mutual trust between the member states, on the basis of the mutual recognition of national laws and decisions. This in turn will only grow if there is sufficient determination to raise standards, align procedures and create common understanding. Liberal Democrats believe that much more effort needs to be put into this, through candid peer review mechanisms, and measures to ensure that the national legal and police systems work more effectively together on cross-border issues like terrorism, drug trafficking and gun smuggling.

2.5.15 The EU also plays an increasingly important role in co-operation over civil law matters. EU policy in this area is of significant importance for businesses, consumers and families alike as it covers matters as diverse as the recovery of child maintenance and small claims. Well-functioning cross-border civil law is also important for the smooth operation of the internal market. The millions of UK citizens who live in other EU member countries for all or part of the year, who own property in other EU states, or who are married to EU nationals from other member states, share interests in a strengthened European framework for civil law.

2.5.16 Liberal Democrats believe that an increasing reliance on the UK's opt-out in this field is endangering the UK's ability to influence the development and implementation of EU co-operation in civil matters. The UK has until recently been in the vanguard of influencing European law in a manner helpful to our own common law traditions, for which other EU member states have shown great respect.

2.5.17 The more the UK opts out in this field, the greater the danger that impact on common law will not be taken into consideration by the Commission, other member states and MEPs. Liberal Democrats believe that there are important benefits to be gained for UK business, UK consumers and UK families in the field of EU civil law co-operation, but to do this in the best interest of the common law tradition means that the UK must remain a key player in making this legislation.

2.5.18 UK citizens stand to gain hugely from progress at the European level in relation to freedom, security and justice – but only if action is taken to maximise the UK's engagement in and influence on the way in which Europe's common approach develops. Liberal Democrats will be in the vanguard of those pressing for that to happen.

2.6 Sustainability

2.6.1 Climate Change and Energy Security

2.6.1.1 The EU has led the global environmental debate and has shown the political will to back practical steps to tackle climate change. As a key player in the EU, the UK has been able through the EU to exert even greater influence on the global environmental debate.

2.6.1.2 Environmental and energy policy pose cross-border challenges that no member state can hope to tackle alone. Environmental policy has been consistently on the EU's agenda since the mid-1980s, whilst on climate change member states have long agreed that European-level policies and measures are essential to support efforts to reduce emissions. Some measures can be delivered most effectively at EU level and can complement the single market.

2.6.1.3 The EU has taken action to reduce the impact which those within its jurisdiction have on the environment by ratifying the Kyoto Protocol, delivering the EU Emissions Trading Scheme (EU ETS) through the European Climate Change Programme (ECCP), committing to EU targets for emissions reduction and outlining its plans for energy efficiencies in the EU

Action Plan on Energy Efficiency. These actions commit the EU to a raft of measures including reducing its greenhouse gas emissions by 2012, setting a strategic objective to limit the average global temperature increase to no more than 2 degrees Celsius above pre-industrial levels, the promotion of electricity from renewable energy sources, improvements in the energy performance of buildings, the promotion of biofuels, and increasing the proportion of energy that comes from renewable sources.

2.6.1.4 Whilst we welcome the priority that the EU places on tackling change, Liberal Democrats believe that some key policies must be developed further and improved if Europe is to play its full part in achieving the global 2 degrees Celsius limit. We advocate increasing to 30% the EU target to reduce greenhouse gas emissions by 2020.

2.6.1.5 The EU ETS is the lynchpin of the EU's efforts to reduce emissions and the largest multi-country, multi-sector greenhouse gas emissions trading scheme in the world. However, there have been problems with the scheme: Liberal Democrats support reforms to strengthen the EU ETS and make it more credible, as well as making the market deeper and more liquid. Liberal Democrat proposals for reforming the EU ETS include: linking the scheme to greenhouse gas emissions reduction targets; setting national emissions caps for rolling five year periods, on an incrementally reducing basis; aiming for a full auction of emissions allowances and using the revenue to reduce taxes and invest in clean, low carbon technologies; and broadening the scheme to cover more sectors, such as shipping, and gases. These are set out in full in Policy Paper 82, *Zero Carbon Britain: Taking a Global Lead* (2007).

2.6.1.6 Liberal Democrats advocate new measures at EU level to speed up the development of carbon capture and storage technologies. We support proposals to prohibit, from 2015, the authorisation of any new fossil fuel power plant not equipped to capture and store 90% of its CO_2 emissions and to require all existing plants to be retrofitted with CCS technology by 2025. We support stronger EU action to reduce emissions from aviation, vehicles and energy by making use of the best available technologies, setting mandatory emissions targets and introducing EU-wide green taxation. Further details are provided in Policy Paper 82, *Zero Carbon Britain* (2007).

2.6.1.7 Energy security presents a range of challenges, only some of which can be tackled at the national level. Liberal Democrats believe that there is a pressing need for an efficient EU energy market that would help to bring down prices, whilst addressing energy security concerns. In setting out a comprehensive EU common energy policy the Lisbon Treaty would allow the EU to deliver on this challenge. If the Lisbon Treaty does not enter into force it will be more difficult to achieve the goal of a strong energy policy and a real internal market for energy. However Liberal Democrats will continue to advocate the development of a common EU energy policy, to promote the efficient production of energy and ensure there is adequate investment. These goals are best achieved through the completion of an open, competitive European energy market, with effective market regulation and a requirement for the supply and distribution of energy to be separated. The EU should also seek to engage more effectively with Russia, which is expected in the not too distant future to supply two-thirds of the EU's gas via Gazprom, a state-owned

monopoly. Our proposals to diversify the sources of primary fuels and develop a low-carbon economy would enhance Europe's energy security.

2.6.2 A Sustainable Land Use Policy for Europe

2.6.2.1 The Common Agricultural Policy (CAP) has been substantially reformed since the days when it took two-thirds of the budget and financed large unwanted surpluses. It now takes 34%, which is still too high a proportion of the budget, along with a further 9% for Rural Development. The predicted growth in world population from 6 billion to 10 billion by 2050 and rising demand for agricultural products due to rapidly increasing purchasing power in China, India and elsewhere means the market can increasingly be relied on to ensure economic returns for European farmers. Liberal Democrats remain convinced that the subsidies of the CAP require radical transformation.

2.6.2.2 Liberal Democrats propose the creation of a new Sustainable Land Use and Rural Development policy, to replace the current CAP. The objectives of this new policy should additionally include the mitigation of climate change, the protection and efficient use of water resources, the enhancement of biodiversity, the support of a clean and healthy rural environment and a diverse and prosperous rural economy, as well as food security.

2.6.2.3 Financing of the CAP will require radical reforms. Policy reforms Liberal Democrats would support could include national governments bearing more of the costs of their own agricultural sectors and transferring 30% of the current budget to Rural Development during the 2013 – 2018 round, with national allocations to be decided by objective criteria, such as extent of agricultural land and Less Favoured Areas as well as environmental need, ruling out any voluntary national modulation. We will continue to demand a strong EU lead in pressing for a radical WTO deal on agriculture.

2.6.2.4 Agriculture has the potential to provide sustainable sources of renewable energy. Biomass and second-generation biofuels should receive adequate research and development funding. However, biofuels must meet strict sustainability criteria so that they do not crowd out food production or force up prices. Criteria would exclude bio-fuels from land cleared of natural habitats or which fail to save at least 50% more carbon emissions in comparison to conventional fuels. We would oppose any move towards differential subsidy of first-generation biofuels similar to those introduced in the United States.

2.6.2.5 Agricultural activity is also a significant contributor to greenhouse gas emissions. Liberal Democrats therefore call for money saved from reduced expenditure on the CAP to be put towards addressing the problem of agricultural methane and nitrous oxide emissions, as well as that of water availability.

2.6.3 Fisheries

2.6.3.1 Given that fish do not recognise national boundaries, a common EU policy framework for management of the Union's marine resources is clearly essential. That does not however mean that the Commission should have to micro-manage the many and varied fisheries in

EU waters. Where appropriate, subsidiarity should apply. Recent signs of this finally happening should be encouraged. The decision by the December 2007 Fisheries Council to allow the Scottish Government to work out arrangements with the fishing industry whereby extra days at sea are allowed in exchange for the adoption of sustainable fishing practices (such as real time closure of certain grounds and a willingness to have on-board observers) is an initiative which should be built upon. In particular, by focusing on a more targeted fishing strategy, regional management bodies can bear down on the unacceptably wasteful practice of discarding fish.

2.6.3.2 Liberal Democrats believe that whilst an overarching framework should be set at EU level, there should be extensive devolution of responsibility and power to regional management bodies, which include representatives of fishermen and marine scientists, allowing them to determine the detail of conservation measures in their respective sea areas.

2.6.3.3 Decisions on the need for remedial measures to address issues such as stock levels and health should be made at an EU level, but the details of implementing measures should be the responsibility of member states, devolved administrations and regional management bodies, subject to approval and subsequent monitoring by the Commission. The Regional Advisory Committees are a welcome step on the road to recognising the need for more regional management.

3. Shaping the World

3.1 Globalisation

3.1.1 Globalisation has created huge opportunities, bringing with it greater European prosperity and employment, but it has also eroded old certainties and aroused new fears.

3.1.2 Globalisation also means that threats to stability and peace in one part of the world impact on all of us anywhere in the world. For the most part, governments and public opinion have hardly begun to digest the extent and seriousness of the threats and challenges which may face us in the decades ahead from the consequences of climate change, which could lead to the starvation and/or displacement of millions of people, because of drought, flooding or war over access to water. Liberal Democrats believe that our political leaders should be paying far more attention to these threats. The fact that they will not dramatically affect us by the next election is hardly a reason not to start taking pre-emptive action now.

3.1.3 Other challenges ahead include the implications of the rise of countries like China and India, the effects of which we are already seeing in more intense competition for oil and other commodities, and the soaring price of food; continuing serious instability in the Middle East and the threat to the world's oil supplies from the region; and the possible breakdown of the nuclear non-proliferation regime. In the 21st century the challenges of sustainable development will take centre stage. Global co-operation will need to be rejuvenated, modernised and extended. Those countries which form part of a larger group will be the better able to defend and promote their interests.

3.1.4 In this age of growing interdependence, Liberal Democrats are clear that the EU member states are stronger together, negotiating with others as one large unit, than they would be on their own. The EU is best seen, not as a fortress against globalisation, but as the best tool we have in a globalising world for the projection and defence of the interests of its member states. Increased trade, a healthy environment, security and progress in the fight against crime and terrorism, and access to energy and other raw materials are best secured – and European values best defended and promoted – by co-operation at the EU level.

3.2 World Trade and Prosperity

3.2.1 In the 1980s and 1990s the UK with like-minded partners successfully fought off those who would through 'Community preference' have created a Fortress Europe. It would be as short-sighted now, in these turbulent times, as it was then to follow the siren-song of 'economic patriotism' – not least because that would ultimately undermine competitiveness and economic growth, increase unemployment, and thus reduce the ability of governments to assist or compensate those who lose from globalisation. There is a clear case for ensuring that the world trading system continues to promote core labour

standards, and another for action, whether at the European level or the national, to ease the difficulties caused by industrial relocation. But to create jobs and growth, our economies must remain open.

3.2.2 Liberal Democrat policies on international trade and investment are set out in full in Policy Paper 65, *Wealth for the World* (2004). We aim to see trade and investment liberalisation proceeding as long as it contributes to national and global sustainable development. This will require the balancing of economic imperatives with environmental and social requirements, as well as the reform of key international institutions to fully integrate these priorities, and to improve their transparency and democratic accountability. Alongside this, there needs to be a sustained effort to ensure that developing countries can benefit from trade and investment liberalisation to a much greater extent that they currently do.

3.2.3 Liberal Democrats strongly endorse the call by the March 2008 European Council for an 'ambitious, balanced and comprehensive agreement on the Doha Development Round' of world trade negotiations. The EU has a key role to play in salvaging the Doha Round and ensuring that its outcome is positive for developing countries. In particular, Liberal Democrats call for a substantial reduction in agricultural subsidies, including the elimination of CAP production subsidies and trade barriers (see above in section 2.6.2). There should be major revisions to the General Agreement on Trade in Services (GATS), allowing countries to reverse their original decisions on liberalisation and/or add new derogations. We also call for the establishment of a royalty-based system for fair reward of harvested genetic or biological materials, and the creation of a system by which countries in genuine medical need are allowed to manufacture or procure royalty-free drugs.

3.2.4 The best way for the UK to help shape the way globalisation in the trade field develops is for it to be a strong player inside the EU, working to keep Europe competitive and, as part of a strong Europe, pressing for an increasingly open world economy. If that course is followed, the dynamic power of trade should over time continue to increase global prosperity, as it has done so remarkably since the conclusion of the GATT in 1947.

3.3 Climate Change

3.3.1 The EU has long taken the lead internationally on environmental policy and climate change. A signatory to the Kyoto Protocol, it has sought to lead the way in the reduction of energy consumption and of emissions of greenhouse gases, and in the increased use of renewable energy sources. The UK alone can have only limited influence in this process, whereas the EU, representing half a billion people, has to be listened to.

3.3.2 Liberal Democrats strongly support the work undertaken by the EU to date and urge further action to win over large polluting nations – notably the US but also emerging powers such as India and China – to the need to tackle climate change.

3.3.3 Our policy paper, *Zero Carbon Britain* (2007) details our commitment to working closely with the EU to create a low-carbon economy for the future.

3.4 The EU and its Neighbours

3.4.1 The recent phases of enlargement have been an undoubted success story, leading inter alia to a profound transformation of Central and Eastern Europe, as the EU skilfully brought within its ambit a substantial new part of our continent, and helped to heal the wounds left by the Cold War.

3.4.2 Liberal Democrats have long supported expansion of the Union, which we believe is beneficial for would-be members, for the Union and for the UK. It is important however to be clear that we need to examine very carefully applications from possible further new entrants. With the EU's membership now at 27, and the process of adaptation to the newcomers since 2004 still in train, there is an understandable mood of caution about further near term enlargement. Iceland, Norway and Switzerland could be absorbed with relative ease, but are not currently candidates. Turkey and the Western Balkans, by contrast, have both the desire for and the prospect of membership.

3.4.3 In the Western Balkans, the Union seeks to export its core values as a means of restoring stability to an area long marked by civil war and genocide. Croatia is already negotiating membership. The other countries in the area have further to go to meet the EU's criteria. Serbia poses particular difficulties, because of the dispute over Kosovo. Some of these countries are not yet far enough advanced with state-building or sufficiently developed to withstand the competitive pressures of the EU economy. The EU's hope and intention however is that they should eventually accede. Liberal Democrats welcome this prospect, and look forward to working in due course with these countries as fellow EU member states.

3.4.4 Turkey is an even more complicated question. It began accession negotiations in 2005, but its failure in some areas yet to fully meet the EU's Copenhagen criteria combined with the reluctance of a number of EU member states to accept Turkish accession may greatly prolong the negotiation process. Liberal Democrats nonetheless firmly support Turkey's candidacy. We call on Turkey to continue down the path of reform and our European partners to pursue the negotiations with an open mind and with a view to success. As a secular state with a largely Muslim population Turkey, once embedded in the EU, would offer an important model for other Muslim countries, while failure by the EU to accept Turkey could have a number of damaging consequences. The opening of new negotiations for a peace settlement in Cyprus is much to be welcomed, and will need every encouragement over the coming months.

3.4.5 A range of other neighbouring countries to the east and south have either no wish to join the EU or no early prospect of doing so, but are nonetheless of real importance for the Union. Stable and secure borders are clearly desirable, and effective co-operation can help neighbouring states to achieve greater political and economic stability, promote democratic values, increase trade to mutual benefit and reduce illegal immigration – all to the EU's as well as their advantage. All Europe's neighbours apart from Russia (see below) are covered by the EU's European Neighbourhood Policy (ENP). Liberal Democrats endorse the objective of aiming to increase stability among Europe's neighbours, but believe that

the approach embodied in the ENP needs a fundamental review, and should give way to a more case by case approach.

EU/Russia

The EU's relations with Russia present one of its greatest foreign policy challenges. There are numerous sources of tension, ranging from the EU's substantial gas dependence on Russia, through conflicting interests and competition for influence in what the Russians still see as their near-abroad, to Russia's increasingly authoritarian style of governance and assertive foreign policy, and a variety of bilateral disputes between Russia and individual EU member states.

Divergent interests and perceptions of Russia among the EU member states have in effect enabled the former to divide and rule, not least over energy. The challenge for the EU is to develop a truly cohesive Russia policy: nowhere is it clearer that its leverage if united would far surpass the individual strength of the member states.

3.5 Foreign and Security Policy

3.5.1 Liberal Democrats believe that the UK owes it to its citizens to make the best contribution it can to a better and safer world for all – based on respect for human rights, the rule of law, and progress towards democracy. A strengthened multilateral system, in particular a more effective UN, is a prerequisite for the full achievement of those ambitions.

3.5.2 The UK's scope for fully independent action in the foreign policy field is, to a large extent, a thing of history. We can no longer pretend that we can solve the great problems of the world alone. If we are to play an effective role and influence the shape of the world we live in, it must be with partners.

3.5.3 Wherever the UK and US share objectives and values, we can and do work effectively together. But if there is one lesson from the last decade, it is that where we and the US differ, if we are on our own they pay little heed to our views: the disparity in weight is simply too great.

3.5.4 The best way to maximize the UK's influence with the US, as in the world generally, is to work through the coalescing and expanding EU, by combining its economic capability and political will to create a weight in international affairs which on their own the individual member states can only dream of. Most of the UK's greatest foreign policy successes over the past twenty years have been achieved with EU support. Its foreign policy failures have often flowed from the inadequacy of the EU as a foreign policy actor.

Achievements and failures of UK foreign policy working through the EU

Achievements

- Helping to anchor the stabilisation of Central and Eastern Europe after 1989, culminating in the accession of ten countries to the EU.
- Promoting the stabilisation (after a hesitant start) of the western Balkans following the break-up of Yugoslavia in 1991 (still unfinished).
- Insisting on improvements (also unfinished) in governance and human rights in a Turkey ambitious to accede to the EU.
- Working for the introduction of democratic government in countries neighbouring the EU, like Ukraine, to which good relations with the EU are important.
- Increasing global acceptance of the importance of action to stop climate change.
- Championing the establishment of the International Criminal Court.
- Continuing to promote the expansion and liberalisation of world trade.
- Encouraging international co-operation over and pressure on Iran regarding its nuclear programme.
- Contributing to the struggle against Al Qaeda-inspired terrorism.

Failures

- The Middle East Peace Process, where the EU acts together up to a point but remains too divided (e.g. Lebanon 2006) to exercise the influence which a truly common approach might have enabled.
- To react quickly after the break-up of Yugoslavia and to agree a common response backed up by military commitments until the US agreed to intervene.
- Russia, where the UK's lack of influence could have been compensated for by the strength of a common European approach, had one proved possible.
- Weak practical response to the Darfur crisis.
- To persuade two of its members, Greece and Cyprus, and NATO member Turkey to set aside their differences enough for co-operation between NATO and the European Security and Defence Policy (ESDP) to develop effectively.

3.5.5 Liberal Democrats welcomed the modest arrangements proposed in the Lisbon Treaty to improve the EU's ability to deliver a more coherent common foreign policy objective. Whilst EU foreign policy would quite rightly remain subject to unanimity rules – the UK could still veto any EU common position on foreign policy it did not agree with – the Lisbon Treaty overhauls the institutional machinery, most signally by assigning to one person the hitherto separated functions of Presidency of the Council, High Representative and Commissioner for External Relations. Such changes would not of course by themselves ensure more effective foreign policy, but with the necessary political will they would make that easier to achieve. If the Lisbon Treaty were not to enter into force, the Common Foreign and Security Policy (CFSP) would have to continue under the framework set out in the Maastricht, Amsterdam and Nice treaties. Although this is a less effective institutional framework, the main features of the CFSP would remain and enjoy the full support of the Liberal Democrats.

New foreign policy institutional arrangements envisaged in the Lisbon Treaty

- The new EU High Representative (EUHR), taking over the functions of Presidency, High Representative and Commissioner for External Relations and appointed by the European Council and Parliament for up to two five year terms, will be responsible to the Council for the leadership, management and implementation of the EU's foreign and security policy.
- The EUHR will at the same time be Vice President of the Commission, responsible for all of the Commission's activities in the external relations field, either directly, or in a coordinating role where other Commissioners have the lead (e.g. enlargement, development, trade, energy, climate change).
- The EUHR will be assisted for the purpose of external representation by an External Action Service (EAS), drawing together officials from the Council Secretariat and Commission engaged in external affairs and diplomats seconded from the diplomatic services of the member states.
- However, decisions on EU foreign, security and defence policy remain subject to unanimity, with the UK able to veto policies to which it objects.

3.5.6 The European Security and Defence Policy (ESDP) was a UK-French initiative, launched by Prime Minister Blair and President Chirac in 1998, reflecting experience in the Balkans. Its aim was to persuade other EU states to reshape their own forces to increase capabilities for peacekeeping and humanitarian intervention outside the EU. It has failed to reach its early ambitious goal of an ability to deploy up to 60,000 troops at two months notice sustainable for a year, and this remains work in progress. But it has developed a useful and flexible battle group concept of small-scale, short-notice brief-duration deployments of 1500-3000 troops and has had some successful small scale deployments in Africa. It has also developed a parallel civilian crisis management capability to restore or create law and order

in countries which it is seeking to help. Nonetheless, Europe still has much to prove in this area.

3.5.7 However, the omens now are better than for some time. First, President Sarkozy wants to lead a rapprochement between France and NATO, connected to a strengthened ESDP. Second, there are bipartisan moves within the US to encourage and support a more effective ESDP, as the US seeks to build a more multilateral approach to security and seeks to encourage other countries to share some of the defence burden. Third, the EU's broader range of capabilities beyond the military sphere – in the conflict prevention, nation-building trade and aid fields – have the potential to make it effective both in trying to prevent conflict and in managing crisis, including in roles such as peace-keeping and reconstruction.

3.5.8 Liberal Democrats therefore support moves to improve co-operation between the ESDP and NATO, believing that they can usefully play different roles in different circumstances, depending on which organisation has the comparative advantage for political or other reason in any situation. The Lisbon Treaty has little to say about ESDP but if it entered into force would usefully allow for what it calls Structured Co-operation, empowering those member states willing to make more serious commitments to achieving operational military capabilities to do so and to operate together on behalf of the EU. There is no question of a European army: Armed forces made available for ESDP operations are national, and subject to national decisions, in exactly the same way as forces made available to NATO, and Liberal Democrats would always be opposed to anything different, let alone any idea of a European army. ESDP decisions in the EU will, quite rightly, be by unanimity, just as NATO decisions are.

3.5.9 Liberal Democrats see the potential for ESDP as encouraging more EU countries to play their part in European and wider international security. If the new Structured Co-operation arrangements succeed in getting at least some of our partners to commit to and make the necessary upgrade in their forces and to join in an operation that the UK supports, this helps UK objectives and has the potential to reduce UK military overstretch.

3.5.10 Moreover, the ESDP also has the potential to reduce the costs of defence to the UK taxpayer, whilst maintaining our defence capabilities and improving the safety and welfare of our armed forces. This potential arises partly from the prospect of the European Defence Agency being able to reduce the costs of procurement and improve inter-operability. Equally, there is the possibility of replacing the current doctrine of 'costs where they fall', where those countries who provide the forces and equipment also pay for them, with a more ambitious form of burden-sharing, where those countries who are unwilling or unable to send forces, begin to contribute to the costs of military action.

3.5.11 Nobody, except extreme Europhobes, sees ESDP as threatening to replace NATO either as an organisation or in its central role in the UK's and Europe's defence strategy. Yet without a more successful ESDP, Liberal Democrats are concerned that the potential for a wider and deeper European military capability needed also by NATO for its objectives will not be realised.

3.5.12 There is much to gain for the UK in improving the EU's capacity and willingness to act as one, under the rules of unanimity, in the field of common foreign and security policy. In the future, Europe's failure in foreign policy will be the UK's failure. Its success will be our success.

3.6 Development

3.6.1 Liberal Democrats remain committed to the goal of increasing the UK's spending on overseas aid towards the UN target of 0.7% of GNP, and believe that all EU member states should work towards the same target, where they have not already achieved it. Providing development assistance to the millions of people less fortunate than we are is an overriding moral and ethical imperative. It is also fundamentally in Europe's own interest, since it helps to increase both global stability and trade.

3.6.2 The Lisbon Treaty would strengthen the EU's development assistance by ensuring that development aid is used to reduce poverty, that humanitarian aid is allocated on the basis of need and that non-aid policies take account of development objectives.

3.6.3 At the same time Liberal Democrats attach great importance to the need to improve the delivery, efficiency and effectiveness of European development aid, as well as its consistency with the EU's political objectives. In its 2007 review the OECD called on the EU to continue to be a driving force for encouraging progress towards the agreed global targets on development. To that end the Union must steadily improve the efficiency and effectiveness of its aid delivery mechanisms, as it seeks to remain a beacon for others to follow.

3.6.4 The main development relationships between the EU and poor countries, however, are the series of Economic Partnership Agreements (EPAs) currently being negotiated with the 'African Caribbean Pacific' (ACP) group of developing countries (mostly former colonies of EU member states). These replace the trade preferences included in the Cotonou Agreement, which were found to be inconsistent with WTO obligations. The EPAs have been subject to delay, but should be finalised during 2008.

3.6.5 The proposed EPAs, however, have a number of flaws. Under WTO pressure, the unilateral trade preferences granted to the ACP countries under the Cotonou Agreement are to be replaced by WTO-style free trade areas, implying the elimination of duties and other regulations on essentially all trade in both directions between the EU and the ACP group. While we do wish to see trade barriers against ACP exports removed, the opening of ACP economies to all imports from EU countries (including heavily subsidised agricultural and other products) over a very short period is likely to have a devastating effect, particularly on the least developed countries. We therefore believe that ACP countries should be allowed a transition period of up to ten years to reduce any negative impacts as a result of new agreements. The negotiations on trade preferences should be accompanied by generous capacity-building assistance to help developing countries compete in world markets.

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 5.4 of the Federal Constitution. Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom. The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas. The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues. In appropriate policy areas, Scottish, Welsh and Northern Ireland party policy would take precedence.

Many of the policy papers published by the Liberal Democrats imply modifications to existing government public expenditure priorities. We recognise that it may not be possible to achieve all these proposals in the lifetime of one Parliament. We intend to publish a costings programme, setting out our priorities across all policy areas, closer to the next general election.

Working Group on Europe

Note: Membership of the Working Group should not be taken to indicate that every member necessarily agrees with every statement or every proposal in this Paper.

Sir Colin Budd (Chair)	Sir Brian Crowe
Edward Davey MP	Lord Wallace
Andrew Duff MEP	Derek Honeygold
Baroness Sarah Ludford MEP	Joanna Benfield
Professor Helen Wallace	Graham Bishop
Phil Bennion	
Alasdair Murray	
Peter Price	*Staff:*
Lord Roper	Emily Cornborough
Dr Julie Smith	Ben Jones

Comments on the paper are welcome and should be addressed to:
Policy Projects Team, Liberal Democrats, 4 Cowley Street, London SW1P 3NB

ISBN: 978-1-85187-790-4

Further copies of this paper may be obtained, priced £5, from:
Liberal Democrat Image, P O Box 443, Farnborough, GU14 4DA
Tel: 01252 510 005
Email: info@libdemimage.co.uk

Printed by Contract Printing, 1 St James Road, St James Industrial Estate, Corby, NN18 8AL

Cover design by Mike Cooper