

Speech by Douglas Hurd (7 February 1992)

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Extract from a speech by the Foreign Secretary, Rt Hon Douglas Hurd CBE, MP, to the Cambridge University Conservative Association at the Cambridge Union on Friday, 7 February 1992

Europe after Maastricht

This evening Francis Maude and I will sign the Treaty of Maastricht for Britain and thus launch this country into the next chapter of the life of the European Community. The Community arouses strong feelings. It imposes constraints. Like all democratic institutions, by turns it can be insensitive, infuriating and ineffectual. Nevertheless, considered in the sweep of history, what the Community has achieved in some 30 years is remarkable. In the aftermath of war it produced reconciliation. It has provided a framework within which a democratic re-united Germany could emerge, without causing alarm amongst its neighbours. It has been decisive in buttressing democracy in Portugal, Spain and Greece, as each emerged uncertainly from dictatorship. The liberal principles of the Treaty of Rome have been the foundation for Western Europe's exceptional prosperity. This foundation will be strengthened by the Single Market. Finally, the partnership between the Twelve is proving increasingly important in promoting our shared values and interests in the world.

In free institutions decisions are taken after argument, most of it in public. There is sometimes friction. It would be astonishing if there were not. But the habit of working together is becoming increasingly ingrained. Disputes around the conference table make a vivid and dramatic contrast with Europe's past. Each dispute is accompanied by dire predictions of disaster, but each usually ends in agreement.

The Maastricht Treaty was a disappointment for those who want the Community to don 100 league bouts. For those with more measured expectations it was a substantial move forward. It marked a success for British objectives. The pillar structure of the Treaty was a significant check for the ambitions of federalists. The Community needs a closely integrated core, with a common body of law for the Single Market and the policies which flow from it. Nevertheless, there is no immutable principle which dictates that the institutions of the Rome Treaty should provide the framework for co-operation in all areas, for instance on foreign and security policy or dealing with crime. Certainly we have to work strenuously together in these areas. But these subjects, which are at the heart of the functions of the nation state, are better conducted directly between governments answerable to their national Parliaments. It would be wrong to yield the sole right of initiative in such areas to the Commission, or to accept the jurisdiction of the European Court over them. The new Treaty of European Union embraces both the Community institutions and separate pillars of inter-governmental co-operation.

In the preceding negotiations and at Maastricht, working with the French and others, we won this argument. Of course there was give and take. But on the main point, the architecture of the European Union, our view is written in the Treaty. We now have to show that the inter-governmental route works. We are putting forward to partners our own ideas on how to make the common foreign and security policy effective. We aim to achieve greater continuity, to give more support to each Presidency and to put in place mechanisms which allow us to plan ahead. We have four years until the next Inter-Governmental Conference to show the benefits of the model agreed at Maastricht. We will use this time productively.

On economic and monetary union the British and German emphasis on convergence set the framework for progress towards a single currency. We have kept our options open on whether to join a single currency whilst keeping a place at the table to shape its development. Later in the decade the British Parliament will be able to make its choice on EMU in full possession of the facts: able to weigh the economic and political advantages and disadvantages. It is sensible to take decisions of this kind when they have to be taken, and not before. This was a remarkable negotiating feat by the Prime Minister and the Chancellor of the Exchequer.

On accountability and strengthening enforcement of Community law British initiatives helped to shape the Treaty. Our proposals on defence, shared with the Italians and Dutch, prevailed. Our ideas, with the French, on enhancing the role of national Parliaments were adopted. Anglo-German ideas on law and order and

subsidiary carried the day. We are satisfied with the arrangements for a common foreign and security policy based firmly on unanimity on all matters of substance. In intense and detailed negotiations over many months, we sought and gained different allies on the different subjects. We did not win every point, but the House of Commons was right to be content with the result.

I turn to the formidable agenda of work ahead of us and to consider the longer term risks and opportunities for the Community.

The Short-Term Agenda

The Portuguese Presidency, during the first half of 1992, will be dominated by a Siamese triplet of issues: the completion of the GATT Round, reform of the CAP, and the review of Community finances.

The issues under debate in the GATT are critical. A successful outcome is crucial for the world trade system and would give the world economy a much-needed shot in the arm. A failure would make CAP reform more, rather than less, painful. In the CAP negotiations we shall be looking to reduce costs, to give greater rein to market forces, to give more weight to the environment and to gain a fair outcome for the British farmer. Substantial progress has been made over the years in improving the workings of the CAP, but on its present basis it is unsustainable.

Next week a major review of the Community's finances will be launched. It will need to take account of the decisions taken at Maastricht. But Community spending has to be financed by taxpayers like any other public spending and we will look at ideas for more spending with a cautious and sceptical eye. We will not accept any adverse change to the Fontainebleau Settlement, hard won by Margaret Thatcher, which has so far netted Britain some Pounds Sterling 12 billion in rebates.

Any unresolved agricultural or budgetary business will be important subjects during the British Presidency. But our foremost priority must be the completion of the Single Market by 31 December 1992. It is fitting that having led in devising and launching the programme, it should be a British Presidency which finishes it. The programme is now 80 percent complete. There are some hard nuts left to crack. British firms are impatient for progress on insurance, public procurement and liberalisation of air transport and of the European markets in gas and electricity.

A further big task this year will be to secure the next phase of enlargement. This theme will dominate the decade. There is a growing consensus that the Community cannot put up the shutters on the nations in the other half of our continent. Those who doubted this when we first urged it are now coming round. Europe is incomplete. The first wave of enlargement is likely to come from the ranks of EFTA. Austria and Sweden have already applied: Finland, Norway and Switzerland may before long decide. They all have advanced economies which are well-integrated with the Community market. Issues such as agriculture and neutrality will need careful negotiation but I hope we shall welcome new members by 1995. The Community will also have to consider how to build its relations with Cyprus, Malta and Turkey, all European democracies with which our links must be close.

In December, Association Agreements were completed with Poland, Hungary and Czechoslovakia. We see these as a preparatory phase for full membership. These three Central Europeans belong clearly in the mainstream of European development. They are making good progress in rebuilding their economies and their political institutions and we must continue to give them help both bilaterally and through the Community, together with increased access to our market. There should be no doubt about our determination to welcome them as full members. I hope to see this achieved by the year 2000 at the latest. It is far from fanciful to contemplate a Community of up to 20 members by the turn of the century.

Longer-Term Tasks

This brings me to the longer-term tasks of the Community. The first is to spread stability and prosperity to Central and Eastern Europe, including the republics of the former Soviet Union. The Community has, in

general, pursued an honourable and generous course in the East. A failure of political or economic reform in the new democracies over the coming years would have a profound impact on Western Europe - through diminished security, substantial migration and the financial drain which pauper states would impose on themselves and on us.

It is not possible to predict how many members the Community can accommodate or in what timescale. But it would be foolish at this time to start ruling out membership for any European democracies when they are ready. We shall need also to think about other institutional links between East and West - the CSCE, the Council of Europe, the NACC, NATO and the WEU.

The second main task is to build an outward-looking Europe which shoulders its share of international responsibilities and has a coherent voice in world affairs. The Twelve have, for example, developed a common approach to most of the problems of Eastern Europe, Southern Africa and the Middle East. Of course it is open to the British, French, Germans or Italians to have an independent policy, but if we are to be effective it makes sense to work together.

As the Cold War recedes and America reduces her forces in Europe, we must ensure that our political relationship remains in good repair. The Atlantic Alliance was not a marriage of convenience. The Americans have secured the safety of Europe over the last half century. We are locked together by trade, investment and, most important, by shared values. Later this year, the Prime Minister will lead for the Community in a Summit with President Bush. We need to deepen the European/American dialogue. Europe must not think of trying to replicate NATO's capabilities. We need to do proportionately more for our own defence and, indeed, to be prepared to do more outside the NATO Area. That is why we have proposed the strengthening of the WEU. But it would be wrong and hugely expensive for Europe to pursue a policy of military autarky. Any European defence identity must be - as the Maastricht Treaty recognises - consistent with our obligations in NATO.

The third long-term task is economic - to maintain Europe's competitiveness in world markets - especially in competition with the countries of the Pacific Rim. We have many opportunities: to play to our strengths in world markets: to build on the creation of a single home market of some 340 million consumers. In time, the revived economies of Central and Eastern Europe will make attractive trading partners. But we must beware of two threats: protectionism and over-regulation. Countries such as Britain, Germany and the Netherlands trade across the world: each of us benefits from the open-trading system. Indeed we now want the GATT Round to open markets in services. The Community has thrived on free trade between its members. Protectionism is not an answer to tough competition: it merely destroys prosperity.

The threat of over-regulation applies especially strongly in the social field. I have always believed in a 'social market' economy where there are proper safeguards in areas like safety at work, social security, pensions and health care. But in the fast changing world in which we must compete we need more, not less, flexibility in our labour market. Provisions, for example, to stop people choosing to work more than 48 hours a week or for Europe-wide pay bargaining would destroy jobs. This is why, while Britain will continue to negotiate constructively on the Commission's Social Action Programme, we refused to accept a vastly expanded area for Community intervention in the social field, which would have put in jeopardy many of the reforms which have proved so successful in Britain over the last decade. It would, at the same time, have breached the principle of subsidiarity and reduced the ability of poorer member states to use their advantage of having lower labour costs. If we deny them the opportunity of competing their way to prosperity, we risk creating an indefinite dependency on Community subsidies - creating 'cohesion junkies'.

Looking to 1996

So the Community has a full internal and external agenda. But almost as soon as the reforms agreed at Maastricht are implemented eyes will turn to the next Inter-Governmental Conference in 1996. Britain must and will play a leading part in promoting our distinctive vision in the run-up to this Conference. It will inevitably focus on the institutions of the new European Union. Now is not the time for specific proposals but I would like to set out some preliminary thoughts on which we mean to work.

The institutional structure of the Community was designed for six member states. It has been adapted, for example, by the introduction of direct elections to the European Parliament and by more use of majority voting in the Council of Ministers on carefully defined topics. The structure works for 12 members across a growing number of topics and can probably be stretched to a few more. But can it sensibly service 20 to 30 members? Will the European Parliament or the Commission become impossibly large? Is there a danger of the Commission becoming unacceptably powerful given its sole right of initiative as the Community's membership becomes more disparate? How do we prevent a growing gap between Community law and reality on the ground?

I am far from convinced that those who saw 'widening' the Community's membership as an alternative to 'deepening' will prove right. Enlargement is inevitable and right. But if the Community is not to seize up can we find means of coupling enlargement with decentralisation?

The Community's decision-making procedures are already remote from ordinary citizens. Furthermore, the way decisions are made makes it difficult for Community law to be revised or repealed in response to changes in political sentiment in member states. Brussels and Strasbourg are highly susceptible to well-organised and articulate lobby groups, which may not be representative of wider opinion. This remoteness and slowness of response may be met in part through a greater role for national Parliaments and through the newly enhanced powers of the European Parliament, but in part it is the inevitable result of the sheer scale of the Community and its enormous diversity.

Maastricht showed once again that Britain continues to hold a continuous, genuine and heart-felt political debate about the nature of Europe. That is healthy. Other member states have had a livelier debate now that Maastricht is over. Some of our partners see ever-closer integration as a self-evident good. This risks running counter to the clear trend at national level in almost all countries away from the centre and towards taking decisions closer to the people. The 'Euro-maximalists' must beware not to risk a backlash by going too far, too fast. Europe needs a Community which grows and endures: not one which grows too fast and implodes.

The 'Community' or 'Union' is a phenomenon unique in history. When we refuse to pigeon-hole it as 'federalist' or 'confederalist', this is accurate, not disingenuous. It does not fit neatly into existing constitutional models. It is, nonetheless, right to think of the Treaties as a part of the Constitution, especially because of the role of the European Court of Justice. For understandable reasons - given the wording of the Treaty and the tender plant which was the Community - the Court has built up a formidable body of case law tending to favour integration. Time has moved on. The Community is no longer fragile. It is to be hoped that, on the analogy of the US Supreme Court, the European Court will give increasing emphasis to member states' rights.

Some of the concerns - about remoteness and accountability - which I have shared with you may find an answer in the unlovely phrase 'subsidiarity'. The presumption for many years has been for the Community to extend its policy frontiers. Indeed, the Maastricht Treaty grants the Community competence in new areas. There is a good argument, for example, for limited Community action in dealing with cross-border topics in areas like health protection and education. But, now that we have a justifiable Treaty setting the test of subsidiarity we must ensure that action is only taken at a Community level where it is not feasible to achieve objectives at a national level. This is a tenet of good government. The very existence of this new Treaty provision should serve as a deterrent to unnecessary new proposals by the Commission and as a guide to the Council in taking decisions. There are some tentative signs that even though the new Treaty has not come into force the theme of 'subsidiarity' is beginning to change the culture in the Commission. If this is borne out it will be a most welcome development.

Our view combines a consistent commitment to the Community with a proper concern for protecting national identity and for evolutionary rather than revolutionary change. Our approach emphasises the responsibility of the Community both to the outside world as a source of stability and democracy, and to our citizens in creating wider opportunities. We are not afraid to say 'no' to proposals in defence of our national

interest, but we remain keen to take initiatives and to give leadership in building a stronger, wider democratic Europe.

In 1992, and in particular during the Presidency, we mean to turn this coherent effort to the further advantage of Britain and of Europe.