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Britain and Germany in Europe: What prospects?

Speech of David Hannay (Lord Hannay of Chiswick)

Before being so foolhardy as to launch myself into speculation about the future, which you have asked me to do, it usually makes sense to glance back at the past. History does not often repeat itself exactly, but it is usually possible to discern certain patterns of behaviour and to draw certain conclusions from them as to how things might proceed in the period ahead.

Britain and Germany, as two of the largest member states in what is now known as the European Union, have always, from the very outset, been crucial players in that organisation’s history and they always will be, even if, at some point in the future, Britain were to be so unwise as to withdraw from membership, as it did so foolishly and so damagingly in the early years of the venture. This mutual relationship within Europe has also been a crucial one as Britain struggled to overcome two French vetoes and sought to correct the budgetary inequity which confronted it some years after joining; and now it is prey to the demons of euro-scepticism and faces at least the prospect, although not yet by any means the certainty, of an in/out referendum in 2017. But, even if this mutual relationship within Europe may have been crucial, it has not been an easy one, indeed it has been dogged by a good deal of misunderstanding and irritation on both sides and the least that can be said is that the scope for those two sentiments has not yet been exhausted.

In the early years German irritation that Britain chose to stand outside the Coal and Steel Community and then the Economic Community was fully matched by Britain’s misunderstanding of the real, long-term significance of those two steps. Importantly Germany was not deterred by Britain’s absence from pressing ahead with a project whose primordial importance in healing the wounds of successive confrontations with France was what mattered to Germany before all else. A pattern was established there which has not yet been broken and which we British ignore at our peril. One of the by-products of Britain missing that bus, along with surrendering the opportunity to shape Europe’s emerging policies, was, I would speculate, that the Franco-German relationship, based on the treaty signed in 1963, took on a much more exclusive character than it might otherwise have done. The chance to build a triangular relationship at the heart of Europe was lost.

Then, through the years of Britain’s travails with French vetoes, there was much dissatisfaction in London that Germany was not prepared to take a stronger line. Much of this in my view was misplaced since the scope for Germany to take a stronger line was not very evident when all decisions had to be taken by unanimity. In the end, Britain had to strike a deal directly with France, as happened when Edward Heath went to meet President Pompidou in Paris in May 1971. And we tended to underestimate how much Germany’s unwavering support for British membership in the years that preceded that meeting actually contributed to a successful outcome. One could say the same about Britain’s irritation with
Germany during the great budgetary struggle led by Margaret Thatcher in the 1980’s which tends to overlook the fact that Germany agreed to bear and still bears the lion’s share of the cost of the British rebate.

So much for some of the tensions which have marred the British-German relationship over Europe in the past. They certainly should not overshadow the major achievements which Britain and Germany have jointly scored in the forty years of Britain’s membership – the transformation of the European Community from a customs union to the largest single market in the world, the accession of new member states which has healed, and is still healing, so many of the wounds of the twentieth century and which has turned the European project into a genuinely continent-wide venture, the successive global trade rounds which have freed up trade on a worldwide basis, fuelling economic growth, the emergence of the European Union and its member states as the largest donor of official development aid in the world and as a major force in helping the developing nations, the leadership which Europe has given to the attempt to respond effectively to the challenge of man-made climate change. These are massive achievements and they owe a lot to the partnership of Britain and Germany within the European Union.

From the 1980’s onwards Britain and Germany have worked constructively together, in a much less prominent and well-recognised way, towards the fashioning of elements of what is called “variable geometry” within the European Union, the recognition that not all policies need to apply in an identical and uniform manner across the whole Union. That is the case with the Euro, with Schengen, with justice and home affairs legislation and now, quite recently, with the first emerging steps towards a banking union. The concept is now embedded in the treaties, not least in the provisions for enhanced cooperation between a linked group of member states which enabled the log-jam over the European patent to be broken finally quite recently. There is surely scope for a further development of those concepts so long as the core provisions underpinning the four freedoms and the single market are not undermined.

Well, now I can no longer postpone a glance at the future, opaque though the view necessarily is at the moment, when the policies of a new German government, following September’s election, have not yet definitively taken shape and when the outcome of Britain’s next general election is still shrouded in mystery. I will begin with the Eurozone, because it is not a serious matter for doubt that that will be at the heart of the policy preoccupations of whatever coalition government comes to power in Germany, and it is equally not a matter of doubt that Germany’s policy prescriptions in this area will be crucial to the future of the whole Eurozone. Britain, for better or for worse, has decided to take no part in this venture, but we do have a massive stake in its continuing success. If the Eurozone were to break up, non-members as well as members of it would be grievously damaged; and I would not stake much money on the single market surviving unscathed. So we need, I would suggest to play a firmly supportive role, only seeking to ensure the integrity of single market decision-making and not repeating the aberration of December 2011 when we picked a totally unnecessary quarrel over the Fiscal Compact Treaty and also tried to change the decision
making-process on Single Market measure to our advantage as a price of our going along with the measures needed to rescue Eurozone stability.

Beyond that what I believe Britain and Germany should be pro-actively championing is a far-reaching positive agenda for reform on a Europe-wide basis. This would need to include completion of the Single Market, which is really critical if European competitiveness is to be improved, with further steps on services, on energy and in the digital area. We need also to press ahead steadily but hard-headedly with further accession negotiations to consolidate the fragile peace in the Balkans and to keep open the door to two of Europe’s largest eastern neighbours, Turkey and the Ukraine. We should be seeking treaties to bring about freer and fairer world trade, both through bilateral agreements with Canada, the United States, Japan and India and also by reviving the multilateral global negotiations through the World Trade Organisation at the Ministerial meeting in Bali this month and thereafter. We should be trying to bridge the gap between us over Europe’s aspirations as an actor on the world stage and over its defence cooperation in an age of budgetary austerity, so that we do not simply become marginalised as the power relationships between the other main actors shift and rearrange themselves. We should be working together to ensure that Europe does not cease to give a lead in world-wide efforts to combat climate change, as it seems at risk of doing in recent months. We should be developing a more effective role for national parliaments in the shaping of European legislation; and making a greater reality of the principle of subsidiarity so that legislation and action at a European level only takes place when there is a real need, when there is real added value from it and when the best results cannot be achieved at member state or regional level.

That is a huge positive agenda but it is, I would suggest, a worthwhile one, and one on which Britain and Germany should be able to cooperate wholeheartedly. Are there risks and threats to it? There certainly are. One is that Britain will prefer to focus on an agenda festooned with red lines, taboos and no-go areas designed to appease those unappeasable Eurosceptics who will not be satisfied until and unless Britain withdraws from the European Union altogether. If any negotiation which the British government elected in 2015 undertakes is simply directed to the repatriation of existing European responsibilities and to the creation of new areas of British exceptionalism, then I fear that will fail; and that it would certainly open up a gulf between Britain and Germany.

Another risk is if Britain seeks to rely exclusively on its relationship with Germany to achieve its European objectives. I have noticed an unhealthy tendency in the press in Britain, particularly in the Eurosceptic press, which is most of it, to latch on to the faintest hint of support in Germany for Britain’s European objectives, and to assume that Germany is going to pull Britain’s chestnuts from the fire and that Germany’s undoubtedly sincere desire to see Britain remain in the European Union can be leveraged into support for our objectives, however extreme they are. The experience of the 1960’s, which I believe to be as valid now as then, would indicate that any such hopes are doomed to be frustrated. Above all we must not neglect, as I fear we may be at risk of neglecting, that we need to work closely with
France and with all the other member states if we are to make progress towards our objectives and not end up sleepwalking towards the exit.

There is another risk too and that is if those who want to see a more federal Europe press for yet another general revision and expansion of the European treaties. My own view is there have already been too many and too frequent such revisions in the past, and that that is part of the current malaise that afflicts many countries in Europe. While I recognise that such protagonists of a federal Europe have an absolute right to press their views and have entirely honourable aims, I do fear that any move in that direction could be damaging to the European Union as a whole, and perhaps even fatal to Britain’s hopes of remaining a full and constructive member of it. There is no question but that in such circumstances we would have to hold a referendum and that such a referendum would inevitably be an in/out test of our continued membership. I am not too sanguine that it would be won by those who want to see Britain firmly anchored in the European Union. Far better to ensure that any electoral test that may take place is based on the sort of positive policy agenda I have sketched out and which requires no change to the treaties.

I have tried your patience long enough. I conclude with the thought that the stakes for effective British-German cooperation over Europe have never been higher, and so could be the rewards, not just for Britain and Germany but for Europe as a whole. I tend normally to deplore speculation about what people no longer with us would have called for had they still been alive, but in this case I do think that the prospect I have sketched out would have appealed to Adam von Trott, to his vision of a Europe at peace with itself and setting a good example to the wider world.