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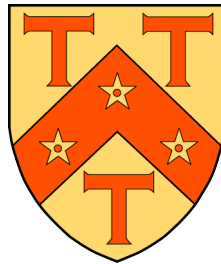
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ESC 30th Anniversary Year 2006

Annual European Studies Centre Lecture

by the Prime Minister

Rt Hon Tony Blair, PC, MP

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A week ago, I was in Cardiff at the Holocaust Memorial Service: as ever, an extraordinary and moving occasion, infused with the now familiar tales of extraordinary human evil, human suffering and human good. I attended as a political leader. But the next day, I went to my child's school, to the Holocaust Day Assembly: altogether different, more low key, more simple and there I was, as a parent.

I listened to the teacher tell the children about the Holocaust and, of course, about Anne Frank; about her life in hiding, how she was discovered, was taken and died in a concentration camp. He read from her diary. Shortly before she was captured she wrote:

"It's utterly impossible for me to build my life on a foundation of chaos, suffering and death. I see the world being slowly transformed into a wilderness, I hear the approaching thunder that, one day, will destroy us too, I feel the suffering of millions. And yet, when I look up at the sky, I somehow feel that everything will change for the better, that this cruelty too will end, that peace and tranquillity will return once more. In the meantime, I must hold on to my ideals. Perhaps the day will come when I'll be able to realize them."

Her diary, as you know, was left behind in her hiding place; and unknown to her, preserved and kept.

And here I am, as Prime Minister of one of the countries in that war reading from it in the company of friends and allies from all over the Europe that now, 60 years on, is the biggest political union and largest economic market in the world, whose citizens live in democracy, peace, freedom and prosperity.

Out of the immensity of the evil that was fascism came a new vision, in every sense a rejection of the values of the Nazis and an affirmation of the human will to do good.

There is something to me, at least, very solemn, moving and right about recalling those days and giving thanks for the idealism and faith shown by Europe's founders. I know that, today, this is not enough to justify the EU to a different generation living in different times. I know, too, that an appeal to sentiment is an unsatisfactory basis on which to solve the practical, contemporary challenges Europe faces.

But I also think that the awesome nature of what the founders did, the depths of the passion and inspiration it took to do it, should invoke in us a little of their spirit; and create in us a suitable humility, when we turn our attention to Europe, in the year 2006, in the era of globalisation.

My argument to you tonight is as follows:

(1) History is on the side of Europe. Despite all the setbacks of recent years, I have no doubt that, in times to come, Europe will be stronger and more integrated. The fact that we have now been enthusiastically joined by countries like Poland, the Czech Republic and the Baltic states, which for more than four decades after Anne Frank wrote her diary suffered under an evil comparable to that of fascism, is inspiring evidence of this forward march of European history.

(2) At this moment, however, for Europe to succeed, it needs to reconnect its priorities and pre-occupations with the challenges its people face; demonstrate visibly the 21st century relevance of Europe; and give the policy answers to these challenges first and then let institutional change help deliver them; rather than the other way round. First decide what we want to do; then work out how to do it.

(3) As for Britain in Europe, globalisation, enlargement and the new security threats Europe faces, not only make the case for engagement not isolation more powerful; but also mean that these changes in Europe, especially enlargement, offer us an historic opportunity to cure the sickness that has afflicted Britain's relationship with the project of European integration ever since it joined the European Community more than thirty years ago. Today, we have a shining opportunity to become part of a new consensus about the EU in the 21st century.

Let us start with Britain. Many times - and I did this myself in Birmingham

5 years ago - people have lamented Britain's absence from the founding conference of Europe. Many times, the wooing by Macmillan of France and the "Non" of General de Gaulle have been described. Re-reading now the story of that pursuit - on the British side, ardent, almost desperate- and the rejection - fundamental and visceral - I am struck by the empathy I feel for Macmillan - in my judgement, a very considerable and perceptive leader. He pushed, as far and further than he thought he could go, to land the prize; but it wasn't quite far enough. Reading the account of it, I can feel the calibration he was making in trying to calculate the balance between the overwhelming need for Britain to be part of Europe and the compromises of policy needed to do it. Already at that time, when the European Community was still young, the political, almost cultural difference in approach between Britain and Europe, was evident and working its mischief.

For years, pro-Europeans have reflected on this and thought entirely of the detriment to Britain. Left out at the start, spurned at the first attempt at membership, we think of what might have been for us.

But there is a distinctive way of looking at it; what might have been for Europe.

From the beginning, the drive in Europe was always for more institutional integration. At the outset, this was not just natural but necessary. But over time, it became almost self-perpetuating and certainly self-absorbing. At every stage, a challenge appears. At every stage, an answer: more Europe. But more Europe often judged according to more QMV, more powers, more institutional change. And, of course, again, much of it was needed. How can you get a single market without QMV?

But it is worth recalling: the political vision of a single market was articulated first; the change in powers then fashioned to deliver it.

Too often in recent times, more Europe has been used not to answer a question but to avoid answering it.

For example, a single market benefits from a single currency. But a single currency should come with the completion of the single market. In truth, however, the political decision to create a single currency was taken first; the economics were treated as if they could be altered by political will. The reality is they can't.

Do not misunderstand me. I believe that the single currency will ultimately be to Europe's benefit and Britain, of course, retains the option of joining it. My point is very simple. The economics had to be got right and the politics follow. Instead, a political decision was taken by France and Germany (whilst Britain concentrated on a largely presentational opt-out); a timetable imposed and the economics made to fit. In time, this will sort itself out. But it will take time.

The best example lies in the debate over Europe's Constitution. We spent 2 or 3 years in an intense institutional debate. Giscard, with characteristic brilliance, negotiated a solution. There was only one drawback. Apart from better rules of internal governance, no-one in Europe knew what it was meant to solve. As the problems of the citizen grew ever more pressing, instead of bold policy reform and decisive change, we locked ourselves in a room at the top of the tower and debated things no ordinary citizen could understand. And yet I remind you the Constitution was launched under the title of "Bringing Europe closer to its citizens".

Worse, there became a growing mood amongst European people, that Europe, unable to solve its actual problems, took to solving imaginary ones: by regulation no-one wanted, implemented in ways everyone hated.

This finally took grip when France and Holland voted no. The evening of the French result, I remember being in Italy with friends, and someone saying, in

despair at the vote: "what's wrong with them?" meaning those who voted 'no'. I said "I'm afraid the question is: "what's wrong with us?" meaning "us" the collective political leadership of Europe.

Hence my speech of 23 June in the European Parliament. There is a myth that has been created - and probably too deeply entrenched now to bother contradicting - that the speech was an attempt to claim that a 6 month British Presidency could, in itself, transform Europe. Even, for me, that would have been audacious. In fact, my purpose was to set out a path to change, including, over time, Budget reform. Most of all, the speech tried to say: face the challenge of change first and then talk about rules to get there. Don't think that talking about the one is a substitute for doing the other.

The important thing, however, was not so much the speech as the reaction to it. This was not seen as the usual idiosyncratic "British" speech. It struck a chord in Europe. People aren't anti-Europe. The French and Dutch "Noes" weren't anti-Europe. They were anti a Europe whose relevance and dynamism they felt was in question.

Herein lies Britain's - and Europe's - opportunity. The British problem with our membership of the EU may derive from the curious and tortured circumstances of its birth. But long since, it has taken on a unique life of its own. The dilemma of a British Prime Minister over Europe is acute to the point of the ridiculous. Basically you have a choice: co-operate in Europe and you betray Britain; be unreasonable in Europe, be praised back home, and be utterly without influence in Europe. It's sort of: isolation or treason.

The Budget negotiation in December offers a classic study in point. There were two major self-interested reasons for Britain to settle. First, we had championed enlargement. The Central and East Europeans were and are our allies. They were desperate for a deal; their economic progress depended on it. We would have alienated them not temporarily, but permanently by refusing one. What's more, secondly, though the Budget debate was portrayed here as: "why should Britain pay when others aren't?": the reality was the opposite. Because the overall budget was staying roughly at the same amount, but being re-distributed west to east, the issue was: "why should others pay and Britain, through the rebate, refuse to pay?". Failure to do a deal would therefore have hugely alienated everyone, and, moreover, been pointless, since on the merits of the case, we, along with all the other original 15, would end up paying more, in any settlement, whenever agreed. And, of course, the deal means for the first time in our membership of the EU, Britain will pay around the same as France and Italy.

So there I was, stuck in Brussels, doing what was manifestly in our country's interest, resisting what would have been a mad alienation of everyone else, not for a good reason but a thoroughly unjustified one; and batting off absurd

arguments from our opponents that we should have negotiated, there and then, radical CAP reform - when not merely France but 12 other EU members had said they would not negotiate on that basis and the other 12 weren't interested in pursuing it at the expense of a Budget agreement.

To be frank, nowadays, I take a kind of perverse pleasure in it all. But it isn't sensible. The baleful lurch of the Conservative Party into an almost wholly negative view of Europe compounds the problem. The fascinating thing is that if, today, you dusted down the Bruges speech of Mrs Thatcher and put it in the mouth of one of the Conservative leaders, it would almost certainly be seen as a sell-out to Europe, so far along the path of hostility to Europe have they moved.

Why has it happened? Of course, the fevered frenzy of parts of the British media don't exactly help. I have long since given up trying to conduct a serious debate about Europe in certain quarters.

But it's too easy just to blame it on the media. What has happened is more interesting and it has a lesson for Europe as well as Britain. In reality Euro scepticism has separate strains running throughout it. The first is plain old anti-Europe, probably anti-foreigner. They just detest the whole business. "Why should we pay for the sewers of Hungary?" as one of the UKIP MEPs put it to me. Then there are the ideological sceptics: opposed to the whole concept of a supranational organisation. Their objections are intellectually pure, albeit practically outdated. They reject sharing sovereignty, accepting common rules, majority votes and so forth. The more honest amongst them admit that this means rejecting EU membership itself.

The other strain, however, cannot and should not be dismissed like that. This is practical scepticism. This is a genuine, intellectual and political concern about Europe as practised; not about Europe as an ideal or a vision or even a set of values. This is not xenophobia, nor devotion to undiluted national sovereignty, but a worry about Europe's economy being uncompetitive; its institutions too remote; its decision-making too influenced by the lowest common denominator. Because the prevailing wisdom of Europe has seemed to be so hostile to those concerns, this strain became merged with the other. The result has been a parody of Europe when what is required is a critical analysis.

The reason why - counter-intuitively given all that has happened recently in Europe - I am now more optimistic about Europe and Britain's place in it is that I think the prevailing wisdom of Europe is shifting and fundamentally. Europe is not becoming Euro-sceptic; but it is actively, and increasingly clearly, re-thinking the forward march of European cooperation and how it is best achieved. It is no less pro-European. But it has been shocked and jolted into re-examining what to be pro-European means in the times we live.

The opportunity therefore is for Europe to re-shape a different vision of its future; and for Britain to feel comfortable within it. I am not saying the opportunity will be taken. But it is there, apparent and available to be seized.

I am fortified in this view because there are powerful long-term forces driving this change of attitude.

Globalisation is not just producing vast economic and social upheaval across Europe. It is compelling European nations to face up to the true nature of their economic challenge: not within Europe but from outside it, from China, India and the new emerging economies of Asia. There is a real issue about the pace of economic reform in Europe; and a real anxiety, which I share, that it's not sharp or quick enough.

But we shouldn't ignore an obvious truth: the direction of reform is beyond doubt. Yes, 40 per cent of Europe's Budget on the CAP is too much: but it was almost 80 per cent and direct payments will decline. R & D spending is increasing. Yes, the Lisbon agenda for economic reform has been more honoured in the breach than the observance. But it is not seriously disputed as the right agenda. The European social model is the subject of a fierce debate. But the very fact of such a debate is a signal people know we can't stay as we are. For the first time, European Commissioners are receiving praise for withdrawing directives and regulation, not pushing them. In President Barroso, there is a leader who is unhesitant about the need for reform; and the very choice of him was not an accident, but an expression of the need for such reform.

Europe in short, must be global or fail. And, increasingly it knows it.

Enlargement both anticipates this and reinforces it. It does so because of the number of countries that are new members or set to join. It does so because the new members are themselves the product of a history that impels them towards a Europe that is open, free, Atlanticist and ready, willing and able to compete. Not for nothing have they been Britain's allies in the political and economic arguments. Just as we find the entry of the Central and East Europeans who come to work in our countries a source of energy, ambition and drive; so the EU is enlivened by their countries' new influences, ideas and experiences. The historic reunification of Europe, after the artificial division of the Cold War, is transforming Europe's political culture and alliances for the better.

And as new members stimulate and engage the old, so the older, and more particularly, their people, reflect on Europe: what it came from, what it is and what it should be. I repeat: I don't believe people in Europe have turned away from the European ideal. But the emotional impulse towards Europe that a description of its birth from the horrors of war provokes in my breast, and

which I described at the beginning of my speech, is not enough. Europe is no longer in search of a cause but a reason.

We don't need to look far to find the reason. The world is more interdependent than ever. Policy on trade or climate change or war cannot be conducted alone. Statesmanship is shared or, all too often, futile. Nations are obliged to cooperate. If the EU didn't exist, we would have to invent it.

But today's generation want to know that the challenges Europe faces are being met by a cooperation that is practical and effective. In other words, the very cultural/political reservation that was particularly British, is now widely shared by millions of our fellow Europeans. People are not impatient with idealism; but impatient with it being expressed in ways that do not yield practical consequence.

Give them a Europe-wide programme to beat organised crime coming in from Europe's borders and they will support it. Tell them Europe has decided to harmonise rules over vitamin tablets and they get irritated. A single market needs certain rules standardised and harmonised in order to work. But people want that shown, case by case; not assumed as a matter of doctrine.

People will not buy more Europe as an end in itself. They will ask; why and what for? But answer those questions well and they will buy it as a means to an end they understand.

I see a Europe around me that has a long term vision in need of a short term strategy. The vision is the one I share with Europe's founders: an ever closer union of nation states, cooperating, as of sovereign right, where it is in their interest to do so. I don't support ever closer union for the sake of it; but precisely because, in the world in which we live, it will be the only way of advancing our national interest effectively. The nature of globalisation; the emergence of China and India; the fact that no European country will in time be large or powerful enough to be a major power on its own: all of this means, to me, that the nations which do well will be the ones that build the strongest alliances. We in Europe have the two best: each other; and the USA. So keep them strong.

No, the issue at present is not the long term vision, but the short term strategy to re-align today's reality with it. Let me explain. I accept we will need to return to the issues around the European Constitution. A European Union of 25 cannot function properly with today's rules of governance. Having spent 6 months as EU President, I am a good witness to that.

But, right now, I say: discuss the way forward by all means, but don't let us get drawn back into making this debate the focus of our activities. If we do so, we will damage the very vision the constitution was supposed to embody.

Now is the time of the practical people. There is an agenda that cries out to be addressed.

1. Economic reform. We all say we want it. We all know it is important. Our people need it. Let's do it. The Services Directive. The Commission Deregulation Initiative. The 2008 Budget Review. University Reform. R&D. Science and Technology.

2. Security. All of us are under threat from terrorism. It can only be tackled together. Illegal immigration has to be confronted. Organised crime is on our streets. Let us take the measures to fight it, including on the policing of our borders, the use of biometric visas and much greater co-operation across Europe on targeting, disrupting and convicting the criminal gangs who menace us.

3. Energy. Both for reasons of climate change and energy security, the informal summit of EU heads at Hampton Court last autumn put this on the agenda and not a moment too soon. Energy is becoming an instrument of leverage and in some cases, intimidation the world over. Yet as President Chirac said recently, we in Europe have no clear common policy to define our own needs and interests. Let us get one. Get a functioning internal market in place; complete a common EU infrastructure and make energy policy a priority in external relations.

4. Defence and Foreign Policy. From global poverty and development to the MEPP and peacekeeping and common defence policy. Europe has a strong common imperative to make our presence, values, and objectives felt. Let us re-invigorate it.

Address this agenda, work on the practical but radical steps to achieve it and the context in which to discuss Europe's rules would be framed. Then do what needs to be done to help to deliver the agreed, political programme. But don't start with the rules. Start with the reasons they are needed.

Europe won't work if done in the old way. The modern challenges make this so. The size of the Union makes it so. The EU doesn't have to create its relevance to its people today; it just needs to discover it. It's there, in the practical application of Europe's collective power to the everyday problems that crowd in on its people's everyday lives.

All of the above is obvious. All of it, urgent. Most of it, in broad terms, agreed. France, as recent speeches by both Dominique de Villepin and Nicolas Sarkozy show, is talking up a new agenda for European action. Spain, through Prime Minister Zapatero is leading the way on the agenda of illegal immigration and organised crime.

Chancellor Merkel has demonstrated that under her leadership, Germany will be a force for reform.

Over Iran, Lebanon, Syria and the MEPP - in part due to the outstanding work of Jack Straw - Europe and the USA have not been closer since the Iraq conflict.

The irony is that after the shock of enlargement, the crisis of the referendums, the opening of accession negotiations with Turkey and the agreement of the Budget, with a firm process of reform midway through the next financial term - after all these alarms and excursions - there's never been a better time to be optimistic in Europe or enthusiastic about Britain's part in it. The British anxiety is a shared one with the people of Europe; the reform agenda an agreed one with the mainstream of European governments. 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.

For Britain, this is the last time imaginable to walk away. It is actually the time for a commonsense alliance: of the pro-Europeans who were worried about the direction of European integration and the genuine Euro-sceptics who were worried about British disengagement from Europe. Each of us had similar concerns and often a similar agenda but drew different conclusions about Europe's capacity to change. That capacity is now there. Let us capitalise on it.

For Britain, such a possibility in Europe opens up its own possibility for us: to forge a new alliance between those of us who have held throughout to Europe's ideals - even when, from time to time, the practice seemed so far removed from them - and those whose despair at whether Europe could change, gave way to a scepticism about the whole project.

Re-reading my speeches about Europe over the years, at the beginning, the task was to put Britain back at the centre of the European debate. We did so but it was never easy. There was always a feeling that at best, the British role was to be the pebble in the shoe; the thing that made others stop and think; but not the one that did the walking.

Gradually we changed that. We achieved enlargement. We took over, with France, the shaping of European defence. We formulated the economic reform programme from Lisbon onwards. Even where we divided from others, we did so with allies. Finally, we put through a Budget deal that most thought couldn't be done.

It is a new Europe. It has the potential for a new direction. We are part of it, in at the ground floor. It's where we should have always been. Now we're there, we should stay there.

There is no other way for Britain. Britain won't leave Europe. No Government would propose it. And despite what we are often told, the majority of the British people, in the end, would not vote for withdrawal. So we are in it. And it is changing. And in a way we have sought and fought for. The manner in which we originally joined the European project has dogged us for too long. From now on, let the manner of our staying in define us.