

## The making - and breaking - of New Labour's European policy?

Tony Blair has defended his Prime Ministerial record on Europe in a speech at Oxford University. He argued that he has achieved his aim of putting Britain at the heart of Europe through a policy of "positive engagement".

In a speech billed as a valedictory "summing up" of Blair's achievements in Europe, he claimed that Britain is in "a much better place" in Europe than when he took office, and that he has moulded the UK into a "pivotal country" which is at the centre of a new consensus of reform which is emerging across the continent.

He declared that "Europe has emerged from its darkened room. It has a new generation of leaders. A new consensus is forming. Yes, there is still a debate to be had, but the argument in favour of an open Europe is winning... there's never been a better time to be optimistic in Europe or enthusiastic about Britain's part in it."

### 1) The making of the strategy

It is an interesting time to review the Blair Government's strategy in Europe. In his book *The Making of New Labour's European Policy*, Russell Holden looked at the thinking behind the creation of Tony Blair's EU strategy in the mid 1990s.

His book looks at how European issues were mainly seen in terms of their role in British politics: Europe was seen as an opportunity to triangulate against the then Government and appear close to business (which was then assumed to be pro-euro).

In terms of strategy the main thought behind the Government's approach was the idea of "influence in Europe". Where the Major government had tried brinkmanship and been forced into a climbdown, (e.g. the "Beef war" of 1996) the new Government's strategy was predicated on the idea that by networking hard and striking a new more conciliatory tone, and by being prepared to go with the flow to some extent, the UK could build up a stock of "influence" which would enable it to shape the EU's agenda.

An example of this thought process is Blair's comment on EU Defence in 2001: "Well, if we don't get involved in European defence, it will happen

without Britain. Then those people who really may have an agenda to destroy Nato will have control of it."

A good summary of the intellectual assumptions and tone of the era is Charles Grant's 1998 booklet [Can Britain lead in Europe?](#) The booklet argues that Britain could muscle in on the "tattered" Franco-German axis - but only if fully and irrevocably committed to the euro and an EU defence.

## **2) The final failure of the strategy: a case study**

Arguably the EU budget deal of December 2005 represents the final failure of the "influence in Europe" strategy, as developed in the mid 90s. There are three reasons for this failure, which can be summed up as:

- a) Surprisingly poor PR
- b) Lack of strategic vision
- c) Institutional unwillingness to "do a Chirac"

In terms of PR and building alliances in Europe it has become a commonplace complaint of the pro-euro lobby in Britain that Blair has made a big Europe speech once or twice a year, followed by nothing in between.

To use a recent example, Blair wowed the European Parliament in July 2005 with a speech calling for CAP funds to be redirected to scientific research. But the speech was followed by a long silence. Not only did Tony Blair not speak enough, but the Government as a whole failed to mount an effective PR offensive behind the idea. In a written answer the Government admitted that it had not discussed CAP reform at *any* ministerial meetings during its Presidency. Nor did the Government run a media campaign for the idea - for example why did the Government never publish a study showing the economic benefits of its own plan? Why did it never point out that the CAP takes nearly one billion euros a year *away* from the poorer new member states?

Most importantly of all the Government never spelled out the detail of its vision of reform, or the process by which it might come about. The Treasury published a paper on CAP reform - still without any real detail - only in the week before the final summit on the EU budget.

This failure to think strategically reflects a wider problem. The Government has tended to think in terms of wheezes, (who now remembers the plan for "a second chamber of the European Parliament" or the "subsidiarity watchdog?") rather than long term. This is in stark contrast to the European Commission, which has made an art of cultivating "spillovers" - making sure that one thing eventually leads to another.

Crucially, the Government's strategy - predicated on avoiding "isolation" at all costs - has been trumped by Jacques Chirac's veto-wielding strategy.

In 2002 Chirac locked in the CAP until 2013 by threatening to veto enlargement. But instead of calling this bluff, and allowing Chirac to be clearly seen as the “bad guy”, the UK caved in and allowed the unreformed CAP to be extended to the new member states (including, tragically, those which had previously no subsidies, like Estonia).

At the December 2005 EU Summit the UK offered to exchange the rebate for CAP reform. Jacques Chirac did not reciprocate.

However, instead of putting its foot down at this point, and being prepared to match the French veto threat, the UK Government, because it had failed to reduce the CAP’s budget, attempted to claw the money back from the new member states (sacrificing 10 years diplomatic effort at a stroke).

Chirac was then able to do the double - having used the new member states as hostages to ensure the survival of the CAP in 2002 he was then able to use them as a moral battering ram to paint Blair as the bad guy in 2005.

### **3) Europe: is it going our way?**

The EU is not going the way the Government or the UK generally would like on a broad range of issues. For example:

#### **Trade**

Nearly all players involved in the WTO trade talks are blaming the EU for blocking progress. One Argentinian negotiator argued that “The EU proposal was crafted... to ensure that the round stops in its tracks.”<sup>1</sup> Despite Peter Mandelson’s claims, the EU has so far put very little on the negotiating table in the way of cuts to its vast agricultural subsidies and high farm tariffs. Cuts in agricultural protectionism from the rich countries are the key to enticing developing countries into dropping their barriers to manufacturing goods and services - a necessity if the round is to be successful.

The EU is unable to offer any more in the WTO because a French-led coalition has been extremely effective in ensuring that the CAP remains largely untouched. More reform minded countries such as the UK have missed two key opportunities, in 2002 and 2005, to force any significant changes. Worse still, the 2002 agreement - which at the time Blair described as “radical” - locks in the CAP budget until 2013, almost guaranteeing that the EU will hold back, rather than push forward, trade liberalisation in the coming years.

The EU now appears to be working on the assumption that the round will fail to reach a meaningful deal, with Peter Mandelson’s spokesman already talking about focussing on bilateral deals instead: “While the EU remains committed to working towards an ambitious outcome to the Doha talks, this

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<sup>1</sup> Times, 10 November 2005

objective remains remote in the absence of any serious offers by our negotiating partners to cut industrial tariffs and open up services. If the round fails to deliver new market access opportunities and thereby fulfil the Doha mandate, then clearly we will have to look at alternative bilateral arrangements." (European Voice, 30 January)

## CAP

The lack of progress on CAP reform, and the sheer volume of EU funding that it swallows up, has meant that the recently agreed EU budget will be devoted to this outdated and discredited policy for another seven years. As Blair himself has argued: "It does not make sense for Europe to spend over 40 per cent of its budget on the Common Agricultural Policy, representing 5 per cent of the EU population producing less than two per cent of the EU's output... This isn't a budget fit for purpose in the 21st century."<sup>2</sup>

However, under the new budget deal, agriculture spending will actually rise by 12% in real terms.<sup>3</sup> And, as even the Government has admitted, the CAP will maintain its current 43% share of the (fast expanding) EU budget.<sup>4</sup>

The only aspect of the agriculture budget which is to be cut is, ironically, the only non-distorting part of the scheme, (rural development aid) while the damaging parts of the agriculture budget will expand.

## Defence

One area of EU policy where Tony Blair's legacy will be most noticeable in the future is defence. The Government has long argued that its decision to integrate the UK's capabilities into a common EU defence would not undermine NATO or the UK's relationship with other allies such as the US.

But the American Congress' recent decision to block UK access to cutting-edge US technology (the ITAR waiver) over fears of 'leakage' to other European allies and the loss of the contract to make engines for the Joint-Strike Fighter show that this strategy is fast coming unstuck.

## The drive to deeper integration

Crucially there has been no halt in the EU's drive for 'ever closer union' in recent years. Rather than dumping the rejected EU Constitution, EU leaders are actively trying to find a way to resurrect it. The only argument in France and Germany now about the EU Constitution is when and how to bring it back - not if.

In his speech the Prime Minister looked forward optimistically to Europe's future under its emerging set of new leaders. It has been reported that

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<sup>2</sup> Evening Standard, 20 June 2005

<sup>3</sup> See briefing at <http://www.openeurope.org.uk/media-centre/bulletin.aspx?bulletinid=27>

<sup>4</sup> See Hansard: <http://tinyurl.com/anyne>

Downing Street believes that Dominique de Villepin and Nicolas Sarkozy<sup>5</sup>, the frontrunners for the French Presidency, are both in favour of the UK's economic reform agenda.<sup>6</sup> But in their speeches on Europe in recent weeks they have both set out policies which are the completely incompatible to creating the "open Europe" which Tony Blair says he wants to achieve.

They both attacked globalisation and, in almost identical language, called for increased protection against overseas competition.

### What next?

The next real turning point for the EU will come in just under 18 months time, with the confluence of the French elections, the German Presidency of the EU, and a number of difficult decisions about enlargement. Hopefully by then the British Government will have produced some serious thinking on what it wants the EU to become, and attempt to do more to influence the debate.

Rather than just settling for a result it "can live with" - the Government needs to declare the Constitution "dead" (as the Dutch have) and go on to spell out a vision of a truly flexible Europe - one that can allow de-integration and the return of powers to some member states, as well as further integration for other countries.

### A change of tack from Brown? Or Cameron?

A Brown Government could be interesting in terms of Europe policy. Not only has Brown become more sceptical while in Government, but the rest of the cast list of a Brown Government would be interesting. For example Ed Balls (attacked the ERM in 1992 when no-one else did); Jack Straw (worked full time for the "no" campaign in 1975).

Brown has lost credibility in the EU by lecturing other member states on economic reform (while doing the opposite at home).

However, unlike Blair, Brown has at least thought about some issues where he would like to see control returned to member states (for example his call for the return of regional spending to member states in 2003). Brown is also interested in ideas of national identity for political reasons.

The Conservatives are also repositioning. It seems likely that they will drop their threat to unilaterally take back power over fish, in order to concentrate on winning back a smaller number of powers over economic and social policy. Most interestingly, the Tories' new interest in trade, aid and

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<sup>5</sup> See Villepin's speech at Humboldt University 18 January 2006:  
<http://www.openeurope.org.uk/media-centre/article.aspx?newsid=1132>  
and Sarkozy's article, European View, 6 January 2006:

<http://www.openeurope.org.uk/media-centre/article.aspx?newsid=1118>

<sup>6</sup> Financial Times, 2 February 2006

development will all involve negotiating in Brussels to achieve change. This will prompt tough questions about how exactly they would do things differently to the Government.

Both parties may take a keen interest in Europe in the coming few years, not just because of the re-emergence of the debate about the Constitution or some new treaty in 2007, but also because the May 2009 euro-elections are likely to be either a curtain raiser for - or even on the same day as - the next General Election.

Will Brown try to out-sceptic Cameron? Can the Conservatives "do" Europe in a new and fresh way? The one thing that seems certain is that neither will plough on with the failed Blair strategy.