

My vision for a new Europe

Do we want to be part of a country called Europe? Or should the UK be a self-governing nation in a new, looser European Community?

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As a student I travelled extensively around Europe, particularly to Greece, France, West and East Germany and Czechoslovakia. I loved the diversity and depth of the different cultures. I was enchanted by the way people identified with their village, town or city and, in most cases, their nation. All of this seemed to come together under the term “European”.

I was then, and still am today, proud to call myself a European. I am not a Eurosceptic in the way this term has been used for people hostile to Europe. But mine is a cultural identification. I never felt in the 1960s or now that Europe was or would ever become my country. Europeans are friends and neighbours, but not my fellow citizens.

The eurozone crisis now presents us with a clear choice: do we want to be part of a country called Europe? Or should the UK be a self-governing nation in a new, looser European Community?

Europe in crisis

There have been only two basic models for Europe as it moves through the crisis that began in 2009. The first is an arrangement long favoured by the UK but also an acceptable compromise to many other member states. It keeps to the present union of self-governing states with a separation of powers between the supranational — those passed from the nation state to a European body — and the intergovernmental — those remaining within the nation state.

The second model is to develop a fiscal union within the eurozone, more and more explicitly championed as the desirable long-term development by Germany, the EU's most powerful state. This model offers a legislature in which the European Parliament would embody the lower chamber and the EU Council of Ministers the upper. The President of the European Commission and the President of the Council would be elected. The Commission would be an executive and virtually a European government, with federal authority for trade, economic, industrial, social, justice, environmental, agricultural, fishing, foreign and defence policies. The European Central Bank would replace the need for national banks, though they might remain as symbols. Under a fiscal union the explicit expectation would be that all EU member states would eventually join the eurozone.

Redrawing Europe

The EU is reaching the point where it cannot continue to be ambivalent about

these two models. In the UK, but also in some other countries, there are growing public demands for a principled and consistent position to resist any further merging of the two, because the people in these countries want to remain self-governing. Yet these same countries see the argument for greater integration within the eurozone to help to resolve its continued crisis. The solution is to enable those countries within the eurozone who wish to integrate further to do so and to allow those countries who do not ever envisage becoming part of the eurozone to remain in a restructured single market.

For this to happen without long and tortured arguments, challenges to the legal interpretation of European treaties and allegations of bad faith, all member countries must be involved as equals in a restructuring of the EU.

The European Community

All countries should remain full members of a single market, which would form the basis of a larger, separate organisation. It should continue to operate under qualified majority voting based on a revitalised single market, and would hopefully include Turkey as a full participating member, as well as other members of the European Economic Area. Such a grouping of 32 or more states could be called the European Community, funded and controlled by its member states. It would have common international environmental policies and could use the old political co-operation mechanism to co-ordinate foreign and security policies, with Nato membership enjoyed by most of its constituents. The EU would continue to lead in devising legislation for the wider single market but not as the ultimate authority.

The European Union

What will also emerge as part of this restructuring is a eurozone in which economic, fiscal and monetary policies, taken with the Lisbon treaty arrangements for foreign and security policy, will develop in ways that involve, to all intents and purposes, though not in name, a single government. This will probably be acceptable for most, but not all of the existing eurozone countries and potentially for others who intend to become members of the eurozone. Such a grouping would continue to be called the European Union.

Some of the countries, particularly Germany, want further economic integration beyond the fiscal compact agreed in December 2011. The German Chancellor, Angela Merkel, made it clear to her party, the Christian Democratic Union, this year that she saw Europe as a “community of destiny” and she will ask for a mandate to achieve that from German voters in the autumn election of 2013. The present opposition party, the Social Democratic Party, shares much of her vision.

There will be resistance to the German design of a fiscal union from France, but François Hollande, the President, is likely to choose to continue the FrancoGerman project to make a success of their single currency. With a reinvigorated

political Right, Mr Hollande might have difficulty in winning a referendum in France. But even if he lost, Germany would not let the euro fall and return to the deutschmark. It would assemble a small group to keep the euro intact and expect, at some later date, that the number of eurozone countries would increase.

The debtor problem

Greece, Portugal, Ireland, Italy and Spain, inside the eurozone but with mounting economic difficulties, may find public criticism of austerity too strong to withstand. The public may demand more and more measures for growth and in the process become resigned to leaving the eurozone. What is not clear is whether, if they leave, these countries will be able to stay in the EU, hoping to rejoin the eurozone; if they are not welcome, they will be fully entitled to be members of the single market and European Community.

The referendum

In the UK, by the general election of 2015, unless the Conservative Party and the Labour Party change the situation over Europe, the UK Independence Party may grow in strength as it develops a wider agenda against crime and immigration in response to feelings that the British are being pushed around by eurozone integration. At the very least UKIP will be the lever for forcing a Conservative government to concede a referendum on Europe. Labour will be forced to concede as well. But a referendum will be lost in the UK if the only option is ever greater integration within the EU. It will be won only if the present Europe is restructured and the choices in a referendum are more attractive.

A referendum on the future of Europe I believe is inevitable at some point between 2013 and 2016 at the latest. I would hope such a referendum would pose something like the following choice:

- Do you want the UK to be part of the single market in a wider European Community? Yes/No
- Do you want the UK to remain in the European Union, keeping open the option of joining the more integrated eurozone? Yes/No

The first question would be very likely to be answered by the British public with a "yes", and any British government would urge them to do so. The second question would be harder to predict, but it would be a genuine choice, and the government might be neutral, ready to follow rather than lead public opinion. If both questions were answered "no", this would in effect mean a total withdrawal.

Conclusion

In Europe Restructured? I have drawn on my 50 years of involvement with Europe's development to trace a path to resolve the present crisis. It is bound to

suffer from being only one UK politician's perspective, but at least it comes from someone who still has a full-hearted commitment to achieving greater European unity, but also one who has long argued that the eurozone design is fatally flawed.

I have long believed that in the UK there must be limits set to the process of European integration. On issues that go to the heart of British democracy, people want to feel that they can influence their own destiny. European decision-making evokes so many doubts and questions in people's minds because they cannot identify with so much of what it encompasses.

The British public do not like to feel they are being pushed around. We are loyal members of clubs, but not afraid to restructure a club to suit different circumstances. We are not afraid of change. We have no deep-rooted dislike of foreigners; we are content to live in a multiracial Britain. We are neither jingoistic nor chauvinistic.

We just want our politicians to uphold our right to democratic self- government in this country.

These are attitudes that we believe in, attitudes that go back to Magna Carta. People want to be able to influence the nature of the society in which they live, the levels of taxation, benefits and pensions, the level of unemployment, the amount of redistribution or the amount of their earnings that they can keep to spend as they wish. These choices are the bedrock of a democracy.

Lord Owen was Foreign Secretary from 1977 to 1979.

His e-book, *Europe Restructured?*, is published online today and will be available in paperback soon. Two chapters of the book are available exclusively to digital subscribers from today