

The EU after the Lisbon Treaty - aspirations and realities

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No-one could reasonably argue that the first year after the entry into force of the Lisbon Treaty last December has so far been an easy one for the European Union, nor one crowned with great achievements. Perhaps it was foolish to have ever thought it might have been. The long march towards Lisbon's entry into force had been too replete with alarms and excursions, lost referendums and the dead end of the constitutional treaty, for the reality to be other than something of an anti-climax. Lisbon, unlike the Single European Act and Maastricht, had no grand idea at its heart, no single market or single currency, to give clear policy, sense and direction to its implementation, and no transparent set of milestones by which to measure its success or failure. Rather it was an accumulation of important and desirable institutional reforms whose true value will take many years to establish. And then three inter-linked narratives which recently have dominated the scene have complicated, and to some extent, overshadowed the real success which bringing Lisbon into effect represented.

These three inter-linked sets of events are firstly the financial and economic crisis which has struck the Eurozone since the beginning of the year and since the full scale of the problems of its economically weaker members Greece, Portugal, Spain and Ireland, with Italy not exempt from that classification - have been revealed to the markets which have punished them cruelly. Then, secondly, the original appointments to the two new posts created by Lisbon, the full-time President of the European Council and the double-hatted High Representative for Common Foreign and Security Policy and Vice-President of the Commission, were perceived as reflecting a lack of weight and ambition; and the latter's time has since been heavily absorbed by the necessary, but time-consuming and finicky, task of setting up the new European External Action Service. And thirdly there has been a new chapter in the long-running saga of Britain's troubled relationship with the rest of Europe following the formation of the coalition government after our general election in May. Two of these three developments have clearly impacted negatively on perceptions of the Union both inside it and more widely around the world. So it would be no exaggeration to say that the Union has not faced as daunting a set of challenges since the 1970s when rampant inflation and high unemployment following the Yom Kippur war and the quadrupling of oil prices, combined with a leadership vacuum to cripple all forward movement and since the 1980s when the long dispute over Britain's budgetary contribution had the same effect. But the mere mention of those two earlier crises should remind us that the European Union has given plenty of proof of resilience in the past and has not only overcome the pretty serious challenges it faced but emerged strengthened from them. So a great deal of the gloom and doom which has been dispensed in recent months, by the perennially Euro-sceptic press in this country but also more widely, in Germany for example where the reaction of the press to the Greek financial crisis considerably complicated the handling of it by the Merkel government, has been, I would suggest, grossly overstated.

Looking at each of these three narratives in turn, I will start at home and with the one which is a comparatively good news story, although, as I will try to explain, it is certainly premature to throw our hats in the air and to assume that all will now proceed smoothly and positively. I suppose that all of us would admit that things have turned out better for Britain's relationship with its partners in Europe than might have been

expected at the beginning of the year. At that point in time the nightmare scenario of a Conservative government with a wafer-thin overall majority, dependent for its survival on its most extreme Eurosceptics, did not seem fanciful; nor did the prediction that any attempt to implement the whole of the profoundly negative content of the Conservative Party's manifesto on Europe would have precipitated major tensions with our partners and the prospect of humiliation and a further strengthening of Euroscepticism within that party and the country when it transpired that much of it was simply un-negotiable. So, for those who feared such a scenario, the formation of the coalition and the abandonment of marginalisation, temporarily at least, of many of the more extreme ideas, repatriation of policies, a sovereignty act, can be seen as a merciful, if unexpected, deliverance, even if the referendum lock which the coalition parties seem determined to enact could well over time be as damaging to its progenitors as to the crazy federalists in Brussels against whose ambitions it is supposed to guard. Welcome too has been the pragmatism with which the government has so far handled decisions in Brussels, even relatively unpalatable ones, and the establishment of good relations at the senior level of government with our European partners; and also the absence of *Schadenfreude*, the recognition that, to coin a phrase, "we are all in this together" when commenting on the ongoing Eurozone crisis.

But the current relative harmony and absence of serious tension in Britain's relationship with the European Union provides no grounds for complacency. For one thing the strong thread of Euroscepticism in the Conservative Party has certainly not gone away, it is more that other issues have been given a higher priority. It is all too possible that, as the next election approaches, or as tension with their Liberal Democrat coalition allies surfaces, some of the more objectionable features of the 2010 manifesto will regain prominence - the attempted repatriation of policies for example, or the Sovereignty Bill, which I find it hard to believe would be as harmless as its progenitors would have us believe and which would be difficult to reconcile with the primacy of European law. The temptation to move back in this direction will be all the stronger if UKIP and the BNP seem to be expanding their foothold. And of course if the next election were to result in an overall Conservative majority the consequences of such a shift could be much more serious than they were earlier this year. And then, while one should certainly be grateful for the pragmatism on European policy which reigns currently, pragmatism alone is hardly a recipe for Britain successfully exercising its influence on the formulation of policy in the European institutions, The risk is that pragmatism will be taken simply as a willingness to yield to pressure from others. The coalition government has not, as yet, set out any coherent overall picture of what it wants the European Union to be concentrating on in the next few years as opposed to what it does not want it to be doing. It surely needs to do this before too long. There is no lack of material readily at hand, and that without any need to go near the minefield of institutional reform. Measures to complete the single market, in services in particular, and to roll back some of the state subsidisation which has crept back in under cover of the recession; further progress on enlargement to help stabilise the Balkans and to offer real hope to Turkey and a small glimmer of light to Ukraine; a leadership role in the faltering climate change negotiations to carry them beyond the inadequate Copenhagen Accord and to compensate as far as possible for the loss of US leadership following the stalemate in Congress; a vigorous attempt to revive the stalled Doha Round of world trade negotiations which should become the centrepiece of any exit strategy from the economic crisis; strong support for the Common Foreign and Security Policy and the establishment of an effective European External Action Service. All these themes and more, could, and should, I would suggest, be woven together into that coherent overall picture which is so essential if we are to maximise our influence in Brussels and to win the argument with the Eurosceptics at home.

But clearly the theme of Britain's role in Europe will be overshadowed in the period ahead by the Eurozone crisis and its members' response to that. Only very foolish optimists could have believed that the Eurozone was going to sail for ever through calm waters as it had done with such success in the early years of its existence. Clearly some quite serious mistakes were made before and during the period when it became clear that the financial crisis of 2008/09 was metamorphosing into a sovereign debt crisis, with Greece's shortcomings showing signs of infecting a wider range of member states. The insouciance with which the French and Germans junked the no doubt excessive rigidities of the Stability and Growth Pact was one such; the hesitant response to the Greek crisis and the unwillingness to turn for help to the International Monetary Fund was another. But does this justify the gloom and doom which is now being purveyed about the future of the Eurozone as a whole? I do not myself believe so, nor am I convinced that there is no safe middle ground between a great leap forward with new treaty obligations on the one hand and disintegration on the other. That of course will be damned by some as a mere prescription for muddling through. But muddling through is what the European Union has often done best in the past. Let us see what the Commission and the President of the European Council's reflection group comes forward with. It is hard to believe that treaty change, inevitably requiring a lengthy period for negotiation and then a fraught process of ratification should be given a high priority when re-establishing confidence and a sense of shared and effective policy-making is what is needed. As to disintegration or expulsion, many of those who canvass this as a theoretical possibility seem to me to underestimate grossly the political investment that has been made in the setting up of the single currency. Quite apart from the horrendous technical problems for any country of re-creating a national currency where none exists and of avoiding a run on its banks, I find it exceedingly unlikely that any government on either side of the equation will contemplate such a fundamental political humiliation.

At the heart of the Lisbon Treaty were a number of innovations designed to make the European Union's Common Foreign and Security Policy more effective - most significantly the establishment of the European External Action Service and the double-hatting of the High Representative and the Commissioner for External Relations. So far this year not much has been seen of results from these two innovations and the process of setting up the EAS has given rise to much turf-fighting both within institutions - within the Commission in particular - and between institutions, with the European Parliament doing its best to grab a slice of the CFSP action and with the member states jockeying for a share of the top EAS posts. Like making sausages, this has not been a pretty process; but it was a necessary one, and Cathy Ashton was right in my view to have given it a high priority although that has not helped her public image. It will take years, if not decades, to judge the success of the EAS and the double hatted High Representative but here are a few yardsticks by which to measure their performance. Firstly, are they reducing the amount of turf-fighting between and within institutions which the European Union has, over the years, brought to a fine art? Secondly, is there a greater degree of policy coherence? We are all too familiar with the discordance, sometimes outright contradictions, between the European Union's various external policies. The agricultural policy which encourages exports that damage the farmers in third world countries; the absence of a genuine energy policy which prevents the development of a strategy towards Russia; the demeaning alacrity with which each member state gives priority to burnishing its own special relationship with the United States. There are plenty more examples. Thirdly, there needs to be a much greater degree of professionalism, from top to bottom, in the staffing of the new EAS than there has ever been in the network of Commission offices which already exist around the world - better knowledge of the languages and cultures of the countries in question, better training in the skills of diplomacy, and above all an end to the system by which many headquarters staff in Brussels never serve overseas and overseas staff have an

inadequate understanding of the working of the Union's institutional machinery. And it will be crucial to avoid cronyism and Buggins's turn considerations, dominating senior appointments. And then fourthly, more effective outreach. Far too much time has hitherto been spent in internal confabulations designed to perfect the EU's statements of position, far too little on persuading the EU's partners of their validity and seeking to match them to the interests of other parties without which agreement will not be reached and common action to meet global challenges will not be agreed - that was to some extent the sad story of last year's environmental conference in Copenhagen. Part of better outreach will also mean better public diplomacy by the Union's diplomatic representatives.

But none of this will be of much avail if, at the centre, effective policies are not shaped up by Foreign Ministers in the Council in response to events in the outside world and if a far more effective definition of the Union's interests and of how best to protect and further them is not achieved than has been the case hitherto. The Union will have to fight its corner in a multi-polar world in which its relative weight will be declining when compared with that of the new emerging powers of China, India, Brazil and a number of others. That should not be a cause for despair, nor for a dramatic scaling down of Europe's objectives. The European Union never was going to be a superpower and does not aspire to be one. But it does have a major interest in securing that effective multilateralism which was established as one of the main objectives of its security strategy as long ago as 2003 but which has for too long remained little more than words on paper. No other player on the international stage has a greater interest in the development of a rules-based world than does the European Union but it will not just drop effortlessly into our lap. Indeed new world disorder, a kind of loose and ineffective cooperation between states which will leave many global challenges unanswered is a good deal more likely. So the European Union will need to show leadership and determination over a sustained period of time - on trade policy, on climate change, on nuclear non-proliferation and disarmament, on the handling of failed and failing states, on achieving the Millennium Development Goals - if its interests are not to go by default and if it is not to become a purely passive, reactive entity, being shaped by rather than shaping international developments.

I have, I fear, tried your patience considerably in talking about the European Union's aspirations and realities following Lisbon. And in so doing I have not even mentioned the major budgetary negotiation on the financial perspectives for the next seven years which will inevitably give rise to a good deal of tension, exacerbated by the fiscal constraints under which all the member states and the Union itself will be operating during the period of negotiations; nor about the need to strengthen the Union's competitiveness more effectively than was done under the previous Lisbon programme; nor about how to square the circle of the pressures from immigration and from the European Union's demographic predicament and ageing population. If all that sounds a bit daunting, then just reflect for one moment how infinitely worse off we should be were we sitting amongst the ruins of the Lisbon Treaty, with ten years having passed in institutional wrangling to no practical purpose. As I argued earlier in connection with the current financial and economic crisis, Europeans need to avoid the choice between two extremes. Just because we do not aspire to be a superpower does not mean that we are condemned to being a global wimp. Nor should we underrate the virtues of compromise and the reconciliation of apparently conflicting interests which, after all, are what have brought the European Union so far from the tragedies of two world wars and the Cold War that followed them.