

**EMBARGOED UNTIL 1730 GMT ON 13 NOVEMBER 2014  
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**BRITAIN AND THE EU: IN OR OUT?**

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Thank you for your kind invitation. I feel privileged to be here to talk about the future relationship of the UK and her European partners.

Often, on these occasions, speakers deliver their messages delphically; almost in code. But this evening I wish my message to be clear. I do not wish to be misunderstood or misinterpreted. The issue at stake is too important.

And the timing is ironic.

Twenty-five years ago this week, the Berlin Wall came down. German was reunited with German – and an arbitrary and brutal division of Europe was, at last, at an end.

It was a great moment in European history – a triumph of freedom over repression. Of humanity over barbarism. It brought a great nation together, and paved the way for Europe to widen and grow. I rejoiced then and I rejoice now. And yet, on this anniversary, another great nation may be poised to leave the European Union.

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Let me state my own conviction from the outset. I have not a shred of doubt that the United Kingdom is far better off *inside* the European Union as an active member. And I will work hard to achieve that end.

I know that, during the 40 years of our membership, we have never been a comfortable partner. Within our country, there has always been a dissenting minority, unhappy at our place in Europe, and eager to persuade us to leave.

As the EU has moved from economic to political co-operation, that minority of malcontents has grown. In England, which is 85% of the population of the United Kingdom, opposition has reached a critical mass and now, *for the first time*, there is a serious possibility that our electorate *could* vote to leave the EU.

I put the chance of exit at just under 50%. But if the negotiations go badly that percentage will rise. Conversely, with genuine reform, it will fall. I ask our European partners to realise we are close to a breach that is in *no-one's* interest. Britain's frustration is no game. It is *not* a political ploy to gain advantages and concessions from our partners. There is a very real risk of separation that could damage the future of the United Kingdom – and Europe as a whole.

That is why I so welcomed your invitation to speak here this evening. I know of no better platform to sound the alarm that the United Kingdom and the European Union are at risk of parting company: and that, if we *do*, the outcome will diminish us both.

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Many in my country disagree, including serious figures who cannot be disregarded. Nigel Lawson, a former Chancellor of the Exchequer, argues that the UK is “marginalised” outside the Eurozone, and that any renegotiation of our Membership will be “inconsequential”. Some other economists, businessmen and senior politicians agree with that view. The United Kingdom Independence Party – which was set up to force the UK out of Europe – now stands in the polls as our third largest political Party. The point is this: frustration with our membership of the EU is widespread – and growing. It is no longer argued only by fringe opinion.

In these circumstances, many wonder why the Prime Minister has offered an “In-Out” Referendum, when the outcome may be to leave. Let me explain why I believe he is right to do so.

First, the UK is a democracy. We cannot ignore public opinion and, if we did, antipathy to the EU would be sure to grow. We need to confront this alienation, face it down, and make the case for our active membership. Throughout my political life, disputes over our place in Europe have distorted British politics, and it is time to settle our future relationship once and for all. This can *only* be done if our membership is re-endorsed by our current electorate. If it is, the British Government will have a fresh mandate to exercise our full influence in Europe. If it is not, they will have no choice other than to obey our electors – and leave.

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When I spoke here 22 years ago, I spoke of my ambition of Britain being “at the heart of Europe”. This was mis-interpreted to imply that I was a closet federalist. That was not true then – and is not true now. I do not want Britain to lose her national identity. I want a Europe in which Britain will always be Britain. And Germany will be Germany.

What *is* true is that – if we work together – Europe can increase her standing in the world. No European nation alone can match the giant states of America and China, but collectively we can – and I believe our European influence is beneficial. I want reform in the EU to make it more compatible with nation states. I wish to see it lift itself from its economic woes. I wish its influence to grow in foreign policy, and in its contribution to our collective security. A thriving EU can secure a better, safer and more prosperous future for our children and grandchildren. But, for millions of Europeans, we are far from that dream.

The new Commission faces immense problems. I wish it well. It has a big job to do. No-one can pretend the EU is working as we hoped. Growth is too low. Unemployment is cruelly high. There are fundamental policy disagreements between leading nations. Some policy that *is* agreed is *not* implemented. Other policy, hotly resisted by some nation states, *is* imposed on them by a majority. At this moment, if it were not for growth in services, Southern Europe would face deflation – and it yet might. All is not well.

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These are among the reasons why we need reform in Europe – and not just for the UK, but for *all* 28 Member States. Of course, there are unique British challenges at the moment, but the ideas of greater competitiveness, subsidiarity and democratic legitimacy work for everyone – and not just us.

That said, despite its shortcomings, the EU has surely outperformed the expectations of its founders: in a mere fifty years, it has become one of the three power houses of our modern world.

Yet, as seen from Britain, it has often shown a lofty disdain for the sensitivities of nation states. That is one reason why opinion in Britain is so unsettled. There are others: Our history. Our Parliament. Our national character.

And our frustration has grown as the EU has evolved. The advent of the Eurozone will inevitably lead to further policy integration. But the UK is not in the Eurozone, and I cannot conceive we are likely to join.

So, to allay concerns, we need to be clear how non-euro members will be treated. It will not be acceptable for the Eurozone to integrate further, and then use its bloc vote to impose its *voluntary* integration on unwilling *non-Eurozone* members. We are not prepared to accept “ever-closer” union: that has only one destination – and for us there is a limit.

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Every British Government I have known, or been a part of, is prepared to work *with* our partners on the big issues that can strengthen Europe. We have done so many times. But our people deeply resent interference in the day to day activities that have been part of the British way of life for generations.

This is not a new emotion. Nor is it unique to my own country. Over 20 years ago, as Prime Minister, I raised this issue at Maastricht and – with the powerful support of Germany – wrote the principle of subsidiarity into the Treaty.

Subsidiarity was intended to ensure that things should *only* be done by the European Union if they *cannot* be done by the Nation State. In rulings, the ECJ treated subsidiarity as a policy test, not a legal limitation. Past Commissions – and Parliaments – disliked this restraint, and by-passed the provision from the outset. If they had not done so – if it had been honoured with the same fervour as some other parts of the Treaty – much of the public discontent across Europe might have been avoided. *Subsidiarity needs to be restated, made legal, and enforced with rigour.*

There are other big issues at stake – none more controversial than freedom of movement.

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Free movement of people is a core principle of the Union and that must be so: if we agree on free movement of capital and a free market, we cannot deny free movement. Nor, as a matter of economic self-interest, should we: across the EU, with its low birth rate and ageing population, our economies need young migrants with skills to power our economies.

I hear it said by eminent Europeans that freedom of movement is sacrosanct. It is one of the four freedoms set out in the founding Treaty. The argument is that if we tamper with freedom of movement, the other freedoms will fall.

I understand that view but it has a flaw. Twenty five years after the Single European Act, the *other* founding freedoms are not fully honoured by the EU. Not *one* of them. If freedom of movement is immutable, when will member states complete the Single Market? When will they end closed shops and protectionism, and open their markets to British services – especially our professional services? When will they fully integrate capital markets? Or the energy market? Or digital? Need I go on? If these had been implemented in full, then Britain's case on free movement would be weakened. *But they are not.*

And the UK case on free movement is as compelling as it is misunderstood. And it *is* misunderstood. It is a matter of numbers. Whereas some European populations are falling, the UK has grown by 7% in a decade. Matching migrants to the size of host countries, the UK has accepted one of – if not the – largest population movement in peacetime European history. *That* is our problem.

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It is easy to see why the UK is such an attractive option. We are an open society, with a flexible and open labour market. We have a popular language. We have a comprehensive welfare system. We are probably the most diverse nation in the EU, and London may be the most cosmopolitan City in the world. Many new arrivals are able to join existing communities of their fellow nationals.

All this, I understand. I am not surprised that so many migrants wish to improve their lifestyle by moving to the UK. It is a tribute to my country that they wish to do so. And, if the numbers can be absorbed, *we welcome them*. But the sheer scale of the influx has put strains on our health, welfare, housing and education services that we struggle to meet – and has held down wages for many of the poorest members of our society.

I *hate* having to make this argument. I *hate* it. As a boy, I was brought up among immigrants in South London. They were my friends and my neighbours. I have huge admiration for people prepared to uproot themselves to find work and a better way of life for themselves and their families. It takes a great deal of courage to do so. They deserve a warm welcome – not a chilly rebuff.

I do not wish to close our doors to strangers – especially strangers with skills from countries that are often allies. But I do recognise – reluctantly – that our small island simply cannot absorb the present and projected numbers at the current speed: *it is not physically or politically possible without huge public disquiet*.

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I hope our European partners will understand our dilemma, and help us to find a solution. As large net contributors to the Budget for 40 years, we expect such a national dilemma to be treated with consideration – it can only inflame resentment if we are told our concerns are non-negotiable and we must toe the line. We do not seek to *end* free movement – far from it: but, while the pressures are uncontainable, we do seek to *qualify* it. And – let me be frank – so would *any* country facing the migratory pressures confronting the UK.

The EU has a well-merited reputation for pragmatism. It can pass a camel through the eye of a needle if it wishes to do so. If France breaches her deficit limits – and this is not unknown – we all know time will be granted for France to meet her obligations: no one doubts an accommodation can be found. That genius for pragmatism – for compromise – is needed now.

It is not too fanciful to say that our partners must weigh up a choice: help us on this issue, or deny us – knowing that the latter course can only fuel the Eurosceptic argument.

And let me make a wider point. Cross-border migrancy is not just a problem for the UK. The sheer volume of migration across Europe is alienating European citizens from their Governments in other countries, too. In Greece. In France. In Hungary. In Poland. In Sweden. In Finland. In Italy. It is powering the rise of single issue political parties whose convictions are alien to a liberal and civilised society. Some are racist: others are border-line racist. Some are merely bigots.

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This is *our* fault, as Europeans. *We* have allowed this problem to arise, and been deaf to public concern. And this concern has been voiced in *my* country, *your* country and *all* across Europe.

I made clear earlier that I spoke as a pro-European who wishes the UK to stay in the EU.

As I see it, the case for our membership is political as well as economic. Our membership of Europe is part of our deeper commitment to engage with the world. Historically, Britain has always looked outwards.

We share with Germany a belief in an open trading system. We share with France action to support global security. Our economic, political, human and cultural links with the world are extensive. Our membership of the EU helps us shape the world – not be shaped by it. It *should* be inconceivable for us to step back from such influence into a lesser relevance – but the current public mood reflects the aims of those who look inward, not outward.

Once divorced from Europe, we would have a diminished voice in the world – a lesser voice with our allies, and in every international forum. The UK would sink to a lower level of importance in the world. For the first time in 300 years, we would become a diminished European power. The doors along the corridors of international power would begin to close to us.

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In any event, as a matter of process, the UK cannot simply walk out. We would need to negotiate our exit, and accept the on-going obligations that have arisen during our membership. If we leave, we would no longer have unfettered access to the Single Market. Perhaps we could negotiate an arrangement similar to Norway or Switzerland but, if we did, we would have to accept EU regulations we had no part in framing. Departure would be a setback for our freedom of action, not an enhancement to it.

As a trading nation our wellbeing depends on inward investment – now running at record levels. I ask a simple question of those who wish us to leave: would companies from around the world be more – or less – likely to invest in the UK if we were no longer part of the European Union? The answer is obvious: a European market of 500 million is far more attractive to investors than the British market of a mere 70 million. That is why investors as far apart as America in the West to Japan in the East urge us to stay in.

But our departure would not only diminish the UK. It would diminish the European Union as well. Europe would lose its second-largest – and, currently, most buoyant – economy, and its most convinced free trading nation. It would lose the nation with the longest, widest, and most historic foreign policy reach. And it would lose one of only two European nations with a significant military capability and nuclear capacity. As the European Union seeks to keep its place alongside America and China as a dominant influence in the world, it would be seriously diminished by the departure of the United Kingdom. And to my friends in Germany, I would add one further point: *you would lose the one European Nation whose economic instincts most closely resemble your own.*

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Britain has often been the odd man out in Europe. But I do not accept that by challenging the consensus we become poor Europeans. Europe needs grit in the oyster – and that has often been the British role.

Few people deny that the EU needs reform. I want the UK to play a positive role in that – as we have so often in the past. The Single Market in the 1980s was a British notion; expansion to the East was an Anglo-German policy in the 1990s; so was subsidiarity. We pressed for CAP reform. We advocated foreign and security policy. We led with France on Libya – and Germany on Ukraine. We led on mobilising a response to Ebola with a large military deployment. We argue for structural reforms to promote growth. We seek more democratic procedures. Historically, our role has been positive, not negative. I say to any European critic: do not judge my country only by our present concerns: judge us also by our long-term actions. And to my fellow countrymen I say: do not believe the myth that we are always dragged along by the European consensus: we are *not*. Not at all.

The UK must soon begin negotiations with her partners. European leaders say repeatedly they cannot imagine the EU without the UK: that is encouraging to hear. If it is borne out then all will be well. I hope both sides will approach the negotiations with care: with a determination to find a solution – not justify a breach. Wise negotiators will tone down the oratory and turn up the diplomacy.

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I do not expect the UK to ask for a large number of opt-outs, of special exceptions for the UK alone. But I do expect them to ask for exemption from the narrative of “ever closer union”. I do expect them to look for a timetable to implement reforms previously agreed. I do expect them to ask for a pragmatic approach to freedom of movement. I do expect them to look for reforms of interest to other Member States, who should regard our renegotiation as an opportunity for their *own* countries as well as *mine*.

Can appropriate reforms be negotiated? I hope so. I believe so – but success will depend upon the mindset of Member States. The UK must decide how much she wishes to leave – and our partners must decide how much they wish us to stay. What we must *all* realise is that a divorce may be final. Absolute. A reconciliation would be unlikely.

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Twice last century, Europe was at war. It was a bleak period in all our histories. As I stand here this evening, such a conflict would be unthinkable. Our children and grandchildren will never fight one another, and that is because – in more recent times – we have built a unity in Europe that has never been known before.

Today, our world is changing fast, and we in Europe must change with it. Divided, we are pygmies in a world of giants. United, we are one of the giants.

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I believe that – with sensible reform – we can make the European Union more harmonious, more competitive and more influential. We all know that must be done. If we utterly fail in this endeavour, we may well part. But that must be as a final resort – and we are far from that.

We should not anticipate failure. In a world drawing closer together, Europe should not splinter. The UK and the European Union *can* agree a way forward and, in the mutual interest of us all – in this generation and the next – we must do so.

It may not be easy. It may require give and take on both sides. But the prize is very great indeed.

Politicians may fail. But Statesmen should not. Let us all hope that Statesmanship prevails.