

THE RT HON LORD OWEN SPEAKING AT A MOUVEMENT EUROPÉEN MEETING IN PARIS ON TUESDAY 12 APRIL 2016 WITH MICHEL ROCARD, FORMER FRENCH PRIME MINISTER, SAID:

My own Europeanism started in 1962 when I became a Labour Parliamentary candidate. It was never federalist. It drew its inspiration from Hugh Gaitskell, the then leader of the Labour Party, who heavily influenced by meetings in April that year with Jean Monnet and later by a clash with the then Dutch powerful socialist and federalist, Paul Henri Spaak, warned in a broadcast on 21 September 1962 that Britain should not contemplate joining a European Federation. "That", he said, "means the end of Britain as an independent nation: we become no more than 'Texas' or 'California' in the United States of Europe."

I first met Michel Rocard in 1966 and though he is a federalist and I am not, we have been friends for 50 years. I voted to enter the European Community in 1971 along with 68 other Labour MPs. I kept my enthusiasm for Europe as Foreign Secretary and even during the testing time in the Balkans when I was the EU Representative. I began to question my European enthusiasm when we were forced out of the ERM in 1992 due to a flawed design that by 1996 I also saw as inherent in the design of the euro. That summer I told Tony Blair that I would not be rejoining the Labour Party and the dominant reason was his very obvious wish to join the euro. In 1999-2005 I was Chairman of New Europe "Yes to Europe, No to the euro".

There has always been a case for a federalist Europe, more support for it in France amongst politicians but also some in the UK. Always led by the political elite there was a certain logic to it, provided it had the whole hearted democratic underpinning for it from the French people and others on the continent of Europe. The problem, hitherto, has been that there is very little evidence of a willingness of the people in France and in most of the other Eurozone member states to give up their national sovereignty.

There have been two phases so far in the European experiment - the European Economic Community/Common Market (EEC) from 1956-1993 which was broadly successful. A quite distinct political and monetary phase which commenced with the European Union from November 1993 and the euro currency being born in 1999 on a virtual basis, with coins and notes circulated in 2002. This was then followed by the Eurozone crisis in 2009, still with us, and this phase has been a failure.

The problem as Mervyn King, the former Governor of the Bank of England, has identified is that the euro is no longer the means to an end but an end in itself. Monetary union, far from leading to greater political integration, has become the most divisive development in post war Europe.

The besetting sin of today's EU is the pretension of its leaders. Too many leaders pretend that the Union is a country in the making, that the Union has got the coherence to provide for a European defence that can replace NATO, that what is an undoubted

cultural Union can have the unity of nationhood but without the sinews of being a nation ready to fight for its freedoms.

Mervyn King writes in his recently published book *The End of Alchemy* “the crisis of European Monetary Union will drag on, and it cannot be resolved without confronting either the supranational ambitions of the European Union or the democratic nature of sovereign national governments. One or other will have to give way. Muddling through may continue for some while, but eventually the choice between a return to national monies and democratic control, or a clear and abrupt transfer of political sovereignty to a European government cannot be avoided.” (p.237)

I believe that analysis from a banker that helped guide us through the global crisis is correct in every particular. It is reinforced by his assessment that the approach being adopted by the European Central Bank [ECB] is a ‘finger in the dyke’ strategy. The ECB has, through no fault of its own, had to choose between allowing the euro to fail and becoming a politicised institution. “Naturally”, King concludes, “the ECB chose to become a politicised institution”. That loss of independence could have profound consequences for its future.

Ever since the euro crisis developed there have been very strong pressures on the Eurozone countries, and particularly Germany, to take the essential step, albeit it a generous one, of introducing a fiscal transfer union to redress the most significant single design fault in this European Monetary Union. That generosity was extended by West Germany to East Germans. Hitherto, I thought it would be extended to France. Today, I am not so certain. But I do not think it will be extended to Italy or some other countries. After spending two days in Berlin in January of this year and having seen the paltry outcome of the British negotiation and so-called reform package announced by David Cameron on 20 February I have concluded that the least risky option for the British people is to take this once-in-a-lifetime opportunity to vote to leave the European Union.

When 23 June comes the fundamental judgement for Britain is do we believe it is possible to run a single currency without a single country. Do we want to be part of that single currency and single country? If we vote to remain we will be sucked irrevocably into both. No country has frequent referendums on one subject. After all, our last one on Europe was in 1975.

Eurozone leaders will at some stage be faced with a decision to transfer political sovereignty to a European government that can support and sustain the euro currency. That government will insist on a united foreign and defence policy. There will be no vetos as there are no vetos in any national government. If we have left the EU that presents no problem. If we remain in, we should not try to block its development. It will be argued that the Eurozone countries cannot yet take such a profound political step. The democratic support of its citizens is not there. I personally do not think it is possible for all seventeen Eurozone countries to live within such a financially

disciplined structure. That will need to be determined by the nature and depth of the design changes that the transfer countries (Germany and the Netherlands) insist are introduced. All the signs are that if the Eurozone is unable to make that decision soon then their leaders will be faced by an urgent and even deeper Eurozone crisis. When - it is impossible to determine.

If there is no chance of a democratic will emerging in the next few years to integrate then the euro currency should be wound down to at least a very small grouping whose economies are closely linked to the Federal Republic of Germany. Anything else is damaging to the standards of living, not just of most of the citizens of Europe but of many in the global economy as all these issues interact.

I can think of no more irresponsible decision if one is convinced, as I am, that another Eurozone crisis is inevitable for the UK to hang around within the European Union, even though we are not in the euro, merely waiting for that crisis to happen. The Eurozone is economically stagnant. Not just suffering from appallingly high unemployment but already a dysfunctional Union. It is essential that Britain in leaving the EU has the courage, the imagination and the flair to find new global markets, become more competitive with even better design and quality than hitherto. We can start on that reorientation during the Treaties' agreed transitional period towards a more global economy. I do not pretend that it will be easy but it is within our capabilities. We are not just a nation of shopkeepers but a people with an entrepreneurial spirit. By and large our smaller businesses are finding winning global markets easier than our larger ones who seek comfort in the lobbying business in and around Brussels.

The British will remain Europeans. The UK government in addition to the economic challenge must focus its energies and resources on convincing America that NATO is still essential for the peace of Europe. On serious defence questions I still see France and the UK as major partners not just on nuclear deterrence but also in ensuring between us that one of our three aircraft carriers is ready to contribute to UN peacekeeping and even European peacekeeping.

I see the UK and France selling and buying goods between our two countries as with the rest of the EU under trade agreements of mutual advantage just as we did for centuries before 1973.