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AN ATLANTIC OR A EUROPEAN WORLD: WHICH VISION WILL PREVAIL IN THE UNITED KINGDOM?

JOHN REDWOOD, MP

KIM R. HOLMES: I am Kim Holmes. I am a Vice President of The Heritage Foundation and the Director of its Kathryn and Shelby Cullom Davis Institute for International Studies. Our special guest today is John Redwood, a member of the British Parliament. He is a former member of the Thatcher cabinet and a leading thinker in the Conservative Party on a variety of very important issues.

He will be talking today about the fundamental question facing the United Kingdom: which direction it will be taking in the grand debates over the future of the European Union and the impact of its relationship with the European Union on its relationship with the United States and NATO.

He has written a new book, entitled *Stars and Strife*, in which he urges the United Kingdom to firmly choose an Atlanticist future, advocating that an expanded alliance with the United States best serves British and American interests.

John Redwood was elected to the House of Commons in 1987 and continues to serve as the Conservative MP for Wokingham. He was head of the Prime Minister's Policy Unit from 1983 to 1985 and Parliamentary Under Secretary from 1989 to 1990, becoming a Minister of State in 1990.

He moved to the Department of the Environment in 1992 and was Secretary of State for Wales from 1993 to 1995.

Please join me in welcoming John Redwood.

JOHN REDWOOD: Chairman, ladies and gentlemen, it is a great pleasure to be back in Washington. It is an even better pleasure to be here when it's now under such good control. It's wonderful to have the Republicans back on the Hill and back in the White House. We can already feel the change of wind coming across the Atlantic, which is of great support and help to us in the United Kingdom as we fight our battles for the conservative cause.

As you kindly said, sir, in your introduction, I've been around for a few years in British politics. I

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greatly enjoyed being chief policy adviser to Margaret Thatcher and going on to serve in her later government. I currently enjoy my role as Chairman and Executive Director of the Conservative Parliamentary Campaigns Unit. That means that I have a group of MPs who, with me, choose from the items on the daily agenda in the House of Commons how to state our case, and we look for opportunities to put forward a distinctive, conservative agenda and to expose the dangers of the Clinton–Blair axis, as it was, and now the waning Democrat–Blair axis as it is today in all its different guises.

I'm a conservative because I believe that we have more government than we need, more government than we want, and considerably more government than we can afford. It is a great strength to me and my colleagues who wish to see smaller government that you now have a President—and probably a Senate and House—who are going to vote to cut your taxes.

Our hearts were greatly warmed when the President said you're being overcharged and you're going to get a rebate. That will be one of the slogans, perhaps translated into English for the sake of our English audience—we don't put these things quite as strongly and as well as you do—in our forthcoming general election campaign.

We're looking forward to that campaign because the main theme of my speech—how Britain should develop her relationships with the European Union and with old allies and friends and partners here on this side of the Atlantic—will be absolutely crucial to the pitch we make to the British people.

We like the fact that on the issue of our relationships with the U.S. and the European Union we are on the majority side by a very big margin, probably three to one in favour of our views on the European Union, compared with those views held by the two rival parties in contention, our Liberal Party, which is a rather left-wing socialist party, and our Labour Party, which is a bit like your Democratic Party, as many of you know.

We like issues where we're ahead three to one. We don't have nearly enough of them, but it explains one of the reasons why we need to lay

great emphasis upon the European issue in the forthcoming general election.

Don't believe all you read in opinion polls and from liberal commentators. I seem to remember there was a time when your current President was said to be a long way behind in the polls. They said all sorts of unflattering things about him as a politician and future President. It was conventional wisdom, certainly on my side of the Atlantic, that Mr. Bush wouldn't win, but he went on to confound all the critics.

Closer to home, our pollsters told us, the British Conservatives, that in the 1998 European elections we didn't have a hope in hell. We were trailing massively in the polls, right through the three weeks of the campaign. We went on to win by a good margin.

The polls were actually 15 percentage points wrong in 1998 concerning those European elections, and they haven't budged since then.

It is a very curious feature of the current polls. They seriously believe that the Labour Party is going to get more votes in the forthcoming general election than they got in 1997.

I can assure you this is quite impossible. The Labour Party has developed considerable unpopularity. They are now guilty of a lot of sins of omission and commission in government.

So I say to you: Don't believe the polls. Don't believe all the liberal commentators. The British people haven't made up their mind yet. They are not going to make up their mind for a little while. They are very cynical and skeptical about politicians of all persuasions, and their cynicism is being increased by the corrosive effect on our democracy of the way the European government system is developing.

A SUPER STATE IN THE MAKING

Let me briefly explain to you how far the European project has gone because I find, certainly in places in Washington, even amongst those who are very well informed about European affairs, a

disbelief about just how far the project has gone to create a United States of Europe.

Be in no doubt. That is the aim. Look at the words and look at the actions of the principal people involved. Look at what the Chancellor of Germany is saying. He is saying he wants a political union. What can a political union mean other than the creation of a new powerful central government supervising a new country called Europe?

Look at the words of the French President. He says something very similar to the German Chancellor. He's talking about a common European army, a common passport, common frontiers, a common currency, or single currency, as we well know, and a common, single foreign policy.

What do you need a single foreign policy for, or a single passport, or a single army, if you are a free trading association? Why would you need a parliament, an executive government called the Commission, a supreme court, if you are just a loose association of member states trying to do a few things together for old times sake and to develop friendship and trade?

Do not believe a word of those who try to reassure you that this is a strange new animal a few stages from friendship, but many stages short of a central government and a super-state in the making. The architecture is the architecture of a super-state. The developments are now quite rapid.

The treaties come thick and fast.

- We had the original Treaty of Rome; the Single European Act to establish a single market; the Treaty of Maastricht to establish the single currency and the single economic policy.
- We had the Treaty of Amsterdam, which went through so quickly that hardly any commentator bothered to read it or discuss it, that created the single foreign policy and the single foreign policy spokesman, now one Señor Javier Solana.
- And most recently, we have had the Treaty of Nice, wrongly advertised as a treaty to expand the European Union eastwards. Clearly it

doesn't do that because it doesn't address the main stumbling block to eastward expansion, namely, reform of the agricultural policy, but it does do many other things to centralize powers on a massive scale. It is about taking away the right of veto from the member states in many crucial areas of policy.

The next big step forward for the European Union is the launch of the euro as notes and coin beginning in January 2002. It's an immensely political project. Only in Britain do people persevere in believing it is a nice economic idea best left to the bankers. It is a very important step on the way to cementing the single authority of a single country.

You can see how far it has gone in the recent spat between the European Union and the government of the Republic of Ireland. The Republic of Ireland has been gloriously successful, based in my view primarily on very low corporate tax rates or corporate tax holidays. As a result, there has been a flood of investment into the Republic from North America and from the other continents of the world. A huge number of jobs are being created. Growth has been very rapid.

Now that the Republic of Ireland is about to abolish her currency, the Irish punt, and replace it with the euro, the growth has been even thicker and faster because she had to cut her interest rates quite substantially to accept the common interest rate of the euro area. Ireland would not have done that if she was still free to run her own policy because it was potentially inflationary. It certainly caused both a surge in growth and a surge in price inflation in certain areas, especially house price inflation, not so much wage inflation. It sucked people in as well, as many Irish people decided to return to what was a growing success story.

GROWING CENTRAL POWER

The European Union is clearly getting rather jealous of this Irish success, so the Irish are now being told that they have to increase their taxes as part of the common economic policy and as part of the preparations for the introduction of the euro.

This is a sign of just how the European Union is growing in authority and power. It tells us a lot about the nature of that central power: that their natural wish is to increase taxes, not reduce them, to see growth in business investment as some kind of a problem rather than seeing it as some kind of success which implies that other parts of the union ought to follow that particular model.

So we have a country in the making, well on the way to having a single currency, wanting common taxation policies, beginning to develop ways of achieving that. It now has the power to fine member states who misbehave against the rules of their common economic policy.

It already has a common agricultural policy, a common fishing policy. All but Britain and Greece have a common borders and immigration policy. There is now something very like a common passport, as well as the common institutional architecture of the supreme court, which regularly overturns the acts of parliament passed in the member states' parliaments, and the executive government in Brussels.

It was traditional policy in the Clinton period to welcome, I think, every move towards European integration. I can't remember a single occasion when the Clinton regime warned the European countries that maybe they were going too far too fast, or that maybe a particular idea of integration could be damaging to world interests, U.S. interests, or even to European interests. The idea was that it would be convenient for the United States of America if she could dial one number for Europe; if the President of the USA could pick up the phone, much as Presidents used to in the dark days of the Cold War to speak to their opposite number in the Soviet Union, and try and do deals on the phone without all those different voices and languages at the other end.

I can see the charm of the idea. But my warning to the United States—and I assume the new Administration will take a more skeptical view on these matters—is that it's not a good idea for the U.S. to be able to dial one number for Europe

- If the voice at the other end of the phone speaks

a foreign language and has a totally different view of the way the world works;

- If the voice at the other end of the phone doesn't like NATO and is trying to disrupt those traditional ways of defending the West;
- If the voice at the other end of the phone wants more regulation and more business control rather than less;
- If the voice at other end of the phone wants higher taxes and bigger government rather than lower taxes and smaller government;
- If the voice at the end of the phone wants a foreign policy oriented more towards Russia and the East than the United States of America would like.

My case to you today is that that is the kind of Europe that is on offer. The kind of Europe on offer, if the integration is completed, is not one that will share our shared transatlantic values. The European Union is being built by people well to the left of center. They really do believe in big government. Their natural impulse is to regulate everything. As soon as they see someone carrying out a business activity, they wish to have a law about it. As soon as they see people trading, they wish to define the terms of trade between those people, and if these people trade successfully, they want to tax them because they believe they're better at spending the taxpayers' money than the taxpayers themselves.

THE EU AND FREE TRADE

The natural impulse of those building the European Union is towards more government. Their natural impulse is also towards much more trade protection. You may have seen, and it may be a cause of concern here in the capital of the United States, that the European Union is picking a series of trade conflicts or rows with the United States and other countries around the free world. The list is becoming too long to bore you with all of them, but some of you will have seen the highlights.

There is, for example, the current rum war. This now entails the Europeans seeking the repeal, or the cancellation, of part of your law code because

you in 1998 quite rightly passed 211. This said that if an unpleasant regime in a country like, say, Cuba expropriates assets, it does not at the same time have the right to expropriate the world brands that may be manufactured in the Cuban factories.

Clearly, *de facto*, they can expropriate the Cuban factories, but is it right, the U.S. legislature said, that at the same time they should gain control of the world brands which the brand owners may wish to exploit from a place other than Cuba?

This is the essence now of the case between the European Union and the USA. The European Union, as far as I'm concerned, is on the wrong side. It is supporting those who claim to have the world brand, who didn't take the precaution of buying it from the original owners. The United States is supporting those who bought it from the original owners.

We have great problems over bananas. We have problems over hush kits for airplanes. We have problems over the manufacture of civil aircraft themselves, with each side calling each other unpleasant names, with Boeing saying that Airbus gets not very well hidden subsidies in the form of favorable loans and launch aid and Airbus retaliating, saying that Boeing gets hidden subsidies in the form of pleasant defense contracts which are, according to the EU, then used to cross-finance the R&D for the civil aviation side.

We have a series of rows, including hormones in beef and genetically modified food, which are becoming festering sores in the transatlantic relationship.

Some people in Washington have rightly said to me, "Well, if you think the European Union is wrong on some of these issues why don't you and your colleagues in Britain do something about it?" We'd love to, but I have to explain to you that we no longer have the power to be masters in our own trade house. This is one of the areas where Britain has signed away its right to an independent view.

Now, I can promise you that a Conservative government led by William Hague [MP for Richmond, Yorkshire] would, of course, say to our European

partners, "We don't like the way all of these issues are being handled."

We would like you to understand that very often the European Union is against free trade rather than for it, or taking a rather odd view over assets or intellectual property. But we have no right to win those arguments. They will be settled by majority voting.

And unless we can find more allies, we will only be able to say to you, the United States, "Well, we tried. We were a mid-Atlantic voice, but I'm afraid on this occasion we were unsuccessful."

RAPID REACTION FORCE VS. THE NATO ALLIANCE

Take the very important issue of defense. Heritage gave a welcome to my colleague, Iain Duncan Smith, who came here a couple of weeks ago. Iain did extremely good work for us, and I think for the free world generally, by exposing, after the British Foreign Secretary had sought to conceal it, the way in which the European Rapid Reaction Force is a European army in the making and how it could become a potential thorn in the side of the NATO alliance.

We British Conservatives can assure you that we believe NATO should be the cornerstone of our defense. We are very grateful for the enormous role the United States has played post-1945 in the defense of the West. It wouldn't have been possible without you. We freely acknowledge that. We see no need to disrupt arrangements which have worked extremely well for more than 50 years.

Our worries come from the detail in the annexes and the presidency report, which form a proper part of the Treaty of Nice. If you read that detailed work, as Iain did and revealed it to some people in Washington two weeks ago, you will see that the so-called European Rapid Reaction Force will have access to 250,000 troops which are currently available for NATO from the European forces.

It will have proportionate backup from European navies and European air forces. It wishes to be able to deploy 60,000 of those troops at any given time a

considerable distance from base and will need to strengthen logistics and deployability, as they call it, in order to do so.

It will have a separate military committee supervising it. It will have a separate political committee supervising it. It is very clear from all of the paperwork so far that the design is that it will be under European control, not under joint European and other NATO partner control.

There is one genuflection in the treaty to NATO, saying that of course they don't want any of this to disrupt NATO. Everything else written into the treaty is setting up a rival center of power, a rival center of command.

If only I could tell you that all the troops they want for the European force are going to be additional so that I could say, "At least Europe has now accepted that it needs to make a bigger contribution to the defense of Western Europe," but that is not true. The intention seems to be to call on troops and other forces which are currently available only for NATO or domestic purposes.

FOREIGN POLICY AND MISSILE DEFENSE

A third area where the tensions are getting quite acute is the common foreign policy. The Treaty of Amsterdam set up the mechanism for such a policy and it is gradually being developed. It's not complete yet. There isn't a European Union view on everything around the world, but they are working on it. Under the treaty they have to. The treaty says that there must be common policy positions on all the main world issues.

It also says that any member state of the union has to be loyal to the policy so settled. It is still the case that main policy decisions are taken by unanimity, so for the time being Britain can still object to and veto a change of main policy.

Already some of the subsidiary matters are being settled by majority voting, and the intention is very clear that at a certain point in the future they wish to move the whole thing over to majority voting.

In the meantime, the United Kingdom is going to come under more and more moral pressure and

suasion even where we are unhappy about a particular common policy decision they wish to adopt. You can remember the rhetoric from previous battles that we went through: Why is Britain being difficult? Why is Britain isolated? Why is Britain so pro-American? Why can't Britain just be a good European? Can't Britain see that we want a common foreign policy position which is more to European liking and less to the transatlantic way of thinking? All these pressures are building up quite quickly.

The big issue now which the United States is tackling, which will undoubtedly require careful handling throughout the European area and the Alliance area in general, is the national missile defense system.

I'm pleased to say that, as you would expect, the Conservative Party in Britain has pledged strong support for the national missile defense system. We have said that we would like, when forming a government, to be party to the negotiations, discussions, and development, and that in principle we think it is a very good development that we would like to be fully engaged with.

I think we have had some success in pulling our Prime Minister with us. He made slightly encouraging noises when he met the President recently, and we will be encouraging him to go further. He has not made a commitment in principle, but he is trying to create a more sympathetic climate of opinion in his own party, which is more difficult.

In the United States his words were a bit warmer than they are in the United Kingdom but there aren't contradictions. I'm pleased to tell you they bear a family relationship to each other.

We wish to carry him with us. We do think this is an important development in which Britain must be engaged.

I understand from my discussions with transitional Administration figures and some new appointments since arriving here that you're still not really in a position to define exactly the shape it might take, or therefore the costs it might incur for Britain to be part of it, and how it might operate. I

understand that, but I and my colleagues do wish to engage in the debate as soon as we can.

You will remember that it was Conservatives in Britain who had to lead over the cruise missile issue, which disrupted the NATO alliance in the 1980s over the location of cruise missiles in Western Europe. It was we within the United Kingdom who had to engage in a very strong debate against one-sided nuclear disarmament, as we called it, throughout the 1970s and 1980s. Indeed, our current Prime Minister at one stage favored one-sided nuclear disarmament, but he does seem to have grown out of that and now has a more sensible multilateral approach to the whole process.

We're very happy to help make that case again. We think it's a very similar type of argument that we will need to deploy to persuade our partners and allies on the European mainland that national missile defense certainly makes sense for you and for us and to see whether they wish in any way to be involved. The more we know about it the easier it will be for us to confront those who disagree, both within our own country and on the continent of Europe.

As I look at the different values I see, I do not believe we can resolve the tensions in the British position, or indeed help resolve some of the "tensions that are developing between the United States itself and the European Union, without a renegotiation of Britain's relationship with the European Union area.

I'm pleased to tell you today that the leader of the Conservative Party formally announced that renegotiation is our party's policy at our most recent conference last weekend.

I'm a great admirer of William Hague and I'm delighted that he has gone that extra step because I think it greatly strengthens our position in the forthcoming election. I also happen to think that it is desperately important and right that we offer this choice to the British people.

REASSESSING THE BALANCE OF POWERS

The Conservatives are saying a number of very important things now about our future with and in the European Union.

- We are saying that we will accept no more transfers of power from Britain to the European Union.
- We are saying that we do not wish to join the currency scheme which represents a huge transfer of power over economic, monetary, and financial affairs. It's not just a currency, and it's not just for Christmas. It is a way of economic policy making and government control, and it is for perpetuity. That is a very good reason why we should offer the British people the choice of saying no to it.
- We are clearly saying that we cannot live with a European army which is any kind of threat to the NATO alliance. We think there needs to be substantial changes in the way that particular animal is developing.
- We are certainly saying that we have no intention of sacrificing a veto over common foreign policy in the European Union. We think there may well be a number of occasions when we need a distinctive British foreign policy, which may or may not be one that you like here in the United States of America. We wish to have that right to make up our own mind and do not wish to get bombarded and dragooned into a common European foreign policy on every issue when our interests may be different, and our view of the world's interest may be different, from those of some of our partners.

We've now gone further, and it is our party's official policy to make a number of changes as a result of a renegotiation. We do not believe it is sufficient any longer just to say we will not accept further changes and transfers of power. We believe we need to go back to the founding treaties and look at the current balance of powers that they provide for.

A new Conservative government would pass legislation in the United Kingdom reaffirming, or

affirming, the supremacy of the high court of Parliament and of British-made law over European law, however made or construed, in a wide number of very important areas. In areas like criminal justice and taxation we think it is fundamental in order to keep our democratic rights that those issues are settled in the British Parliament and that the powers are not pre-empted by court decisions in the European Court of Justice or by commission decisions in the executive government in Brussels.

We are saying secondly that we need to renegotiate the common agricultural policy and the common fishing policy. We do not think they make any sense for Britain, and we believe the common agricultural policy is one of the main impediments to a successful future round of world trade liberalization, which is something we want very much indeed.

We're also saying that we would like some kind of rapprochement, maybe between the whole of Europe and NAFTA [the North American Free Trade Agreement] or, if not, between the United Kingdom and NAFTA.

It's my party's policy to say that we should seek a rapprochement between the EU as a whole and NAFTA as a way of teasing out those areas where there are restraints on free trade on both sides.

I think, as I've been very fair-minded about the European case today, maybe some of you might be generous enough to agree there might even be occasions when there could be some American move on these issues as well. We would like to see a bringing together of these two trading areas if possible.

One of the problems has been that the characteristic of the Common Market is often rather more that of a protected customs union with a lot of regulation rather than a free trade area, whereas NAFTA is rather more of a free trade area.

One of the points of entering the negotiation and to see what could be done would be to try and move the European Union in a way that we found rather more conducive and you would find rather more compatible: to move it in a free trade direction. So it is the official Conservative policy to do that.

When I started making the case for a relationship between the UK and NAFTA, or even the EU and NAFTA, the reaction of the now governing party was that this was some kind of crazy idea. They said it was tantamount to wanting to leave the European Union.

I'd always stressed that I wish to do it by agreement and negotiation and that you would enter negotiations both in Brussels and in Washington.

I was therefore rather surprised but delighted when my Prime Minister was making an address to Canada just before coming to see your President that he said it was now official government policy in the United Kingdom to try and see if the EU and NAFTA could be brought closer together as a prelude to a more successful world trade round strengthening global free trade.

We are making some progress, and I welcome that policy of Her Majesty's government. It is a very good sign that it is moving in the right direction.

SAFEGUARDING BRITAIN'S INTERESTS

My conclusion on the relationship is that I do think my country, the United Kingdom, has to say to our European partners that we've messed them around for long enough. Maybe we misled them. Maybe our politicians didn't explain it clearly enough to the British people, but we, Britain, cannot accept a destiny or role as a group of relatively rich and maybe influential regions in a new European super-state.

We cannot accept that our troops will be committed under European rules of engagement, under European political direction. We cannot accept that our currency, interest rates, and monetary control pass to an unelected central bank in Frankfurt. We cannot accept taxation from Brussels. We cannot accept the continuing involvement in so many walks of life of Brussels law-making.

We wish to have greater freedom and we wish to use that freedom to prove that our defense rests with you through NATO, that we would like global free trade, and we would like to explore the options with NAFTA to see how that could be brought about, and we believe that we share a lot in

common with the North American continent, as well as with our friends on the European continent.

We Conservatives in Britain want a less regulated, less taxed, small government world because we believe that creates enterprise, opportunity, and growth. If our partners on the continent want the opposite, as they seem to do, then I think we have to find a friendly way of being able to do what we wish to do in our different ways, rather than pretending that we are going to influence them, or dominate them, and turn then around. We've tried that for many years, and it simply has not worked.

As to the timetable for all this, the best way for us Conservatives in Britain to make it all come true is to win. You've just done that on the Republican side here in Washington, against the odds, and I and my colleagues will be redoubling our efforts.

As I explained to you, the electorate is very unsure and very uncertain. I'm not going around making predictions. I've no idea what's going to happen in the general election, but what I can tell you is that around a third of the electorate don't know because they haven't made up their minds.

So my message to all my fellow Conservatives is: Don't give up. Don't be faint-hearted. Campaign with all you've got right up to the last moment because you never know what might happen.

Were the pundits to be right and the Labour Party won another election victory, then the issue of Europe hangs over them like a pall of smoke with something going horribly wrong.

The idea of the Blair government is that, shortly after the victory they think is inevitable, they would table a referendum on the subject of the European single currency.

We have succeeded in making sure that the pound will not be given away and our economic policy-making will not be abolished without the wholehearted consent of the British people in a referendum.

The polls show that the British people are two or three to one against that, depending on which poll you look at and when you look at it, and they have

been rock steady with a big majority against for a very long time. It is quite difficult to see why a Prime Minister would be foolish enough to table such a referendum.

The Labour people, in their optimistic way, say, "The British people, whilst they don't want the euro and don't love the euro, think it's inevitable and we might be able to persuade them they've got to do it."

I think, "Dream on." If a Labour government were foolish enough to table a referendum and lose, they would lose all credibility. They would have no moral or political authority left. They would be in a ridiculous position in a parliamentary democracy because their main economic and constitutional policy had just been decisively rejected by the British people.

If the pundits are right and they win but they are lacking in courage, or are too sensible to table a referendum, then the whole issue of Europe drifts on in a rather dangerous way. I and my colleagues would battle on because we wish to bring it to a head.

We don't think it's doing the transatlantic relationship any good that you're not sure whether Britain is wholeheartedly committed to the European project or not, and it sure isn't doing the European relationship any good as they don't know whether Britain is committed to the whole project or not either.

So we are trying to bring the issue to a head. It has to be settled by the British people. I hope they settle it decisively in the general election. If they don't, we want a referendum to clear the air and to come up with some common sense.

I would love to return to Washington and to be able to tell you that we had succeeded, that we had our country back, that our country was going to be a resolute and strong force alongside you for freedom and justice, and lower taxes and enterprise, and the defense of the West. That is what I want. That is what I'm campaigning for. It is a privilege to be here in Washington amongst friends.