

**Perspectives on a future Prime Minister:
What European Policy under Gordon
Brown?**

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in Europe**

What does the continent's centre left hope for?

Speakers :

German perspective: Roderik Parkes, SWP

French perspective: Hamon, Benoit MEP

Central Europe: Attila Agh, Corvinus University Budapest

*Speaking notes for Benoît Hamon, MEP and
secretary for European Affairs of the French
Socialist Party*

Ladies and gentlemen,

Let me first of all thank the London office of the Friedrich Ebert Stiftung and the Chatham House for inviting me here today to speak in this prestigious House.

About the subject of this conference, of course, I do not have any personal information about Mr Brown's intentions regarding European and foreign policy. Should we expect nuance in the special relationship between UK and US? Should we expect a different pragmatic policy of engagement with EU? We don't know yet. What I can try to do is to present you with my perspective, a French socialist perspective, on the coming issues and challenges within the EU, and try to imagine how the UK government would fit in that picture.

The next few years are going to be crucial for the future of the European project, because two of the main issues, the institutional and the financial framework, are going to be put back on the table, and the solutions that are going to be defined, will shape the European Union for many years.

Regarding the EU budget, the deal brokered by Mr Blair last May will come under review in 2008/2009. The issues of the CAP (Common Agricultural Policy), of the EU revenue (possibly a EU tax), of the British rebate will again be debated. The will of the French socialist party is to use the French presidency to discuss EU financial perspectives without any taboos, including CAP.

On the institutional side, after the collapse of the ratification process of the European Constitution following the French and Dutch referenda,

the European Council has decided, last June, that the German Presidency of the EU, in the first half of 2007, will produce a report outlining the possible solutions to the current deadlock. The solutions will then have to be implemented at the end of 2008, under the French presidency.

However absent European issues may be today in the current British or French political debate, they will come to dominate the work of governments in the next few years.

Looking more closely at policy areas, we know that Mr Brown is a staunch advocate of the fight against world poverty. His role was crucial in insuring a vast debt relief for many poor African countries. I share his point of view that development spending is a moral imperative as well as a necessary policy for countering terrorism. I had the honour of being rapporteur for the European Parliament on a report on the International Monetary Fund, an institution whose role is crucial in these matters, and I discovered that EU member states hold more shares, together, than the United States. EU belongs 33 % of the voting rights but divided in 9 constituencies. Us belongs 17% of the voting rights in one constituency and have the blocking minority. A unified EU representation within the IMF could ask, according to the IMF statutes, for a relocation of the IMF headquarters from Washington to somewhere in Europe. However, due to a lack of coordination on the European side, the political reality is that of United States hegemony within the IMF and a relative marginalisation of the Europeans. This is just one of the numerous examples of cases where together the EU member states could have much more of an impact on development issues.

On military issues, the French, both from the left and from the right, remain committed to the process of increased European cooperation that was launched in 98 at the British-French summit of Saint Malo. We can only hope that the same commitment is shared in Britain.

Having said that, it is evident that military cooperation is meaningless unless there is also a level of convergence on fundamental international political issues. Today, despite positive examples of cooperation in the Balkans, in Africa or in Lebanon, the EU is deeply divided in terms of military deployment abroad. Some EU countries have chosen to concentrate on UN approved peace keeping operations, others, though their number is decreasing, have chosen to join unilateral USA led deployments.

On social and economic issues, let me recount a recent meeting I had with people from the US State Department. We were discussing energy policy and my American counterparts expressed incomprehension at what they viewed as a European obsession with a free energy market in the EU. Indeed, today the challenges of energy policy are linked to issues of climate change and energy independence, in order to be free from energy dependence from unpredictable and unstable areas such as Russia and the Middle East. Nevertheless, the only effective political answer from the European Commission on energy policy is that of the completion of a free and competitive single EU energy market.

This insistence with unrestricted free-market policy, this absolute faith in the competition law as universal formula for success, has become a dogmatic mantra of the European Commission, instead of a pragmatic answer to the day's challenges.

We want more political direction to European economic policy, to counterbalance the monetary policy of the European Central Bank. We want to establish a fair legal framework both for workers and for companies in the European single market, instead of the complete deregulation proposed by the services directive. We want to see more investments for impoverished areas, for new technologies, (which means more EU budget) for training and retraining of workers, for effective public services.

I know that despite of the French stereotype on Blair's policies, these last Labour governments have actually, in many sectors, expanded the role of public investment and regulation. It remains to be seen whether the British government will be able to expand this way of thinking also to issues on the European level, such as the working time directive.

However, on issues where unanimity is the rule in the EU, such as social and fiscal issues, reinforced co operations, *i.e.* the possibility for some Member States to go forward and agree on certain rules between themselves despite the opposition of other countries, who would remain unaffected, is gathering steam as a credible option. On corporate tax harmonisation, a project is already being prepared for the creation of a common corporate tax base. A minimum tax rate would of course be the next logical step.

To close my remarks, I would point out that the fundamental political debate on the European project is a debate between two visions.

A first vision is that of a simple free trade area, with infinite enlargement, with little or no political direction in terms of common regulation and financial solidarity.

The other vision, which does not have to be a federalist vision, is that of a political union between countries, with common regulation to ensure a level and fair playing field within the single market, with a level of solidarity to ensure the prosperity of all, with democratic and effective institutions.

The issue of the Constitution is directly linked to this debate. I was an opponent to this European Constitution, but I have no doubt that a Constitution is needed, or else the EU will be just a free trade area. The EU will also become a free trade area if does not decide at some point to define its own boundaries and stop enlarging. I believe that after the accession of Turkey, which I favour in principle, that moment will come.