

Centre for Reform
and
London School of Economics
Public Debate

Europe: where do we go from here?

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Speakers:
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These remarks are purely personal.

Sadly, the results of the French and Dutch referenda were greeted in some quarters as if they were a triumph for British Foreign policy. This reaction seems particularly unfortunate as this crisis is characterized by recrimination, stasis, and uncertainty. But let us be clear about one thing: the referendum results in France and the Netherlands were not rejections of the process of European integration. The twenty-five heads of government said this in their statement following the recent European Council and were correct to do so. The evidence points in other directions: fear of immigration, disenchantment with their own national politicians, the pace and effects of enlargement and misconceptions about the Treaty being an “Anglo-Saxon creation” were the main reasons. As Prime Minister Blair recently said, the results evidenced “a deeper discontent with the state of affairs in Europe” but that “it is not a crisis of political institutions but a crisis of leadership”.

The nature of that failed leadership is, in significant measure, to be found not only in failed national policies but is related also to a lamentable undermining of the EU itself and its institutions at national level in some Member States over a prolonged period. The EU has long been a whipping post convenient for politicians to blame for everything that goes wrong and to be given no credit for what goes right. And much has gone right; its achievements are considerable and examples are to be found in the Internal Market, the external trade policy, and the Euro. They are of vital importance for us all and could not have come about without the base of shared sovereignty and the supremacy of European law both of which are called into question by some in current debates here. In addition the Commission in particular has been denied the instruments (including budgetary resources) to bring about economic renewal but is accused of failing to implement change in reality deliverable only in national capitals.

Of course it was likely from the beginning that by calling voluntary referenda the Constitutional Treaty would be destroyed. To call a referendum on a document of 65,000 words that was called a Constitution but clearly was not one and that was exceedingly complex invited rejection. The nonsense written about a document that is largely codifying in its effect, and which adds little more than efficiency and coherence, by commentators who should have known better has been destructive. In addition in France and Holland there was no ostensible price for saying ‘no’. Previous experience in Ireland and Denmark should have persuaded all concerned that it was reckless and democratically unnecessary to take the course of calling a referendum. The volatility of polls too has shown just how hit and miss any referendum could be. (In Denmark at the end of May within one week the percentage favouring the text went down from 49% to 36%). So the whole process was eminently capable of being derailed by scare-stories and distortions, as indeed it was. In France for example, M. Fabius (who declares himself as integrationalist) apparently persuaded 35% of the no voters to vote no on the basis that the Treaty could and would be amended. He knew better. But the Eurosceptics

here should not foster an illusion therefore that, suddenly, they have been joined by everyone else. They have not.

On the other hand had a referendum taken place in the United Kingdom it would have been a different matter. Then the platforms of the 'no' campaigners would not have been festooned with European flags as they were in France. The debate would really have revolved around the 'in or out' issue. So when we look to the future leadership of Europe and the positive elements that the United Kingdom can bring we should clearly recognize that it can only lead if the people believe in the EU and this means believe in the supranational entity that it is rather than something else that some would like it to be. Consistently opinion polls should lead to questions being asked about that commitment. Thus the British people are 'less attached to Europe' than anyone else. Uniquely a minority, only 3 out of 10, apparently believe that the UK benefits from membership and a lower proportion than anywhere else think the EU 'a good thing'. Hardly an inspiring base for leadership. For many other Europeans this ambivalence is a very bad thing both because it negatively affects Britain's role and because it damages the Union. The United Kingdom has a position of openness to the world and a true leadership position in creating the liberal economic environment that is needed at the heart of Europe. This is widely understood but let us not pretend that being semi detached in spirit, and indeed semi detached in the realities of the opt outs from the Euro and so on, count for nothing. We may draw consolation from the clear reality that British values line up well in political and social attitudes with the rest of Europe. This has been demonstrated amongst others by the Pew Institute research. But that research demonstrates more. For example, notwithstanding the unremitting diet of negativism from much of the media, the British in a majority apparently want a more independent European foreign and defence policy. They want more rather than less Europe in other ways too. One may conjecture that the British people are still open to be persuaded on the merits of the European project.

When Prime Minister Blair seeks to lead Europe and expresses his fervent belief in the EU 'as a political project' as he did on the 23 June in Brussels, I am sure that he means what he says. Indeed he said much the same thing in Warsaw some years ago and it was welcome then as it is now. However, this pro European speech was presented here almost as a Bruges speech 'mark II' when it was nothing of the sort and, naturally, one begins to wonder what is really happening. So do other capitals. What is needed now is constructive engagement rather than ambiguity or, even worse, rancorous debate. There are areas in which that debate can surely take place. For one thing I cannot believe that the current budget debate is beyond resolution. Nobody believes that the CAP can be changed over night. Nobody should believe that it does not need reform particularly the area of subsidies. There must be a compromise. Another example should be in respect of the Constitutional Treaty. There are important elements of the Constitutional Treaty which can be rescued and which can help the Union to run more smoothly. Not all of them would need to be enshrined in a formal Treaty revision. The more efficient and transparent functioning of the Council, the greater involvement of

national Parliaments in the legislative process, a greater role for the European Parliament in choosing the President of the Commission, even the better co-ordination of European foreign policy----there is scope for progress to be made in all these areas by simple agreement, formal or informal, between Member State governments. The better working of the European Union along these lines should not be a matter of great controversy between the Member States.

Nor would such improvements be a matter of great controversy for the European public. Very few French voters rejected the European Constitution because they were against more majority voting in the Council of Ministers, because they feared the powers of a semi-permanent Chairman of the European Council, or because they thought the Constitution was too favourable to the European Parliament. These aspects of the Constitution were simply taken for granted in the French referendum campaign. Where there was criticism of them, it was because they did not go far enough in reinforcing European integration. Worryingly, many French voters appear to have rejected the Constitution, not because of what was new in it, but because of what was old and ought to have been familiar. It is this aspect of the French vote which ought most to concern France's leaders and their colleagues throughout Europe many of whom might have faced the same difficulty.

Let us turn then to the debate on the economic future of Europe. An important reason for the French 'no' vote was the fact that the British government, for understandable domestic reasons, sought to present the document as 'made in London'. Ironically the government here have had more success in convincing French voters of that proposition than they have had, or are ever likely to have in the United Kingdom. But the reality is that the Anglo-Saxon theories allegedly introduced by the Constitutional Treaty in fact go back to the Treaty of Rome. It was Germany who rightly insisted upon them then and if anything they are expressed in more uncompromising terms there than anywhere else. It is profoundly worrying that over the past decade Europe's political elite have done so little to explain to their citizens the true nature of the process of European integration in which open and liberalized markets play a central role. It is a touchstone of mature and self-confident political leadership in a democracy to help the electorate to understand unfamiliar or unwelcome truths. How is it that "the Brussels bureaucrats" can be, at the one time, demonized as free market ayatollahs in France and sometimes in Germany and yet here they are considered an interfering busybodies determined to disrupt the market? The reality is that the common policies that have endured – and there are many of them – have generally come through the Community method that has served us so well rather than the bartering between capitals that usually ends in confrontation. In other words support and use the European Commission with its exclusive right of initiative rather than try to reduce it to an impotent Secretariat. If national politicians do not understand how it all works it is surely time that they learned.

It is time to get the show back on the road. Perhaps this crisis can still be considered as a salutary one but only if we learn from it. We can learn above all that if there is a disconnection between the people and the European

Union the main culprits are to be found at home banging a jingoistic drum. Unless the electorate receive a clear and honest sense of direction about the necessity and desirability of what the European Union does and stands for there can be little hope of this much-vaunted "reconnection" of the electorates to the European project. In other words politicians should seek the source of the problem nearer home.

Rt Hon Robin Cook MP

The London Evening Standard has been helping our debate tonight by illustrating the problem. The first edition that hit the streets at about noon had as its banner front-page headline: "Schroeder's snub to Blair." That was replaced round about the third edition at four pm with "Chirac's insult to Britain." It is a wonderful encapsulation of what we are up against.

And we are not going to respond to that unless we start to shake ourselves and realize that we need a change of direction.

First of all, Europe needs to take time out from writing treaties. The constitution was extraordinarily the fourth attempt to rewrite the Treaty of Union in fifteen years. There's a real risk of the European Union becoming a parody of itself in that exists primarily to extrude ever-longer treaties. I do not criticise the merits of the constitution. It is a good constitution. It is not a beautiful constitution but it's a good constitution. But that is not the point. The tragedy is that the politicians of Europe poured energy, imagination and effort into talking to themselves about what matters to themselves. And what matters to them more than anything else is how they go about making decisions.

If we want to engage the public of Europe, we've got to start talking about what our audience is interested in. That means that Europe has got to shift its focus from matters of process onto issues of outcome: less about how politicians make decisions and an awful lot more about how those decisions benefit the people of Europe.

The second point in my plan is a national one that is addressed to Britain. We need to find a tone of addressing Europe, which is not one of insufferable self-confidence that we know best. Peter Sutherland has already referred to the warm welcome given to Tony Blair's magnificent speech to the European Parliament. I think, more than anything else, that warm welcome reflected an enormous sense of relief that they were not being lectured yet again about why Britain had got it uniquely right.

We do need to modernize the social model of Europe. More than anything else, we need to put full employment back at the top of the agenda, which is what we promised back in Lisbon and allowed to slip off the agenda again. Britain has things it can bring to the table. It can legitimately offer some insight into how to address full employment because we have made dramatic progress in Britain in removing unemployment from the agenda and removing long-term unemployment among our people.

There are issues we could share there with Europe. But we will only get the rest of Europe to listen to us when we offer leadership if we, in turn, are also willing to listen to what the countries of Europe can teach us. For instance, why it is that virtually every other member among the fifteen previous longer-established members of the European Union have more equal societies than Britain, and most of them have better public services than Britain. If we are going to construct a modern European model, let us not talk as if it is only we who have things to teach and not we who have things to learn as well.

Thirdly, we need to make progress on the Common Agricultural Policy but we need to recognize that we're only going to make progress if both sides come out of the trenches and stop hurling insults at each other from behind the barricades. Britain needs to recognize that there has been progress on the CAP, particularly in the deal in 2002, which at the time actually the British government hailed as a great breakthrough and a success when it returned to Britain. In parallel, France needs to recognise that a lot more progress still needs to be achieved.

There is not going to be revolutionary progress. I worry about those who talk as if the CAP is going to be put in the tumbrels and taken to the guillotine within the six months of the Labour government's presidency. That's not going to happen. Progress, and we'd better recognise this, is going to be incremental.

There are big steps that can be taken. The first would be scrapping the sugar regime, which penalises the European consumer and at the same time penalises some of the cheapest sugar producers around the world. And secondly, scrapping the outrageous system of export subsidies which means that we dump our surplus agricultural products in Africa at prices with which even the Africans cannot compete, and thereby we wipe out their embryo agricultural industries. Those are two obvious and credible gains which will provide a reasonable test for progress under the British presidency.

That does bring me to my fourth point, which, for me, is much the most important of all. And that is, that those of us who believe in Europe have got to stop being so bloody defensive about it. My worry is that if we spend the next six months of the British presidency talking always about what's wrong in Europe and needs to be reformed in Europe, by the end of it, we will have convinced our audience that Europe is a failure, not a success. And there is no point in anybody on the left of centre lamenting the fact that the United States is the only hyper power in the world if we are not then prepared to develop the European Union as the only credible alternative geopolitical force to provide an alternative vision to that of the United States.

So let's hear it for Europe. Let's talk loudly, repeatedly about what it has achieved: that it has created the largest, richest single market anywhere in the world, the best basis on which our businessmen can hope to have the economies of scale with which to compete with the new giants like China or India. That the Union gives each of our countries the clout to succeed in negotiations in trade or climate change, much greater clout than any of us would get alone. That it improves the quality of our environment, from the water in our tap to the beaches on which we lie down in summer. That it has provided real gains to consumers who have seen the cost of airfares and phone calls across Europe halve of the past five years. It is the best basis in which you can cooperate on cross-border crime and the drugs trade.

The Union has given peace to the countries of Central Europe for half a century, despite the fact that you cannot find another half century in history when they were not fighting each other. To the countries in Eastern Europe, it has provided a guarantee and underwriting of their democracy, human rights

and ethnic tolerance. And to the countries of the Balkans, the hope, the ambition for membership in the European Union is the strongest force for stability in their countries.

An institution that can offer all that is an institution well worth saving. But it will only be saved if those of us that believe in Europe stand up and are counted, as if we are proud to be European.

Lord Hurd of Westwell

Robin Cook and I have noticed in our dealings with one another in the last few years that there is a rather boring tendency of former foreign secretaries, however much they disagreed in office, to come together and agree once they leave, which is tedious for you, but saves me a little time, because I agree, as I did on Iraq, with almost every phrase that Robin Cook used.

The trouble about the need for a debate is that in the ideal world, you start from a set of helpful propositions. We start this debate about Europe with two rather difficult propositions: "no" votes in a referendum and a bad tempered argument about money. This is not an ideal basis for debate, but that's where we are. This is real politics so we have to debate on those grounds.

It is impossible to draw positive conclusions from negative votes although that doesn't prevent almost everybody from doing so. Everyone is scurrying around, saying that what the French and Dutch no voters did was actually confirm, whoever the speaker is, his view of what Europe should be. And in this country, we have a particularly bizarre interpretation of the French no vote: that in some way, it gave a mandate to our Prime Minister to abolish the Common Agricultural Policy. That's a fair summary, is it not, of a good many articles, which some of us have read, but none of us on this table have written in the last few weeks.

But you can draw negative conclusions from negative votes. You can draw the conclusion about the constitutional treaty. It's killed. I don't know what Minister Fischer will say about this, because it is polite to be polite to a corpse, and even a good idea for some limited time, to breathe life into it. It's a formal courtesy, but not one that should be prolonged unduly. I hope there's no real danger of that.

But more important, it showed a dangerous gap between the European Union, its institutions and its leaders on the one hand, and Europeans on the other. And I'm sure that if there were a series of referendums, that gap would simply be confirmed.

Please don't start another philosophical exercise – I agree with what Robin said earlier. In this country, and I've watched this over the years, a bane, a poison, a deadweight in the European argument has been this constant succession of high-sounding philosophical propositions, followed by nothing in particular, except more drafts and more communiqués. This has a deadening, and over the long term, a poisoning effect.

When one says that, this is not a plea for idleness. Not at all. I see the constitutional treaty now as an attempt by someone who owns an old and rather untidy house to put a beautiful architectural façade on the front, and say that now it's a whole, beautiful house. That façade has collapsed, for reasons we need not go into. And there's now a temptation to say we need another type of façade, or a new palace next door. Actually what we need is to maintain, improve and make a success, of the building we now inhabit. Constructed by treaty, approved by all twenty-five of us.

But there is a hell of a lot to do. There are materials in the builders' yard; there is a great deal of work to be done. And when people say, well that's boring, that's useless, that's business as usual. It is business but it needs to be done not as usual.

By not as usual, I mean not in the way that has become common in recent years. The gradual ebbing away, the dearth of imaginative generosity, which brought the European project into being in all the participant countries at the beginning but has now almost disappeared. I don't mean generosity in speech-making; I mean generosity in actually tackling the agenda of Europe. If I run through it very quickly, I will over simplify, but time is short. And I'll just choose four subjects.

There are the questions of jobs, economic growth and the Lisbon agenda. Essentially, a series of national enterprises coming together, but national decisions. I am asked to go to Düsseldorf and debate the question: does Germany need a Margaret Thatcher? No, of course not. But Germany needs someone who will produce in Germany on a German basis with German arguments a German answer to some of the some of the sort of problems with which Margaret Thatcher had to wrestle. That is the difference, and the same is true right across the European Union.

And of course, the European institutions can help the Lisbon agenda in deregulation. I welcome the change in mood of the European Commission. I think this a good one. The stopping of much regulation, and the beginning of looking at existing regulation to see if it is necessary. This is the kind of thing which is needed.

Second, the budget. Here I speak crudely and only for myself. Of course, it will be settled. Arguments about money are settled. It may well not be settled by the British presidency, because the British interest in this is so overwhelming and obvious. It may wait till Vienna. But it will be settled.

And the basis on which it will be settled is also fairly apparent. Of course there is a link between the British rebate, and the Common Agricultural Policy. That's how the rebate was justified and granted in the first place. As the Common Agricultural Policy is gradually reformed and its grosser elements removed so the rebate problem will dissolve. The link between the two is obvious. It's there and it will work that way. It will take time, it will take a lot of bad temper before it's through, but that is what will happen. It will need that imaginative generosity.

Enlargement is a huge success. It has transformed the nature and prospects of eastern and central Europe. And you see now in the Balkans the magnet of the European Union, drawing them not to perfect behaviour, but at least to some attempt to show reasonable civility in their dealings with each other, and with the rest of the world – a reasonable concern for the decent opinions of mankind. That is the EU magnet, which influences, imperfectly, but you can see it with the countries of the former Yugoslavia and beyond. It's terribly important not to lose that. And the same applies possibly to the Ukraine and possibly, eventually to Turkey.

But linked with that there is clearly an apprehension on behalf of our own people connected to immigration and related issues. And here, we need a settled, steady approach over several years, drawing these countries towards us. But it has to be accompanied with imaginative leadership, explaining to our peoples that this is a big opportunity, a big success. Changing not just the west of Europe, not just the south of Europe, but the east of Europe, into something different, something immeasurably better than our grandfathers or great grandfathers knew.

Climate change – I'll just mention that, but I think the overwhelming view in this country is that this is an issue which requires European action.

And finally, partnership with the United States. No one can be satisfied with how Europe handled the Iraq question. We Europeans made a hash of it, I think – all of us. There is now another model, which may not work, where Europe and the United States have decided that they wish to dissuade Iran into turning into a military nuclear power. How is that to be done? It is being done at the moment – and thanks to you, Minister, for your part in it – by the foreign ministers of Germany, Britain and France, acting with the consent and cooperation of the whole of the European Union, negotiating with the Iranians – a very delicate and difficult process, blessed by the United States. Skeptically blessed, that must be admitted, but they don't have an alternative, and therefore it is a partnership. It's not a perfect partnership of ideals and total agreement on tactics, but there is agreement on the objectives and on the immediate way of handling it.

And I believe that model, whether it works or not in the case of Iran, that model ought to repeat itself in the crises of the future, all along that arc of danger from the Chinese border with the former Soviet Union, right the way down to Belarus. There will be many crises, in my view, in that area over the next few years and they will require that sort of partnership – EU and US. And the idea of separate, effective, German, British, French, Italian foreign policies in these types of crises, seems to me nonsense. That, too, I think, would be accepted overwhelmingly in this country.

That is just a brief sketch of the agenda, but to make a success of it, we need leadership. And here I can speak like Robin, although he was very discreet and statesmanlike in everything he said though I shall be a bit cruder, because neither of us shares any particular responsibilities at the moment.

It is a fact, that the four major countries of Europe are governed by leaders who are on their way out. It is likely that none of the four will be here in two years time. You may think that this is a disastrous change. You may think that this is a rather good idea. But it is a fact. Our present Prime Minister has got a great burst of energy at the moment. I agree about what's been said about his speech to the European Parliament, but he's not going to make many more of those speeches.

A new generation of leaders is coming to the fore. We will have in this country a premiership of Gordon Brown. I think it is likely, though not certain, that before too long, Mr. Sarkozy will be in charge in France. I have no intention of venturing into Italian politics. It would be supremely rude of me if I were to

venture into German politics in present company. The German people will decide, probably in September, who they wish to be their next leader. I would guess that all these leaders are likely to be positive sceptics about the existing institutions and policies of the European Union. I think they will gather that this is the mood of their people.

Now, scepticism in this country has been kidnapped by the wrong people. Scepticism has been kidnapped by the cynics, by people who don't actually, in some cases, understand what the European Union is about, in some cases understand and don't like it, in other case understand it and think that it's doomed to fail, and that it ought to fail. All these are grouped together under the heading of Eurosceptic. But scepticism, as everyone in the LSE knows, is a perfectly valid tool of intellect, and it should be brought to bear with the view to success. I hope the next generation of leadership will have that approach.

Yes, being resolute in dealing with the valuable criticisms, where things have gone wrong, where things have not gone right - but, being sceptical with the view to action, with a view to determination that the whole enterprise will succeed.

In happier moments, I see this new leadership, and I see the agenda I mentioned, and I see in place a great new philosophical enterprise. If that were to happen, then I think the European Union would be on a good course, a steady course, which it could maintain, and for which it could gain the support of its people.

Rt Hon Charles Kennedy MP

There was always a little bit of a happy danger about this event, looking at the line-up, despite the cross-sectional nature of the party affiliations, that it would begin to sound as the afternoon wore on, like a meeting of the Polish government in exile. And, to a certain extent, that is the case. There is clearly a positive, reform, pro-European government in waiting on this platform, which perhaps might be able to move things in the direction we want to go.

In reflecting on the events of the last few weeks, in particular, I think of somebody whom, I was privileged to regard, in his later years, as a personal friend, and I was certainly fortunate over that same period, that he became an absolutely pivotal mentor of my own, and that is the late, great Roy Jenkins. And I reflected upon what Roy would have made of the current maelstrom that we find ourselves where matters European are concerned. And one of the many things that I learnt from him in politics, was that when it comes to big issues, particularly when the going gets tough – and let's face it, for pro-Europeans, it don't come much more tough than it does at the moment – politicians and people can very often do their best when they fall back on their first principles, on what are their core beliefs.

For me, Europe is a core belief, and that's why the European rejections that we've seen are matters of profound disappointment. Rather like Robin, I thought that while the constitution is not the most elegant of documents, it was a good, workmanlike, necessary document. We will have to revisit it. I also agree that the way thus far the British government has been responding to events out of their control, in terms of the referendum campaigns and their aftermath, has been sensible and should be supported. I too applaud the speech that Tony Blair gave at the European Parliament. He's made several very good speeches like that during his time as Prime Minister, even, one or two of them in Britain. And that has been part of the problem over the years. National leaders need to reconnect with their own domestic electorate.

And I look at this, very much, in terms of my own part of the country. In the referendum campaign in the seventies, my part of the country voted "no" to Europe. Even in present circumstances, I would hazard the prediction, were there a referendum tomorrow, it would vote, "yes" to Europe. And why would it do so? It wouldn't do so because of the arcane detail of a constitutional treaty, of whom few have heard, and even fewer have read. It would do so because the tangible, practical benefits of European decision making on people's doorsteps, and in their communities, and the prospects of better infrastructure and communications, employment opportunities and so on, are there for all to see. Europe is not some concept; Europe is a reality on their doorstep, and in their daily lives. That is what we've got to get back to in the broader scheme of things.

What, therefore, can we do in the absence of a constitution, which I certainly consider to be moribund? I think that there is, as Peter was referring to at the outset, plenty of scope for Europeans to be making the pro-reform European case, which still moves things forward. We shouldn't be slow about coming forth in these matters. Open up that Council of Ministers to proper, public scrutiny. Do we really want that comparison that keeps getting thrown at us –

that the Council of Ministers of Europe legislates in secret, on the face of this planet, only in common with Cuba and North Korea? I don't think that's a very good rallying cry for pro-Europeans. Involve the national parliaments better in pre-legislative scrutiny, of course. And that has big implications for how both Houses of Parliament in this country go about their business. Complete the single market, push on with the Lisbon agenda, push forward cooperation under current competencies: environment, crime, foreign policy, defence and so on. And press on as well with enlargement – Romania, Bulgaria. Don't suspend talks with Turkey either.

There is a great deal short of the constitution itself that the positive, pro-Europe case can continue to make. And rather like Douglas, I do not therefore take the view which is being peddled in certain quarters, and we're reading and hearing it a lot, that somehow we are all Eurosceptics now. No, we're not. We can be pro-European, but you can put the case for being pro-reform of Europe as well.

I liken it, if you like, to being a Liberal Democrat member of Parliament in the House of Commons. I've been there for 22 years. I don't agree with the basis upon which I've been fortunate enough to get elected. I don't agree, with respect to Robin and Douglas, with the governments I've had to look at over those 22 years across the floor of the House of Commons, but I still stand and engage enthusiastically to be returned for membership to the House of Commons – not just to advance my Liberal Democrat views and my cause, but also to argue the case for reform from within the House of Commons itself.

Now that should be the stance that Britain, as a top-table player, plays within Europe itself. A Europe that's more decentralized, transparent, and accountable. A Europe that protects civil liberties, human rights, the rule of law. Heaven knows, we need to look across the Channel for too many of those safeguards these days the way our politics is developing at home. And a Europe that recognizes that tackling problems cannot just be done on the nation-state basis alone. Cross-border crime, terrorism, the environment: these don't recognize national boundaries; they require, by definition, countries to cooperate. And build those foundations for prosperity and social interaction between nations, complete the single market; indeed, as Robin said, boost, Europe-wide, the prospects of employment and rigorously, throughout all of this, apply the principle and the practice of subsidiarity. That is absolutely key.

But we've also surely, as we engage people in this ongoing debate, got to be quite honest with them about where the red light comes on. What we don't want. And I suggest that what we don't want is rigid, inflexible labour laws – the Working Time Directive. That we don't want still more of this gold-plated regulation, that keeps creeping in. We certainly don't want higher farming spending and more export subsidies.

So, in conclusion, there are three tests that I would suggest to you for this British presidency. First, and I'm sure Douglas is right, it can't all be concluded within the next six months, but progress on the budget, movement on CAP, but it will require Britain to spell out in more detail than we've been prepared to so far, exactly how we see that CAP reform actually working through.

Maintain that momentum for enlargement. Whatever the problems within what Donald Rumsfeld would call the "old" countries of Europe, it is surely not lost upon people that so many of the "new" emergent countries of Europe are still queuing up to want to join the club. Many countries have been subjugated and not enjoyed freedom of expression and proper national rights throughout generations, and yet they don't see any danger of that whilst becoming part of a wider European Union. And, of course, economic reform.

If you scratch me and ask me about my concept of self-awareness and nationality, I say first and foremost I'm a Highlander, then I'm a Scot, I'm British, and I'm a citizen of the European Union. I don't find any contradiction among those gradations of self-identity and of a sense of nationality.

I happen to be married to a born and bred Londoner. In our household, we're bringing up a child now, and I watch this boy with interest, and I will watch him even more in the years ahead. Here we are, living in a United Kingdom – single currency, single language, single monarch, national parliament, all the rest over centuries. Intermarriage across the borders, and so on. And yet, when the Scots and the English run out to play each other at football or rugby my wife instinctively knows whose side she's on, and I instinctively know whose side I'm on. We're both British, but we don't feel any diminution in our gut sense of national identity.

What we've got to get across to more of our fellow citizens is that that's exactly what Britain's role within Europe can be about on a pro-reform basis, without compromising a pro-European stance. That is not Euroscepticism; that is realism. I think it's forward looking, and I think it's also something that would commend itself to Roy Jenkins.

Joschka Fischer

Thank you very much. I have listened very carefully to some excellent analysis today.

I agree with a lot of what was said but for the sake of discussion it might be helpful if I try to present you the German, or maybe the continental European perspective, on the present events.

I liked very much the picture of the house presented by Douglas Hurd but I have a different view. The European Union was a nice house, built during the Cold War. The back wall was the wall in Berlin and Iron Curtain. And, we built this house. When the British knocked at the door the French at first said "non" but then we accepted the British apartment in the house, and it was a bigger house. Then we had further enlargement step by step. We improved our understanding of Europe based on our different perspectives.

At least from a German perspective, we thought this would go on, not forever but for our lifetime, because nobody believed that this artificial division of Europe, the result of the Second World War and Cold War, would come to an end by an implosion, by a collapse of the Soviet Union. But that's exactly what happened. Almost overnight, the Wall disappeared, the Soviet Union disappeared and what was left was a very conservative European Community. We have a lot of problems but compared to other regions in the world we are not poor. We live in a nice house, protected by NATO and the transatlantic alliance, by our American friends.

It's not a question of the façade. It's a question that suddenly we look to the blue skies when we looked to the east. There was no wall any longer. And a lot of Europeans were knocking at the door. And these Europeans were and are poor; they had an interest to share our common values, democracy, human rights, independent media, a strong civil society and peace. No dictatorship, a free society, no more wars and economic development. These are the shared values.

The problems the European Union faces today are a result of this historical moment. Maybe for a German it's easier to understand the problems which are created by this unification process. We have been through a unification crisis. I was in France many times during the referendum campaign, and I listened very carefully. Of course, there was the same experience that we had in Germany during the unification period. There was this East-West conflict. Westerners think they pay too much. There is a fear of cheap labour and anything like that - the Polish plumber, you can see it now, a beautiful man in the newspapers but this was an issue in France. And losing jobs to the new member states, this was an issue and is an issue, not only in France but also in the Netherlands. The net contribution, was another important element. If you look at this crisis of the European Union, it is a unification crisis.

And secondly, it's closely linked to the concerns about globalisation. We have to ask ourselves, why it was possible that a directive, a European directive about services could be used, and the Commissioner could be used like the bad guy. I experienced that from the "no" camp in France, almost like,

Frankenstein's monster. This is the monster of globalisation. Bolkestein, the former Commissioner, was used by the "no" camp in a highly efficient way. "Enlargement", "service directive" were the practical terms for the fears about globalisation, losing jobs. These were the substantial elements for the French "no" and the French "no" had consequences for the Dutch "no".

There is another element and this is the third part of this crisis, it's about the identity. What is this European Union about? I mean the British position is a unique one, because you have fixed your problems with globalisation for the time being. Your identity is quite clear. Unification is not such a problem for you: you are in favour of it. But for much of the rest of Europeans this is a very serious challenge.

Germany, let me know talk about Germany. In the old union, Germany was the driving force. This was based on economic strengths but also the strategic and political will of the political class who also had the backing of the majority of the voters for democratic parties. We are very grateful for that, and we didn't believe that this would happen during our lifetime. We experienced the miracle of the unification of our country and now the opportunity of the unification of Europe. But on the other side, unification means also a tremendous challenge and not only in financial terms.

We have the second element, the adjustment of our economy, our social system, our welfare systems, to our growing older population and to globalisation. We will have an election campaign this autumn. Why? Why is the coalition in such a bad shape? Not because we sit there and think well everything is fine, no. I mean Chancellor Schröder started with Agenda 2010, a substantial reform of our labour markets and social systems and it was very painful, especially for our social democratic electorate. So he is doing exactly what Tony Blair is asking for the European Union. Looking to Italy and France, and knowing the history of the changes in your country; how many years it needed, and how many disputes have taken place, we understand that these parallel challenges of enlargement and transforming the basics of our economy and social system, by peaceful means in a democratic society, may cause enormous tensions.

And there is a third and unique element and I am very happy about that: war is not driving social change. We have to learn to do it in a peaceful way. In continental Europe, my generation is the first generation where war was not the driving force of social and economic change and this is the biggest achievement, the biggest success, of the European Union. The idea of European integration was based on the experience of the twentieth century and the self-destruction of the European states system by two world wars.

Then we experienced together the return of war to Europe with the collapse of Yugoslavia. We experienced this at the beginning of the nineties, and the answer to this war was a military intervention to stop Milosevic. This was to stop bloody nationalism but it was also based on the strategy that the European people in the western Balkans should move forward to European principles, European values and open the door to Brussels, for NATO and the EU. So when we talk about EU we talk also about solidarity, we talk about common values, and we talk about institutions, and therefore I would reject

the view that the constitution was a result of politicians who thought, “well, what can we do? We have nothing to do, so let’s think about constitutions”

How will you run a European Union as a union of solidarity and to understand what it means?

In previous decades we fought wars, now we pay for one another. I mean for Americans this must be a very strange experience. Listening to the talks of the presidents of Mexico and Brazil in Madrid at the European Latin American summit, they were really astonished that these crazy Europeans, the rich north is paying for the poor south, or the poor east. So this reflects an element of solidarity. The European Union as a common market will not survive without a spirit of solidarity and shared values. And you won’t have permanent shared values and solidarity without common and strong integrated institutions. And you cannot run a union of twenty-five, together with Bulgaria and Romania, twenty-seven, Croatia, twenty-eight, and who will follow? You cannot run a union without strong integrated institutions. And why is that so? Because the other element is the Member States, and we are all based on national egoisms and national interests. So how can you bring these national egoisms and national interests into a European compromise into a common policy?

This is the continuous challenge and if you ask for a ‘time out’ for institutions, fine. Many on the continent understand ‘time out’. It means time out for enlargement. They understand time out very well. In the ongoing election campaign it means going slowly with Bulgaria and Romania. This is a crucial year for Kosovo. We have now new opportunities with Serbia. And I think it was crucial that Haradanaj handed over himself to the court. So this put a lot of pressure on the Serbs and on the Croats. This is a crucial year. And then Europeans will say, “sorry folks, we are not so serious any more, we had a negative referendum”. We can do that, definitely, but we will then have to pay the price for that.

Therefore I think, looking more closely at the no votes. The major challenge is how we can strengthen the national role, the role of the national parliaments, in the European legislative process, in the law making process. Why is that so important? Because we must really stop the blaming game – national governments are blaming Europe, Europe is blaming national governments; and no one is responsible. Decision-making without clear responsibility leads us down a dead end road in a democracy. This, I think must be brought to an end. Therefore, the national legislative process must be much more transparent and much more strong. This was the idea of the principle of subsidiarity. And if we take the “no” vote seriously we must really consider how we move forward on this road because otherwise, at least from my experience, it is almost impossible to bridge the gap between Europe and the national democracies in public opinion.

Seven years ago the European Common Foreign and Security Policy was just beginning. Nowadays it’s painful to see, that we have three persons, three institutions. There is Javier Solana, the representative for foreign policy of the Council. Then we have the Commission for foreign policy and lastly the Commissioner for the Third World, and they are all human beings. Institutions are also driven by human beings. This will not work. Every six months another

presidency of the European Union, a Commission now with twenty-five members, and we will see a Commission of twenty-seven or more. We can say that people are not interested in these institutions, but they are interested in results, and bad results will be of vital interest, and this will lead to a very sceptical or negative vision or perception of the European Union. We need stronger institutions for the European Union.

Now we have demands for CAP reform. This is a major setback. I think that it is possible to reach a compromise about the financial perspective. And I share fully what my colleagues here have said about compromise. We have to transform our agriculture policy. It won't be done overnight. The British rebate in conditions of an enlarged Union cannot go on in that way because enlargement will increase it to eight billions from the current 4.6 billions. It is not fair that this will be paid not only by France and some others, including Germany, but also by Poland and all the other Member States. It is reasonable to reconsider this position.

In all these issues we have the pieces on the table and we know how to put it together given the political will. But the problem is more serious and I don't share the optimism of Douglas Hurd. What I experience now on the continent is not scepticism, what I experience is a lot of populism. To be Eurosceptic or anti-Europe sells. It is very tough to sell the pro-European position. Britain should be aware about the risk of substantial anti-European or Eurosceptic movements in Germany, France and some other important Member States on the continent. This will completely change the structure and reality of the European Union. I hope that Douglas Hurd is right with his optimism that this is scepticism and not populism.

I think we should move forward on all fronts. Time out, if we want time out but be aware that it also means time out for enlargement: this is dangerous. It's easy to discuss it here in London, but to discuss it in Vienna, Berlin, or Paris, the discussion about time out is mostly about time out for enlargement. My position here is quite clear, I think we have our strategic interests. What are they? An interest in peace. We cannot allow the development, in the long term period, of a Europe which is not focussed on Brussels, and Brussels means NATO and the European Union. I think this is crucial to European peace and stability. We must continue with the integration in the Common Market of the new Member States. It is very difficult to explain that it is not the membership of Poland which creates the problem, it is the collapse of the Berlin Wall. The German business community invested early in Poland, Romania and Hungary. It successfully generated economic development there and, by the way, it has benefited industry and helped employment in Germany. It is not directed against it. But it's very easy to mobilise negative emotions against these developments.

Secondly, we should have a period of reflection not 'time out'. If we look at the first two parts of the constitutional treaty, Part Two is very important for us on the continent. As a democrat, and primarily as a European democrat, I believe in the common space of freedom and security, but this means that step-by-step, in an evolving process, we will transfer rights to European executive institutions, which will touch individual rights of the citizens. I am in principle in favour of that, from a continental perspective, because this creates really

added value in security, against organised crime, drug trafficking and so on. It creates also a better understanding and new economic opportunities but it also means that we need the definition of the basic rights for the individuals. Otherwise it would be a step I would oppose.

In Chapter One we have all the elements of strengthening democracy, the subsidiarity principle, common security and foreign policy and the institutions you need for that. Chapter Three is our key communautaire. As far as I understand, the opposition in France was mostly directed against this chapter and we should heed that. We should reflect about enlargement. Reflection means we should have set a timeline with the Austrian Presidency, but I think we need also the instruments to move forward.

I greatly appreciate this debate tonight. We need more of these debates, and it must be a European debate. It makes no sense only to discuss German to German. For a European process we need the British position, we need the Italian position, we need European discussion. And this is for me the positive experience of the French referendum campaign; it was the first time we have had a real European debate, a real European campaign. This was my experience and it was for me a very positive experience.

We should also consider how we should tackle other issues: reform of labour markets; what do we mean about a more social or a more liberal model. Is this confrontation really a rational one? We need this European debate. We experienced, for example, the crisis of General Motors: and this was a European crisis, not only a crisis in Germany based on the level of Opel company. It had consequences for other countries. So we have to continue with these European discussions on all these issues.

I think we should prepare very carefully how we should proceed with this constitutional treaty. I don't want to continue this institutional debate, but we should be really very careful not to lose this treaty, especially not Chapter One and Two. I am sure that if we lose this draft then the risks for the Union are very high, because I don't believe that a European Union of twenty-seven, twenty-eight, will work only as a common market. If you agree with my view then one day you will need another effort, whether it will be this draft part of it or a new one.

And therefore ladies and gentlemen, it is not a question of my belief in Europe. It is a question of interest. We went on a very long road together. We have different traditions, different political cultures, different languages. It's a real union of twenty-five, it will never be a super state. We will never have a United States of Europe like the United States of America, because Europeans are different. We are proud about our history, our culture, our languages. But on the other side, if we don't stick together, if we don't move forward together, we will be defeated. And I think in the world of tomorrow, in the world of globalisation, looking to the new challenges, the new threats, looking to the new economy, the new competition, I think that only a strong European Union can guarantee peace, security, economic development and a free society in the twenty first century.