

Institute for Public Policy Research



NEW WORLD, NEW RELATIONSHIP

OUR FUTURE WITH EUROPE

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SUMMARY

Britain's assumptions about its place in the world no longer hold, upturned by Russian aggression, American unreliability and Chinese coercion. Increasingly, it is size and scale that determines autonomy and sovereignty; who can act against pressures, and who must absorb them. Britain lacks such scale, constricting its sovereignty and leaving its people with a sense that they lack agency. Europe, meanwhile, is being transformed by these same pressures, turning into a global actor where the UK is merely an observer. But Britain has been negotiating as if none of this has happened. Now, the prime minister has promised to set out the options for our long-term relationship with Europe, and sought a national consensus around one of them.

This report outlines these options, and presents a new, forward-looking set of issues against which they should be judged. Each should be heard in the national conversation the prime minister has opened. But when tested against what Britain needs – security, prosperity and control in a world of blocs – one stands out.

We argue that Britain's future lies in membership of the European Union. Only membership of the EU answers what voters truly demand: control over their lives, relief from instability, and a transformative new approach to the world. Incremental, sector-specific trade deals will not give them that.

This does however require the political groundwork to be laid, both in Europe and at home. This is the task we believe the prime minister now needs to lead.

Britain must rebuild trust with its partners on the continent, since Europe can be creative when it chooses; its offer of associate membership to Canada is just one example. But that creativity is only available to trusted partners that invest in and align with Europe's strategic choices.

The UK must demonstrate its indispensability through concrete cooperation on defence, industrial policy and democratic resilience. Success, together with positive rhetoric and leadership, will help build the same kind of domestic political coalition that in the past carried it through similarly difficult shifts. New polling in this report suggests that the UK is willing to follow where politicians lead, as long as they are shown that closer ties matter to the things they care about.

KEY FINDINGS

Europe has changed, but Britain has not; Europe has scale, Britain does not

- **Britain's old assumptions about the world have broken down.** Sovereignty without the ability to act on it is not autonomy; hedging between larger powers is, at best, a strategy for survival rather than for success.
- **The EU is becoming more effective on security, industrial policy, and border control.** Defence spending has nearly tripled, industrial policy has continental scale, and Brussels is changing from a narrow single-market regulator into a transformative player with global reach.
- **British politics and tactics still deal with the EU of decades ago.** The EU that Britain left no longer exists, and the country cannot 'rejoin'. Instead, the UK must become a member of a transformed union.

From transactional reset to political rebuild

- **The current reset is not a long-term process**, and the institutional depth required to sustain and extend it is lacking – both in Brussels and in Whitehall.
- **Deeper trade access is valuable but insufficient.** Incremental economic benefits don't move the dial for voters, who instead want a greater sense of security, prosperity and control.
- **Britain must become a trusted problem-solver and credible insider.** Sustained success with Europe will build political momentum at home. But that needs restored, effective political relationships with European governments, parliaments and parties, not just new technocratic negotiations.

Three concrete initiatives, across security, prosperity and values

- **A European Defence Alliance.** Britain can share capabilities that no single European institution currently owns and cannot easily replace – starting with satellite communications through Skynet – as an essential plank of real defence autonomy for the continent.
- **An inclusive, continent-wide industrial policy.** As the EU builds an Industrial Accelerator Act to expand manufacturing's share of its economy, Britain should offer preferential access to its own, sizeable, public procurement market in exchange for British content counting as European.
- **A Democratic Resilience Compact.** Developing and improving existing models, this compact would pool British and European capability to protect our politics, societies and values – while closing a widening and dangerous gap in intelligence-sharing across the Channel.

Creating a political narrative

- **A majority of voters want a closer relationship with Europe, including EU membership** – especially progressive-leaning voters, including some Labour 2024 voters considering a move to the Green party.
- **That support is real, but soft, and vulnerable to specific attacks** – particularly on payments to Brussels and euro adoption, each capable of reducing support substantially.
- **Past arguments matter less.** 'Betrayal of the 2016 referendum' is not the most damaging attack; meanwhile, freedom of movement can be less of a political threat if domestic policy is reformed. Cooperation with Europe on irregular migration is vital to meet public demands for better border control.
- **Political leadership has shifted public opinion before.** Britain's own earlier turn towards pro-Europeanism shows that sustained leadership can move a country beyond where public opinion currently sits, provided politicians convince their own side first.

RECOMMENDATIONS

- **When the options are presented, government should name membership of the European Union as its medium-term goal.**
- **Politicians should develop a new political language about Europe**, reflected by the government in its communications strategy. This should stress how today's Europe meets British goals on issues from migration to security, and how a common effort increases our sovereign autonomy and allows us better control of our own fortunes.
- **Britain should prioritise a multipronged political rebuild** that includes deeper relationships in EU member-state capitals, an expanded UK presence in Brussels, and closer ties between progressive parties across Europe.

- **Government should set internal tests to track progress**, including whether a durable majority for membership is emerging, whether the political conversation about Europe is in reality shifting, and whether Europe is treating Britain as a genuine insider rather than an occasional exception.
- **Once those tests are met, government should seek a democratic mandate to join**, either through a referendum or a clear manifesto commitment – ideally agreed across a swathe of the political spectrum.

1. INTRODUCTION

Until recently, Britain's place in the world seemed secure. It could stand between powers, retaining a special relationship with the United States, an arms-length relationship with Europe and the European Union, while benefiting from an open, if China-dominated, global economic order.

This report emerges from the realisation that these assumptions have broken down. Sovereignty, for example, no longer implies you also have autonomy or agency. Without control over your own markets and supply chains, absent a reliable defence-industrial complex or access to critical technologies, sovereignty is an illusion.

New threats have emerged: Russian irredentism, American irresponsibility, Chinese coercion. These act with equal force on Britain and its European allies – but the UK has less capacity to withstand them, and is uncertain how to confront them.

In a world without rules, size and scale matter more. Britain possesses neither. Plurilateralism and hedging, as Britain now actively seeks out, are at best partial substitutes for bloc membership or for hard alliances.

Economic assumptions have also changed. Markets matter less as a system, and more as leverage. Once again, scale differentiates those who might thrive, and those who can merely survive.

Europe is transforming itself. It is more concerned with defence, industrial strategy and the management of migration than a decade ago.

We argue in this report that the UK's policies towards Europe must change, as must its attitudes, and its political stance. Too often, our conversations about Europe are about Britain itself – who we would like to see ourselves as, the power we would like to have, and used by parties more as a way to position themselves politically, than to set out an actual set of policies they would like to see implemented.

These new threats, realities and assumptions frame our argument, are the impetus for this report – and have led the prime minister to reopen the question of our long-term relationship with Europe. This report provides an examination of our future relationship with Europe based on realistic foundations: what the world has actually become and where Britain now sits within it.

2. A CHANGED EUROPE, AND NEW QUESTIONS FOR BRITAIN

The European project is thought of and acts along two distinct layers. One is the vocabulary of economic efficiency and growth, expressed administratively through regulatory harmonisation, and legally through the indivisible ‘four freedoms’ of the single market. The other is the underlying force of values and commitment: that European integration serves to bring together a continent tired of war, and that it will protect and advance the values – democracy, solidarity and dignity – that its people think should define their countries and the world.

Britain, including much of its progressive movement, has tended to focus on the first at the expense of the second. The very real economic benefits of integration and common rules were long viewed as sufficient reason to be in Europe. Any deeper motivating forces went unmentioned.

But we dare not dismiss the second layer as intangible or irrelevant, for this solidarity lets the EU take action at hinge points of its history – such as the enormous advance of integration in the early 1990s, or its eastward expansion after the fall of the iron curtain (Moravcsik 1998, Schimmelfennig 2001). Indeed, the EU would not exist without this deeper layer, for the economic community of the postwar decades was born out of such an impulse.

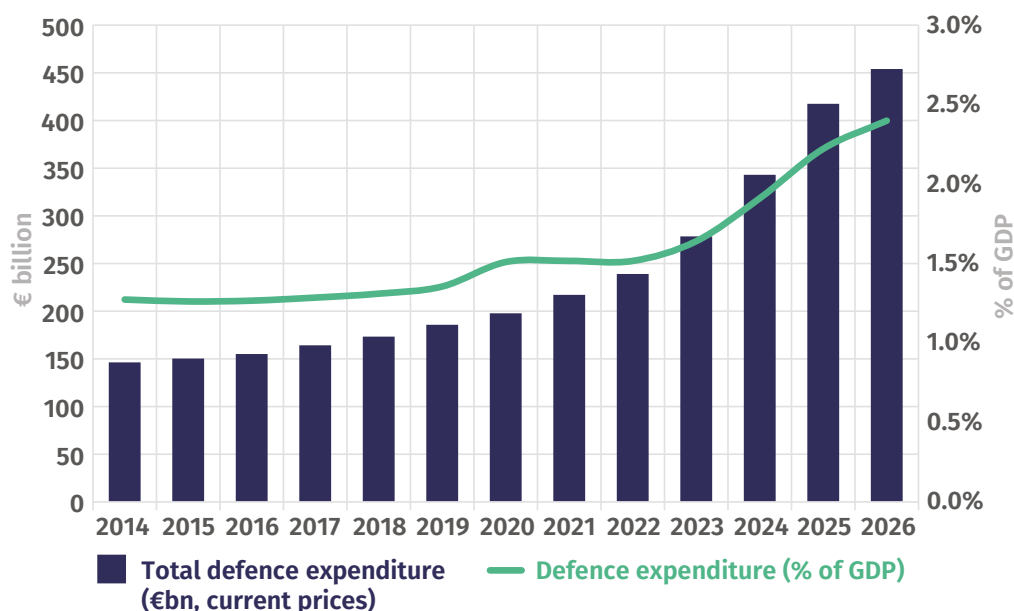
Europe is living through another such transformation today, but without Britain. What appears, sometimes, as technocratic activism – new rules, funds or instruments – is better understood as a highly structured system being forced by politics into constructing a defence of its way of life, its values and its interests.

As Mark Leonard has argued, the European Union began as a peace project but is now a wartime project (Leonard 2022). The invasion of Ukraine has forced a security transformation on the continent. Defence spending has nearly tripled since Russia invaded Crimea in 2014, up from €147 billion to €418 billion by 2025 (EDA 2025, Genini 2025a: n370, Genini 2025b), as shown in figure 2.1.

FIGURE 2.1

Europe's defence spending has almost tripled since 2014

EU27 total defence expenditure (€bn in current prices and as % of GDP), 2014–2026



Source: IPPR analysis based on European Defence Agency data: 'EDA Collective and National Defence Data 2005–2017e' (for 2014–2017, derived as EDA27 total minus United Kingdom) and 'Final Defence Data 2025' (for 2018–2025, official EU27 aggregate sheet)

Note: Figures for 2026 are official EDA projections from July 2026. Denmark excluded until 2022, when it ended its 30-year opt-out from joint European defence.

Much of this spending is being mutualised. The EU budget – the Multiannual Financial Framework – assigned only €591 million to defence (including space) in 2014–20; the proposal for 2028–2034 is for €131 billion of budgetary spending (TNI 2026; EC 2025b). This year's European security strategy may integrate defence spending, technological sovereignty and supply-chain security, completely redefining the EU's core mission (Tothova 2026).

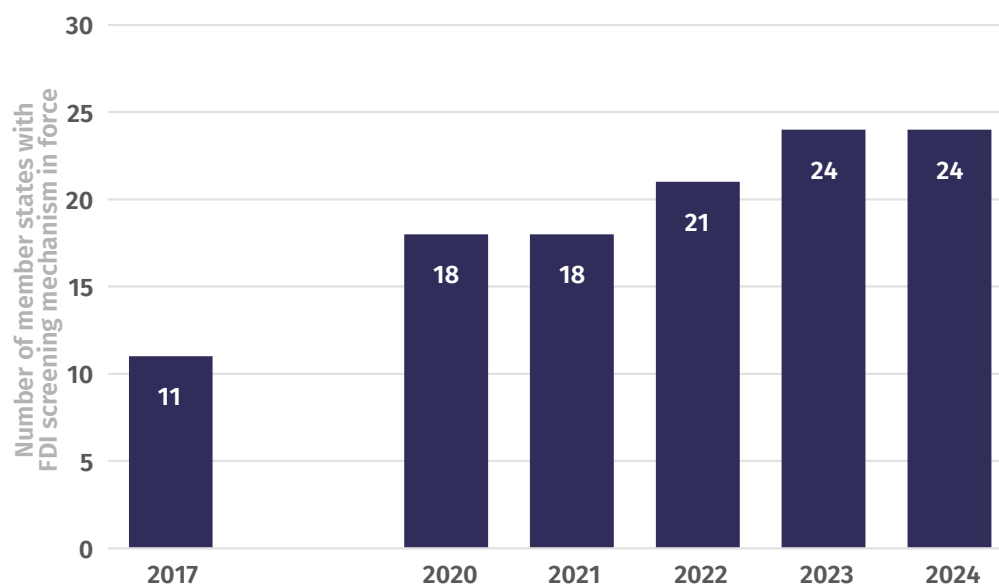
Within the next decade, a European security architecture may be as central to the EU's identity as the single market is today.

Meanwhile economic security is reorienting the single market itself away from openness and efficiency towards resilience. Since the 2023 European Economic Security Strategy, the EU has shifted its policy focus to mechanisms that allow it greater control and retaliatory power – an anti-coercion instrument, for example (EC/HR 2023, EU 2023b). As shown in figure 2.2, screening of foreign investment is now accepted policy across the EU.

FIGURE 2.2

Foreign investment screening now covers nearly every member state

Number of EU member states (of 27) with a national FDI screening mechanism in force, by year, 2017–2024



Source: IPPR analysis based on European Commission annual reports on the screening of foreign direct investment into the Union (First Annual Report, Nov 2021; Second Annual Report, Sept 2022; Third Annual Report, Oct 2023; Fourth Annual Report, Oct/Nov 2024; Fifth Annual Report, Oct 2025) (EC 2021c, 2022, 2023, 2024, 2025c)

Note: 2017 figure (11) is the baseline cited retrospectively in the First Annual Report. The three states still without a mechanism are Croatia, Cyprus and Greece.

That the Commission plans to open the single market to candidate countries and other associates shows it is now an instrument of strategy: access is offered in return for alignment on investment screening, export controls and sanctions.

A related effort is industrial policy. In keeping with trends in the US, Japan and elsewhere, investment is being directed by Brussels and EU capitals towards specific sectors and supply chains – such as €43 billion for the semiconductor sector – that policymakers believe support military preparedness and economic resilience (EU 2023a, EC no date b).

This represents an ideological shift away from an older attitude – from ‘state aid’ being an anti-competitive instrument to be corralled and controlled, to one where it is a tool to restore competitiveness. EU state aid remained broadly stable at 0.5–0.8 per cent of GDP between 2000 and 2013, but rose to almost 1 per cent of GDP by 2019 (ECB 2026). Strict EU fiscal rules have been changed to reduce the spending adjustments forced on most high-debt member states, and to exclude some defence spending (EU 2024, EC no date a, Council 2026, EC 2025a). Some of that exclusion has now been extended to cover investments into energy security (EU 2024: art 13(c)(iii)).

In other words, the EU is being transformed. It is becoming a large-scale security, fiscal and industrial actor, with active debates about the scale of common borrowing, the targeting of industrial policy, and the need to protect supply chains even at the cost of efficiency. The EU of the past – a monomaniacal single-market regulator and

budget policeman – is being driven, because of its notion of what it owes to itself and its people, towards a new conception of itself.

This includes a changed approach to migration. Since June 2026, the Pact on Migration and Asylum has required screening and registration of people arriving irregularly, new rules on repeat and abusive applications and an expanded biometric database (EC 2026g). Irregular crossings fell by more than a quarter in 2025, to almost 178,000, less than half the 2023 total (Frontex 2026). Britain's own border security depends on cooperation with these same countries. It has a clear stake in how this develops, but this is another area where it is currently outside the room.

The EU's transformation is incomplete, driven by anxiety about the threats it faces rather than by confidence, and it is still unprepared for the threats it faces. For Britain, this anxiety is an opening; a union unsure of how to meet its challenges is one that can be urged to value the UK's contribution. It needs to urge Europe to be more open to change.

But far from helping this transformation along, the UK has so far been negotiating with the EU of a decade ago, not the EU of today – let alone the Europe of tomorrow. British strategies premised on a pre-2020 EU – bureaucratic, slow-moving, focused solely on single-market regulation – talks to a Europe that no longer exists; similarly, the UK political conversation argues against or for a Europe that no longer exists.

This is also why it is meaningless to talk of the UK 'rejoining', and we do not use that term in this report. Not only will whatever carve-outs Britain negotiated in the distant past no longer be available, but that EU itself is irreversibly altered, and therefore cannot be 'rejoined'.

The prime minister has posed an apparently simple question: What long-term relationship should Britain have with Europe? But within this are buried more complex ones. Given the geopolitical context has irreparably changed, how can we secure our interests? How would a new relationship with Europe help, and how best can Britain shape and participate in the transformation that Europe is undergoing?

3. FROM RESET TO RENEWAL

3.1 BEYOND TRANSACTIONALISM

Answering these questions requires a revised assessment of our European partners and greater ambition on our own part. But a transactional approach dominates thinking on Europe today, defined purely around the benefits and trade-offs of different paradigms of UK–EU trade, and so one that is focused on negotiating with the official layer of the EU.

Such negotiations are both productive and necessary. Mutual recognition agreements (MRAs) and greater market access will benefit British companies and households greatly. As research from IPPR has shown, an enhanced MRA would potentially increase exports to the EU from Britain by between £3.7–6.5 billion (Sassoon and Breinlich 2026).

But this in turn is far less than the likely benefits of closer integration; being outside the single market, according to recent IPPR research, costs the economy £18.1 billion a year purely because of reduced goods (IPPR 2026a).

Our relationship can only move from transactional haggling over three or four issues to embracing a wider vision if the UK explicitly drops its red lines, as the prime minister has suggested will happen from the next parliament. We believe that a more forward-looking perspective, rooted in the geopolitical and geoeconomic realities of today, would engage instead with the deeper-rooted problems that Britons care about.

These problems emerge from a pervasive sense of instability and lack of agency. The prime minister has told parliament that he will be “relentless in giving people and places ... ownership and control”, and told conference that “Brexit hasn’t given us control” (Burnham 2026c). Voters will not be satisfied with promises of incremental improvements to their economic prospects, which is what the transactional approach promises. They want a radical shift, one that addresses instability and predation, maintains their security, ensures their prosperity in a world of economic blocs, and protects their values and Britain’s democratic resilience.

To fulfil their demands, the UK must move beyond the transactionalism of the past, and towards a future of collective action. This begins with deeper, politically informed engagement.

3.2 THE ROAD TO RE-ENGAGEMENT

What, in concrete terms, would re-engagement look like? It would have to overcome multiple barriers. First, there is nobody in Brussels whose job it is to repair and improve relations with the UK. As far as officials there are concerned, the UK is one of several countries to be dealt with, and of those nations it is neither the most important nor are its requirements the most urgent. In the UK, management of the relationship with the EU is defined around sector-specific negotiations.

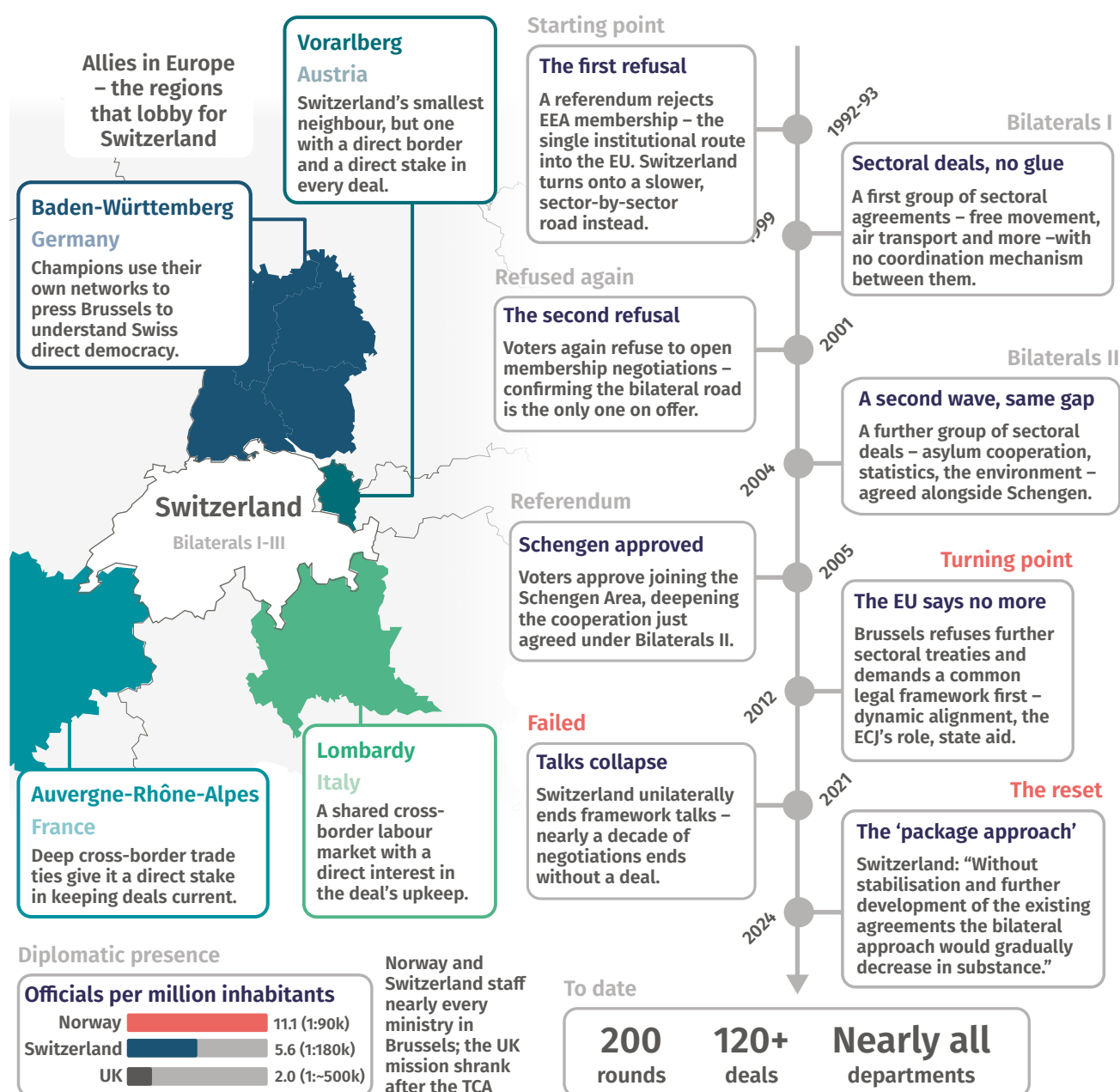
To the extent that these are joined up at a higher, political level in the UK, the attention they receive is necessarily episodic rather than focused. Similarly, at the political level in Europe, there is no pressure to give the UK a bespoke deal, to loosen requirements, or to widen the scope of our partnership. It is useful to

compare this lack of effort with, for example, the enormous efforts made to secure a free trade deal with India, for which the EU crossed its supposed red lines; or the sustained attention at every level paid to managing the US or preparing possible economic retaliation against China (EC 2026c, EC 2026d, Kumari 2026, Berden 2026).

The reset was designed as a static technocratic action, not a process. It performed the essential function of moving the UK–EU relationship from being a ‘problem’ for both sides to one that is something approaching normality, while also responding to specific immediate opportunities. But it is not obvious how such a one-stage act could be followed up on. The summit later this year is, as the prime minister has indicated, the right moment to introduce a broader vision of the future.

FIGURE 3.1

How the Swiss did it: allies, attention, time



Source: Swiss federal government statements and IPPR analysis

To go beyond it – even towards some sort of Swiss-style bespoke deal – would require Britain to build up sustained official and political relationships at multiple levels of Europe. This would include friendly heads of governments, relevant ministries and parliamentarians; as well as pro-integration, liberal and social-democratic parties across the continent. These connections have been allowed to decay.

3.3 BUILDING POLITICAL SCAFFOLDING IN EUROPE

To take its relationship with the EU to greater heights, the UK will need to build additional political scaffolding. The reset has moved us from being a ‘problem’ to ‘not a problem’. We need now to move from ‘not a problem’ to ‘problem-solver’ and ‘credible insider’. The UK has capabilities the Europe that is emerging needs, from tech to defence to finance. But we need to build trust and credibility, and show through our actions that working with the UK adds value for our European allies.

This will need us to cultivate and energise partners in Europe, old and new. In some cases – as during the Security Action for Europe (SAFE) negotiations – they will be needed to overcome doubts or an outright attempted veto by other nations (Martill 2025, Wachowiak 2025, House of Commons Defence Committee 2025). As Canada’s case shows, flexibility is possible when the political will exists. But, given the comfort in Brussels (and among some member states) with the current transactional approach and SAFE-style vetoes – and because Britain needs to break out of the current paradigm more than Europe does – it is the UK that will have to move first, and curate a genuinely big offer.

In other cases, bilateral and small-group relationships can run in parallel with, and sometimes ahead of, the EU-level track.

For example, the E3 grouping – which originally convened around Iran’s nuclear programme, and has been revived since 2022 as the core forum through which Britain, France and Germany coordinate policy on Ukraine – demonstrates how a small and flexible format can generate considerable momentum that then takes on pan-European characteristics (Chatham House 2020, Mills 2026: 2–4). This must be matched with outreach to the vibrant economies in Central and Eastern Europe, many of which view themselves as natural partners to the UK. The Nordic and Baltic countries have already demonstrated their willingness – for example, in the UK-led Joint Expeditionary Force (Knighton 2024, JEF 2026).

True re-engagement with Europe, therefore, goes far beyond negotiations with the European Union’s officialdom. We must find new areas for cooperation that centre British capabilities and enable better outcomes for both the UK and partners in Europe – delivering against our shared interests.

The goal in the UK’s re-engagement of Europe must be to build the kind of habitual, working-level trust that has so far been missing from the broader relationship. It helps us to be European in action, building trust on the continent and acceptance at home. Demonstrated commitment – shared intelligence, joint procurement, embedded diplomats, habitual coordination – builds trust in a way that summits and declarations cannot. It will build acceptance at home if we can show specific, and meaningful, benefits from our deepening relationship with Europe; and because it will allow politicians to tell a different story about Europe and why it matters to the UK. A political scaffolding in Europe, in other words, serves a change of political conversation at home.

Given that, as chapter 2 has outlined, Europe is working at pace towards becoming a new kind of union and identifying the partners it must prioritise, Britain has a vital national interest in shaping that change rather than observing it from outside. Sustained re-engagement, with a clear investment of political effort, is the only way it can begin that effort.

4.

BEING EUROPEAN IN ACTION

The previous section has argued that the UK's engagement with the EU – both in the negotiations for the Trade and Cooperation Agreement (TCA), as well as in the more recent reset – has been technocratic and transactional. It has spoken only to the first layer of what Europe is, the procedural and regulatory one. To move forward, Britain will have to move beyond transactionalism, and recognise and speak to both layers of Europe.

We argue in this chapter that in the three conversations that are central to returning a sense of control and stability to Britons – about **security**, about **industrial policy**, and about **values** – our politics must transform its view of what Europe is, and radically overhaul how it engages the EU and its member states. This will require a new set of policy priorities, and a different political vocabulary. Success would show the benefits of being European in action, while also answering the challenge that voters have set their leaders.

4.1 SECURITY

A transactional, siloed approach ignores, amid the fraying of transatlantic ties, the importance of Britain to Europe's security, and vice versa. A European defence architecture – compatible with traditional alliances, but not dependent on them – has become inevitable. Such an effort would be far weaker without Britain.

In the absence of a joined-up proposal, defence and security are seen as progressing effectively with political backing, while other issues – trade and economic security among them – are held hostage to bureaucratic nit-picking.

The Commission president has recently proposed a European Security Council that includes the UK, Canada, Norway and Ukraine (von der Leyen 2026). Britain should get ahead of this and provide its own vision for how this might work, what it would discuss, and the instruments it could command. Across Europe, there is an unmet political demand for a more expansive security union, and the UK must show it is indispensable to meeting it.

Importantly, many in Europe have accepted British indispensability, and occasionally its leadership, in organising and providing support for Ukraine. It has been swifter in response along many vital axes, including in supplying next-generation anti-tank weaponry and long-range drones (Wallace 2022, Hauschild and Sybir 2026).

Yet given the importance of productive capacity and supply-chain strength to preparedness, it has become clear that the UK's position outside the European Union has held back full integration into the EU's defence-industrial efforts, and therefore constrained European security. It allowed, for example, mercantile instincts in Europe to scuttle Britain's participation in SAFE (EU 2025, Martill 2025, Wachowiak 2025, von Ondarza 2026). According to Armida van Rijn, as matters currently stand, accession candidates might have more access to European systems than the UK does (House of Lords European Affairs Committee 2025: Q7). This is rapidly becoming settled policy (Gavin 2026). From a British point of view, this prevents its own defence industry from achieving the scale needed to justify larger amounts of investment.

In today's strategic environment, military procurement, industrial capacity, research strength and joint deployment cannot realistically be separated into politically convenient siloes. But as long as Europe views the UK as an outside player, it will subject each separately to a limited, transactional logic.

SECURITY: ENABLING A EUROPEAN DEFENCE ALLIANCE

A European Defence Alliance should be about more than financing. If the goal is the restoration of autonomy within a fraying transatlantic alliance, then greater attention must be directed towards who owns and develops the capabilities that underlie and enable 21st-century defence.

Weapons platforms are not the hardest for Europe to substitute. Bigger gaps exist in the systems that enable such platforms to operate effectively. These include signals intelligence; surveillance and reconnaissance; military satellite communications; and command-and-control. A commander of US forces in the continent has said Europe is "least capable of replacing [these] right now" (quoted in Barry et al 2025). The imbalance is severe: in 2025 the US had 108 military communications satellites, while the UK and France had six and five respectively, and Germany had only two (Ruitenberg 2026).

No European institution owns this particular problem. Nor is it addressed by mechanisms such as SAFE and the European Defence Industry Programme that finance national purchases and not shared enablers. But some workable proposals do exist. The Brussels-based think tank Bruegel, for example, has looked at the European Stability Mechanism, which provides crisis finance to its members, and proposed an equivalent treaty-based instrument for defence: a European Defence Mechanism that plans, funds and owns a suite of strategic enablers (Wolff et al 2025).

Britain needs to elevate its offer to Europe and thereby challenge its partners to get their act together. Clearly, a capability owner is needed as much as, if not more than, another funder. Britain has an anchor asset to offer – Skynet, the military satellite communications constellation that is now at a crucial reinvestment decision on whether to develop US-based links with Lockheed Martin or to shift locally with Airbus (Tusa 2026). Underwritten and guaranteed by treaty, services from Skynet can be offered to members of a European alliance on the model that the UK already operates for Nato's satellite communications (Nato 2026).

In practice, this could mean reserved Skynet bandwidth for European partners, agreed rules for access during joint operations, and investment in compatible ground infrastructure and future satellites. The UK could offer this as the keystone of the European Instrument for Strategic Enablers that was announced in September 2026, subject to the instrument's design and the terms of UK participation (von der Leyen 2026). Similar cooperation on surveillance and reconnaissance could draw on UK assets that it alone possesses in Europe, such as the RC-135W aircraft.

Such an offer, steered politically by the defence secretary in collaboration with his or her European counterparts, would have substantive value and symbolic weight. It would show commitment in dealing with a lacuna in European defence arrangements where its partners are weaker than Britain. And it could serve as the first plank of building a European Defence Alliance that, over the long term, provides genuine autonomy to Europe.

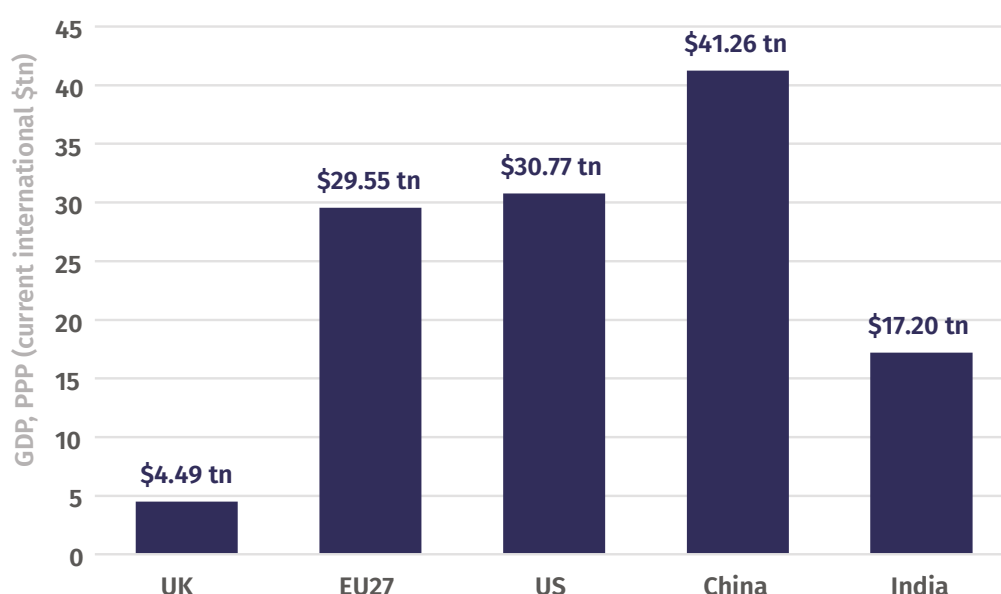
4.2 PROSPERITY

The question of scale is fundamental to the argument we make in this report. In the past, there were only limited numbers of strategic products and sectors, those in which national presence and control were considered indispensable. That is no longer the case. But, for a mid-sized economy like the UK, specialising across every such strategic product – whether in defence or in clean energy – is simply not feasible (Bell 2023). The amount of investment required is justifiable only if a market of hundreds of millions is guaranteed. Larger industrial bases, like the US, China and the EU might be able to manage such an effort, but the UK cannot.

FIGURE 4.1

The UK's home market is a fraction of its industrial-policy rivals

GDP (PPP, current international \$tn), UK vs EU27, US, China and India, 2025



Source: IPPR analysis based on World Bank World Development Indicators: GDP, PPP (current international \$) [NY.GDP.MKTP.PP.CD] 2025

Note: PPP conversions are used since procurement and industrial policy buy goods and labour in domestic prices.

Britain's current approach is to hedge against more unpredictable larger players – the US, China – while simultaneously opening up lower-bandwidth ties with economies closer to its own size, such as India. New partnerships are certainly important, and if done well could enhance Britain's offer to the EU.

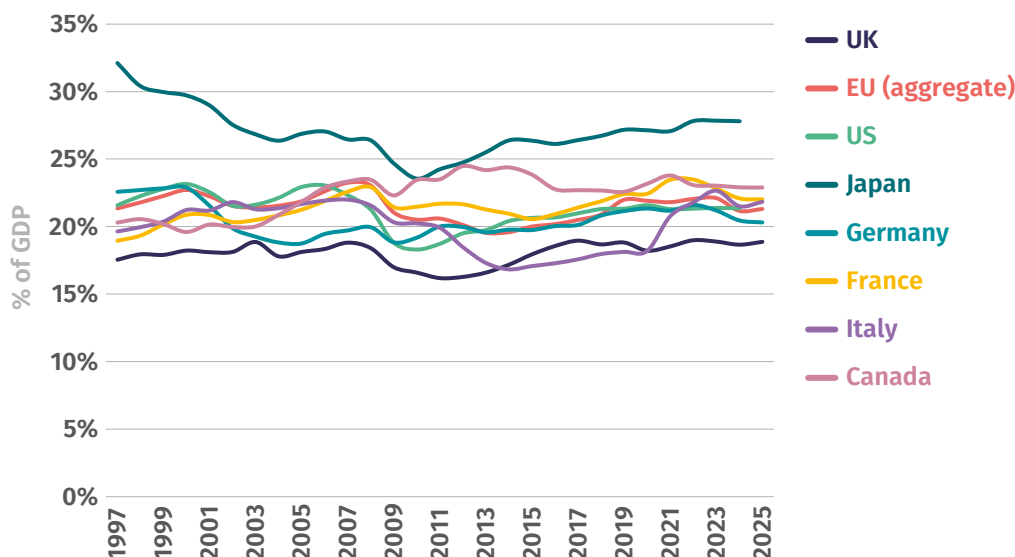
Yet this is at best a strategy for survival, not for growth; at worst, it leaves Britain without the power to attract investment, to control its supply chains, or to retaliate against coercion.

The UK has struggled for decades with lower-than-optimal levels of business investment (IPPR 2026b, IMF 2023). But this has accelerated over the past decade, with some estimates suggesting that, since leaving the EU, private investment is 12–18 per cent lower than in other equivalent economies (Bloom et al 2025). The only circumstances under which this will improve – with a corresponding increase in productivity and wages – is through a large, positive shock to expectations of future demand for goods and services. In a world of blocs, free trade agreements with distant partners are not enough.

FIGURE 4.2

Britain's total capital formation has lagged for two decades

Total gross fixed capital formation (% of GDP), UK vs EU, US, Japan, Germany, France, Italy and Canada, 1997–2025



Source: IPPR analysis based on World Bank World Development Indicators, Gross fixed capital formation (% of GDP) [NE.GDI.FTOT.ZS], 1997–2025

A transactional approach would require constant negotiation to secure access for British firms to European markets – which would defeat the purpose altogether, as most investors into such long-gestation projects would see this as imposing unacceptable levels of uncertainty. In any case, market access is an outdated way of looking at the problem of insufficient and fragmented demand.

Government support for reindustrialisation assumes that demand and supply develop together. But strong demand is often the best supply-side policy. Even where demand has been generated domestically – in wind power, in electric vehicles – Britain's manufacturing base is not large enough to capture enough of the value added (BVG Associates no date, Faraday Institution 2024).

But this uncertainty, as we point out above, affects ordinary Britons and not just businesses or investors. The two are certainly related; spiking energy bills, a punishing housing market or a shortage of well-paid jobs exist downstream of an economy that struggles to summon the scale of demand, and the level of confidence, that could attract and anchor investment into productive assets and sustainable prosperity.

PROSPERITY: INDUSTRIAL POLICY FOR A CONTINENT

Europe is working on building an industrial policy for itself, and Britain is on the outside while it does so – even though reindustrialisation is at the heart of its own agenda. A new approach to industrial policy and public procurement, one that integrates British and European firms and offers them both a chance at real scale, must be Britain's offer.

The EU's planned Industrial Accelerator Act will, or so its proponents believe, increase manufacturing's share of the bloc's GDP from 14.3 to 20 per cent over the next decade. It plans to do so in part by ensuring that public procurement,

clean-tech auctions and state support are required to prioritise European-made products (EC 2026b). The scale of this ambition is vast by British standards, where manufacturing currently represents only 8 per cent of output.

Whether British steel, batteries, or cars will count as ‘European’ for the EU’s purposes is an open, and deeply contested, question. The EU’s ‘partner origin’ system (Micheletti et al 2026), identifies particular sectors in those countries as worthy of inclusion. This opens the door to extensive lobbying. Already it appears that the UK automotive sector has been deliberately excluded; it in any case faces being shut out of the EU electric-vehicle supply chain on 1 January 2027 (Council 2023). Other sectors are at risk, as well. Three-quarters of UK steel exports, worth close to £3 billion, go to the EU (UK Steel 2025). There is a very real possibility that sectors in which Britain has a critical strategic stake will find themselves left out of ‘Made in Europe’, while those in which it has a less strong presence will be included.

This has rightly caused concern in Britain. The prime minister has said in parliament, in response to a question from the leader of the Liberal Democrats, that “the Made in Europe agenda could pose significant problems for British Steel” (Burnham 2026a: col 164). Fortunately, there are specific European constituencies for British inclusion. Europe’s carmakers, for example, have proposed defining the Industrial Accelerator Act’s scope as ‘EU27 + the UK’ (ACEA 2026). But a more comprehensive – and less transactional – approach is required.

To share in the programme, Britain should share in and elevate Europe’s purpose: the creation of a deep market for local production. It should offer to accept European-preference terms in relevant sections of its own £461 billion of public procurement (Booth 2026) as well as its clean power auctions, in exchange for British content counting as European. Given that the purpose of the legislation is to enhance the signal that demand provides to investment and production locally, Britain can demonstrate that the size of its procurement market, a fifth of the EU’s current total, is worth more to Brussels than the protection gained for European companies by excluding UK firms.

Britain’s pitch to Europe must point out, also, that the purpose of industrial policy is to enable genuine scale that can compete with the US and China. Currently, the EU labours within self-imposed constraints, particularly its own internal fragmentation. The Commission has itself discovered that, between 2016 and 2019, roughly three-quarters of EU procurement contracts went to home-country suppliers (Lappe and Nicoli 2025, EC 2021b). An inclusive procurement policy would enable a genuinely continental industrial policy, one that builds scale and competitiveness.

As with all our other suggestions, we believe this requires political ownership, to distinguish it from the bureaucratic and transactional aspect of the reset. It must be part of the portfolio of responsibilities assigned to the government’s new situation room for growth at No 10 North. Importantly, such integration may also be the most reliable path to mainstream industrial policy within our system. Local content rules of the kind the Accelerator envisages might well be legally exposed here under the Subsidy Control Act; the TCA and the UK’s interpretation of its World Trade Organization commitments add further constraints. In interviews with the authors, officials argued that the risk of judicial review in our common-law system keeps such measures off ministers’ desks. An aspirational ‘Made in Britain’ is no substitute for an attainable ‘Made in Europe’ with Britain in its rightful place within it.

4.3 VALUES

If people in the UK feel rudderless and unmoored, and if they sense that they have lost control of their destinies, a large part of the problem is that they do not entirely recognise the world that we are sliding towards. There is a clear disquiet that raw power, rather than any notion of rules, is all that matters in international affairs. The principles that undergirded the global order in which the UK hoped to prosper are being eroded or attacked; and the values that are part of our national identity seem to count for less and less.

The defence of these values – accountability, democracy and individual dignity, among others – cannot be undertaken alone. Progressives in Britain know our natural allies in this effort are the societies of Europe – which face similar attacks on their foundational values from populist movements or external influence. Recent turns in their politics have demonstrated that disruption to the information sphere are connected to the rise of extremist forces posing existential threats to their social foundations, as well as to the European project. As our proposed initiative in this domain shows, it is these assaults on our public squares, many of them coordinated, which we must answer together.

VALUES: A DEMOCRATIC RESILIENCE COMPACT

In February 2026, the US ended its participation in the Helsinki-based European Centre of Excellence for Countering Hybrid Threats (Painter 2026), created in April 2017 with the UK as a founding member as the main location for the EU and Nato to together work on hybrid threats (Hybrid CoE 2026). Britain is now the most capable, and largest, member of the body charged with defending Europe’s information space.

But the UK does not sit inside the EU’s developing architecture meant to address the fight against disinformation and foreign interference. For example, the EU in November 2025 suggested a ‘European democracy shield’ that might coordinate responses to covert influence operations, but its immediate scope was limited to “Member States, EU candidate countries and potential candidates” (EC/HR 2025). The European Centre for Democratic Resilience, operational since February 2026 (EC 2026f), has the same initial restrictions. The UK is similarly excluded from the EU’s Rapid Alert System to counter disinformation.

Concern has been expressed about a breakdown in intelligence-sharing between the UK and Europe over the past five years; the flow of data across frameworks has stumbled, causing genuine harm to counter-terrorism and policing (House of Lords Justice and Home Affairs Committee 2023, Farrand Carrapico and Davies 2025, Lloyd 2019). Divergent data protection structures would worsen the risk. A sharp example of the networks that need repairing was the lead-up to the Russian invasion of Ukraine in 2022, during which information shared by the UK (some of it derived from its Five Eyes partnership with the US) was not considered persuasive enough to convince European authorities that a full-scale attack was imminent. Britain was no longer part of the EU’s intelligence-sharing bodies – INTCEN, the Intelligence Analysis Centre, and EUMS-INT, the Military Staff Intelligence Directorate (Publications Office of the European Union no date, Fägersten 2016: 1–2, Jones 2013: 1–3). According to one interviewee quoted by Frigo (2026): “Had we been in the room, we would have been able to persuade them. But there is only so much you can do from the outside.” At earlier points, according to some estimates, UK sources contributed 40–50 per cent of INTCEN assessments, and the body itself was inspired by the Cabinet Office’s Joint Intelligence Committee (Glees 2017: 70–75).

Meanwhile, the threat to European democracies is growing. Romania's presidential election endured an apparently coordinated campaign in late 2024, and had to be annulled (Fella 2025). In Moldova, elections have had to deal with what one politician described as "a massive, brutal, direct vote-buying scheme targeting online manipulators, party activists, journalists and influencers" (O'Carroll 2025). Vote-buying may have reached about a tenth of the electorate (Litra and Valodskaitė 2025). EU diplomats recorded 540 information manipulation incidents in 2025 across some 10,500 channels; 27 per cent of these involved artificial intelligence, a 259 per cent increase in just one year (EEAS 2026).

A new initiative by Britain must expand Europe's ambition, while making its efforts more effective. The centrepiece of the prime minister's address to the UN General Assembly in September 2026 was a new National Centre for Information Defence, to "detect, attribute and disrupt" hostile-state information attacks (Burnham 2026b). A European dimension to this effort is a natural next step.

Any new European initiative should maintain a reasonable and sustainable interface with Nato, which has its own counter-hybrid strategy, and fit the counter-hybrid protocol the Commission has proposed to "flank" Nato's Article 4 (von der Leyen 2026).

And so we propose a Democratic Resilience Compact, built atop the Helsinki centre rather than developed from scratch, and charged initially with four basic functions.

- First, it should pool technical work on misinformation across its participants – in which Britain has considerable capability – and jointly attribute any threats. Sanctions and public disclosure will be trusted as resting on shared evidence, not parallel and fragmented judgements by national politicians or officials.
- Second, it should enable and support reciprocal enforcement between regulators dealing with systemic risk from platforms, from new technologies or from purveyors of misinformation.
- Third, it could deploy surge capability to protect particularly vulnerable elections and referendums – based on the Moldovan case, during which Britain chaired the working group that coordinated the G7's response (Global Affairs Canada 2026).
- And fourth, it could jointly fund counter-disinformation efforts, including the provision of timely, trusted facts in a contested information environment. More than 300 million people a week are reached, for example, by the BBC World Service; this is the greatest counter-disinformation asset that Europe possesses, but its budget is down a fifth in real terms since 2021 (NAO 2025).

One of the EU's fundamental problems is overcommitment and slowness. As a result, it is particularly unprepared for a fast-changing, underresearched threat such as disinformation. A recent review, for example, suggests that evidence is weakest for very visible interventions such as broad network takedowns; resonant counter-messaging, is, apparently, better evidenced (Bateman and Jackson 2024).

Britain's contribution here must be to ensure that the model it offers be dynamic, responsive and governed by political reality. The compact must, therefore, be built on shared capability and infrastructure rather than on a preset approach. Given that this deals with fast-evolving, existential threats to our societies, it must be steered at the highest political level by those responsible for domestic safety; in our case, the home secretary.

A truly radical approach to our relationship with Europe and the EU must be centred not on sectoral bargaining but on how we can together protect and further our values at home and abroad.

Part of this will involve a shared pushback against the populism that threatens our societies and our values. The Europe of today is more concerned with collective, responsible action on border-control and migration than it was a decade ago. The Pact on Migration and Asylum has strengthened the bloc's external border while keeping fundamental-rights safeguards in place (EC 2026g). Britain's progressives must fight the temptation to drift further away from such safeguards, including the European Court of Human Rights – and instead ally with the European mainstream, and with societies defending the democratic norms the Compact is designed to protect.

This begins with joint action on irregular migration. The EU is tightening its own external border and returns system (EC 2026g). The UK has a clear interest in better returns systems, greater access to biometrics and criminal databases, and joint action against people-smuggling and trafficking networks. In this, the mainstream of our politics is in the same place as most of Europe; irregular migration and abuse of the system is an issue that can only be effectively addressed through collective action. Delivering on them together would show how cooperation helps address concerns voters already hold.

These initiatives, and others, cannot be offered to Europe in siloes. They must be part of a broader package – or we risk giving away too much, too early, and retaining no more political leverage with which to push the bureaucratic layer of Europe into motion.

As we have already discussed, the EU's unusual level of activity in the past few years is because it feels its foundational values are threatened; Britain has to demonstrate that a closer mutual partnership fits within that layer of the European project, and its people have to be convinced that a renewed closeness to Europe serves them in defending the principles they cherish and their way of life.

Each of our suggested initiatives shows certain characteristics that we think need to suffuse our next stage of engagement with Europe. Each moves beyond the reset, both in terms of scale, and in terms of the political attention they demand and the payoff they will provide. But, most importantly:

- they challenge and expand Europe's conception of itself and what it can do
- they demonstrate the UK's leadership, its capabilities as a problem-solver, and its indispensability to Europe
- they stand on their own as important tasks for Britain to accomplish, if it is to grant its citizens and communities ownership and control over their own futures.

5. BUILDING A PROGRESSIVE CASE

We are asking our leaders to go further, and be bolder, than they have been to date. But how easy or difficult will this be? This chapter examines how the public might react to efforts to rebuild the relationship. It also looks at how politicians can actively work to build a deeper public and political constituency for an agenda that they believe serves Britain.

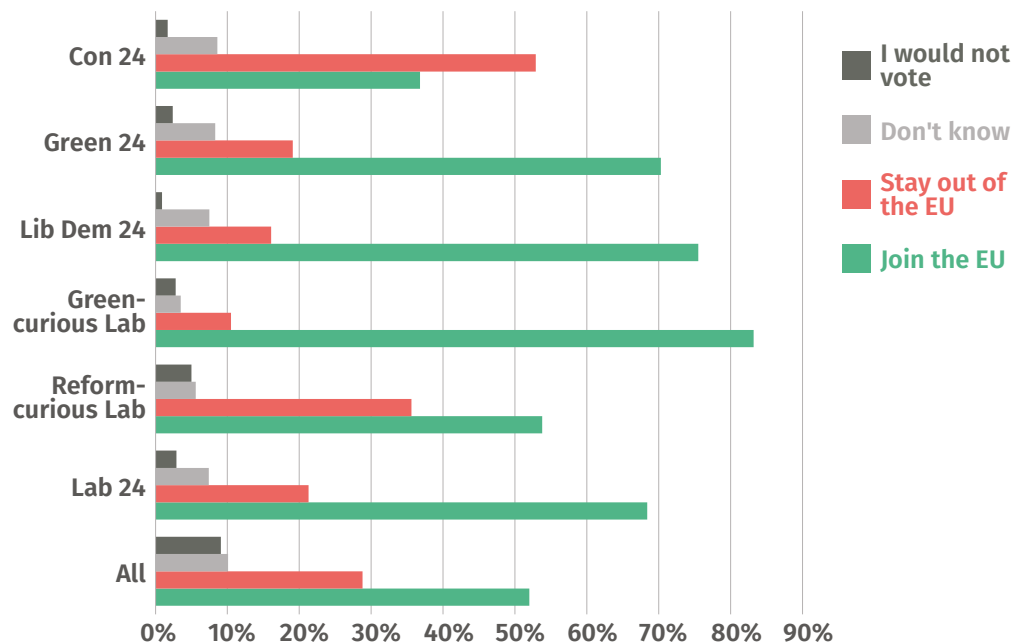
5.1 WHERE THE VOTERS STAND

In polling commissioned by IPPR for this report, and conducted by Persuasion UK, we find that a majority continue to desire a deeper relationship with Europe, including membership of the European Union. This is particularly strong among voters for progressive parties – even among those who voted for Labour in 2024 but are considering switching to Reform, a majority favours joining the EU. It is a particularly important issue among those who voted for Labour in 2024 but are considering going Green, and for voters in Scotland.

FIGURE 5.1

There is baseline support for joining the EU

Referendum vote intention on EU membership, by 2024 vote and voter segment (%)



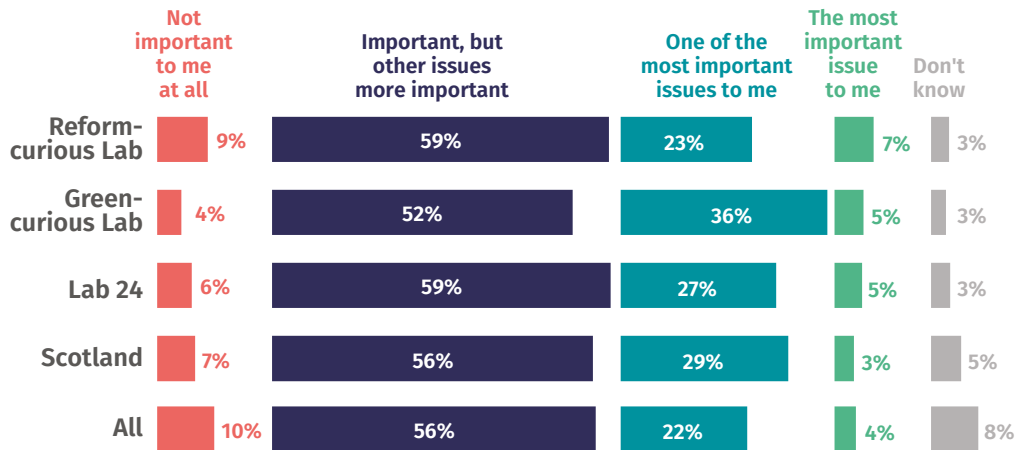
Source: Analysis of IPPR and Persuasion UK survey conducted for this report – Convergent Opinion for Persuasion UK, n=3,039 UK voters, nat rep, 11–15 June 2026

Note: Survey question: “Imagine there was a referendum tomorrow on whether the UK should join the European Union or stay out. How would you vote?”

FIGURE 5.2

Overall, the issue of UK–EU relations is currently of lowish importance

Importance of UK–EU relations as a voting issue, by voter segment and region (%)



Source: Analysis of IPPR and Persuasion UK survey conducted for this report – Convergent Opinion for Persuasion UK, n=3,039, 11–15 June 2026

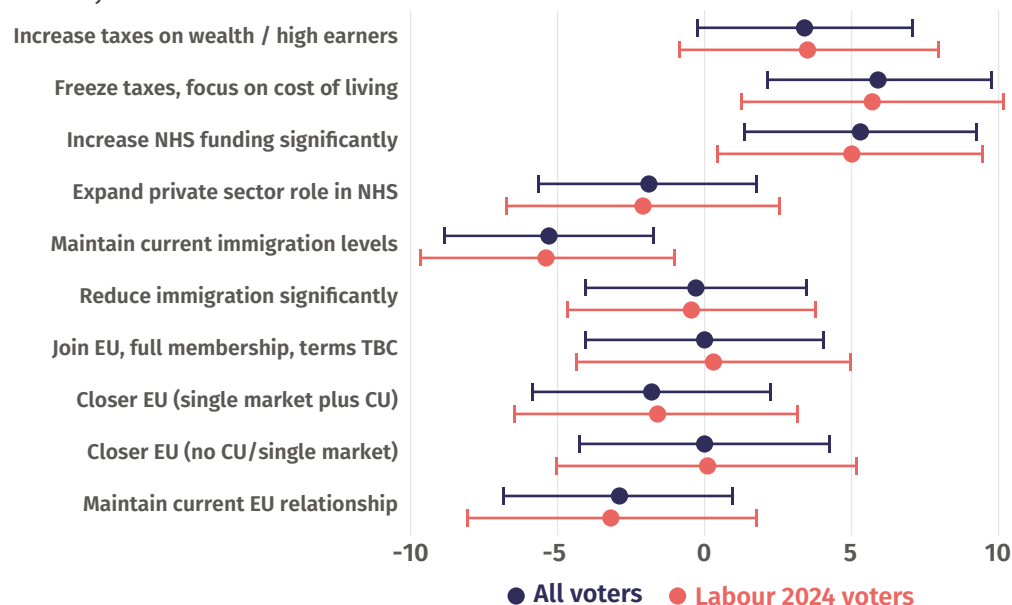
Note: Survey question: “And how important to you, if at all, is your opinion on Brexit and the UK’s relationship with the EU?”

While support for a closer relationship with Europe is stronger than for membership at present, voters’ response to concrete alternatives shows less of a difference, as figure 5.3 demonstrates. In fact, joining the EU reduces support less than joining the customs union and the single market together while stopping short of membership – a “disappointment penalty”.

FIGURE 5.3

What moves the Labour vote in a platform – and what doesn’t

Effect of each platform element on Labour vote intention vs control, percentage points, with 95% confidence intervals

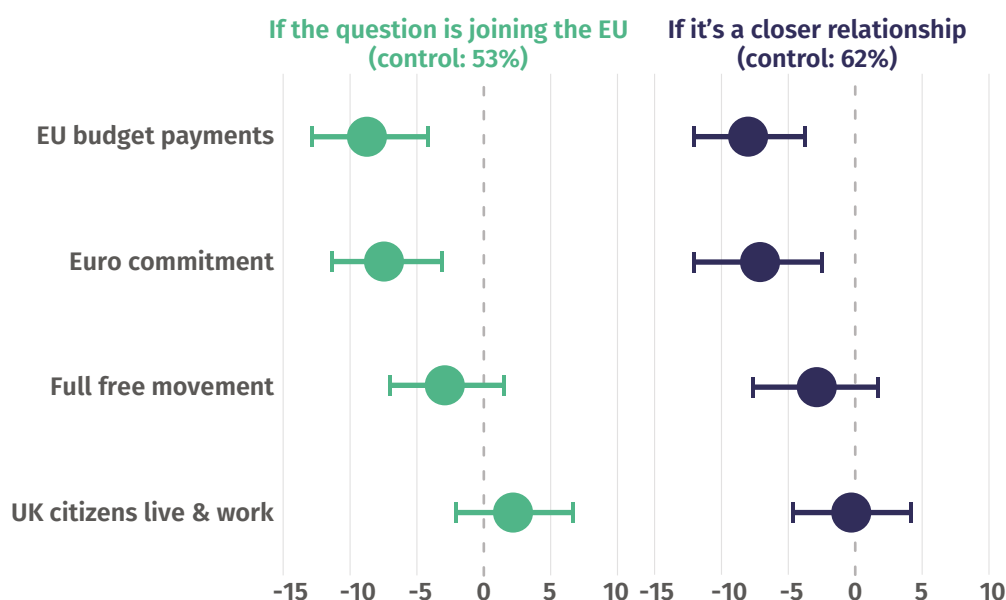


Source: Labour platform conjoint experiment, Aug 2026 – Convergent Opinion for Persuasion UK / IPPR

When the polling sample was exposed to a stress test designed to approximate today's media environment, the majority was whittled down. Two results that could be stated with 95 per cent confidence are that: first, news headlines about high budget payments to the EU; and second, that the UK was committing to joining the Euro, were capable of reducing support by about eight percentage points. A related result is that, of the various attacks on EU membership that land with voters, the least powerful by far was “a betrayal of the 2016 result”, which barely moved the needle. The “Tell them again” narrative that Westminster so fears is not borne out in the data; voters have moved on.

FIGURE 5.4

Stress testing experiment: What impact does each element have on support for joining the EU and closer relationship, when tested in a more realistic media information environment?
Change in support for joining the EU and for a closer relationship after exposure to media coverage of each element, percentage points, vs control (no coverage). Membership control: 53%. Closer Relationship control: 62%.



Source: Convergent Opinion for Persuasion UK / IPPR, UK-EU deal message stress test, 2026

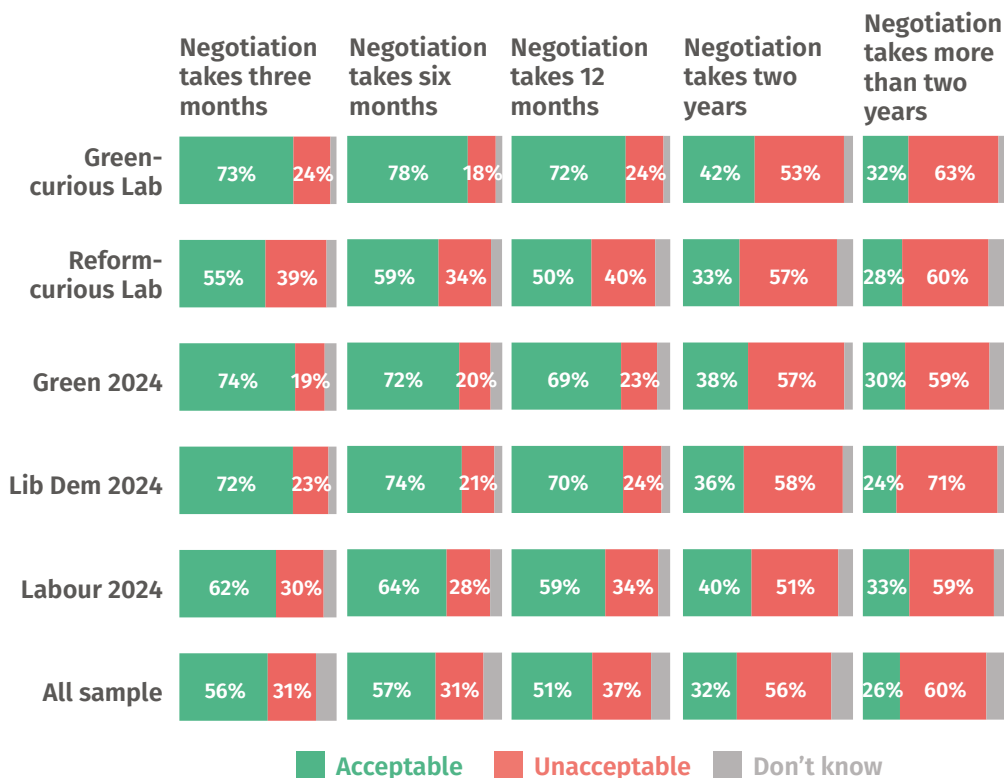
Note: Respondents were shown a simulated social media feed with positive, negative and neutral coverage of each element.

Voters also want the process to conclude swiftly. Any formal process that takes over two years will see support drop precipitously, even among progressive voters.

FIGURE 5.5

What length of negotiation time is acceptable or unacceptable?

Acceptability of different negotiation lengths for EU membership talks, by voter segment (%)



Source: Analysis of IPPR and Persuasion UK survey conducted for this report – Convergent Opinion for Persuasion UK, n=3,039 UK voters, nat rep, 11–15 June 2026

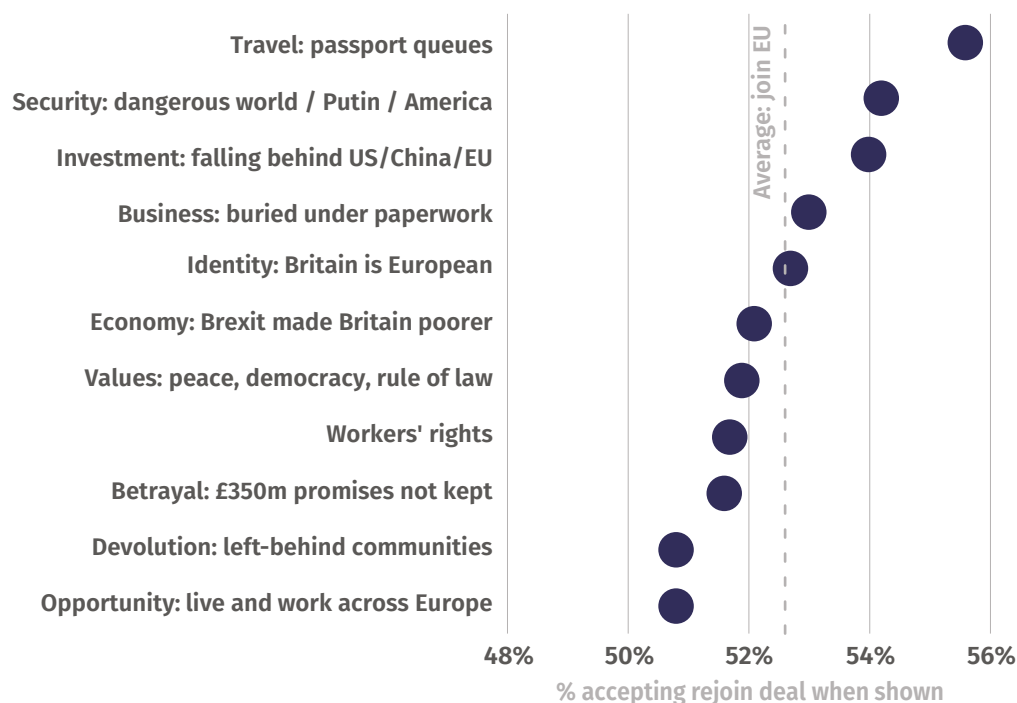
Note: Survey question: “Imagine that negotiating the UK joining the EU took the below length of time with the UK government’s focus mostly on this during this time. How acceptable would each of the following negotiation lengths be to you?”

That said, certain positive messages – for example, about how the UK could, with Europe, push back on Russia and the US – are capable of moving opinion in the other direction.

FIGURE 5.6

What impact do different pro-Europe messages have on support for joining the EU?

% of voters in a conjoint experiment opting to accept a deal to join the EU, by message shown



Source: Analysis of IPPR and Persuasion UK survey conducted for this report – Convergent Opinion for Persuasion UK, 25–30 June 2026, n=2,907 UK adults. Conjoint/vignette experiment.

Additionally, the greatest political risk comes from standing still. As figure 5.3 above demonstrates, when voters were shown Labour 2029 platforms that included different approaches to Europe, the only one carrying a significant penalty was a policy of maintaining our current relationship with the EU – “staying where we are”, in the words of the prime minister (Burnham 2026d).

5.2 FREEDOM OF MOVEMENT: A CHANGED CONTEXT

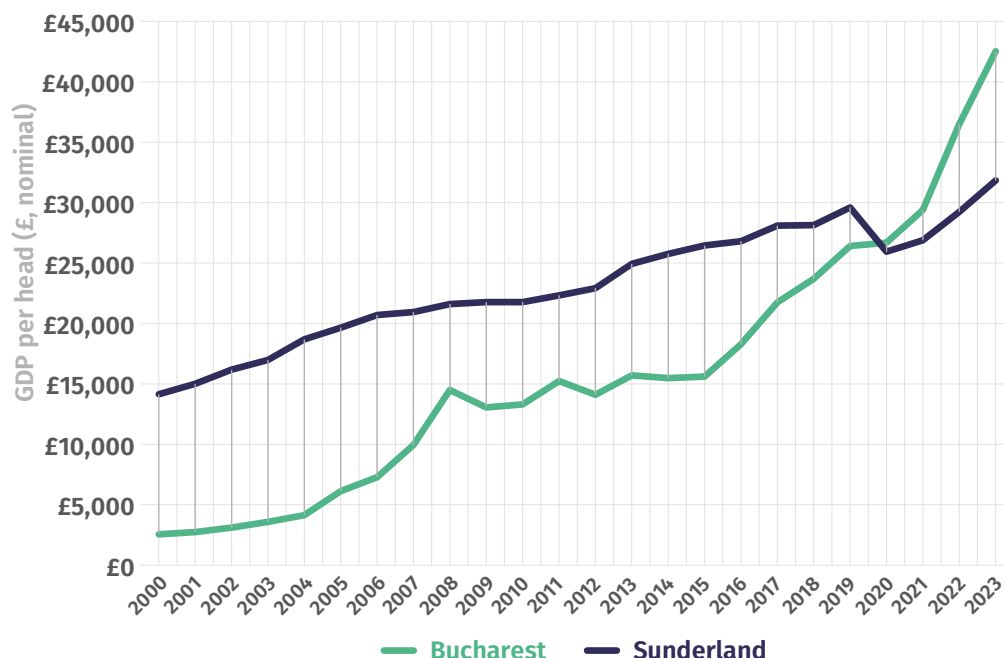
What role should politicians’ greatest fear, the reintroduction of freedom of movement, play in their decision-making? The economic and political context has changed vastly since 2004, when the ‘A8’ countries from central and eastern Europe first joined the EU. Then, their combined GDP was around \$600 billion. In 2025 it was \$2,100 billion, more than three times higher, while the UK’s GDP is less than twice the size it was in 2004 (IMF 2026).

As a result, the gap in GDP per capita between the UK and major sending countries such as Poland and Romania has shrunk over the past two decades. While Britain’s standard of living is still higher than in much of eastern Europe, the motivation to come to the UK rather than to local magnet cities is greatly reduced. The comparison in per-capita output between a totemic city from the 2016 referendum, Sunderland, and the Romanian capital of Bucharest is worth noting.

FIGURE 5.7

Bucharest has comfortably overtaken Sunderland on GDP per head

Sunderland and Bucharest, 2004–2023 (£)



Source: IPPR analysis based on ONS regional gross domestic product for all ITL regions (ONS 2025) and Eurostat GDP at current market prices by NUTS 3 region (Eurostat A), adjusted by market exchange rates

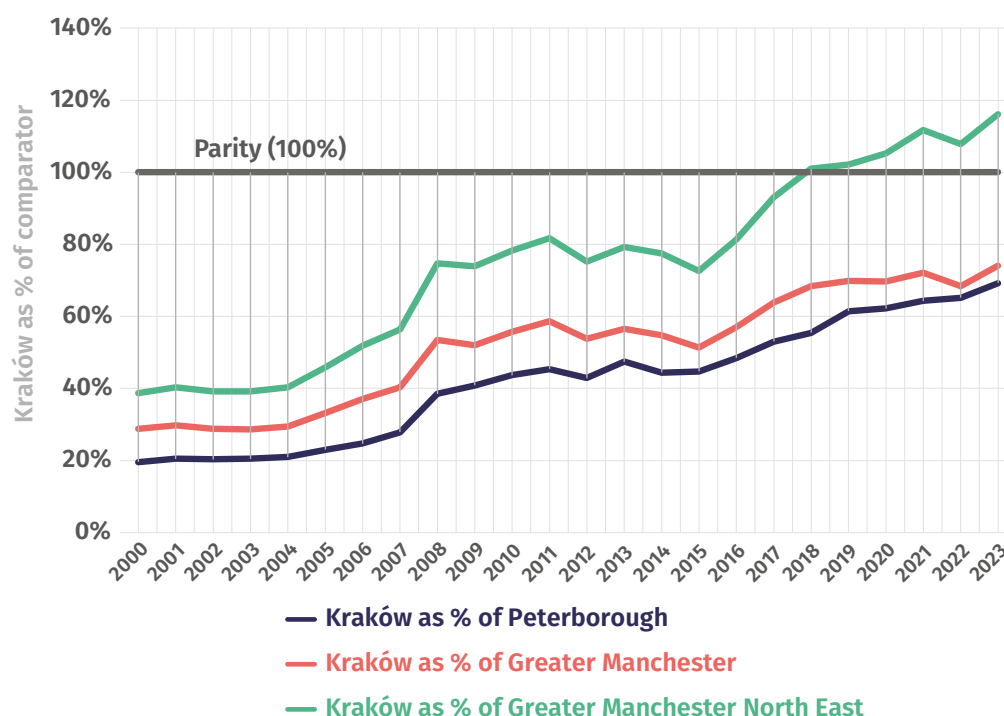
While Bucharest, as a capital, naturally has certain agglomeration effects, the fact is that inward pressure on UK towns and cities that have seen relatively static growth will be considerably lower when major eastern European cities can be richer in per capita terms.

A more emblematic pairing might be Kraków in Poland and Peterborough – a town that was widely studied in the 2000s as being a destination for Polish migrants, including from the poorer southern areas centred on Kraków. As can be seen, Kraków's status relative to Peterborough has changed considerably, with output per capita converging. It has even seen some convergence with British success stories like Greater Manchester; in fact, since 2018 it has been richer per capita than Bury, Oldham and Rochdale.

FIGURE 5.8

Kraków is richer than much of Greater Manchester and is closing on Peterborough

GDP per head, Kraków as a percentage of selected UK comparators (Peterborough, Greater Manchester, Greater Manchester North East), 2000–2023, nominal, converted at market exchange rates (%)



Source: IPPR analysis based on Eurostat (A) and ONS (2025), and ECB euro reference exchange rates

Note: The parity series is a constant 100 per cent, plotted as a reference line: above it, Kraków's per capita output exceeds the comparator's.

Even though the scale of migration may be lower, the government could also implement a broader reform agenda on migration. We can do better on migration, including on movement between the continent and the UK, if we work together on a broader set of issues. Public concerns about freedom of movement could also be addressed through a domestic reform agenda with three points of focus: the criteria for work migration; access to benefits; and integration.

First, the government could tighten the Skilled Worker route in response to expanded access to EU labour, restricting it to graduate-level jobs and over (RQF 6+). This would be the mirror image of the government's approach to the post-2016 immigration system, where the Skilled Worker route was liberalised to compensate for lost EU workers.

Second, EU migrants' access to benefits could be tightened, thanks to the development of EU case law and the rollout of universal credit. Unlike (income-based) jobseeker's allowance, universal credit can be classed as a 'social assistance' benefit (as confirmed in the legal case C-709/20, Department for Communities in Northern Ireland, see CJEU 2021). Under the EU Citizens' Rights directive, access can therefore be more easily restricted, for example to those EU citizens who become unemployed after they lose their 'retained worker' status (EU 2004).

Third, the government would need to learn the lessons from the UK's previous experience of the free movement of people and place a strong focus on integration.

A new migration impacts fund could identify local authorities that are experiencing sharp increases, and provide support for public services and community cohesion.

Most importantly, the politics of freedom of movement have also shifted. While migration is still high on the public agenda, there is greater sympathy for the free movement of people compared to a decade ago. In May 2026, around 53 per cent of the public supported EU citizens coming to live and work in Britain in return for improved access to the single market, compared to 42 per cent who agreed when asked a similar question a decade ago. When asked about the trade-off between the free movement of people and greater trade with the EU, the public firmly supported exchanging free movement for closer trade ties by a margin of more than two to one (Duffy et al 2026).

5.3 THE CASE FOR POLITICAL LEADERSHIP

Working with Europe in an optimistic, forward-looking manner that delivers for the British people – a ‘show and tell’ approach, one where the government shows the benefits of a new relationship with the EU, while progressive and forward-leaning politicians tell the public about how things could get better together – is the only path forward.

This can mirror a similar attempt to refashion our politics at home. Britain’s relationship with Europe is an additional site where a reciprocal, collectivist politics – rather than the transactional, individualist one that has dominated for four decades – will address Britons’ sense of waywardness and loss of agency, as argued in IPPR’s ‘What is the left for?’ (Quilter-Pinner et al 2026).

In the past, leadership from political parties, particularly within the progressive coalition, has in fact determinedly shifted the national stance on issues of this salience. From these occasions it is possible to find both inspiration and instruction.

From the struggle for the minimum wage, we learn the importance of convincing your own side first. The labour movement changed its view on the issue in a relatively short period: in the 1970s, the TUC would vote against it (Oude Nijhuis 2016), but by 1985, Labour conference added it to its platform, and the unions followed (Institute for Government 2011). But the 1992 manifesto, which promised £3.40 an hour to four million of Britain’s lowest-paid workers, backfired; it created a target for the right to attack (Labour Party 1992, quoted in Barber 1995: 6). The party then argued for an institutional fix, committing to a low pay commission and, in the 1997 manifesto merely “a sensibly set national minimum wage” (Labour Party 1997). In 2000, the Conservatives abandoned their opposition to the pledge, and it is now the settled consensus.

Or consider the battle for devolution. From this we learn that mandates can be constructed, and that they are constructed by coalitions rather than any single party. In 1979’s referendums, devolution failed (Scottish Parliament no date). Parties allowed themselves to be divided, and support for the yes vote collapsed during the campaign. Political scaffolding was built subsequently, culminating in the Claim of Right for Scotland in 1989, signed by every Labour and Liberal Democrat MP save one (Torrance 2018, Campaign for a Scottish Assembly 1988). By 1994, John Smith could say at Scottish Labour Conference that devolution was “the settled will of the Scottish people” although, officially, no mandate had been granted (Torrance 2024).

But perhaps the most relevant lessons come from the history of this very issue of UK–Europe relations, and the first time progressives in Britain were sold on Europe. In the early 1980s, Labour was resolutely Eurosceptic. At Blackpool, in 1980, Conference demanded withdrawal by more than five to two (United Press International 1980). The 1983 manifesto promised to withdraw “well within the

lifetime of the Labour government” (Labour Party 1983). Europe was seen as a technocratic enterprise, imposing free-market principles on working-class movements across Europe.

The first step was to redefine the object itself. Roy Jenkins, from 1977 the president of the European Commission, was already working to redefine the European Community’s image. It was, he insisted about values. In his first major speech as president, he said: “We have a duty to ensure that the Community lives up to the ideals on which our civilisation is based – to protect the environment against the dangers of unregulated industrial growth, to protect the weak against exploitation, to safeguard individual freedom and to enhance opportunity” (Jenkins 1977).

Neil Kinnock, as Labour party leader, changed his own mind about Europe, but has said of the task of converting others in the 1980s that “you can’t do it by any arm twisting or wrist breaking” (Simpson 2026). The crucial moment came through the cultivation of a political ally on the continent: Jacques Delors, then president of the European Commission. In September 1988, Delors addressed a sceptical TUC at Bournemouth. Under a map of the European Community, as it then was, he insisted that Europe must have “a social dimension”, including every worker’s right to be covered by a collective agreement (Delors 1988). Collective solidarity across Europe could guarantee rights, he was implying, that a turn to individualism was stripping away in Britain. By the end of his speech, reports from the hall say, the delegates were on their feet and singing ‘Frère Jacques’ (MacShane 2023, Burke 2018). The party shifted within months, and Labour went on to win the European elections in 1989, defeating the Conservatives 39–34 per cent, their first national win for 15 years (Cracknell and Morgan 1999). Political leadership converted a movement, a party and then a majority.

So what can we learn? First, convince your own broader movement, and build a broader coalition, including those on the left and the centre-right. Find institutions and tests that can carry your argument forward, as was tried for the minimum wage and with the Scottish Constitutional Convention. Do the planning before the process, as with devolution; declare the will of the people when your tests for it are met, as John Smith did in 1994. Redefine the object of your argument, find allies from Europe, and let the wider community across the continent stand as supporter and guarantor of the things you are trying to achieve for yourself.

6. A REALISTIC LOOK AT THE UK'S OPTIONS

In this table, we assess five possible options for our long-term relationship with Europe that will now form part of the national conversation – from the Reset, through a deepened Reset Plus, a Swiss-style bespoke deal and single market membership, to full membership – against the economic, strategic and political challenges this report discusses, as well as what Europe would realistically offer us. No option is cost free.

One development cuts across the table. The EU is redesigning how it associates with neighbours and partners: it expects them, including candidate countries to trade staged access to the single market in return for alignment on foreign and economic-security policy, revocable if commitments are broken. Europe increasingly expects partners to commit; many middle options demand limited access without that commitment, which makes them both less valuable to Britain and less likely to be offered.

TABLE 6.1

A realistic look at the UK's options

Factor	Reset	Reset Plus (including an MRA)	Swiss/bespoke deal	Single market	Full membership
ECONOMIC					
Growth and productivity gain	Weak. -0.3% of GDP by 2040 from agreed measures – does not shift the dial.	Modest. MRA relief adds incremental goods gains.	Real but partial; a Swiss-style financial services deal is unlikely to be offered to the UK.	Strong. Largest non-membership gain; removes most non-tariff barriers.	Strongest. Full access, guaranteed demand, and certainty for investors.
Industrial policy and 'Made in Europe'	Outside EU industrial strategy and the green and tech programmes entirely.	Partial reach via energy and ETS linkage; no seat in strategy design.	Sector-by-sector access only; no role in EU-wide industrial strategy.	Counted as 'European', but no access to EU industrial funding and no say in its design.	Full participation in strategy, funding instruments and standard-setting.
Economic security and supply-chain resilience	Limited coordination; energy and critical-minerals exposure faced largely alone.	Some coordination through energy and ETS links, still ad hoc.	Gains from broader access, but piecemeal and reversible.	Alignment aids resilience, but no say over EU anti-coercion action.	Co-ownership of EU economic security and trade-defence tools.
Regulatory friction and rule-taking	High friction outside agri-food; rule-taker with no MRA relief.	Less friction in agrifood and goods via dynamic alignment; still rule-taking.	Friction reduced in agreed sectors; no formal say over the rules.	Low friction, but rule-taking at maximum scope across single market law.	Low friction and rule-maker rather than rule-taker.
Very difficult / poor		Difficult / weak	Mixed	Favourable	Strongly favourable

Factor	Reset	Reset Plus (including an MRA)	Swiss/bespoke deal	Single market	Full membership
STRATEGIC AND GEOPOLITICAL					
Seat in the room	None. Outside all EU institutions and councils.	None. Technical committees only (eg TCA Partnership Council).	None. Consultative joint committees at best, on the Swiss model.	None. The UK implements rules made elsewhere.	Full voice and vote across Council, Parliament and Commission.
Defence and security integration	Security and Defence Partnership exists, but is thin. SAFE-like deals negotiated separately.	Case-by-case openings, including via the proposed European Security Council.	Defence-industrial elements could be bolted on; no framework or precedent for them.	Purely economic; defence or security must be negotiated separately.	Joint deterrence, defence-industrial planning and intelligence depth.
Ability to shape a changing Europe	No influence over the EU’s own evolution.	Policy-taker even in the sectors where the UK is aligned.	A third country negotiating access, not shaping the club.	Adopts the rules; no vote on where the EU goes next.	A credible insider in the multi-tier debate rather than a meddlesome bystander.
Reduces need for strategic hedging (US/ China)	Minimal. UK stays exposed to swings in US policy.	Marginally improved through deeper economic ties.	Broader access helps, but the UK sits outside core EU strategic planning.	Some insulation, but without strategic or economic-security cover.	Anchored in a bloc with genuine economic and strategic weight.
Effect on US relations	Full latitude on bilateral tech, tariff and procurement deals.	Largely retained; goods alignment narrows what can be offered on standards.	Sectoral alignment constrains the regulatory offers available to Washington.	Single market rules limit what the UK can concede on standards.	Bilateral latitude largely gone – but traded for collective leverage that the UK alone does not have.
Independent trade policy and FTAs (CPTPP)	Full autonomy; CPTPP and third-country deals unaffected.	Retained; agrifood and goods alignment constrains some offers.	Retained in form, but alignment narrows what can realistically be traded away.	Formally retained outside a customs union, though standards are fixed elsewhere.	Common commercial policy applies; CPTPP would have to be unwound. Polls as one of the costliest obligations.
AI and tech regulatory autonomy	Free to set its own AI, data and digital rules.	Autonomy retained; goods alignment does not extend to the digital domain.	Depends on scope, but digital is likely to be drawn in over time.	Digital single market rules apply in full, with no vote on them.	EU approach applies and may not suit UK interests – but it has a vote in shaping it.
POLITICAL					
Democratic mandate required	None. Already under way within existing manifesto commitments.	None. Negotiated technocratically.	Contested. A narrow sectoral deal may clear the red lines; a fuller one will not.	Yes. Breaches the current manifesto red lines, and will have to be on the table for the next election.	Clear mandate needed: a manifesto commitment, an election victory and probably a referendum.
Political mobilisation	No coalition required or generated.	No coalition required, but may mobilise opposition.	Contested. May attract soft pro-Europe voters but will not mobilise progressive coalition.	Mixed. Will energise some pro-Europe forces but will shed support as well.	May generate a new political coalition – and will require one, as well.
Very difficult / poor		Difficult / weak	Mixed	Favourable	Strongly favourable

Factor	Reset	Reset Plus (including an MRA)	Swiss/bespoke deal	Single market	Full membership
Timing and speed of delivery	Already in delivery; gains land inside this parliament.	Negotiable in one to two years; fits the electoral cycle.	Slow and sequential; the Swiss precedent is decades of rolling negotiation.	Multi-year negotiation, though a single package rather than a sequence.	Clear runway and requirements, but will require catch-up legislation domestically.
Polling resilience under attack	Not immediately contested, but in our polling the only option to carry a significant electoral penalty in a Labour platform.	High. Closer-alignment framing stays above 50% under every attack tested.	Good. Polls more resiliently than joining; holds more Conservative and Reform-inclined voters.	Mixed. Popular in principle, softens once the obligations are named.	Soft. A majority that erodes under pressure; euro and budget are the weakest points.
Freedom of movement exposure	None beyond the capped youth experience scheme.	None beyond the capped youth experience scheme.	High. Free movement of workers likely required, with some scope for brakes.	Full free movement, non-negotiable.	Full free movement, non-negotiable.
Political capital required	Low. Already banked; risk is drift into invisible technocracy.	Low to moderate. Largely bureaucratic, limited public engagement.	Moderate if no referendum required, but political costs will multiply over time.	High. Reactivates Brexit-era battles.	Highest. Requires leadership to put capital on the table – which is also the price of being taken seriously.
Would Europe offer it? (credibility in Brussels and member-state capitals)	Workable, but read in Brussels as not a serious long-term project.	Sectoral deals may require dynamic alignment, budget payments. EU wary of back-door single-market access.	EU has already rebuffed enhanced-MRA proposals on cherry-picking grounds.	Deliverable in principle, but only with all four freedoms, budget contributions and perhaps strategic alignment. Has no European constituency supporting it.	The only option key capitals would treat as a serious, lasting commitment – if a mandate exists.

Very difficult / poor	Difficult / weak	Mixed	Favourable	Strongly favourable
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Source: Authors' analysis

Note: Each row tests one of the arguments made earlier in this report – what an option delivers economically, whether it changes Britain's weight and voice strategically, and what it costs, or earns, politically. A rating here indicates what a path makes available or forecloses, not what Britain would prefer. Where a cell scores poorly, that can mean the option is undesirable, or that it simply is not on offer – Europe has no interest in extending it, or extracting it would cost more politically than it is worth. The wording in each cell, not the colour alone, carries that distinction. We have excluded one of the PM's four stated options, a Customs Union, which EU officials have suggested would solve most of the problems 'Made in Europe' poses for British goods. But Britain would apply EU tariffs and trade policy with no vote over them. It would do nothing for services or regulatory checks, it would have no strategic or security element, and it would leave Britain outside the rooms where Europe's industrial and security choices are made. We did not judge it as worthy of inclusion.

7.

CONCLUSION AND RECOMMENDATIONS

This report has argued that Britain needs the countries of Europe as its primary political, economic and geopolitical partners. A relationship focused solely on trade does not speak to the needs we identify, and the hard truth is that no alternative – a US-focused special relationship, or an unmoored ‘global Britain’ – works for us in an age of geoeconomic blocs.

The prime minister has said that Britain will not have a clear path into the rest of the century until we decide on a long-term relationship with Europe, and that we must realistically consider the options. This report is our attempt to do so. In chapter 6, we test each option against the arguments that matter in today’s world, and conclude that, while all have some strengths and weaknesses, one of them works best for Britain.

And so the UK must again become a member of the European Union. Progressive and forward-leaning politicians should recognise this immediately, and say so. And the government should build this into its policy choices and plans.

A national conversation about Europe is an opportunity to transform the public’s understanding of the issues at stake. While opinion has shifted in favour of closer ties, the way in which the country understands our relationship is still stuck in the past. This opinion shift is soft under attack.

A clear and informed choice, backed by a political shift, is needed for the the EU to feel the UK’s commitment is politically durable. Otherwise, it will seek to hedge against any reversal rather than negotiating generously, as it has been willing to do with Canada – charging us, in other words, a ‘Farage premium’.

Europe itself is evolving – developing new forms of association, creating new strategic instruments, redesigning the path to membership, and reforming its approach to migration. Britain might want to take advantage of a Europe which is changing shape to help design and adopt a new form of membership. But, even in this case, Europe will only engage seriously with a UK that it needs and trusts.

Britain needs to accept where it currently sits in relation to Europe. Its relationship with the UK is not the EU’s priority, and we have essentially no voice in setting Europe’s direction. Negotiations to reach a Swiss-type position could take a decade plus. Alternatively, membership could arrive in a handful of years; the difference would be political support for that different relationship with the UK from key actors in Europe.

Attempts to strengthen Europe, and to find new ways to associate with the EU, risk being seen as unwelcome, arrogant meddling if the UK attempts to shape this from its current position as an outsider. But a trusted, needed partner could help Europe to innovate.

The task now is to build the political scaffolding necessary to underpin a different, deeper relationship. This has two sides – a UK side, and a Europe side. Both require an investment of political capital, but would also deliver ample political returns.

The prime minister has set out a sequence fitting this argument: build on the reset, set out the options for the long-term relationship, and seek political consensus. We have presented an argument for the best possible destination.

7.1 RECOMMENDATIONS

The government's long-term Europe strategy must be owned and driven by No 10, and shape the working of all its ministries and departments. This should involve:

1. **Naming membership of the European Union, when the options are presented, as the government's medium-term goal.**
2. **Developing a new political language that reflects the importance of today's Europe to British goals**, including on border security; that stresses we can together push back on predation and increase our sovereign autonomy and control; and is reflected in a communications strategy for this parliament.
3. **Building things with Europe in our mutual interest.** We have suggested:
 - a continent-wide, inclusive industrial policy, as part of which Britain offers access to its public procurement market and British content counts as European, as the EU builds its Industrial Accelerator Act.
 - a bold European Defence Alliance which works towards ending European security dependency on the US, and which is founded on British leadership in strategic enablers such as satellite communications.
 - a Democratic Resilience Compact that defends our joint values, pooling our capability to protect our politics and societies, and closing a widening and dangerous gap in cross-Channel intelligence-sharing.
4. **Launching a multipronged political rebuild.**
 - In EU member-state capitals: Not only with the largest players but also those that strongly share the UK's interests and perspectives, such as Poland, the Netherlands and the Nordic-Baltic countries. The UK must vocally make the case there for Europe to move on from positions that are rigid and counterproductive.
 - In Brussels: As a non-member actively engaging to achieve our interests, we will need more staff in Brussels than a member.
 - With political parties: For progressive parties, stronger relationships with their peers in Europe will add another layer of support, ideas and confidence.
5. **The leadership should set internal tests to measure whether progress is being made.** Some examples might be:
 - is a majority – of perhaps 60 per cent? – emerging in favour of membership that endures through the political debate?
 - is the language around Europe – and the European Union – changing? Is Brexit fading as a frame?
 - are politicians across parties making the case for membership, and is a coalition forming that would persuade our European partners?
 - is Europe treating the UK as more of an insider, and discovering creative compromises – for example, on industrial policy?
6. **If progress is being made on the tests, develop a political strategy to deliver a mandate to join.** Joining will need a democratic mandate – either a fresh referendum, or a clear manifesto commitment to take the UK into the EU if elected, ideally coordinated with other parties.

If the government must **show** the benefits of working with Europe, politicians – in Labour, the Liberal Democrats, the Conservative and Green parties, and the SNP –

have a duty to **tell** a new story about it, grounded in the reality of today's Britain. Both these tasks can and should be accomplished before the next election.

The task of addressing a Britain that feels adrift in the world cannot be left to a later government or another set of leaders. The prime minister has said he wants to tackle the deep insecurity felt by many.

Yet, wherever the country turns to for solutions – whether on protecting households from swings in the cost of living, defending them from misinformation, restarting industrialisation, keeping us secure, or managing irregular migration – it finds that it lacks the weight to act alone. It must compete with blocs that contain hundreds of millions of taxpayers and deep industrial and military capacity, at a time when the rules written decades ago to constrain the actions of powerful players are being undermined or ignored.

There is a continent-sized hole in the UK's economic aspirations, and there is only one continent within reach that could fill it.

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