THE UK PRESIDENCY OF THE EU: JULY - DECEMBER 2005

The UK Presidency has of course detailed objectives: eg the financial perspectives, enlargement negotiations, better regulation, the Justice and Home Affairs agenda, including better cooperation in fighting terrorism, reform of the EU sugar regime, the run up to the WTO Ministerial in December, foreign policy, and so on.

There are times, however, when it makes more sense to rise above the detail, and look down on the bigger picture. I will of course cover a number of our main priorities, but I hope in a more interesting way - dealing en route with a number of the main myths about the UK's approach to Europe, and putting in clear focus where we all now stand in this continent, and what in the British view we need to do about it.

Let me start with the oldest myth of all in this field - the view that the British have no feeling for Europe, vision about Europe, or real commitment to Europe. It is true that we are by our nature pragmatic, but we are also, from Churchill to Blair, well capable of vision. Churchill in October 1942, two days before the Battle of El Alamein, had the vision to write to Anthony Eden about the future of Europe: "I must admit that my thoughts rest primarily in Europe, in the revival of the glory of Europe (...). Hard as it is to say now, I trust that the European family may act unitedly as one, under a Council of Europe in which the barriers between nations will be greatly minimised and unrestricted travel will be possible. I hope to see the economy of Europe studied as a whole. Of course we shall have to work with the Americans in many ways, and in the greatest ways, but Europe is our prime care."

Churchill in Zurich in 1946 had the vision to propose as the first step in the recreation of the European family "a partnership between France and Germany". A speech which was an inspiration to Helmut Kohl all through his political career.

Some here will remember being influenced by what Churchill said in The Hague in May 1948, at the Congress of Europe. And many, I think, have been influenced more recently by Tony Blair's speech last month to the European Parliament. The British, at their best, can do leadership, and there should be no doubting our commitment to Europe.

Ironically enough, what held the UK back between Churchill and Blair, or rather between Churchill and Heath - since Ted Heath was also a great European - was what Jean Monnet called "the price of victory". When he was asked, years later, why he thought the UK didn't join the EC at the start, he said he had concluded it was because of "the illusion that we could maintain what we had, without change".
An illusion which we certainly had, for a long time. It used to be said that in the 1950s Britain managed to decline, in the 1960s we mismanaged decline, and in the 1970s we declined to manage. But illusions, funnily enough, are not confined to the UK, as others perhaps need to remember, when we are discussing economic reform, or the need for further adjustment of the CAP. Yet another Winston Churchill saying is that those who try to build the present in the image of the past will miss out entirely on the challenges of the future.

Tony Blair’s main aim, when he spoke to the European Parliament (EP) on 23 June, was to emphasise, in the context of the debate about the future of Europe, that in every crisis, provided we accurately diagnose what the problems are, there is an opportunity.

Let me be clear. The UK of course has views of its own on the way forward. But the UK Presidency knows very well what its obligations are. As Tony Blair has said, we must all conduct this debate about the future of Europe in an open, inclusive way, giving our own views strongly, but fully respectful of the views of others. Eventually, as always in Europe, we will find common ground, and move onwards and upwards.

There is always in such crises a tendency for opinion to become polarised. In this case, there have been many suggestions that there is a stark contrast between a "free market" Europe and a social Europe, between those who believe in Europe as a political project, and those who don’t, between those who want to keep the CAP as it is, and those who want to abolish it. There is substantial confusion between that which is myth and that which is reality.

I want first to disentangle truth and illusion, and then focus on what we need to do together, to put our continent back on the right track.

First, the supposed contrast between a "free market" and a social Europe.

Plainly, there are differences of approach inside the EU in this area. The UK has always believed in the benefits of establishing a single market: indeed, it was a British Commissioner, strongly supported by a French President of the Commission, who finally pushed through an effective plan for making a reality of such a market, the idea of which for years after 1957 was honoured much more in the breach than in the observance. The UK much regrets that the single market remains incomplete, with many member states still not having legislated to open up telecommunications, or their electricity and gas markets.

But the UK also knows well enough that markets need a social dimension. Provided Europe’s social dimension does not hide from change and matches fairness with flexibility, the UK will support it, wherever the most appropriate response is at the European level - in cases such as information and consultation, high environmental standards, and support for labour mobility. Europe’s social model however must be a modern one, which enhances our ability to compete - a social Europe that works, not one that has 20 million unemployed, productivity rates falling behind the USA, and declining ratings in all the areas essential to a modern economy: skills, R & D patents, IT. The UK for its part has since 1997 created 2
million new jobs, and for eleven years running has had annual GDP growth greater than Germany’s.

But Britain is not in the grip of some extreme Anglo-Saxon market philosophy that tramples on the poor and disadvantaged. The present British Government has introduced the new deal for the unemployed, the largest jobs programme in Europe that has seen long-term youth unemployment virtually abolished. It has increased investment in our public services more than any other European country in the past five years. It has introduced Britain’s first minimum wage. It has regenerated our cities. It has lifted almost one million children out of poverty and two million pensioners out of acute hardship, and has embarked on the most radical expansion of childcare, maternity and paternity rights in our country’s history - all on the basis of and not at the expense of a strong economy.

Our social model works for us, but that doesn’t mean it’s right for everyone: there is room for national variation, and for learning from each other. We already have more in common than many commentaries suggest. And there is not just a British model pitched against a French one: there are also Dutch and Nordic systems, which all have something to teach us. The UK vision expressly draws inspiration from EU thinking: from the 2004 Kok Report, the 2003 Sapir Report, and the Lisbon Agenda. We remain ready to listen to others. Hence Tony Blair’s decision to host an informal summit this autumn to discuss the challenges ahead for the European social model in the rest of the 21st Century.

Another myth is the suggestion that the UK’s vision of Europe is limited to the idea of the single market. This is manifest nonsense. Under Tony Blair the UK has signed the Social Chapter, created - with France - the modern European Defence Policy, and played an active role in driving forward, in close cooperation with the Netherlands, the new European policies in the area of Justice and Home Affairs. As my PM told the EP: “I would never accept a Europe that was simply an economic market.” For Tony Blair, Europe is not just a common market, but a union of values, of solidarity, a common political space.

Then there is the view that the UK is intent on destroying the CAP. We certainly want to reduce the share it takes of the EU budget. We find it quite wrong that 40% of the EU budget should go to 5% of the population, for producing only 2% of Europe’s output. But we are hardly alone in thinking that. And our aim is of course not abolition of the CAP, simply a more rational sense of priorities. As the Timmermans/van Baalen motion recently showed, 128/150 members of the Second Chamber take a similar view. We hope and intend to set in motion a fundamental review of EU expenditure, to pave the way for a truly effective EU budget, that responds adequately to the challenges of the future and the needs of our citizens. We owe it to our taxpayers to think long and hard about the options. Without such a wider review we will not accept any change to the abatement mechanism, of which we are not in the least ashamed: I would remind you that even after the abatement the UK has since 1993 paid to the EU more than two and a half times more than France and Italy – over 21 billion euro more than France. Without the abatement, we would have paid over the last decade fifteen times more than France, twelve times more than Italy, and more in money terms even than Germany.
Some would add to the myths the old assertion that the UK only wants more enlargement to prevent further integration - but that too is a misunderstanding, on two counts. First, there has always been a compelling case for enlargement, shared for most of recent history by the Netherlands, on the basis of the historical imperative requiring the re-establishment of European unity, not to mention the case for increasing the size of the single market. Secondly, just as the UK has never, unlike some, wanted "more integration" for the sake of it, so we never wanted less for the sake of it, either: our approach has always been to insist that integration should only proceed where it can be well justified - a point to which I shall return when I come to the right way forward.

What then do we need to do, to put our continent back on the right track?

As I started by saying, there are naturally the usual range of current issues, which we shall drive forward as far and as fast as we can. We will try for instance to solve the Future Financing package; to settle the Services Directive and the Working Time Directive; to move on with enlargement; and all the other detailed issues currently outstanding.

But most of all we will try to raise to a higher level of understanding the debate about the future of Europe.

We need an EU fit to meet the challenges of the 21st century. We need to reconnect the European ideals we believe in with the modern world we have to live in. As Tony Blair told the EP, it is simply not adequate, as a response to the challenges we face, to huddle together, hoping we can somehow avoid globalisation, as if by simply taking refuge in our traditional policies and constantly repeating them we can by the very act of repetition somehow make them more relevant. If we try to save ourselves that way we shall end up looking more and more like Shakespeare's King Lear, a once brilliant old man, raging against the dying of the light. That way we risk failure - failure on a grand, strategic scale. Instead we must take the risks involved in strategic change - because only then can Europe recover its strength, its relevance, its idealism, and its popular support.

We need to rediscover the flexibility, innovation and dynamism necessary for global success. Economic reform is not a voluntary option, but essential. Europe can only succeed in this century if it recognises and faces up to the scale of the long term changes that need to be made to meet today's global realities. The starting point must be a Europe-wide commitment to long term structural reform, founded on greater flexibility, and starting with a political commitment to complete the single market. Instead of spending 55% of the total European budget in 2013 either on agriculture or on subsidies for some of the richest member states, we must face up to the science, skills and infrastructural challenges of global change. On present trends, the US in twenty years time will be 50% richer per head than the EU. India will expand its biotech sector fivefold in the next five years. China has trebled its R and D spending in the last five years. The EU, too, must get its skates on.

As Gordon Brown said in his speech at the Mansion House on 22 June - headed "A Presidency founded on Pro European Realism" - to succeed in the open global economy of the 21st century we must reject protectionism and parochialism, break down the trade barriers
that remain, and make Europe fully equipped to meet the global challenge. If the old assumptions about federalism do not match the realities of our time, we need to develop a pro-European realism that starts from the founding case for the EU, the benefits of cooperation among nation states to safeguard our peace and promote our prosperity, but builds in insistence that Europe from now on must look outwards on a global basis, and reform itself as necessary in order to be able to compete globally.

That requirement is of course connected to the debate about the future of Europe, one aspect of which concerns modernity. The need to modernise the EU, so as to ensure that it does what it was set up to do: improve the lives of ordinary people. You know and I know that it does a lot of that already. But it is all too clear that "de gewone man en vrouw" don’t know that. They are very largely unaware of why the EU does what it does, and insofar as they are aware, they are not convinced. The biggest task facing Europe’s ruling class is the need to explain adequately to our peoples what Europe is all about. What the EU is for. Why it’s worth having.

As Tony Blair told the EP, we are living through an era of profound upheaval and change. When such change occurs, moderate people must provide leadership. If they don’t, the extremes gain traction on the political process.

So we have to supply fresh political leadership - to answer all those in Europe who feel the elite ruling class are out of touch with their problems, their worries about globalisation and job security, changes in the traditional fabric of society, pensions and living standards. The people who feel, as the Netherlands government and several Dutch opposition parties have now recognised, that there has been too much integration, too quickly, at too high a cost, and in too interfering a way. We must again, as Tony Blair said to the European Parliament, ensure that the leadership of our governments is seen not as the problem, but as part of the solution. So we have to go back to one of the oldest of our drawing boards, and find a compelling, eloquent means of explaining to the average European what the value of this European Union really is.

In doing so we have to work with the grain of the people of Europe, and not against it. As Immanuel Kant said: "Out of the crooked timber of humanity no straight thing was ever made".

So the objective cannot be - it should never have been - harmonisation or more integration just for the sake of it: "ever increasing union", as if that were self-evidently beneficial. No, proposals from Brussels must be explained, and justified. The justification must be, and can only be, that they add value that cannot be created by or derived from action at the national, provincial or municipal level. In other words, we have to find a demotic, universally intelligible version of the dreadful word subsidiarity.

Of course there are many decisions which can better be taken at national or local level. We agree with the approach suggested by Minister Bot in his Humboldt speech - that where appropriate, action should be taken to return competences from the Commission to the member states. As Pascal Lamy noted a while ago, the acquis communautaire is the
Pandora's box the European Convention decided not to open - but the French and Dutch voters have forced it on to the agenda. Where in the light of experience things are best done at national level, that is where they should be done. But there is also much that can only be done, or can be done better, by working together, at the European level. This is, after all, a simple enough theorem. Where the member states cannot by themselves sufficiently achieve the objectives of a given action, and that action, by reason of its scale or effects, can be better achieved by the Union, then the Union should not hesitate to play its part.

We must show why the EU is vitally important, because of its ability in a wide range of cases to solve problems insoluble at the national level. That at least is the strong conviction of the British Government, and we look forward to working with our fellow member states in the campaign to make that approach both more central and more accessible to the understanding of all our fellow Europeans. When the opening up of the EU telecommunications market reduces the cost of phone calls by 50%, as it has in the UK, we must make sure people understand why that has happened. Ditto cheap flights to other European countries. Ditto access to a rapidly expanding European broadband network, to stimulate innovation. And so on. Awareness of these processes needs to be embedded in our school curricula, explained again and again to our trade unions, made known in every possible way. It will be like water dripping on a stone, but it has to be done.

At the same time we must seek to rekindle the old European idealism, purpose and vision. At Zurich in 1946 Winston Churchill put the case for "a European group which could give a sense of enlarged patriotism and common citizenship to the distracted peoples of this turbulent and mighty continent." Nearly sixty years later, our peoples are again affected by many uncertainties. It is up to the statesmen of today to respond by charting a way forward which is both navigable and inspiring. There is no shortage of opportunities. Let us seize them with both hands.

Bedankt voor uw aandacht.