

Britain and Europe: A Common Future

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Sir Menzies Campbell

In this audience I doubt that I am alone in a profound sense of anxiety about the role of the United Kingdom in the European Union and indeed the future of the Union itself. This is not simply because of recent election results and in due course I shall come to those. My anxieties have been heightened by recent events on the fringe of Europe which suggest that the settlement of the post-Gorbachev era has come to an end.

The European Union, together with NATO, has provided an interlocking architecture for stability on a continent where rivalries and territorial ambitions have in the past had their expression in conflict and destruction.

It is commonplace for those who can broadly be described as Eurosceptic to argue that NATO alone has provided that stability. In my judgment, such an analysis is flawed.

We now recognise a distinction between hard power and soft power, usually as mechanisms for maintaining and even expanding our influence and interests.

We do so sometimes by demonstrating military capability, sometimes economic superiority and an express or implied willingness to use them. We do so to export our values of democracy, human rights, and the rule of law.

But I would argue that if our soft power and hard power are exportable, it is only because they are they glue that binds Europe and the transatlantic alliance together. Our joint commitment to these principles is as much for the strengthening of our relations inter se as it is for compelling others to change their ways

We do not admit to the European Union those who do not share our values nor to NATO those who likewise do not accept its principles.

It is self-evident that neither soft power nor hard power in the EU or NATO are as effective as when they are operating in tandem. It can be described as a modernisation of the old Theodore Roosevelt maxim to speak softly but carry a big stick. Or, as he put it more elegantly, “the exercise of intelligent forethought and of decisive action sufficiently far in advance of any likely crisis.”

This analysis of mine is neither seen nor discussed by those whose determination to reach the goal of separation concentrates on what they claim to be the intrinsic merits of withdrawal from the EU without understanding the evolution and continuing contemporary relevance of NATO and the EU and their individual contributions to hard power and soft power.

Those who argue for withdrawal seem blind to the consequences for the political as well as economic stability and security which NATO and the EU acting together provide. This is further echoed, for example, in the debate about Scottish independence and similarly characterized by a failure to understand and recognise that separation inevitably means that common values will be replaced by competing interests.

In Europe the competition might be economic or political. The consensual nature of the EU could be replaced by more assertive behaviour.

It remains to be seen if Putin's Russia will be content with its recent self-aggrandisement, but if there was any doubt about the need for NATO and the EU to confirm and retain the joint purposes of both organisations it is surely more than extinguished by the events of the last few months. In my judgment, this is no time to abandon or even to threaten to abandon collective purpose economically, politically, or militarily.

None of this is to argue that Britain's relationship to the European Union now and in all time coming should be framed only by the blunt alternatives of in and out. For, self-evidently, (if I may be forgiven the solecism) there is a third alternative.

But it is time for *Nostra Culpa* and acknowledging the failure to press the case for reform of the EU. It is as nihilistic to say that the EU does not need reform as it is to say Britain must either be in or out. This is a union which can be revived while at the same time its core values are preserved. For the United Kingdom this is more likely achieved by constructive engagement rather than the threat to withdraw.

Those of us who support Britain's continued membership of the European Union have failed on two counts. I do not exempt myself from this criticism. Our first failure has been to concede ground to the sceptic argument by failing adequately to continue to put the case for membership and by relying too much on the assumptions of 1975. One indication of this failure has been political parties' unwillingness to speak up for Europe, even in the most recent elections to the European Parliament, to the extent that when one party leader decides to make the European case his decision to do so is not universally approved of in his own party and regarded with surprise and scepticism by pundits and commentators.

In short, we have not defended our corner. Now is the time to do so. But it is also time to pursue along with allies the reforms which will allow better implementation of the principles of the institution of the EU in a 21st century which provides a very different context from the post war and Cold War environment in which the EU was conceived. For example, information technology was provided by the fountain pen and the telegram, and globalisation and international competition were not even on the horizon. These changes are symbols of a more competitive world in which there is an overwhelming need for flexibility and reduction in bureaucracy.

In short, we have failed to make our case either for the principle of reform or the utility of doing so. It is no wonder therefore that the resulting space has been filled by misunderstanding, misrepresentation, and prejudice.

This year we celebrate many milestones in the European Union, 15 years of the euro 21 years of the Maastricht Treaty and 63 years since the beginnings of a common market. These are impressive numbers which remind ourselves of the virtue of cooperation among very different nations, political ideologies, cultures and populations. But a particular anniversary being commemorated this year highlights not only how remarkable but how imperative this cooperation has been. It is the hundredth anniversary of the beginning of World War I, said to be the war to end all wars, a prediction which proved at once both optimistic and unachievable. Within 21 years there was another brutal conflict.

By contrast, with the exception of conflicts in Eastern Europe, the latter half of the 20th century saw a conflict free continent. The major European nations- the United Kingdom, France, Germany, Spain, and Italy- who were previously at each others' throats, committed themselves to peaceful co-operation, not conflict. The horrors of ever-modernising war were a spur towards that cooperation and common

purpose. If they had behaved in the same way as their predecessors after the First World War behaved as a result of the inadequate settlement after the First World War, instability would have lingered, suspicion remained, and war erupted again. With the European Union was created a partnership of trust. It would have been unthinkable either in 1945 that Germany- or Italy, for that matter- would have been welcomed into the early structures which led ultimately to the formation of the European Union. Amidst controversy, the EU was recently awarded the Nobel Peace Prize, but the citation is certainly justified even if the award itself was not, because the award was made for the stabilising role the EU has played in transforming most of Europe from a continent of war to a continent of peace. The two institutions of the EU and NATO showed a much more attractive alternative to Soviet communism. Growing integration in a more democratic Europe was exemplary in influencing Franco's Spain and Salazar's Portugal to embark upon the road to democracy. The EU provided, too, the inspiration which motivated the countries emerging from the Warsaw Pact and the Soviet Union to be ambitious in wanting to embrace the principles of democracy and respect for human rights. The Baltic states have regained their independence and countries such as Hungary, the Czech Republic, and Slovenia have abandoned command economies and embraced the values which underpin the original rationale for European integration. All of this is astonishing when you consider that these post-Soviet countries as recently as 1989 were under totalitarian government. Much of their transition has been aided by financial and political assistance and guidance from the European Union. Poland, for example, has received about 67 billion euros since 2007, which amounts to about 3% of their GDP. The result, however, has been a 65% increase in their per capita GDP.

Progress for Poland is intrinsically valuable, but how does that help the United Kingdom? The stability, security, and safety of the continent is in the interests of all of us. We all benefit from peace. Only the manufacturers benefit from war.

We are not only donors, we are recipients as well. Development plans and investment in job creation bring a direct benefit from our membership of the European Union as is the £8 billion on its way to the United Kingdom to assist economic progress. EU wide investment will help to improve our rail network and upgrade our energy supply. British scholars have received Erasmus grants. To leave the EU would close the door on further such opportunities. The Westminster government of its own volition can invest in northern England, in Wales, Scotland, and Northern Ireland, but our efforts are stronger and more effective with the advantage of EU assistance.

The years since the foundation of the European Coal and Steel Community have not been without problems, but they have been characterised by peace and prosperity previously unthinkable. I would argue that the disaffection which has grown up inside the European Union is not born out of weakness of the institution but from a lack of proper direction. The EU is the first of its kind. Never before had nations so different and previously so hostile to one another attempted such an ambitious effort at economic and political coexistence. But Britain's failure to join the European conversation until the 1960s meant that it was in no place to offer leadership until long after our accession. We have done much to shape the European Union, but not nearly as much as France and Germany. With greater engagement we would've had greater influence.

Our adversarial political tradition does not sit easily with the consensual European model. But influence comes from the ability to affect change. If we were to leave the European Union or persist in electing members to the parliament whose motive is, at best, disruption and, at worst, destruction, our influence and our ability to affect change would be much diminished.

British governments have failed to explain the singular nature of a political and economic union embracing 28 countries. Many people find it distasteful to talk about love of their country, but we should be proud of our history and of our nation's achievements. But it is arrogant to assert either expressly or by implication that we enjoy an unblemished record or that we have occupied some golden age of perfection when the facts are different. Those who argue for disengagement dream of an England that never was and a Britain that never can be.

It is worth reminding ourselves that 25 years ago Great Britain led the argument that as soon as practicable all of the countries which had escaped the communist straitjacket and were capable of doing so should join the European Union. In part we did so to provide an institutional foundation for their ambition of democracy and, in the case of NATO, to provide security to underpin that democracy.

So what should we do now about the Union and our place in it? Should we focus on popular contemporary concerns or long-term objectives? Even to pose the question is to answer it. The objectives of the EU are shortly stated- peace, prosperity, and security in common purpose with like-minded democratic states respectful of human rights and accepting the primacy of the rule of law. These are lofty ideals and may not always be immediately obtainable in the union of 28 states. It would be too much to expect that in all situations and all circumstances these principles could be infallibly applied. But they are a benchmark against which all behaviour within the EU should be measured.

Is the answer for Britain to hold a referendum? A referendum should only be a last resort when all other options are spent. The United Kingdom is still in a position to bring about the reforms of the European Union that are necessary and beneficial to us and all other members. Accepting the principle that a referendum would be justified if it was proposed to transfer additional powers of substance from London to Brussels, an in/out referendum would only serve to confirm among even our most sympathetic allies that we are determined to leave the EU unless we get our own way.

After such a long and painful fight to recover stability in our economy after the recession, now is certainly not the time to scare away businesses or investment. If you were considering a major investment in the UK between now and the possible date of an in/out referendum, would you pause for thought? If your investment, either existing or potential, rests on access to the single market, would you not want to see the outcome of such a vote? Even supposing you were neutral on in or out, would you not want to take account of the disruption to the economy which UK withdrawal might cause? Attractive though it might seem, you cannot expect to vote for withdrawal and the next day complete that process. What uncertainties would there be and what would be the economic consequences of these?

Let me turn now to the issue of security. Inside or outside the EU we would continue to be part of the arrangements between ourselves the USA, Canada, Australia, and New Zealand which are unique in the field of intelligence sharing. But on a different level the sharing of criminal intelligence, the coordination of police activity, and the European arrest warrant are essential elements to enable the United Kingdom government to fulfil its primary responsibility to protect its own citizens. There should be no barriers in an age when crime knows no borders to our ability to find and arrest criminals. Membership of the EU makes sense as do common arrangements. The European arrest warrant has put hundreds of criminals behind bars who would otherwise be a risk to us and to our allies. Does the warrant need reform? Of course it does! Would the UK be better off without the Warrant? Of course not! Would we be best off with a reformed Warrant? Of course we would.

In this, the year of the hundredth anniversary of the outbreak of the First World War, to which I have already referred, and the 70th anniversary of D-Day, it is inconceivable that Europe would now be riven by the war and destruction which these last two major conflicts caused. Because of the unifying effect of membership of the EU and NATO, we no longer need to resort to force to resolve disputes in the way in which it was commonplace before the creation of the union. But because we're not going into battle every few years does not mean that we do not need effective military capability. Contrary to misunderstanding- either deliberate or innocent- there are no plans to create what is emotively described as a European army.

The Treaty of Lisbon makes clear that the United Kingdom or any other member state can remain separate from any deepening of military ties. But there is much to be gained from military co-operation. Take the United Kingdom for example. Since the end of the 1990s our defence budget has been much reduced so that, for example, in the army, numbers have been cut from 102,000 to 82,000. Other countries under the burden of austerity have required to make similar decisions. Only four members of NATO reach the NATO recommended expenditure level of 2% of GDP per annum on defence. But within the EU framework we and our allies can coordinate military spending and hence maintain our joint capabilities.

NATO is the bedrock of our defence, but cooperation between the members of the EU can make our contribution to NATO more effective at a time when either by "pivot" or "rebalancing" the United States, while not intending to abandon Europe, is looking to the Europeans to make a greater contribution to their own defence and security. The principles to be applied are easily stated- common procurement, force specialisation, and interoperability. All can be followed by members of the EU without replacing or undermining NATO, but complementing it.

In this recent election, immigration played an important part. Listening to UKIP one might believe that on any day now an entire eastern European nation will be at our doorstep demanding entry. And even if they don't steal our jobs they will be living off the fat of British benefits system. The facts, however, speak for themselves. 9/10 jobs in Britain are held by Britons. At present there are about 2.3 million EU nationals living in the United Kingdom, while about 1.7 million Britons live abroad in EU member states. Though we often focus on migrants coming to the United Kingdom, let us not forget what pulling out of the EU would do for those 1.7 million Britons living in other member states. It would be more difficult for them to work and travel. So what are these 2.3 million doing while living in the UK? Between 2001 and 2011, migrants put £22 billion into the UK economy. One out of seven new businesses is started by migrants. That is hardly an invasion and shows migration benefits the United Kingdom far more than is popularly recognised or acknowledged.

Is there a need for reform of the right of free movement? Of course. Is the UK alone in pushing for reform? Several other member states have already discussed the possibility of transitional arrangements to prevent vast migration and it is frequently pointed out that it is entirely possible to make changes in the circumstances in which migrants can claim benefits. There are allies for the UK in this matter, but again, this requires engagement, not exceptionalism.

But it is the economy which lies at the very heart of the European Union. We are still recovering from 2008 when we learned in a very painful way that we are unable to pretend to be able to act alone. In America they have gone some way towards cleaning the house, but we have no say in the regime which they now have wish to establish. But in the European Union we do have a say over regulations to prevent irresponsible banking behaviour. Leaving the EU would give us as little influence of the decision-making role in Europe on these matters as we have in the USA. We have been prime movers in effecting change.

Last year, the UK, led by the former Lib Dem MEP Sharon Bowles, worked hard and successfully to achieve influence over relevant EU regulations. Now for any decision made, for example, by the European banking authority, there must be a majority not only of Eurozone countries but also of non-Eurozone countries, such as the United Kingdom. This is an example of our influence as well as the trend towards reform, but it also illustrates what we would lose by withdrawal.

Pulling out of the European Union would jeopardise our economic recovery. Why have both the USA and China recently voiced public concern about the possibility of exit by the United Kingdom from the EU? They have said that trade relations would be threatened. The USA is our second largest trading partner. Our largest trading partner, with more than half of our total trade and three times that of the USA, is the EU.

Leaving the single market and trade agreements already in place can only hurt us both in the short-term and long-term. Any economist, no matter how politically isolationist, understands that increased competition brings about lower prices for the consumer. Free trade agreements with emerging economies mean fewer barriers and more access for our goods and services. Through the European Union we have negotiated agreements with South Korea, Colombia, Peru, Canada, and Singapore. Because of the signing of the South Korea agreement by the EU, British exports in that country have increased by £2 billion. In the event of withdrawal from the European Union we would lose the benefits of the access which flows from all of these agreements. We could renegotiate and seek to expand our own individual agreements, but how could we expect to negotiate terms as favourable as those given to the largest economy in the world?

But no institution is perfect and let me return to the issue of reform. Nor can institutions, however well founded in principle, ignore the changing environment of public opinion and expectation. Reform as conceived among those of our European allies who are sympathetic to our cause is unlikely to extend to rewriting the treaties or even amending them. In an era of scepticism, even only an attempt at amendment of the treaties would be fraught with risk, particularly in those countries where such action requires to be endorsed by referendum.

Mrs Merkel's recent civility when addressing both houses of parliament in the Royal Gallery should not be taken to foreshadow sympathy or support for anything like the changes which David Cameron needs to obtain in order to satisfy the most sceptical of his backbenchers. Most easily achieved will be steps which enhance the single market and reduce bureaucracy. Nor should it be difficult to achieve agreement, for example, on qualifying periods for the rights to benefits without breaching the principle of freedom of movement and capital which lie at the very heart of the single market. But the most important prize would be proper application of the principles of proportionality and subsidiarity to which the treaties pay lip service but which are frequently ignored either in the framing or the implementation of legislation. Agreement that more political weight should be attached to these principles should be the centrepiece of Britain's case for reform. Clipping the wings of the commission should feature strongly in our approach. To make Juncker the President of the Commission would be deeply divisive in my judgment. His appointment comes from another era. To argue that there is majority support for him is to ignore the principle of the tyranny of the majority.

Perhaps we can make a domestic reform entirely with our own competence by agreeing that the UK government will not gold plate any regulations which come out of Europe and often act as an unnecessary burden for British businesses.

Let me conclude by a recital of things which support my conclusion that Britain's best interests lie in membership and engagement in a reformed Europe.

In 2012 Britain contributed £8 billion to the EU or one penny in every taxpayer's pound. Hardly excessive.

Birmingham City Centre was remodelled with £6 million from the EU.

The EU takes half of our exports and supports three million jobs. The car industry in this country owes its success to good management, a skilled workforce, high investment, and access to European markets.

The EU has improved performance throughout its membership in areas such as human rights, equal pay, and discrimination.

The EU employs fewer people than Derbyshire County Council.

It is the world's largest market - 80% of firms that trade in the UK do business with Europe. 60% of UK goods exported fall under the umbrella of trade agreements between the EU and worldwide markets.

Those of us who support our membership of the EU must support its reform if we are to be credible in our advocacy for Britain's continuing engagement in Europe. It is no longer enough to be in favour of the European Union. Old assumptions can no longer be taken for granted. Highlighting the cost of withdrawal and the uncertainties which Britain would face is no longer enough. Only wholehearted commitment will suffice.