

THE FEDERAL TRUST

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enlightening the debate on good governance

European Essay No. 41

**Fog in Westminster,
Europe Cut Off**

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A Definition of Federalism

Federalism is defined as 'a system of government in which central and regional authorities are linked in an interdependent political relationship, in which powers and functions are distributed to achieve a substantial degree of autonomy and integrity in the regional units. In theory, a federal system seeks to maintain a balance such that neither level of government becomes sufficiently dominant to dictate the decision of the other, unlike in a unitary system, in which the central authorities hold primacy to the extent even of redesigning or abolishing regional and local units of government at will.'

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Note on the author

Peter Sutherland is a former European Commissioner and Director General of the World Trade Organisation. He is President of the Federal Trust.

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Foreword

Logically and politically, it is a perfectly tenable position to argue against British membership of the European Union. There are many advocates of that position who have presented the case cogently and sincerely. As an Irishman, I profoundly disagree with this perception of Britain's national interest as potentially lying outside the European Union. But I accept that such disagreement on my part is arguably neither here nor there. The focus of this pamphlet is rather different, on an issue in respect of which everyone who lives in this country and indeed in the other countries of the European Union has a legitimate interest. I strongly believe that the internal debate on the United Kingdom's role within the European Union is all too often conducted with a lack of intellectual balance and an excess of undirected emotion. Sadly, this undirected emotion can sometimes provoke equally unreflective responses from Britain's partners. The misconceptions which underlay the French referendum's rejection of the European Constitutional Treaty were the mirror image of misconceptions widely held in this country. I hope in what follows to contribute to a European debate, in this country and elsewhere, which is more firmly grounded in reality and logic. The European Union's British critics usually, and its British advocates sometimes, have for too long conducted the debate without sufficient concern for these two concepts. I offer these thoughts firmly believing that the United Kingdom's constructive engagement as a key member state of the Union is extremely important both for the United Kingdom and for all the other member states of the Union.

Introduction

Nobody reviewing the European policy of New Labour over the past ten years can fail to be struck by the contrast between the rhetoric and policies of 1997 and those of 2007. When Mr. Blair was elected British Prime Minister in 1997, one of his new government's first decisions was to sign the European Union's Social Chapter, thereby eliminating a symbolically important anomaly in the United Kingdom's relations with its European partners. In contrast, shortly before his resignation as Prime Minister in 2007, Mr. Blair expended a great deal of political effort and capital with his European colleagues in creating a very similar anomaly, pressing for the United Kingdom to remain outside the operation of the European Union's legally-binding Charter of Fundamental Rights. In 1997, Mr. Blair had come to power demonstrably intending that under his premiership Britain would no longer be "isolated" in Europe. His genuine interest in and commitment to a constructive role for Britain in Europe did not, however, prevent Mr. Blair from taking great pains, in his final days as Prime Minister, to insist that the text of the proposed Reform Treaty agreed for the United Kingdom at the European Council of June, 2007, was radically different to that which the other members of the European Union would sign. In their advocacy of this new treaty, which is reduced in form and substance from the original endorsed by the United Kingdom, Mr. Blair and his successor Mr. Brown have in the past few months spoken almost exclusively of opt-outs achieved, "red lines" secured, and national interests defended against the supposed threat posed to them by the European Union. Ironically, this defensive rhetoric seems to have had only qualified resonance with the British public. It must be doubtful whether Mr. Brown's government could in current circumstances win a referendum on the new, limited Reform Treaty.

If pressed, Mr. Blair might well admit to some regret that the course of his policies within the European Union has over the past decade reproduced so faithfully that of his predecessor, John Major. It was after all John Major who, on becoming Prime Minister in 1990, told

the electorate that he wished to put the United Kingdom "at the heart of Europe" and resigned seven years later after his divided party had destroyed any hope of a coherent, let alone constructive, British approach to the European Union. Mr. Blair's European trajectory has been less abrasive than Mr. Major's, but similar in its eventual outcome. After a decade of New Labour in government, the public expression of British opinion appears if anything more inclined than it was ten years ago to see the European Union as an unremitting threat to Britain's economic, political and constitutional interests. Mr. Blair's government over the past ten years has all too often presented itself as being engaged in a manichean struggle to protect the United Kingdom against its dangerous allies within the European Union. It may well be that Mr. Blair and Mr. Brown do not really believe in this dangerous fiction and have concluded that it is simpler to echo populist misconceptions than to confront them. But the consequence of this acquiescence has been wholly negative and largely predictable. The United Kingdom is today nearer to systematic "semi-detachment" from the European Union than it ever has been since 1973. Because this process has occurred gradually, it has passed less noticed than it might have done. Ironically, Mr. Blair's more radical Eurosceptic critics show little sign of realising the potentially promising elements, from their point of view at least, of the legacy he has left them.

Recent History

It should not be forgotten that in 1997 the reconfiguration of the Labour Party as a relatively pro-European party of British politics was a recent phenomenon. Throughout the 1980s, most informed observers would unquestioningly have seen the Conservative Party as being, of the two larger British parties, the one more willing and able to play an enthusiastic role within the European Community. After all it was the Conservative Party which had taken Britain into the Community in 1973, supported by only a minority of Labour MPs. The Conservative MPs who voted for accession in 1971 and 1972 were still the dominant wing of the Parliamentary Party in the 1980s. It was Mrs. Thatcher who signed the revolutionary Single European Act in 1987, against which most Labour MPs voted in the House of Commons. As, towards the end of her premiership, Mrs. Thatcher's hostility toward the European Union and all its works grew in intensity, it was precisely her European policy which played a vital role in the eventually successful moves to supplant her as leader of the Conservative Party. By flagrant contrast, the Labour Party's manifesto for the General Election of 1983 contained a commitment to rapid withdrawal from the European Union. In 1987, the party's manifesto was only a little less extreme, but warned against any "EEC interference with our policy for national recovery". Many of today's prominent Labour MPs stood as candidates in 1983 and 1987 without disavowing their party's anti-European stance at the time.

It was only in the late 1980s that the European attitudes of Britain's two major parties started on their diametrically opposed odysseys. The speech of Mr. Delors to the Trades Union Congress in 1988, praising the European Union as a source of social equity and justice, was an important catalyst for the Labour Party to take a more positive view of the Union. By a parallel process, this (in any case greatly overstated) rhetoric of Mr. Delors crystallised and exacerbated Mrs. Thatcher's growing hostility toward Britain's European engagements, contributing in the short term to her deposition as Conservative leader. In the longer term, however, it was Mrs. Thatcher's views on Europe

which carried the day within the Conservative Party. Her disciples within the Conservative Party, both in Parliament and the media, ensured that Mrs. Thatcher's successor, John Major, was the object of a well-organised political campaign to ensure that his party could only in future be united around a fiercely Eurosceptic platform. Much internal Conservative debate since has revolved precisely around the most appropriate degree of antagonism towards the European Union.

When John Smith became leader of the Labour Party in 1992 there was for the first time a Labour leader who clearly appeared to be more enthusiastic about Britain's European role than his Conservative equivalent. He had been one of the minority of Labour MPs who in the 1970s had supported British accession to the Treaty of Rome. He ensured that under his leadership the Labour Party's official policy was one of support for the Maastricht Treaty, signed by John Major in 1990 and which caused such bitter divisions within the Conservative Parliamentary Party. Nevertheless, as a politician Mr. Smith was not above using these emerging divisions to his party's political advantage. The Labour Party did not facilitate a speedy passage of the Maastricht Treaty through the House of Commons, rightly calculating that a long debate on the subject would accentuate and highlight the internecine squabbles of the Conservative Party.

By the time of the General Election of 1997, the role reversal between the Conservative and Labour Parties on European policy was close to being complete. Mr. Blair had no difficulty in plausibly, if diffidently, presenting himself and his party to the electorate as the more "pro-European" of the two large parties. He had rightly discerned that for a politically mobile tranche of middle class English voters, and for the young, the unvarnished anti-Europeanism of the Labour Party in the 1980s and the obsessive Euroscepticism of the Conservative Party in the 1990s were equally unacceptable. In addition he himself was certainly not anti-European. In 1997 European issues, although probably not central to the electorate's decision-making, certainly contributed to Mr. Blair's overwhelming victory. However, in the election campaign, Mr. Blair had somewhat trimmed his pro-European sails,

stressing in particular his commitment to a referendum before taking any final decision on the euro. But his massive majority in 1997 gave his government the opportunity, if it wished to take it, to redefine for a generation the terms of the European debate in the United Kingdom, in a direction more consonant with what seems to be Mr. Blair's own instinctive pro-European sentiments. But not even his most enthusiastic admirers could claim that Mr. Blair has over the past ten years succeeded in this endeavour. To any detached observer, the continuity of European policy between New Labour and its predecessor in government has been remarkable. It may well be that the policy of a Conservative government re-elected in 1997 would not have been substantially different from that of New Labour on such central European questions as the single currency, institutional reform and Britain's place in the wider world.

The Euro

If there was one issue on which it was confidently expected by commentators that New Labour's political choices would be different to those of their Conservative predecessors, it was the question of the single European currency. The prospect of a referendum, which the government might well win, was widely believed to figure largely in Mr. Blair's aspirations for his first term in office. Those closely following the commitments and utterances of the Labour Party in opposition had reason to view the matter more cautiously. In the months leading up to the General Election of 1997, Labour strategists were consciously pursuing a double track in their pronouncements on British membership of the euro. While remaining generally convinced that the Labour Party's abandonment of reflexive anti-Europeanism provided certain electoral advantages, these strategists were mindful of the need to protect themselves from the expected accusation of their Conservative opponents of an uncritical and even "unpatriotic" desire to follow wherever the European Union might be leading, irrespective of specifically British interests. It was in order to allay such concerns that Mr. Blair echoed before the General Election of 1997 the Conservative government's pledge to hold a referendum before taking Britain into the euro, and shortly before the Election itself published an article in the notoriously Eurosceptic newspaper *The Sun* telling its readers about how much he "loved" the pound.

As the debate on the single currency gathered pace, the limits of such a cautious approach became ever clearer. Whatever Mr. Blair's personal predilection might be, it became evident in the late 1990s that the United Kingdom would never politically be in a position to join the euro without a wholehearted commitment of the government to this project, a commitment accompanied by a political and economic strategy for bringing it about. The first five years of the New Labour government showed that no such strategy existed and that the government's political commitment was at best partial and intermittent. If during the government of Mr. Blair and Mr. Brown the economic

and political circumstances had by chance presented themselves under which an overwhelming case could be made for British membership of the euro, New Labour would probably not have resisted this case and would have looked to win the necessary referendum. British economic policy, however, would not be pursued by Mr. Blair and Mr. Brown in such a way as to make these circumstances more likely. The political case moreover, would only be made by the government after the appropriate economic circumstances had presented themselves. Given that all other member states of the European Union which had joined the euro had done so after years of sometimes difficult economic preparation, the likelihood of the British economy's spontaneously proving its economic aptness for joining the euro under Mr. Blair's and Mr. Brown's stewardship was remote. This did not prevent the single currency from being a recurrent source of domestic political controversy in the early years of Mr. Blair's government.

Those New Labour ministers and a handful of dissident Conservatives such as the former Chancellor, Ken Clarke, who were genuinely eager for Britain to join the euro, hoped in 1997 that the newly-elected government would quickly use its dominant political position to hold and win a referendum on the principle of joining the euro, giving a free hand to the government to establish the precise date on which Britain would join the single currency. Instead, after what appeared to be a chaotic set of discussions between the Prime Minister and his Chancellor, Gordon Brown, the new government adopted a set of five criteria (economic convergence, employment, outside investment, impact on the City, economic flexibility) to be applied in the coming years to judge whether it was to Britain's economic advantage to join the euro. These five criteria, which in theory still form the basis of British governmental policy towards the European single currency, reflected the ambiguous and tentative approach of the New Labour government towards British membership of the euro. They are sufficiently elastic and general either to be seen as roadmaps or as barriers to the United Kingdom's joining the single currency. Above all, over the past ten years they have provided the government with an effective dialectical weapon in the domestic political debate on

European policy with the Conservative and Liberal Democrat Parties. The Prime Minister in the early years of his premiership frequently represented his government's policy as the rational "third way" between the equally misconceived attitudes of the Conservatives and the Liberal Democrats. The Conservatives he attacked for supposedly refusing to join the single currency, even if it were in the British national interest to do so; the Liberal Democrats were accused of abandoning the prudence incumbent upon government in their supposedly frenzied desire to join the euro, even if it were against the British national interest to do so.

In the early years of the European single currency, Mr. Blair probably accurately mirrored the uncertainty of British public opinion, deeply hesitant about the integrative implications of joining the single currency (implications which Mr. Blair and his government usually denied) and yet at the same time reluctant to exclude itself from such a vastly significant financial project taking place among all Britain's most important European trading partners. The ambiguity of the government's position, however, created an intellectual and political vacuum which others, fundamentally hostile to British membership of the European single currency, had no difficulty in filling. The uncertainty of New Labour's European policy was a standing encouragement to the well-organised and well-funded hostility to the European Union endemic in certain strata of British society.

It may be that over the past decade, economic and political circumstances have been such that it would anyway have been impossible (except perhaps at the very beginning of his government in 1997) for Mr. Blair to fight and win a referendum on British membership of the single European currency. Even more important, however, for Britain's future role in the European Union than its present position outside the single European currency has been the absence of positive leadership on this vital issue of the euro from the British government. This leadership undoubtedly would have posed political risks and the Blair government was clearly unwilling to take them.

Partly, this absence of leadership on the single currency may have been due to divided counsels within the Labour Party. Gordon Brown appeared eager to stress his autonomy within the government by restraining any moves, however tentative, by the Prime Minister towards a policy designed to bring Britain into the euro rather than simply to keep all options under permanent review. The Chancellor's regular criticisms of alleged inadequacies of continental European economic policies no doubt contributed significantly to the negative view of much public and political opinion in this country of all economic models and choices not made exclusively by and for the United Kingdom. But there is a yet more fundamental reason why the United Kingdom is today politically and intellectually at least as far away from joining the single European currency as it was ten years ago. It is that for New Labour the question of joining the single European currency is not a matter of principle, or of a political choice that defines a Prime Minister or government. It is rather a tactical question, the answer to which is inseparable from the evolution of domestic political considerations. What the precise economic consequences of Britain's long-term absence from the euro may be cannot yet be predicted with certainty. What is, however, already clear is that the Labour government's willingness to see Britain indefinitely isolated from the most important current project of the European Union has changed the whole context of the European debate in this country. It has also changed Britain's position in the European Union, by reducing its influence on and even participation in vitally important economic decisions affecting the majority of the European Union comprised by the Eurozone.

The European Union and its Institutions

If European monetary questions were prominent in the first years of Mr. Blair's premiership, the institutional questions of the European Union played a much larger role during his latter years in office. They are already posing the first major European challenge to his successor. Mr. Brown's intention is not to hold for the ratification of the new treaty a British referendum, given the British government's success in negotiating a number of British "opt-outs" from the treaty and protecting a number of British "red lines". In his presentation of the government's position on this issue to the House of Commons Mr. Brown has couched his contribution in the negative terms of political discourse current in both the main parties. Over the past ten years, and particularly since the rejection of the European Constitutional Treaty by the French and Dutch electors in 2005, there has been a noticeable sharpening of British governmental rhetoric on European institutional questions. This rhetoric and the political analysis which underlies it are today as a result practically indistinguishable from those which characterised the Conservative government of the early 1990s, before its final descent into Eurosceptic incoherence.

New Labour's growing travails on European institutional questions are in reality a direct consequence of its incapacity to resolve the long-standing political cancer at the heart of Britain's membership of the European Union, namely the widespread belief in the United Kingdom that Britain can and should be a member of the European Union only on its own terms, prominent among which terms is the desire that the European Union should be a primarily intergovernmental arrangement, with central institutions of strictly limited competences. Whatever the abstract merits of such an analysis, it is one only marginally related to the present realities of the European Union to which the United Kingdom has belonged for more than thirty years. Nor is there any reason to believe that it is an analysis likely to find any greater reflection in the future realities of the European Union.

Towards the end of his period in office, Mr. Major frequently made reference to the, for him, unacceptable prospect of a "federal super-state" which he saw as being the likely outcome of the approach towards European integration embraced by certain of Britain's partners in the European Union. It is no coincidence that similar phrases have over recent years crept back into the vocabulary of Mr. Blair and his ministers, despite a noticeable attempt to get away from such vague and tendentious formulations during the first years of New Labour in government. Mr. Miliband, for instance, took the occasion of a recent article in the *Daily Telegraph* on Turkey to state that the Reform Treaty constituted a "rejection of the federal vision of Europe." The Conservative government in the early 1990s had made precisely similar claims about the Maastricht Treaty. No doubt Mr. Miliband and all of those other British politicians who have in varying degrees positive views about the European project would claim that they must employ such rhetoric in order to distance themselves from the damaging caricature of their views presented in the Eurosceptic media, a caricature which frequently accuses them of wishing to abolish entirely the nation state. No such abolition is remotely in prospect. It is to be hoped that in the future Mr. Miliband and those who think like him will take the opportunities available to attack the caricatures which their moderation on European issues may provoke rather than lend these caricatures credence by misplaced polemic against "federalism".

As used in current British debate, the term "federal" is one almost entirely without a descriptive core, often little more than a formula of vague abuse. But this rhetorical sloppiness has definite political implications. On any coherent definition of the term, the European Union has, and will always have, within its structures important "federal" elements. Every day, Mr. Miliband and his colleagues participate in the workings of the federal structures of the European Union, voting on European law in the Council of Ministers; co-legislating with the European Parliament; applying European law domestically; appealing to the European Court of Justice; contributing to and benefiting from the (admittedly small) European budget; sharing sovereignty with other member states and the Commission in the day-to-day regulation of the

internal market; and accepting the autonomous decisions of the Commission in its areas of exclusive competence, such as competition policy. This list is not exhaustive, but all its components are elements of a political system which is at least partly "federal" in character. Co-existing with these "federal" elements are of course many definitely confederal and intergovernmental aspects to the Union, which have led respected commentators accurately to describe the Union as a *sui generis* political arrangement. A European Union which is a United States of Europe along the federal lines of the United States of America, or one which is a simply intergovernmental arrangement, purged of all federal characteristics, are today equally implausible final destinations for the European Union. It was the understanding of this nuanced reality which initially led Mr. Blair and his colleagues to avoid the polemical and exclusively pejorative use of the word "federal." The later recrudescence of this rhetoric is a reminder of how firmly much of British public and political opinion remains stuck in the political and intellectual morass into which the Conservative party plunged Britain's European policy in the 1990s.

An equally lazy rhetorical variant of New Labour's and Old Conservatism's rejection of "federalism" is the often-waved scarecrow of a European "super-state" against which the British government sometimes presents itself as "winning the intellectual argument," while on other occasions it sees itself as the only opponent of this demonic prospect in an otherwise heedless European Union. Central to the British government's analysis of European institutional questions in recent years has been the belief that the British government must be seen by the British electorate to be resisting the construction of this "super-state," ideally with allies, but if necessary alone. Unfortunately, there can never be any objective definition of the European "super-state" against which the British government is supposedly struggling. It is a purely evaluative term, which, if it has any communicative content between its users, simply designates a state of affairs where the speaker believes that the European Union already excessively resembles, or may come excessively to resemble, a traditional nation-state. By definition, this judgement will vary between individuals. The rejection (or even the

advocacy) of a European "super-state" is a confused and confusing basis indeed on which to construct a serious European policy for the United Kingdom. The European Union already has a number of state-like characteristics and may well acquire more in time. Its (admittedly small) central budget, its directly-elected Parliament, its single currency, its independent executive, the primacy of European law, its common policies - all these are important state-like characteristics of the European Union, which unsympathetic critics can logically from their own starting-point regard as paving the way for or even constituting a European "super-state." How many further state-like characteristics the European Union will acquire in the coming years, and how far it will deepen those state-like characteristics it already possesses, are questions of legitimate and continuing debate within the European Union. There is certainly much less willingness within today's Union to regard the European Commission as a European government in waiting, to increase the European budget substantially or to "communitarise" decision-making in foreign and defence policies. But whatever may be hypothesised about the immediate continuing appetite of the Union's current leaders to make further institutional change following the adoption of the Reform Treaty, there is certainly no question of their wishing to abandon the existing state-like attributes of the European Union, or of eschewing as a matter of principle the development or deepening of new state-like attributes for the Union. Any member state that wishes to continue as a member of the European Union's political mainstream must recognise this reality. It is far from clear that this reality is widely acknowledged within the political and opinion-forming classes of the United Kingdom.

Reference has already been made in this pamphlet to the domestic political component of the British government's European policy over the past decade in regard to the euro. With the passage of time, precisely similar domestic, primarily electoral concerns have come to affect the British government's European institutional policies as well. The New Labour government has wished to depict itself as far removed from the strident and obsessive tone with which the major Opposition Party, the Conservatives, discuss European institutional questions, but

has adopted in public much of the underlying analysis which the Conservative Party embraces in its approach to the European Union. Today's British government essentially agrees, at least in public, with the Conservative Party in its distrust of the European institutions, in its belief that the European Union needs radical rather than evolutionary reform, in its fear that the European Union may by its legislation threaten the domestic economic policies of the United Kingdom. The jarring message to the electorate has been that the European Union is, and to the extent that it is not should simply be, an association of "sovereign member states." But Mr. Blair's and Mr. Brown's governments have worked with the institutions of the European Union on a day-to-day basis over the past ten years in a way obviously contradicting these public attitudes. They have continued to share national sovereignty with other member states of the Union and to collaborate with the European institutions in the legitimate exercise of their functions. Above all, the British government proves by the actual conduct of its European business its recognition that the existing rules and practices of the European Union are those freely agreed among the member states which it behoves them to apply in good faith to their dealings with each other. But this truth and the reasons behind it are only very rarely the subject of coherent exposition by leading British politicians. Equally rare is any explanation by the British government of the enormous advantages that flow from this engagement. British politicians may derive some comfort from the reflection that others elsewhere in the European Union sometimes follow their example, in denouncing "Brussels" for unwelcome decisions in which the national ministers have themselves been at least complicit. Nowhere, however, has this process of hollowing out the political and intellectual case for the European Union continued as long and intensively as it has in the United Kingdom, in which unwillingness to make a robust pro-EU case on the part of leading British politicians has been daily reinforced for fifteen years by systematic journalistic misrepresentation of all matters pertaining to the European Union.

These fifteen years of silence and misrepresentation have found their inevitable culmination in the debate that has surrounded the proposed

Reform Treaty in the United Kingdom. Mr. Blair allowed himself to be persuaded before the European Elections of 2004 (and with the prospect of a General Election in 2005 before him) to agree to hold a referendum on the European Constitutional Treaty, a suggestion which until then he had vigorously opposed. He and his government were dispensed from the need to hold this referendum by the fatal blows dealt to the Constitutional Treaty in the French and Dutch referendums of 2005. Because the new proposed Reform Treaty reproduces a large number of the institutional innovations contained in the Constitutional Treaty, there are many politicians and commentators in the United Kingdom who argue that a referendum on the Reform Treaty should also logically be held. Mr. Brown has rejected such calls for a referendum, on the ground that the Reform Treaty specifically disavows any claim to reflect a "constitutional concept" for the European Union and that Britain is anyway less affected by the provisions of the treaty than most other signatories. He is no doubt bolstered in this decision by the knowledge that many of those calling for a referendum really have as their unacknowledged goal the withdrawal of the United Kingdom from the European Union. Those pursuing this agenda of course recognise that if Britain alone were to reject the Treaty it would result in a massive crisis for Britain within the Union. It would be logically incumbent upon Britain in those circumstances to find a solution to the problem which it had itself created, with the unattractive dilemma being posed of either accepting the Treaty or leaving the European Union. Those whose long term goal has always been British withdrawal from the Union would naturally relish such a barbed dilemma.

At least as significant in the long term for Britain's position within the European Union as the issue of whether there will be a referendum on the Reform Treaty is the account which Labour ministers have sought to give of the new Treaty and in particular of its relationship to the defunct Constitutional Treaty. For the first time during Britain's membership of the European Union, this account has explicitly relied on the rhetoric of semi-detachment, stressing the view of ministers that the United Kingdom has not taken upon itself the same rights and obligations in the Reform Treaty as have its partners, and that this distinction is a

welcome one to the British government. Britain's isolation from the European financial mainstream through its rejection of the euro is to be paralleled by its semi-detachment from much of the Union's further institutional developments.

There is, as the British government sometimes recognises, a politically coherent case for the Reform Treaty as making the European Union more efficient, more effective and more democratic. But the case to which, all too often, it resorts is that of "red lines," an "end to federalism," a bulwark against the European "super-state". New Labour's supporters sometimes claim that these rhetorical tactics reassure the British electorate that the government understands their concerns and is acting in accordance with them. On this hypothesis, it is a condition of New Labour's being able to play in fact a reasonably constructive role within the European Union that in its public rhetoric it should adopt a harsh and uncompromising tone towards its European partners. The final section of this pamphlet will seek to illustrate the shortcomings of this approach. It is sufficient at this point merely to register that after ten years in office, New Labour has apparently little confidence that it would be able to win a referendum on the Reform Treaty, a minimalist document demonstrably less far-reaching in its content than either the Single European Act or the Maastricht Treaty, documents signed by the Conservative governments of the day and ratified after vigorous parliamentary debate but without referenda. This suggests that, at the very least, New Labour's approach to European questions over the past ten years has not been very successful in carrying the British electorate with it.

Britain in the World

Consonant with the systematic ambiguity of British policy over the past ten years towards the European single currency and European institutional reform, Britain's position in the world is also an enigmatic one, with Britain on some international issues firmly anchored in the European camp, while on others its orientation is firmly trans-Atlantic. It is a long-standing goal of British diplomacy not to have to make unwelcome choices between Europe and the United States. It has not always succeeded in this balancing act in recent years.

In the same way as domestic electoral considerations have shaped New Labour's European policy, so choices between the United States and Europe, when they have had to be made, have had a substantial domestic component for Mr. Blair's government. Environmental questions, the international rule of law, trade negotiations and relations with the developing world are all areas in which British and European public opinion is suspicious of, or even hostile to, current American attitudes. In these areas British and American policies have diverged notably over the past decade, with Britain comfortably embracing consensual European positions.

Although some of the divisions caused within the European Union during the lead-up to the war in Iraq in 2003 are today less acute than they were, the arguments and tactics deployed by the British government at that time in support of the American position reinforced the "them and us" attitude of many of the British electorate towards Germany and France in particular. The polemic surrounding the invasion of Iraq left, in wide swathes of British public opinion, an abiding and damaging impression, that the European Union cannot act as a whole and will always be divided on important foreign policy issues to the point of incoherence. This perception does not correspond with reality, and the collaboration of the British, French and German governments in their recent delicate negotiations with Iran is a good demonstration of its inaccuracy. In fact on a wide range of foreign policy issues the EU

has been and is united. This is not to deny that controversial issues such as Iraq, Kosovo and possibly Iran will always stretch to the limit the unity and solidarity of the European Union, particularly if its institutions are not used to create common positions. But there is manifestly no possibility of any such unity and solidarity on controversial issues if Britain is unprepared to play a constructive, indeed a leading role in the formulation of the European Union's foreign policy. Above all, Britain should seek to influence and forge European policies in a way which reduces tension between Europe and the US. To do this, Britain must adopt a different approach to that which it adopted before the Iraq war. In particular it must consider that it is part of a Union and not detached from it. This too is what in the long term the United States should and does wish. But whatever its relationship with the US may be, if Britain wishes to influence global events effectively it should recognise that it can best do so as a core member of the European Union. In this regard it is perhaps worth noting as an example that the global trading system - and in particular the WTO - would not exist today in the absence of the European Union. If each member state had negotiated separately, the Uruguay Round would never have reached a conclusion. In this case, particularly through the active contribution of John Major, Britain helped to influence the EU's positive engagement.

If a British referendum on the Constitutional Treaty had taken place in 2005 or 2006, the still lingering resentments over the divisions caused by the Iraq war would certainly have made it much more difficult for the British government to win the referendum: opponents of the Treaty's important innovations in the formulation of European foreign policy would have had apparently persuasive arguments to advocate against the feasibility or desirability of any such goal. Deep-seated public hostility in the United Kingdom to American policy in Iraq might well mitigate in 2009 the persuasiveness of such arguments, but it would be very surprising if a residue of xenophobic mistrust does not remain, capable of exploitation in any future referendum. Since he became Prime Minister, Mr. Brown has devoted some political effort to develop his relationships with Mr. Sarkozy and Mrs. Merkel but there is not

much sign of a more positive engagement with the European Union as an entity. It is still entirely possible that at some stage over the coming years the European budget, the euro, Turkey or an as yet unforeseen controversy will place the United Kingdom in a small minority in Europe. If so, the political pressure on Mr. Brown to continue with the unsuccessful and confrontational tactics of the past will be immense. Unfortunately, as has been noted, in the United Kingdom there is a substantial market for crude anti-Europeanism.

Conclusions

When historians make their final judgement, the European policy of Mr. Major's final years in Downing Street and the first ten years of New Labour will probably come to be seen as a single period, in which the unresolved hesitations and contradictions within British perceptions grew rather than diminished in intensity. Whilst not suffering the fierce division on European questions which undermined Mr. Major's later period in office, the New Labour government of the past ten years has often seemed to lack any rooted attitude towards European questions, and always appeared prone to see these issues primarily as opportunities for domestic electoral advantage rather than elements in a coherent policy to redefine Britain's position in the world. Mr. Straw, for instance, who as Foreign Secretary apparently persuaded Mr. Blair to reverse governmental policy in 2004 on the need for a referendum on the European Constitutional Treaty, has recently revealed that he favoured this change in policy because of the public "clamour" for a referendum rather than on the merits or otherwise of the case.

Mr. Blair's admirers will perhaps claim that given the at best indifferent and frequently hostile state of the British public towards the European Union, and the poisonous role in public debate of many influential newspapers, New Labour of the past ten years has done as much as it could have done to preserve Britain's position within the European Union, and much more than any Conservative government would have done. Even if true, the latter claim is hardly relevant for a government elected in three successive General Elections with a substantial majority each time. Nor can the possibility be totally excluded that a re-elected Conservative Party in 1997 might have found the disciplines of office acting as a check upon its more outlandish anti-European tendencies. Irresponsibility in opposition has undoubtedly served to radicalise Conservative Euroscepticism since 1997.

Nor can it really be claimed that the past ten years of the European Union's history were objectively so unsuccessful as to make impossible the evolution of a more coherent and positive account of the Union by the British government to the British electorate. The successful launch of the euro, the Union's growing role on the world stage, its enlargement and its greater willingness to embrace the liberal economic philosophy favoured by successive British governments should all have been occasions for a genuinely pro-European government to celebrate and reinforce Britain's contribution to the successes of the Union. Instead, the past decade has witnessed an unremitting stream of criticism about the supposed inadequacies of all European economies compared with the United Kingdom; the ill-concealed satisfaction of Mr. Straw at the outcome of the French referendum to reject a treaty which he had himself signed and which Britain had contended was a success for British Foreign policy; governmental evasion and confusion over the euro; and an at least partly opportunistic approach to enlargement, which the British government has regarded as a potential reinforcement for its own long-standing hostility to further political integration.

On this last question in particular, the British government and its advisers in the Foreign Office may well have miscalculated. With the temporary exception of a politically volatile Poland, the countries which have recently joined the European Union are by no means the dependable allies in the fight against further European political integration which many in the British political establishment had hoped. Slovenia, Cyprus and Malta have already joined the euro, others will do so in the near future and the border-free Schengen area, which the United Kingdom still shuns, has now been extended to the new members of the Union. The likely future institutional model of the European Union will not be that of *Europe à la carte*, or even of "variable geometry" but one of continuing political and institutional integration, from which individual countries may wish to distance themselves on an occasional or regular basis. If the United Kingdom wishes to continue with its scepticism towards the continuing political integration of the European Union, it will not have many allies in doing so.

The briefest examination of the European Union's workings and institutions, with its founding treaties, its directly-elected Parliament, its independent executive, its Court of Justice and the *acquis communautaire*, makes clear beyond any possible doubt that the Union is infinitely more than a simple intergovernmental arrangement. It is a political project, with the deepening of European integration through the growing contribution of its central institutions at the heart of this project. Far from being a purely or even primarily intergovernmental structure, its defining characteristic is to replace the actions of national governments in a limited number of agreed areas of pooled sovereignty and to supplement national sovereignty in others, once again by agreement. What these agreed areas should be in future, beyond those areas where sovereignty-pooling has already occurred, are matters of continuing debate and a spectrum of views exists within and between member states of the Union. It may be that today more countries than ten years ago wish to emphasise the supplementary role of the Union's institutions than their replacing role, but few countries indeed would today systematically deny the essentially political and integrative nature of the European Union, of which they have freely decided to become members. Equally few would claim that the process of institutional integration has anything like run its course. The full-scale integration of the area of Justice and Home Affairs into the European Union's federalising mechanisms under the Reform Treaty is proof positive that the integrative impetus has far from run its course in the European Union, even if Britain does not wish fully to be associated with this process.

Ever since the Maastricht Treaty, successive British governments have chased the chimera of a European Union in which political integration was miraculously halted or even reversed. These British governments have in effect accepted the radical Eurosceptic analysis, whereby continuing political integration within the European Union is equated with the ill-defined nightmare of a European "super-state." This equation is a particularly dangerous one for Britain's position within the European Union. The concept of the United Kingdom's being able in any foreseeable future to "put an end" to European political integration

within the European Union is a delusion. If all such political integration is equated with the emergence of the European "super-state," it logically follows that as a member of the Union, Britain must be on the path to such an Orwellian nightmare.

It would have been infinitely better if over the past ten years the British government had had the courage to explain to the British electorate that political integration within the European Union is central to the way the Union works, that the European institutions are a necessary part of this integration, that political integration is beneficial to those who participate in it, that it comes about by consensus and that its scope is limited to certain defined areas of policy. Instead, Mr. Blair's government found it more convenient to accept the malevolent caricature of the European Union as often a sinister "super-state" against which British ministers were pluckily struggling on behalf of the British electorate. Purely negative rhetoric about the Union or more specifically about the proposed Reform Treaty must by its nature be self-defeating. Logically, the best way to defend Britain against the "encroachments" of the European Union would surely be to leave it. Logically, the best way to defend Britain against the "encroachments" of the Reform Treaty would be to reject it entirely. The rhetoric and argumentation which New Labour has employed to describe its European policy over the past decade would be a powerful barrier to winning any referendum now called on any European topic or treaty, unless that referendum unambiguously involved ending the United Kingdom's membership of the European Union; a membership which is probably still favoured, however unenthusiastically, by a majority of British electors.

Surprisingly, and notwithstanding the constant negativism in the British debate on Europe, withdrawal from the European Union appears to be seen today in political circles as a very unlikely event. Even the Conservative Party is reluctant to be associated too obviously with calls for withdrawal, although its commitment to remaining within the Union is at least theoretically linked to unrealisable changes within the Union. The consequences of this inherent contradiction remain to be seen. But if the spectre of a formal withdrawal of the United Kingdom

from the European Union appears unlikely today, opinion polls reflect in the United Kingdom a level of support for the Union and a recognition of its benefits that has consistently been close to or often actually at the lowest levels in the European Union. This provides the real basis for continuing crises in the relationship between Britain and the Union and will probably result, at the least, in Britain's increasing marginalisation and loss of influence. British popular and public attitudes towards the European Union are so tarnished with suspicion and reluctance that Britain's gradual "semi-detachment" from the European Union is already a partial reality. The result of these attitudes will be to ensure that Britain will continue to resist further integration as it has consistently in the past. There is little doubt that every treaty revision since 1973 involving institutional change has been diluted and reduced by Britain. The fact that the rest of the member states would probably have advanced much further with European integration in the absence of Britain is an increasing source of rancour in many other capitals. The corrosive process relating to Britain's membership has already acquired both an internal and an external momentum, which should be the cause of legitimate and serious concern.

Britain has much to give to and to receive from the European Union. A Union in which Britain feels comfortable in its dealings with its partners and they feel comfortable in their dealings with the United Kingdom is one from which both sides can and will benefit. This is far from being the case today. In so far as a change of attitudes is needed, it must inevitably be the United Kingdom which needs to make the first move of *rapprochement*. This move need not be one of insurmountable difficulty for a nation that correctly prides itself on its pragmatic, measured approach to political questions, particularly those of institution-building. It must be clear to any unbiased observer that the British establishment's hope of constructing a largely intergovernmental European Union, simply devoted to the promotion of free trade, is one which has no hope of realisation and one which has few if any supporters outside the United Kingdom. To orientate Britain's public contribution to the debate about the European Union's future around such a demonstrably unrealisable analysis would be a recipe for

generalised frustration and futility in Britain's continuing dealings with its European neighbours. It cannot be said that over the past twenty years British leaders have sought to put a positive and realistic account of the European Union and its works to the British electorate and been rejected in that enterprise. They have simply fought shy of giving that positive and realistic account. Ironically, many opinion polls suggest that in their perception of the need for European solutions to pressing contemporary problems such as global warming, international terrorism, trade negotiations, energy security and the application of new technologies, the British public is every bit as European-minded as its contemporaries in Germany or France. A British politician who built on this solid basis of potential support might be surprised at the ease with which the construction of a new, less complex-ridden British approach to the European Union could advance, particularly amongst the young who overwhelmingly do feel European. Anti-European feeling may sometimes appear widespread in the United Kingdom, but it is frequently superficial, based on a lack of interest and information rather than genuine hostility.

It may well be that in the not too distant future an occasion presents itself when the political or electoral circumstances of the day permit, even force, a clarificatory choice on the United Kingdom. Those who genuinely care about Britain's continuing role in the European Union have much in the way of education and advocacy to do over the coming years to ensure that such a clarificatory choice, when made, is made against a background of informed debate and real options. It will not be enough to rely simply on two months of frenzied campaigning. There are individuals and groups within the United Kingdom ready and willing to undertake this long-term work of opinion-forming. If Mr. Brown and his colleagues in the new government wish to improve on the ambiguous European legacy of the past, their most urgent task is to work with these groups and individuals to construct a robust pro-European coalition within the United Kingdom, a coalition based on European realities rather than insular wishful thinking. Traditionally, British political culture has always prided itself on its realism. Over the past twenty years, British European policy has provided a striking contradiction of this usually justified self-perception.

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