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Transcript Q&A

A Vision for the UK in Europe

The Rt Hon Nick Clegg

Deputy Prime Minister, UK

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Question 1:

Could you share with us your views on judicial cooperation? You mentioned police cooperation in your excellent exposé, but would you comment on your views regarding judicial cooperation within the EU and the UK future in it?

Question 2:

Two things. Firstly, how grateful are you to Tony Blair that he negotiated the special UK position in the Lisbon Treaty that allows you to decide whether the UK should opt out and then opt back into some of these measures? Secondly, you've said that repatriating powers from the European Union is a false promise. Well, that is precisely what David Cameron wants to do, when and if there is a treaty negotiation, probably after the German election, for the new eurozone governance arrangements. That seems quite a strong message you're saying to him: that the Liberal Democrats will not take part in those repatriation of powers.

Question 3:

You said the government's negotiating position on the EU budget remains the same. Are you really saying that you're going to completely ignore the will of the House of Commons, which wants a cut in the EU budget? Shouldn't the government now be going to Brussels and negotiating on that basis?

Nick Clegg:

On judicial cooperation, my attitude is very similar. Of course some of the measures I talked about *are* about judicial cooperation – Eurojust is a part of judicial cooperation. So all the comments I make about judging what is effective in protecting the safety and security of our citizens applies. That will always be my benchmark. I'm much more interested in what keeps people safe in their homes and their communities and their businesses than I am about whether people are for or against Brussels. Of course we need to make sure there are the right safeguards. We need to make sure that the measures we agree collectively at the European Union level are proportionate. There is, frankly, a bit of an issue about the disproportionate application or use of the European Arrest Warrant (EAW), particularly by some member states, applied to cases which frankly are frivolous and shouldn't be the subject of European Arrest Warrant decisions.

But the basic insight that in crime, as in so many other things in modern life, nation-states can't provide what they are duty-bound to deliver to their own citizens alone is true in spades. We can't deal with environmental degradation on our own. We can't deal with crime on our own. We can't deal with globalization on our own. All of these things sweep across borders and have done for many years. One of the great divisions that still lurks in this political debate is between those people who just get that you do better things for your own people by cooperating with others, and other people who believe that in response to these insecurities you pull up the drawbridge and pull back. As I've explained, I unambiguously believed all my life and always will do that by being open and self-confident and working with others you actually deliver more jobs, more prosperity and more safety to your own citizens.

It's not a question whether I'm grateful or not to Tony Blair for that opt-out. It was negotiated in the heated – all European debates are always heated – circumstances of the time. We are taking, I think, a sensible approach, which as we've said we are minded to – our current thinking is that we'll opt out and opt back in but we're trying to work out whether that's practicable and exactly which measures we want to retain.

My point about repatriation is I'm a passionate believer in reform of the European Union. Of course the European Union isn't perfect. The European Union took 15 years to define 'chocolate' in a chocolate directive. Anything that takes a decade and a half to decide what chocolate is, is not a perfect decision-making institution. I've written books about how we need to reform the European Union. I believe in less expenditure on things which we shouldn't be spending on. I think we should pare back on unnecessary rules – I can't for the life of me understand why the European Parliament has two seats, all that kind of stuff. That's reform. You reform the European Union by engaging with other people, arguing your case and winning the argument. And actually, Britain has been remarkably successful at doing so for many years.

What you will never achieve is by stamping your foot and saying, 'Well, we want to be part of this club but we kind of unilaterally want to rewrite the rules of the game; we want to pick and choose unilaterally what we're going to sign up to.' It's just not a realistic approach. My worry is that there is a much shorter leap from that to an outright crisis which would leave the United Kingdom fully marginalized or even out of the European Union than people seem to imagine.

It sounds incredibly seductive to people. 'Let's solve everything by just unilaterally rewriting the rules of the club.' But the problem is, if you do that you raise expectations you will never meet, because of course people are not going to say, 'Yes, Britain, go ahead and rewrite the rules to your liking: undercut the single market but retain all the benefits of it.' Then of course you create disappointed expectations, and before you know it you've got a full-blown crisis. Then people say, 'Well, what's the point, we failed in this, we should get out altogether.' That's my worry, that actually you're on a trajectory to something much more serious and more threatening to the long-term national interest of this country than the rather sort of seductive idea of 'can't we just rewrite the rules of membership' would imply. In my view that's not rocket science, but it's worth spelling out at this stage.

Of course when Parliament votes you have to listen to Parliament. But I think as the Chancellor explained very well on the radio this morning, the crunch decision will come when there is or is not a deal on the table, because then what Parliament will need to decide is not a sort of theoretical cut. I'm the Deputy Prime Minister of a government that's unfortunately had to cut 20 per cent of the policing budget – of course I would like to see less money go to the European Union. But it's what you think is the best possible deal rather than insist on an impossible deal. David Cameron, with my full support, is going to go into the negotiations later this month and say that we want a real terms freeze. That's the toughest negotiating stance of any EU member state. We judge that to be difficult to deliver but deliverable.

If we deliver that and if it's in the judgment of the coalition government that that's the best possible deal we can get for Britain and for British taxpayers, of course we will then bring it back to Parliament. Then the choice is not between that deal and a kind of theoretical cut – which no one is proposing to support elsewhere in the European Union – but the reality that if you don't have a deal, you actually have a set of arrangements where Britain has no veto at all. Because I think sometimes people believe that if you don't have a deal, suddenly the world stops spinning on its axis – suddenly there's no money to keep the lights on in Brussels. That's not the way it works. What happens is you by default end up basically granting the European Union annual instalments of money, which could actually be more expensive to the British taxpayer than the deal we're proposing – and where we have no veto power at all.

So my view, and the Chancellor set this out very clearly this morning on the radio, is that Parliament has said what its position is with this vote last night. Of course we take that as a clear signal that Parliament wants to bear down

on the UK contribution to the European Union budget as much as possible. That's what we believe as well. But there is a disagreement, if you like, about what is the best possible deal and there is also – as I've just explained, as the Chancellor has explained – the reality of the real hard choices that you will need to confront when there is a possible deal on the table. Then I think it really will be up to particularly the Labour Party to decide whether they are going to grow up and stop playing these playground games in Parliament and actually show that they're capable of taking mature decisions in the national interest.

Question 4:

You just said that it's a much shorter leap from repatriation to exit than 'people' seem to think. 'People' are in danger of raising expectations that can't be met. One, can we be quite clear, the person you are thinking of is David Cameron. Secondly, in the interest of the sort of certainty you are trying to give people, would you completely rule out ever entering a coalition in the future with a party that made it non-negotiable that this repatriation followed by referendum must be in the coalition agreement?

Nick Clegg:

I'm not going to get into a sort of crystal-ball-gazing about the future of British politics. It's difficult enough to predict the future of eurozone politics. All I'm saying is, as with the budget debate yesterday in Parliament, I'm applying exactly the same pragmatic, centre-ground thinking that I've always applied to Europe. No, it's not perfect; yes, it needs reform. It is flawed, all of that kind of stuff. I continue to argue for that. But don't raise expectations which are either difficult or virtually impossible to deliver. You just create a cycle of disappointment and greater cynicism and greater, in the long term, political crisis. My view is we should work, preferably on a cross-party basis, to continue to reform the European Union in the direction that actually most British people believe in, which is that it should be open, it should be economically liberal, it should work on the things that we can only deal with together and not mess around and get absorbed by things that don't need to be dealt with together at the European Union level.

But this idea that you can be part of a club and in effect unilaterally rewrite the terms of your membership which is entirely advantageous to you and disadvantageous to everybody else – what other club gives you full membership perks without expecting you to abide by the same basic rules as

everybody else? Of course there's variability. As I explained right at the beginning of my speech, the European Union isn't the homogenous straightjacket or bloc that people sometimes portray. We are not part of Schengen. We are not part of the euro. We actually lead more on foreign and defence policy than many other member states do. As I explained, we've actually been leaders on crime and policing in a way that other member states have not. Member states play to their different strengths and it is a much more variable sort of tapestry. But in terms of the core obligations, particularly related to the borderless single market which is so important to us economically, I think we would start trying to rewrite the rules which apply to that at our peril.

Question 5:

I very much appreciate the logic that you described of opting out of the police and judicial powers and then opting into the ones which you feel are in the best interest of protecting British citizens. However in relation to one transnational crime, that of human trafficking, British government policy over the past couple of years in relation to things like migrant domestic worker visas, an immigration focus on the crime and failure to integrate the matter into trade policy suggests that the government does not understand that crime particularly well. Do you appreciate there may be some unease in people in my sort of position – an unease that whenever you say we'll opt into the things which will protect our citizens best, that that which isn't understood well by the government is failed to be protected whenever that re-opting in occurs?

Question 6:

It's clear that you are furious with Labour and you're pretty angry with the Tory rebels, but isn't the point here that the majority of the public will side with what Parliament voted for last night, so therefore you are out of step with the public mood? Secondly, just for clarification, yesterday David Cameron said he would use the veto in Brussels if he had to. Will you support him in that?

Question 7:

Could I bring you back to the issue of what we might call 'Tony's time bomb' – the Protocol 36 opt-out from the third pillar measures [police and criminal justice measures of the Treaty of Lisbon]. As you say, the government's got to

decide whether or not to pull the pin and you've made it plain that you're opposed to doing this unless there's a suitable package of measures to opt back in. Is the European arrest warrant, in your view, a red line here? Similarly, other mutual recognition measures which are part of the package?

Nick Clegg:

On trafficking, I'm actually very proud of what not only this British government but previous British governments have done on the issue of human trafficking. We've actually led the debate, as you'll know better than many people here, compared to other EU member states. There was this debate about whether we participate in a directive where we had, under the so-called third pillar provisions, an option to remain outside. As you know after several months of deliberation we decided to fully participate in it, plus of course all the domestic arrangements we have in place to deal with what is an absolutely heinous and to many people still too hidden crime. But I'd be very interested to know where you think there are things we should be doing, where we are not in your view acting effectively enough.

If we come to the view that what is available to Britain in the budget negotiations is not in our interest, will I support the veto? Yes, of course. We're not forced to accept something that we don't judge to be right for the country. That's what governments are asked to do. So there is absolutely no cigarette paper between myself and the Prime Minister on this issue.

But what we equally need to do, which comes to your first point, is we need to deal with the way the world is rather than what people would like it to be. I can't wave a magic wand – David Cameron can't wave a magic wand – to suddenly modify the opinions and negotiating positions of the 26 other member states. Our position is already by far, by quite some measure, the toughest negotiating stance of any other EU member state. So while it would be nice to think that we could just decree that all those other countries, which have vetoes themselves, should suddenly agree with Parliament, we – the prime minister, myself and others – have to get the best possible deal, not aim for an impossible deal. When the real choice is made, which is not between a real terms freeze and an undeliverable cut but between a real terms freeze and budget arrangements over which we would have no veto and which could cost the British taxpayer more – I actually hope that the more people focus on that, they will think that what we've done is the sensible, pragmatic thing to get the best possible deal for the public and for all British taxpayers.

The European Arrest Warrant – as I said, I think there is an issue about how it's operating and we need to work with other member states in the European Union to address this issue of the proportionality of the application of EAW requests and applications. But you don't do that by just sort of pulling out of it, you do that by remaining a signatory of it but arguing the case for its reform. I think to be honest there is a widespread acknowledgment that while the European Arrest Warrant is based on a very good idea, which is that within our European hemisphere we should be able to extradite people who have done terrible things from one country to the other to face justice, it needs to be applied in a sensible way. So the retention of the European Arrest Warrant in a sense is a given, but the reform of the European Arrest Warrant is also a real priority.

Question 8:

Let's assume that the UK remains in the inner circle that you mentioned. How will you ensure that the UK government retains a strong role in shaping the single market given increasing integration of eurozone countries and the likely effect of that integration on the single market? I'm especially thinking of financial services taxes and other reforms in financial services.

Question 9:

Would you support having a referendum on the British membership in Europe and why not?

Question 10:

One of the issues which is likely to come up in the next few months is the question of continuing British membership of the European Defence Agency. In view of what you've said already about the importance of the role that Britain plays in foreign affairs and defence, I hope you will watch this one very carefully.

Nick Clegg:

It's an absolute key question. A lot of this is actually steeped in mind-numbing technical detail but very important technical detail. In other words, how do you align a new form of what is in effect fiscal, budgetary and political integration within the eurozone with the wider principles of a borderless single market

covering a wider area? Really tricky. The good news is that we've been here before. I remember in the debates when the single currency was created, there were people who said it would be incompatible to have unrestricted access to the single market and not be part of the euro. But we managed to square that circle and we can manage to square it again. But it does require a lot of smart thinking about how these new innovations within the eurozone are made consistent with a single market, which is why the prime minister has been absolutely right to put that right at the top of his list in every single summit. It is reflected in all the summit conclusions that the integrity of the single market for all 27 member states must be protected at all times.

You referred to what I think is the most live issue in what I anticipate will be a series of pinch-points that will arise in the coming years, which is the creation of this banking union. I would say the following. Firstly, I personally think that a proper banking union is essential for the long-term survival of the single currency, and I think a proper banking union means that at some level you need to provide some kind of insurance policy, some sort of mutualization of risk for deposits in banks in the eurozone banking system. What they seem to be moving towards though is a banking union which is a sort of 'banking union lite', because there's a great deal of objections, particularly in Berlin, to doing just that, in terms of underwriting deposits in eurozone banks. So it's not entirely clear to me yet what kind of banking union will really emerge. It might be less fulsome than the original conception. But of course that begs big questions for us because about 40 per cent of the whole banking system in the European Union is located in the UK, principally in the City of London.

I think there are two mechanical things which are really important. Firstly is the interaction between the countries that are part of the eurozone banking union and those which are not, in the EBA (European Banking Authority) – located here in the UK – which is sort of there to hold the ring, if you like, on the single rulebook governing the single market in financial services. Secondly, and this has perhaps received less attention but is arguably more important in the long run, is that as both the ECB (European Central Bank) and the Bank of England move from being just monetary authorities to being supervisory authorities as well, their interaction with each other becomes immensely important. It's quite a challenge for central bankers, because central bankers jealously guard – quite rightly – their independence on monetary affairs, but they'll be discharging supervisory functions which take them into quite different territory. They will need to be held to account in a way which is different to the setting of monetary policy. So I think those are the areas where we need to really work hard in the months and years ahead.

On the referendum, my party has advocated referendums in the past. We've just legislated, as a coalition government, for the circumstances in which a referendum should take place; we are the first government to say that where there is a significant transfer of sovereignty from the United Kingdom to the European Union, automatically there will be a referendum.

The point I would only say is that when you decide whether you're going to have a referendum, you've got to decide on what, and in reaction to what. We just don't know yet how the eurozone is going to evolve. We don't yet know what we're reacting to. I think it's completely right, if from a different perspective, for the Prime Minister and others to say, look, we're going to have to have a big national debate about how we locate ourselves in this new landscape. I've been talking about it myself this morning. But exactly when and in reaction to what and how – that's why I think we need to focus in the meantime on the priorities: the budget, single market and crime and policing.

On the European Defence Agency, I'm not going to pronounce on that because I'm just not close enough to it. All I would say is that given it is inevitable that the United Kingdom will not be at the core of a new form of fiscal, budgetary and political integration within the eurozone, it logically follows that we in the years ahead should double-up on the areas outside those fields where we have natural leadership: on the environment, on police and crime-fighting, on defence policy and on foreign policy – where actually people throughout the rest of the European Union naturally look to London and the United Kingdom for leadership. So while we quite rightly are not part of that new integrated inner core, that doesn't mean we actually can't exercise more rather than less leadership in other areas – including, incidentally as we have done, on a range of issues on defence, whether it's the action in Libya, action in Somalia, whether it's on a whole range of other issues. France and Britain remain by far the two preeminent defence powers within Europe.

With that, I need to go. Thank you very much for listening to me. Thank you.