

**EMBARGOED UNTIL 1800 GMT ON 27.02.17  
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SPEECH BY THE RT HON SIR JOHN MAJOR KG CH  
CHATHAM HOUSE LONDON  
MONDAY, 27 FEBRUARY, 2017**

**BRITAIN AND EUROPE – A REALITY CHECK**

Eight months ago a majority of voters opted to leave the European Union. I believed then – as I do now – that was an historic mistake, but it was one – once asked – that the British nation had every right to make.

The Government cannot ignore the nation's decision and must now shape a new future for our country.

Some changes may be beneficial: others may not. A hard Brexit – which is where we seem to be headed – is high risk. Some will gain. Others – will lose.

Many outcomes will be very different from present expectations. We will find, for example, that – for all the social pressure for immigration control – economically, we will need their skills.

The Referendum was one of the most divisive votes in British history. It not only divided the four nations of our United Kingdom, but opened up divisions within those nations, within political parties, within neighbourhoods, within families, between age and income groups, and among friends.

It will not be easy to heal those divisions and unite our nations. Yet that is what we must do.

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In Scotland, I believe a hard Brexit will encourage a second referendum on independence. This may seem improbable at the moment, but it would be reckless to ignore the risk.

As we saw last June, emotion and national pride can overcome economic self-interest. If Scotland were to become independent, both she and the UK would be diminished. That cannot be ignored as Brexit evolves.

The same is true of Northern Ireland. Many years of painstaking effort went into the Irish Peace Process which, even apart from Brexit, is at a fragile moment. Uncertainties over border restrictions between Ulster and the Republic are a serious threat – to the UK, to the peace process, and for Ireland, North and South. A special deal will be necessary.

I will return to these issues on another occasion.

As I voted on the losing side, I have kept silent since last June. This evening I don't wish to argue the EU is perfect. Plainly it isn't. Nor do I deny the economy has been more tranquil than expected since the decision to leave was taken.

But I do observe we haven't yet left the EU, and I have watched with growing concern as the British people have been led to expect a future that seems to be unreal and over-optimistic. Obstacles are brushed aside as of no consequence, whilst opportunities are inflated beyond any reasonable expectation of delivery.

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I am no longer in politics. I have absolutely no wish to re-enter it in any capacity. I don't seek publicity – more often than not, I shy away from it.

But I can't ignore what I learned in Government. Nor can I forget the people who voted to leave Europe in the belief it might improve their lives. If events go badly, their expectations will *not* be met, and whole communities will be worse off. The particular fear I have is that those *most likely* to be hurt will be those *least able* to protect themselves.

So, I have two objectives this evening: to offer a reality check on our national prospects; and to warn against an over-optimism that – *if* unachieved – will sow further distrust between politics and the public – at a time when trust needs to be re-built. It would be better to *underplay* than *overplay* expectations.

The post-referendum debate has been deeply dispiriting.

After decades of campaigning, the anti-Europeans won their battle to take Britain out of Europe. But, in the afterglow of victory, their cheerleaders have shown a disregard that amounts to contempt for the 48% who believed our future was more secure within the European Union.

Remain voters are of all political persuasions, and of none. Over recent months, many have written to me in dismay – even despair.

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They are people from *every* walk of life who have *every* right to their view, *every* right to express it, and *every* right to have their opinion represented and tested in Parliament.

This 48% care no less for our country than the 52% who voted to leave. They are *every* bit as patriotic. But they take a different view of Britain's future role in the world, and are deeply worried for themselves, for their families, and for our country.

They do not deserve to be told that, since the decision has been taken, they must keep quiet and toe the line. A popular triumph at the polls – even in a referendum – does not take away the *right* to disagree – nor the *right to express* that dissent.

Freedom of speech is absolute in our country. It's not “arrogant” or “brazen” or “elitist”, or remotely “delusional” to express concern about our future after Brexit. Nor, by doing so, is this group undermining the will of the people: they *are* the people. Shouting down their legitimate comment is against all our traditions of tolerance. It does *nothing* to inform and *everything* to demean – and it is time it stopped.

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Our Parliament exists to scrutinise the Executive. *That* is its job. So, it is depressing to see “Leave” enthusiasts in Parliament acting against their own principles. To win the Referendum, they asserted the sovereignty of our own Parliament: now, they speak and vote to *deny* that same Parliament any *meaningful* role in shaping, in overseeing, or in approving the outcome of our negotiations in Europe. Our Parliament is not a rubber stamp – and should *not* be treated as if it were.

As a former Parliamentarian, I believe the negotiations to come are *so* crucial to our nation’s future that the Government would be wise to take frequent account of public opinion through Parliamentary debate.

Of course, neither Parliament nor public can micro-manage the negotiations. We must trust Ministers to do so. And they must have flexibility.

But Parliament *must* be free to debate and comment and advise. For it not to do so would be wrong in principle: it would also be unwise politically if – as it might – the will of the people evolves, and the reality of Brexit becomes unpopular.

The hopes of those who favoured leaving the European Union are sky-high. We are told that countries “*are queueing up to do trade deals with us*”. That “*our best days lie ahead*”.

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It all sounds very enticing. And – for the sake of our country – I hope the optimists are proved right. But I’m not sure they will be. My own experience of international negotiations – and the national self-interest that accompanies them – makes me doubt the rosy confidence being offered to the British people.

Negotiations are all about “give” and “take”. We know what the Brexiteers wish to *take*: yet we hear nothing about what our country may have to *give* in return. If anyone *genuinely* believes that Europe will concede *all* we wish for – and exact *no* price for doing so – then they are extraordinarily naïve.

As I consider the complexities that lie ahead, the words of Kipling come to mind:

“I keep six honest serving men  
(They taught me all I knew);  
Their names are What and Why and When,  
And How and Where and Who.”

It is the detail – the what and the why, the when and the how, and the where and the who – that is key. To avoid later recriminations, the British public needs to be made aware *now* of the hurdles ahead – and what different outcomes will mean for their future.

Let me turn to the politics of exit.

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Leaving the European Union is not just about trade. It will have political consequences. For over forty years, British foreign policy has been based upon the twin pillars of our relations with the United States and the European Union. To be straddled between these two economic and political giants has served us well.

Outside the European Union, we become far more dependent upon the United States and – for four and *possibly* eight years – upon a President less predictable, less reliable and less attuned to our free market and socially liberal instincts than any of his predecessors.

As a boy, I was taught that America was our greatest ally and – throughout my life – I have seen her as so.

But America's size and power means we are, by far, the junior partner: mostly we follow – only rarely can we lead. Despite the romantic view of committed Atlanticists, the “special relationship” is *not* a union of equals. I wish it were: but it isn't; America dwarfs the UK in economic and military power. That, sadly – is fact.

Once we are out of the EU, our relationship with the United States *will* change. She needs a close ally *inside* the EU: once *outside*, that can no longer be us.

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That may not be the only change. If we disagree with American policy, we may weaken our ties. But if we support it slavishly, we become seen as an American echo – an invidious role for a nation that has broken free from Europe to become more independent.

And – inevitably – there *will* be disagreements: the US wish to contain China and engage Russia; *we* wish to contain Russia and engage China.

We seem likely to disagree also on refugees, free trade, the legality of Jewish settlements, and climate change. How many disagreements can there be before even the *closest* of ties begin to fray?

Until now, the world has seen the UK as a *leader* within Europe. We are the second largest economy, with hopes of one day overtaking Germany. We are one of only two nations with *significant* nuclear and military power. We have the widest, and deepest, foreign policy reach of *any* European nation.

In Europe, we have often *set* policy: the Single Market; enlargement to the East; restraints upon expenditure – together with a host of less prominent policies. Our role *within* Europe has *magnified* the power of our nation state: once we leave, that will no longer be so.



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The Prime Minister knows all this: her policy to maintain a good relationship with Europe is surely right. But, at some time, she will have to face down those who favour total disengagement – and who have *never* accepted our role within Europe.

For some, a total divorce has been a decades-long ambition. I believe they are utterly wrong. And although – today – they may be allies of the Prime Minister, the risk is that – tomorrow – they may not.

I am no dedicated Europhile. I said “No” to the Euro and “No” to Schengen on open borders. But I have never doubted the importance of co-operation with a successful Europe.

And – in voting to leave – we have done the EU great harm.

For the loss of the UK will *weaken* the EU – especially when set against the superpowers of America or China. For the first time, the EU is contracting not expanding. It is about to become smaller and less relevant. And, without the UK, it may change in character, becoming more protectionist and less of a pillar of free trade. Such a Europe would be damaging to British interests.

Our departure is also adding to domestic political problems across Europe. Britain has rejected the colossus of the EU. This has energised the anti-EU, anti-immigrant nationalists that are growing in number in France, Germany, Holland – and other European countries.

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*None* of these populist groups is sympathetic to the broadly tolerant and liberal instincts of the British. Nonetheless, their pitch is straightforward. If Britain – sober, stable, moderate, reliable Britain, with its ancient Parliament and anti-revolutionary history – can break free of a repressive bureaucracy in Brussels, why, then “so can anyone”. It is a potent appeal.

I caution everyone to be wary of this kind of populism. It seems to be a mixture of bigotry, prejudice and intolerance. It scapegoats minorities. It is a poison in *any* political system – destroying civility and decency and understanding. Here in the UK we should give it short shrift, for it is not the *people* we are – nor the *country* we are.

Whatever grievances exist, the UK and Europe cannot ignore one another without mutual damage. As the Prime Minister has intimated, our future self-interest is to co-operate on all aspects of security; on terrorism; on crime.

We should take a common position on climate change; on human rights; and on representative democracy. We should continue to co-operate over the migrant surge to Europe and contain Russian misbehaviour.

The plain truth is this: irrespective of Brexit, the UK benefits from engagement *with* Europe – not isolation *from* Europe – and *both* parties have an interest in ensuring that is maintained.

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My hunch is that, over the years ahead, the *political* price of leaving the EU may turn out to be greater than the economic cost.

That said – to protect our interests – the trade negotiations will require statesmanship of a high order. There is a real risk the outcome will fall well below the hopes and expectations that have been raised: I see little chance we will be able to match the advantages of the Single Market.

In my own experience, the most successful results are obtained when talks are conducted with goodwill: it is much easier to reach agreement with a friend than a quarrelsome neighbour.

But, behind the diplomatic civilities, the atmosphere is already sour. A little more charm, and a lot less cheap rhetoric, would do much to protect the UK's interests.

The negotiations will begin with the costs of disengagement. These could be politically explosive.

During the Referendum, the “Leave” campaign promised to “take back control” of huge sums of money, and pay an additional £350 million a week to the NHS.

Many believed this, yet the bitter irony is that the “divorce settlement” – that is, the cost of leaving Europe – may involve *paying out much larger* sums of money than that.

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The EU Chief Negotiator has estimated that our bill for exit may total between €40 billion to €60 billion.

I find this figure very contentious. But the bill *will* be substantial: billions, not millions, and *very* unpalatable. It will come as a nasty shock to voters who were not forewarned of this – even in the recent White Paper.

One MP has referred to the estimated divorce payment as “a threat”, his argument being that “you pay to join a club but not to leave it”.

Of course that is true: but when you leave any club, you are obliged to settle your debts, and *that* is what the European Union is going to expect the UK to do.

There *are* liabilities to be met: pension costs, legacy costs, contingent liabilities, a proportional share of work-in-progress. The EU will argue we have a *legal* obligation to pay these bills.

They *may* be right – but the issue is *not* clear-cut. Some of the EU’s claims are highly questionable and – unless there is a political agreement – any dispute may have to be resolved in Court. An agreement would be preferable and, if she sanctions one, the Prime Minister will deserve support.

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The EU Chief Negotiator has also warned that the separation costs must be agreed *before* any detailed trade negotiations can begin. However, I doubt he will be able to sustain such a hard line if we are prepared to engage in constructive talks: we shall see.

But *if* there is a stand-off – perhaps because of a backlash against the size of the exit bill – then trade talks may have to await a Court decision, be delayed indefinitely – or scrapped altogether. In either event, the faint hope of a comprehensive trade deal by Spring 2019 will have gone.

Without such a deal with Europe, three options arise:

- we can leave the EU with a flimsy, inadequate deal; or
- we can seek a transitional relationship – perhaps for 3-5 years – for which, as non-members, we would have to pay. A minimum option would involve staying in the Customs Union and submitting to the jurisdiction of the European Court of Justice; or
- we can trade with the EU on a WTO basis.

The more one examines probabilities, the more contentious becomes the task of leaving.

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Some of the most committed Brexit supporters wish to have a clean break, and trade only under WTO rules. This would require tariffs on goods – with *nothing* to help services, and *nothing* to inhibit non-tariff barriers. This would *not* be a panacea; for the UK – it would be the worst *possible* outcome.

But – to those who wish to see us adapt to a deregulated, low-tax enterprise economy – it is an attractive option, and wholly consistent with their philosophy.

However, it has worrying implications for public services such as the NHS – and for the vulnerable who, I'm delighted to say, the Government has pledged to help .... and I know how *personally* committed the Prime Minister is to this.

So there is a choice to be made, a price to be paid; we cannot move to a radical enterprise economy without moving away from a welfare state. Such a direction of policy, once understood by the public, would never command support. It would make all previous rows over social policy seem a minor distraction.

A new trade deal with Europe will be hugely complex. No-one should envy the Secretary of State and his negotiators. Some industries – cars and aerospace for example – hope for special, perhaps industry-to-industry, deals for their exports to Europe. The difficulties of this are legion: the chances of success are slim – not least since the German Chancellor is likely to rule out sectoral deals. Even if she does not, WTO rules expect agreements to cover *all* trade, not a few handpicked sectors.

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Many practicalities arise: even a *partial* customs deal with Europe would not eliminate the need for country-of-origin certificates. Or border checks. Or certification that regulations are met. Or other frustrations. And *any* deal must be agreed by 27 nations, each with their own national interests. No-one can be certain how long this will take: a conclusion within two years is very, very optimistic. Business needs to factor this in to their plans.

Domestic political hurdles arise, too: if cars and aerospace were to get favourable deals, why not textiles and widgets? How would the Government soothe the ire of those not receiving preferential treatment?

Nor will free trade deals with third countries be straightforward. Even the most attractive options come with political hazards.

In Washington, the Prime Minister discussed a deal with President Trump. Both Leaders were keen, which is excellent. But the omens are mixed.

Early actions confirm that President Trump has put protectionism at the heart of his trade policy. “America First” is more than a slogan.

Tariffs between the US and the UK are already *minimal*: there is little scope for lowering them even further. The UK runs a healthy trade surplus with America: President Trump may wish to narrow – or eliminate – that gap. That being so, British hopes should not be set too high.

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Nor will it be easy – or quick – to reach agreement on contentious issues such as medicine, or cars, or beef raised with growth hormones. *In* comes American beef: *Out* go European subsidies. That won't be an easy sell to the beef industry.

China and India are both attractive candidates for enhanced trade. But, in negotiation, India will seek immigration concessions for students and non-students alike which, *prima facie*, is in direct conflict with Government plans.

China, as I know from experience, is a tough negotiator, and will strike a hard bargain. As she is the largest trading partner to 120 countries, and the largest export market for 70 of them, a trade agreement with the United Kingdom may not be one of her main priorities.

The Government must also replicate the 53 deals struck on our behalf by the European Union. So far, only 12 are in play. There is a very, very long way to go, and the question arises: are 65 million Britons likely to get the same favourable outcome as 500 million Europeans?

I set out these difficulties, *not* because I don't think deals can be done – some certainly can – but to be realistic about the timescale and complexity of the huge undertaking that lies ahead. It is crucial to business and the public – that our expectations are consistent with what can be delivered. It matters to the Government, too: Ministers must *not* over-promise.



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In two years' time, the UK will be the first nation to leave *the* EU. This will be a real irony, as the first proposal for *a* European Union came not – as is generally supposed – from the Frenchman, Jean Monnet, but from an Englishman.

Three and a quarter centuries ago, in 1693, William Penn advocated a European “Dyett or Parliament” as a policy to end perpetual military conflict on the Continent. It took 280 years and two world wars to convince his fellow Britons.

43 years later, the British people reversed that decision.

Let us hope – for the futures of our children and grandchildren – they were right.

**END**