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Introduction: Does the EU still matter at 50?

I won’t attempt today to summarise point by point the argument I make in the pamphlet The European Union in the Global Age – not least because I don’t want to give anyone an excuse not to read it. What I want to do is to set out its key political argument about what we will need the EU for in the future, and to relate that argument specifically to Britain.

It’s natural at a moment like this to look back at the last fifty years and to celebrate what we have achieved in the European Union. Although there will no doubt be some who are more inclined to overlook the achievements and focus on what has not been done.
We have reversed the European historical experience – I hope permanently – which was interstate and continental conflict. We have drawn the continent together in a peaceful – if not always good-tempered – common pursuit of stability and prosperity. We have traded – as somebody once said – battlefields for meeting tables. We have created a new paradigm for nation states to work together through political and economic integration for collective benefit.

Most recently, we have reunited Europe after six decades of cold war through what is arguably the most successful foreign policy and the most convincing demonstration of soft power in history – European enlargement.

We've also got a cleaner environment, safer consumers, cheaper goods, stronger companies and the largest single market in the world as a result of Europe. We've also given the British tabloids three decades of headlines – glad we could help there.

Yet the paradox is that despite these achievements the EU has never been more doubted or questioned. Too many think it has underperformed so far and are unclear about its future role. I want to talk about why that is and what we do about it.

**From continental to global EU**

For much of the last 50 years, the challenges facing Europeans and the European Union have been national and continental. Democratic solidarity in the face of the Soviet Union. Reconciliation through economic integration. Economic growth through the rebuilding of Europe's industrial strength and the single market. Regional stability through enlargement. Whatever the shortcomings, whatever more we might have wished to achieve – in these respects we must count the EU as a success.

The biggest challenges of the next fifty years will be global. Climate change. Energy security. Economic migration. Development and poverty reduction. Regional conflicts and state failure. Proliferation. The integration of rising economies like China and India into the international system and the urgent need to strengthen our own competitive advantages in a global economy. This is what we mean when we talk about dealing with globalization and its consequences.
The question is what the role of the EU in such a world should be. To my mind – at the risk of oversimplifying – there are three broad and conflicting answers. One sees the EU as a protectionist wall behind which we shelter from globalization. A second says the EU has no future at all, because it is a regional irrelevance in a global economy – I call this the hyperglobalist view.

A third vision – my own – sees the EU as Europe's most promising means of engaging with and shaping globalization. A means for European states and European people to project their shared values and protect their shared interests in a changing world. A means to help Europeans adapt to the social and economic challenges that globalization brings. Not a wall against globalization but a way of engaging with it. A multiplier for national power. This is, in my opinion, our only credible choice.

Neither protectionism, nor hyperglobalism

We are living in a period of global change that is deeper, faster and broader than we have ever known. The United States remains the pre-eminent economic and political power, but increasingly we are moving towards an economically multipolar world. It seems likely that international politics will take a similar course.

Europe's relative weight in that world is declining as others rise in Asia and also in the Americas. That is a fact, but it is not inherently a problem. It is not a zero sum game. Europe is still the world's biggest economy and largest exporter and the growing global economy is a market for the goods and services we make and sell.

But the depth and rapidity of change is unnerving for many of us. Right across the political spectrum there are voices that call for protection. Protection from China; protection from economic migrants; protection for jobs and industries hard up against the comparative advantages of the developing world. This is understandable, and has to be addressed.

But the problem is that this politics of anxiety feeds a vision of the EU as a defensive bulwark against change. Our single market as a protective bubble in which our familiar economic structures can be preserved.
Which is fine if you're one of the lucky ones with a job for life. Or if your job or industry doesn't depend on an open trading system – as a growing number of European jobs and industries do. Or if you don't think too hard about our ageing population and the economic dynamism and international competitiveness that will be the only way to ensure that our social models – which we rightly value so highly – have a sound fiscal base.

To deny change, to cling on blindly to what we have today is to fail to prepare adequately for tomorrow. The defensive response mortgages the future to the present. And by rejecting change we may actually – I believe – be weakening the very instrument that is one of our best hopes for managing globalization – which is the EU.

It is telling that the No voters in the Constitutional Treaty referenda were overwhelmingly concentrated among those most at risk from Europe's transition to a knowledge and service economy – particularly older people and manual workers. These people are on the front line of globalization and social justice demands a strong public policy response to their fears and interests – and I'll say a bit about that response in a minute.

The Hyperglobalist case is no more convincing. It sees Europe as a regional anachronism in a global age and globalization as an irresistible force. It tends to see the tides of economic change as swamping the efforts of government to manage or direct it. There is little evidence that this is the case. Effective government in Europe is responding to economic change and balancing openness with social justice – perhaps most effectively in Scandanavia. The idea that the global economy is simply going to elbow government out of the way is either defeatism or wishful thinking.

**Europe's response to globalization**

So my vision of the European Union in the Global Age is as the vehicle by which we respond to globalization – not as our shield against it but as our means to shape it. To capture its benefits and mitigate its costs.

The federalist debate in Europe is over. That is no longer what we understand by a united Europe. The EU does not exist to put the nation state out of business – it
can't, it shouldn't and it won't. But many of the questions that dominate our politics – migration, the costs of energy, interest rates and climate change – are national in their immediate effects, but global in their wider causes. And they are global in their solutions.

So while nation states and national governments remain the heart of Europe's political system, nation states, acting alone and clinging to the traditional concept of national sovereignty, are simply not in a position to offer a response to many of the things that are affecting our future.

Effective national government in Europe today is about seeking to control less and enable more. And that means thinking about how and where power is best located.

We accept the principle of devolving power to make the nation state more responsive; the European Union is about pooling power to make it more effective. It seems to me that this is the crucial intellectual step into the politics of the global age in Europe. The EU gives us a capacity for continental scale action in a world of continental-sized partners.

Of course, to believe that, you must be convinced by the political bargain at the heart of the EU, which says that we trade a little power over our own decisions for influence over the actions of the Union as a whole. And this brings a net gain in our capacity to achieve our goals.

I know some people don't accept this. Either they think the interests of Europeans are too diverse – which is sometimes a serious argument but often just turns out to be shorthand for nationalist prejudice. Or they accept the principle of co-operation but reject the need for EU institutions to catalyse, oversee and enforce it. This is to will the end but not the means to achieve it.

National problems, European solutions

It's worth looking at how the bargain works in practice: take trade policy, my own field, where the EU negotiates with a single voice, overseen by Member States.
A unilateral British trade policy would be a little more liberal. But a unilateral British trade policy – as opposed to trade or investment promotion – would be inconsequential in global terms, in opening the markets of others and setting the right rules in a multilateral system. So what would it deliver for Britain?

And that is the point to which the anti-Europeans have no credible response. The alternative to a European policy is not a credible, effective national policy if you lack the weight to count. Try this simple thought experiment: do you think Britain has more chance of opening the Chinese market – which will soon be the biggest in the world – as an economy of 60 million or as part of an economy of 500 million?

Another example: There can be no purely national European answers to climate change. Green change depends on having a market large enough to offer returns of scale for the investments we need to make in emission-reducing technologies and alternative fuels. And it is only as a European Union that we have the collective political weight to lead the international debate. This is what we are doing, led by proposals from the Commission that are both realistic and ambitious.

A shared European energy policy is the essential counter-part to a common approach to climate change. As we become increasingly dependent on imported energy, often from unstable regions, European states need common approaches to greater energy efficiency, security of supply and more open, competitive energy markets. We must not be tempted down the path of ‘resource nationalism’.

Even in an area like development assistance where Member States quite reasonably guard their prerogatives closely, if we are really serious about rational aid delivery we must accept that coordinating more closely with other European member states would lead to a better spread of aid across countries and regions, fewer developing countries flooded by poorly co-ordinated visits and projects of Member States, fewer left to sink or swim on their own. Europeans are rightly proud of the fact that we give more aid than the rest of the world combined. We could give that aid a lot more effectively.

Our platform for competing in a global economy is the Single Market, which gives British companies automatic access to the largest market in the world and prepares them for global competition. Access to this market, combined with a light regulatory
approach is what has given the City of London its edge over other global financial centres.

Looking forward, we need to ensure the single market is adapted to the global age, focussing on core economic priorities. That includes putting in place the policies that maximise its economies of scale for businesses and consumers. By all means call on the EU to cut red tape – it's important and we are now doing it better. But don't let that descend into an attack on one of the pillars of European integration on which Britain's prosperity depends. See the forest – not the trees.

Strength at home also means equipping our workers for a new kind of working life, in which adjustment to change will be constant, and life-long learning the norm. Social protection will mean protecting not individual jobs or industries but the employability of individual workers. It means strengthening our education systems at all stages.

These are all national responsibilities, shaped by national choices. But they are also European problems whose solutions require European debate. We need a lot more thinking on this.

A positive politics of globalization – and the EU

So what we need today is for Europe's leaders to make the case for a positive politics of globalization that puts the European Union at its centre. That means arguing that globalization is not just negative; that it is not just about the threats. It is about cheaper goods, lower interest rates, more innovation, economic dynamism and poverty reduction.

Those who have proclaimed their commitment to the EU, on the continent in particular, have too often failed to make the positive case for globalization. Those who have made a positive case for globalization, as in Britain, have too often ignored the centrality of the EU’s role in the global age.

The debate about Europe’s institutions which will dominate the next few months is important but it must not take place in a vacuum. What we need above all is a debate on the policies and purpose of the EU. Our institutional answers will follow logically from that. I believe we need reform. But what we do must be the basis of how we do
it – not the other way round. In the pamphlet I set out some of the institutional changes I think are necessary.

**Britain and Europe**

Britain needs to put itself at the heart of this debate, just as the Prime Minister did successfully at the start of the UK presidency when he spoke to the European Parliament. The EU today is a place where Britain can feel at home in a way that it has not for much of the past 30 years. The European Commission for some parts of British opinion still seems to share the same objectives as Charlemagne and Napoleon (to name two of the more savoury comparisons). Like any organization, it has its faults. It can be too hierarchical and uncoordinated – and in the past it did have a tendency to overreach.

But in reality, the Commission today is in the vanguard of modernising the EU. It is mapping out, under the leadership of Jose Manuel Barroso, a long term strategic course for the EU. It does not seek to impose change on unwilling governments – it has nothing like that power.

None of this involves a European superstate, or the surrender of our national identity. The case I have just set out is about effective British projection in the world. About the pursuit of British interests by the most effective means. Is Britain, for example, influential around the world simply because of its colonial past, its military capabilities and its relationship with the United States – which is an enormous asset. Or because it is also a central member of the European Union and has that collective weight behind it?

Of course there are areas where the EU has not matched our expectations. One obvious example is in security and defence policy where our European partners are for the most part still reluctant to will the means to project credible force in support of our policy. The current situation in Afghanistan, for example, is hardly ideal. But this is not a reason to pull back.

As the debate over the EU's institutions grows in 2007, Britain will be faced with a choice. It can play a leading role in making the case for the EU. It can articulate the ways in which the EU can benefit Britain and Europe as a whole. It can explain the
changes we need in the way the EU works in order to adapt to the global age. Or it can watch others take the lead – possibly down the wrong road – criticise from the margins and be forced in the end to go along despite public opinion – or to veto. In either case a marginal role in Europe would beckon.

British European policy in all parties has shown a lack of political nerve. Not just in the face of the anti-European media, but in the face of the complex and difficult business of leading and explaining political change.

Too much Brussels bashing has left the positive European agenda detached from popular understanding and support. The illusion that British strength is defined by standing apart – by boycotts and showdowns – is just that, an illusion. We need to be strong in the European Union to have meaningful strength in the world.

There will always be differences between British parties on European issues. That is natural and healthy. But I detect in the language of all party leaders in the UK today the possibility to build a positive agenda for the EU – and to remove Europe as the poisonous issue in British politics it has been for the past 20 years. Of course, there is an ever-present temptation in the other direction. But to give into that temptation would not be in the country's interests. It can and should be resisted.