

The Mayor of London, Boris Johnson's speech at Bloomberg on 6 August 2014 in response to the receipt of Dr Gerard Lyons' publication of 'The Europe Report: A win-win situation'

1 THE DREAM OF EUROPE

Good morning everybody, it's a stunning audience, a fine audience for Europe on a Wednesday morning superb to see so many people here at Bloomberg. Thank you very much for the invitation and in particular I want to thank my friend Gerard Lyons for the report 'A win: win situation'. I believe in it, I am one of nature's optimists. I believe in finding the good in everything.

So I want to begin with some of the good things about the European Union.

On Sunday I was flying back from the Polish city of Bydgoszcz, in the company of about 300 mildly hung-over fans of a motorbike sport called Speedway.

They had come from all over Britain – from Leeds, Portsmouth, London, wherever and they had saved up to fly to Poland to watch the British team - and the British team had duly come last.

And though we sat with our elbows pinned so tight that you could not type at a laptop, and though there was no complimentary inflight service, and though our host the good Mr O'Leary does not believe in wasting much space on toilets, I can tell you that the mood on that Ryanair plane was of quiet and sunburned content.

Now I speak to you obviously as a Euro-sceptic. But as we sat there, crapulous and happy and discussing the finer points of Speedway, about which I had not until then the faintest idea, and I thought that if I were the PR man for the European Union, I could make something of this.

How come we were all flying from Bydgoszcz, which I think is the correct pronunciation, by Ryanair? How come we were doing it, because the EU had made it possible with its Open Skies legislation in the late 1990s, and ushered in a boom in cheapo flights in lovely little places you never heard of.

And how come we had all been able to enjoy the beer and sausages in the mediaeval city of Bydgoszcz – a place that used to be kept in dingy subjection behind the Iron Curtain?

Because for 15 years after the fall of the wall, it was the EU that served as a beacon and an objective for Poland and other former communist countries. It was the EU's insistence on market reforms that has transformed those economies, and helped provide the British speedway fan with the friendly cafes and prompt service, ice cream and all the stuff that you would not have expected under communism.

And as we, this week, mark a century since the outbreak of the First World War, we should reflect that for 70 or almost 70, of those 100 years, there has now been peace in western Europe, probably the longest uninterrupted absence of war since the days of the Antonine emperors; and of course there are probably all sorts of reasons for that peace:-

The simple horror of the memory of the last war; you might cite the role of Nato, the triumph of Ronald Reagan and Margaret Thatcher, I'm sure that will be top in your minds Bloomberg folk here this morning in facing down communist aggression; but somewhere in the mix we should surely give credit to Brussels for being a force for stability and economic integration...

At which point you might ask me what is all the fuss is about then, what is the problem, what we are doing here?

And my answer to you, discussing Europe on a wonderful Wednesday morning here in London, my answer to you is that the EU is suffering from a crisis of economic underperformance, and a related collapse of political trust.

2 THE EUROPEAN NIGHTMARE

Poland is doing fine, they've had the good sense by the way to stay out of the euro and keep the highly competitive zloty very good against the pound.

But the rest of that Eurozone is mired in low growth; and has been indeed for years before the euro crisis even struck.

Between 1980 and 1998 average growth in the area was 2 per cent which is lower than Australia, Canada, the USA and - yes - lower than us in the UK.

And then it got worse. From 1999-2012 we have had average growth in the Eurozone of just 1.5 per cent, and the euro has been turned into an engine of mass job destruction, with an average of 11.5 per cent out of work, over 10 per cent in France; in Italy 12.7 per cent and rising.

In spite of all the talk of the corner having been turned, unemployment is stuck on 26 or 27 per cent in Greece, 25 per cent in Spain - and double that rate for young people across large chunks of southern Europe: half an entire generation chucked on the scrapheap for the sake of the Euro, a misbegotten political project in my view, which shows no sign of breaking up... at the moment.

We have levels of FDI into Europe actually falling, and the single market that is failing to deliver, with an uncompleted market in services, and with trade between Eurozone countries is actually growing less fast than trade between those countries and the rest of the world, which is not what we were told to expect from the Checchini report and other such documents is it?

Not all of this is the fault of the euro or even of the EU, but of course partly the fault of what is called the European social model. As Angela Merkel has wisely observed, we cannot go on forever with a world in which the EU has seven per cent of the population and 50 per cent of global social security spending.

But there is no doubt in my mind that it is that extra stuff, the stuff coming from Brussels, that is helping to fur the arteries to the point of sclerosis.

We still have an expansionist Commission culture, in which they do too much of the things they ought not to do and not enough of the things they ought to do. The weight of employment regulation is now back-breaking: the collective redundancies directive, the atypical work directive, the working time directive and a 1000 more such regulations.

The health and safety at work framework directive which means all businesses of whatever size have to keep written records of their risk assessments, even if it turns out the risk is nil; and the total cost of this legislation for EU-generated employment law for the UK alone for British business is estimated to be about £8.6bn a year.

If you doubt that this stuff is over-prescriptive, let me give you just an excerpt from the summary - the summary - of the EU Driving Regulations for vehicles over 3.5 tonnes. And we are told this is now the law of the entire community...

The driver must not drive more than:

- 9 hours a day - this can be extended to ten hours twice a week

- 56 hours a week
- 90 hours in any two consecutive weeks

The driver must take:

- at least 11 hours rest a day – this can be reduced to 9 hours rest 3 times a week
- an unbroken break of 45 hours every week – this can be reduced to 24 hours every other week

The driver must take:

- a weekly rest after six days of working – coach drivers on an international trip can take their weekly rest after 12 days and a break or breaks totalling at least 45 minutes after no more than 4.5 hours of driving

And you can see how that might work for big haulage firms with big HR departments and a big cost base. But how is it supposed to help a two-man start-up in Bexley that is trying to take on, to pick a borough at random; that is trying to take on the big boys? How are we supposed to solve the construction boom in London and get small firms coming to the market when we have regulations like that?

Or take the waste framework directive that means all small businesses have to register as waste carriers if they want to transport a small volume of non-hazardous waste in their own vans – such as a nursery wanting to take grass cuttings or compost, they have to register as a waste carrier.

And I have a waste framework for all these directives and I think we should file them vertically, and replace them with worker protection that is frankly more tailored and more suited to this country's needs.

But the problem is that we can't do that and this is the fundamental problem with the EU, because once this stuff is there in the *acquis* in the very corpus of law, there is no way that a single country or a single parliament could revoke it and the Normans called the problem *mortmain* – the dead man's handle of unchangeable law, now bulking to 50 per cent of the UK statute book, steering us all ever further in the wrong direction.

And in the EU it is that sense of remoteness, lack of accountability that has reacted toxically with people's other anxieties, notably about immigration.

I seem to be one of the few politicians in this country willing even in principle to support the idea of immigration, and I do, this city has benefitted massively from immigration. But we need to have some control as the Americans and other immigrant countries do, over who we are getting and it is absurd that we should be kicking out Australian physiotherapists and nurses and teachers, and excluding New Zealand scientists, our kith and kin as we used to say.

And it is absurd that we have been making things more difficult for business people who want to come here from India or students from China – with the immense financial contribution they have to make to this city - because we need to meet an immigration target, when we have absolutely no way of containing the numbers of immigrants coming from 27 other countries.

And what happened was, the voters of Britain and of Europe spotted this incoherence didn't they? They spotted the politicians being weasley on this point, which is entirely the fault of the last Labour government by the way, and the nitrogen of anti-immigrant anxiety mixed with the glycerin of general Euro-scepticism, and kaboom, you had the peasants' revolt of the Euro-election results - that were actually a rejection of ruling parties and elites across the EU.

And how have those elites responded to that rebuke in the Euro election? Can anybody tell me what they've done? Well they said we've heard you, said Brussels, Je vous ai compris, they said. We understand exactly what you mean about remote unelected bureaucrats that have no democratic legitimacy they said – and then they appointed Jean-Claude Juncker in defiance of this country's wishes.

Now I don't object at all to Mr Juncker, he's a very nice chap I know him well, I don't object at all to Mr Juncker or his Churchillian potations of alcohol, which are reported in the papers, I don't object in the least. But I do object to the way he was foisted on this country, in defiance of the explicit wishes of a major EU state in a way that simply would not have happened 10 years ago.

3 THE SOLUTION – REFORM AND REFERENDUM

And that is why [Con] I echo you and I absolutely back David Cameron here and what he continues to say, and I back his calls for reform, the call he made last year which is in the interests of the UK, but we won't win the argument like that, it's in the interests of the whole EU, and this is a case which is supported now vociferously around the table in Europe.

- We need to reform social and employment law so that we minimise the costs to all EU businesses, and if that means resurrecting the opt-out for UK which John Major secured and Tony Blair threw away, I don't think it will be a bad thing. I think the Prime Minister is right to want firms beneath a certain size to be excluded altogether from such demands.
- We need further reform if not abolition of the CAP, so that we don't continue to waste taxpayers money and discriminate against third world producers – like the tariffs on cane sugar that are actually now threatening 800 jobs at a historic London refinery
- We need managed migration so that we know how many people are coming in, and so that London government at all levels, the boroughs in particular, can plan for school places and welfare and all the rest
- I agree with the Dutch, the Dutch want 54 areas of EU competence repealed now, they want a yellow card system by which national parliaments can stop unnecessary regulations
- I think it's right that we should take the Home and Justice affairs back to an inter-governmental arrangement there's no need for ECJ decisions there
- I want an end to the pointless attacks on the City of London – which is after all the asset, the financial capital of the whole of Europe
- And I'd like to see a real focus on completing the single market for the benefit of the people and businesses that use it
- Stop mouthing empty pledges like “ever closer union” with our fingers crossed, as Hugo Dixon has suggested, when we don't believe in that.

If we succeed in getting these reforms we should put the amendments to the British people for an in-out referendum, and if we get the reforms then I would frankly be happy to campaign for a yes to stay in; and as Gerry Lyons argues in his paper that would be the single best option for Britain and London, with London's economy almost doubling in size over the next 20 years to £640bn.

But it is crucial to understand that if we can't get that reform, then the second option is also attractive, that we follow something like the path set out by Iain Mansfield in his excellent Brexit paper and go for a new approach.

4 BUT BE PREPARED FOR A NEW FUTURE

I think we could do that in a friendly way; there is no reason for hostility or rancour on either side. If we got it right, we could negotiate a generous exit, securing EFTA style access to the Common Market – and they would have every motive to do such a deal, given that the balance of trade is very much in their favour.

And that combination of a lower regulatory burden and undiminished trade access would cause exports to boom, and the whole thing would be turbo-charged by new trading agreements with major partners such as China, Brazil, Russia, Australia and India. With less red tape for business, and a more competitive tax environment, it has been persuasively argued that British GDP would grow by 1.1 per cent.

Yes, there would be a scratchy period, and yes there would be some short-term uncertainty about FDI. We must accept that.

But they said that before about the Euro, if we didn't join the whole thing would collapse, that didn't happen. I believe that over a three to five year period the adjustments would be made; people would realise that London and the UK still offered superb advantages of time zone, language and skills, a massive concentration of talent in financial services.

With our savings in EU budget contributions, there would be £10bn to spend on other things. Parliamentary democracy in this country would have the adrenalin shock of rediscovered importance and for all those who find this sort of talk alarming, I really believe that the whole EU question is no longer as pivotal for Britain as it was.

By the time I am 90 it is calculated that the EU will have shrunk from 20 per cent of global gdp to 9 per cent.

5 THE DREAM

And it is surely now obvious, that the EU as a model is looking increasingly out of date. There is no other group of countries that has gone in for this painful pooling of sovereignty, this Freudian attempt to recreate our childhood in the Roman Empire.

They don't do it in Asean, they don't do it in Mercosur. Look around, Brussels – no one else is trying to do it this way, for the very good reason that it is anti-democratic.

We would still have a common foreign policy. Look at Libya, whatever you think of that operation, an operation that the Italians and Germans fervently opposed, it was entirely devised by national governments working together, and we will continue to work together whether we are in the EU or not.

And I want to stress that this is not my number one option. I want to stay in a reformed EU that really serves the consumer, a Europe of citizens and not of bureaucrats and politicians, a Europe where our children can go to other European countries and start businesses and learn languages and find boyfriends and girlfriends if strictly necessary, but above all understand the glories of the greatest civilisation the world has ever produced.

I want a Europe of opportunity, a cartel-busting, market-opening Europe, a Europe of mutual recognition where we get back to the sublime simplicity and wisdom of cassis de Dijon rather than the grinding mastication of harmonisation and job-destroying regulation; a Europe in which we truly take decisions at the level they need to be taken.

That is the vision of David Cameron and a vision of Europe that is worth fighting for. And this is the crucial point – I think we can get there by 2017; but if we can't, then we have

nothing to be afraid of in going for an alternative future, a Britain open not just to the rest of Europe, but to the world. As I fly across the world it's incredible to encounter the warmth for the historic ties and markets with vast potential for all the goods and services that originate in London – and will continue to do so under any circumstances.

Every single chocolate hobnob in the world comes from Brent; every asteroid in Gravity came from Soho; and if you are catching a bus in Las Vegas – though I expect most of this audience will be using a stretch limo – the chances are you will use a bus shelter made in Hayes by a great London engineering company called Trueform, who export London bus stops to Bahrain and to New York as well, how about that?

Which reminds me, the final point to everyone tuning in live from the European Commission in Brussels, the crucial point is that we are the good Europeans, particularly here in London. We are the best of all, not only because we have 400,000 French people living here. Let me remind the Commission that you will see, thanks to Transport for London (the best European of all), you will see buses on the streets of London owned and run by German companies, by Dutch companies and by French. Now I'm saying this directly to the Commission: Can you, in a million years, imagine that the French would allow London bus companies on the streets of Paris? It's inconceivable. Can you imagine that the French transport authorities, after 40 years of membership of the EU, would buy a London bus stop? No. Well that is a Europe I want to see. I want a Europe where we can not only export our bus stops to America, to the Middle East, to those great growth markets across the world where they're going to need more buses, London buses I hope, but also of course to Paris. Selling our bus stops to Paris, with whom we have apparently shared a common market for the last 40 years. That's the vision. I think it's a vision worth fighting for and worth achieving. And, as Gerry has said, if we get it right it's win-win.