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Transcript Q&A

Britain's Future in Europe

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Chair: Lord Williams of Baglan

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Question 1:

If [David] Cameron promises a referendum and you happen to win the next election – he said the referendum will probably be in 2018 – will you feel bound by that promise to have a referendum?

Question 2:

That was a very welcome difference of rhetoric, which we expected from you, and on the face of it a very definite change of substance. Nonetheless, you made it very clear there's an extensive reform programme which you want to see brought about in the European Union. What you didn't say, and didn't explicitly refer to, was that a reform programme of those dimensions will take years and years to implement. We've been trying to reform the CAP (Common Agricultural Policy), which was one of your areas of reform, since the very beginning and it's still open to major criticism. What happens when your reform programme stumbles, falls, doesn't succeed? You quoted Margaret Thatcher to repudiate the idea of a referendum and you referred to 'the time is not right' to have a referendum now. Are you repudiating the referendum decision of your Labour government 40 years ago, Harold Wilson and James Callaghan? Do you exclude a referendum?

Question 3:

[The previous questioner] has taken some of my thunder. Mr Alexander, you talked about reform of the CAP, but realistically the French farmers don't want it and the French politicians will not concede it.

Douglas Alexander:

It's rare to find people who make a Scottish Presbyterian look optimistic, but let me try my best.

Firstly, as a former Europe minister, it is worth noting that there has *been* reform of the CAP. To suggest otherwise I think is to misrepresent the position, although I am at one with those who argue for continued and fundamental change. But if you look, the most obvious metric is the proportion of the European budget that is spent on agriculture. Through a great deal of work by a number of my colleagues, from Tony Blair to Margaret Beckett and others, we did see a significant reduction in the proportion of the European budget being spent on agriculture. Now I want to see that continue.

There was also reform within the CAP. In that sense, I would offer that as a counterpoint to the suggestion that the CAP is somehow beyond reform. That is not to underestimate the challenges that any Labour government faces in making that case but I think that we can build on progress that has been seen in recent years.

On the reform agenda, I sought to reflect that truth: that there is not going to be a single moment of transformation. If the years ahead in the European Union are in any way reflective of the past of the European Union, it will be a process of change and reform. It seems to me that one of the very real risks that David Cameron is running is that he risks being trapped, as I sought to suggest, by a combination of his own rhetoric and his own backbenchers. Let me explain – it's not a cheap point, it's a serious and sincere point about why he finds himself where he finds himself. It seems to me the cost of unity in his own party is to suggest that there will be a moment rather than a process, to suggest that he will achieve the Europe of his dreams at that moment and he leaves himself very little space if he doesn't achieve 100 per cent of his negotiating objectives.

In that sense it seems to me a perfectly plausible and reasonable question to say: Mr Cameron, if you achieve 40 per cent or even 60 per cent or even 80 per cent of your objectives, will you then recommend a 'Yes' vote or a 'No' vote in the in/out referendum that you seem intent on offering at that point? I don't think he has an answer to that question. He certainly hasn't answered that question to date. But the best indications are that there are presently nine members of the serving cabinet who would vote 'No' given an in/out choice, and I struggle to believe that even if the prime minister said, 'Listen, I've done my best, I've got 60 per cent, that's a better deal than any previous prime minister and therefore I recommend a 'Yes' vote', that would be judged enough – not just for his own backbenchers but for his own cabinet. I think that lies behind the very real warnings that were issued at the beginning of last week by some very senior business leaders, that he is setting a bar that he is at very grave risk of not getting over – with the consequence that he would create a degree of instability not just within his own party but within the country.

In terms of the point I was making about Margaret Thatcher, it seems to me she very accurately identified that there are difficulties and problems if you judge that the way to resolve internal party tensions is a referendum. In that sense, it seems to me that the roots of the speech that David Cameron will deliver lie in the unresolved tensions in the Conservative Party. I don't believe that David Cameron has suddenly been overwhelmed by an insight as to

where the national interest lies. I believe he's being driven to the speech he's giving not by strength but actually by weakness. That's not to suggest that change is not necessary, nor is it to suggest that it isn't important to engage with the public in the concerns that they have; but as I say, my strong conviction is that both the timing and the substance of the speech is being driven more by politics than by policy. As I sought to reflect in my remarks, I don't think that is a sure foundation on which to make the case for Britain's continued membership and for the changes that we need to see.

Question 2 (cont'd):

So no referendum under Labour?

Douglas Alexander:

It's not a decision that we think we could or should take now, because to take that decision now, when we cannot yet contemplate the changes that may come many years ahead but would instantly cause many businesses to question whether inward investment in the United Kingdom was secure as a base for trading within the Common Market and the single market, and would also have the effect of undermining the influence that we want to secure – we don't believe it's in the national interest to now call for an in/out referendum, even years ahead. That seems to be where the prime minister is heading. He seems to have argued just 13 months ago, when he voted in the division lobbies with Labour, that it would be wrong to have an in/out referendum now because it would create instability at a time that the economy is fragile, but is on the point of suggesting that to call an in/out referendum in five years' time is right – notwithstanding the inevitable instability that it would cause. I don't think we've had a very credible explanation as to why he's changed his mind.

Question 4:

My question, very simply put, would be: how will the House of Commons vote after a referendum, either a positive one or a negative one? You've already given us some figures. I think it's worth remembering that when the original joining of the EEC under Edward Heath took place, he relied very much on Labour Party and Liberal votes in order to get the message through. I wonder whether you see a similar pattern emerging, whenever the referendum is and whatever the referendum is, whether Labour would be prepared to go for

conviction politics or whether it might seek another way of behaving when it came to the vote.

Question 5:

In your speech at the Labour Party conference last year, you said that the Labour Party is united on Europe. I think your speech this evening very much resonated with those sentiments. You've spoken a lot about the political tensions within the parliamentary Conservative Party but my question is, within your own party backbenchers – I suppose Gisela Stuart in particular – do you see there's any risk of that growing tone within the backbenchers derailing the reform agenda that you propose this evening?

Question 6:

What do you think is the role and position of the Liberal Democrats in the current debate on the referendum, taking into account in particular Dr Vince Cable's recently reported remarks on the referendum?

Douglas Alexander:

Let's take those in the order in which they were asked. In answer to the question on the referendum, one of the difficulties of having this conversation is being very clear as to what the prime minister is going to announce. I'm afraid this audience is at one with the rest of the country and the rest of Europe in that confusion. You may take this as a cheap point but I honestly cannot remember an occasion when a British prime minister has had to do an interview in the morning on the *Today* programme, appear in the television studios in foreign European capitals, to explain, justify and calm down a speech that he's yet to make – at that point eight days hence and now, for understandable reasons, a point yet to be agreed.

In that sense, there is genuine confusion as to what he will announce. My best instincts as to what he will announce is not that there will be immediate legislation in the House of Commons because he has already, only a matter of months ago, voted against the case for an in/out referendum – although I saw just before I left this evening that Boris Johnson, with his typical desire to help the prime minister, had suggested that the government should get on with the referendum and have it quickly. So in that sense, my best judgment is he seems to be heading toward announcing the expectation of a referendum in about five years' time. Now, if we are the government of the

day elected in two-and-a-half years' time, we would have stood on our manifesto in terms of where we judge the condition of Europe and the condition of the country to be, so that scenario would not have come to pass, because he anticipates – as far as I'm aware – trying to pass legislation as a majority-Conservative prime minister in the next parliament. So in that sense, let's see where we get to, but that's my best reading of the situation.

On the point from the gentleman in terms of what I said at the conference and Gisela – listen, I should caveat this by saying Gisela is a friend of mine. She's a woman I have a great deal of respect for. I think Gisela is the only Labour Party Member of Parliament who recommended the re-election of George W Bush. In that sense, much as I admire and like her as a colleague, she has never struck me as the most representative voice on foreign policy. So in that sense, that's where I'll conclude my remarks on Gisela's perspectives on Europe.

Thirdly, on the Liberal Democrats: I thought Vince Cable's intervention today was significant, partly because he is the man charged within the government for trying to generate growth in the economy. We've got plenty of issues with how the government is making its judgment in terms of securing growth, but he didn't miss and hit the wall. He was very clear that his job is going to be more difficult and not more straightforward if the prime minister chooses to hit the pause button as far as inward investors are concerned. I have very real sympathy with the points that Vince made today, that actually we need to be doing everything we can to deliver – given the fragility of the economy – stability, growth and jobs rather than instability, continued stagnation and continued unemployment.

Question 7:

Looking beyond the politics of today, I had the impression that you were rather downplaying the degree to which current eurozone leaders are intent on further integration. Indeed, in my view this has been a besetting sin of British politicians over the years – underestimating where the train is really heading and how determined European leaders are. At the present time we have it on record that Angela Merkel believes that the way out of the eurozone's problems is 'more Europe' and not less. I'd be interested to know where the Labour Party feels on this. Do you have red lines in mind as to what the Labour Party would not tolerate in the future? For example, what about joining the eurozone? What is your position? Has it moved on from Gordon Brown's conditions or do you just not want to think about it?

Question 8:

I'm not in favour of a referendum or a renegotiation, but having said that, I'm not quite sure how consistent what you've said this evening is with what I heard on the *Today* programme this morning with the interview of the leader of your party, which at best I would say I came away confused. He did say things like he thought there were a number of areas that were renegotiated – he started off with a very Eurosceptic position, I thought. So I'm just wondering where we are. I would also have thought, if you're going to say what you're saying, how on earth can you justify your vote with the Eurosceptics, for example, on the European budget? If I'd ask the more profound question, it is – the priorities are at the moment to make sure on financial services that what we have got in relation to what is being done in the eurozone is going to be consistent and not to our detriment. I would also say using the weight of the European Union more in foreign policy, which would lead me on to say a few words about our commissioner, but I won't.

Douglas Alexander:

Despite Michael's strictures, well done, I think that was four questions. I'll try my best. Forgive me if I didn't make it as clear as you would have wished, but your point in terms of financial services I did seek to reflect in my remarks, in saying it is a perfectly legitimate concern of the British government – and we as the Labour Party share this – to ensure the integrity of the 27 [EU members] and the capacity of the single market to operate, notwithstanding the anticipated changes within the eurozone. In that sense, that is the very stuff of the discussions and changes that are underway. In that sense, I don't resile from the point that you make that that's one aspect that is quite urgent and pressing, which is ensuring that – principally in relation to financial services, given its centrality to the British economy, but more broadly in relation to British business – that we can be confident, for example, that the commission continues to operate as the guardian of the 27 rather than of the 17 [eurozone members]. That is part of the stuff of the discussions that we will have.

Unsurprisingly, I listened to Ed [Miliband] on the *Today* programme this morning as well. I genuinely don't think it's fair to suggest that to recognize the need for change or to suggest areas where we are willing to contemplate change in the balance between the European Union and the United Kingdom is 'Eurosceptic'. It seems to me to reveal seriousness and a pragmatism that reflects the conversations that we're about to have. For example, in relation to state aid, which is one of the points that Ed made, that didn't seem to me to

indicate that suddenly there was an opportunistic rush to embrace Euroscepticism – it was a recognition that actually given our thinking about the importance of an act of industrial policy, for a British government to be able to support British industry in, frankly, the way that many other governments around the world are now supporting added-value manufacturing and high-end manufacturing is a perfectly reasonable concern. While historically there has been a very rigorous competition regime in relation to state aid's use across Europe to avoid a situation of governments advantaging countries in terms of procurement, there is a real conversation to be had about how we ensure fairness within the European Union but flexibility for governments to be able to act in a way that advantages, in this case, British industry but reasonably the industries of other member states as well.

So in that sense I think we need to move beyond a conversation where it's a kind of game of 'gotcha' – if you say 'we're willing to contemplate a change' that's somehow a proxy for exit or for giving up on a sincere commitment to Europe. I was trying to suggest in my remarks that contemplating change in Europe is not and should not be seen as a proxy for exit from Europe.

In terms of other points – the House of Commons on Wednesday, the prime minister's peroration after the questions from Ed Miliband was to say that's the choice at the election: 'Labour will give you the euro; we'll keep Britain out of the euro'. To be perfectly honest, that is nonsense. If you know anything about the frontbench of the Labour Party, Ed Balls has the Shadow Chancellor's role in the position that we took in relation to the euro when the last Labour government kept us out of the euro. That's pretty desperate stuff. Ed Miliband this morning on the radio made clear that he didn't anticipate Britain joining the euro during his time as prime minister – it's just off the agenda. In that sense, that's not a change of policy, that's a reflection of where Labour's been for some time. I think even Nick Clegg in the Liberal Democrats said he didn't expect the British government to go into the euro in his political lifetime. So in that sense it doesn't seem to me to be particularly relevant or apposite to the real conversation that we're going to be having about Europe to engage in those discussions.

In terms of what do I expect will be the changes in the future, my best advice and sense is although it is the case that Angela Merkel has suggested treaty change, that is not something that she contemplates immediately. Partly she has got the assurances that she's needed in terms of what will be the immediate agenda in relation to the banking union, the immediate relationship in terms of contracts between individual eurozone countries and the commission, and for the foreseeable future. In that sense, as I sought to

reflect, I think the expectation that the prime minister seemed to be encouraging – that there was going to be inevitably and immediately an intergovernmental conference followed by a broad-ranging treaty change – is far from certain.

That's not to deny the possibility of treaty change in the future but I don't think it is a given. Why do I say that? Partly because a lot of other member states are far from convinced that treaty change is sensible given that they've come to a view that most of the integration, if not all of the integration they want to conduct in relation to the eurozone, can be achieved without significant treaty change. But also because I don't think the idea that more Europe within the eurozone inevitably means that there is more Europe outside of the eurozone. I was trying to suggest the deepening of the eurozone neither guarantees deepening of all other aspects for the 27 or indeed the shallowing of all other aspects for the 27. It seems to me that that's an argument that needs to be engaged in, in which Britain will have a point of view and to advance a position. There is an immediate challenge, which is to make sure that what happens within the eurozone does not materially and significantly disadvantage the 27 and the operation of the single market in particular, but in that sense it seems to me that that's a conversation yet to be had.

Michael Williams:

Thank you very much, Douglas. We're all very grateful to you. I'm going to escort Douglas now to the front door because he has to go back to Westminster, but before I do so I'd like you all to thank Douglas for being with us for so long.