

Address given by Denis MacShane on the ratification of the Constitutional Treaty (London, 19 January 2005)

Caption: On 19 January 2005, in London, Denis MacShane, British Minister of State for Europe, delivers to the Royal Institute for International Affairs an address in which he emphasises the importance of the Treaty establishing a Constitution for Europe for the United Kingdom and for the European Union.

Source: Denis MacShane: The challenge of Europe in UK politics. [ON-LINE]. [s.l.]: Foreign and Commonwealth Office, [29.04.2005]. Disponible sur

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Publication date: 23/10/2012

Denis MacShane, *The challenge of Europe in UK politics* (19 January 2005)

There will be a parliamentary process beginning next month when MPs debate the new treaty. Parliament will decide whether to say Yes or No to the treaty defining a new European Union of 25 sovereign independent states with more about to join. It is good that the Commons debates Europe at length and with a vote on legislation so that the people and the world can see where MPs stand on the issue of Europe.

The No camp are not content with obtaining a No to the new treaty. The people behind the No campaign have bottomless amounts of money and some of the most powerful propaganda operations ever seen to back them up. As the Prime Minister told the House of Commons it is fantasy politics to assume that 24 other countries will happily sit down and agree to tear up a rule book they themselves have agreed.

As Jack Straw told the Centre for European Reform last month the end result of Conservative Party policy is to 'force Britain into either retreat or withdrawal. Either course would leave us isolated and marginalised, and would be a disaster for Britain's interests and standing in the world.' But the No camp will only grow with feeding. A No in the referendum is just the first step to pulling Britain out of the EU altogether.

Some talk of the UK becoming an off-shore Norway or Switzerland. Yet many of the laws in those countries now have to be in conformity with EU rules and regulations. Norway has implemented more EU directives than Britain. To ensure free movement across its borders, Switzerland is signing up to Schengen and will have no future control over decisions taken in this area by the EU. Berne will have to implement the so-called Schengen-Dublin directives in whatever future form they take. In addition, the taxpayers of the fjords and the Alps have to pay hundreds of millions of Euros to Brussels for the privilege of doing business with the rest of Europe.

A UK outside the EU would lose many rights that we take for granted. Of course, a UK outside the EU would end up having like Norway and Switzerland conform to rules decided in Brussels.

We would not have a seat at the table where these decisions are made. Isolation is never the splendid option. And all this domestic political debate is taking place at a time when the evidence that the case for the UK's national interest in remaining a fully engaged EU member is stronger than ever.

Many across the Channel already feel that Britain has too much influence and say in Europe. As the former French Prime Minister, Laurent Fabius, told the New Statesman last November 'The British concept has won.' Vincent Peillon, the French socialist told Der Spiegel two months ago 'A vote in favour of the constitutional treaty means victory for British Europe.'

'Why does the anglo-saxon line always win out?' M Fabius was heard to complain in the corridors of the National Assembly in Paris during debates on Europe in the French socialist party last year.

As Europe Minister I network throughout Europe and I find respect for the United Kingdom much higher than at any other time of the UK's 30-year membership of the EU save perhaps in the middle 1980s when Mrs Thatcher supported Jacques Delors, Helmut Kohl and Francois Mitterrand in the shaping of the Single European market – the biggest pooling of sovereignty ever in British history. And it was Mrs Thatcher, who in a famous declaration initiated the call for a Commons Foreign Security Policy. The CFSP is a made-in-Britain contribution to Europe.

Oh, to see ourselves as others see us. Across the Channel we are seen as winners in Europe. Here at home it is the No-sayers and the anti-Europeans who paint an opposite picture. We have to ask why?

To be sure, there is a lot about the European Union that grates in this country. Britain was not the prime mover in its creation – nor, in general, does it reflect our idiosyncratic political culture or traditions. Despite our hard-won budget rebate, we remain net contributors to its coffers. Many feel affronted by its institutions (such as that curious animal, the Commission); its corporatist instincts; and even its language of *acquis communautaire* and so on. There is undoubtedly waste and even malfeasance in some of its operations.

Particular policies – such as the Common Agricultural Policy – have proved painfully slow and difficult to reform. Above all, perhaps, many Britons feel they were sold a false bill of goods in the 1970s. They signed up for a Common Market. Instead, so the critics say they find their fingers caught in the wrangle of an ever more ambitious political Union.

I set out this case for the prosecution in such stark terms because I have the sense that many of the harshest critics of the EU are driven almost to distraction by a feeling that enthusiasts are blind to their concerns. I am not. I understand why some see the whole business as a continental ramp. I sympathise with the frustrations of those who complain that it is we in Britain who have to make all the adjustments. If anyone starts driving on the other side of the road, it won't be our partners shifting to the left. If anyone changes plugs, it won't be others awakening to the strange beauty of the square 3-pin variety.

There are answers to these various charges. On the allegation that voters were sold a pup in the '75 referendum, for example, it was in fact widely understood at the time that the EEC (as it was then) was a profoundly political project, and much more than a Common Market. That was, indeed, why Britain stood aside at the outset. But our effort to build a simple Free Trade Area (EFTA) proved a blind alley. The 1967 White Paper was clear about the political – even constitutional – implications of future EEC membership. 'The constitutional innovation' it said, 'would lie in the acceptance in advance as part of the law of the United Kingdom of provisions to be made in future by instruments issued by the Community institutions – a situation for which there is no precedent in this country.'

And there are good answers to all the other allegations. But – God knows! – these carcasses have been flogged long enough. Let me instead cut to the chase. Why am I so convinced that Britain's place is at the heart of the European project? Why am I determined that we should play an even more central role?

I start from this simple assertion: love it or hate it, the European Union has been the basis for European political and economic development in the second half of the last century, and it remains so. It underpinned the restoration of prosperity in Western Europe after the ravages of the Second World War – and notably the German *Wirtschaftswunder*. It helped democracy to take root in Spain, Portugal and Greece after periods of dictatorship, and provided a model for their economic modernisation. It provided not only the framework but many of the funds for the astonishingly rapid development of its poorest members, from Ireland to Greece.

Above all, it provided a natural docking mechanism for Central and Eastern European countries emerging from Soviet tutelage. What we have seen in these countries – from the Baltic States in the north, to Hungary – and now Romania and Bulgaria too, and soon Turkey, in the south – is fundamental regime change. Not a veneer of plausible slogans over deeply-rooted authoritarian structures. But deep, liberal democratic market reform driven from within. Such reform has only been possible because the EU provides such a detailed route-map and practical help to European countries wishing to join the club. The very process of accession imposes strict disciplines and demands an unwavering focus.

The Balkans, at first denied the possibility of EU membership, found themselves adrift, without a Tito to hold them together, and without a clear political or economic project. The consequences were bloody. The prospect of potential membership of the European Union is now the most powerful single factor in Balkan stabilisation and development.

Very well, some may say. Bully for Europe. But what has all this got to do with Britain? Why can we not applaud from the sidelines? We need no external support for our stability. And our prosperity is damaged by the deadweight of European over-regulation. Some even argue that the EU could become a cause of civil strife in Britain, if we continue to flirt with our EU partners against our deepest instincts.

Such critics may consider themselves patriots. I would brand them, rather, as fainthearts. Britain's instinct and its interest is to play a central role in shaping the continent of Europe. It is a grotesque idea, and would certainly appal our great forebears, that we should abandon the main engine of Europe's political and economic development to traditional rivals with more flair and confidence. We would lose influence not

only in Europe but in the United States, and in the world. What some portray as a blow for freedom would represent, rather, a dwindling into mediocrity and irrelevance. We should have more self-respect.

It is all the more ironic that some should be contemplating such a surrender, because Britain has actually been extremely influential in shaping the European Union, though we are often the last to acknowledge or celebrate that fact. Consider, for example, that:

The Single Market project, so dear to Mrs Thatcher – and rightly so – was largely conceived and driven by Lord Cockfield with enthusiastic British support;

Britain has played a central role in preventing the development of a so-called Fortress Europe, fighting instead for open market principles so successfully that many in France condemn what they perceive as an Anglo-Saxon neo-liberal plot.

We have driven the process of institutional reform and better regulation in Brussels. There is still a long way to go, to be sure, but we have been at the centre of that agenda. And it as agenda which is discussed and negotiated, increasingly, in English.

We have been champions, and successful champions, of EU enlargement.

We have worked tirelessly, and again successfully, for more European foreign policy co-operation – just as Mrs Thatcher wanted, and the beginnings of an EU military capacity which dovetails with NATO. Some were concerned, at an early stage, that such a project might encourage US political and military disengagement. I am convinced, on the contrary, that America is more likely to work with us if it sees us taking greater responsibility for security in our own neighbourhood. More than a decade ago in the Balkans Europe failed miserably – and at great cost of lives – because we lacked capacity for engagement outside our borders. Today, the EU runs the peace-keeping mission in Bosnia and European troops and EU missions create space in the region for some normal politics to emerge.

And we have championed the concept of a flexible Europe which can tolerate and draw strength from its differences. The EU contains members which have adopted the single currency, and others which have not; members which are neutral, and others in NATO; members within the so-called Schengen system, and others determined to maintain national control over their external borders.

The Constitutional Treaty is not only a simplification of the existing forest of interlocking Treaties, but encapsulates many of these British themes. It defines the powers of the different institutions more clearly, and seeks to involve national Parliaments more closely in EU decision-making. It streamlines procedures to make the enlarged EU more manageable. It includes, for the first time, an explicit exit clause for countries wishing to leave the European Union (though I have never myself shared the nightmares of those who believed themselves locked into an infernal machine from which there was no escape).

In short, the new Treaty confirms the role of the EU as a Union of nations. It is a Treaty which should appeal to the British almost above all: and that is hardly coincidental, because we had such an influential role in shaping it. That is why I hope it will receive the strong support of the British people.

There is one other argument I would adduce for the European Union, and for a strong British role in it. It is this: It has been a truism throughout my lifetime that the world was becoming ever more interdependent. But it is only in recent years that we have really begun to understand the implications of that observation. A raft of problems, from international crime and illegal migration, to climate change, to nuclear proliferation, to global poverty reduction and transnational disease control and crisis management are clearly beyond the power of single nations to resolve.

Even the world's dominant super-power, the United States, must accept the limits of its national power. Yet nations are with us to stay. There are ever more of them, and they are rightly determined to retain the greatest possible influence over their futures. Far from Europe seeking a single voice or single permanent

seat at the UN Security Council, we are seeking a determined effort by Germany to gain its own national seat alongside France and the UK. Far from the EU brushing aside nations we see from issues as disparate as direct trade with northern Cyprus or a single EU patent that nations only have to raise a little finger to block advances that Britain would prefer to see happen. What is interesting is not how much gets decided at Brussels but how little. Even the money Brussels spends is sent back to national governments to distribute to farmers or for regional development with all the possibilities of waste, fraud, and mismanagement at national and local level that alas take place. Brussels gets the blame but it is national ministries and national beneficiaries of EU largesse like farmers and regional and local government who are usually responsible for these abuses.

So the question is how to control the passions of states, and channel them into constructive action.

The United Nations, for all its virtues, is a very blunt tool for this purpose. It is simply not possible to take decisions in a General Assembly so large; with so many competing interests and jealousies; and with such limited powers. In the other big international institutions, too, we see the limits of huge membership, consequent lack of coordination, and inability to frame joint initiatives.

The European Union, for all its faults, is the most developed experiment so far in how it might be possible, on a regional basis, to retain what is best about nations:

- their sense of identity, shared history and patriotism; their separate languages, cultures and traditions; indeed for the countries of central and Eastern Europe, EU membership has become the very expression of their national identities so long suppressed by Soviet communism;

while overcoming what has been worst:

- nationalism in its negative sense; xenophobia; mutually destructive trade and monetary strategies; inability to conceive joint policy; and ultimately the tendency (so richly illustrated on our continent, and for so many centuries) to go to war with one another.

This experiment is important, and has been uniquely successful, in its own right. But it is also valuable for the model it creates. The United States is the pre-eminent world power, and the engine of much that is most excellent in the world today. But is so large – and the federal experience there so untranslatable to other regions (because it really would evoke the spectre of the superstate) – that it cannot serve as a model. The European Union, by contrast, has been a pathfinder for such disparate experiments as ASEAN in Asia, Mercosur in Latin America, and now the African Union. Those experiments are more relevant and necessary than ever in the modern era.

There are challenges to be met. Europe's political and institutional development in recent years – enlargement, common foreign policy and defence, and the new treaties, especially the new Treaty of Rome – have far outpaced Europe's economic development.

In particular, the three big economies of mainland Europe – Germany, France and Italy – have not been able to grow to their required potential. Blaming this on the single currency is as sensible as blaming the different levels of growth in different states in the USA on the dollar. It has been a failure of national economic management – especially in the area of re-dynamising labour markets and embracing the new knowledge and science based economy – that are to blame.

The UK will continue to make the case for economic reform, better regulation and a strengthening of the competitive and entrepreneurial challenges of Europe. The United States over the past 20 years has had massive inflows of capital – kind of reverse Marshall Plan under which the poor of the world have sent their savings to America to allow American citizens to grow richer.

Europe has to become more attractive to capital inflows and to unleash the spending power of its citizens. Interest rates and inflation in the Eurozone are at an all time low. But consumers do not consume, there are

too many savers and not enough spenders. Britain since 1997 has married economic dynamism with social responsibility – finding an equilibrium between the private sphere of the individual and the collective space that requires public organisation and common rules.

There is not a single European model but rather reforms in France, in Germany, in Italy and indeed here in Britain which need to be implemented. That will be Britain's task under our presidency – to make the case for reform to that Europe's citizens can enjoy the material benefits that breaking down barriers to trade and exchange should obtain.

We also need to deal with pressing neighbourhood issues. What positive message can the EU offer Ukraine, for example? Millions of our fellow Europeans in Kiev and Livov voted for a European Ukraine. How do we respond to their desire?

It will soon be the 10th anniversary of the murder of 8,000 Europeans in cold blood at Srebrenica. How can the EU persuade the Serbs and Croats to send to the Hague those accused of terrible war crimes in the last decade?

The UK holds the presidency of the G8 this year. How does the EU rise to the challenge of the helping tackle global warming and the problem of Africa?

For the smaller countries of the EU, shaping a shared EU response to disasters like the Tsunami is now a pressing need as they do not have the consular and other staff required to help their citizens when such a terrible event takes place.

Europe found 1.5 billion Euros and the planes and diplomatic staff of the different EU member states came together to help our common citizens caught in this great tragedy.

Then there is the perennial challenge of the Middle East and the need to defeat fundamentalist terrorism.

And what relationship will Europe craft with the United States now that President Bush has been decisively re-elected?

Two years ago, even 12 months ago, I would have had to report that the many divides in the EU – on Iraq, on the constitution, on the new composition of the Commission – were brakes on Europe finding a common voice and purpose.

I sense today that the main countries of the EU realise more than ever that working together, living a shared rule-book of common laws under existing as well as the new treaty, and finding ways of working as one – on Iran, on Sudan, on debt relief – offers a much better future for all 450 million European citizens.

There are powerful, rich, passionate political elites who want a different Europe – the old Europe of nation of rivalry and conflict. This next period of British history will decide whether our country, our great European nation, decides to shape, indeed help lead the new Europe or we vote for isolation and a loss of influence in tomorrow's world.