

# John Mills speech – 26th April 2014



Ladies and gentleman, please welcome John Mills...

Well, thank you very much Mr Chairman. I must say that I would like to start by saying how nice it is to be here with many people I've worked with over a long period of time on these issues. I've got form. I believe it or not, was the National Agent for the "No" campaign in 1975 and I've been the Secretary of the Labour Euro-Safeguards Campaign, which is the main left-of-centre pressure group to do with the E.U., ever since then. So I've had a long period of time to watch the scenery changing behind me.

You may recall in 1975, when there was the referendum, it was the Labour party that split roughly 50/50 in favour of staying in or coming out. It was the Conservative party in those days which was very strongly in favour of staying in – roughly 80/20 – which produced the two thirds result.

Now, of course, the situation is very different. The Labour party is, on the whole, pretty Europhile and the Conservatives much less so and we'll have to see what will happen over the coming years, which is what I'd like to talk about: the direction that things are likely to move in.

I think it's worth starting off with saying a little about where we are right now. One of the polls in the film you saw earlier on suggested that, if there were a referendum tomorrow, we would leave by a large majority. I have to say that I'm not nearly so sanguine that that would be the result.

I have here the polls that were taken month by month in the period leading up to the referendum in 1975 and you may recall

that, even just a few months before that referendum, there was a big majority for coming out – or if not a big majority at least a majority – which has melted away as a result of the onslaught there was upon the pro side. And although I think the situation will be more even the next time we have a referendum on this issue in this country than it was then, I still think sticking with the status quo and so forth is a very powerful driver in these sorts of referendums and I don't think the result would be nearly so easy to predict as you may think. Though I do think that over the coming period the situation may change and that's what I'd really like to talk to you about this afternoon.

Now if you ask me what the U.K. electorate would like; I think the reality is, whether you like it or not, most people in the U.K. would like to stay in the E.U. provided there were substantial changes made to our relationship with the other member states. That's what the polls show very strongly. So the real issue is: what's going to happen over the next few years.

Are there going to be those changes made? And, if not, what will the outcome be if there's a referendum when it's clear that these changes aren't going to happen. These seem to be the really important drivers in what's going to occur over the coming period.

Now, timing isn't everything in politics but it counts for a lot. Let me lay out for you a scenario for the next few years to see if I can convince you that this is probably the sort of way events might develop.

First of all, we've got two major elections or referendums coming up over the next few months. We've got the Euro elections coming up very shortly, in May, and we've got the Scottish referendum coming up in September. These are going to set the scene for what happens in 2015 when there's the general election.

My guess, in 2015, is that the chances of having a Labour government on its own are actually quite high and this is mainly because the negotiations between the Lib Dems and the Conservatives over changing the arrangements to the House of Lords broke down and, in response to this, the Lib Dems refused to support boundary reorganization. As a result, the Labour party has only got to win about 34% of the plurality, whereas to become a government on its own, without having a coalition, the Conservatives need about 41% of the vote. Bearing in mind there's likely to be a substantial split on the right of centre between the Conservatives and UKIP, this does provide at least a reasonable chance that the Labour party will come in with a majority government in 2015. I don't think there is as much as a 50% chance of this; I think it's more likely that we're going to finish up with either that or a Lib-Lab result. But one thing that does seem to me to be fairly unlikely, bearing in mind that the electoral arithmetic I've just given you, is that there will be an out and out victory for the Conservatives and, if that doesn't happen, then there won't be referendum in 2017.

But if there is a either a coalition, between the Lib Dems and the Labour party, or an outright Labour government, I think the situation over the next five years, between 2015 and 2020, could look very problematical for that government.

I think particularly in the Labour party now there isn't a huge amount of discussion about what the E.U. is going to do to a Labour government if it's elected. And the Lib Dems, or at least the leadership, are so much in favour of the E.U. that I don't think they've given it a huge amount of thought either to the problems they're going to confront.

But let me give you a list of the difficulties which I think they're going to face.

The first is that we heard about the evil effects of the single currency on the E.U., and they're bad enough as it is,

with the very high levels of unemployment there are and the very low levels of economic growth. But I'm far from sure that the situation isn't going to get worse before it gets better and the main reason for this is that the Eurozone's apparent acquiescence at the moment is very largely dependent on enormous amounts of bank loans, that are mounting up and mounting up. Now, debt in itself is not such a bad thing, as long as you've got the capacity to service the interest charges and to repay it, but what is really pernicious about debt is when it builds up and actually you've got an economy which isn't growing at all and the ratio between the amount of debts you've got and your capacity to pay it back and service it reduces all the time. And that's the situation that the Eurozone is in.

So I think between now and 2020, I think there is at least a fair chance that what's going to happen is that the Eurozone is going to run into very serious difficulties. I think there are a number of ways this might happen: you might get a government elected in countries like Greece, which simply aren't prepared to implement austerity any more; you might get the Germans throwing over the traces and saying they're not going to subsidise everybody else anymore; or you might get the markets turning against the Euro. But, one way and another, I think the chances of none of these things happening between now and 2020 aren't high. So that's one danger problem area for whatever government is in power there.

Even if the Euro does survive, there are also going to be big problems that are going to have to be overcome, in terms of the governance of Europe and how to respond to the lack of banking integrity in Europe. And this is going to involve either more mutualisation of debt, or more integration of policy making and budgeting and so forth, this is going to make the countries that are in the Euro more powerful in relation to the countries that are outside. And one of the major difficulties any government is going to have to face in

this country is how to avoid a situation where it all becomes two-tier with one very powerful group in the centre, calling the shots, who are in the single currency, and another group outside. Bear in mind that all the countries that are currently outside – there are eighteen countries in the Euro at the moment and ten outside – but all of those countries outside – or nearly all of them – are obligated to join the Euro. So we may find that the eighteen goes up to twenty or twenty-three or twenty-four or something and we're more and more isolated. So it's a big problem there.

There's the rising cost of the European Union. The European Union is incredibly expensive for us. It's actually quite hard to find the total cost of the E.U. from the Office of National Statistics, which are produced, because they're spread around, but the totals are there if you look hard enough and in 2013 it was over £12 billion net and it's rising all the time. The Office for Budget Responsibility thinks that the total cost of the E.U. is going to rise by about £10 billion over the next three or four years. So there's a very substantial cost element that's going to have to be negotiated by the next government at the time when the balance of payments to this country is going down the pan anyway.

I hardly need to dwell on the problems of immigration. And I think one of the better things that the European Union did, to be honest with you, to start off with, is allow the free movement of people, which worked well when we were dealing with a comparatively small number of countries with roughly the same standards of living. But it clearly works very much worse when you've got an enormous economic gradient between countries like Bulgaria and the U.K., with a difference of nearly 75% between income levels. And, at the moment, we're in a situation where we're restricting the number of people coming in from outside the E.U., many of whom actually have a lot of advantages about coming to this country such as students and skilled workers, whereas we can't do anything at

all – or very little anyway – about the immigration from the rest of the E.U.

There are all the issues around accountability and the capacity of MEPs to hold the confidence of their electorates. The way the Commission operates, the lack of democracy and so forth, and the problem about all of these things added up together is that they do present a fair chance in the rise of underlying Euroscepticism in the U.K., which is going to be really very difficult for that government in charge to do something about. And I think actually as a result of the most recent speech made by Ed Miliband in March this year, the Labour party may have painted itself into something of a corner here because there was a very important change made in that speech, which was: prior to that, the position of the Labour party was – and this is true of the Lib Dems and Conservatives – that there was what's called a referendum lock. In this method, if there were any further significant transfers of power to the E.U., there was going to be a referendum. But the referendum wasn't going to be an in/out referendum, it was going to be on whether or not whatever powers were contemplated were going to be accepted or not. Now, in the speech that Ed Miliband made, in March, this was changed; and what he said there was that if there were transfers of powers in the form of a treaty change, there wouldn't be a referendum on the treaty change, there would be an in/out referendum. This could be a very important change that's been made.

I'm sure that the calculation made by the Labour party was that it was very unlikely that any treaty changes would occur over that period and you can see why the leadership of the European Union, the Commission and so on don't want to have treaty changes because this might trigger off referendums elsewhere, which they might lose.

But, with all the instability that there is around the European Union at the moment, it's a racing certainty that

there won't be treaty changes some time between now and 2020 and with the change of rules and legislation that the Labour party has promised that would trigger a referendum. And if it triggered a referendum at a time when the Labour party wasn't very popular, which tends to be the case with any government that is in power for a fair bit of time – we see it with the Conservative government at the moment – and if it was campaigning against a more and more Eurosceptic electorate, it seems to me that in those circumstances, that there is a substantial chance that there would be a referendum and the result, in those circumstances, would be that there would be a British exit and we would leave.

Now, the other possibility then is that you would then get, even with the risk of referendum running through the period up to 2020, that the Conservatives get back in power in 2020 and my guess is that over the next five years, the Conservative party will become more Eurosceptic and more likely, therefore, to give a commitment and get elected, that there will be a referendum. So one way and another, it does seem to me that the way events are likely to turn out over the next five to ten years is going to make it, first of all, more likely that a referendum will take place. Bear in mind that there won't ever be a referendum unless there's a majority for one in the House of Commons. And secondly, if in those circumstances I've just described, a referendum does take place, that the referendum is more likely to be won; a lot more likely than if one was taken tomorrow.

So it is a long haul. I've been in the Eurosceptic camp since 1975. As I said at the beginning, I've seen the situation change and change again but I think it's very important not to give up hope, not to come to the view that we've all been battling on for forty years and we're still there.

Timing, as I said at the beginning, is very important and I think that it may well be that the situation will shift in our favour, whatever happens at the next general election for the

reasons that I've given you.