

The relentless drive to political union

The EU rests on the four freedoms – the free movement of goods, people, capital and ideas. Its central political driver is now the Euro. The UK has never been willing to join the Euro, with around 80% of the public opposed and both major political parties against in practice. Many UK voters also have reservations about freedom of movement, which has meant successive UK governments have kept us out of the Schengen common border arrangements and have sought derogations or opt outs on other features like access to benefits.

The UK is therefore being a good European by withdrawing from the EU, because it is unable and unwilling to join two of the crucial founding policies of this Union. Our position has become extremely difficult, seeking to hold up or dilute policies designed to promote greater union. We have also been consistently unwilling to pay more into the budget to help the development of the Euro area.

A single currency needs a sovereign state with its taxpayers to support it. It needs large transfer payments from the richer parts of the zone to the poorer parts. It usually needs a common benefits system, large transfers through such a system, and further large transfers through local and regional government financing from the centre. The Eurozone has not yet been able to develop all of these mechanisms or to route sufficient cash through the mechanisms it does have to transfer money from rich to poor. The UK leaving will allow the Eurozone members to have a better debate over how far they need to go and have a wish to go to buttress their currency with proper arrangements to transfer cash and to even out minimum income levels around the zone.

Currently the Eurozone manages to live with a huge surplus run up by Germany, and large deficits incurred by Greece, Italy, Spain and Portugal through financings via the European central Bank. This Bank accepts an interest free deposit from Germany and lends it on to the countries and their banks that need the extra money. It would be wise for the zone to consider longer term and more usual ways to handle the need for large transfers within a currency zone. Free of UK membership there can now be a much closer identity between the EU and the single currency it sponsors.