

I am truly grateful to all Noble Lords who are to speak today. A number of other Noble Lords have said that they support the Bill, but are either unable to be present or to stay to the end. They include the Noble Baroness, Lady Cox, and the noble Lords, Lord Vinson, Lord Tebbit, Lord Howard of Rising and Lord Flight. This is not the first time your Lordships have debated this or a similar Bill at Second Reading. We last did so some 4 ½ years ago, on 8th June 2007, and we had similar debates on 11th February 2004, the 27th June 2003, and the 17th March 2000. The series would not be complete without mentioning the 31st January 1997, when Your Lordships' House voted at Second Reading for a Bill which would have taken us out of the European Union altogether.

My Lords, for more than 30 years our political class has done its best not to talk about our membership of the EU. But the wheel of history turns, My Lords, and the question as to whether we should leave the European Union is now firmly back on the national agenda. But this Bill does not deal with that question. It is an altogether milder and more innocent little creature. It merely requires the Chancellor of the Exchequer to set up an impartial Enquiry into the economic costs and benefits arising from our membership of the EU. As presently drafted, the Bill suggests that the Committee of Enquiry should consist of 7 people; 2 who favour our staying in the EU, 2 who favour our leaving, 2 who have no further view and an independent chairman. The Bill excludes from the Committee anyone is or who has been an MEP, or is or has been an employee of the EU or any of its institutions. The thinking behind these exclusions was that no one in the EU's pay, or in receipt of an EU pension which they can lose if they go against the EU's interests, should sit on the Committee. But the wording may be at fault here, because I now understand that former MEPs do not receive such a pension, so perhaps their experience would be useful to the Enquiry. The Bill could be of course amended in our Committee proceedings if Your Lordships think fit.

It could also be amended to extend the date by which the Enquiry must report to the Chancellor beyond 1st July 2012. Noble Lords may feel that doesn't give it quite enough time. Be that as it may, the Bill requires the Chancellor to give the Enquiry report to Comptroller and Auditor General, and lay it before Parliament with his views attached.

The Bill goes no further than that. Of course I hope that the ensuing debates in Your Lordships House and the House of Commons would increase the public pressure for a referendum on our EU membership. But that remains to be seen. That will depend on what the Enquiry comes up with.

My Lords, I submit that the cost benefit analysis proposed by this Bill is long overdue, and that it is made even more urgent by the long-foretold crisis in the eurozone. So I dare to hope that the Government will support the Bill and that the Noble Lord the Minister will not repeat the misconceptions which all Governments have steadfastly repeated in all our debates so far. Perhaps I could sum these up now, and warn the Noble Lord that I shall be pressing him to justify them if he intones them yet again today.

The first is that a cost-benefit analysis is unnecessary, because the advantages of our EU membership are so obvious that it would be a waste of time and money. On the money point, I note that the Stern report on climate change cost a little over £1 million. Surely that is a rather more complicated subject than the simple economic facts about our EU membership? So we are not talking about an expensive enquiry, especially when set against the colossal cost of our membership, to which I shall return.

The 2nd misconception is to suggest that the 40% of our exports which go to clients in the European Union, supporting some 3 million of our jobs, would all somehow be jeopardised if we left the political construct of the European Union. I can only assume that the bureaucrats who invented this one did so because they simply don't know how international business actually works. So can I repeat that nobody trades with the European Union, except perhaps the mafia. We have hundreds of businesses exporting to clients who happen to be in EU countries, and there are hundreds of businesses in those countries exporting to us. This 2-way traffic benefits from free trade, but none of it need be affected if we resile from the Treaties of Rome. There are good commercial reasons for this. The first is that we do indeed have some 3 million jobs exporting to customers in EU countries, but there are 4 ½ million jobs in those countries exporting to us. So, collectively, they need us more than we need them; we are in fact their largest client. So not even the Martians in Brussels would attempt any retaliation if we left the EU as such. And the Martians would face other realities if they did try anything so silly. The World Trade Organisation has brought the EU's average external tariff down to below 1%, and would also prevent any retaliation. Also, the EU has free trade agreements with 63 countries worldwide, and is negotiating with a further 63%-80% of the countries in the world.

So we, as its largest client, could have one too, as good or better than the one enjoyed by Switzerland, which is not in either the EU or the European Economic Area. It is of course smaller than us, but its economy is very similar to ours, and it exports 3 times more per capita to clients in the EU than we do. Looking at it the other way round, would the French stop selling us their wine, or the Germans their cars, just because we were no longer being bossed around by Brussels? Of course not. And the Government doesn't have to take my word for it. Channel 4 News' "Factcheck" programme on 1st November revealed that the economists at South Bank University, who first estimated that 3 million jobs depended on our trade with Europe, never said that any would be lost if we left the EU. The programme ended with the following quote:

"According to the people who did the original research, talk of mass redundancies if Mr. Cameron goes for a European exit strategy is just scaremongering".

So, please, My Lords, can we hear no more about 40% of our trade and 3 million jobs as being a reason to stay in the EU and not to have the Enquiry proposed by this Bill.

The third misconception is that if we were no longer in the European Union our exporters to European markets would still have to obey all its rules, but our Government would not be able to take part in their making, and that this is somehow a frightening prospect. Those who peddle this one assume we would stay in the European Economic Area, like Norway, which we wouldn't. Our position would be like that of Switzerland, or better. We would have our own arrangements for free trade, free movement, and so on. Our exporters to clients in the EU would of course have to meet its requirements, as do exporters from every other country on the planet which exports to the EU. That's really no big deal. But only 9% of our GDP goes in exports to clients in the EU, while 11% goes in trade with the rest of the world, and 80% stays right here in our domestic economy. So the 91% or so of our economy which at the moment does not go in exports to clients in the EU would be set free from the heavy burdens imposed by Brussels. That begins to sound like quite a good deal, does it not My Lords? I will come to what those burdens might be, but conclude the third misconception by saying that I hope the Noble Lord the Minister will not repeat it today.

My Lords, a fourth misconception was put forward by the Noble Lord Lord Howerll during Oral Questions this past Tuesday, at Col. 942. He claimed that our influence in international trade bargaining is greater from, within the EU than it would be if we had our own seat at the WTO. To answer this, I can do no better than to quote from a brilliant new publication by Civitas of Mr. Ian Milne's "Time to Say NO". On page 15 he says:

"British influence at the WTO is sometimes claimed to be stronger as part of the Single Market than it would be if the UK spoke and negotiated for itself in WTO councils. That claim has validity only in so far as British commercial and geostrategic interests coincide with all 26 or a majority of its EU partners. When British interests do not so coincide –for example in the regulation of the City, or in agriculture an fishing- it follows that British influence is weaker than it would be if the UK were outside the EU and able to make its own decisions at the WTO.

Since the structure and pattern of UK global trade is quite different from that of its EU partners, there is no *a priori* reason to suppose that –on balance- British interests and those of its EU partners coincide more often than they diverge".

My Lords, the proposed Enquiry would have to examine what I have called these 4 fundamental misconceptions about our economic relationship with Brussels, or form its own opinion.

I hope it would also look at a number of the very short Briefing Notes by Mr. Milne on the GlobalBritain.org website which I have extolled before to Your Lordships. I declare an interest as a founder and supporter of Global Britain. For instance, I hope it would reading Briefing Note No. 70, which shows how customs unions like he EU have become redundant in the modern world; No. 68 which analyses the non-existent benefits of belonging to the EU's Single Market; No. 36, entitled "Cherry-Picking", which analyses in 2 pages the differences between the European Free Trade Association, the European Economic Area and the Swiss-EU Trading Relationship; and No. 69 "The Coming EU Demographic Winter". This one is rather like being shown the film "Titanic" before you get on it, and gives another reason why so many of us want to get off. Dare I ask the Noble Lord the Minister if he or any of his officials have read these and other Briefing Notes on the Global Britain website, and if not whether they will do so, and meet with Mr. Milne if they disagree with any of it? I am of course happy to offer them lunch.

My Lords, the Enquiry would also have to examine the range of figures put forward by our Eurosceptic movement as the annual cost of our EU membership, mostly from EU over-regulation. These are summarised in Global Britain Briefing Note No. 65, and average at around 6% of GDP or £90 billion per annum, equivalent to £1500 per person per annum in this country. It's interesting that a similar figure was put forward by the European Commission itself in 2006, and also that the highest estimate actually comes from the Treasury itself in 2005, under the signature of a Mr. Gordon Brown, entitled "Global Europe, Full Employment Europe". This estimated the cost of our EU membership as follows:

EU protectionism: 7% of GDP

Competition Gap with the USA: 12% of GDP

EU over-regulation: 6% of GDP (broadly in line with the Eurosceptic studies)

And Transatlantic barriers to trade: 3% of GDP.

These add up to 28% of GDP. Now, Mr. Brown did not say whether there might be some degree of overlap in those 4 categories, but even if we're generous and divide it by 4 you still come out to about 7% of GDP, or around £95 billion a year today.

Anyway My Lords, I suppose the Enquiry will want to interview Mr. Brown and the officials who wrote this report. There are other areas which I hope will be examined. What, for instance, is the cost to our economy of the decimation of our fishing industry? Would it not be useful to have an accurate figure for the extra amount that each family in this country pays for the cost of food? That has been widely put at about £1,000 per annum per family, but the world price of sugar is now apparently higher than the EU cost. So there is no doubt that this figure fluctuates, but it would be useful to be clear about it.

By the time the inquiry reports we will have a better idea of whether we are going to get back the £12 billion that we have borrowed to bail out the euro—I fear not, but time will tell. Then there is a big one, and talk about being flogged by a dead horse: by the time the inquiry reports, the damage done to the City of London and our financial services elsewhere by Monsieur Barnier and his cronies in Brussels will be clearer than it is today. Is it not simply grotesque that an organisation which has not had its own accounts signed off by its internal auditors for 17 years, there being no external audit of how our funds are wasted, should now be telling us how to order our financial affairs? I think “grotesque” is accurate.

Finally, there is one area in which there is no room for doubt: the amount of cash that we send to Brussels every year. Please remember that our expenditure cuts last year came to some £6.2 billion. The *Pink Book* came out this week, revealing that we sent £18.5 billion gross to Brussels last year, of which it was pleased to give us back some £8 billion for projects designed to improve its image, such as agriculture and regional aid. That leaves a net cash contribution of some £10 billion—£10,340,000,000 to be precise—which comes to £28 million net cash every day, never to be seen again, with perhaps none of it spent in our national interest.

To put that figure into perspective, £28 million pays for the salaries of 940 nurses at £30,000 per annum each. So every day we throw away, thanks to our EU membership, 940 nurses—or policemen, or soldiers, or any other public servant you care to mention.

Yesterday in your Lordships' House we had a well-informed and moving debate on the latest report into the future of social care in this country: the care of our elderly, infirm and dying, and of our learning disabled. The report suggests that we should spend another £1.5 billion to meet our obligations to these most vulnerable people in our society, but the Government are not sure that we can afford it. Yet we are sending £10 billion in net cash to Brussels. It is against that sort of background that I suggest the inquiry envisaged by this Bill should be set, and I beg to move that this Bill be read a second time.

Following debate, the Bill was read a Second Time and then committed to a Committee of the Whole House