

FINANCIAL TIMES

May 3, 2012 10:24 pm

Mandelson to call for referendum on EU

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By George Parker

Lord Mandelson, former Labour business secretary, will call on Friday for a referendum on Britain's EU membership, saying Britain will one day see the logic of joining a revamped eurozone.

In a speech at Oxford University, Lord Mandelson will say the eurozone crisis "may in fact be the key to its success", forcing the single currency countries into closer political union.

He argues that once the eurozone's structural flaws are fixed, Britain will be excluded from a tighter economic union and will increasingly feel marginalised and without a voice in Europe.

"Effectively the EU will have been rebooted with the UK on the outside," he will say. "We must not delude ourselves about this.

"There is a strong case for a European single currency and in practical respects it has worked well." He adds: "The economic logic for staying outside the eurozone can, and probably will, change."

His comments are deeply unfashionable and will be seen by many on the right wing of the Conservative party as delusional: even the pro-European Liberal Democrats seldom talk about Britain joining the euro.

But Lord Mandelson argues that a new generation of pro-European business leaders, politicians and others must start to fight back and prepare the ground for a referendum, restating a European mandate for Britain.

Although he admits that it will be some time before the eurozone remakes itself, eurosceptics will be delighted at his suggestion of a referendum, which they believe they would win convincingly.

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