

## Working Paper

Research Unit EU Integration  
Stiftung Wissenschaft und  
Politik  
German Institute for  
International  
and Security Affairs



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# New Labour and the European Union 1997- 2007

A Constructive Partner?

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**Working Paper FG 1, 2008/ 05, March 2008  
SWP Berlin**

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## 1. Introduction<sup>2</sup>

When the Labour Government came to power in the United Kingdom (UK) in 1997, it aimed to pursue a constructive European policy which departed from that of John Major's outgoing government. Successive Labour Party manifestoes sought to establish some kind of British 'leadership' within the European Union (EU). How does the record look ten years (and a bit) later? Did the Blair governments succeed in breaking the UK's European diplomacy free from its reputation as 'an awkward partner'? Did the Labour governments succeed in placing an imprint upon the shape and direction of the EU? What is the early evidence on European policy under Prime Minister Gordon Brown? In short, has 'New Labour' practised the constructive European policy which was promised in 1997?

The New Labour 'project' was about modernisation and change.<sup>3</sup> It was about making a break from the policies of its own recent past, notably its 1983 manifesto of withdrawal from the European Communities, state intervention in the economy and nuclear disarmament. It had a wide ambition, namely about creating a new radicalism of the centre and embedding it as a new political consensus over the medium term. Tony Blair and Gordon Brown were key figures in drawing up the agenda for New Labour, along with Peter Mandelson, now the European Commissioner for Trade, and others. With Brown having succeeded Blair as prime minister, what judgement can be reached on whether New Labour has created this new political consensus in respect of European policy?

In addressing these issues I will offer an essentially chronological review of the European policy of the three Labour governments in the period 1997-2007 but with an additional section on the Brown premiership.<sup>4</sup> The argument presented is that the Labour governments certainly achieved a break from the party's own policies of 1983; that the Blair government can claim notable achievements in placing a British imprint upon the EU; but continued non-membership of the Euro restricts aspirations to play a leadership role in the EU. Most strikingly, little progress has been achieved domestically in establishing public support for the new (largely) constructive European diplomacy.

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<sup>2</sup> This paper is a shortened, edited version of a longer paper available from the author by email ([S.Bulmer@sheffield.ac.uk](mailto:S.Bulmer@sheffield.ac.uk)): S. Bulmer, 'New Labour, New European Policy? A Decade of the British Labour Government in the EU', unpublished paper, 2008. I am grateful for their comments to Ian Bache, Hussein Kassim, Neill Nugent, Roderick Parkes and Willie Paterson as well for feedback given at presentations of versions of this paper at the Université de Montréal, the Universität Trier and the University of Sheffield. The interview material was gathered as part of a separate book project with Martin Burch, to whom I am also grateful: S. Bulmer and M. Burch, *The Europeanisation of Whitehall: UK Central Government and the European Union* (Manchester: Manchester University Press, 2008 forthcoming). The paper was drafted in autumn 2007 while a visiting scholar at the Stiftung Wissenschaft und Politik in Berlin and on research leave from the University of Sheffield. I acknowledge the support of both institutions.

<sup>3</sup> For a review, see D. Coates, 'The character of New Labour' in D. Coates and P. Lawler (eds), *New Labour in Power* (Manchester: Manchester University Press, 2000), pp. 1-15. For a statement of New Labour's aspirations, see P. Mandelson and R. Liddle, *The Blair Revolution: Can New Labour Deliver?* (London: Faber and Faber, 1996).

<sup>4</sup> In the longer paper (Bulmer, 'New Labour, New European Policy?') I also offer thematically organised analysis of new Labour's integration policy as well as day-to-day policy in the economic, foreign and defence, and justice and home affairs domains. I also cover Labour's record on bilateral relations and changes introduced to the machinery of EU policy-making in central government.

## 2. Historical overview

The Labour Party's conversion to a pro-European policy during the 1990s, under the leadership of Neil Kinnock and then John Smith, has been well-charted.<sup>5</sup> The shift from the 1983 policy of withdrawal was explained by a number of factors: the defection of some Labour Party members to form the Social Democratic Party, thereby creating an electoral challenge in alliance with the Liberal Party; the shift of the trade union movement to support for integration; the failure of a socialism 'in one country' policy in France under François Mitterrand; the shift to pro-Europeanism on the part of several key figures in the party; and as part of a shift to more pragmatic centrist policies across the whole spectrum. The indirect contribution of the policies of the Thatcher governments should not be underestimated. Responding to the increased centralisation of British government Labour politicians in its traditional industrial heartlands such as Scotland came to see the European Commission as a potential ally.

At a tactical level, the Labour Party also exploited European policy opportunistically while in opposition. The divisions on European policy within the Conservative Party during the second Major Government (1992-7) provided an open goal for the Labour opposition during the process of ratifying the Maastricht Treaty.<sup>6</sup> The Major government's relations with EU partners had deteriorated as its own support was challenged by a group of Conservative backbench Eurosceptic MPs. In 1996 it even pursued a policy of non-cooperation with EU partners in response to the export ban on British beef during the BSE crisis.<sup>7</sup> These developments provided Labour MPs with ample opportunity for attacking the Conservative government's European policy.

Tony Blair's speeches to the 1994, 1995 and 1996 party conferences had contained noticeably positive messages on Europe.<sup>8</sup> A speech at Chatham House in April 1995 spelt out his argument that Britain's global influence was dependent on influence in the EU.<sup>9</sup> The development of Labour's Business Agenda for Europe, released in May 1996, placed emphasis on the development of the single European market and indicated that the pro-European policy was not following traditional social-democratic concerns. A positive European policy did not become an objective in its own right but was seen as integral to a wide range of other policy goals, such as on economic competitiveness. Indeed, Blair's commitment to seizing the electoral centre-ground meant that there was considerable caution about fighting the election on the European issue.

### *The Blair government 1997-2001*

The 1997 manifesto had made two pledges for an incoming Labour government: to hold a referendum on participation in the single currency; and to lead reform in the EU.<sup>10</sup> Reflecting a cautious electoral strategy, the commitment to hold a referendum on the single currency had been designed to neutralise this issue's saliency in the general election. The commitment to lead reform also reflected electoral calculation; British public perceptions of the EU chimed with the need for reform. The manifesto also included a more detailed set of proposed action points (see Box 1), although there was a striking degree of similarity in them with the policy goals of the Conservative Government of John Major.<sup>11</sup> In short, while

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<sup>5</sup> See in particular: R. Holden, *The Making of New Labour's European Policy* (Basingstoke: Palgrave, 2002); also P. Daniels, 'From hostility to "constructive engagement": the Europeanisation of the Labour party', *West European Politics*, 21/1 (1998), pp. 72-96.

<sup>6</sup> D. Baker, A. Gamble and S. Ludlam, 'The Parliamentary Siege of Maastricht 1993: Conservative Divisions and British Ratification', *Parliamentary Affairs*, 47/1 (1991), pp. 37-60.

<sup>7</sup> M. Westlake, 'Keynote Article: "Mad Cows and Englishmen" – the Institutional Consequences of the BSE Crisis', in N. Nugent (ed.), *The European Union 1996: Annual Review of Activities* (Oxford: Blackwell, 1997), pp. 11-36.

<sup>8</sup> Holden, *The Making*, p. 138.

<sup>9</sup> Tony Blair, 'Britain in Europe', Address to the Royal Institute of International Affairs, Chatham House, London, 5 April 1995 (London: Labour Party).

<sup>10</sup> Labour Party, *New Labour: Because Britain Deserves Better* (London: Labour Party, 1997).

<sup>11</sup> For more discussion on this point, see K. Hughes and E. Smith, 'New Labour, New Europe', *International Affairs*, 74/1, pp. 93-104; also S. Bulmer, 'European Policy: Fresh Start or False Dawn?', in

Blair himself was pro-European and European policy was important to the overall New Labour project, this commitment was trumped by electoral considerations.

New Labour's first term provided a number of important opportunities to put the manifesto commitments into practice. The first was in the EU's Inter-Governmental Conference (IGC) on treaty reform. It had been underway for over a year and was scheduled for completion barely a month after the general election. Indeed, the Amsterdam European Council in June 1997 had been determined as the culmination of the IGC precisely because the outcome of the UK general election was seen as clarifying UK policy in light of the negotiating obstructionism of the Major government.

Tony Blair had established a working group to prepare party policy for the eventuality of taking over the negotiations from the Major Government. At the end of 1996 the Labour Shadow Foreign Secretary, Robin Cook, had appointed a former UK Permanent Representative to the EU, Sir Michael Butler, to tour other EU national capitals to gauge likely reaction to Labour's proposals. Following convention the Shadow Cabinet was able to meet senior Whitehall officials after parliament had been dissolved for the election.<sup>12</sup> Thus there was good preparation in Whitehall so that Labour could operationalise policy upon election. It was able to act quickly on some of its manifesto. It was able to accede to the Maastricht Treaty's Social Chapter, from which the Major Government had secured an opt-out. And it defended the veto in a range of policy areas deemed important to national interests, although agreeing to qualified majority voting in the EU's Council of Ministers on some other matters. Overall, the outcome for Labour's objectives was satisfactory.

The next major initiative came with Chancellor Gordon Brown's parliamentary announcement, on 27 October 1997, of the government's policy on the Euro.<sup>13</sup> There were three key features to this policy announcement. First, Brown announced that 'in principle, a successful single currency within a single European market would be of benefit to Europe and to Britain'.<sup>14</sup> Secondly, he announced that there were no constitutional grounds for not joining. Instead, the decision would rest on the outcome of five economic tests:

1. Whether there can be sustainable convergence between Britain and the economies of a single currency.
2. Whether there is sufficient flexibility to cope with economic change.
3. The effect on investment.
4. The impact on the financial services industry.
5. Whether it is good for employment.

Together with the existing commitment to hold a referendum on membership, the announcement provided the basis for the government's policy. The key determinant of policy was the economic tests. The outcome of the assessment was announced in June 2003 (see below).

### ***The British Presidency of the EU 1998***

During the first half of 1998 the government took over the presidency of the European Union. It therefore had the task of chairing all meetings of the Council of Ministers, its many subordinate committees as well as any summit meetings, acting on the EU's behalf in many matters of external relations, acting on the Council's behalf in inter-institutional relations,

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D. Coates and P. Lawler (eds.), *New Labour in power* (Manchester: Manchester University Press, 2000), p. 243. The principal distinction related to the commitment to sign the Social Chapter.

<sup>12</sup> Interview, Cabinet Office, 15 July 1997.

<sup>13</sup> See: [http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/speeches/chancellor/exchequer/speech\\_chex\\_271097.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/speeches/chancellor/exchequer/speech_chex_271097.cfm), accessed 4 February 2008.

<sup>14</sup> See [http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/speeches/statement/speech\\_statement\\_271097.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/speeches/statement/speech_statement_271097.cfm), accessed 28 February 2008.

and managing the EU's political agenda. In domestic terms there may be some scope for subtly advancing interests that are of particular national significance. However, much of the presidency's business is either pre-programmed or the product of 'events' over which there is little control.<sup>15</sup>

The government announced its objectives on several occasions. The core goals were to: preside over the key decisions to launch the single currency; inaugurate the enlargement process and the requisite internal EU policy reforms; pursue an agenda of policy reform aiming at employability and competitiveness; strengthen EU efforts to combat crime and enhance environmental protection; continue the process of establishing the UK as an influential and constructive partner in the EU; and involve the British people in the presidency.<sup>16</sup> Here was an opportunity for the Labour government to showcase its constructive European policy.

The broad impression of the British presidency was positive.<sup>17</sup> However, the government was unable to occupy a central position in respect of the EU's policy agenda. Specifically, the launch of the final stage of European Monetary Union (EMU), at a special European Council on 1<sup>st</sup> May, was an important moment in the EU's history. However, UK non-participation underlined the government's difficulties in playing a leading role in the EU. The launch of the enlargement process was more in line with the government's policy: an objective on which there was bipartisan agreement within the UK. But enlargement negotiations were pretty much pre-programmed, so it was largely the good fortune of the government to host a formal ceremony to launch this EU policy priority.

Solid progress was recorded on home affairs cooperation, an area where the Labour Government adopted a more pragmatic approach to participation than the obstructionism under the Major government. On environment the government also oversaw progress within the EU on implementing the Kyoto agreement on controlling greenhouse gases. Arguably the most important distinctive contribution came in the context of economic reform and competitiveness. The Chancellor had already made a strong input on this policy area in connection with the Luxembourg employment summit in November 1997. He was supported by Sir David Simon, the former chairman of BP, who had been appointed as Minister for Competitiveness in Europe. Momentum was accelerated under the UK presidency and these developments were to culminate in the Lisbon Strategy for making the EU more competitive in the global economy. A specific legacy from the European Council, held in June 1998 in the Welsh capital, was the 'Cardiff process', which concentrates on improving the capacity for innovation in the member states' economies.

Tony Blair recognised that the UK had not established itself as a central player in the EU, prompting reflection on policy that was also undertaken by Foreign Secretary Robin Cook and his officials in the Foreign and Commonwealth Office. Two areas quickly emerged as priorities. One, which was also noted in a think-tank report on British leadership in Europe, was that defence was a policy area where the UK could play a key role.<sup>18</sup> The second conclusion was that renewed emphasis should be placed on bilateral relations. Alongside these steps a number of reforms were introduced within Whitehall with a view to boosting strategic capacity on European policy-making.<sup>19</sup> In particular, the resources of the Cabinet Office European Secretariat, which coordinates European policy, were enhanced. Already in

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<sup>15</sup> See D. Kietz, 'The Presidency in the Council System: Functions, Scope for Manoeuvre and Room for Improvement', in D. Kietz and V. Perthes (eds), *The Potential of the Council Presidency. An Analysis of Germany's Chairmanship of the EU, 2007* (Berlin: Stiftung Wissenschaft und Politik, 2008) available at: [http://www.swp-berlin.org/en/common/get\\_document.php?asset\\_id=4656](http://www.swp-berlin.org/en/common/get_document.php?asset_id=4656), accessed 13 March 2008.

<sup>16</sup> For the official view, see D. Henderson, 'The UK Presidency: An Insider's View', *Journal of Common Market Studies*, 36/4 (1998), pp. 563-72; also see Bulmer, 'Fresh Start or False Dawn?', p. 247.

<sup>17</sup> See P. Ludlow, 'The UK Presidency: A View from Brussels', *Journal of Common Market Studies*, 36/4 (1998), pp. 573-83; also D. Henderson, 'The UK Presidency'.

<sup>18</sup> The report was: C. Grant, *Can Britain lead in Europe* (London: Centre for European Reform, 1998).

<sup>19</sup> For details, see S. Bulmer and M. Burch, 'The Europeanisation of UK government: from quiet revolution to explicit step-change?', *Public Administration*, vol. 83, no. 4, (2005), pp. 861-90.

December 1998 the two diplomatic priorities bore fruit with the Anglo-French initiative at St. Malo on giving the EU a stronger defence identity.

Over the remaining period up to the general election of June 2001 five European policy areas received particular attention from the Labour Government. The construction of a European Security and Defence Policy (ESDP) aimed at giving the EU the ability both to conduct peacekeeping operations and to mobilise a rapid reaction military force. Underlying the Blair government's willingness to see the development of an EU defence identity were conclusions drawn from experience in the Balkans. In particular, there was recognition of the Americans' reluctance to become involved on the ground during the Kosovo crisis of 1999, and the realisation that some form of Rapid Reaction Force was needed to support EU foreign policy.<sup>20</sup> Labour's policy change was described by Jolyon Howarth as a 'revolution in military affairs'.<sup>21</sup> Anne Deighton described the Anglo-French St. Malo initiative as '... the greatest change that New Labour has made in EU policy'.<sup>22</sup>

In the economic domain employment and competitiveness continued to receive a big push. Blair sought piecemeal economic reform initiatives and forged ad hoc alliances with the Spanish Prime Minister, Mr Aznar, and his Italian counterpart, Mr Berlusconi. The most obvious achievement in this policy area was the strategy agreed to at the Lisbon European Council in March 2000, namely to make the EU 'the most competitive and dynamic knowledge-driven economy by 2010'. The use of soft policy instruments such as benchmarking was in line with the traditional British preference for less intrusive or intergovernmental methods of EU governance.

In Justice and Home Affairs the British government continued its much more pragmatic approach of reviewing policy proposals on merit rather than objecting to them on sovereignty grounds. It had secured opt-outs from the Schengen arrangements that had been introduced into the EU via the Amsterdam Treaty. However, it could also opt in to policy and chose to do so in April 2000 with the Schengen Agreement's provisions on police and judicial cooperation. It also played a full role in shaping the JHA agenda at the Tampere summit in 1999.

EU enlargement also received consistent support. Linked to this was a further long-standing British policy: reforming the Common Agricultural Policy (CAP). Enlargement, and the potential cost of extending the CAP to central and eastern European accession states, triggered budgetary concerns; hence the Labour Government pushed for agricultural reform. Finally, it continued the more constructive approach to institutional affairs when further reforms came to be discussed in 2000, culminating in the Nice Treaty. It was notable that the UK for once was not at the centre of the most disputed parts of the Nice negotiations.

The first term was undoubtedly a success for the Blair government in its quest to develop a constructive European policy. However, as will be seen, this first period was the high point of Labour's constructive Europeanism. As Julie Smith put it, 'it would be easy to characterize the Blair government's first term as European, the second term as Atlantic'.<sup>23</sup>

### ***The Blair government 2001-5***

The second Blair government, elected in June 2001, experienced much more difficulty in maintaining the constructive policy with EU partners. But what had the Labour Party

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<sup>20</sup> For a review of the dynamics behind ESDP, see J. Howarth, 'European Defence and the Changing Politics of the European Union: Hanging Together or Hanging Separately?', *Journal of Common Market Studies*, 39/4 (2001), pp. 765-89.

<sup>21</sup> J. Howarth, 'Britain, France and the European Defence Initiative', *Survival*, 42/2, p. 33. See also A. Deighton, 'European Union Policy' in A. Seldon (ed.), *The Blair Effect: The Blair Government 1997-2001* (London: Little, Brown and Co., 2001), pp. 307-28.

<sup>22</sup> Deighton, 'European Union Policy', p. 323.

<sup>23</sup> J. Smith, 'A missed opportunity? New Labour's European policy 1997-2005', *International Affairs*, 81/4, p. 703.

presented as policy goals in the election manifesto? In its 25 'steps to a better Britain' the Labour manifesto included one explicit European policy goal: to 'lead economic reform in Europe'.<sup>24</sup> The manifesto itself tackled the EU in a positive manner, contrasting Labour's constructive policy with the Conservative opposition's Euro-sceptic manifesto, which it saw as bad for British interests. In the accompanying text, Labour presented the more detailed case for making the EU competitive, supporting enlargement, developing a European Union defence capability for those cases where NATO decides not to take action, and presenting its preferences in the developing EU debate on constitutional reform.

Elected with a majority of 167 MPs, the new government underwent some ministerial changes, of which the most relevant to European policy were the replacement of Robin Cook as Foreign Secretary by Jack Straw, like Cook a former Euro-sceptic, and the appointment of Peter Hain, a pro-European, as Straw's Minister for Europe.

The principal source of difficulty for the second Labour Government's European policy derived from international circumstances.<sup>25</sup> Specifically, Tony Blair's support for key aspects of President George W. Bush's foreign policy opened up a variant of long-standing differences within the EU between 'Atlanticists' and 'Gaullists'. In the words of US Defence Secretary, Donald Rumsfeld, the new divide was between 'old Europe' and 'new Europe', where the UK, key accession states and other allies of US policy were in the latter group, whereas France and Germany were prominent in the former.

These divisions derived from the medium-term response to the September 11<sup>th</sup> 2001 terror attacks in the USA. Initial unanimous condemnation by the EU gave way over the longer term. George W. Bush's declaration of a 'war on terror' secured Tony Blair's full support and his government took on the role of recruiting sergeant for Bush's war. This position gradually awakened concerns on the part of other EU governments as criticisms emerged over Bush's conduct of the war in Afghanistan. But the divisions widened over whether to support Bush's interpretation of United Nations resolutions and take military action to topple the regime of Saddam Hussein. The Blair Government found its efforts to act as a 'bridge' between the USA and the EU impossible to sustain. It had to take sides and on Iraq chose that of President Bush.

The Iraq invasion (2003), the consequent division within the EU and the worsening of relations with France and Germany had two repercussions. First, on the specific issue and in other areas of EU policy, bargaining became more fraught. Bilateral relations with Germany and France were damaged, with an adverse impact beyond the immediate issue. Secondly, the Blair Government's domestic popularity gradually declined and that made it more defensive on areas of European policy where it realised that a predominantly Euro-sceptic press could create further problems for its standing in public opinion. Hence, whilst the government pressed ahead in the EU with its economic reform agenda, enlargement, defence and so on, these developments were overshadowed by Iraq.

In the meantime Chancellor Gordon Brown announced on 9 June 2003 the outcome of the analysis of the UK's readiness to join the Euro.<sup>26</sup> After comprehensive analysis by the Treasury the conclusion was reached that only one of the tests was clearly met – that relating to whether Euro-membership would be good for UK financial services. Whilst some progress was noted on the sustainable convergence and flexibility tests, it was deemed insufficient although key to meeting the remaining tests. While a referendum on the Euro was not in prospect, Tony Blair decided in April 2004 that he would put the EU's forthcoming Constitutional Treaty to approval by referendum.<sup>27</sup> He therefore sought to neutralise the Treaty as an issue in the forthcoming European elections (June 2004) and UK general election (held in May 2005). Blair was taking a big gamble on being able to construct a domestic consensus for the fruits of a constructive European policy.

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<sup>24</sup> Labour Party, *Ambitions for Britain: Labour's Manifesto 2001* (London: Labour Party, 2001), p. 42.

<sup>25</sup> For fuller discussion of this period, see Smith, 'A missed opportunity', pp. 714-5.

<sup>26</sup> The statement is available at: <http://www.number10.gov.uk/output/Page3839.asp>, accessed 4 February 2008.

<sup>27</sup> For an explanation of how the decision to call a referendum came about, see A. Seldon with P. Snowdon and D. Collings, *Blair Unbound* (London: Simon & Schuster, 2007), pp. 263-9.



This second term was much less successful at developing a constructive European policy. There were no striking attempts to shape the EU agenda, such as through the St. Malo initiative. Instead the government followed a less prominent route in its policy. It is perhaps important to point out that the Labour government was not alone in its support for the Bush government over Iraq; it was not comparable to the UK's isolation in supporting the Reagan presidency over the bombing of Libya in 1986. Nevertheless, Blair was the 'ringleader' and support from allies, such as Spain and Italy, did not endure.

In the European Convention (February 2002-July 2003) the Labour government was initially a constructive player, led by its representative Peter Hain. For example, its advocacy of a longer dedicated presidency of the European Council endured through the various stages of the EU constitutional debate to the Lisbon Treaty. Indeed, Tony Blair has been suggested as a possible candidate for the position. However, during 2003, as Blair's domestic popularity declined, the government's posture in the Convention became more cautious.<sup>28</sup> The government's declining popularity and increasing exposure to a predominantly Eurosceptic print media was doubtless a key consideration in Blair's decision to hold a referendum on the Constitutional Treaty. In other policy areas the government confined itself to seeking its policy goals through 'normal business' in the EU institutions.

### ***The Blair government 2005-7***

The general election was held on 5<sup>th</sup> May 2005. Tony Blair's government was re-elected with a much reduced parliamentary majority of 65. The more modest electoral performance increased concerns within the Labour Party that Blair himself was no longer an electoral asset, not least because of the unpopularity of the Iraq war. Eventually in September 2006 Blair announced that he would step down within 12 months. Gordon Brown succeeded him as prime minister on 27<sup>th</sup> June 2007. Blair's third term was therefore foreshortened.

Four key issues had been highlighted in the manifesto for the 2005 election.<sup>29</sup> The first was to put approval of the Constitutional Treaty (a 'good treaty for Britain and for the new Europe') to a referendum. This goal swiftly fell from view as, within a month of the government's re-election, the French and Dutch electorates had rejected the treaty in their own referendums. The second manifesto goal was to promote economic reform in Europe as part of a range of issues highlighted for the 2005 UK presidency of the EU. They included reducing regulation, progress in the Doha Round, promoting EU membership for Turkey, the Balkans and other Eastern Europe states, and improving the focus of EU aid to developing countries. Thirdly, the manifesto promised further leadership in European defence cooperation. Finally, it promised continuation of the 'common sense' policy on the Euro, that is, the need to meet the chancellor's five tests, a positive vote in Parliament, and finally a referendum.

The first key developments were the French and Dutch rejections of the Constitutional Treaty. They removed the need to prepare for a referendum in the UK, although they presented the forthcoming UK presidency of the EU with a new challenge. At the EU's June 2005 summit government heads decided to have a two-year pause for reflection on the Treaty. At the same meeting, with encouragement from the Treasury, Tony Blair blocked the Luxembourg presidency's compromise on the EU's 2007-13 medium-term budget. Immediately ahead of the UK presidency, Blair made a major speech to the European Parliament in Strasbourg on 23 June 2005.<sup>30</sup> He sought in the aftermath of the two

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<sup>28</sup> For fuller accounts, see A. Menon, 'Leading from Behind: Britain and the Constitutional Treaty', Research and European Issues No. 31 (Paris: Notre Europe, 2004): available at <http://www.notre-europe.asso.fr>; H. Kassim, 'The UK and the Future of Europe: Winning the Battle and Losing the War', *Comparative European Politics*, 2/3 (2004), pp. 261-81; also P. Norman, *The Accidental Constitution*, pp. 300-304.

<sup>29</sup> Labour Party, *Britain Forward Not Back* (London: Labour Party, 2005), pp. 83-4.

<sup>30</sup> The text of Blair's speech and the ensuing debate are obtainable at: <http://www.europarl.europa.eu/sides/getDoc.do?jsessionId=3D82005F2F6F0CACB08CAEF69545DFB8.no de1?language=EN&pubRef=-//EP//TEXT+CRE+20050623+ITEM-004+DOC+XML+V0//EN>, accessed 21 November 2007.

referendum results to offer a new vision for the EU, calling for reform to its economic and social policies to make it more relevant to future global challenges. He criticised the still-prominent role of agriculture in the EU budget and questioned whether the constitutional debate had brought Europe closer to the people, as had been the intention. The speech was characteristically lucid and powerful but it arguably raised the stakes for the UK presidency.

### ***The British presidency 2005***

The government's objectives during its presidency (July-December 2005) were on securing economic and social reform (including the Services Directive and the Working Time Directive), agreement on the financial perspectives for the period 2007-13, reform of the sugar market, continuation of enlargement, and strengthening Europe's role in the world including through combating poverty in Africa and elsewhere.<sup>31</sup> Its rejection of the Luxembourg budgetary deal added a further item needing urgent resolution.

Its performance was arguably less successful than in 1998, with agreement secured on opening Turkish and Croatian accession negotiations and reform of the sugar market. On aid the UK presidency – with both Blair and Brown personally engaged – succeeded in securing stronger commitments both from the EU and from the G-8 by virtue of holding the presidencies of both organisations simultaneously.

Agreement was reached on the important EU financial perspectives for 2007-13 (albeit with German Chancellor Angela Merkel's assistance in brokering a deal). In reaching agreement the UK government had to agree to a decline in its budget rebate, given the country's improved relative wealth in the enlarged EU compared to when Mrs Thatcher originally negotiated the rebate in 1984. It remains to be seen whether the *quid pro quo*, namely a review of EU spending during 2008/9, will yield the re-orientation away from the CAP that the government hoped for.

If the outcome on this issue remains unclear, the Hampton Court informal summit on the EU's economic competitiveness was much less of a success and key items of legislation were not agreed during the presidency.<sup>32</sup> Presidencies can always be presented with the unanticipated. The 7<sup>th</sup> July 2005 terrorist bomb attacks in London undoubtedly and understandably distracted the early period of the UK presidency. However, in response the EU adopted a new Counter Terrorism Strategy in December.

Following the presidency European policy returned to 'business as usual'. One of Tony Blair's last EU functions was to attend a European Council in June 2007. The period of reflection on the Constitutional Treaty had elapsed and the German presidency had specific proposals for a way forward. Some hard bargaining was needed to ensure that subsequent negotiations (of what became the Lisbon Treaty) did not challenge the so-called 'red-line' positions, where the UK did not wish to cede power to the EU level.

### ***The Brown government 2007-***

Gordon Brown became prime minister on 27 June 2007. During his period as chancellor he had kept European economic and especially monetary policy as a *domaine réservée*, reflecting a broader division of labour on government policy with Blair.<sup>33</sup> His position on the single currency cooled. He looked to the United States for policy ideas. Compared to his Conservative predecessor, Kenneth Clarke, he was less at ease in the Council of Ministers and

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<sup>31</sup> For a comprehensive listing see FCO, *Prospects for the EU in 2005. The UK Presidency of the European Union* (London: The Stationery Office), pp. 2-5.

<sup>32</sup> For an analysis of the presidency, see R. Whitman, 'The UK Presidency: In the Hot Seat', *Journal of Common Market Studies*, 44: annual review, pp. 57-62.

<sup>33</sup> For instance, see J. Naughtie, *Rivals – Blair and Brown: the Intimate Story of a Political Marriage* (London: Fourth Estate, 2001).

more likely to delegate attendance to another member of the Treasury ministerial team.<sup>34</sup> His lecturing of fellow EU finance ministers on their need for economic reforms was seen as feeding Euro-scepticism in the UK, while antagonising opponents of Anglo-Saxon economic policy in the EU. His hostility to increasing the size of the EU budget and insistence on retaining unanimous voting on tax harmonisation further underlined the impression that he was likely to be less constructive in his European policy than his predecessor.<sup>35</sup>

In his first six months in office the Lisbon Treaty was a dominant issue. Brown felt he had to reinforce concessions from partner states in agreeing to the Treaty in order to demonstrate in the domestic arena that it was different in character from the Constitutional Treaty and therefore did not necessitate the referendum which Blair had promised for the latter.<sup>36</sup> The consequence was that he had to conduct the kind of 'opt-out' diplomacy that characterised the Major governments' policy while not satisfying domestic critics of the Treaty, either. The same pattern recurred with the signature of the Lisbon Treaty, for which Brown arrived late for a separate ceremony of his own, thereby irritating his EU counterparts, while domestic critics criticised this behaviour as 'gutless'.<sup>37</sup>

On the other hand, there were some signs of the government seeking to emerge from this episode – albeit with ratification of the Treaty through Parliament still in progress – with a more constructive policy agenda. In late-October 2007 Brown and Foreign Secretary David Miliband published a pamphlet, *Global Europe*, which set out the following priorities: promoting productivity and competitiveness; a modern European social dimension; external economic openness; reforming the EU budget; strengthening the EU's 'Global Approach to Migration'; tackling climate change and energy security; addressing terrorism and organised crime; creating stability in Europe's neighbourhood and beyond; and tackling global poverty.<sup>38</sup> David Miliband echoed this constructive approach in a speech in Bruges in November, although Brown was reported as having toned down some of the content.<sup>39</sup> This agenda showed potential to chime with the priorities of German Chancellor, Angela Merkel, and perhaps also the French President, Nicolas Sarkozy.<sup>40</sup> However, by the end of 2007, the policy amounted to aspiration but with no concrete results.

Gordon Brown's premiership looks likely to witness a downgrading of European policy as a government priority.<sup>41</sup> Unless more autonomy is given to Foreign Minister Miliband – which is possible, given that Blair repeatedly intruded on the turf of his various foreign ministers –

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<sup>34</sup> As a Treasury official put it at interview: 'he is not comfortable with the European process, he is not comfortable with his colleagues, he doesn't like the cosying up that needed to be done and all that sort of thing, he loathes travelling'. Interview Treasury, 21 July 1998.

<sup>35</sup> For an anticipation of prime minister Brown's European policy, see C. M. O'Donnell and R. Whitman, 'European policy under Gordon Brown: perspectives on a future prime minister' *International Affairs*, 83/2, pp. 253-72.

<sup>36</sup> For a flavour of this balancing act, see the transcript of the prime minister's press conference following the informal summit in Lisbon on 19 October 2007 at: <http://www.number10.gov.uk/output/Page13571.asp>, accessed 5 February 2008.

<sup>37</sup> See the BBC's report at: [http://news.bbc.co.uk/1/hi/uk\\_politics/7141279.stm](http://news.bbc.co.uk/1/hi/uk_politics/7141279.stm), accessed 5 February 2008.

<sup>38</sup> Cabinet Office and Foreign and Commonwealth Office, *Global Europe: Meeting the Global Economic and Security Challenges* (London: Foreign and Commonwealth Office, October 2007), available at: [http://www.fco.gov.uk/Files/kfile/FCO\\_BEU\\_DOC\\_GlobalEurope71022.pdf](http://www.fco.gov.uk/Files/kfile/FCO_BEU_DOC_GlobalEurope71022.pdf), accessed 5 February 2008.

<sup>39</sup> For the speech itself, see the provisional text at: [http://www.fco.gov.uk/servlet/ServletFront?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=100702\\_9391647&a=KArticle&aid=1194715986447](http://www.fco.gov.uk/servlet/ServletFront?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=100702_9391647&a=KArticle&aid=1194715986447), accessed 5 February 2008 ; for the account of it being toned down, see G. Parker and L. Dixon, 'Miliband declares death of EU-superstate' *Financial Times*, 16 November 2007.

<sup>40</sup> On the potential with Germany, see S. Bulmer and R. Parkes, 'The Berlin-London connection: from "no frills" to "full service"?' Prospects for a new bilateralism in EU affairs, SWP Comments (Berlin: Stiftung Wissenschaft und Politik, December 2007), available at: [http://swp-berlin.org/en/common/get\\_document.php?asset\\_id=4550](http://swp-berlin.org/en/common/get_document.php?asset_id=4550), accessed 5 February 2008.

<sup>41</sup> See also J. Techau, 'Der gebremste Europäer. Gordon Browns Europapolitik' (Berlin: Deutsche Gesellschaft für Auswärtige Politik, 2008), available at: <http://www.dgap.org/publikationen/view/1dcd95ee46ad4b6d95e11dc9994390753e9f7e3f7e3.html>, accessed 13 March 2008.

his interest is most likely to be aroused on economic policy matters, for instance at the Spring European Council meetings on economic competitiveness. Moreover, there are clues that he will regard the EU instrumentally as one policy instrument amongst several for achieving his economic policy goals. One striking clue is organisational. Gordon Brown appointed Jon Cunliffe, formerly second permanent secretary as his 'Head of the European Secretariat and International Economics and EU Advisor to the Prime Minister'.<sup>42</sup> This step is a re-designation of a post previously confined to EU policy. Unlike the two previous incumbents of the post of EU Advisor to the PM, who were both diplomats with much experience of the EU, Cunliffe comes from the Treasury, arguably a bastion of Euroscepticism in Whitehall.<sup>43</sup>

Apart from this organisational evidence, the domestic political situation is also currently inauspicious. Brown wishes to secure ratification of the Lisbon Treaty quickly. His aspiration is that the Treaty, and the passions currently aroused in Parliament (and print media) about a referendum, should have been forgotten about by the electorate by 2009. In this way he would gain tactical advantage in light of his ability to determine the general election date, which must be called before the five-year term is up in May 2010.

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<sup>42</sup> The No 10 website gives the European part of his portfolio an even lower profile by designating his role in the PM's Office as 'Head of International Economic Affairs, Europe and G8 Sherpa', see <http://www.number10.gov.uk/output/page12.asp>, accessed 15 October 2007.

<sup>43</sup> See Bulmer and Burch, *The Europeanisation of Whitehall*, Chapter 6.

### 3. Evaluation: a constructive partner?<sup>44</sup>

What judgement can be reached on just over ten years of New Labour's European policy? As the basis for analysis I use the party's manifesto and other goals announced by Labour ministers. Two preliminary observations are necessary. First, New Labour's European policy was in large part about differentiating itself from its own policies prior to the modernisation under John Smith and Tony Blair. But it was also about bringing a change to the pattern under the Conservative Government of John Major. However, the difficulties faced by the Major Government were largely a product of its small majority and internal divisions over European policy. Major had himself wanted to place Britain 'at the heart of Europe'. Thus, New Labour's professed goals contained many that may be considered bipartisan: completion of the single market, enlargement, reform of the CAP and retention of the veto over matters of national interest. A key distinction for the Blair government was its large parliamentary majority, which enabled policy goals to be pursued in a constructive and more predictable manner.

The first term of the Blair government was the most successful. Some progress was achieved in leading reform, notably with support for the Lisbon Strategy. Nevertheless, the commitment to a referendum on joining the single currency did not have to be operationalised because of the Treasury's ongoing evaluation. Progress was achieved on all the detailed 1997 manifesto commitments (see Box 1) with the exception of the 'thorough overhaul of the Common Fisheries policy'. The promotion of ESDP arising from the 1998 St. Malo bilateral initiative with France was a concrete demonstration of a more constructive policy, and one which placed a British (or Anglo-French) imprint on the EU. Relations with EU partners were cordial despite initial concerns that Blair was simply John Major with a smile. Two rounds of treaty reform (Amsterdam and Nice) were concluded by the Labour Government with no major isolation. This was a distinct contrast to the record of the Major government in the 1996/7 IGC ahead of the Amsterdam Treaty, not to mention his government's opt-outs of the Maastricht Treaty on social policy and monetary union.

The second term was more fractious with partner states because of divisions within the EU that were opened up by the Iraq invasion. Although a major protagonist in the divisions, the UK was never isolated in the way that it had been on foreign policy beforehand, for instance in supporting the US bombing of Libya. It was difficult to identify any major achievement on the main manifesto commitment of leading economic reform in the EU. Instead it was a matter of trying to advance the Lisbon Strategy and relevant legislation on the single market and competitiveness in day-to-day EU politics. The 2003 recommendation against joining the Euro was an important event in New Labour's European policy but membership had never been a manifesto commitment. Blair's declining popularity led gradually to greater caution on what became the Constitutional Treaty of 2004.

The modest objectives of the 2005 manifesto encountered some success but that on putting the Constitutional Treaty to a referendum proved to be problematic. Whilst Blair's government avoided such a referendum when the French and Dutch referenda rejected the Constitutional Treaty, the commitment proved to be a problematic legacy for Gordon Brown's government. His premiership thus started rather inauspiciously. His efforts to emphasise the difference between the Lisbon Treaty and the Constitutional Treaty led some to regard his diplomacy as putting the UK back on the margins of the EU.<sup>45</sup> The government had been effective at putting its views across: first in the Convention, then in the run-up to the Constitutional Treaty. It then demanded a further round of concessions: something which rankled with negotiating partners. Tony Blair had given a priority to European policy and had an inter-personal facility for its practice. Neither is likely to be replicated by Brown, especially on the evidence of his European diplomacy as Chancellor. Six months are too brief to come to a conclusive view about Prime Minister Brown's European policy but it looks consistent with his past record.

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<sup>44</sup> For an alternative analysis covering the Blair era, see I. Bache and N. Nugent, 'Europe', in A. Seldon (ed.), *Blair's Britain 1997-2007* (Cambridge: Cambridge University Press), pp. 529-50.

<sup>45</sup> For example, in the analysis of the informal Lisbon summit by Elmar Brok MEP (and representative of the European Parliament in the IGC on the new treaty), lunchtime seminar, Institut für Europäische Politik, 22 October 2007, Berlin.

Overall, there has been reasonable achievement of New Labour's manifesto objectives in its European policy. The UK has been much less isolated in the EU. It has forged intermittent bilateral partnerships but nothing to compare with the Franco-German tandem. The EU itself has changed shape and is more in line with British goals, notably with its more neo-liberal orientation, its wider membership and its utilitarian supranationalism (that is, giving the EU institutions powers where the national level cannot offer an adequate policy solution). The Lisbon Treaty itself has a firm British imprint.

The real area of weakness for Labour, however, has been in respect of building any domestic consensus behind its European policy. Tony Blair's own efforts to change domestic public opinion's perception of the benefits of European integration were unsuccessful.<sup>46</sup> Economic competitiveness, climate change, internal security, combating global poverty: these and other objectives of the government require active complementary action by the EU. Labour's efforts to explain this situation to the domestic electorate have been very weak, as reflected in Eurobarometer data. In spring 1997 just 36 per cent of respondents in the UK considered membership of the EU to be a good thing, while 26 per cent considered it a bad thing. In autumn 2007 the same questions delivered answers of 34 per cent and 28 per cent respectively, with the last figure placing the UK in last position in the EU.<sup>47</sup> New Labour has failed to create a new consensus over European policy. New Labour has delivered a more constructive European policy but it is built upon weak domestic foundations. It has not delivered a new European policy consensus. In consequence, it remains open whether the UK's more constructive relationship would endure following a change of government.

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<sup>46</sup> For one explanation of this failure, see O. Daddow, 'Playing Games with History: Tony Blair's European Policy in the Press', *British Journal of Politics and International Relations*, 9/4, pp. 582-98.

<sup>47</sup> Figures are from Eurobarometer Report nos. 47 and 68 respectively, available at [http://ec.europa.eu/public\\_opinion/index\\_en.htm](http://ec.europa.eu/public_opinion/index_en.htm), accessed 11 February 2008.

**Box 1: European policy commitments in 1997 manifesto (excerpts)**

- Rapid completion of the single market: a top priority for the British presidency.
- High priority for enlargement of the European Union to include the countries of central and eastern Europe and Cyprus, and the institutional reforms necessary to make an enlarged Europe work more efficiently.
- Urgent reform of the Common Agricultural Policy.... We will seek a thorough overhaul of the Common Fisheries Policy to conserve our fish stocks in the long-term interests of the UK fishing industry.
- Greater openness and democracy in EU institutions with open voting in the Council of Ministers and more effective scrutiny of the Commission by the European Parliament. We have long supported a proportional voting system for election to the European Parliament.
- Retention of the national veto over key matters of national interest, such as taxation, defence and security, immigration, decisions over the budget and treaty changes, while considering the extension of Qualified Majority Voting in limited areas where that is in Britain's

(Source: Labour Party, *New Labour: Because Britain Deserves Better* (London: Labour Party).