Editorisl, The Times, 7 June 2012

The Europe Question

The euro crisis will force Britons to make a choice between being part of the fuller union of a federal government or a common trading bloc.

Closer integration was meant to bind together the European family of nations. It has instead created discord and disharmony. It has also been an enduring source of division in British politics, within mainstream parties and across them. Writing in The Times today, Lord Owen, the former Foreign Secretary, proposes a way of resolving these conflicts while preserving the British people's right to democratic self-government.

The two big political questions in UK debate about Europe are, should there be a referendum on the subject and, if so, what should it be about? Lord Owen's proposal gives a compelling answer. Yes, there should be a referendum; and it should include more options than the false dichotomy of a simple yes or no to Europe.

Europe’s crisis is not only about technical flaws in the adoption of a single currency. It is more fundamentally about the incompatibility of the different models that EU governments have been pursuing while claiming to be engaged in a common endeavour. Lord Owen maintains that countries that see their future as part of an ever closer union should be free to pursue that goal But those who favour a union of self-governing states should have their sovereignty respected while being able to remain in a restructured single market.

The eurozone crisis has exposed three stresses. First, monetary union cannot work well without political union, which requires, second, a solution to Europe's democratic deficit. That leads, third, to the inevitable conclusion that this country will turn its back on Europe. Lord Owen suggests a way through, in which Britain can remain part of a renewed single market without submitting to the demand to be part of a single government.

Monetary union requires mechanisms to trans-fer funds from states that are flourishing to those that are struggling. It also requires a Europe-wide bank regulator and centralised bond issuance. Fiscal union therefore requires that decisions over budgets be taken away from national parliaments. Budgetary decisions not taken at the national level must be accountable to the people of Europe through democratically elected representatives rather than government appointed bureaucrats. Dealing with Europe's democratic deficit then runs into the problem of British sovereignty. If the integrationist project is about building institutions over the heads of national elector-ates, British governments have the obligation, as well as the right, to resist.

The Times has from the outset criticised the notion of a single European currency, on eco-nomic and democratic grounds. Greater integration at the European level has led to greater alienation in the UK. The lib-Con coalition has been left in the uncomfortable position of recognising that a collapse of the euro would be disastrous for the UK economy, while having no intention of adopting that course itself.

That apparently inconsistent position is in fact defensible And it suggests an approach for a UK referendum. The questions that should be put to the British people, suggests Lord Owen, are these. Should the UK be part of a single market in a wider European Community? And should Britain remain in the EU, retaining the option of joining the more integrated eurozone?

No one can plausibly depict Lord Owen as hostile to European ideals and he disclaims even the term “Eurosceptic”. But he recognises the fundamentally undemocratic arrogation of power that the EU represents. British consumers and businesses benefit from the efficiency gains of a single market There is no reason that the UK ought to abandon its status as an independent, self-governing nation in order to retain them. There is a way of reconciling those aims. Though Lord Owen may not have all the answers, he has certainly posed a fundamental question.