

*Lord Owen addressing the Royal United Services Institute (RUSI)
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I begin with a quote from the author of 'The EU an Obituary' by John Gillingham, a well-known historian of the European Union from the Harvard Centre for European Studies. In his soon to be published book he writes "The present crisis of the European Union makes it painfully evident that the history of the EU must be re-thought, recast and re-written". He goes on to say "Cameron's promise of a better deal for Britain has little meaning in respect to an EU in disarray, which is untrustworthy, falling behind economically, and unable or unwilling to deliver on its commitments. At the rock-bottom level, moreover, a sovereign national political system, like Britain's, based on the supremacy of Parliament, is incompatible with the existence of a supranational entity, whose leadership remains-in spite of everything - unwavering in its determination to create a European state."

There are two very different phases in the development of the Common Market and European Community- a broadly successful first stage from 1956 to 1992 that ended with the Maastricht Treaty of 1992. Then a second phase which was only just agreed in a French referendum in September 1992 by so small a margin that the project lacked conviction and discipline from the start. That phase has been a disaster, not a word chosen lightly by someone with a house in Greece and someone who was proud to be President of the Council when the groundwork was laid for the entry of Portugal and Spain was laid and whose unemployment levels have been and still are shameful for any Social Democrat, a title to which I still adhere in the House of Lords.

In a recent meeting in Paris of the European Movement with Michel Rocard, their former Prime Minister, I was the only speaker to discuss the euro. France is in denial about the euro crisis, it is all too embarrassing. No wonder, for it is a conceptual disaster, founded on a belief that one could establish a currency without a country. A belief that in private was not even shared by all its advocates. Some of these closet Federalists believe in the building of Europe through crisis and when the crisis came, as it inevitably did, they still hope a single European state would emerge to prevent, as only it can, the emerging collapse of this Eurozone of 19 countries.

I agree wholeheartedly with Mervyn King's recent book 'The end of Alchemy', which says in a nutshell the euro crisis will continue and the collapse of the euro is inevitable, unless there is a system of fiscal transfers and the emergence of what is to all intents and purposes a country called Europe. No one can predict when or how exactly this series of events takes place. Perhaps the greatest danger is that in a time warp of its own the EU/Eurozone lumbers on, irresolute and undecided, with a malfunctioning euro, a dysfunctional EU and increasing economic stagnation. That may be the most realistic and yet almost the most depressing of all outcomes.

Against this the UK will suffer, even though outside the euro, very much more than the US. President Obama did not mention that. Common prudence tells us there is nothing the UK can do within the EU structure to avoid such an outcome. For the last six years both the US and the U.K. have pushed the EU to change the structure and design but have achieved nothing.

Now we have the opportunity to leave before the temple comes crashing down. Every year out of the EU, before the collapse happens, will be years that will spare our citizens in the UK the worst of the hardship that will follow. The sooner we are out putting other global markets under our belt the less we will suffer.

To those who say that a British exit from the EU will trigger a Eurozone crisis I can only say I doubt that it will: but of course I cannot be sure that it will not. The time has come for the UK to put its own interests first. To vote to remain just because we might be blamed for a collapse is to put British jobs and future prosperity at risk. It would prevent us making an orderly change now with an agreed transitional period in the Treaties. It is a politically opportune moment for us to leave.

This referendum is the moment to decide. This is an opportune time: we have an experienced government with four more years ahead of them: almost certainly without any general election because we have the new constitutional development of a fixed term parliament. This gives the government ample time to live out the period of transition and settle their internal differences and negotiate a new deal which should be completed by the time of the next General Election.

Of course if the vote is to leave the Prime Minister will have to take into his cabinet and into an inner negotiating cabinet committee key figures from the Vote Leave campaign within his own party. That is exactly how Harold Wilson would have responded. He would have put Michael Foot, Peter Shore and Eric Varley on that negotiating Cabinet Committee to offset Jim Callaghan, Denis Healey and Merlyn Rees. I am not sure whether he would have put Tony Benn, Roy Jenkins or Barbara Castle on but who can be sure but I suspect he might not. The then Cabinet Secretary would have had papers prepared even though a vote to come out of the Common Market would have been a surprise.

Harold Wilson, I believe, would have made it clear to the country that he would follow their decision to come out even though it was not his preference and implement it in the way that would best suit the country. He could announce no decisions or negotiating arrangement until a new Cabinet subcommittee had met and the full Cabinet had considered the way ahead and he and other Ministers had had time to see European leaders. as is abundantly clear from Callaghan's rebuttal of the Cabinet Secretariat argument that legislation could be delayed until the Autumn there would have been immediate action over the 1972 European Communities Act and so there must be this

summer if the decision is to leave. We can start some actions to reclaim the seas around our shores and deal with fishing and agriculture where they do not touch on the European Economic Area where there may or may not be negotiations a subject which will have to be discussed with the Commission early on. Soundings will be taken on trade matters in other forums too. There can sensibly be no hurried decision over whether or not to invoke article 50 while we explore attitudes to Article 8 relating to neighbours in the Treaties.

The foreign and defence issues surrounding the UK exiting the EU are important but clearly manageable. There are very strong reasons why the British would be better to focus our activity on NATO for the next 5 to 10 years. The reason for this is that there is a growing move in the United States against European "free loading." The term used by President Obama in his interview in *Atlantic* magazine. He also said in that interview that he had warned Our Prime Minister that if the UK did not keep to the NATO pledge on 2% of GDP that would affect the special relationship. A rather more important warning and a less self-interested one than his warning on Brexit.

It is completely understandable that the US, whether under a Democrat or a Republican President, will not go on paying, depending on whose calculation is correct, 75 % or 73% of NATO's bills. Congress have to be convinced and a British government who says we will no longer be involved in the dangerous myth of EU defence will be listened to. We must say we will divert all that EU activity and growing cost to the priority task of supporting NATO. We should not disrupt our involvement in any existing EU missions, some of which particularly the soft diplomacy has value, under both CFSP and CSDP which are now inextricably linked. But our involvement is not essential where it might be as a NATO country we should consider it as we do for the UN or Commonwealth.

Increasingly the External Action Service of the EU is becoming a foreign and defence department of a government. Let this pretence be halted as far as Britain is concerned. Let us learn from the EU mistakes over the handling of the Ukraine on which the Dutch referendum rejection of the EU-Ukraine Association Agreement is but the latest warning.

A recent report of the House of Commons Scrutiny Committee pointed to many ways in which the range and the activity of the EEAS are inexorably increasing and so is its cost. The EEAS budget for 2012 was just short of €500 million and by 2015 it had spectacularly doubled to one billion euros. There are also now Embassies and Ambassadors. At every stage this creep is resisted by the British government initially and then absorbed. Meanwhile we have seen substantive cuts in the budget of the Foreign Office.

We have to ask ourselves rationally what real advantage is Britain getting from all this pretension. Pretension has been the besetting sin of the EU ever since the currency decision in 1992. Prime Minister Tony Blair and President Jacques Chirac started this

defence "hare" going of autonomous decision making when they said, "The Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them and a readiness to do so in order to respond to international crises." The extent to which it developed is best summed up by the French Chief of Defence Staff explicitly laying out the procedure on 28 March 2001. "If the EU works properly, it will start working on crises at a very early stage, well before the situation escalates. NATO has nothing to do with this. At a certain stage the Europeans would decide to conduct a military operation. Either the Americans would come or not."

In reality EU defence was side-lined during the period of the invasion of Afghanistan and of Iraq and to some extent even now dealing with ISIL but it lurks there in the background as it did in the early 1950s. Then on 5 June 1954 General de Gaulle, out of office, gave one of his rare but influential press conferences bitterly attacking the very concept of the European Defence Community. Earlier in 1953 Michel Debré speaking in the National Assembly warned "it is necessary to tell all the theologians of little Europe point blank, Europe is not a nation; it is an aggregate of nations. Europe is not a state; it is a grouping of states. To create Europe this reality must be taken into account."

That is why when the EDC Treaty came up for ratification on 30 August 1954 it was rejected. Now is the time for Britain in 2016 to show the same resolve and affirm our total support for NATO and let the continental Europeans, if they wish, keep the dream of European defence for their dream of a European state where in all logic it fits with the next step they logically demand - a directly elected President of the Commission and probably President of the European Council; the job that Tony Blair lobbied Hillary Clinton and the White House interestingly for as revealed in disclosed emails.

Let the politicians remember: it was the people of this country in a number of different ways who forced this referendum on to the agenda. The campaigns are all party and none. They do not fight on manifestos because they are not choosing a government: they are choosing a direction of travel to remain with the failed EU status quo or to face the challenge and opportunities of leaving the EU. I profoundly hope we leave.