

EMERGENCY EXIT

Marcus Watney




The
Bruges
Group 

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About the Author

Marcus Watney is a retired technical writer with experience in British industry working for OEMs in the areas of IT, fibre optics and superconducting magnets.

Until the late nineties he was a committed Liberal under David Steel's leadership and for many years was a constituency chairman. But after the Liberals and the SDP merged, he became increasingly concerned at the new party's uncritical support of the very illiberal EU. In 1997 he voted for the Referendum Party and in 1999 joined UKIP, then the only political party actively opposing the growing power of the EU.

He has stood for Parliament twice and twice been a euro-election candidate. In 2003 he was invited to Malta and campaigned alongside Dan Hannan for a No vote in their accession referendum. He was a touring speaker in the campaign against the EU Constitution. In 2004 the Bruges Group published his paper *Exit Strategy*, believed to be the first analysis of the different ways of leaving the EU. He has given numerous television and radio interviews, attempting to explain simply the byzantine workings of the European Union.

His main concern has always been the democratic deficit. He looks forward to a time when the peoples of Europe are again able to live life as they choose, with nation co-operating with nation because they wish to and not because they have to.

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EMERGENCY EXIT

“Europe is now defined by the constraints it imposes on governments, not by the possibilities it affords them to improve the lives of their people. This is politically unsustainable.” – Kevin O’Rourke, Professor of Economic History, Oxford University, 2014.

“My starting point is simple. I believe that the decisions which govern all our lives, the laws we must all obey and the taxes we must all pay should be decided by people we choose and who we can throw out if we want change. If power is to be used wisely, if we are to avoid corruption and complacency in high office, then the public must have the right to change laws and governments at election time. But our membership of the European Union prevents us being able to change huge swathes of law and stops us being able to choose who makes critical decisions, which affect all our lives. Laws, which govern citizens in this country, are decided by politicians from other nations who we never elected and can’t throw out. We can take out our anger on elected representatives in Westminster but whoever is in Government in London cannot remove or reduce VAT, cannot support a steel plant through troubled times, cannot build the houses we need where they’re needed and cannot deport all the individuals who shouldn’t be in this country. I believe that needs to change. And I believe that both the lessons of our past and the shape of the future make the case for change compelling.” – Michael Gove MP, 20 February 2016

“In Downing Street, Cameron was pulled in both directions ... but fuelled by the discovery that it was difficult to achieve anything in government without bumping up against an EU regulation or directive.” -- from ‘Call Me Dave’ by Michael Ashcroft and Isabel Oakeshott, quoted in the Sunday Times 4 October 2015.

“The euro crisis has already transformed the European Union from a voluntary association of equal states into a creditor-debtor relationship from which there is no easy escape.” – George Soros.

A few weeks ago, I was expounding to my adult daughter why people should vote to leave the EU. In my usual pedantic fashion, I was throwing out facts and figures like confetti at a wedding. Bored with my diatribe, she turned away. But as she did so, she shrugged and, with the directness of youth, said simply: “The EU is finished”. Then she got on with her life.

That left me wondering. Those of us who have been certain for decades that the UK must free itself from this sclerotic organisation, we have become so enmeshed by statistics that we have lost sight of the fundamentals. Or rather *the* fundamental. The EU has failed. It started as a utopian dream embraced in the fifties by a continent shattered by war, but it has evolved into an anti-democratic Orwellian institution where unelected despots tell everybody how they should live their lives in the ultimate incarnation of ‘Nanny knows best’. And just like so many other great empires, the root cause of the EU’s failure is that it has expanded too rapidly.

Eleven years ago, following eurosceptic success in the 2004 euroelections, I wrote a paper for the Bruges Group entitled *Exit Strategy*. That paper explored the practicalities of leaving the EU. It addressed the problem that up to then on the doorstep many ordinary voters had said they wanted to leave the EU but saw no way this could be done. A common attitude had been “We’re stuck with it, so we just have to make the best of a bad situation.”

Today, of course, everything has changed. In part, that is thanks to Article 50 of the Lisbon Treaty which for the very first time accepts that wanting to leave the EU is not a subversive attitude but a valid political position, and that therefore it is right that there be a mechanism to effect withdrawal. There had, after all, been the precedent of Greenland withdrawing from the EEC without fuss in 1985, so clearly it could be done.

This paper, *Emergency Exit*, does not look in detail at the final text of the deal hammered out in Brussels late on Friday 19 February 2016 beyond making four brief observations:

- The terms agreed by the Prime Minister do not bind the EU institutions and do not create treaty change any time soon. Even if they did, they could not be relied upon as they are subject to ratification by the EU Parliament and a whole host of national and regional parliaments whose unanimous consent will be required. In Belgium, for example, there is a federal parliament and five regional assemblies, each of which has a veto. On 27 February 2016, Charles Michel, Prime Minister of Belgium, confirmed that the Parliament of Wallonia, with just 75 members, will definitely scupper the UK’s opt-out from ever-closer union, making a mockery of all David Cameron’s efforts. To call a referendum on a deal which is not going to be ratified is at best irresponsible and at worst dishonest;
- The City of London, and financial services in general, have not been given enforceable protection. The agreement merely permits the UK to request a discussion of an objection. A British veto of new banking regulations is explicitly banned. Specifically, “If ... at least one member of the Council that does not participate in the banking union indicates its reasoned opposition to the Council adopting such an act by qualified

majority, the Council shall discuss the issue” and “Any such referral ... cannot result in a situation which would amount to allowing a Member State a veto.” (Annex II, Article 1, Paragraphs 1 and 3 on pages 28 and 29 of ‘European Council Meeting 18 and 19 February 2016 – Conclusions’);

- The question of migrant in-work and child benefits are of no consequence, one way or the other, given the living wage of £7.20 an hour which came into force in April 2016. The money saved under the terms of the deal is trifling. The real question is the right of a sovereign nation to control immigration absolutely, and in particular to have the power to adjust immigration levels, both up and down, in response to the national economic situation and the flavour of the government of the day. The democratic deficit is the elephant in the room;
- The ‘emergency brake’ negotiated by David Cameron is *at the discretion of the EU* in response to a request from the UK. This is a significantly worse deal than the ‘emergency brake’ enjoyed as standard by non-EU members of the EEA which is under their unilateral control.

Rather than dwell on the negotiations themselves, this paper builds on *Exit Strategy* and looks at practical campaigning issues. It is divided into four sections. The first looks at EU issues from the eurosceptic perspective, and the second examines transition arrangements. The third looks at the EU through the eyes of europhiles while the fourth examines the international situation.

THE EUROSCEPTIC PERSPECTIVE

“As Chancellor, I became increasingly aware that, in economic terms, membership of the EU did us more harm than good. And that was before the arrival of European monetary union, which occurred after I had left office, and which has had such a disastrous economic effect on the EU. But it is unsurprising that it brings no economic benefit, for the European Union has never been an economic project. It is has always been a political project, with a political objective which we in the UK do not share. That is the fundamental reason, above all others, why we must vote to leave. That objective is the creation of a full-blooded political union, a United States of Europe.” -- Nigel Lawson reported in the Telegraph 19 February 2016.

“We’ve heard all the apocalyptic claims from the Remain camp of economic damage that might be caused by Brexit. In response, I like to quote Tim Congdon and Patrick Minford, who have both concluded independently that EU membership costs the UK 10 to 11% of

GDP. So I was delighted to see the estimate from the authoritative and highly respected Institute for Economic Affairs that Brexit could increase UK national output by a whopping 13%.”—Roger Helmer MEP, 8 April 2016.

“I believe we’d be better off with just a trading relationship, as Iceland has. If we went alone it would increase our reputation and clout in the world, not reduce it. The President of China came here because we’re Britain, not because we are part of the EU.” -- Sir Rocco Forte, CEO of Rocco Forte Hotels

Projecting a Positive Image: a Stride into the Light

First an observation: there are many excellent academic studies available, but the vast majority are preaching to the converted. The consensus is that broadly a third of the electorate is Remain, a third Leave and a third Undecided. It’s that last group, the Undecideds who we must sway. And that won’t be achieved by showering them with facts and figures.

It will be achieved by tapping into something much more visceral, their general sense of unease, the feeling deep inside that something is just not working, that something is just not right: “The EU is finished: why shackle ourselves to a corpse?”

So the single most important element of the strategy is to promote a positive image of life outside the EU. Douglas Carswell MP got this exactly right on the Andrew Marr Show on 7 February 2016 when he said:

“We want an optimistic up-beat internationalist message ... Immigration is incredibly important ... But it is also really important that we say as part of taking back control we are not just looking to take back control of our borders: we also want to take back control of our money. Every week, this week we will have sent £350 million to Brussels. That’s enough to build a new NHS hospital, that’s sixty times the NHS cancer fund ... we need to appeal to the Undecideds ... we need to make sure we’re talking their language.”

(Note that £350m a week is the gross contribution. The net contribution in 2015 was £8.5bn p.a. or £163m a week. However we have no control over how about half what we receive back is spent).

It isn’t going to be sufficient to grumble about how incompetent, dictatorial and corrupt the EU is. We are going to have to show convincingly that outside the EU we will be more free

and more in control of our own lives; that freedom is something to be positively desired and pursued, and that liberty is priceless and so cannot be measured in pounds and euros.

We need to focus the debate on exactly how the new co-operative alignment of sovereign states that eventually replaces the European Union is likely to be structured. Only then will people stop obsessing over whether it is safe to leave the moribund EU, and begin to take departure for granted. Thinking and debating where you are going is always more exciting than mulling over where you have come from.

Immigration

Immigration is both the most important issue in voters' minds and the most emotive.

Immigration has become a key focus out of political necessity. But there are in fact far worse things going on in the name of the EU. Uncontrolled immigration is merely the most visible result of the EU's interference in our daily lives, the tip of the iceberg if you like. The problem, in the political arena, is that the threats that lie beneath the surface, below the iceberg's glistening snowy slopes, are so esoteric and so arcane that raising these subjects on the doorstep is guaranteed to provoke any voter's eyes to glaze over with polite indifference as he or she begins to contemplate supper. Nothing promotes narcolepsy faster than phrases such as 'corpus juris' or 'collapsing pillars'.

But immigration *per se* is not the issue. The issue is that, in common with many other aspects of our lives, we have no control over policy. When a country is booming it makes good sense to encourage migrant labour to make the good times even better. But when a country slips into recession, then it is the duty of the Government first and foremost to protect the indigenous population, most obviously by restricting immigration. For any government, control of immigration is as important an economic tool as the manipulation of interest rates to control inflation.

Rather than address our lack of control of immigration, europhiles try to scare the public with wild claims such as if we left the EU the French would close our border posts in Calais and that huge camps of migrants would spring up in Kent instead. But on 23 February 2016 The Times reported that Bernard Cazeneuve, the Interior Minister, said that France has no interest in tearing up the treaty with Britain under which migrants are blocked at Calais: "The renegotiation of the Touquet treaty is not on the agenda".

So the fundamental question the referendum is actually asking is do we want to run our own country or do we want to have it run from Brussels by people we have never elected and cannot dismiss when they make a mess?

Loss of Sovereignty

‘Sovereignty’ is a nebulous concept with little immediate impact on most voters, so when campaigning it is better to talk of our inability to make our own laws or to change the ones the EU foists on us. In other words, our lack of independence.

So how much independence have we lost? There is no easy answer, because there is no single way to measure ‘amount’ of law. Column-inches? Impact? Frequency of use?

In October 2010 the House of Commons Library published a detailed research paper stretching to 59 pages, reviewing many different studies of this issue. Its conclusion was that between 15% and 50% of British law comes from the European Union, depending how you measure it.

This is much lower than the proportion the EU itself believes it delivers. The EU considers that it is responsible for at least 75% of our laws (84% in the case of Germany between 1998 and 2004, according to the German Federal Justice Ministry). This was confirmed by Vivienne Reding, Vice-President of the European Commission, in early 2014 in this podcast: https://www.youtube.com/watch?v=c0IqaAhF_YA. Some have subsequently claimed that she herself was misinformed, but this does seem rather unlikely.

Probably the most accurate assessment was published by Business for Britain in March 2015. Their study found that since 1993 (the year the Maastricht Treaty came into force) 64.7% of British laws originated from the EU or are deemed by the House of Commons Library to have been EU-influenced. The authors point out that the reason that their percentage is higher than that claimed by the House of Commons Library in 2010 is that the latter did not include EU Regulations which are automatically transposed into British law without passing through Parliament.

Anyway, regardless how you choose to measure national legislative impotence, the simple answers are that, whatever the figure, the EU has too much power over our lives and the British Government does not care. For, in response to the on-line petition against the expenditure of £9 million of tax-payers’ money on the Government’s colourful brochure extolling the EU’s virtues, on 8 April the Foreign and Commonwealth Office responded:

“We are fighting hard to fix the aspects of our EU membership that cause so much frustration in Britain – so we get a better deal for our country and secure our future. Throughout we are driven by one consideration – what is best for our economic and national security.”

Oh really? The one consideration all governments *should* be driven by is the protection of the nation’s independence. Freedom always comes above all else, including ‘economic and national security’.

The Budget Contribution

So how much does the EU actually cost us, in raw money terms?

The statistic most commonly quoted by eurosceptics is £350 million a week, which comes from the annual figure of £18bn a year. But promoting this statistic opens the Leave campaign to accusations of spin, as this is the gross amount. In the present political climate, nothing loses voters’ support more quickly than the suspicion of dishonesty.

I much prefer to quote the net amount, which was £8.5bn p.a. in 2015 or £163 million a week. Our official gross budget contribution (£18bn in 2015) is reduced each year by Mrs Thatcher’s rebate of £5bn (it is wrong to suggest that £18bn p.a. or £350m a week is ever actually “sent to Brussels” as the rebate is applied immediately). This £13bn p.a. outlay is counterbalanced by EU spending on the UK which was £4.5bn in 2015. So our net contribution to the EU budget is £8.5bn p.a. or £163 million a week.

In general terms it is therefore fair to say that, of our official contribution of £18bn p.a., roughly a quarter never leaves the country thanks to the rebate and another quarter comes back into the UK in the form of EU grants, for example in support of our farmers or for regional development in less affluent regions such as Wales.

The Treasury also notes that in 2013 about £1.4bn was paid by the EU direct to the private sector, for example as research grants. It is unclear whether the private sector here also includes farmers, whose support is already accounted above.

Now of course all the EU grants we receive as recycled tax money are beyond our control. Some of them require match-funding by the UK Government. But nonetheless I believe it is much better to quote the lower net figure which is unimpeachable than offer political points to the Remain camp who will squeal loudly if we use the gross figure.

There is another advantage to using the net figure. Our farmers are extremely worried about losing their EU support, as is the Welsh Assembly about its development grants. The leader of the latter has come out strongly in favour of Remain solely because of the grants received by Wales from the EU. So what we should stress repeatedly is that the net figure is the amount of cash available to the UK Government following withdrawal *over and above* what the EU currently provides farmers and poor areas; that is to say, over and above what we will continue to provide after withdrawal.

Nobody is going to lose out from withdrawal from the EU (other than the EU itself). Not only will we be able to preserve the cake as it is, but we will be able to add a little icing on top too.

The Ratchet and VAT

A classic example of the erosion of our democracy is the ratchet controlling VAT. Once a government has applied VAT to an item, no future government can ever remove it. This is because the ratchet requires that movements in VAT are only ever towards 'harmonisation' with the minimum level set by the EU. This is contrary to Britain's constitutional imperative that no Parliament can bind its successors.

Specifically, EU rules require that all members charge VAT at a rate no lower than 15%, although a reduced rate no lower than 5% is allowed on certain items such as gas and electricity. No EU member can introduce a new zero-rate or re-introduce a zero-rate once it has been abolished. Member states are only permitted to continue charging zero rates where those rates were in place on 1 January 1991 (e.g. food).

Now, fuel used by industry became VAT-rated for the first time in 1990, and domestic fuel in 1994. Before 1990 there was no VAT on fuel: on 1 January 1991 there was. So had the Conservative Government in 1990 and 1994 resisted the temptation to put VAT on fuel, today we would be able to enjoy zero-rated fuel still. But just because that long-defunct Government lacked foresight, we are unable to ever reduce VAT on fuel below 5%. The Parliaments of 1990 and 1994 have bound their successors.

Gordon Brown found the same problem in 2001 when he announced a reduction in VAT on church repairs ... only to be told by his civil servants that he didn't have the power to do that, even though he was Chancellor of the Exchequer. Since that day, many requests have been made to the EU to allow this reduction, but to no avail. Fifteen years later, full VAT is still charged on church repairs.

And if a British Government were ever to put VAT on food, we would be stuck with that tax even if we subsequently elected a Government with a mandate to abolish it. (This is of particular concern to the Greeks, who were forced by the Troika in July 2015 to apply VAT to processed food at the maximum rate and fresh food at the reduced rate and so now can never remove this obscene tax without the approval of the other 27 EU member states and the European Parliament).

To remove the VAT on women's essential sanitary products, the Government has had to go cap in hand to the EU and beg its approval. Agreement was reached in mid-March only because of pressure for the same treatment from women in several other EU nations, notably France. And even so, the relaxation will still have to pass a vote in the European Parliament. A British Government should be able to respond to popular demand like this unilaterally, without needing to request anybody's permission.

The only practicable way to remove VAT from gas and electricity, which would be a huge help to struggling families, is to leave the EU and reclaim our independence.

State Aid

The panic following Tata's announcement in April 2016 that it will sell its steel works at Port Talbot and the desperate search for a new owner that has followed, underlines just how restrictive the EU's rules on state aid are. Under those rules, state aid can be given only to alleviate social upheaval. It cannot be given merely to help an industry, however strategic, to compete and survive.

While subsidies are in general undesirable as they tend to skew trade, a sovereign nation needs to have an unfettered ability to support threatened industries of importance when they come under exceptional stress. By dumping steel on Europe at prices way below production costs, China is subsidising its steel industry to avert the social disruption which massive unemployment would cause. EU rules preventing us in Britain from freely subsidising our steel-making in response to this predatory behaviour are myopic. Outside the EU we would be able to take a much more robust stance to unfair practices abroad.

For, as Milly Cavaghan, a steel-worker's wife, wrote in The Times on 1 April 2016:

“To let other nations subsidise their production to the extent that we forfeit the ability to produce the product ourselves leads us open to exploitation at a future point ... Trade protection is exercised widely by many nations and there is no reason why Britain should

stand out in not exercising its right to support an industrial strategy that is so badly needed.”

Free Movement of People

It's a generalisation of course but broadly speaking older people are likely to vote Leave and younger people Remain. Why is this?

One reason of course is that older people can remember what it was like to be free. The young have never known a life without bars.

But also the great attraction of the EU to young people is the provision for the free movement of people. We tend to think of this as one way: the influx of economic migrants. But for the young the ability to go and work in France or Germany just because they feel like it, without any complex permits and bureaucracy, is very attractive.

This is in spite of the fact that in reality very few Britons look for work on the continent. On 5 April 2016, The Times revealed that analysis of millions of searches by job-seekers in the first fifteen member states (i.e. not including those who joined in 2004 or later) showed that the UK was the first or second choice for those seeking work abroad. About 37% of searches were for jobs in the UK, with France at 12.1% and Germany at 11.7%. But Britons, in contrast, are the least likely to move. The proportion of UK job searches focussed on overseas was only 1.5%, and of those only 15.3% wanted to work in the EU. Far more Britons wanted to work in the United States than other EU citizens.

So how are we to attract the young to support the Leave campaign?

We need to distinguish between economic migrants and career advancement. When we joined the EEC on 1 January 1973, we joined a grouping of countries with similar per capita GDP. Today the EU is a group of widely divergent economies, with the developed northern nations more than twice as affluent as the undeveloped Balkans. And it is this divergence that promotes the excesses of economic migration.

Once outside the political EU we can negotiate bilateral agreements with individual EU nations of comparable per capita GDP for the free movement of people in both directions (or implement the policy unilaterally if they decline to negotiate). Nations with significantly lower per capita GDP would be subject to the Australian points system. When we have done this, we can leave the EEA (the Single Market).

TTIP

How are we to encourage socialists to vote Leave? The answer is by publicising the Americanisation of Britain that will occur if we are members of the EU when TTIP happens.

TTIP, or to give it its full name The Transatlantic Trade and Investment Partnership often referred to as 'Tee-Tip', is a massive topic, so here I will give only an overview. It involves lengthy secret negotiations which have been running since July 2013 between the EU and the United States, negotiations designed to open up trade and investment between the two. While that sounds benign, it is not. I would say that TTIP is the single greatest threat to democracy since the Lisbon Treaty.

The problem is that the European and American approaches to corporate power versus public power are very different. For example, the Americans have no equivalent to our Unfair Contract Terms Act 1977 which limits just what weird terms (especially disclaimers of responsibility) a company can write into its contracts, and thereby ensures that ultimately the consumer always has the upper hand.

Standards in the USA are lax compared to ours. One of the aims of TTIP is 'Regulatory Convergence'. That means reducing (or abandoning completely) EU protections until they match those of the United States. For example, 70% of all processed foods sold in US supermarkets now contain GM ingredients, while the EU allows virtually no GM foods. The US has far laxer restrictions on pesticides. It uses growth hormones in its beef which are restricted in the EU because of their connection with cancer. The EU is much tougher on substances suspected to be toxic. In the EU, a manufacturer has to prove a substance is safe before it can be marketed: in the USA any substance can be used until it is proven unsafe. For example, the EU bans 1200 substances from use in cosmetics: the United States just twelve.

TTIP involves the relaxation of privacy protections and labour standards. The treaty aims to open up Europe's public health, education and water services to US companies. While the EU Commission claims that public services will be kept out of TTIP, UK Trade Minister Lord Livingston (formerly chief executive of BT) has said that American involvement in the NHS is still a possibility.

The EU has admitted that TTIP will probably cause unemployment as companies move their operations to the United States where labour standards and trade union rights are lower. This happened when Mexico joined NAFTA: American jobs fled across the border, ruining many MidWest towns. It is claimed that about one million American jobs were lost to Mexico over a twelve year period.

But the biggest threat of TTIP is to democracy itself. The treaty intends to establish a special court where companies can sue governments for profits lost because of changes in government policy. Talk about the tail wagging the dog!

In fact this craziness, where unelected transnational companies can pressure elected governments with the threat of massive financial penalties if they don't toe the corporate line, is already happening. This ability to sue is incorporated in a number of existing trade agreements. For example, in October 2014 the Swedish energy giant Vattenfall started suing Germany for an estimated 4.7 billion euros over its decision, following the Fukushima disaster in Japan, to shut down eight nuclear power plants, two of which are owned by the company.

And we know what the transnational take-over of British companies will look like. When the massive American firm Kraft Foods bought our much-loved Cadbury's in 2010 they claimed that everything would continue as normal, but within months there were massive redundancies and then in 2015 the quality of chocolate used in Creme Eggs was debased, much to the fury of loyal fans of one of Britain's best-loved confections.

On 26 February 2016, as the twelfth round of talks ended, it was announced that the EU and the US intend to speed up negotiations over TTIP with the aim of having everything sewn up by the end of the year before Obama leaves office. As usual with the EU, there isn't much any of us can do about our imminent colonisation by transnationals ... except leave.

An on-line petition calling on the EU to abandon TTIP negotiations (and the equivalent Canadian ones) collected 3,030,595 signatures. It has been ignored.

THE TRANSITION PERIOD

"As a minister I've seen hundreds of new EU rules cross my desk, none of which were requested by the UK Parliament, none of which I or any other British politician could alter in any way and none of which made us freer, richer or fairer. It is hard to overstate the degree to which the EU is a constraint on ministers' ability to do the things they were elected to do, or to use their judgment about the right course of action for the people of this country. I have long had concerns about our membership of the EU but the experience of Government has only deepened my conviction that we need change. Every single day, every single minister is told: 'Yes Minister, I understand, but I'm afraid that's against EU rules'. I know it. My colleagues in government know it. And the British people ought to know it too:

your government is not, ultimately, in control in hundreds of areas that matter. But by leaving the EU we can take control. Indeed we can show the rest of Europe the way to flourish. Instead of grumbling and complaining about the things we can't change and growing resentful and bitter, we can shape an optimistic, forward-looking and genuinely internationalist alternative to the path the EU is going down.” – Michael Gove MP, 20 February 2016

“I have been asked ‘what, then, is your alternative to being in the European Union?’ A more foolish question is hard to imagine. The alternative to being in the European Union is not being in the European Union. Most of the world is not in the European Union – and most of the world is doing better than the European Union.” -- Nigel Lawson reported in the Telegraph 19 February 2016.

Two-stage Withdrawal

The first weeks of the referendum campaign were characterised by attacks by Remain claiming that Leave had no clear idea of what would happen after a vote in favour of Brexit. Unfortunately, Leave campaigners were not briefed well enough to give a united coherent answer.

This disarray reached its nadir when Christopher Booker, a committed eurosceptic of many years' standing, complained in the Sunday Telegraph on 28 February 2016:

“The fearful irony of what is going on was exemplified by that poll last week which found that, while 65 per cent of the British electorate describe themselves as ‘sceptical’ about the EU, only 30 per cent would wish us to leave it. And if there is one reason above all else for this seeming contradiction, it is the total failure of the various ‘Leave’ campaigns to agree on any plausible, properly worked-out plan for how we could extricate ourselves from the political ‘government of Europe’ while continuing to have full access to the Single Market.”

In fact there has been a coherent road-map for post-Brexit since 2003. It just hasn't been well-publicised. Here it is.

In 2003, I was a member of a group tasked with examining in depth the practical challenges of leaving the EU. After research, my proposal, accepted by the group, was that exit needed to be a two stage process, first leaving the political EU but remaining in the Single Market for several years. Then, after a national debate, we would decide whether to remain in the Single Market or switch to one of the alternatives.

The attraction of this two-stage approach is it allows eurosceptics of different persuasions to work together in harmony to get the UK out of the political EU, an issue upon which we are all agreed, without muddying the waters arguing over the ultimate trading status of the UK. It is also a coherent policy attractive to the electorate for they now get two votes: first on leaving the political EU on 23 June and then, several years later, a vote on whether to stay in the Single Market or move to a different arrangement.

The two-stage approach also completely disarms one of the most powerful scare-mongering weapons deployed by Remain: the claim that leaving the EU endangers millions of jobs. For the day after we leave the EU we will still be participating in the Single Market, effectively defaulting to Norway's position in the first instance. There will be no economic dislocation at all, and the City will remain calm.

Another reason for an inter-regnum, we recognised, is that EU Regulations are brought into British law via Statutory Instruments, most of which depend on the ECA 1972 for their validity, and so upon its repeal would need to be kept alive by British interim legislation while multiple committees met over several years to decide the Regulations' individual fates. Not everything from the EU is bad and it is important not to throw the baby out with the bath water. (Fortunately, EU Directives have been largely implemented using their own individual Acts of Parliament, and can therefore be repealed without complication).

A prerequisite of membership of the European Economic Area (that is to say, the Single Market) is to be either in the EU or EFTA (the European Free Trade Association, founded by Britain in 1960 as a counterbalance to the then EEC). To continue to participate in the Single Market after withdrawal, the most advantageous route would be to rejoin EFTA: this would allow us to take advantage immediately of the existing 25 EFTA trade agreements, opening up a market of 720 million people. But it is also possible to participate in the Single Market via an Association Agreement. In 2013 the EU proposed this route for the microstates (Andorra, Monaco and San Marino) and Israel and Turkey.

Two-stage withdrawal is a practicable strategy that the public needs to know about.

Technicalities of the EEA

What exactly is the European Economic Area (EEA)?

Essentially it is the Single Market. It came into being in 1994, designed to accommodate countries like Norway which wanted to trade within the Single Market but not to lose their independence.

Rodney Leach, in his influential *Europe: a Concise Encyclopaedia of the European Union*, in 1998 described the European Economic Area (EEA) in the following terms:

*“The essence of the arrangements is that the EFTA countries accept the *acquis communautaire* and are bound by Community legislation, over which they have no influence Membership of the EEA does not, however, commit the signatories to the Common Foreign and Security Policy, to co-operation in Justice and Home Affairs, to EMU, to the Common Agricultural Policy or to the Common Fisheries Policy. Moreover, the institutions of the EEA, including the EFTA Court, are expressly stated to lack the sovereign authority claimed by the institutions of the EU. Thus most of the areas that define national independence remain within the competence of the three EEA states (Iceland, Liechtenstein and Norway) that have elected not to join the EU. At the same time they escape the most intrusive and costly of the EU's policies ... altogether perhaps a better bargain than the EU would care to admit for surrendering a say in the framing of single market legislation.”*

In addition, members of the EEA may withdraw from it any time they wish (the ultimate protection), which EU members cannot. Since none of the three non-EU nations has ever contemplated withdrawal, clearly all three consider that membership of the EEA brings more advantages than disadvantages.

It is important to distinguish clearly between the political EU and the economic EEA. The EU and the EEA (Single Market) are separate entities each with its own series of treaties. Repealing the European Communities Act 1972 takes us out of the political EU but, if we have rejoined EFTA, keeps us by default a member of the EEA (Single Market) until we choose, separately, to leave. We cannot be thrown out of the EEA just because we insist on leaving the EU.

We know the EU and EEA to be distinct entities, not directly linked or dependent on each other, because of the peculiar status of Croatia. Croatia joined the EU on 1 July 2013 as a full member but has been only “participating provisionally” in the EEA since 4 May 2014 while awaiting formal ratification of its accession to the EEA (Single Market) by the parliaments of all the members of the EEA.

Freedoms of the EEA

It is tempting to think of the EEA as EU-Lite, but this is misleading. Non-EU members of the EEA have greater protections in critical areas than members of the EU have in the same areas. The full EEA Agreement can be found here: <http://www.efta.int/legal-texts/eea> .

Of particular importance to the UK is that non-EU members of the EEA are excused (have ‘derogations’) from the full rigour of the regulations on the free movement of people. This leniency is over and above the standard short-term ‘emergency brake’ which appears in Article 112 Paragraph 1.

Here is Article 28:

1. Freedom of movement for workers shall be secured among EC Member States and EFTA States.

2. Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of EC Member States and EFTA States as regards employment, remuneration and other conditions of work and employment.

3. It shall entail the right, subject to limitations justified on grounds of public policy, public security or public health:

(a) to accept offers of employment actually made;

(b) to move freely within the territory of EC Member States and EFTA States for this purpose;

(c) to stay in the territory of an EC Member State or an EFTA State for the purpose of employment in accordance with the provisions governing the employment of nationals of that State laid down by law, regulation or administrative action;

(d) to remain in the territory of an EC Member State or an EFTA State after having been employed there.

4. The provisions of this Article shall not apply to employment in the public service.

Note the phrase “subject to limitations justified on grounds of public policy” in Paragraph 3, and shown above in roman. This means, quite simply, subject to local laws. Note also that the rest of Paragraph 3 makes it clear that free movement of people applies only to those accepting “offers of employment actually made.” Entry can be refused to those merely seeking work. Finally note that Paragraph 4 protects a nation’s public sector unreservedly.

This right of non-EU EEA members to limit immigration on the ground of public policy is confirmed in Article 33.

The provisions of this Chapter and measures taken in pursuance thereof shall not prejudice the applicability of provisions laid down by law, regulation or administrative action

providing for special treatment for foreign nationals on grounds of public policy, public security or public health.

Liechtenstein, because of its very small size (population 37,000), uses these derogations permanently to control its borders (plus another derogation to prohibit land purchases by foreigners). The UK will be positioned to take advantage of the same derogations after moving from EU-EEA to EFTA-EEA.

The Long-term Trading Arrangement

This section has looked at the most sensible transition policy, one that frees us from the political EU, returns sovereignty to us, but does so without economic dislocation or causing the international money markets to panic. The long-term trading arrangement for the UK is something to be debated in the years immediately following withdrawal, and so will only be discussed briefly here.

The long-term options are to remain in EFTA-EEA (like Norway), to negotiate EFTA-nonEEA (like Switzerland), to join NAFTA (like Canada), to negotiate a series of bilateral free trade agreements on our own, or to trade under the mild WTO regulations (as does a third of the world).

It seems unlikely that the UK will remain in the Single Market indefinitely (i.e. EFTA-EEA). The two driving forces that have brought us this referendum have been concerns about immigration and concerns about bureaucracy strangling small businesses. While it is probable that transferring to EFTA-EEA will give us back some meaningful control of our borders as described above, making that change still does not address the red-tape overload of the Single Market. That can only be done by leaving the Single Market.

The idea behind the Single Market may have made good sense in the seventies and eighties, but since then the World Trade Organisation has reduced tariff barriers around the world to such an extent that, whether in or out, levels of trade will be much the same. What will not be the same following abandonment of the Single Market is the excessive regulation imposed on those within it. The Single Market benefits big business by offering economies of scale, but cripples small businesses employing only a handful of people by burdening them with costly bureaucracy. And Britain's economy is dominated by small businesses.

And how do those small businesses feel? It was reported in The Times on Thursday 17 September 2015 that 47% of a sample of more than 6000 members of the Federation of Small Businesses wanted to stay in the EU (of whom 56% were hoping for reforms such as

repatriation of powers and so have now been disappointed, while 39% wanted the UK's relationship with the EU to remain the same or become closer), and 41% wanted to leave outright. Companies voting to stay were more likely to be exporters and employers of non-UK European workers. 33% of members said that the EU was beneficial for their businesses while more than 40% saw no benefit from the UK's membership. Significantly, regardless of voting intention, one in three members did not feel informed enough about the EU from a business point of view.

A common complaint is that EU regulations apply even to internal trade. Of course, when exporting goods to America or Japan we must abide by their required standards, and following Brexit we will need to ensure our exports to the EU comply with EU requirements. But more than three quarters of our trade is internal, and here Brexit will liberate our small businesses. Why should a company that exports nothing at all be bound by EU regulations?

On 2 March 2016, the bosses of two hundred small firms signed a letter supporting a vote to Leave. The letter noted:

“Our businesses thrive because we instinctively understand that flexibility and adaptability are key to our long term success. We employ the majority of the UK's workforce. As entrepreneurs, we deal with the EU's constant diet of unnecessary regulations which add to our cost base, reduce our bottom line, and raise prices for our customers for no return.”

But does the Single Market even matter? In the July 2015 edition of *Prospect* magazine, the respected associate editor of the Financial Times Wolfgang Münchau confirmed that the advantages of the Single Market are illusionary.

“If you look at the trend of EU productivity, the single market leaves no trace. In fact, productivity growth in the EU was of the order of 1–2 per cent a year in the late 1980s. Between 1990 and 2000 it fluctuated around 1 per cent. The average between 2001 and 2007 was 0.7 per cent, and it has averaged around zero since then. It has been downhill ever since the official start date of the single market in 1992. Productivity trends in Britain are very similar. You could, of course, argue that without the single market, the situation might have been worse, but that assertion is impossible to prove. My point is that the single market is not visible in the macro statistics. What you are hearing are extrapolations from a micro perspective. Advocates of the single market might benefit from it personally, and so might their shareholders and employees. But the data are telling us a different story – that the single market is a giant economic non-event, for both the EU and the UK.”

He continued:

“The reality is that the alternatives are not as stark as they may appear. This is not really a binary question of whether Britain wants to be ‘in Europe’ or some other geographic domain. It is really a choice between membership of the outer sphere of the existing EU and the inner sphere of a group of the EU’s closest neighbours. I doubt most people would notice the slightest difference in their personal lives were Britain to leave – except that they will be able to enjoy duty-free shopping when they travel to Europe. This is also why I find it hard to get enthusiastic about ‘in’ or ‘out’ arguments. In the end, it probably does not matter much anyway because Britain effectively left the EU a long time ago when it decided not to join the euro.”

On The Andrew Marr Show on 10 April 2016, Nigel Lawson confirmed this analysis. When asked whether after Brexit we would be in or out of the Single Market, he replied brusquely: “It’s not important ... It’s not an issue.”

THE EUROPHILE PERSPECTIVE

“The Commission does not take the blame because it does not care about the political cost. The Commission is here for five years to do its job and we did it with vision, responsibility and commitment. Because what is driving us is not to be re-elected. That is why to us the political cost means nothing. This is the message I would send all around Europe: stop thinking about the so-called political cost.” – Dimitris Avramopoulos, unelected EU Commissioner in charge of Europe’s response to the migration crisis, reported in The Times 29 September 2015.

“Elections cannot be allowed to change an economic programme of a member state” – Dr Wolfgang Schäuble to Dr Yanis Varoufakis, 2015

The Europhile Weakness

Virtually every europhile book and pamphlet has as its focus economics, the idea (completely unproven of course) that without membership of the European Union life would be harsher, goods more expensive, jobs scarcer, the economy more precarious. This obsession with economics and the business-perspective plays into our hands, because while a vibrant economy is of course desirable, what real people (those who have never sat in a boardroom) actually want, more than anything else, is to feel comfortable in their own country.

It’s a funny old-fashioned concept called freedom.

The dictatorial attitude of the European Union is anathema to the Anglo-Saxon. Our tradition is that if something is bad, you don't ban it outright: you tax it heavily. It is then the consumer's decision whether pursuing his venial hobby is worth those extra pounds he must put into the Exchequer's pocket in compensation. This approach works well, superbly so in the case of smoking for example where the tax on tobacco contributes much more than the £3.9bn annual cost to the NHS of smoking-related illnesses.

So why does the European Union do very unpopular things such as banning absolutely vacuum cleaners greater than 1.6kW? Why are they intent, as reported in The Independent on 28 February 2016, on banning high-powered kettles and toasters as soon as the referendum is over? Who do these people think they are? If the consensus is that high-powered vacuum cleaners and electric kettles are environmentally undesirable, then increase the tax on them as with tobacco and alcohol and let the consumer decide.

On 11 April 2016, Roger Helmer MEP warned that the EU wants control of our pensions via a "social union". David Campell Bannerman MEP reported that the EU is holding back a large volume of contentious legislative proposals until after our referendum. Roger Helmer tweeted that Commissioner Sefcovic had, in his hearing, promised "a tsunami of legislation". Sound familiar?

Ordinary people now feel boxed-in by these endless petty-fogging rules and regulations that quite simply make life less pleasant. So in fighting for a Leave result in the referendum we need to focus on the positives of withdrawal, and especially just how good it will feel to be free of unnecessary restrictions and once more in control of our country and how it develops.

And to be able to make a cup of tea quickly during the ad-breaks.

The Economic Argument

The europhile mantra is that [insert your choice of numeral here] millions of jobs depend on the EU, and if we were to leave these would just disappear in a puff of legalese smoke. They ignore the reality, already explained, that if our leaders are sensible we will remain in the Single Market for at least an interim period. The mantra is nonsense, but dangerous nonsense because, declared authoritatively enough, that sort of pseudo-economic claptrap can persuade the gullible. We need to de-bunk the myth at every opportunity.

In The Times on 5 October 2015, Helena Morrissey, the chief executive of Newton Investment Management, said that Britain would be capable of negotiating its own free trade deals

internationally if it left the European Union and would be “taken very seriously”. She continued:

“David Cameron’s aim of rolling back EU laws to give Britain more autonomy over the economy would be helpful, [but] I can’t see that we are going to get what we really need”.

She added that the Financial Transfer Tax illustrated the problem of being in the EU:

“We delegate power to other countries and they don’t necessarily have our best interests at heart.”

On 17 September 2015, The Times revealed that Capital Economics had reported that claims that millions of jobs are reliant on Britain’s continued membership of the European Union are “highly misleading”, that Brexit would not spell disaster for exports and that trade with Europe would be “relatively unaffected”. Any trade tariffs imposed by the EU would be manageable and could be offset by improved opportunities to exploit relationships with fast-growing export markets elsewhere. Capital Economics added that any sectors hit by higher tariffs could be compensated by the Government using savings from its contribution to the EU budget. But anyway it was likely a trade agreement would be reached because there were “obviously advantages for both sides in continuing a close commercial arrangement”.

In the Radio Four broadcast on 10 January 2016 ‘How to Make a Brexit’, respected economist Ruth Lea from Business for Britain confirmed this, explaining that without a free trade agreement, the EU’s Common External Tariff would apply. For most goods this is a mere 1% (but in some sectors it is higher: for example, nearly 10% in the car industry, and here government support might be needed). She also pointed out that one third of trade worldwide is conducted under WTO rules anyway, without any free trade agreement.

Trade with the EU has been declining for years. According to the Office for National Statistics, in 2014 the EU accounted for less than 45% of UK exports (and this statistic includes goods actually exported to end-users *outside* the EU but going via major EU ports like Rotterdam) and 53% of imports. Or another way of looking at market-share is to say that less than 9% of our trade is with the EU, less than 11% of trade is with non-EU nations and more than 80% of our trade is internal (i.e. between ourselves). That last underlines how much less significant exports and imports have become to Britain since the sixties and seventies, when it seemed we had to export or die, and just how much more important is the service sector operating inside Britain today. Indeed, the reason the United States is the most powerful economy in the world is because of its massive internal trade (state to state): its import/export balance has little economic influence on the lives of its people.

The specious claim by the Government that more than three million jobs in Britain are linked to exports to the European Union was brilliantly de-bunked in the Telegraph on 7 April 2016 by Kate McCann (see <http://www.telegraph.co.uk/news/2016/04/07/david-camerons-pro-eu-leaflet-what-it-says-and-is-it-fact-or-fic/>) This figure, it was reported, was first proposed in 2000 by Dr Martin Weale who now dismisses its political use as “pure Goebbels” and, in relation to how the number has been used since, complains: “In many years of academic research, I cannot recall such a wilful distortion of the facts”.

So, beyond the chanting of partisan spin-doctors, it is generally accepted that being in or out of the EU will not make much difference to the economy one way or the other. For example, on 24 February 2016, Michael O’Leary, CEO of Ryanair and a staunch advocate of EU membership, conceded: “I don't believe leaving the EU will cause airfares to rise”.

Project Fear

What Project Fear really loves to claim is that following Brexit our trade with the continent will be jeopardised, and that tariffs will be imposed. This is a gross distortion of the true situation, as has already been explained.

But secondly, europhiles frequently imply that leaving the political EU will mean leaving all sorts of other forms of international collaboration. We may sense immediately that these are specious arguments, but they are dangerous arguments even so, because less well-informed voters may take the claims at face value. These wrong ideas need to be challenged.

Favourite specious arguments are that the EU has kept the peace for more than fifty years (it hasn't: NATO has), that we need to be in the EU to fight terrorism effectively (we don't: cross-border police and intelligence co-operation is independent of the EU) and that we need to stay together as hard times are ahead (but if hard times are ahead that is a good reason to be independent so we are not dragged down by the folly of others).

Thirdly, europhiles are of course promoting change as scary. For example, it has been claimed that Britons with holiday homes abroad or who have retired to Spain will suddenly be unwelcome following Brexit. This is ridiculous. Their positions are protected by the Vienna Convention which recognises and protects the vested interests (‘acquired rights’) of people when treaties change (and of course this protection also covers EU citizens with properties in Britain). The Convention outranks all national law. Our nervous expatriates need to be told this. And anyway, thousands of Americans have properties in Europe and following exit it will be no more difficult for us than for them. There will be a little more paperwork and that is all.

And fourthly, Europhiles repeatedly beat the tired old drum of loss of EU grants, as if we were some sort of economic basket-case dependent on other people's charity. On the front page of The Independent on 18 March 2016, Welsh First Minister Carwyn Jones ranted about a "constitutional crisis" if England voted differently from Wales, claiming melodramatically that the Welsh economy would "tank" without EU grants.

How can these people ignore the reality that our net contribution to the EU budget is £8.5bn per year? That is the *net* figure, meaning that after exit we can replace all EU grants with British grants on a one-for-one basis, and still have that £8.5bn untouched, some of which might easily be allocated to Wales as a top-up. What's more, after Brexit, regional politicians like Carwyn Jones would get to decide exactly where deployment of these funds would do the most good instead of projects being chosen by Brussels.

Farmers too are fearful of the loss of EU funding support, so in the coming weeks we need to make the unconditional commitment that following exit British funding will replace all EU funding automatically. People shouldn't be worrying about these things.

Furthermore the contrary argument, that to vote to remain is to vote for a cosy unthreatening status quo, is fundamentally flawed. As Labour's Gisela Stuart MP warned on the Andrew Marr show on 14 February 2016, staying in the EU doesn't mean keeping things as they are.

"I think it is a historic misunderstanding what the project is about. The project was always deeper integration, and post-Maastricht and the creation of the Single Currency you no longer could widen and deepen without serious political consequences. And in a sense for the last fifteen years we have been trying to pretend that you can have one without the other. And what worries me about this referendum, Andrew, is that everybody keeps talking about the consequences of a No vote and we pretend that if we had a Yes vote the status quo would simply be maintained. No it wouldn't."

The honeyed words the Prime Minister has been fobbed off with, that one day far in the future maybe his negotiated changes will be incorporated into a treaty, give no protection here and now. Choosing to remain in the EU will see a continuation towards the goal of ever-closer union with no meaningful or secure opt-outs. For, as Gisela Stuart pointed out:

"The Prime Minister when he was on your show said his negotiations would involve treaty changes. That is not happening now. So any of these safeguards will be exceptions rather than entrenched institutional."

She continued:

“And I think one of the big things when Philip Hammond earlier mentioned the various opt-outs in terms of benefits and things, we don’t know how the European Court of Justice is going to interpret that once it’s challenged. If you go back to the Danish example in the early nineties when they got various opt-outs, they thought they had an opt-out about citizenship. The ECJ when it came to it overruled it time and time again. So unless things are entrenched in treaty changes and therefore cannot be challenged in the courts they are not going to be worth the paper they’re written on.”

And we know now treaty change is not going to happen, because that requires the consent of many parliaments, each of which has a veto ... and which the Parliament of Wallonia has already said it will use.

We are on a moving walkway that is taking us slowly but irrevocably towards submersion in a federal superstate. That is what should be feared, not reclaiming our independence. And that is what we need to get across to undecided voters.

The European Arrest Warrant

The European Arrest Warrant, now in force and the darling of europhiles, has dealt a body-blow to traditional British values. A Justice Minister or prosecutor (note: not a judge) in any member state, including one lacking our tradition of civil liberties and quality of justice, can have a British citizen in the UK arrested and extradited to face trial for an alleged offence that may not even exist in British law. A British judge has no right to intervene except on purely technical grounds, there is no assessment of *prima facie* evidence and the arrest can be made by a Europol officer. The accusation can be wafer-thin and of course once abroad the British citizen lacks the protection of *habeas corpus*.

These are not merely theoretical possibilities. Since the EAW came into force in 2004, there have been a number of gross injustices inflicted on British citizens. Just after his A-Levels, Andrew Symeou was extradited to Greece falsely accused of a murder where the witness statements described the assailant as clean-shaven and wearing a blue shirt: Symeou was bearded and had been wearing a yellow shirt. He spent eleven months in a tough Greek gaol awaiting trial before being granted bail that required him to live in Athens. It was four years out of his life, four years which he might have expected to have spent at university, before he was eventually brought to trial in Greece and cleared. Had a British judge been permitted to review the *prima facie* evidence he would never have been extradited.

Many abuses have resulted from trials abroad held *in absentia* without the accused even being notified that they were happening. In his absence, Edmond Arapi was convicted of murder in Genoa in 2004 and sentenced to 19 years when in fact on the day of the killing he was working in a café in Staffordshire and attending classes to become a chef. The sentence was reduced to 16 years on appeal, again in his absence. Unaware of any of this, he was arrested at Gatwick on return from holiday in June 2009, and was about to be extradited to Italy in June 2010 when the Italian authorities rescinded the EAW: fingerprint evidence did not match.

Deborah Dark, arrested in France in 1989, was acquitted of drug offences after spending eight and a half months in gaol. She returned to the UK. A subsequent appeal, of which she was never informed, overturned the acquittal and she was sentenced *in absentia* to six years imprisonment. Fifteen years' later, the French issued an EAW. In 2007 she was arrested at gunpoint in Turkey while on a package tour. She was released without explanation. In 2008 she was again arrested, this time in Spain and held in custody pending extradition to France. After a month in gaol, the Spanish refused to proceed, on the ground of unreasonable delay, and she was released and flew back to Gatwick ... where she was arrested for the third time because of the EAW. The British court refused to extradite her on the ground of passage of time. But it took until May 2010, 21 years after the original charge, for the French to finally be persuaded to rescind the EAW so that she could move freely around Europe.

Other examples of the abusive use of the EAW are a student extradited to Spain to face a charge of possessing two counterfeit 50-euro notes, two business partners extradited to Hungary over the failure of their business when prosecution hadn't even been decided upon, and an elderly Pole living in Britain subject to an EAW for exceeding his overdraft limit in Poland, in spite of the fact that the debt had been fully paid off from the sale of his house.

Europhiles make great play of the fact that the European Arrest Warrant facilitates the speedy extradition of foreign suspects to face trial in Britain. What they should be focussing on is the peril faced by British citizens extradited from home without proper UK oversight and to nations with much lower standards of justice and renowned for corruption. The protection of its citizens should be the primary duty of any government.

European Union Immunity

EU property cannot be searched: it enjoys the equivalent of diplomatic immunity. The first two Articles of Protocol 7 of the TFEU state baldly:

The premises and buildings of the Union shall be inviolable. They shall be exempt from search, requisition, confiscation or expropriation ... The archives of the Union shall be inviolable.

This is of course an invitation to corruption. There is nothing the police can do to corroborate a whistleblower's exposure of wrong-doing within the EU, and this allows criminals within the system freedom to operate beyond the reach of the law. And even if the police could seize physical evidence in a raid, they wouldn't then be able to prosecute ... because EU officials are immune from prosecution. For Article 11 states:

Officials and other servants of the Union shall ... be immune from legal proceedings in respect of acts performed by them in their official capacity, including their words spoken or written. They shall continue to enjoy this immunity after they have ceased to hold office.

Europol, too, has immunity from prosecution. Why? All our policemen are accountable for their actions, and so is Interpol. Europol is authorised to gather information on political and religious beliefs, ethnic origins, and sexual activities. One employee has already been caught selling information from the Schengen database to criminals. Since 1215 it has been one of Britain's constitutional bulwarks that no person, not even the monarch, is above the law. Why, then, have we had to accept that such a shady EU task force, unknown to most people, should be allowed to delve into the most intimate aspects of our private lives, without defamed and injured citizens having any recourse in law against it?

The EU was always designed to be a totalitarian state (why else is the EU Parliament not empowered to initiate legislation, and anyone with any power not elected?) But most recently the mask has begun to slip. On 15 December 2015, the EU unveiled plans for a new border and coastguard force empowered to intervene inside a member state when that member state is deemed to be failing to secure its frontiers *even without the host country's consent*. That is the thin end of a very nasty wedge indeed.

Media Manipulation

We need to be alert to media manipulation in the run-up to the referendum, and be ready to challenge its every occurrence. A good example occurred on Channel Four News on 27 August 2015.

Jamie Oliver was being interviewed, and when questioning moved across to the referendum, quite properly he said he didn't feel qualified to offer an opinion one way or the other. But the interviewer kept pressing him, feeding him loaded questions about immigration. Finally,

in a blatantly partisan ambush, the interviewer asked him what would happen to his restaurants if immigration were limited. Riled, Jamie Oliver replied that they would all immediately close.

All credit to Jamie Oliver for trying to resist manipulation by a highly-experienced presenter with an agenda of his own. For any balanced debate on restaurant staffing should of course have then explored the possibility that perhaps indigenous Britons are perfectly capable of being chefs, working hard and keeping Jamie Oliver's restaurants operating at a profit, if only they are paid a proper wage.

The idiocy of celebrities' opinions was demonstrated by Sir Ian McKellan, who claimed we need to remain in the EU because allegedly the EU (but not, by implication, the UK) protects gay rights ... ignoring the reality that homosexuality became legal in Britain five years before we joined the Common Market, and twenty-five years before the EU was created. Perhaps Sir Ian was thinking of the 1999 ruling by the European Court of Human Rights that ended discrimination against gays in the armed forces. But the ECHR has nothing to do with the European Union whatsoever. It is the judicial arm of the Council of Europe, a separate entity which includes many members who are not part of the EU. I wonder what the real pioneers of gay rights, like Quentin Crisp, would think of such thespian silliness.

Celebrities attempting to gull the public by endorsing political stances which they know little about, and are certainly not more qualified than the man in the street to express an opinion on, are the bane of the twenty-first century. When this happens, they need to be put in their place politely but firmly.

I fear we will see a lot more of this ill-informed posturing as the referendum approaches.

The Neverendum

The suggestion that after a Leave vote the EU would not seek a second referendum goes against everything we know about the EU and all its past behaviour. Every time a nation has rejected EU legislation in a referendum (most famously the Irish referendum on the Treaty of Lisbon held on 12 June 2008), the EU has then either wooed and bullied the nation into acquiescence and asked the question again, or has circumvented the referendum result by sleight of hand (for example, following the French and Dutch rejections of the EU Constitution, the Commission simply re-drafted it as amendments to the existing treaties, which therefore did not require ratification by referendum by most members).

Emma McClarkin, Conservative MEP for East Midlands, summed up the situation well in January 2016: “I think that it is highly possible that if we as the UK vote to leave the European Union that they would not accept that as a final offer. I think that they would use that two-year notice period to try and improve an offer. I don’t think the European Union has ever accepted a No in a referendum as the final thing. So there is a possibility we can have another referendum.” On 26 February 2016, Lord Howard joined the Leave campaign, stating that only a Leave result will shake the EU enough for us to achieve meaningful reform and a second referendum.

Boris Johnson’s reversal of his position on a second referendum, declaring in the Times on Saturday 27 February 2016 that “Out means out”, was presumably for tactical reasons. It doesn’t alter reality. The fact that the EU Heads of Government have declared there will be no second chance carries no weight given the EU’s fondness for making bold statements that it does not subsequently keep (e.g. the Laeken Declaration on the democratic deficit).

Greenland voted to leave the EEC in 1982: before it was finally allowed to leave in 1985, it was forced to have a second referendum to confirm its determination to go. If tiny Greenland, with one thousandth of our population, was required to have a second referendum, so will we be, most certainly. They are not going to let our budget contribution slip out of their hands that easily.

But either way, it simply does not matter. If the vote is Leave, the genie is out of the bottle and no amount of pushing and pulling from the EU will put it back.

Government Procrastination

On Radio 4 on 22 February 2016, Dr Alan Renwick pointed out that in the event of a vote to leave the EU it would be politically untenable for the Prime Minister not to invoke Article 50 and so trigger the start of the negotiations for the UK to leave the EU. However on Sunday 10 January 2016, in the middle of an instructive Radio Four broadcast entitled ‘How to Make a Brexit’ (which focussed on how Greenland freed itself in 1985), Lord O’Donnell, until recently Head of the Civil Service, made the point that the Government isn’t obliged to invoke Article 50 immediately after a Leave referendum result. It could choose to delay starting Article 50’s two-year ticking clock while the Civil Service sorts itself out.

Then again, on 27 February 2016 Charles Michel, Belgium’s Prime Minister, claimed that during the negotiations it was agreed that a Leave vote would automatically trigger Article 50. This is disingenuous. I think we may presume that the Prime Minister of Belgium does

understand the true situation: Article 50 can only be triggered by the head of government of the departing nation and that will be at a time of his choosing.

Since the next General Election is not until 2020, the prospect of Government procrastination is very alarming. It suggests that following the success of the Leave campaign, to actually withdraw we will need a Prime Minister in place who is genuinely committed to freedom.

Know Your Enemy

Every eurosceptic should read at least one europhile book. The exercise may be often infuriating, occasionally amusing, but it will always be instructive. Persevere and learn.

Philippe Legrain was a eurocrat under Barroso so his *European Spring*, published in 2014, is predictably europhile. The first third of the book is good, packed full of useful historical facts about those crises that have hit the European Union, and others which are building up for some future reckoning. His section on German economic stagnation is particularly thought-provoking.

But unfortunately he uses the second two-thirds of the book as a soap-box to promote his strange ideas of the way forward towards a more prosperous society. Sadly his manifesto is flawed from the outset, because he writes as if the citizen exists to serve the national interest and not, as every Anglo-Saxon knows since the publication of John Locke's *Second Treatise of Government*, the other way round. For example, he believes people should be discouraged from living in the countryside because most progressive innovations are made in cities. He believes totally unfettered immigration is a good thing because immigrants add diversity to a society. Nowhere does he give a thought to what a nation's indigenous population may *feel*, nor the structure of society *they* may happen to want.

He lauds Estonia for developing an entirely electronic society where all databases are viewable on-line. He thinks it is a good thing that their electronic land registry has no paper back-up, ignoring the danger that a nation which relies exclusively on electronic records opens itself to cyber-attack, including ransom-ware. Imagine the chaos if criminals deleted the entire Estonian land registry!

Philippe Legrain also has an extraordinarily wrong view of present-day health-care and education, for example imagining that teachers today are "stuck at a blackboard with pupils passively copying what they write". On health-care, his recommendation is that savings be made by having patients self-diagnose using on-line interactive databases rather than go to a GP. He seems unaware of the disaster that is the 111 service (where poorly-paid telephone

operators with no medical expertise advise callers by checking their symptoms against a computer-generated flow-chart), a service which is responsible for a handful of deaths and many more people sent to hospital unnecessarily.

Most alarmingly, he berates Europe for not being as capitalistic as America, revealing how the typical eurocrat imagines the United States of Europe ought to look. He considers our risk-averse culture to be a bad thing, ignoring completely that the entire worldwide financial crisis from which we are only now slowly emerging was started by the collapse of obscenely risky American sub-prime mortgages that had been bundled into financial packages which nobody understood.

And nowhere does Philippe Legrain consider that to be the most successful country in the world it is not necessary to be the richest.

So the defining features of the europhile, especially the eurocrat, is a lack of awareness of the real world coupled with an over-arching arrogance that puts forward subjective opinions as if they are obvious truths and should be accepted as beyond challenge. As I read Philippe Legrain's book, I found myself repeating Bertold Brecht's wonderful satirical admonition: "The people have failed us: we must elect a new people."

And here are the two great weaknesses of the europhile argument which we should exploit in our campaign: an obsession with material prosperity without any regard for happiness (most people would rather be a little poorer and happy than a little richer and unhappy) and a blinkered autocracy that denies that the purpose of the European Union is to provide what its citizens want it to provide, not what it feels its citizens ought to want it to provide.

It is this grotesquely arrogant idea, that the EU is somehow wiser than its imbecilic peoples and that therefore we should all be grateful that Nanny Knows Best, which ultimately will be its downfall. The eyes of the Dutch were opened after 2005 when their referendum's veto of the EU Constitution was ignored; the eyes of the Greeks have been opened by the Troika's blatant bullying in summer 2015; and the eyes of the East Europeans have been opened by the demand forced on them by Brussels that they host refugees against their populations' wishes. How many more peoples will the EU manage to alienate before the decade is out?

THE INTERNATIONAL DIMENSION

"The European Union that will emerge from this process will be diametrically opposed to the idea of a European Union that is the embodiment of an open society. It will be a

hierarchical system built on debt obligation instead of a voluntary association of equals. There will be two classes of states, creditors and debtors, and the creditors will be in charge. As the strongest creditor country, Germany will emerge as the hegemon. The class differentiation will become permanent because the debtor countries will have to pay significant risk premiums for access to capital and it will become impossible for them to catch up with the creditor countries.” – George Soros, 2012

It would be wrong to assume that the referendum is a purely British affair. It is taking place against a back-drop of multiple crises throughout the European Union – the refugee crisis, the Greek crisis, German economic stagnation and the Dutch referendum. This section describes these crises and how they may affect the referendum and subsequent events.

Damage to the Eurozone

In The Times on 7 April 2016, Simon Nixon, chief European commentator at the Wall Street Journal, wrote an interesting piece. His analysis is that Brexit is likely to be far more damaging to the eurozone than it could ever be to Britain, even in the worst case scenario. This explains why people on the continent, such as Yanis Varoufakis, and organisations such as the IMF (whose Managing Director, Christine Lagarde was once France’s Finance Minister) are so desperate that Britain stays. Simon Nixon wrote:

“The risk is a vicious circle, whereby Brexit leads swiftly to rising peripheral eurozone government bond yields, plunging bank shares, widening credit default swap spreads, lower investment and spending, weaker growth and inflation and fresh doubts about debt sustainability. Under these circumstances, the UK might even come to be seen as a safe haven.

Of course, British voters have no obligation to stay in the EU to keep the eurozone together. And the eurozone may yet fall apart even without any British help. However it is hard to draw any sensible conclusions about the impact of Brexit on the UK economy without considering the impact on the eurozone too.”

Well, perhaps they should have given us what we asked.

The Netherlands Strikes Back

In June 2005 a referendum in the Netherlands rejected the draft EU Constitution, which in theory brought that misbegotten initiative to an end. Instead, the vote was ignored and then

circumvented by the slippery device of rewriting the Constitution as a series of obfuscating amendments to existing treaties, in what was presented three years later as the Lisbon Treaty. No second referendum was offered even though the wording was identical, causing resentment in the Netherlands.

Now the Netherlands has struck back. Under Dutch law, a referendum can be held if 300,000 signatures are collected within six weeks. Commemorating the tenth anniversary of the rejection of the EU Constitution, 427,939 signatures to a petition demanding a new plebiscite on the expansion of the EU and mass migration from eastern Europe were submitted by the deadline.

The Dutch referendum's focus was the ratification of the trade association treaty between the EU and Ukraine, the first step in Ukraine's march towards full membership. Ukraine has been within the Russian sphere of influence since the Battle of Poltava in 1709, and it is very foolish to pull the tiger's tail like this. It seems the hubris of the EU has caused it to forget the guiding principle of all diplomacy with Russia: *realpolitik*.

On 28 September 2015, The Times reported that the organiser, Thierry Baudet, an author and academic, aimed to turn the vote into a plebiscite on Dutch membership of the EU. He explained:

"The open borders issue is very big. Like the euro, people only seem to learn from catastrophes ... Open borders are untenable. The public sees that, and our maximum capacity has been reached. It can't go on for much longer. The idea that we can surrender such an essential feature of sovereignty such as the defence of our border to this impersonal organisation has gone."

The referendum on the EU-Ukraine Association Treaty took place on 6 April 2016. The result was 64% against the Treaty. The turn-out was 32%, just above the 30% quorum. In theory this scuppers the EU's association treaty with Ukraine and halts eastward expansion. In practice the EU will no doubt find a way around this inconvenience, just as they found a way around the Dutch rejection of the EU Constitution in 2005.

In 2015 a poll revealed that 61% of the Dutch want a referendum on EU enlargement, while 83% want more influence over any future transfers of sovereignty to Brussels. On 23 February 2016, The Times reported that 53% of Dutch people now want a British-style referendum on membership of the EU, and if there were such a vote 44% would vote Remain while 43% would vote Leave. Since it takes only 300,000 signatures to trigger a referendum in the Netherlands, it looks almost certain we will not be the only ones demanding our freedom.

Switzerland

The Swiss are fascinating, worth a study all of their own. For a start, they are tough negotiators, well-capable of handbagging the EU in exactly the way our Prime Minister has shown himself to be incapable of. In part, this is because Switzerland is the only country on the planet governed by Direct Democracy: many times a year, the people vote in referendums which are binding on the Government. In this way the people control their politicians direct, on a month by month basis. Perhaps because of this, its citizens are some of the wealthiest in Europe.

Surrounded by the EU, Switzerland exports four and a half times as much to the EU per capita as the UK does. But in 1992 the Swiss voted against joining the EEA. So rather than achieve access to the Single Market via the EEA like Norway, Iceland and Liechtenstein, since then the Swiss have remained in EFTA and approached the issue from the other direction. They have negotiated a whole series of bilateral free trade agreements with the EU which largely mimic the EEA. And unlike Britain, Switzerland is also able to sign trade deals with non-EU states.

To participate in the Single Market the Swiss have had to accept an element of free movement of people since 1999, but not the total free movement that we suffer. As the Swiss Government's website at <https://www.eda.admin.ch/dea/en/home/bilaterale-abkommen/ueberblick/personenfreizuegigkeit.html> points out:

This is conditional, however, on possession by the individuals concerned of a valid employment contract, being self-employed, or in the case of their not being in gainful employment, proof of financial independence and full health insurance coverage.

So in the case of Switzerland, an EU migrant cannot just enter the country in the vague hope of finding work there subsequently. He must have a job contract already, or have an established business of his own, or be wealthy. Most significantly, Switzerland reserves the right to adjust this agreement any time it wishes to. This is in many ways exactly the hard-headed approach to immigration Britain desires.

However at the time of writing (mid-April 2016) everything is in a state of flux. In a referendum in February 2014, by a narrow margin the Swiss instructed their Government to limit immigration by applying quotas. This is unacceptable to the EU which has retaliated by suspending Switzerland's use of the Erasmus university exchange programme. The Swiss Government is presently trying to find a way to implement the referendum result, as required by the constitution, without offending the EU but the EU is refusing even to negotiate. Predictably, the EU is responding as it always does when confronted with an inconvenient

vote and is pressuring Switzerland to hold a referendum by the end of 2016. That date is important because the three year transitional period, within which timeframe the new quotas must be implemented, ends in February 2017. The chief EU negotiator, Maciej Popowski, has taken the usual blinkered attitude, calling on the Swiss to “change their logic”. He added:

“It’s unimaginable that one takes a step backwards. Safeguard clauses belong in the past.”

As things stand, it therefore seems likely that Switzerland will leave the Single Market.

Scotland

Much is made of the claim that if Britain votes Leave, Scotland will secede in order to continue in the EU. But why would Scotland wish to remain in the EU? Why does Scotland see benefit in the EU where England sees liability? Why is Scotland expected to vote Remain?

Scots are obsessed with ‘their’ oil. But none of the europhiles north of the border have grasped the implications of the EU’s Common Energy Policy. The EU has always considered all energy resources to be assets of the European Union not of the nation in which they happen to be located, and ultimately it will take control of Scotland’s oil for redistribution around the continent. For the EU’s plan for 2050 includes this objective:

A European approach is expected to result in lower costs and more secure energy supplies when compared to individual national schemes. With a common energy market, energy can be produced where it is cheapest and delivered to where it is needed.

In other words, North Sea oil will not belong to Scotland any more. And if energy cannot be generated cheaply in Scotland it will not be generated there at all.

This is the main reason Norway has kept out of the EU. It doesn’t want the riches that come from the oil under its seas benefiting anyone but the people of Norway. It knows that this will end if the EU is ever allowed to get control of the wells.

German Stagnation

It is a common mistake to admire Germany for the way it manages its economy and to imagine this is a model we should all emulate. But as Philippe Legrain points out in his book *European Spring*, German economic success is a mirage. In reality, German success is built on very shaky foundations indeed.

He points out that German workers are paid less for the work they do that makes Germany so powerful than other Europeans. Secondly, both investment in the economy and productivity growth are appalling (less than 1% per annum in the latter case). Thirdly, the nation's economy is too greatly geared to the export of goods.

One of the shocking revelations is that Germany has profited from the eurozone crisis. As investors' faith in the southern nations' ability to pay off their sovereign debt wilted, they rushed to the safe haven of German government bonds. This forced German yields to the floor just as the Mediterranean nations' borrowing rates headed for the ceiling. It has been estimated that the fall in German bond yields saved Germany about €100 billion on its own borrowing requirements. A nice little earner. What incentive, then, was there for Angela Merkel to make a genuine attempt to save the indebted countries?

American Interference

President Obama has repeatedly said that he wants Britain to remain in the EU. He sees Britain as a brake on the wilder protectionist drives of the continental powers. In July 2015, he said that Britain ...

“... is part of the cornerstone of institutions built after World War II that has made the world safer and more prosperous, and we want to make sure that the United Kingdom continues to have that influence.”

That phrase “we want to make sure” is alarming, implying that the United States is contemplating direct intervention, by fair means or foul, overt or covert, in a debate which should be limited to UK citizens.

When President Obama's opinions are analysed, though, it is clear he has no real understanding of what the EU is. At our most charitable, we may say he has been poorly briefed. First, the world has been made safer not by the EU but by NATO. The world has not been made more prosperous by the EU: the eurozone is an omnishambles, and the GDP of its Mediterranean members has barely advanced since their acceptance of the euro. Since the adoption of Qualified Majority Voting, Britain has had no meaningful influence on anything in the EU, particularly when opposed by the rock-solid Franco-German axis.

Does President Obama understand the democratic deficit? Does he understand that the member states of the European Union have less independence than the states of the USA? Does he understand that nobody elects the EU Commission; and that anyway, as Marta

Andreasen pointed out in 2009 in her seminal book *Brussels Laid Bare*, the initiatives of individuals, even Commissioners, are repeatedly thwarted by the Directors-General who have been in place for a decade or more, during which time they have used patronage to build a network of willing underlings?

President Obama needs to be briefed as to what we are actually up to. Leaving the EU is not a retrogressive manoeuvre, we are not Little Englanders harking back to the age of empire. We are forward thinking individuals who want to free our nation from senseless bureaucracy and an alarming drift towards authoritarianism. Unshackling ourselves from the leaden corpse that is the European Union will increase our influence in the world, not diminish it. And in an independent Britain, America will find a more active ally than at present.

The Refugee Crisis

The refugee crisis that began to overwhelm the EU in summer 2015 is of course a human tragedy. But, from a purely academic point of view, it is also fascinating. The demand by the Commission that all member states take a fair proportion of 120,000 of the half-million refugees has provoked outrage in eastern and central Europe. This of course generates only wry smiles in Britain, faced with annual net migration of over 300,000 a year.

On 24 September 2015, it was reported that Hungary's right-wing prime minister Viktor Orban had sniped at Angela Merkel "the most important thing is that there must be no moral imperialism", to which Germany's ally President Hollande replied rumbustiously that if Orban didn't like it, Hungary should leave the EU: "States that don't respect European values should ask if they belong within the EU." (Hollande did not of course explain exactly who it is who is to define 'European values': presumably the Hungarians do have a say in them).

Intriguingly, Orban expressed the love that dare not speak its name: the desire to keep his country Christian. He went on to say:

"We are Hungarians – we cannot think with German minds. Hungary should have the right to control the impact of mass migration. The Hungarian people don't want this."

Meanwhile, with refreshing directness, Robert Fico, the Slovakian prime minister, stated bluntly that Slovakia would refuse to bow to the EU and German diktat:

"Slovakia is not going to respect mandatory quotas."

On the other hand, Poland did bow to pressure, though the government subsequently fell in the 25 October 2015 elections as a result. The new government is somewhat eurosceptic, which is unusual for Poland.

On 18 February 2016, Werner Faymann, the Austrian Chancellor, announced a cap on the number of migrants that can seek asylum of 80 a day, and a limit of 3,200 a day on the number permitted to transit Austria en route to other destinations. When the EU Commissioner for migration, Dimitris Avramopoulos, warned that this policy is illegal, the Chancellor responded tartly:

“Legal opinions will be answered by lawyers. Politically, we will stick to it.”

On 24 February 2016, Viktor Orban announced that Hungary will hold a referendum on whether to accept its quota of refugees. The EU, as always, opposes the idea of a referendum. At the same time, Hungary and Slovakia are taking the EU to court over the legality of forcing quotas on member states.

Suddenly, central and eastern Europe are beginning to understand our position.

But are these migrants actually refugees from war? The tragic photograph of the drowned child being carried up the Turkish beach touched everybody’s heart. But what emerged upon later investigation was that this Syrian Kurdish family was not fleeing war. On 3 September 2015, the Guardian reported that they had been living in Turkey for three years in a rented house paid for by the child’s aunt in Canada. It has been reported that the father had been working, albeit at a low rate of pay. They had fled to Turkey from Kobani, returned to Kobani in early 2015, then fled back to Turkey in June 2015. Thus when this family tried to reach Greece they were economic migrants not refugees, because their lives were not in danger in Turkey from where they set out on their fatal sea voyage, and their objective was to get to Canada and a better life.

This is the crux of the problem that the EU will not grapple with. Those who have fled from Syria to Turkey, Lebanon or Jordan are not in danger of their lives any more and so may not then move to another country claiming to be refugees or asylum seekers. The totalitarian regime in Eritrea may be appalling, but once an Eritrean refugee makes it into Djibouti, Ethiopia or Sudan, that person is no longer in danger of his life. It is an abuse of refugee-status to trek all the way across the Sahara and into Libya, and then to risk drowning while crossing the Mediterranean, not out of fear of persecution but simply in the hope of a better wealthier life.

The solution is obvious. The international community, including the EU, needs to financially support countries bordering war-zones so that refugees from wars can live half-way decent lives there, close to their homelands to where hopefully one day they will be able to return when peace breaks out. That support needs to be very generous indeed but to go hand-in-hand with a firm new definition of the word 'refugee' which limits that status to people fleeing to a safe state contiguous with a war-zone.

Turkey

Turkey has been asking to join the EU since 1987 but was only recognised as a candidate in December 1999. Negotiations began in 2005 but quickly stalled. Understandably, the main objection came from Cyprus whose northern half was seized by Turkey in 1974 and is still under its control. Other concerns were the slowdown in Turkish reforms from 2007.

Turkey has a population of 78 million. Were Turkey to join the European Union, its large population, the second largest in the entire EU (only Germany is bigger at 81 million), would give it enormous voting power under the Qualified Majority Voting system. Its GDP per capita, measured by purchasing power parity, is \$19,610 (compared with the EU average of \$35,849). So its poverty would mean it was eligible for massive grants from the EU, requiring a major increase in the EU budget. It would feel like ten Bulgarias joining all at the same time. And of course Turkey's accession would result in a new wave of immigration into the UK. Would the EU itself survive such an upheaval?

But since 2007 progress towards accession has been extremely slow. Turkey needs to show compliance with 33 chapters of EU law. So far it has been able to fully comply with only one (Science and Research) and that was in 2006.

The increasingly authoritarian rule of President Erdogan is likely to slow progress even further. The 4 March 2016 seizure of the main opposition newspaper Zaman (a supporter of the Gülen movement of tolerant Islam) in breach of Article 30 of the Turkish Constitution has further soured relations with the EU.

On 18 March 2016, it was announced that a deal between the EU and Turkey to alleviate the refugee crisis had been agreed. This involves a peculiar arrangement to return *all* illegal migrants arriving in the Greek islands to Turkey, swapping each *Syrian* illegal migrant (only) for a genuine Syrian refugee who has not attempted to enter the EU illegally, up to a limit of 72,000. Visa-free travel within the Schengen area for Turkish citizens by the end of June was agreed as a sweetener. As well as financial support for Turkey of €3bn previously agreed, a further €3bn is to be provided before the end of 2018. The projected cost of migrant support

to the UK is more than half a billion pounds. The deal also includes a commitment to “re-energise” accession talks by July.

But Turkey’s poor human rights record and suppression of the press are still likely to prove significant stumbling blocks to accession.

The Eurozone Crisis

The chaos in Greece in July 2015, and the unedifying spectacle of a major European power blatantly bullying a small nation to accept a deal that no one, not even the IMF, considers feasible, has done much to improve eurosceptic chances in the British referendum.

But even Jurgen Habermas, the well-respected leading German philosopher and sociologist, when he correctly criticised Angela Merkel’s bullying attitude, went on to make the cardinal but oh so common mistake of assuming that his perspective on the future of Europe is the only one that could possibly be valid. In an interview with the Guardian on 16 July 2015, he claimed:

“I do not see how a return to nation states that have to be run like big corporations in a global market can counter the tendency towards de-democratisation and growing social inequality – something that we also see in Great Britain, by the way.

Such tendencies can only be countered, if at all, by a change in political direction, brought about by democratic majorities in a more strongly integrated ‘core Europe’. The currency union must gain the capacity to act at the supra-national level. In view of the chaotic political process triggered by the crisis in Greece, we can no longer afford to ignore the limits of the present method of intergovernmental compromise.

Without a common financial and economic policy, the national economies of pseudo-sovereign member states will continue to drift apart in terms of productivity. No political community can sustain such tension in the long run. At the same time, by focusing on avoidance of open conflict, the EU’s institutions are preventing necessary political initiatives for expanding the currency union into a political union.”

In other words, his solution to unrest was not to give individual nations greater freedom to run themselves in whatever ways their different electorates happened to want (i.e. devolution) but rather to crush dissent with increased authoritarian policies coming from an even more oppressive central power that cannot conceive of any vision of Europe other than its own.

Very sad. But this is what we are up against. Yes, even those who we might consider our allies for recognising that the problem is institutionalised bullying are *still* led by their prejudices to a wrong conclusion. The antidote to authoritarianism is liberty, not yet more stringent authoritarianism.

On 17 July 2015, Ben Bernanke, the former chairman of the US Federal Reserve, offered a more reasoned analysis:

“What is a problem, however, is that Germany has effectively chosen to rely on foreign rather than domestic demand to ensure full employment at home, as shown in its extraordinarily large and persistent trade surplus, currently almost 7.5 per cent of the country’s GDP. Within a fixed-exchange-rate system like the euro currency area, such persistent imbalances are unhealthy, reducing demand and growth in trading partners and generating potentially destabilizing financial flows.

It’s time for the leaders of the euro zone to address the problem of large and sustained trade imbalances (either surpluses or deficits), which, in a fixed-exchange-rate system like the euro zone, impose significant costs and risks. ... Simply recognizing officially that creditor as well as debtor countries have an obligation to adjust over time (through fiscal and structural measures, for example) would be an important step in the right direction.”

The most radical proposal to solve the eurozone crisis (and, remarkably, also the most attractive) was first mooted by Matthew Lynn towards the end of his seminal book *Bust: Greece, the Euro, and the Sovereign Debt Crisis* published in 2010. On 17 July 2015, the idea was revived and publicly promoted by Ashoka Mody, a visiting professor at Princeton University and ex-deputy director at the IMF’s research and European departments. Matthew Lynn wrote:

“The latest round of wrangling between Greece and its European creditors has demonstrated yet again that countries with such disparate economies should never have entered a currency union. It would be better for all involved, though, if Germany rather than Greece were the first to exit...

A German return to the deutsche mark would cause the value of the euro to fall immediately, giving countries in Europe’s periphery a much-needed boost in competitiveness. Italy and Portugal have about the same gross domestic product today as when the euro was introduced, and the Greek economy, having briefly soared, is now in danger of falling below its starting point. A weaker euro would give them a chance to jump-start growth. If, as would be likely, the Netherlands, Belgium, Austria and Finland followed

Germany's lead, perhaps to form a new currency bloc, the euro would depreciate even further.

The disruption from a German exit would be minor. Because a deutsche mark would buy more goods and services in Europe (and in the rest of the world) than does a euro today, the Germans would become richer in one stroke. Germany's assets abroad would be worth less in terms of the pricier deutsche marks, but German debts would be easier to repay... Perhaps the greatest gain would be political. Germany relishes the role of a hegemon in Europe, but it has proven unwilling to bear the cost. By playing the role of bully with a moral veneer, it is doing the region a disservice. Rather than building "an ever closer union" in Europe, the Germans are endangering its delicate fabric. To stay close, Europe's nations may need to loosen the ties that bind them so tightly."

The Syriza Government

The Syriza Government which first came to power in January 2015 is fascinating, a breath of fresh air in Greece's otherwise ossified and sclerotic political system normally brimming with corruption and cronyism. Syriza isn't a homogenous party but rather a pragmatic alliance of several small left-wing parties (the very odd Greek voting system allocates 50 extra seats to the single largest party, so it makes sense for small parties to campaign together under a loose umbrella rather than stand individually). For example, Left Platform, a part of Syriza in the first half of 2015 but now independent and re-named Popular Unity, wants to take Greece out of the euro, a policy opposed by the Prime Minister.

The naïvety of the inexperienced left-wingers must be excused. None of them had ever had any power before. But they are truly committed to democracy which is refreshing, even running to the electorate for a referendum when the going got tough.

The trouble is they are still not aware that the euro is not a friendly or supportive construct but an implement of a burgeoning empire. Yanis Varoufakis, for the first six months of government Greece's flamboyant and charismatic Finance Minister and a well-respected professor of economics, even today clings to the idea that everything can be sorted with a generous dose of debt-cancellation that allows continued membership of the euro. But the Germans are not going to ever offer meaningful debt-cancellation: the German public accepted the abandonment of the much loved deutsche mark only on a very clear commitment from the political elite that Germany would never be required to bail-out weaker eurozone members. The Germans have lent hundreds of billions of euros to Greece over the years, but as an investment (the loans generate interest) not as charity. The Bundesbank currently holds more than 500 billion euros in credits against other eurozone central banks.

If the Germans were to forgive one debtor, the others would soon be queuing at their door demanding similar generosity.

Syriza's wishful-thinking had led it to make the impossible election promise in January 2015 to both end austerity and stay in the eurozone. So it was not possible for the new government to openly negotiate for a planned and orderly exit from the euro (although on 16 July 2015 Yanis Varoufakis did reveal that contingency plans were put in place to create a parallel currency in the event of a disorderly exit). As a result, the Prime Minister, Alexis Tsipras, faced Angela Merkel in Brussels naked. And, because the eurogroup knew Syriza was terrified of Grexit, predictably the Greeks were forced into unconditional surrender. They had no fall-back position.

On 14 July, the day after the deal, Yanis Varoufakis wrote:

“Never before has the European Union made a decision that undermines so fundamentally the project of European integration. Europe’s leaders, in treating Alexis Tsipras and our government the way they did, dealt a decisive blow against the European project.

The project of European integration has, indeed, been fatally wounded over the past few days. And as Paul Krugman rightly says, whatever you think of Syriza, or Greece, it wasn’t the Greeks or Syriza who killed off the dream of a democratic, united Europe.

Back in 1971 Nick Kaldor, the noted Cambridge economist, had warned that forging monetary union before a political union was possible would lead not only to a failed monetary union but also to the deconstruction of the European political project. Later on, in 1999, German-British sociologist Ralf Dahrendorf also warned that economic and monetary union would split rather than unite Europe.

The Euro Summit statement of yesterday morning reads like a document committing to paper Greece’s Terms of Surrender. It is meant as a statement confirming that Greece acquiesces to becoming a vassal of the Eurogroup.

The Euro Summit statement of yesterday morning signalled a complete annulment of national sovereignty, without putting in its place a supra-national, pan-European, sovereign body politic. Europeans, even those who give not a damn for Greece, ought to beware.

The recent Euro Summit is indeed nothing short of the culmination of a coup.”

Yanis Varoufakis likened the deal to the Versailles Treaty. But it would be better to think of it as a new Munich Agreement. It might be considered that, from lack of political nous and a blinkered refusal to consider Grexit, Syriza has been forced into a humiliating capitulation. But a deeper analysis suggests that in fact Greece has bought itself time to prepare to leave the euro in an orderly fashion, always assuming that in the end that is what the Government finally recognises is necessary.

After the chaos of July 2015, the anti-euro faction was purged from Syriza and have formed their own separate party, Popular Unity. The second election on 20 September 2015 consolidated Alexis Tsipras' control and confirmed support for his pro-euro pro-austerity agenda. *Plus ça change...*

Since then, Yanis Varoufakis, who voted against the July surrender and therefore chose not to stand in the second election, has moved in a completely different direction. He has been instrumental in setting-up a pan-European socialist group committed to bringing greater democracy to the European Union. Launched on 9 February 2016 and called DiEM25 (Democracy in Europe Movement 2025), it is a charmingly naïve talking-shop intent on re-inventing the wheel. Its concern is to halt the EU's drift towards "a superstate ruled by technocrats issuing edicts" and towards a utopian "union of people ruled by democratic consent." How that is to be achieved, given that the European Parliament has no meaningful power, has yet to be explained. Despots are not noted for accommodating people who wish to end their despotism.

He is discovering now all the old passions that we exercised at the Congress for Democracy ten years and more ago, when there was a division in Britain between those who believed the EU could reform itself (eurosceptics) and those who believed that it was incapable of reform and that therefore we have to leave (eurorealists). Today we are all eurorealists. We understand that it is not possible to reform a dictatorial organisation and, rather than try, it is simpler for multiple EU members to leave and, eventually, to set up a new loose alternative confederation, an alliance of self-governing sovereign states who support each other because they wish to and not because they have to.

With his passionate commitment to democracy, Yanis Varoufakis's heart is in the right place, but his dependency on theory and lack of understanding of how politics actually works (he once famously expressed surprise that none of the eurogroup finance ministers understands economics) is leading him in the wrong direction. In a Newsweek article he wrote:

"David Cameron came back with the mother of all euro-fudges to address ... an electorate that is sick and tired of euro-fudges. So there is a delicious irony there ... The Eurosceptics have a legitimate case. Those who ... come to the conclusion that Britain is better off outside

the European Union due to their commitment to the sovereignty of Parliament and so on, they have a very interesting case. [But] I disagree with them...

He is encouraging British voters to vote Remain so as to fight to democratise the EU from within. While everybody else is rushing for the lifeboats, he is still trying to refloat the ship and expects us to help him.

At any rate, so far as Greece itself is concerned, all financial commentators agree that the 2015 third bailout of Greece has no chance of success. Indeed Professor O'Rourke has written:

"The lesson that [the Greeks] will draw from this debacle is: negotiating with Germany is a waste of time; be willing to act unilaterally, be willing to default unilaterally, have a plan for achieving a primary surplus if you haven't already achieved it, have a hard default and euro exit option in your back pocket, and be willing to use it at the first sign of hassle from the ECB."

So, by accepting appeasement albeit under duress, what Syriza has actually done is to earn itself a breathing space of a few years, in which to prepare the nation for an orderly and well-managed Grexit. Let's hope they have finally seen the writing on the wall. Let's hope they don't blow it this time. For the eurozone is not expected to survive the next shock.

In February 2016 Greece slipped back into recession.

THE BRUGES GROUP

The Bruges Group is an independent all-party think tank. Set up in February 1989, its aim was to promote the idea of a less centralised European structure than that emerging in Brussels. Its inspiration was Margaret Thatcher's Bruges speech in September 1988, in which she remarked that "We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level...". The Bruges Group has had a major effect on public opinion and forged links with Members of Parliament as well as with similarly minded groups in other countries. The Bruges Group spearheads the intellectual battle against the notion of "ever-closer Union" in Europe. Through its ground-breaking publications and wide-ranging discussions it will continue its fight against further integration and, above all, against British involvement in a single European state.

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The Bruges Group holds regular high-profile public meetings, seminars, debates and conferences. These enable influential speakers to contribute to the European debate. Speakers are selected purely by the contribution they can make to enhance the debate.

For further information about the Bruges Group, to attend our meetings, or join and receive our publications, please see the membership form at the end of this paper. Alternatively, you can visit our website www.brugesgroup.com or contact us at info@brugesgroup.com.

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