



SALZBURG
GLOBAL
SEMINAR

THE SECOND ANNUAL SIR MICHAEL PALLISER LECTURE 2015

BRITAIN'S INTERNATIONAL OBLIGATIONS: FETTERS OR KEYS?

LECTURE DELIVERED BY Rt Hon Dominic Grieve QC MP





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**WHEN THE TREATIES
WORK EFFECTIVELY,
THEY ARE THE KEYS TO
SECURING PROSPERITY
AND WELLBEING FOR
ALL OF EUROPE.**

”

Dominic Grieve

delivered by **The Rt Hon Dominic Grieve QC MP**

introduced by **Clare Shine**

Vice President and Chief Program Officer

Salzburg Global Seminar

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 London, March 18, 2015

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 (9 April 1922 – 19 June 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 Wellington and Merton College, Oxford. Appointed a Second Lieutenant November 21, 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 – 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 1984–1993, then vice chairman until his retirement in 1996. From 1983–1992, he was non-executive director of several industrial companies. From 1986–1994, he was a member of the board of the Royal National Theatre. Sir Michael has served on the faculty of many Salzburg Global Seminar sessions. 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

BRITAIN'S INTERNATIONAL OBLIGATIONS: FETTERS OR KEYS?

Are the UK's international obligations – such as being members of the EU and NATO – restraints which undermine its sovereignty or keys with which it can unlock the opportunity to maintain global influence?

This was the question at hand for the second annual lecture given in honor of long-serving Salzburg Global board member and Senior Fellow Sir Michael Palliser, who passed away in 2012.

Speaking at the London event, this year's lecturer, former UK Attorney General Dominic Grieve MP said: "British foreign policy, even during the height of Empire was driven by a desire to engage internationally, both to secure peace and ensure national prosperity. Today, when we are in the midst of inevitable globalization, we seem too often preoccupied by twin political narratives of exceptionalism and decline. Neither is true.

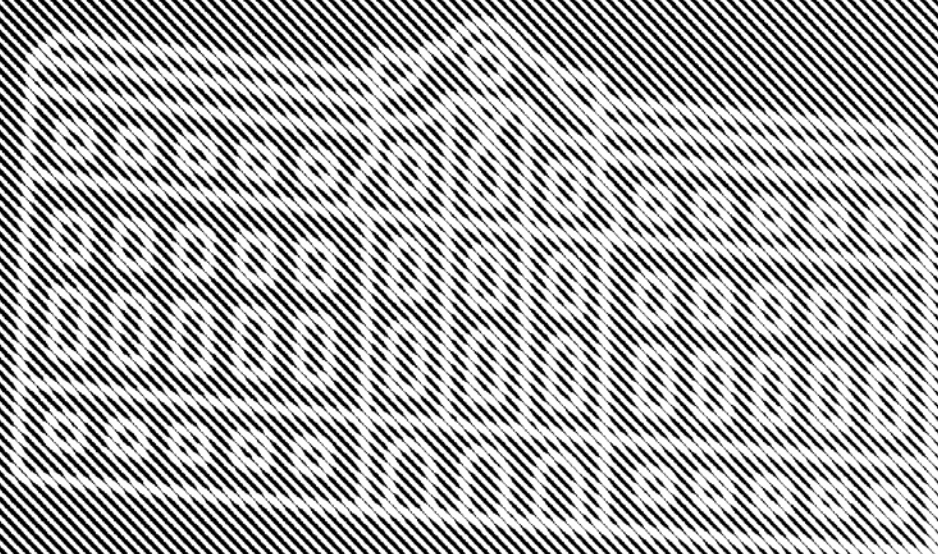
"In a world in which power is shifting and getting increasingly diffuse, a country such as ours with extensive soft power assets, giving us the ability to be listened to and to provide leadership on international norms of behavior, is important to the maintenance of a complex and increasingly global legal and financial system and also has the capacity to derive great advantage from it. But we need the confidence and determination to grasp the keys which we have and open up our opportunities in the promotion of sound political and financial institutions and the Rule of Law not only within our own country but in Europe using the multiple layers of global partnership that our forebears and our history have given us.

“We should build on what is on offer and not hanker after some simpler world that does not and has never existed,” he concluded.

Grieve’s strong support for the UK’s role in the European Union and meeting its international obligations made him an excellent fit to deliver the second annual Palliser Lecture as Sir Michael Palliser was also a staunch supporter of European unity, forming part of the team that negotiated Britain’s membership of what was to become the European Union; he then helped to ensure that Britain played a constructive role in European institutions.

Palliser’s extraordinary career in the British Diplomatic included positions as Head of the Policy Planning Staff, a Private Secretary to the Prime Minister, Minister at the British Embassy in Paris, Ambassador and Permanent Representative to the European Communities, and Permanent Undersecretary of State and Head of the Diplomatic Service, to name a few. He came out of formal retirement from April to July 1982, during the Falklands War, to act as special adviser in the Cabinet Office to then Prime Minister, Margaret Thatcher.

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 2015 Palliser Lecture.



SALZBURG GLOBAL SEMINAR



The Second Annual Sir Michael Palliser Lecture

BRITAIN'S INTERNATIONAL OBLIGATIONS: FETTERS OR KEYS?

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

He served as Vice-Chair 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. Following a career culminating as Permanent Under Secretary of the Foreign and Commonwealth Office and Head of the UK Diplomatic Service, Sir Michael dedicated his retirement to cross-border initiatives and international collaboration.

The **Rt Hon Dominic Grieve QC MP** has served as an MP since 1997 and as Attorney General from 2010 to 2014.

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, 18 March, 2015, London

Kindly hosted by HSBC

It is a great pleasure and an honor to have been asked to come here this evening to give the second Palliser Lecture. I am grateful to Salzburg Global Seminar for inviting me to speak on any topic of my choice which could relate to Sir Michael Palliser's career. This has prompted me to focus tonight on the advantages and drawbacks, legal and political, of the United Kingdom's international obligations. During and since my time as Attorney General I have come to see this issue and how it is being addressed as of increasing importance, as we debate how best to ensure the future well-being of our country and particularly in the context of our membership of the European Union (EU) and of the Council of Europe.

It is a theme that would, of course, have also been familiar to Michael Palliser. Born in 1922, his early adulthood was marked, like so many of his generation, by the experience of the Second World War and its aftermath. In his long career as a diplomat it appears as central to his work. He believed in the United Kingdom's international engagement and he played an important role in the process by which our country joined the European Economic Community (EEC), because he considered that it was in our national interest to do so. He also exemplified it in his personal life with his marriage to Marie Spaak, the daughter of one of the founding fathers of the European idea.

At the time when Michael Palliser's diplomatic career was at its height and he was busy renegotiating our terms of membership of the EEC for the Wilson government, I was still at school. I had an Anglo-French mother and a British father, a posthumous child of the First World War, whose own wartime experiences serving in France, Belgium and Luxembourg had had a similar effect on his political outlook. He was a committed European and a member for thirteen years of the Parliamentary Assembly of the Council of Europe. So, this doubtless influenced me, aged just 16 and interviewed in Trafalgar Square at the stroke of midnight on New Year's Day 1973, into responding with enthusiasm and in French for the UK joining the EEC, to a French television reporter.

But my enthusiasm was also for what I saw as a great experiment in human co-operation. Two years later, I spent three months working for the "Keep Britain in Europe" campaign during the referendum, with amongst others Sherard Cowper-Coles and was delighted by the outcome.

Forty years on such youthful commitment is not necessarily seen as career enhancing in the current political climate. But I have to accept that it is against this personal background, some Euro-skeptics might say with this heavy baggage,

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that I speak this evening. Much has changed since those idealistic days. Some say it is five minutes to midnight in Britain's increasingly unhappy relationship with her European neighbors. A topic that has been on the periphery of political affairs for many years has now become one of the key questions of the day. An intended renegotiation of our relationship, which depends to some extent

on the outcome of the forthcoming General Election, may set into motion a referendum on the UK's EU membership in 2017, the consequences of which will be of the utmost importance for the future of our country.

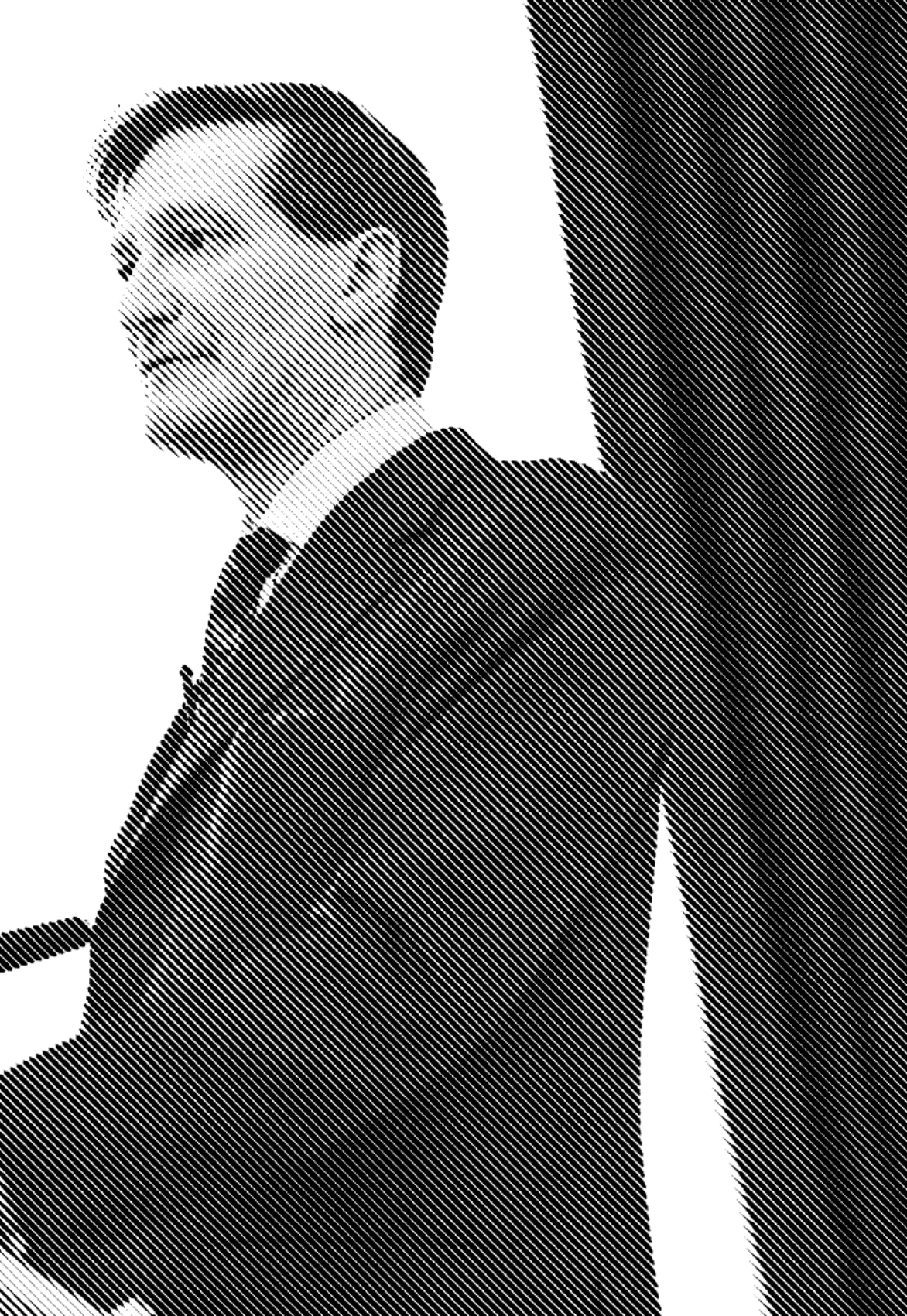
This crisis in our membership of the EU is not a phenomenon which can, I believe, be viewed in isolation. Several longstanding international affiliations appear to be in play. Our membership of the Council of Europe is in question because of popular dissatisfaction with the operation of the European Court of Human Rights. The Conservative leadership has announced an intention to

enact a British Bill of Rights which, while incorporating the text of the European Convention on Human Rights (ECHR), is intended effectively to reduce it in ways that are not compatible with current Strasbourg jurisprudence. Our future adherence to the Convention is thus in doubt and the Conservative Party has indicated that its policy is to withdraw from the Convention unless we are allowed to treat the Strasbourg court's judgments as merely advisory. This stand has attracted considerable support and it is noteworthy that the responses of the official Opposition and the Liberal Democrats have been fairly muted. Defending the Convention is not seen as a vote winner.

I also note that the UK Independence Party (UKIP), which at the time of writing enjoys, according to the opinion polls, the support of up to 15% of the electorate and therefore has some claim to be our third most popular party, does not really believe in the value of our international obligations to NATO either. It has announced a defense policy based on a "Fortress Britain" approach with increased expenditure but its leader has praised President Putin as an exemplar of the forceful promotion of national interests. It appears to reject international engagement to maintain peace away from our borders.

It seems to me that we may now be in an age where the merit of international obligations and membership of treaty organizations more generally is questioned. The UN Charter and organization itself has long been criticized. But there seems to be growing irritation towards how international obligations operate. They are seen as fetters on our freedom of action and finances but doing little to moderate the behavior of irresponsible states or to assist our well-being as a nation.





A BIT OF HISTORY

During the four years that I was Attorney General, I became conscious of just how much of my workload concerned international obligations and the legal frameworks surrounding them. I asked the Foreign Office to tell me how many treaties were currently in force concerning the United Kingdom. While unwilling to go back beyond 1834, they were able to state that since that date they have records of the United Kingdom signing up to some 13,200 treaties. Many thousands are still binding and range in importance from the UN Charter and the Treaty of Accession to the EU to bilateral agreements over fishing rights and maritime access. Over 700 contain references to mechanisms for binding dispute resolution in the event of disagreements over interpretation.

Thus the 1871 Treaty of Washington provided for independent arbitration to resolve the Alabama and other bilateral disputes arising from the American Civil War, following on from earlier arbitrations over border issues and compensation claims from the War of Independence. In the late 19th century the UK went on to arbitrate disputes with Portugal, the Netherlands and Venezuela. The UK was also a consistent supporter in the early 20th century of the Permanent Court of Arbitration and after the First World War of a Permanent Court of Justice. Since 1930 the UK has submitted to the compulsory jurisdiction of the court and its modern successor the International Court of Justice without a break, standing alone among the Permanent Members of the Security Council in doing so. And increasingly treaties have come to deal not just with relations between sovereign

states but the conduct of individual states towards those over whom they exercise power – obvious examples are the International Convention for the Prohibition of Torture and indeed the ECHR itself.

So important has been this treaty making, that the current Ministerial Code states specifically that it is the duty of UK ministers and civil servants to uphold these treaties. This duty is one of the foundations of our national constitutional observance of the Rule of Law. Despite some lapses, successive UK governments have been astonishingly consistent in doing so. We are after all just over a hundred years after the start of the First World War, which we entered explicitly to respect our international treaty obligations to guarantee Belgian neutrality – what the then German Chancellor described dismissively as “a scrap of paper”.

Now it is true that the UK has, on occasion, in modern times, withdrawn from treaties it considers obsolete or counterproductive. We did this for example in 2011 with the International Labour Organization and the UN Industrial Development Organization. But such an occurrence is relatively infrequent. The treaties from which we have withdrawn have tended to be of sectional interest and peripheral to the general interest of the nation as a whole. So the present debate on our membership of the EU, the Council of Europe and adherence to the ECHR marks a potentially revolutionary turning point in a previously consistent national approach of building, observing and working within international obligations, that has characterized our affairs for a very long time.

THE CHALLENGE OF THE EU

In considering the challenge which EU membership now poses for our country and how we should best address it, we need to be honest and realistic about the criticisms that can be made of it. It is also worth remembering that high levels of Euro-skepticism are not new, indeed the current figure for those in Britain wanting to leave of about 40%, is well below the peak of 65% in the early 1980s, but still ahead of those wishing to stay in. I think it is certainly the case that most Britons have never felt the idealistic pull towards the European project and have always seen it as a free trade zone. The dilution of sovereignty has also been a recurring concern of both Left and Right. This is undoubtedly a matter of historical experience. But lack of romantic attachment has not hitherto prevented us from playing an important and I believe positive role in its institutional and administrative development. Despite or perhaps because of our clear eyed criticisms of its functioning and our hostility to some continental enthusiasms for theory over practice we have contributed significantly to the intellectual evolution of thinking on the Euro, the European constitution and federalism. But the intensity of the present crisis is exceptional. It is I believe in large part linked to the global financial crisis and the recent weakness of the European economy stemming from the creation and struggles of the currency union of the Euro zone and the consequences for the

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existing EU legal order which flow from it. This has given emotional power to irrational Euro-skepticism but has also boosted reasoned Euro-skepticism in four distinct ways.

Firstly it has greatly undermined the EU's reputation for delivering economic growth and stability. Seeing that between 2009 and 2014 the average annual growth in the Eurozone was -0.2% compared to +5.2% in emerging markets as a whole, the argument that Britain should re-focus and diversify its markets (we currently export twice as much to Belgium as to India) and detach itself from what appears daily to be a sclerotic and dysfunctional entity becomes attractive.

Secondly the Euro crisis has meant that the British domestic business cycle is very much out of kilter with that of the Eurozone. Our labor markets are effectively functioning as a shock absorber for Euro-area weakness. As a result migration within the EU has become a central issue, with net immigration from the EU of a staggering 298,000 in 2013-14. It is of course welcomed by some as a vehicle of economic growth. But we cannot escape the enormous pressures it is creating on London and the South East in particular, but also elsewhere, by increasing competition and demand on everything from student places, through housing and health services to seats on public transport. This is something of which, as an MP, I am reminded in my constituency all the time.

Thirdly, the Eurozone crisis has raised fears that the fair operation of the single market will increasingly be subordinated to the operation of the currency union, leading to a real loss of British influence. The remorseless logic that the currency union requires a fiscal union to be successful, increases the risk that the interests of the 19-member Eurozone will dominate or exclude the substantial minority of nine non-members. Seeing that one of the underpinnings of the UK's history of international engagement is to ensure that structures are not created which are potentially inimical to our interests, whether it be trade or security, the threat that we may become subject to a body in which we have no place and no voice, can be used as an argument that we are better off right outside of it. The alternative of joining the Eurozone is extremely unlikely to enjoy support in this country.

Fourthly and linked to the last point, the crisis also relates to a growing sense that the legal order of the EU is dysfunctional. It is no great state secret that a lot of the time of the law officers and legal advisers is taken up with questions of interpretation of EU legal instruments and other such matters. The legal order under the treaties is of the greatest importance, since it provides the mechanism to ensure that the carefully agreed rules governing the inter-action of nation states and European bodies are respected. The EU can only be effective, successful and above all legitimate, if its own operations are seen to respect the letter and spirit of the treaties. The Court in particular is pivotal in upholding the Rule of Law within the EU, both in its enforcement of EU Law but as importantly, marking and respecting its limits.

When the treaties work effectively, they are the keys to securing prosperity and well-being for all of Europe. It is the treaties which, through the creation of the Internal Market, can give UK businesses access to the world's largest trading bloc with 500 million people and 21 million companies generating an estimated £11 trillion of economic activity. It is the treaties which provide the opportunity to harness the EU's collective strength to negotiate and agree numerous transformative trade agreements with third countries, of which the Transatlantic Trade and Investment Partnership alone could be worth £10 billion to the UK economy. And it is the treaties that also enable EU member states to work effectively together on the types of problems which require cross-border action.

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But we see many examples of cases where the EU institutions have pushed the boundaries of their own powers under the treaties. It goes without saying that the EU should not act in areas where it does not or may not have competence. It should only be doing what member states unequivocally signed up to, since these actual obligations and rights are the product of hard fought negotiations by and on behalf of democratically elected national governments. In particular the EU should not seek to circumvent the special arrangements that pertain to certain member states under the treaties, such as the United Kingdom's in respect of Justice and Home Affairs and non-participation in the Euro. The treaties constitute a

deed of partnership and co-operation, not an incorporation in which member states are merely shareholders.

Yet during my time in office, a persistent cause of UK Government concern was the actions of the Commission, in seeking to evade the provision of a UK right to opt in or stay out of a measure on the grounds that it fell within Justice and Home Affairs. Most of the cases concerned free trade agreements between the EU and third party States and whether parts of these agreements went beyond development co-operation to include Justice and Home Affairs issues. One, however, related to a proposal on Alternative Dispute Resolution which contained an identically worded clause to an earlier directive where it was agreed at that time that it had direct bearing on national judicial discretion and must therefore attract a Justice and Home Affairs legal base. As we were unable to persuade the Council to change the Commission's approach the matter remains unresolved, a potential source of dispute for the future, if we object to any regulations made under it.

We have been obliged to resort to litigation in relation to the European Central Bank's new policy on the location of those institutions which act as central counterparties for the clearing of Euro-denominated instruments. I don't need to tell this audience what an important issue this is and the extent to which this decision of the ECB was seen in the UK as discriminatory and in contradiction to the principles of the single market. Fortunately we have now just had a decision of the General Court of the ECJ ruling this decision *ultra vires* of the ECB's powers and quashing it. But it should not have been necessary for us to bring this challenge.

There are also other areas of EU action that raise concerns. Respect for the letter and spirit of the treaties also involves respect for the roles of the various institutions created under the treaties: the so called inter-institutional balance (in Article 13(2) TEU) between the Council, the Commission and the Parliament that regulates its operation and ensures the involvement of all relevant parties in it. All too often however, this balance is ignored, sometimes quite flagrantly. Thus in 2013 the Commission, invoking its own interpretation of EU law (Article 17 TEU), wholly disregarded the rights of the Council

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of the EU, which is made up of government ministers answerable to their national Parliaments, and signed a Memorandum of Understanding with Switzerland on financial contributions in the absence of Council authorization and at the very time the Council was considering whether or not to grant it. The Council has since brought a case against the Commission in the European Court of Justice (ECJ) to have the decision annulled which still awaits hearing. There are other examples, all illustrative of the same inter institutional hubris and wrangling and leading to unnecessary cost and frustrating delays.

All this may appear arcane, but in an institution which is supposed to be suffused with the doctrine of “mutual sincere co-operation” expressly promised in Article 4 of the treaty it is a pretty depressing spectacle. Perhaps even more importantly British citizens just like those of other European partners neither know nor care about these institutional turf wars. What they do notice and complain about is that the EU has a remarkable talent for generating attempts at ludicrous micro management, be it banning olive jugs or limiting the power settings of hoovers. They also notice that the EU institutions, particularly the Commission, appear to pay only lip service to the role of democratically elected national parliaments. As an example, when 14 parliamentary chambers from 11 member states sent a reasoned opinion to the European Commission on the grounds that the European Public Prosecutor proposals breached the principle of subsidiarity, the Commission simply rejected it and ploughed on regardless. It all makes a mockery of the principles of subsidiarity and proportionality under which the EU should exercise self-restraint and leave such matters to member states and damages its credibility in the eyes of the voting public. Finally in this critique, I can't exclude the European Court of Justice itself, which, out of sentiments of institutional propriety, national governments are reluctant to criticize openly. The Court, of course faces the difficult and

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necessary task of ensuring the treaties are observed and member states are at times ingenious in attempts to circumvent their obligations. But the ECJ as a supranational court also needs to be mindful of its constitutional status and absolute necessity for maintaining a balance of authority between national and shared sovereignties. I have sometimes been left with the distinct sense that a national government taking on the Commission before the Court, with a reasonable argument, is just being drawn into an intellectual game utterly divorced from the daily realities with which its decisions are actually concerned. All laws are man-made constructs and in that sense artificial. But to be told that the teleological principles of the *acquis communautaire* must inevitably trump a common sense measure to prevent visa fraud, may be just the stuff to get the juices running for a moot of Euro lawyers, but it does not confer legitimacy on either the Court or the law. The existence of the Court is ultimately dependent on the democratic consent of the citizens of member states. If they refuse to participate in its processes it ceases to exist. In the case of the UK, both the Prime Minister and Sir John Major, have recently pointed out that consent is now wearing thin and reformation is necessary.

OUR EXIT WILL ONLY USHER IN MANY YEARS OF WRANGLING, IMPROVISATION AND UNCERTAINTY WHICH ARE LIKELY TO MAKE OUR CURRENT PROBLEMS WITH THE EU AS IT IS LOOK RATHER MODEST.

But for all the criticisms that can be made of the EU's functioning, they do not in themselves provide a rational basis for arguing that the United Kingdom would be better off out. Those who propose a dissolution of this partnership have to make a positive case for its being in our national interest and demonstrate that our economic well-being and quality of life would be enhanced as a consequence. Because far from a referendum decision to depart offering a rapid transition to a better future, an announcement that we will trigger Article 50 of the EU Treaty to negotiate our exit will only usher in many years of wrangling, improvisation and uncertainty which

are likely to make our current problems with the EU as it is look rather modest. I do not want this evening to merely repeat the arguments that have been put forward by many others in relation to the problems of “Brexit”. Those who want it express confidence that the UK would be able to negotiate a free trade agreement with the EU and thus have access to the single market because it is in the rest of the EU’s interest to do so. Most amongst them accept that this would mean the UK remaining bound by the rules that apply to the single market with virtually no power to influence their development as is the case for Norway today.

The ease with which this argument is made today is strange given that influence was precisely one of the reasons why we joined the EEC. By 1971, the EEC’s legal enactments already amounted to some 13,000 typewritten pages of text. Sir Con O’Neill who headed the British delegation in those negotiations said: “Many of those laws were objectionable. But they had to be accepted, for the larger purpose. If Britain had been there, we would have never allowed a situation to develop which made it so difficult...” This dilemma will return because even if we leave the

EU we cannot leave Europe. As my colleague Owen Patterson has also stated, the requirements of any free trade agreement would make British removal from the clauses dealing with Freedom of Movement impossible, with the curious consequence that the single biggest cause of domestic irritation with the EU, immigration, would remain unaltered. But without its maintenance some 2 million UK citizens working in EU countries would find themselves becoming illegal immigrants overnight.

There is indeed a total lack of clarity as to how a government would proceed to unravel a relationship that has developed in complexity over more than 40 years. Which parts of the several thousand pieces of EU legislation that are currently incorporated into our own statute law would be retained? What would happen to the vested rights of individuals and businesses to bring damages claims based on EU law? One of the advantages of exit that is most frequently emphasized, is that even if we would remain bound to the rules governing the single market we could free ourselves from those regulations under the Social Chapter that some have found

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irksome and stifling of growth and enterprise. But listening to recent debates in Parliament on issues of employment law, including paternity leave and flexible hours working, it is noticeable that there is substantial cross-party support for a variety of social rights and they are not all EU “inflicted”. I wonder in reality how likely we are to get rid of any

of them. A lot of health and safety and quality of life measures, despite criticisms for over-prescriptiveness, are electorally popular. The idea that if we leave they would change or vanish overnight is utterly unrealistic. And while we would no longer have to make payments as a contribution to the EU budget we would have to sort out what we do for British farmers who will have lost their subsidies under the Common Agricultural Policy and the 16-25 year olds getting job opportunities paid for with matching funding from the European Social Fund. Doubtless it will be suggested that all this will be easily affordable once our contributions to the EU budget are stopped. But one does note that all sorts of quite other things are apparently to be funded out of the same “pot of money”.

It must also be worth considering that as the current economic crisis has fueled Euro-skepticism, so we may find if we decide to leave that we do so at precisely the point where the Eurozone is coming out of its difficulties and the economic benefits of membership have returned.

Indeed history shows us many persistent and important failures to anticipate economic trajectories. Germany was “the sick man of Europe” only ten years ago but is now “Europe’s engine of growth.” We had the same reputation for sickness in the 1970s and have been likewise transformed. Few came close to predicting in the late 1980s that Japan would stagnate over the next two decades.

Such history, I accept, proves nothing about Europe’s future. But it does suggest

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how changeable allegedly permanent contexts can be. If the present flowering of Euro-skepticism is the product of a particular moment of economic weakness between 2009 and 2014, when the structure of the currency union was first tested by the markets, then it may blind us to the evidence of

resilience in the European economy. It can also blind us to evidence of political and economic fragility in emerging markets. In many such states economic growth is not matched by the development of civil societies underpinned by the Rule of Law and where cultural and political problems and tensions relating to inequalities of wealth, aspiration and power have only very constrained outlets for expression and few useful mechanisms for leading to peaceful changes of government in response. As was candidly accepted by Indian participants at the recent Global Law Summit in London, the Indian court system is in danger of being overwhelmed with 31.3 million backlogged cases at the end of 2013.

In contrast it is perfectly clear that under the impetus of democracy the Eurozone and the EU are going to change dramatically in the next few years because of popular reaction against economic failure. It is obvious that things cannot stay as they are.

The high unemployment, excessive debt and stagnant growth affecting Italy, Spain, Portugal and Greece, stem directly from the Eurozone's structural flaws, which are preventing those countries from making the currency adjustments to weaker growth conditions which they could have done had they not been in it. The result is higher unemployment, falling wages and rising debt burdens on the back of this economic stagnation. The two possible solutions of either debt restructuring, as wanted by Greece, which could create chaos in the banking system and force creditor countries such as Germany to jeopardize their own fiscal positions to save the Eurozone; or reflating the economies of core Eurozone countries including Germany through raising domestic wages and demand in order to boost the economies of the periphery; both look imprudent and unattractive. Yet without structural change why should the progress of movements exemplified by Syriza in Greece or Podemos in Spain be arrested. In Italy three of the four main parties are now Euro-skeptic as of course is the Front National in France.

So the chances are very high that the Eurozone will shortly be forced into one of two radically different directions: either a much more tightly integrated currency union with a significant political apparatus, or a revival of new currency arrangements

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for some current Eurozone members. Whichever it is it is going to involve rewriting a number of EU treaties and charters including the constitution of the European Central Bank and forging new norms for the union of European nations that has brought us together. There is need for reform and the UK has the, albeit slender, advantage of being able to put our heads above the economic parapet and propose it.

Further, given the EU operational dysfunctions on which I touched earlier, the signs are that the original inexorable logic of ever closer union is running into the sands. Domestic politics in most European countries are demanding more national sovereignty not less. As a result, the super-state that has haunted so much British political thinking in relation to the EU is unlikely to materialize. We could with directed effort obtain what we signed up to all along – an EU more respectful of the principle of subsidiarity, a confederation of nation states rather than a proto-super state and one more mindful of individual national paths rather than a fixed idea of a common destiny.

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Dominic Grieve

HOW SHOULD WE BEST ACHIEVE OUR GOALS?

But if such a vision might be attractive to a broad swathe of my Party and of the British electorate, how are we as politicians going to help deliver it? Is it through engagement and co-operation with our European partners with the endorsement of the public through a referendum, or through the default position of pursuing a policy of growing isolationism, where the referendum on EU membership becomes like the Scottish referendum in its final phase – the vehicle for expression of every resentment at the current state of our national political system with unpredictable and potentially damaging consequences?

This issue brings me back to where I started this talk, when I touched on Britain's view of its place in the world and the importance or otherwise which we attach to international engagement – to the mutuality of obligations intended to be keys to unlock our security and well-being but which some see as fetters. The present approach of my Party to our continued adherence to the European Convention on Human Rights illustrates this problem of perception. A policy has been announced that pays no regard

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whatsoever to its impact on the other signatory states. The success of the Convention, despite all its shortcomings, in raising standards of behavior and promoting Human Rights globally and with it the overall security of the Europe, is to be disregarded for the sake of addressing irritations about some of its current domestic impacts which at best will be of utterly marginal benefit.

Now the purposes of UK membership of the EU and of the Convention are different. But there is a clear overlap. There is also overlap with NATO in terms of it furthering our security in a difficult and increasingly dangerous world, as we can see from confrontations in the South China Sea to the turmoil in the Middle East and Russia's flagrant disregard of international law and agreements in the Ukraine and for that matter its mischief making in Syria and now Egypt.

In seeking to abandon the EU and the ECHR what message is conveyed as to the value that the UK attaches to international engagement, to those keys which give us our place in the world? To exercise influence globally, it is necessary that we remain a country whose attitudes and commitment others can trust. The tone

is frequently carping and dismissive rather than one of constructive criticism. Our good faith, in being willing to persevere in our engagements when faced with challenges, can legitimately be called into question. Our approach in this instance is the stranger for being at such variance with our historic tradition of building up and respecting obligations and relationships. We are an outward facing nation with a global language, a global cultural, educational

and legal reach, with deep ties all over the world and with one in ten of our citizens living permanently overseas. Far beyond the EU, NATO and the Council of Europe, we sit at the heart of the world's most important institutions, from the G7 to the G20, to the UN Security Council and the Commonwealth. None of them are incompatible with our engagement with the EU. How can renouncing one relationship improve rather than put at risk our involvement with any other? International relations are not monogamous! The inability to manage successfully the engagement with one is likely to call that ability into question in relation to the others. Some of my parliamentary colleagues, who want to leave the EU, speak

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brightly of a new era of international engagement free of the constraints of EU membership. But where are those key partners urging us to leave? All, including our principal strategic ally the USA, have shown no enthusiasm whatever for our doing so. As Henry Kissinger says in his recent book: “The United States has every reason from history and geopolitics to bolster the European Union and prevent it from drifting off into a geopolitical vacuum; the United States, if separated from Europe in politics and defense would become geopolitically an island off the shores of Eurasia, and Europe itself could turn into an appendage to the reaches of Asia and the Middle East.”

The mood of rejectionism from which we currently suffer seems to me to originate in the dysfunctional state that politics has now reached in our country. I don't think it is viewing the past through rose tinted spectacles to consider that it appears increasingly difficult today to achieve reasoned debate on any subject of complexity. Political branding and the marketing of political ideas as if they are consumer products has made us lose sight of the essential role of open political debate in shaping public support for policies. There is ample evidence that the current approach is not succeeding in engaging the electorate. Voter numbers are falling. A growing cynicism with what is being presented by the mainstream parties is evidenced by the spectacular rise of fringe and extreme parties, complete with their simple over-arching messages and anti-politics leaders. They have the merit of not conforming to the current image of the sanitized and values-free professional perceived hitherto to be on offer. Our political discourse then dances to this new tune with the mainstream trying to emulate rather than challenge its fringe rivals. We have only ourselves to blame if we give the impression of being unable to address problems and if this results in popular dislike for power, personality and partisanship in politicians, leading to contempt for our political institutions and a desire for drastic policy and constitutional change without reasoned regard for the consequences.

So if we really want to reform the EU and win popular consent to remain a member state, we need a wholesale change to our approach. It has become

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commonplace to demand that the business community should step forward to make the argument for staying in the EU. But it is we politicians who should be leading the argument. We will only be able and trusted to do this when we can face with frankness public anxiety about the EU and its effects, show an understanding for it and then put forward a positive program of reform and a positive vision for participation. This is why

I believe that a referendum is not only inevitable but desirable. There will be all manner of objections to remaining but they should be confronted. The willingness of the political class to hide behind the EU as an excuse for being unable to address real problems must cease. And we have to recognize that the importance of our engagement and participation in the EU requires public approval and cannot be an elite project, a concept that has both alienated the electorate and allowed politicians to abdicate responsibility for it. As we are sovereign so must we act.

Furthermore, our responsibility as politicians must then extend to doing the work necessary to achieve the reformed EU we seek. This requires engagement at every level with our fellow member states and with the institutions of the EU. As a politician in and now out of government, I have valued my contact with Brussels, but I have been troubled by what has seemed to me to be the lack of effective dialogue. Criticisms of the functioning of the EU, including those by

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politicians, are plentiful but are delivered largely through the often distorting and superficial prism of the British media. Too often the opportunities for proper discussion have been dominated by people of like-minded outlook providing each other with mutual reassurance that most, if not all, was in order. The EU's present problems show that this is most clearly not the case. We need to be in a position to lead other member states on reform if we want to be successful. This cannot be achieved by critics being

outside the conversation. But we need a dialogue and not a British monologue.

And the EU is part of the world. The United Kingdom needs to take a renewed strategic look at its international engagement not only in the context of the EU but of the other international institutions and forums which we have developed to provide us with security.

As the Minsk meeting of Francois Hollande, Angela Merkel and Mr. Putin and its accord, or lack of it, shows, the comfortable notion that European security is solely a NATO responsibility underpinned by the power of the USA, seems likely to be falsified by events. This only emphasizes for me the importance of intra-European engagement at every level, be it through the EU, the Council of Europe or bilaterally.

It does not of course sit comfortably with a policy of leaving the EU altogether and highlights both the wider dangers and short-sightedness of doing so.

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CONCLUSION

British foreign policy, even during the height of Empire was driven by a desire to engage internationally, both to secure peace and ensure national prosperity. Today, when we are in the midst of inevitable globalization, we seem too often preoccupied by twin political narratives of exceptionalism and decline. Neither is true. In a world in which power is shifting and getting increasingly diffuse, a country such as ours with extensive soft power assets, giving us the ability to be listened to and to provide leadership on international norms of behavior, is important to the maintenance of a complex and increasingly global legal and financial system and also has the capacity to derive great advantage from it. But we need the confidence and determination to grasp the keys which we have and open up our opportunities

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in the promotion of sound political and financial institutions and the Rule of Law not only within our own country but in Europe using the multiple layers of global partnership that our forebears and our history have given us. We should build on what is on offer and not hanker after some simpler world that does not and has never existed.

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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 program strategy is driven by our Mission to challenge present and future leaders to solve issues of global concern. We work with partners to help people, organizations and governments bridge divides and forge paths for peace, empowerment and equitable growth.

Our three Program Clusters - Imagination, Sustainability and Justice - are guided by our commitment to tackle systems challenges critical for next generation leaders and engage new voices to "re-imagine the possible." We believe that advances in education, science, culture, business, law and policy must be pursued together to reshape the landscape for lasting results. Our strategic convening is designed to

address gaps and faultlines in global dialogue and policy making and to translate knowledge into action.

Our programs target new issues ripe for engagement and “wicked” problems where progress has stalled. Building on our deep experience and international reputation, we provide a platform where participants can analyze blockages, identify shared goals, test ideas, and create new strategies. Our recruitment targets key stakeholders, innovators and young leaders on their way to influence and ensures dynamic perspectives on a given topic.

Our exclusive setting 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 Network, 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 Network leverages our extraordinary human capital to advise on critical trends, future programs and in-region implementation.

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Salzburg Global Seminar is an independent non-profit strategic convenor founded in 1947 to challenge present and future leaders to solve issues of global concern. Our program is designed around three cross-cutting clusters - Imagination, Sustainability and Justice - that reflect the values underpinning everything we do. We use this framework to map issues and support changemakers across generations, sectors and scales. Working with the world's leading public and private organizations and philanthropic investors, we engage our global network across six continents to accelerate breakthrough thinking and collaboration.

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.