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**BRITAIN IN EUROPE: THE CONSEQUENCES OF “IN” OR “OUT”  
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During the last few days in Hong Kong I have been asked repeatedly whether the UK will leave the European Union.

Almost without exception, the questioners – often investors in the UK – believe it is a bad idea. I will not quote their warnings given to me in private, but let the public remarks of Hong Kong’s Li Ka Shing, a large investor in the UK, speak for many:

“If Brexit really happens”, he said on Bloomberg, “we will surely decrease our investments.”.

Mr Li is not alone. As we move towards the referendum in June, the UK has been warned against exit by – amongst others – China, Japan, America, New Zealand and Australia; by the G20; the Governor of the Bank of England; our military leaders; our leading academics and scientists; and a majority of large and small businesses.

In response, the advocates of Brexit accuse *all* these sources of “interfering” if they are foreign; or “scaremongering” if they are British.

The “Out” campaign label such warnings – even from distinguished friends of the UK – as “Project Fear”. I disagree. In truth, it is Project Reality – and the British people have a right to be told what is likely to happen if the UK were to leave the EU.

Let me set out my own position.

As Prime Minister I refused to join the Euro currency. I believed it to be premature and risky. I also opted out of the Social Chapter since, at the time, it seemed to give rights to those *in* work, at the expense of denying work to the millions who were *not*. And – when it was first introduced – I refused to enter the Schengen agreement on open borders.

I am, therefore, no starry-eyed European enthusiast. Yet I have not a *shred* of doubt that the UK should remain a Member of the EU.

The case for remaining is most often seen in economic terms. But it is far wider than that. The outcome of the UK Referendum will decide what sort of country we are – and what our wider contribution to the world will be.

When the UK joined the then Common Market our economy was the “sick man” of Europe: today, as a result of our domestic reforms, together with our membership of the European Single Market, we have the best performing economy in Europe.

Within the next 20 years – on present policies and, crucially, with continuing full access to the Single Market – the UK is likely – not certain, but likely – to be the biggest economy in Europe: bigger than Germany.

On issues such as the environment, climate change, internet costs and consumer protection, the UK can best progress – or sometimes, *only* progress – in unity with our fellow Europeans.

The underlying mantra of the “Out” campaign is – and I use their words – “I want my country back”. It is an emotional appeal, but a bogus one.

If emotion triumphs over reality, then all four British nations will lose out: England, Scotland, Wales and Northern Ireland. We will lose power, prestige, security and some of our future economic well-being.

At present, our world is very disturbed. Uncertain. Across Europe, the scales have fallen from our eyes over President Putin. We see Russia threatening her neighbours with trade embargoes, cyber attacks, energy cut-offs, and encouraging pro-Russian minorities to ferment trouble.

I am not, and never have been, a Cold War warrior, but we ignore what Russia is doing at our peril.

A *united* Europe can help penalise and deter her: a *disunited*, shrivelled Europe cannot.

The faults and frustrations of the EU are widely publicised in the UK: its achievements, less so. But they *should* be. Across Europe, ancient enemies of many years no longer *fight against* each other – they *work alongside* each other.

The EU was the magnet that helped Spain, Portugal and Greece free themselves from fascist dictatorships. It helped the political climate that brought about the Northern Ireland Peace Process.

It helped re-build and heal the Balkans after a terrible conflict.

And enlargement of the EU has brought a new future to countries once imprisoned within the Soviet Empire. So, when we criticise the shortcomings of the EU, we should also remember its considerable successes.

If the UK leaves the EU, the impact will be felt widely – and negatively – not only in the UK but across the EU.

If the UK departs, the EU will lose:

- its fastest growing economy;
- one of only two nuclear powers; and
- the country with the longest and deepest foreign policy reach.

As a result, the EU would be gravely weakened, especially when set against the power of the US and China. Europe – the cradle of modern civilisation – would bow out of super-power influence.

Does the UK *really* wish to be the cause of that? Does she *really* wish to abdicate her role in European and global influence? I truly think not – but many enthusiasts for exit either cannot see the danger – or are prepared to run that risk.

The point is this: a UK departure would not only be a huge setback for my *own* country, but for many other nations too. It would have widespread repercussions – and no-one can be sure what they will be.

For Europe, already facing internal and external crises, it could be one crisis too many.

There are hard questions for the UK too, and it is more appropriate for me to raise these in detail at home, rather than overseas. But some are directly relevant to our global trading partners.

Would external investors – China, Japan, America, be more or less likely to invest in the UK if she shrunk to a domestic market of under 65 million, rather than remaining inside a Europe-wide market of over 500 million?

That is not a difficult question to answer. The UK would lose investment and jobs. How much, how many, and how soon is difficult to say – but there is *no* doubt that would happen.

In the referendum debate, the advocates of leaving claim they can negotiate an arrangement to protect our trade relationship with the EU. After all, they say, the EU needs us because *they* – the EU – export more to the UK than the UK exports to them. It's a beguiling soundbite, but they are deceiving themselves.

Their argument is, to put it kindly, disingenuous: more accurately, it turns the truth on its head.

UK exports to Europe are between 40-45% of all our exports: 14% of our overall wealth. On average, across the EU, the other 27 Members States only send 7% of their total exports to us: 2½% of their overall wealth.

In the game of who needs who the most, the answer is clear. If the UK exits the EU, our *partners* will not be the demandeur in any negotiations on our future access to the single market – the *UK* will be.

Moreover, it is blithe optimism on a Panglossian scale for the “Out” campaign to assume our partners – having been rebuffed, deserted and weakened – will still feel so well disposed toward the UK that they will be eager to accede to our demands.

I fear the reverse will be true. A divorce, at the behest of one partner, is rarely harmonious – or cheap. Such a broken relationship is more likely to be full of rancour.

The UK will have chosen to leave and, by so doing, will have gravely weakened the whole EU. Some countries will see fifty years of ambition imperilled – and our partners will hardly wish to reward us for that.

Any trade deal the EU might eventually do with us would certainly *not* be a sweetheart deal: and it may be harder and harsher than the optimists believe.

And if we wished such a deal to include services (and we *do* – since they represent 80% of the UK economy) – or the removal of hidden non-tariff barriers – it may be a long time coming, not least since it would need the approval of 27 other Member States – many of them angry and disappointed at our departure.

And, of course, the UK would have to accept free movement of people. If we refuse that – there will be no trade deal at all – as Germany, for one, has already made clear.

The UK will face another dilemma with its international trade.

By leaving the EU, we would be withdrawing from Free Trade Agreements with 53 countries negotiated by the EU on behalf of *all* their Member States. These cover 60% of all UK trade.

They will *all* need re-negotiation: a tough – and almost certainly lengthy – process. It is pure self-deception to believe that less than 65 million Britons will get the same favourable terms as 500 million Europeans.

Nor will *bilateral* renegotiations of these Free Trade Agreements be a priority for other nations – as America, for one, has made clear.

Our partners are more concerned with *multilateral* trade agreements, and will see the UK's need for a speedy *bilateral* deal as a self-imposed own goal: we may well have to wait our turn to have any new deals agreed – and it could take many years.

To brush aside such realities is to play Russian roulette with the economic future of the UK.

The battle now joined over Europe has – on one side – the romantic nostalgia of an “Out” campaign that aches for a past that has long gone, in a world that has moved on.

On the other side those – like me – who wish to remain are not European dreamers: we are realists who see an edgy, uncomfortable world, and believe that the UK is safer, more secure and better off remaining with our partners in Europe.

In the Referendum, the easiest slogans inevitably lie with the “Out” campaign, and repudiating their often foolish and extreme claims is for a UK audience. Suffice to say, the “Out” advocates, whether in enthusiasm or ignorance, lace their argument with false statistics and unlikely scenarios.

They promise negotiating gains that cannot – and will not – be delivered. They hail the purported gains of leaving Europe, whilst ignoring even the most obvious obstacles and drawbacks.

Nor can they tell us how they actually see the UK outside of Europe. This is simply astonishing, not least since some of them – for over a quarter of a century – have made a career out of wishing to leave the EU. Yet now they have the opportunity to do so they seem bereft of any real detail.



Some wish to have *no* relationship at all with the Single Market. Others can't – or won't – say what relationship they favour: 25 years of planning, and they still have no idea. Instead, they engage in shrill denunciation of what we have, with no indication of what would replace it.

I understand the frustration that fuels the “Out” campaign, but have no doubt that an exit from the EU would harm our nation, now and in the future. We must not let an emotional spasm of faux-patriotism overcome the realities of the modern world and spin us out of Europe.

We would soon regret it. And our children and grandchildren would regret it even more.

That is why – between now and June – I will be doing all I can to persuade the British people that the consequences of our leaving the EU would be bad for the UK, bad for Europe, and bad for the wider world.

I hope and believe that – on 23 June – good sense will prevail, and we can finally lay this particular ghost to rest. I have no doubt that, once it is, our international investors will breathe a large sigh of relief ... as most definitely will I.