

# SPEECH TO THE BRUGES GROUP BY PETER OBORNE

## Parliament, the EU and National Sovereignty

I do apologise for being a little late tonight, you know what it's like Babysitting crisis and you'll be able to guess, a young member of the Bruges Group.



There could be no finer body of men and women. I have been an admirer of the Bruges Group since its inception. It has stood up for British values, freedom and independence and some might even say eccentricity with real valour and commitment.

I think that great speech by Margaret Thatcher was one of the great rising speeches of our nation's history and I think that every day that passes vindicates the vision and the insights expressed by Mrs Thatcher when she made that speech 22 years ago.

And I so much admire what the Bruges Group does, I'm very proud to be associated with it. I once had the honour of writing an introduction to a pamphlet of the essays of A.J.P. Taylor for the Bruges Group. I very, very

much admire Bill Cash and Barry Legg; I think they represent something which is very special and very honourable about the Conservative Party.

Bill has really pursued this particular line, he's refused to be deflected, and he stands about something which is essential to the British Parliamentary tradition.

And I will try, however inadequately, to follow in the footsteps of Bill's fascinating speech. The thing about Bill you always learn a lot of new stuff when you listen to him. He pays attention to the detail which us lesser mortals fail in our hurry and daily bustle to notice and reveals yet new horrors about the capture of the British political tradition by extraneous foreign forces.

Now what I want to talk about tonight is in particular the consequences of the Portuguese crisis which struck late last night. There were two events on Wednesday, there was the budget which was a negligible affair with no great importance as far as I could tell, which will have no bearing either way I would say on the prosperity and fortunes of the British people over the coming months.

But then there was the simultaneous resignation of Mr Socrates and I can't help but feeling that the Socratic mode of action is going to be much more relevant to our national predicament. Because what we have here from our Iberian friends is a very novel and interesting new direction in the ongoing crisis surrounding the Euro.

What basically Portugal has done is decide to blackmail the rest of Europe. It's a brilliant idea and I'm amazed that nobody else has thought about it before.

You see Portugal wants bailout and it needs a bailout but it only wants one on its own terms, i.e., it can go on spending as lavishly as it did before. And the Portuguese, well you've got to give them credit for this I think of spotting something very, very

important. They think that if they go bankrupt they bring the whole bloody shooting match down with them and it is marvellous isn't it and the European banks will go bust, sovereign debt will become valueless and they'll be a massive banking crisis and new calls for Euro itself to pull out.

And so the Portuguese have very rationally – and this is after all the nation which gave us Henry the Navigator – have concluded that blackmail is alright on the European Central Bank and its German paymasters.



And this takes us into a new set of situations because the Greeks will have met it with great care and admiration I daresay, the act of the European Parliament as will our Irish friends. It is very interesting to see the far right emerging so strongly now, Mr Jerry Adams and indeed the Spanish in due course.

Now this plunges Europe into a really interesting and dynamic situation. One of the problems about the Euro crisis – well I mean there are lots of problems – but one of the interesting things about the Euro crisis is that its so misunderstood and I thought I might share with you some of the reasons that this is the case.

First of all my colleagues in the profession of the craft as one of may call it, of political journalism economically have no knowledge or interest or financial... they are financially negligible, they have no understanding of financial matters. Now there is a reason for this because they almost invariably come from the left and indeed dislike markets and do not understand markets. They have ordinary minds... well they have minds which believe that the world works in an ordinary manner. That is not the same as an ordinary mind actually. And they have a sort of naïve and rather touching faith in the ability of politicians to define events.

Anyway they cannot read. They are capable of looking at the balance sheet of the ECB and deciphering its horrific mysteries and its deliberate deceptions and working out that what we have here is an economic system which is collapsing under the weight of its own contradictions just to coin a phrase.

The financial journalists are even worse, the ones who are supposed to understand finance, they are all, as far as I can tell, absolutely dedicated Europhiles.

You just only need to consider the case of the Financial Times, which is a newspaper which has dedicated itself to the European single currency and all manifestations thereof in an uncritical and subservient way. There is no way that you could read the *Financial Times* and get any understanding of what is going on with the Euro because the *Financial Times* basically loves the Euro, its got the same emotional and moral commitment to the Euro.

What was that Bill were you saying something interesting?

*Bill,*

I was just saying to Barry its printed in Frankfurt so I hear.

Peter,

It's printed in Frankfurt. And that just shows you it's printed in Frankfurt and only really written for members of the European political class whose prejudices and aspirations it shares.

Actually just to sort of divert, I'm devoting myself to a study at the moment of the debate over the single currency in the last 20 years. It's going to be called *The Guilty Men*. And it's a study of the way in which the... and I'm going to be quite candid about this, this is about revenge.

A few of us, Barry, me, you, everybody in this room, Bill and me and there were some others, there was Trevor Kavanagh and the *Sun* and there was William Hague who I think had a very good war, and there were various others but not many of us. We were bit of a valiant band and you know the CBI sneered at us and the TUC sneered at us, New Labour sneered at us. I mean actually it was discussed you know anybody who questioned the Euro was regarded as below the salt you know.

And it was obviously who else, the *Financial Times*, *The Economist*, Chris Patten, you know the Lib Dems and Maggie Thatcher, Maggie Thatcher's final speech, the final one when she talked about cricket bats and wickets. That was about the Single Currency, she'd just come back there and then from the Rome conference where the Single Currency was being dealt with and she forecast exactly what is happening now with such incredible presence and analytical brilliance. It's astonishing and it's worth bearing in mind that that was the issue not the Poll Tax which brought her down.



So I've done this study of all the organisations which have tried to put us into the single currency and thanks to people like the Bruges Group and thank you very much, I think the nation owes you all and us all a vote of thanks, not that we'll get one but anyway I'm going to take revenge. I think you all ought to read my pamphlet because it's going to be very good and vindictive.

But let's just examine for a moment the nature of the crisis. One of the key qualities here is that the European political class is in denial. Mr Sarkozy said the other day we will not allow the Euro to fail. Excuse me chum... me and Angela, me and Mrs Merkel were... its not you it's just a naivety which incredibly my colleagues don't understand. It isn't going to be Mr Sarkozy or Mrs Merkel its going to be, at the end of the day, the fundamental and very bleak economic realities which are going to determine the fate of the Euro. And there is this horrible contradiction that while its been creating unprecedented boom conditions for Germany it has been destroying in the most systematic and ghastly way, a horrifying way, the jobs and livelihoods and social structures of the peripheral European countries.

And the kind of savagery which you never saw from the Conservative Government and Margaret Thatcher over the monetary policy of the early 80s, they were nothing on the savagery and inhumanity of the policies of the political class in Brussels.

And it's utterly shameful the way in which they are ready to not to demolish just individual industries but whole nations and the economic livelihoods and self-respect of entire nations in order to enforce the Euro, the myth of the Single Currency which of course is part of a drive to a single nation.

And its their aim to destroy entire countries in order to establish this new order.

And one of the wonderful things about the people in this room is that you understand this and you have been fighting all of us now in different ways against it.



I think it's going to collapse fairly quickly under the weight of its contradiction. I think that I can forecast the Euro cannot survive in its present form in the medium term. You can see these convulsive forces that are rising against it. The Portuguese moment is also important because of the fact it shows we are getting reaction now to the mandate of Brussels and the European Central Bank. We're getting this very interesting constitutional reaction inside Germany, fascinating to see in Finland now a new sort of UKIP

style political party emerging in the last few months. Suddenly they've got 18% it looks like it may be coming second in the polls there in a few weeks time.

I think there are other more malign things are starting to happen, we're starting to see the emergence of quite a lot of fascist parties in Europe, very much a result of the social degradation and economic despair, which have been created by trying to impose the single European zone.

Just to go back to a few suggestions rather relevant to what our Government should do. Now Bill was correctly identified and I know you put down a question in the House of Commons today about our need to pay £4 billion, a little matter of £4 billion to bail out Portugal. I didn't think there was any way we could avoid it though, I think that Alistair Darling, in his final act as Chancellor signed us up for that, I don't think that we can legally avoid that commitment. And I think that when Spain goes, like we imagine it will do in the course of this year, then we will have to face a much larger bill. It will probably be £16 billion, about four or five times of Portugal. And I daresay then we'll get the unravelling of the whole doomed enterprise.

That's the first thing. I do think we need to avoid... there's a lot of pressure now coming, this argument that the Eurozone countries are determining European economic policy, that we must be part of this inner group. We mustn't go anywhere near this inner group, it won't be acting rationally now, they're using people who are dealing with matters and crises and forces way beyond their control. They won't be able to think straight. We need to stay well away from this basically madhouse where Europe and economic policy will be damaged.

The second thing I would note though is I think we do need to start to take precautions. William Hague made this brilliant remark, he was so good and I know that Barry was very much part of that too at the time. It was he made this point you know when you join the Euro its like joining... you know its like being stuck in a burning house and being unable to get out; A very, very good analogy by William. And of course we are lucky because we aren't in that burning house but we're next door to the burning house. The street is burning next door.



Now we've got to deal with this and how do we deal with it? We've got to make sure that we are as little affected as possible. Obviously we are going to be affected. Now one of the things we must do though is get rid of... I mean George Osborne owns quite a lot banks; he owns the RBS I believe and he also owns Lloyds TSB on our behalf. We ought to be ransacking their balance sheets identifying the sovereign debt, the European sovereign debt in those balance sheets and selling them off into the market while we can.

That's what the US banks have been doing, it's very interesting to look at the way in which as ECB holdings of the sovereign debt in these bankrupt countries has been rising the US obviously falling, US banks have been taking advantage of the fact that the ECB has been a buyer to unload. And I think we need to start doing that.

Also as individuals we need to take precautions because when this collapse happens it's going to be very, very, very tumultuous. I suspect Santander is beyond doubt the best run Spanish bank, I'm sure it doesn't have any problems but its part of a bankrupt financial system in Spain. I really wouldn't put more than the deposit in it of £50,000 which is insured into bank Santander, i.e. I mean what was Abbey National or Bradford & Bingley. Anybody who does you know £50,000 insured, it may take you a while to get out when the worst comes to the worst. I'm not saying it's going to happen I'm just saying that you know as individuals we have a duty to avoid unnecessary risks because we are going to enter, the Euro is going to enter a very desperate time and I think it will re-shape the nature of the European Union, it may not survive.

Well those were the few random observations I had tonight.

Thank you very much indeed.