

Speech to the "Conservative Way Forward" Group, Bournemouth Conservative Conference

2nd October 2000

Ladies and Gentlemen, when I agreed to say a few words this evening I was told that the subject was to be "Is there life outside the EU?". Since then it would appear that the Thought Police in Central Office have got at it, and our subject is now to be: "Sovereignty and the EU". My problem is that I can only think of one word to say about British Sovereignty and our membership of the E.U., and that word is "Incompatible". I say that because it is becoming increasingly obvious that it will not be possible to retain any meaningful sovereignty (and by 'sovereignty' I mean the right of the British people to elect and dismiss those who make their laws; - in other words, to govern ourselves), if we stay in the European Union which we see developing before us.

So, if you don't mind, I will talk about leaving the EU, even if I am aware that it is not exactly the flavour of the month in the Conservative Party right now. The Chairman has been kind enough to mention Better Off Out, which really says all I have to say about the subject. I have brought along some copies tonight, and will gladly send it free to anyone who wants it. It's in 60 bullet points, is only 9 pages long, and it puts the case for withdrawal in a way I cannot possibly do in a few minutes tonight.

Ladies & Gentlemen, I know that our present slogan is: "In Europe, but not run by Europe", even if many of us fear that that is not possible, given the advanced stage of European integration. And of course, we must be careful not to split the Party at the next General Election on "come-outery", in the same way that it was split on the Single Currency at the last Election.

But the agenda to create an E.U. megastate is moving on fast in Brussels. There is the Nice IGC in December, at which the Government have already indicated that they will cede more of our veto in areas of transport, the environment, and the workings of the Luxembourg Court. But there are at least four other horsemen of the federal apocalypse galloping alongside the IGC. They are: the defence initiative, Corpus Juris, the charter of Fundamental Rights and tax harmonization. As even this audience may not know, tax harmonization (or British taxes up by at least 20%), does not actually require a Treaty change. It can be introduced by the Commission as a measure necessary to make the Single Market work, and then we could be outvoted, and probably would be. The Government's useless charm offensive in Brussels requires it to be pusillanimous on all these issues, so here we are in October, and we really don't know what the Government will have given away by the end of the year. We certainly don't know what our new relationship with the EU may be, shall we say, next Spring. So I don't see how we can be sure now what our policy toward the EU should be then.

It is against that background that I want to examine just two fundamental fallacies, as they seem to me, in the position of those who don't want to talk about leaving the EU.

The first is that talk of leaving the EU "frightens the voters". That is not what the opinion polls suggest. I know that polls are unreliable, and much depends on the questions asked, but Mori has now asked the same question 26 times since 1977. That question is *"If there were a referendum now on whether Britain should stay in or get out of the EU, how would you*

vote?" In answer to that question, the 'get out' vote has not dropped below 41% since 1987, and I see from today's Sun newspaper that it now stands at 46%. This is surely a remarkable figure, when one considers that the British people have been told by all their leading politicians and political media for 27 years that membership of the EU is vital to the national interest. Of course, different questions get different percentages, but that seems a pretty important question. I suppose the really important question to ask now would be: "Would you vote to stay in or get out, assuming that our trade with Europe would not be damaged". Ladies & Gentlemen, I submit that the "get out" vote would go well past the 50% mark in response to that question.

But would it be a fair question? Is it possible to leave the EU and not damage our trade with it? This brings me to my second fundamental fallacy, that somehow our trade with the EU countries and our inward investment would be damaged if we left the EU. I haven't time to repeat all the arguments now which can be found in Better Off Out. However, I would mention the report in March this year from the respected National Institute for Economic and Social Research, which had been hopefully commissioned by the Government's front organization - 'Britain in Europe' - to prove that leaving the EU would indeed damage our trade and jobs. But the NIESR found that leaving would have very little effect on either.

It's the same story with inward investment. Among all our advantages which encourage foreigners to invest in Britain, our own 'Invest in Britain' bureau does not cite membership of the EU. The reasons given by this body responsible for encouraging inward investment include our honesty and creativity, our flexible and reliable workforce, light regulation, low taxes, our investment in world class research and development, the fact that we speak English, perhaps even our golf courses, but not our EU membership.

And, Ladies & Gentlemen, on top of all that and much more from within the United Kingdom, you may not have noticed that at the end of August the hugely prestigious and independent US International Trade Commission submitted a lengthy and detailed analysis to Congress which found that if the UK joined NAFTA and left the EU there would be no change in our GDP, or in our exports, imports, domestic output or indeed inward investment. Our trade balance would improve by about US\$5 billion and there would be a slight decrease in domestic prices. So it isn't just a few mavericks in this country saying we would be better off out - that is the International Trade Commission in Washington itself.

To those who fear some sort of undefined commercial retaliation if we left the EU, I would merely point out that we wouldn't leave the Single Market without negotiating a Free Trade Agreement. After all, the EU has Free Trade Agreement's with Switzerland, Norway, Iceland, Liechtenstein, Greenland, Turkey and the Channel Islands. Even Mexico has just negotiated a comprehensive Free Trade Agreement with the EU. We could have at least as good an agreement with the EU as these countries, if only because the EU trades in surplus with us, which means they have more jobs dependent on their trade with us than we do on our trade with them. So if we left the EU they would need a Free Trade Agreement with us more than we would need one with them. We could therefore do a better deal with the EU than those done by its less significant markets.

Before I leave the debate about trade, it is perhaps worth remembering that only some 10% of our jobs and 10% of our GDP are involved in trade with the EU. This would not be lost if we left and could improve if we negotiated a Free Trade Agreement. Another 10% of our jobs and GDP supports our foreign trade with the rest of the world, and the remaining 80% of our jobs and GDP depends on our domestic economy. So 90% of our economy is not really interested in what goes on in the EU, and yet it suffers the expensive dictats from Brussels and all the harmonising nonsense just the same. Put like that, we see that as we go on down the road to the European megastate, we are giving up 100% of our sovereignty for 10% of

our economy. Not a very good deal, Ladies & Gentlemen, and I suggest we should think about it and talk it through before we sign along the final dotted line.

And of course there are lots of other shibboleths about the EU. At perhaps the deepest and most important level is the absurd idea that the EU encourages peace in Europe, which is of course complete nonsense. The EU is a forced or premature conglomeration of disparate nations, which nearly always end in conflict, whereas no modern democracy has ever provoked a war. So if the nations of Europe can keep their democracy, many of them new democracies of course, then there will be peace in Europe. Democracy and NATO are the guarantors of peace in Europe; not the emerging undemocratic mega-state which is the EU.

So I think we really should start talking about leaving the European Union, and what life might be like outside it. I understand those who want to confine their efforts to saving the pound. But if we could move the national debate onto whether or not we want to be in the European Union at all, then EMU would recede in importance. If we start to query the end, the means become less significant. The end, of course, is an EU Megastate; EMU is merely the means or the glue to achieve it.

I end by saying that I hope our slogan "In Europe, not run by Europe" is not yet set in stone for the next General Election. Apart from anything else, I doubt if it would withstand the scrutiny of a General Election campaign. What on earth does it mean? If by being "in Europe" we mean being in the European Union, then we must be run by Brussels. That is what we have signed up to in the Treaties of Rome; that is what they say. And worse is surely to come; the constitutional issue will very soon be the big issue of the day; much bigger even than EMU.

Ladies & Gentlemen, the British people will not put up with the subservience which our continued membership of the European Union must bring. They already understand that they have been misled, and are starting to be angry. The only major political party which can face up to its past errors and benefit from this state of affairs is the Conservative Party. The Conservative Party is the only instrument which can get us out of the EU.

So I very much hope we can start talking about it, and prepare for battle with those, like the other major parties, who are hopelessly committed to this colossal betrayal of our Nation.

Thank you.

Malcolm Pearson

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