



SALZBURG
GLOBAL
SEMINAR

THE THIRD ANNUAL SIR MICHAEL PALLISER LECTURE 2016

THE EU: IN OR OUT?

LECTURE DELIVERED BY Sir John Major KG CH





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**IS IT POSSIBLE TO
REACH CONSENSUS
ON MUCH-NEEDED
REFORMS IN THE
INTERNATIONAL
SYSTEM WITHOUT
FIRST SUBJECTING
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CATAclysmic SHOCK?**

”

John Major

delivered by **Rt Hon Sir John Major KG CH**
Prime Minister of the UK from 1990 until 1997

introduced by **Douglas Flint**
Group Chairman, HSBC Holdings plc

chaired by the **Rt Hon Lord Kerr of Kinlochard GCMG**

concluding remarks from **Stephen Salyer**
President and Chief Executive Officer, Salzburg Global Seminar

kindly hosted by **HSBC**

This lecture was delivered in honor of **Sir Michael Palliser GCMG**,
held in **HSBC Tower, 8 Canada Square, London, June 15, 2016**

This lecture was conducted under the auspices
of **Salzburg Global Seminar** – Austria

This Lecture was held in memory of

SIR MICHAEL PALLISER

GCMG PC

Sir Arthur Michael Palliser GCMG PC (April 9, 1922 – June 19, 2012) was the **vice chairman of Salzburg Global Seminar's Board of Directors** and a **senior British diplomat**.

Born in Reigate, Surrey, the son of Admiral Sir Arthur Palliser, he received his education at Merton College, Oxford. Appointed a Second Lieutenant in 1942, he served in the Coldstream Guards during World War II. In 1947, he joined the British Diplomatic Service and held a number of appointments at home and abroad including Head of the Policy Planning Staff, Private Secretary to the Prime Minister, Minister at the British Embassy in Paris, Ambassador and Permanent Representative to the European Communities, and, from 1975 to 1982, Permanent Under-Secretary of State and Head of the Diplomatic Service. From April to July 1982, during the Falklands campaign, he served as Special Adviser to the Prime Minister in the Cabinet Office. He was appointed a member of the Privy Council in 1983. That same year, he joined the board of the London investment bank Samuel Montagu & Co., a subsidiary of the Midland Bank, of which he became a deputy chairman. He was chairman of Samuel Montagu from 1984 to 1993, then vice chairman until his retirement in 1996. From 1983 to 1992, he was non-executive director of several industrial companies. From 1986 to 1994, he was a member of the board of the Royal National Theatre. Sir Michael served on Salzburg Global Seminar's Board of Directors for 16 years, 13 of which as Vice Chair of the Board. In addition to serving on the Board, Sir Michael proved himself to be an active, engaged supporter of the session program in Salzburg, attending over 25 sessions.



Introduction to the Lecture

THE EU: IN OR OUT?

A week before the UK was to head to the polls to determine the country's future in the European Union, Sir John Major, former Prime Minister of the UK, delivered the Palliser Lecture on the theme *The EU: In or Out?*

The annual event is held in honor of long-serving Salzburg Global board member and Senior Fellow Sir Michael Palliser. Sir Michael was a staunch supporter of European unity, forming part of the team that negotiated Britain's membership of what was to become the European Union – making the “Brexit” referendum a timely and appropriate topic for this year's lecture. Speaking at the event, hosted by HSBC, Sir John, who was Prime Minister during the negotiations of the Maastricht Treaty in 1991, argued vehemently that the UK would be much better off if it were to remain in the EU.

He rebutted the argument that EU membership compromises British security and pointed to the reality of the UK's trading relationship with Europe as opposed to the “Boris-in-Wonderland” of what it might be outside.

Sir John emphasized the overwhelming support from the UK's friends, allies, and investors to remain in the EU. With a view to the investment essential to jobs and national prosperity, he warned that Brexit could have a devastating effect on Europe, which would rebound on the UK. He also tackled the Leave campaign's arguments on immigration. Sir John argued that remaining in the EU would be the patriotic choice:

“I believe it’s patriotic to work with others to ensure our security; to improve our economic wellbeing; to carry British influence and British values around Europe and the world. The optimistic patriot looks outwards and forwards – not inwards and backwards. It is simply not true that we need to leave Europe to make us a great country: we are a great country – that is why people wish to come here.” He concluded that a post-Brexit Britain was “not the future I wish to see for our country.”

Sir John Major was elected an MP in 1979 and a decade later was successively Foreign Secretary and Chancellor of the Exchequer before succeeding Margaret Thatcher as Prime Minister in 1990 until 1997. He retired from Parliament in 2001. Sir John is President of Chatham House, the Royal Institute of International Affairs. During the Brexit referendum debate, he was a prominent voice in advocating for the UK to remain in the EU.

This was the third annual lecture to be held in memory of the Sir Michael Palliser. In addition to his esteemed diplomatic career, Sir Michael also served on the board of many other organizations, including Salzburg Global Seminar, where he was Vice Chair of the Board; 21st Century Trust, of which he was a founding trustee and was instrumental in forming the exclusive partnership between the two organizations in 2009; and the London investment bank Samuel Montagu and Co. Ltd, which is now a subsidiary of HSBC – the hosts of the 2016 Palliser Lecture.





SBC



100

21
10
200

Sir Michael Palliser Memorial Lecture

THE EU: IN OR OUT?

This is **the third annual lecture** to be held **in memory of Rt Hon Sir Michael Palliser GCMG**, who died in 2012.

Sir Michael served as Vice Chair of the Board of Salzburg Global Seminar and was a founding trustee of the London-based 21st Century Trust, which now works exclusively with Salzburg Global Seminar. His counsel and support were a huge boon to our work over many years. Sir Michael enjoyed a long career in the British Diplomatic Service, culminating as Permanent Under Secretary of the Foreign and Commonwealth Office and Head of the Service. He also served on the boards of a number of companies, including as Chairman of the merchant bank Samuel Montagu & Co., a subsidiary of HSBC.

The **Rt Hon Sir John Major KG CH** was Prime Minister from 1990 until 1997. He was elected an MP in 1979 and a decade later was successively Foreign Secretary and Chancellor of the Exchequer before succeeding Margaret Thatcher as Prime Minister in 1990.

The **Rt Hon Lord Kerr of Kinlochard GCMG** was Permanent Under Secretary of the Foreign and Commonwealth Office and Head of the UK Diplomatic Service from 1997 to 2002.

Wednesday, June 15, 2016, London

When I was invited to deliver the “Palliser” Lecture, I was delighted to accept. First, because Sir Michael Palliser was a distinguished diplomat and Head of the Diplomatic Service. And second, because – as a lover of Anthony Trollope novels – I grew up reading about the world of 19th century politics, in which Plantagenet Palliser, the Duke of Omnium, became Prime Minister. It was irresistible to deliver a Palliser Lecture.

In my experience, more often than not, lectures are dispassionate: but I am not dispassionate when I see the future of my country at risk.

We are in the midst of a debate about our place in Europe that has no certain outcome. We may, as I hope, stay in the EU. But we can’t be certain of that: in a season of political anger, the British people may vote to leave. If they do, it will not only change our relationship with Europe, but with much of the world as well.

Our world has changed. We Britons are 65 million people in a world of 7,000 million. It is a world facing common threats that is

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drawing together in trade, in politics, in social exchange, in almost every sphere. It would be an extraordinary moment to cut ourselves adrift from the largest and richest free market in history.

I would like first to put the case for Europe. The EU has enabled its Member States to enjoy 70 years of peace, and greatly reduced – even perhaps ended – the risk of future conflict between them.

NATO is our military arm in times of danger. But the EU has worked to prevent military action; to bring former enemies together; to end Franco-German hostility; to build economic cooperation.

It has offered a democratic alternative to fascism for Greece, Italy and Portugal; it has widened its borders to offer democracy to nations once trapped in the Soviet sphere; it has pooled resources for foreign policy initiatives; it has faced down threats from Russia and Iran with communal sanctions; it has brought down national barriers.

Little or none of this could the UK have done alone.

Alone we would be weaker politically and weaker diplomatically and – as John Kerr succinctly put it earlier this week – “Why would China listen to us if our influence in Europe, and in America, is shrunk?” That is unanswerable.

So is the economic case for Europe. I will come to trade in a moment but, apart from that, the EU has delivered market liberalisation in energy, air travel, telecommunications – and enhanced competition that has meant more choice, more efficiency, and cheaper prices for everyone who uses those services.

Travel by road, rail and air has become easier. Collaboration in science and industrial research has been massively enhanced by the EU, while poorer regions have gained extra assistance from Europe as a matter of right.

When Britain entered the Common Market, we were the “sick man of Europe”. In recent years, we have been the best performing economy – partly due to our own reforms, but also because of our tariff-free entry to the richest trade market the world has ever known: a market that is not at the far side of the world – but on our very doorstep. In the EU, we are on track to become the biggest economy in Europe – bigger even than

Germany. If we leave Europe that ambition can be forgotten.

We have jobs and wages and prosperity in our country because we are great traders. We export. Nearly one-half of all our exports go to Europe. We export six times as much to the EU as to Brazil, Russia, China and India added together. We export five times as much to the EU as to all the other 52 members of the Commonwealth added together. And we sell more services to tiny Luxembourg than to mighty India with a population of over one billion. These are the facts now – not the Boris-in-Wonderland aspirations of what might come to pass if we left Europe.

The sheer scale of our trade has vastly improved living standards in our country and will improve them even more as the EU opens up the digital market; the energy market; and the financial services market – but not, of course, to us if we were to leave. As Margaret Thatcher would have put it in her prime: “There is no alternative to the European Single Market”.

I am an old-style Conservative. Before I abandon something of value to our country, I wish to know what will replace it. No one with any sense would think of crossing the road unless they knew they could get safely to the other side; yet “Vote Leave” is encouraging our nation to take a far greater gamble. Like lemmings headed for a cliff edge, “Leave” leaders assure us it will be all right. But it won’t.

When our friends around the world tell us not to take this risk, we are told they are only “trying to frighten us”. When venerable institutions set out probable outcomes, we are told that they’re “part of an establishment plot” or “stooges” of the Government. When friendly foreigners – with huge and important investments in the UK providing

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employment up and down the country – intervene, urging us to remain in the EU, we are told they are simply “interfering”.

Individuals are disparaged and abused – from the President of the US onwards. By June 23rd, Vote Leave will have insulted just about everyone who speaks up for the future of the UK inside Europe.

And it’s a long list: the Governments of the US, China, Japan, Canada, Australia and New Zealand; organisations such as the World Bank, OECD, IFS and Bank of England; and investors in our country such as Bill Gates, Warren Buffet, Michael Bloomberg and many others – are all ignored.

So are scientists led by Stephen Hawking. So is Academia, the Research Industry, the NHS, 300 historians, nine Nobel Prize Winners – I could go on.

In a normal world, when big investors like Li Ka Shing say, “If Brexit really happens, we will surely decrease our investments” – we would sit up and heed his warning.

But in the topsy-turvy world of Vote Leave, every single person, Government or institution – however eminent and respected – who warns the UK, urges the UK, to remain in the EU are wrong – and Vote Leave alone is right. When I hear that China is poised to triple her investments inside the EU – I think of what the UK might lose outside of it. And when I put the question: “Is the world more likely to invest in a British market of 65 million or a European market of 500 million?” I am beyond baffled that anyone could argue for exit from the European Union.

But our decision on June 23rd will not only affect us here in the UK. Consider what the EU loses if we desert them:

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

In a world of three great economic powers – the US, China, the EU – Europe will fall to a lower level, and have a lesser voice, a smaller market, a diminished influence. Our European partners will not thank us for that.

The divorce will be bitter: the rancour will be long lasting.

No one should be complacent about the possible wider impact of a British exit from the European Union. Our departure is not going to be a soon-forgotten moment, with minor turbulence. No one can be sure what will happen, but it could lead to catastrophe on a much wider canvas. Some Europeans fear that the EU could unravel. I can hear anti-Europeans cheering at that – but, if they do, they can have absolutely no understanding of the implications.

The economic, political, diplomatic and reputational damage to the UK will be severe and long-lasting. Waving away the risks as inconsequential is reckless beyond measure.

If the UK leaves and if the EU implodes, the impact on our security, our trade, our living standards and on Europe's place in a world of mischief would all be negative. The next few years could be chaotic, dysfunctional, and the fight to secure national advantage for each European Country could be ugly – and produce many casualties.

Anything remotely along these lines – even at the lower end of events – would be a gift to the fringes of politics, to the extreme nationalists, to the xenophobes and to the far right movements that are beginning to scar the political landscape.

Britain leaving the EU would be a mega event, and no one can be certain where it would lead. Every aspect, every eventuality must be set out before we ask our people to make their decision – and that is what I will continue to do right up to polling day.

And how ironic it would be if Britain – the nation that once, by her steadfastness, saved Europe – were to end up as the architect of disarray. And, before “Vote Leave” scoffs further, predicting only a placid, sunlit Utopia outside the EU, let me tell them this: a chaotic situation across Europe is a far more likely outcome than their scurrilous and – to my mind – shameful

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warning of 77 million Turks flooding into the UK. How can it be – against such a potentially disastrous outcome for our country – that the case for leaving Europe has become so popular? In part, pro-Europeans like me are to blame: whilst we have criticised the EU's shortcomings we have failed to adequately praise its virtues.

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Our neglect has helped feed anti-European sentiment. That accepted, we now face a tide of half-truths, untruths and exaggerations that are widely believed – and threaten to propel us into isolation.

So – let me look at the Brexit case.

What a tide of woe they pour out every day. What an angry miserable tale they tell. But that is what it is – a tale.

They tell us that poor, defenceless Britain is governed by a European elite that is answerable to No one. This elite group makes our laws and steals our sovereignty.

If this were true, the British people would be right to rebel – but, of course, it is pure fiction.

And who is this European “elite”? The democratically elected Heads of Government who run the EU? Or the democratically elected MEPs? No, it is the European Civil Service: the Commissioners appointed for a fixed time only by the individual nation states – whose proposals for laws must be approved by the Heads of Government, or senior nation state Ministers, by elected MEPs, the European Parliament and then by nation state Parliaments.

We're told these bogeymen make all our laws. Again, not so. The House of Commons Library tells us that – at most – one law in seven comes from the EU – and often that is a law we would pass ourselves. “We've lost our sovereignty” bleat the Brexiteers. No we have not: we share it by our own choice. If we didn't have sovereignty we couldn't even hold this Referendum; moreover, we do so by exercising a clause in EU law that enables Member States to leave. The myth of an over-mighty Europe is just yet more misleading propaganda.

And then there are the two Big Scare Stories from the “Leave” camp: about our security and immigration. We’re told that – if we stay in the EU – all sorts of terrorists and undesirables are going to come flooding into our country from Europe.

Really? Over the last decade two terrible incidents stand out: the 7/7 bombings in London and the murder of Lee Rigby. Both were carried out by long-term UK residents, not European migrants. That suggests the security forces and Border Control have been far more successful than their critics claim.

On immigration, “Vote Leave” exaggeration has become almost hysterical. Let me offer some facts as an antidote to their fictions.

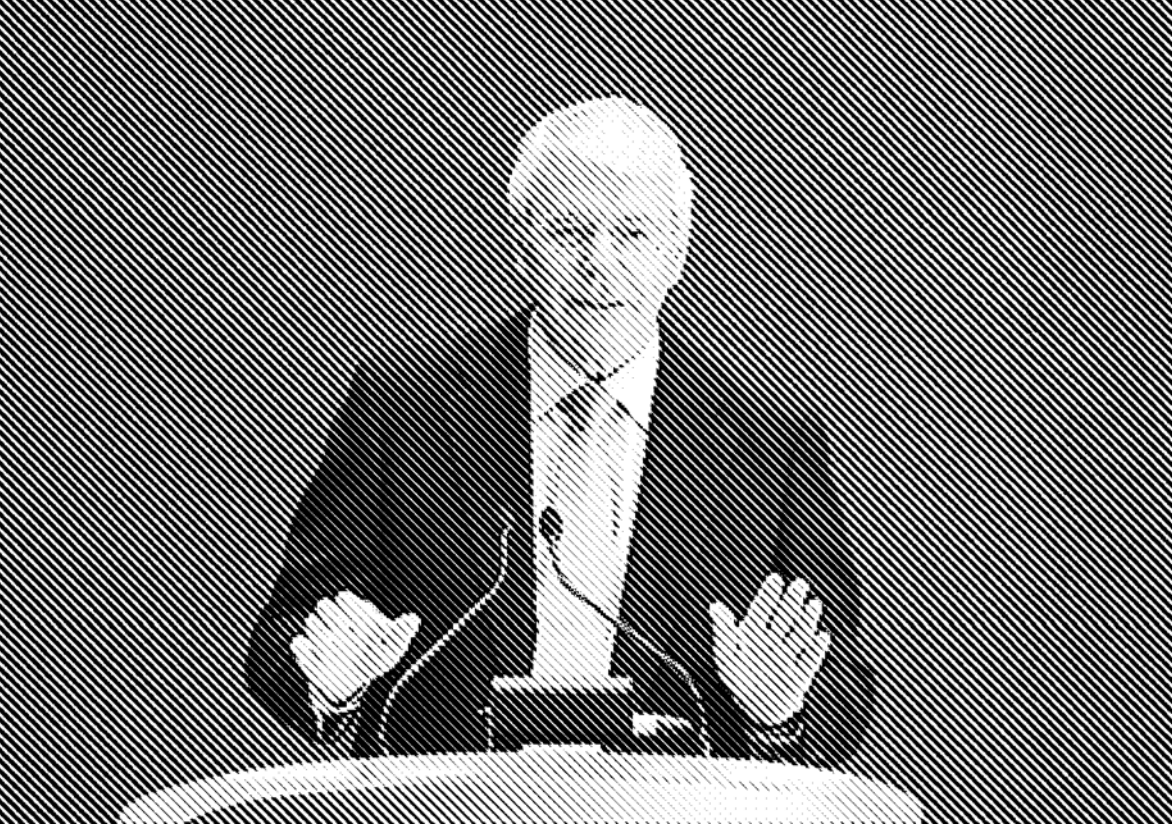
Over half of all our immigration is from outside the EU.

EU migrants include 52,000 doctors and nurses; 80,000 social care workers; 43,000 academics in Higher Education; and a total of 240,000 men and women in our public services. Are they really unwelcome? Are they undesirable? Are they a threat? What an absurd notion. These are people who cure us when we are sick; care for us when we need help; educate our children; keep our public transport running; and staff coffee shops, restaurants and hotels across the UK.

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So what does Vote Leave propose? A points system to pick and choose: but who will be excluded? Would there be a cap? Would others need visas? What of people here now who don’t meet the new requirements?

And what would be the position of British citizens living or working in Europe? What would happen to the Common Travel Area with Ireland? There are so many questions, yet still – with only one week to go to polling day – absolutely no answers. And I have no doubt that if we block Europeans from entering the UK, they will retaliate: not least since their voters will insist on it.



The plain truth is “Vote Leave” is resorting to scare tactics because they have lost the economic argument. According to Boswell, the great figure Samuel Johnson expressed the view that patriotism is the last refuge of a scoundrel. I’m not sure I agree with that harsh judgement: but he was surely right when he wrote, “it is sometimes used for a fractious disturber of the government”.

In this debate over Europe no one side has a monopoly on patriotism. The Leave campaign believes it is patriotic to – I quote – “take back control”. Although I don’t doubt their sincerity, the premise of that statement is profoundly flawed, and their definition too narrow.

I believe it’s patriotic to work with others to ensure our security; to improve our economic wellbeing; to carry British influence and British values around Europe and the world. The optimistic patriot looks outwards and forwards – not inwards and backwards.

It is simply not true that we need to leave Europe to make us a great country: we are a great country – that is why people wish to come here.

And any thinking patriot must surely be concerned about the impact of leaving the EU on the unity of the UK? On Scotland? On Ireland?

Here is the nightmare scenario: the UK out of the EU; Scotland out of the UK; a rump England with a discontented Wales and Northern Ireland. Do we really want to see Border and Customs controls between England and Scotland – and Northern Ireland and the Republic? I emphatically do not.

I spent years on the NI Peace Process to improve relations between North and South; I don't wish to see them undermined by some of the very same people who opposed that Peace Process 25 years ago. And it simply baffles me how members of the Conservative and Unionist Party can be so careless of the Union.

I am a Briton, an Englishman and a Unionist, and I believe our United Kingdom is a benevolent influence in the world. I don't want us to isolate ourselves. Overall, we are a force for good, for reason, for moderation. We have much to offer. We should not shrivel into ourselves and hide away.

I hope everyone will think of what we can offer Europe – and of the future, and the next generation – before they make up their minds. The decision we take is, quite literally, more relevant to our future than any General Election has been in the past – or will be in the future.

If our nation then votes to leave, we must respect their decision.

But, if they vote to leave on the basis of half-truths and untruths then – pretty soon – the grave-diggers of our prosperity will have to account for what they have said and done – but that will be of no consolation, for we will be out. Out for good. Diminished as an influence on the world. A truly great Britain, shrunk down to a Little England.

That is not the future I wish to see for our country.

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Salzburg Global Seminar

THE INSTITUTION AND ITS WORK

Salzburg Global Seminar was founded in 1947 by Austrian and American students from Harvard University. Convinced that former enemies must talk and learn from each other in order to create more stable and secure societies, they set out to create a neutral international forum for those seeking to regenerate Europe and shape a better world. Guided by this vision, we have brought over 31,000 participants together from 160 countries for more than 500 sessions and student academies across cultural and ideological barriers to address common challenges. Our track record is unique – connecting young and established leaders, and supporting regions, institutions and sectors in transition.

Salzburg Global's work is driven by our Mission to challenge present and future leaders to solve issues of global concern. Our Vision is to shape a better world by forging breakthrough collaboration to bridge divides and accelerate human, urban and conflict transformation. To achieve this, we're renewing our commitment to convene the world's most outstanding people across generations and sectors, sustaining our work through strategic partnerships, earned income and philanthropic support.

Together, we will work to design and implement multi-year programs to help change-makers and institutions achieve results at scale. Our aim is to catalyze transformative impact and long-term engagement through alliances, networks and projects on the ground.

Our exclusive setting at Schloss Leopoldskron enables our participants to detach from their working lives, immerse themselves in the issues at hand and form new networks and connections. Participants come together on equal terms, regardless of age, affiliation, region or sector.

We maintain this energy and engagement through the Salzburg Global Fellowship, which connects our Fellows across the world. It provides a vibrant hub to crowd-source new ideas, exchange best practice, and nurture emerging leaders through mentoring and support. The Fellowship network leverages our extraordinary human capital to advise on critical trends, future programs and in-region implementation.

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Salzburg Global's programs are primarily convened at Schloss Leopoldskron, Austria. This 300-year-old palace, now also an award-winning hotel, provides an inspiring retreat and an internationally-renowned space for openness to address complex challenges.