

Where Now for Europe? Blair and the Constitution

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The European Union is an experiment. Nothing quite like it has existed before. It is not just a trade bloc, but neither is it a state. It is different from organisations like the United Nations because its members have agreed to pool aspects of their sovereignty in order to deal with collective problems.

The EU began essentially as a Cold War entity, defining its identity in relation to the Soviet Union on the one side and the US on the other. Since 1989, it has striven for a new role, concerned much more with coping with the impact of intensifying globalization. From its inception the EEC/EU has been continually in process, a construct with no finality and it remains so today. Indeed, many have argued that it can only keep going as long as it continues to move ahead – the famous bicycle metaphor.

As an historical experiment, it has no guarantee of long-term success. The bicycle metaphor is not in fact a very good one. The EU is more like a slowly accelerating car, which gains pace as it moves. It has faced and surmounted successive crises – each crisis so far has served as a stimulus, allowing it to move up a gear, the most important recent case being the challenge of incorporating the former Communist states of Central and Eastern Europe. With the de facto demise of the proposed Constitution, however, the EU has entered perhaps its most serious crisis so far. This time it isn't just a question of finding another gear. The car needs to be taken back into the garage and thoroughly overhauled before taking to the roads again. And there is always the chance that at some point it may break down irretrievably.

The Constitution was not just a consolidation and integration of previous European treaties. It was an attempt to broker a compromise between two different views of European identity and, lying behind them, contrasting versions of Europe's 'social model'. If the countries of the EU had voted 'yes' to the Constitution, that 'yes' would not have had a unitary meaning – and the same applies to 'no'. Those campaigning for a 'yes' did so with different arguments, with France and Britain representing the outer poles. In France the Constitution was presented by its backers as enshrining a commitment to a solidary, integrated Europe, a haven against free market capitalism. In Britain a referendum campaign would have been based on the opposite interpretation – that the constitution portrays a flexible, open, outward-looking Europe.

We cannot go on pretending these two are compatible. At this point, if we are to get the car back on the road we have to choose. It is not simply the case, as some would have it, that the elites have failed to explain the European project satisfactorily to the masses. The current crisis is not one of communication, or even of the 'remoteness' of the EU institutions from the people. It is one of identity and economic performance. Tony Blair made the point effectively in his speech to the European Parliament of a few days ago. He believes – and I believe – that a successful Europe cannot be built around Mr Chirac's model. The 'no' in France and the

Netherlands expressed fears about globalization and its consequences for jobs, pensions and social security. A defensive protectionism may offer short-term shelter, but in the longer run would prove disastrous in a world of rising global competition, marked by the entry of major new players such as China and India onto the world scene.

The third way – the effort to combine social inclusiveness with economic dynamism – has worked well in Britain. The UK has low unemployment, very high levels of employment with 75 per cent of the labour force in work, and is embarking on a programme of large-scale social spending. What Mr Blair was proposing in his speech was effectively a third way for Europe as a whole - the employment level in the EU-15 is only 64 per cent. Europe, he argued, can safeguard its social model in a globalising world. But it can only do so by means of quite radical reform – including much greater investment in education, science and technology, and reform of welfare systems and labour markets. The Common Agricultural Policy must be restructured, and soon: billions of Euros are poured into an industry that employs only a tiny fraction of the workforce.

The problem is how to convince those who feel that to reform Europe's social model is to betray it. Here I think Mr Blair made some tactical and substantive mistakes in his speech, which he should correct in subsequent versions. He spoke simply as though the rest of Europe should learn from the British way of doing things. He should have stressed that the third way was pioneered, for example, as much in the Scandinavian countries as in the UK. Britain, moreover, lags well behind Scandinavia in combining economic competitiveness with elevated levels of social justice. Mr Blair could and should have said that Britain can, and has, learned from others in Europe in developing a model that all in principle could endorse.

He was right to say that 'social' and 'economic' Europe must be brought together. But economic reform in the core European countries, if it comes, will not automatically resolve key difficulties of European identity. In the shape of the policies of the 'purple coalition', the Netherlands was in the vanguard of third way thinking. Until quite recently, the country was doing very well economically. Yet the 'no' there was even more resounding than in France. Further expansion of the EU, especially the potential accession of Turkey, roused popular antagonism in a country where the slogan 'the Netherlands is full' has a resonance today that goes far beyond the far right groups that originally coined it. The two possible incoming leaders who might support economic reform, Angela Merkel and Nicholas Sarkozy, are both hostile to Turkey's potential membership.

A Europe that wants a role in global governance cannot retreat into a regional backwater. The EU at this point must not turn its back on Turkey. Bringing together economic reform with a renewed expansion of the EU will demand formidable powers of leadership. Can Mr Blair, the prime minister of the most euro-sceptical country in Europe provide it? He has signalled clearly that he is going to make a serious attempt.

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