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The Journal of the European Foundation



The French 'No' Campaign: a Battle for Europe
Philippe de Villiers, mep

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Roger Helmer, mep • Ivo Strejcek, mep
Sally McNamara • David Hanak • Dirk van Heck
Simon Usherwood • Sara Rainwater
Elizabeth Oakes • John Massey
Matthew Attwood • Samantha Elric
Lauren Harris • Dr Lee Rotherham

The European Foundation
www.europeanfoundation.org

7 Southwick Mews, London W2 1JG
Chairman: William Cash, MP

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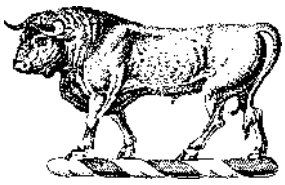
7 Southwick Mews, London W2 1JG
Tel: +44 (0) 20 7706 7240 Fax: 020 7168 8655
E-mail: euro.foundation@e-f.org.uk

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SOLON

sō'lon, n. a famous lawgiver of Athens (594 b.c.), one of the Seven Sages; a sage; a wisacre.

Après la Pluie, le Déluge

The moment the general election is over, campaigning on the European Constitution will begin. If the Conservative Party wins the election, there will be a referendum later in 2005, on which the Government will be campaigning for a 'No' vote. If the Labour Party wins, its leaders will start the process of trying to turn around public opinion in Britain before they hold the referendum (probably as late as possible in 2006). If they were to use their stock methods, these would be spin, spending and scaremongering.

Labour believe, however, probably rightly, that the expenditure of public money on the 'Yes' campaign is likely to be counter-productive. The European Communications Commissioner, Margot Wallstrom, has however already put forward 'ten concrete actions' to ensure that the EU Constitution is ratified in all Member States. These include: the creation of a claque of EU lobby journalists; the production of television and radio propaganda; and the continuation of EU 'public information' campaigns, including continued expenditure on Europe Direct call centres, which provide information on the European Constitution (to *"explain to the public how the Constitution will benefit them in their everyday lives"*, according to a strategy document) and have so far cost £840,000 in the UK in 2005. The Head of the European Parliament representation in London told the Vote No campaign, *"We do expect to be taking some of [the EU money allocated for the UK referendum campaign], or in fact all of it."*

Meanwhile, Europhiles are becoming increasingly concerned that playing down the consequences of the Constitution is not the way to sell it to a sceptical public. Tony Blair's former Europe advisor Roger Liddle (who is now a special advisor to EU Trade Commissioner Peter Mandelson) has recently written a pamphlet for The Fabian Society in which he proposes that Labour must make a distinctively left-wing case for the Constitution. He says that the old arguments about the inevitability of further European integration will no longer wash and that ratification of the Constitution must be presented as bringing *"an irreversible shift towards a more social-democratic Britain"*.

Labour may also be wrong about the consequences of leaving the referendum until after the referendums in other Member States have taken place. The French and Dutch referendums are both looking as though they may fail to deliver a 'Yes' vote, in which case the Constitution would be scuppered without the need for a referendum in the UK, on either the Labour or the Conservative timetable. What is more, the message of the 'Yes' campaign will vary according to the political climate and national culture of the Member State in question. Examples of very strong integrationist interpretations of the Constitution already abound. As well as the notorious statement by the Belgian Prime Minister that the Constitution is *"the capstone of a federal state"*, the Spanish Foreign Minister recently said, *"Does accepting the European Constitution mean a surrender of Member States' sovereignty? Absolutely … we are witnessing the last remnants of national politics."*

It is to be hoped, however, that the referendum campaign will be firmly rooted in fact. The evidence suggests that, particularly in Britain, this would favour the 'No' campaign. This is, not least, because the Constitution would: codify the principle of supremacy of European law, with dangerous constitutional consequences; tighten the noose of the failing project of economic and monetary union, even for those Member States that are not members of the eurozone; strengthen the Common Foreign and Security Policy, moving towards a common defence, with disastrous implications for NATO; open the door to large-scale EU interference with national criminal justice systems, including the possible creation of that 'engine of oppression', a European Prosecutor; and, as well as arrogating further power to its own institutions at the expense of national parliaments, subject an increasing volume of political decision-making to unrepresentative interest groups in Brussels and to unwanted regional government offices. Worst of all, it would preclude the kind of reform of the EU that is really needed to respond to public opinion and take account of the ways in which the world has changed over the last fifty years.

Two of the novel proposals that appeared in the Constitution, but which are being implemented ahead of its ratification, are the EU diplomatic service and the EU defence agency. Both serve as examples of the dangerous territory that the Constitution invades. Detailed preparations for the diplomatic service, which the Spanish Prime Minster, Jose Zapatero, predicted would eventually replace national embassies, have already been made. A report by the European Parliament's External Relations Committee has stated that it would *"take on an uncontrollable life of its own,"* resulting in an *"independent super administration"* of 5,000-7,000 members.

Meanwhile, the EU defence agency was set up in 2004. New initiatives it has already proposed include a fighter-pilot training programme, developing unmanned drones, new armoured vehicles and advanced communication systems – in other words, a networked warfighting system to rival that being developed in the USA. The Agency's head, Nick Whitney, told *The Times*: "*I want to see what we can do to get more bang for the buck than is already provided and I am sure we can go a long way applying all the separate defence lines across Europe more coherently.*" As a technical observation, the latter part may be true, but the geo-strategic implications of a European common defence include enhancing the potential for a transatlantic split; besides which, pooling resources in the EU does not provide as much 'bang for the buck' as NATO cooperation could.

Once the general election is over, the campaign for a 'No' to the European Constitution must begin in earnest. And it must win.

The Issue that Dare Not Speak Its Name

by Roger Helmer, MEP

By general consent, in 2001 the Tory party talked too much about Europe. But there is a risk that in 2005, we shall talk about it too little.

I well remember the 2001 campaign. I especially remember standing on a street corner in the little Leicestershire town of Lutterworth, with a small but spirited band of helpers, holding aloft our 'Keep the Pound' banners. We were hailed with enthusiasm by passers-by. Cars pooped their horns. Truck drivers waved. Voters flocked to sign petitions. We were on a roll.

Yet come Election Day, the Tory campaign crashed and burned, and with the power of hindsight we all know why. The public conflated the broader issue of Europe with the narrower issue of the euro currency. Labour had skilfully 'parked' that issue by promising a referendum, and therefore, while the voters agreed with us on the euro, they felt that the issue was irrelevant to the general election. They voted on schools and hospitals, and they believed, wrongly as it proved, that Labour could be trusted on public service delivery.

It is a truism that the generals are generally fighting the last war, and are taken aback by the realities of the next one. The Conservative Party has learned too well the lessons of 2001, and has soft-pedalled the question of Europe in 2005. Of course we have a policy, and, if anyone asks, we will tell them. But – quite literally – we don't make an issue of it.

Europe matters, as much as anything, because it directly affects these other issues higher up the voters' priority list

And there are rational arguments to support this approach. Labour has sought to repeat the successful trick of 2001. They have never delivered on their commitment to a euro referendum, because there has never been a moment when they thought they could win it. Yet they have now promised (ever so reluctantly) to hold a referendum on the EU Constitution. And they hope and expect that this, in turn, will 'park' the issue of Europe until after the current election.

Opinion polls continue to show that voters rate Europe well down their list of concerns, after health, schools, crime, immigration, tax and so on. But we who follow the European debate know that Europe matters, as much as anything, because it directly affects these other issues higher up the voters' priority list.

The voter who says on the doorstep, *"Europe's a long way away and it doesn't affect me,"* is the same voter exercised by schools'n'hospitals, bobbies on the beat, immigration and taxes – the five issues at the heart of the Conservative campaign. And every one of these issues is a hostage to EU policy.

In the case of immigration, the threat is direct. We have been told by Brussels that an incoming Conservative government cannot implement its proposals on asylum and immigration, because they conflict with EU Treaty commitments already made by the present Labour Government. Of course we will implement our policy regardless of what Brussels says, but we could not have more dramatic evidence of the way in which 'Europe' impinges on issues that matter to voters.

In terms of policing, the problem is similar. *Corpus Juris,* the EU's *"area of freedom, security and justice",* the European Arrest Warrant, the European Public Prosecutor – we are moving inexorably towards a federal police and justice system, and the EU Constitution provides the framework.

Labour protests that it has a red line on taxes. Yet the Constitution gives the Commission a duty to *"coordinate economic policies"* of Member States. If the Commission believes that its duty is obstructed by a tax opt-out, it will ask the ECJ to resolve the dilemma, and the ECJ will rule in favour of tax harmonisation. As we have seen in the USA, 'States' Rights' are helpless against the incursion of the federal government.

Of the Tories' five key commitments, schools'n'hospitals seem least susceptible to Brussels interference. But don't count on it. The Constitution establishes 'public health' as an EU competence, and it provides for *"supporting, coordinating or complementary action"* in health, education, vocational training, culture, youth and sport. The potential for Euro-creep is evident, and is enormous. We are already overwhelmed by directives on food safety, vitamins and supplements, health claims and so on, plus the new EU Food Standards Agency.

Every one of these policy areas is hamstrung by the perverse and unintended consequences of the European Convention on Human Rights – a convention we must repeal.

The fact is that each of the five key Tory commitments is hostage to EU policy, and that is a fairly straightforward message for the voter – if we keep passing powers to Brussels, we won't be able to respond to voters' real concerns. Indeed, their government in Westminster will have derisory residual powers, and their democratic right to decide who governs them will have been devalued, if not destroyed outright.

There is another reason why the Tories should not ignore the European issue. We know that 16 per cent of voters supported UKIP in June 2004. Now of course many of those are natural Conservatives who will come back of their own accord. But at the margin there are those – maybe 2 per cent, maybe 5 per cent – who will be torn between a Conservative vote and support for a rejectionist fringe party.

A vote for UKIP is half a vote for Blair

They know in their hearts that the choice on 5 May is between Blair and Howard as Prime Minister. They know that a vote for UKIP is half a vote for Blair. Yet the self-indulgent attraction of gesture politics may prove too tempting on the day. Those who care about Europe may be a small minority – but they care passionately, and they could be enough to swing the result.

All they need is a little reassurance. Most of them will accept current Tory policy on the EU – No to the euro, No to the Constitution, repatriation of fisheries and foreign aid, repeal of the social chapter, and of the ECHR to the extent that it obstructs other policy commitments.

We must not let our case – and their votes – go by default.

Roger Helmer is a Conservative MEP for the East Midlands and a member of the European Foundation's UK Advisory Board.

Tax Competitiveness: a way out of the vicious circle

by Ivo Strejcek, MEP

> The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state… Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state.
>
> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*

Everything in the European Union seems to be revolving around a magic formula called the Lisbon Agenda. This plan, consisting of slogans, declarations and often meaningless phrases, is a peculiar mixture of good steps forward and idle wishes. There are a few strong points but, on the other hand, there are those that resemble the old-fashioned and worn-out nostrums belonging to past decades in central and east European countries.

And, surprisingly enough, almost everybody knows (or at least suspects) what has been going wrong. There is no need to make up sophisticated documents like the Lisbon Strategy. Instead, it is time to face the fact that the emperor has no clothes.

The primary reason for sluggish European economic growth is excessive regulation, mighty tax burdens and a blind faith in the wisdom of ever deeper bureaucracy, producing legendary European red tape. All these factors are symptoms of a lack of confidence in the free market. When we also bear in mind an ageing European population that is used to high social standards, it is clearly time to do something about it.

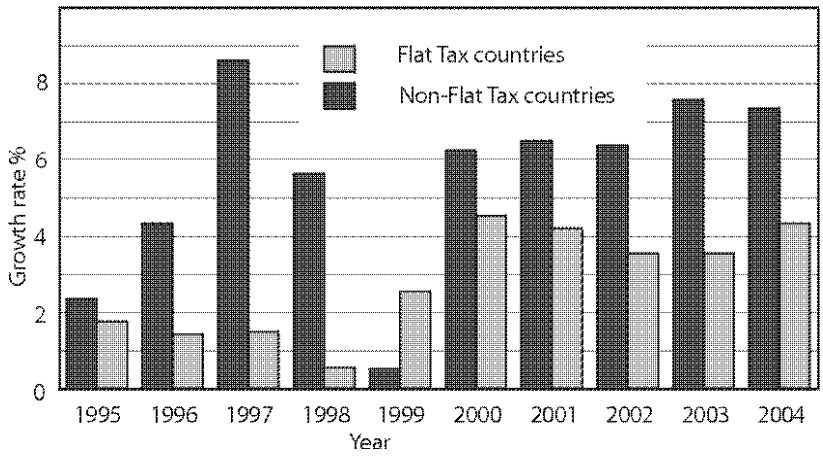
One approach, though not the only one, is to foster and promote tax competition between Member States, and to examine the potential of the flat tax concept.

When the idea of the flat tax was first proposed, it was immediately dismissed as an academic economist's pipe dream. It would not work in the real world.

Now, for the past few years, the flat tax has been gaining ground. Estonia, a Baltic country, was the first to introduce it. And, out of the blue, this tiny country has been followed by several more, including Lithuania, Latvia, Russia and Slovakia.

The striking fact is that, over the period 1995–2000, the average growth rate of central and eastern European countries with the flat tax system was 4.6 per cent, while the average growth rate of the rest was just 2.1 per cent.

In 2001–2002 the average growth rate of the countries with flat taxation was 6.4 per cent, compared to a mere 3.8 per cent in non-flat tax countries. In 2003 the countries with flat tax grew by 7.7 per cent, compared to 3.5 per cent for the rest. In 2004, subsequently, economies in flat tax countries grew by 7.3 per cent and countries without flat tax by just 4.3 per cent. (*Source: International Monetary Fund)*



Source: International Monetary Fund

Averaging across all these countries, the growth rate with a flat tax is double that of countries with complex and progressive income taxation (see chart).

There are several reasons for this remarkable effect. It is evident that the flat tax has brought dramatic incentives to work, to save, to invest and, finally, to take entrepreneurial risks. Without any shadow of doubt, the introduction of the flat tax has shifted money from investments aimed at tax reduction into investments producing goods and services.

The main objection is that it is unfair to the poor, and enormously advantageous to the rich. But this 'prejudice' is neither true nor fair, because the main purpose of flat taxation is not to change total incomes of the poor or the rich, but to stimulate growth. The underlying premise is to implement a taxation system which will be just for everybody, simple and understandable. It limits ineffective redistribution, which is primarily "*… the redistribution from the poor to the poor and from the rich to the rich …"* as prominent Czech economist Peter Mach wisely noted.

The flat tax policy is simple and practical – free of distortions of allowances that usually make the whole system non-transparent. It greatly reduces both the opportunity and the incentive for avoidance tactics and complex tax frauds.

In the EU, we often hear calls for tax harmonisation, and the avoidance of 'unfair tax competition'. What this really means is an effort to force flexible and successful economies, such as Slovakia or the Baltic states, to accept higher European tax rates, to abandon one of their key competitive advantages, and, consequently, to share core Europe's sluggish economic growth. But these countries that have successfully introduced the flat tax will not surrender it, because if they did, they would sacrifice their future prosperity and, more importantly, their freedom to choose.

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Ivo Strejcek is an EPP-ED member of the European Parliament for the Czech Republic.

The French 'No' Campaign: a battle for Europe

by Philippe de Villiers



Never in European history will a democratic decision made by the French people have such a huge impact on the other European nations. For the first time, *les anglais* could hope to be saved by *les français*, and their vote may, indeed, save the other nations of Europe. The Danish 'No' in 1992 and the Irish 'No' in 2001 merely succeeded in granting Denmark a few opt-outs and a few changes in the Irish Constitution. On 29 May, the French people may give a louder indication of Europe's citizens' discontent with the European integration process. Despite opinion polls showing growing support for the 'No' camp, with a lead of 12 points on 16 April (44 per cent 'Yes' / 56 per cent 'No'), we still have to fight a fierce battle over the next month.

It is difficult, from abroad, to see quite how unfair the French Referendum Campaign is. In France, the two main political parties are actively campaigning for the European Constitution. Jacques Chirac's UMP and the PS (Socialist Party) are putting all their strength in that battle. They have the support of nearly all TV channels, 90 per cent of the daily newspapers and a vast majority of weekly and monthly magazines. The radio networks are also mobilised to help the French people to make *le bon choix*. Outside the political and media world, the major trade unions, the MEDEF (French CBI) and even the Roman Catholic Bishops of France have also expressed their support for Giscard's draft.

The campaign in France is now entering the so-called 'official' campaign period, during which certain rules have to be observed by campaigners. These rules have been set by the Government in order to maintain a fiction of fairness. Speaking time on TV during this official campaign is supposed to be equal for both the 'Yes' and 'No' campaigns. Yet despite the fact that a referendum is a direct dialogue with the citizens, outside the usual mediation of the political parties, the Government has decided to allocate official speaking time according to the number of MPs and MEPs of each party. This, of course, is designed to bring a decisive advantage to the 'Yes' campaign.

Mr Chirac has also decided to use public money to fund the campaigning activities of the parties. In France, companies are forbidden to fund a political party and private donations are limited. Our political life is funded by the state. For this referendum campaign, the rules designed by M. Chirac's advisors state that a party having an elected representative in the Assemblée Nationale, the Senate or the European Parliament can receive up to €800,000 of public money. The first advantage for the Government is that this system brings fresh air, and indeed fresh money, to the declining National Front and gives it the opportunity to try to establish a connection in the public mind between the 'No' campaign and the FN.

A second advantage for M. Chirac is that this system kills the argument of the 'poor No' and the 'rich Yes'. Looking at it more closely – which the French press will probably not do – this public funding will only increase the cost to the taxpayer and raise the level of unfairness still further. In France, public funding for the political parties is split according to their result in the last general election. These €800,000 are going to go on top of the millions granted to the UMP, the Socialist Party and the UDF (centrist party) which are all campaigning in favour of the Constitution.

Our campaign against the Treaty has to also face the immense financial power of

the European institutions. The European Commission and the European Parliament are using their full weight in the battle. Approximately €9 million has been added on top of the already enormous sums used by the European Parliament to promote itself. It has even been written in the decision of its Budgetary Committee that these millions are to be spent to explain the advantages of the Constitution to the French citizens. The MEPs who support the Constitution will soon receive the support of a 'Help Desk', with civil servants helping them disseminate a positive message to the people. The European Parliament's office in Paris will spend around €8 million on an 'information campaign'. According to a note circulated by that office, this campaign will consist of the usual posters and pamphlets, but more interestingly it will also consist of producing TV programmes, establishing co-operations with local newspapers, distributing a 'Constitution Pack' to universities and giving away 1.5 million printed serviettes in university cafeterias. One of my colleagues in the EP has asked for an explanation of the informative value of a serviette. He is still waiting for an answer.

So why do the polls show that opposition to the Constitution is growing? When they started to show a reduction in the 'Yes' lead in early March, commentators and 'Yes' campaigners tried to put the blame on a 'bad mood' for which the Constitution was a scapegoat. Their first answer was: People can not reject such a good text and there is a lack of information; if people knew better they would vote 'Yes'.

But the Commission provided the 'No' campaign with a concrete example of the problem of what the EU is really about. Deciding in December 2004 to recommend the opening of the accession talks with Turkey, for instance, was putting back into broad daylight one of the original sins of the EU. It never took the time to define itself politically or geographically. Every new treaty is said to be a new step forward. But nobody was ever told towards which goal. If Turkey becomes an EU member, how could we refuse accession to Azerbaijan, Armenia, Russia or Tunisia?

The second argument which seems to be very influential in France is a consequence of the single market. The Bolkestein draft services directive showed very graphically that the French people are no longer free to decide to what extent the state may be involved the economy. Whether or not we agree on the principle of the free market and free trade is not the main issue. The crucial problem is that it belongs to the French citizen to decide on this. Free market, de-regulation, what we call in France *libéralisme* should be a national debate, not imposed through a European Constitution or a European regulation.

As at mid-April, the chances of a 'Yes' vote are very small. By telling farmers they will do a *connerie*, President Chirac is using a fear technique. France, he implies, would become the 'black sheep' of Europe. But at the same time all opinion polls are showing that this technique is failing. Our nation will not feel guilty for saying 'No'. The problem of the official 'Yes' campaign is mainly that it has nothing positive to sell. Why do we need a Constitution? Why this one? Why can't we discuss its content? None of these questions have been addressed by their campaign.

Mr Chirac's decision to consult the nation through a referendum has just given our people the opportunity to express its distrust for the elite. The 'Yes' anthem, sung unanimously by the entire establishment, tends to confirm the idea that our elites are leading the country only for their own benefit. For the past 15 years our political class has been eager to transfer its power and its responsibilities to Brussels. Life in Paris is now much easier. The ministers still have their offices, secretaries, limos and chauffeurs. The Parliament is still debating, the President still making his speeches for New Years Day and on 14 of July. But no more responsibilities, no more difficult decisions to make – everything now depends on Brussels. Even if it is not entirely true, this perception has been very useful for the peace of mind of our leaders. This divorce between the French people and its elite is a direct consequence of the European integration process.

Our nation, hopefully, has finally woken up. And for the sake of all the nations of Europe, we are going to answer 'No'. We will say 'No' for all those people of Europe who will not have their say. Opinion polls are already showing that the strength of the 'No' campaign in France has contributed to increasing the hopes for a 'No' vote in the Netherlands, Poland, the Czech Republic and, indeed, the United Kingdom.

For centuries in France, we have had a profound love for our country and our traditions. Today that love is supported by a respect and affection for the others countries of Europe, with their histories and traditions. We can now take the lead to help them. To paraphrase one of Great Britain's greatest politicians, William Pitt: France must save herself by her exertions, and will, as I trust, save Europe by her example.

Philippe de Villiers MEP is Vice-Chairman of the Committee on Fisheries in the European Parliament and President of Mouvement Pour la France.

… news in brief

Gross resigns

As has been expected for several weeks, the Czech Prime Minister, Stanislav Gross, has announced his resignation. He has come under pressure following revelations about the purchase of a luxury villa. Although he won a confidence motion, five ministers have said they are resigning from his cabinet. The Czech President, Václav Klaus, has indicated that he will ask the Social Democrats to again form the next government. The likeliest candidate for the premiership is the Finance Minister, Bohuslav Sobotka. [*Die Welt*, 9 April 2005]

The fragility of the Czech Government is relevant to the ratification of the European Constitution. It is not yet clear whether it will be ratified by referendum or in parliament, but there is no majority in Parliament in favour of the text. The opposition Civic Democratic Party is openly hostile to the Constitution, like the President himself. Klaus, indeed, has just published a 20-page foreword to a pamphlet written by the veteran Irish sovereignist, Anthony Coughlan, explaining the reasons why he is against the text. Such open campaigning against the constitution makes Klaus the only European head of state to adopt a clearly sovereignist position. It has naturally infuriated the Czech political class, the majority of which is pro-EU and pro-Constitution.

Slippery Sarkozy

Pro-European Chiracians are growing suspicious that Nicolas Sarkozy, the leader of the governing UMP Party, is not campaigning hard enough for a 'Yes' because he wants the 'No' to win. The rationale would be that if the 'No' wins, then Jacques Chirac would be politically dead and could not stand for re-election to the presidency in 2007. Sarkozy's supporters say that their man is travelling all over the country campaigning. He has also been organising teleconferences with party activists, explaining why people should vote 'Yes'. [Philippe Ridet, *Le Monde*, 9 April 2005]

A Bad Constitution – Bad for Europe and Bad for America

by Sally McNamara

As Europe once again debates its future direction, the recent gathering of world leaders to mark 60 years since the liberation of the Auschwitz death camp stands as testimony to the liberty and democracy that was secured in 1945.

Since the fall of the Berlin Wall and the democratisation of central and eastern Europe, American foreign policy has celebrated European 'integration' as a potent symbol of what we can achieve together, acting in diplomatic and military unison. But that deepening integration of EU Member States now requires further reflection. The European Constitution proposes a European Union far removed from the previous nation-state model that helped win the Cold War, and ultimately proposes a Union in conflict with American interests.

For American companies operating in Europe, the EU Constitution will mean more government interference and more judicial activism

Unlike the American Constitution, the European Constitution is elaborate in detail, guaranteeing all sorts of employment, social (and Socialist) rights, such as the right to strike, the right to limited working hours, to paid leave and so on. While these 'fundamental' rights might sound like a good thing, such lengthy and intricate prescriptions have no place in a constitution and will invariably translate into complex legal challenges – to be interpreted by the notoriously interventionist and centralising European Court of Justice. The Court of Justice has the sole aim of 'ever closer union', and has consistently found in favor of more, not less, European governance. For American companies operating in Europe, the EU Constitution will mean more government interference and more judicial activism.

But there is a whole host of other reasons why America should be concerned about this Constitution. The implications of military structures outside of NATO, together with a European satellite navigation system that will be available to strategic American antagonists, poses a potential threat to the organisation which has underpinned peace for the past half century. A common European foreign policy would severely impede the ability of key allies – like the UK – to gather support for joint military action with the United States.

Pressure to protect some industries, already a major factor in transatlantic trade disputes, will grow stronger as Member States' economies suffer under the burden of excessive regulation. The Constitution is a blueprint for an inward looking, rigid Europe to rival the United States, not partner it.

The Constitution also embodies everything that is bad about the European social model and threatens to legally formalise it. The influential think tank *Global Britain* reckons that the EU single market has been even more beneficial for America than it has been for EU Member States. So it is in America's interest to preserve economic dynamism in Europe.

The EU proudly announced at the Lisbon Summit in 2000 that Europe would be the most dynamic, competitive, knowledge-based economy in the world by 2010. Half way into that deadline, little or no progress has been made. To his credit, new Commission President Jose Manual Barroso is trying to breathe new life into this process, but his reformist agenda is beset on all sides; not least of all from highly-regulated, highly-taxed, big government Member States. Until there is real understanding of the necessity for the structural reform of Europe's flagging economies, and the political will to drive it, the Lisbon goals will remain a pipe dream for everyone concerned.

That is why a 'No' vote against the Constitution should be viewed as an opportunity, rather than a worry. While the EU's political leaders may have agreed the Constitution, there are eight referendums coming up around Europe and there is a good chance that in at least one country people will say 'No'. As it stands, if even one Member State of the European Union votes 'No', then legally, the Constitution cannot progress.

It is a fact that America and Europe will always do business, regardless of whether there is a European Constitution or not

Indeed, many countries may have problems ratifying this Constitution, not least of all the UK. Polls consistently show a reluctance on the part of the British people, and increasingly British business, to approve the Constitution. As a major member of the EU (and a net contributor), a British 'No' vote would have huge implications and force the EU into a real re-think. Barroso could easily claim a mandate for reform and push through fundamental structural reform; Europe could once again concentrate on what it needs to be doing.

It is a fact that America and Europe will always do business, regardless of whether there is a European Constitution or not. But trade is not a zero sum game and if government should be doing anything, it should be working to improve the environment for businesses to grow, people to get jobs and the economy to steadily improve. But this Constitution threatens all that, and threatens to make Europe's current problems irreversible. It threatens the foundations of transatlantic peace and threatens the possibility of future cooperation. It is a bad Constitution – bad for Europe and bad for America.

Sally McNamara is EU Project Director at the American Legislative Exchange Council in Washington, DC.

Why Referendums on EU Constitution Must End with the Answer 'Yes'

by David Hanak

Europeism: another modern ideology

We have witnessed that for the EU elites the only correct answer in referendums has been 'Yes' to further centralisation of power in the EU. Take, for example, the repeated voting in Denmark and Ireland where the people dared to say 'No'. We can expect that only positive results will be accepted in the case of the EU Constitution, too. Why is this so?

Because the supporters of the European project act on the basis of a gnostic ideology, the ideology of Europeism. As with every modern ideology, Europeism also shares basic elements with other gnostic ideologies. I mean particularly Marxism and national socialism, but also libertarianism. For modern ideologies work on the premise that the given ideal state (Utopia) can be achieved by political measures.

The principle of Europeism is a conviction that a lasting peace can be established in Europe. Passing the EU Constitution should thus significantly contribute to the state of 'the end of history'. Behind this conviction, there is deep disbelief in social discord, which results from natural human activity because people are imperfect. The Europeists' deep disbelief has its source primarily in German philosophy and history. The German Idealist school (Kant, Hegel, and others), in creating various theoretical constructs, tried to eliminate social discord from their thinking. German history is full of conflicts that ended in war or other violence. Since the 18th Century, philosophers have thus been creating a thought environment which is not capable of responding to the real world because it is detached from reality.

Being unregulated by realistic political thinking, reality itself resorts to violence and domination as arbitrators in a given conflict. Force, not justice or fair play, is the last success standard. Yet these decisive forces are mystified in thought Utopias. In the name of those Utopias, they are negated in the real world.

Czech Eurosceptics had an inauspicious experience in the 2003 Referendum, and the referendums on the EU Constitution will go off alike. Everything will be allowed; only force, that is, the power of money and manipulation, will decide.

The Avant-Garde and the Commonalty

We can understand the significance of the referendum for Europeists from Marxist ideology. For Marxists, there is the avant-garde and the (unconscious) commonalty. The avant-garde is a chosen caste that is able to take care of social progress towards a classless society thanks to a specific education and a scientific approach to the world. The avant-garde is the vanguard that the commonalty (the masses) follows. If the masses do not want to follow the avant-garde, it is not because the avant-garde have the wrong goals, but because the commonalty are either victims of false consciousness, or simply not conscious enough. Therefore, the commonalties need to be made conscious to follow the example of the avant-garde, as the avant-garde wishes.

Europeists also use the same construct. The purpose of the referendum is not public debate or considering all the pros and cons, but persuading the masses and making them conscious of the right path taken by the European federal avant-garde.

This is also the reason why Europeists repress the opposition. The opposition only failed to notice the leadership of the avant-garde, which acts in the name of utopian ideas. The opposition only sabotages social (European) progress towards a lasting peace.

Thus, the referendum has just one correct and acceptable result: 'Yes' to further the centralisation of Europeist power. If the referendums turn out differently, false consciousness of the masses will be held to have been involved. The avant-garde does not then have to change its ideology, but its approach: put more money in the campaign; prosecute the advertising campaign better, etc.

How is this Possible?

What is the basis of the modern ideologies or Utopias like Europeism? Briefly, it is a notion mixing the human and the divine. Christ says to give to God what is God's and to Caesar what is Caesar's. Modern ideologies do not respect this allocation; they have a notion that a person can reach divinity, i.e. perfection, if he wants to. For conservatives, modern ideology is nothing 'new'; it is only another variation on an old theme. Mixing the divine and the political is typical of Islam, for example, but also of other civilisations outside the Western world. Modern ideologies like Europeism only imitate extra-European archaic religions. Thus they return the Western world to ancient Asian patterns of thought.

David Hanak is a freelance journalist in the Czech Republic.

… news in brief

Disagreements over Boeing and Airbus

The argument between the US and the EU over subsidies to the aircraft industry shows no sign of abating. No agreement has been reached despite intensive negotiations. On Monday, a 90-day 'cease-fire' between the two sides came to an end: during this period, no new suits were to be filed with the World Trade Organisation and no new subsidies were to be granted. A spokesman for Peter Mandelson, the trade Commissar, said that there was still room for negotiation. According to the EU, Boeing has received some $23 billion in state aid since 1992. The US says that Airbus also gets billions in subsidies. [*Handelsblatt*, 11 April 2005]

Poles to leave Iraq

The Polish Defence Minister, Jerzy Szmajdzinski, has announced that Poland will withdraw its troops from Iraq before the end of this year, when the UN mandate expires. Poland has 1,700 men in Iraq, a number reduced from 2,400 after the Iraqi elections. Three other countries have also said their troops will go: Bulgaria has said that its 462 soldiers will leave before the end of December; Ukraine has confirmed that its 590 remaining soldiers will leave in May; and Italy has indicated said that its contingent of 3,200 men will probably be withdrawn from September onwards. Spain, Honduras and the Dominican Republic have also withdrawn their troops from the country. [*Le Monde*, 12 April 2005]

Bolkestein's Monster

by Dirk van Heck

The EU Services Directive is a piece of draft legislation based on a very long-standing decision to bring down intra-European trade barriers to the service industries that now make up the greater part of the EU's economy. The progenitor of the directive, Dutch former internal market Commissioner Frits Bolkestein, insists that it is misunderstood. The country of origin principle, which is central to the directive, would allow service providers to work in other Member States according to the domestic rules of their country of origin. Mr Bolkestein has emphasised that the principle will concern only 'artisans' and 'liberal professionals' offering services in other Member States but without settling in them, and that it will not concern companies. Furthermore, national public services will *"remain protected against competition*" and no Member State will be compelled to liberalise its public services on the basis of the directive.

The draft directive has, however, foundered on the rock of French public opinion. In a piece of characteristically hyperbolic grandstanding, President Chirac denounced the directive as *"ultra-liberal"*, declaring that, *"ultra-liberalism is the new communism*". In March, the directive was duly abandoned in its present form, so that it could be modified the better to protect the 'European social model' that is still held in such affection in France and Germany. Some blame M. Chirac himself for the state of French public opinion concerning the directive. *The Times* explained the view of Francois Bayrou, leader of the pro-EU Union for French Democracy (the junior partner in the French Government) as follows: for ten years, President Chirac has tried to reform by stealth, adapting France to a globalising world whilst soothing French voters by casting himself as an anti-liberal champion of the welfare state. This has meant blaming Brussels and the 'Anglo–Saxons' for the slow drift towards economic liberalism in France.

Meanwhile, Europhiles blame *les eurosceptiques* for setting up the services directive as a paper tiger with which to frighten French voters into rejecting the European Constitution in the forthcoming referendum. In the same way, Philippe de Villiers *et al* are blamed for the level of public concern in France about the prospect of Turkey's accession to the EU. Neither the services directive nor Turkish accession negotiations arise out of the Constitution. Both have been in the European policy pipeline for decades.

Europhiles blame *les eurosceptiques* for setting up the services directive as a paper tiger with which to frighten French voters into rejecting the European Constitution

Whether one blames M. Chirac or M. de Villiers – or indeed Mr Bolkestein, as M. Chirac does – one assumes that the poor French people have been misled by an unscrupulous political operator. As Solon pointed out in the March issue of *The European Journal*, however, the French are less likely to be taken in by a member of their political establishment than they are to want to give him a good kicking. After all, M. Chirac was re-elected after Jean-Marie le Pen came second in the first ballot in the French Presidential election in 2002 – and it was not suggested at that time that a very large number of French voters had been taken in by the leader of the *Front Nationale*.

The French have, of course, not been befuddled by compelling and unscrupulous politicians. They just have a strong sense of their own political culture, which remains relatively statist, corporatist, welfarist and mercantilist. On the whole, the process of globalisation has not been accepted by French public opinion, and the EU is seen as a statist means of protection from it rather than an international organisation that should work with it. The French were always going to be unhappy with the liberalisation of services across national borders and also with the prospect of Turkey joining the European project (indeed Valery Giscard d'Estaing publicly implied that Turkish accession was unacceptable, following his Chairmanship of the Convention on the Future of Europe, which drafted the European Constitution). The chances are that French voters are also unhappy with the negative impact of EU policies on their economy, on proposals to reform the Common Agricultural Policy and on a variety of other matters concerning the EU.

The draft services directive provides a good illustration of what can happen when policy from above is subjected to approval from below. If a polity is constructed undemocratically, it is unsurprising if, when subjected to democratic forces, that polity is undermined by those forces. The empire-building strategy underpinning the momentum of the European project has been to pursue widening and deepening simultaneously, on the basis of a sham 'consensus'. This strategy cannot withstand democratic processes. We have seen this already in the rejection of the Maastricht and Nice Treaties respectively by Denmark and Ireland, but these are both small and relatively new Member States that could not alone hold up the process of European integration, let alone force a reconsideration of its direction. As a large, founding Member State of the EEC and Germany's partner as the engine of European integration, France is very different in this respect.

The draft services directive provides a good illustration of what can happen when policy from above is subjected to approval from below

The official view on this subject in Brussels is that it would be a tragedy if the European Constitution were to fail because of the services directive, which has nothing to do with it. This misses the point. On the contrary, it would be a triumph if the services directive were to sink the European Constitution because the ongoing power play behind it has been exposed and rejected – and to trigger a process of reform of the European project based on the principle of democratic accountability.

Dirk van Heck is Head of Research at the European Foundation.

Why is the British Left so Poorly Mobilised Against the EU?[1]

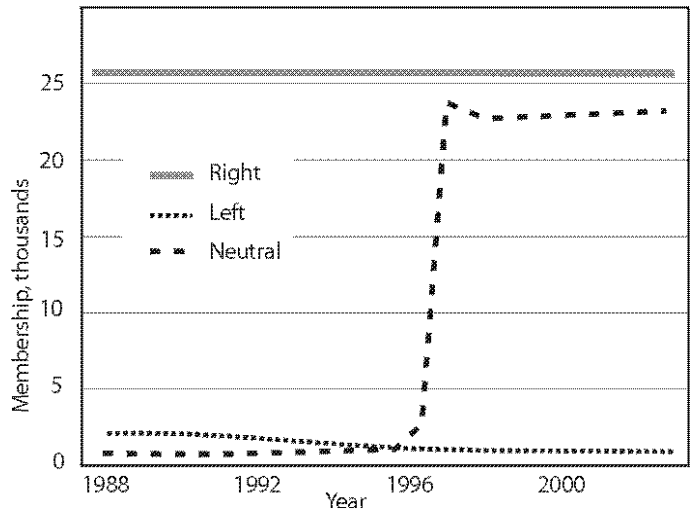
In the last issue of the *European Journal*, **Simon Usherwood** examined the development of the British anti-EU movement since the 1980s.[2] Now he takes his research further and looks at one of the most notable features of that movement, namely the relative lack of development of left-wing opposition.

While the British Left has always produced some form of opposition to the process of European integration during the post-war period – just as has happened in other European countries – it has never managed to develop to the same extent as the right of the political spectrum. This has been particularly true during the most important phase of anti-EU mobilisation and activity, namely the period since 1988. Indeed, it is hard to think of another country that has such an imbalanced array of groups (in terms of the spread across the political spectrum).

Why is this? Two inter-linking explanations will be suggested. First, there is a lack of suitable political groups on the left that could provide a starting point for wider mobilisation. Such 'seeding organisations' include political parties, party factions and non-party political groups. By contrast, there is a much wider choice of these on the right, providing much easier means of mobilisation for individuals. Second, those individuals who are drawn into left-wing anti-EU groups are generally 'resource-poor', by which we understand that they are lacking in financial means, leadership skills or a willingness to contribute actively to the group. Such resources are vital in maintaining the group's work, and so its profile, and its chances of expansion.

Clearly, much of this discussion is a matter of relative differences, be it between left and right or between the UK and other countries. As a consequence, the wider point about the importance of individuals within groups needs to be made more strongly. A relatively small number of individuals have driven the development of the British anti-EU movement over the past 15 or so years, just as has been the case in other countries. These 'resource-rich' individuals have had a disproportionate effect on the movement's shape and direction and it is only by looking at their actions that a fuller understanding can be gleaned.

Fig. 1: Membership of Anti-EU Groups, 1988-2003, by Political Alignment



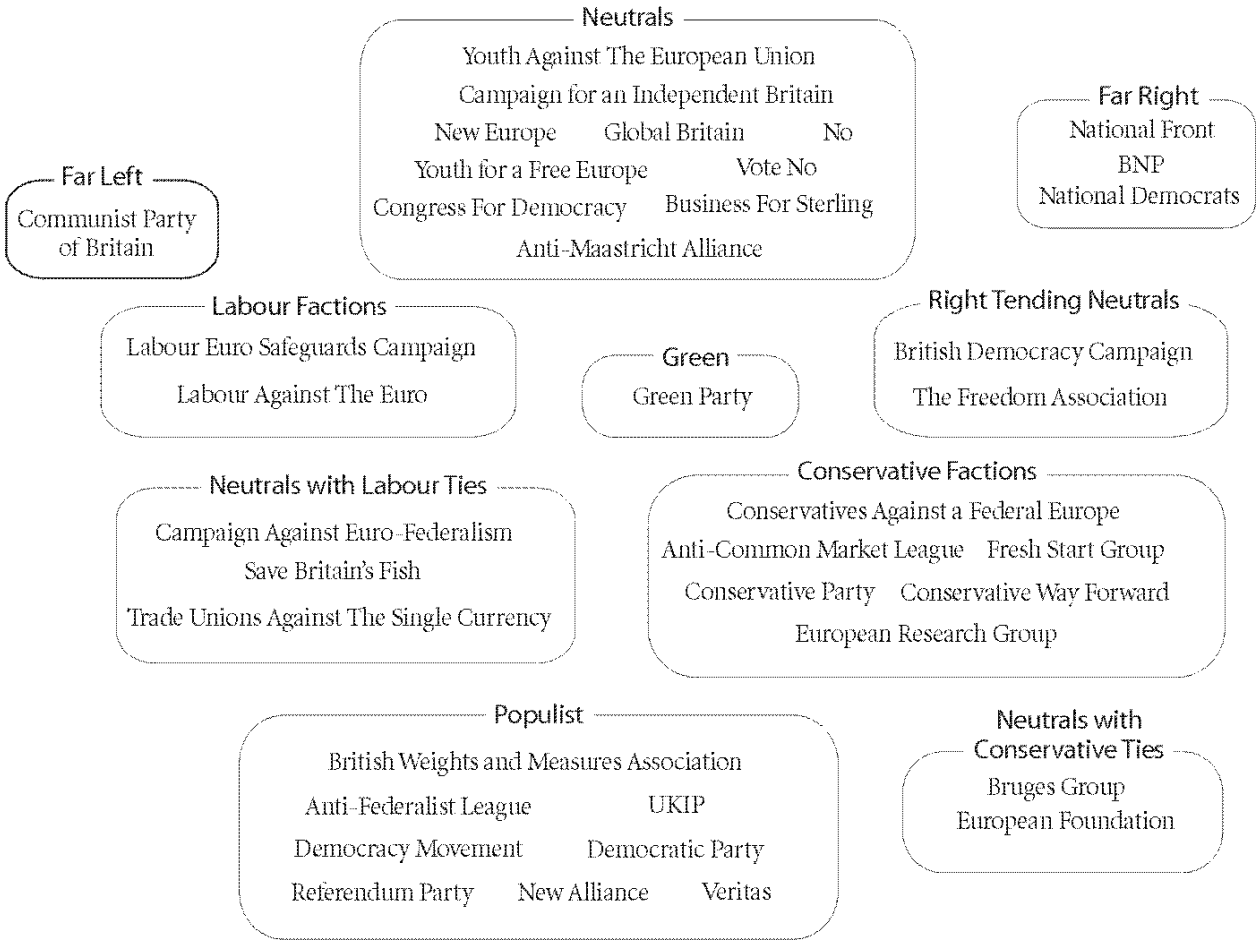
Measuring The Left's Under-development

How do we measure the development of the left? The most obvious way would be to simply count the number of groups in Figure 2 and note that the left lags behind the right, and both lag behind those neutral or indeterminate groups in the political centre. However, this does not tell us much. More meaningful would be some measure of the importance of such groups. Unfortunately, such a measure does not exist, at least in a direct form. Instead, it is necessary to use a proxy, the most obvious of which is group size. Certainly in terms of popular engagement, a larger group is going to have more contact points and thus influence. With this in mind, we can refer to the membership estimates in Figure 1. We have to note that these figures are to be taken with several large pinches of salt, since accurate membership lists are nigh-on impossible to get hold of.

With this in mind, we can still see that right-wing groups possess a much larger membership base than does the left. This is due in no small part to the inclusion of the Conservative Party, based on their official opposition to membership of the single currency since 1997. However, even if their members are stripped out, the right is still larger during the period since 1997, with a steady baseline of roughly 7,600 members. Moreover, it is also clear that the vast bulk of the left's membership comes from the Green Party, which shrank by three-quarters over the 1990s and which, like the Conservatives, has not been a particularly active part of the anti-EU movement. Stripping out their members leaves somewhere in the region of 1,400 people. Once again, it is the neutral/indeterminate group that outstrips both: even without the Democracy Movement's 'members', there are still somewhere in the region of 30,000 members of such groups.

Naturally, the counter-argument can be made that a group can be small and yet still influential, especially if its membership comprises elite actors. Some indication of this can be seen in the prevalence of anti-EU membership between the Labour and Conservative Parties. Using the directory of anti-EU groups on the pro-EU Britain in Europe website as a basis, there are currently 38 Labour and 59 Conservative MPs who are members of anti-EU groups: a ratio of

Figure 2: The Ideological Position of Various Anti-EU Groups



roughly 2:3.[3] In addition, it should be noted that there are fewer Conservative MPs in total, so as percentages of their respective parliamentary parties, the difference is even more marked: 9.3 per cent for Labour, 36.4 per cent for the Conservatives. Such figures are obviously affected by the internal divisions within the latter party, but it is still indicative of the way in which opposition to the EU has become much more marginalised on the left as compared to the right.

Two main themes emerge from this brief overview of left-wing opposition. Firstly, the left is under-developed in a relative sense to the right. On all the measures used, their various shortcomings notwithstanding, the size and influence of left-aligned groups is less than that of right-aligned ones. Secondly, and just as pertinently, both left and right are less developed in size and influence than the central bloc of neutral and indeterminate groups. It is only on the scale of MPs' memberships that they lose out to the politicised groups and even then this is compensated for by the level of popular membership.[4]

Given that this latter situation is unique to the UK, it is necessary to suggest an explanation as a complement to the argument on the left-right imbalance that forms the basis of this article. This explanation has been dealt with at length elsewhere, but a brief summary can be given here.[5] Essentially, it is argued that the relative difficulty of accessing Parliament and the pressures on party cohesion once inside have acted as a brake on the development of party-based opposition to the EU. Instead, individuals and groups have followed a path of least resistance and coalesced into apolitical groupings in civil society. Without the constraints of operating inside Parliament, such groups have had only weak pressures to cohere and have consequently become very fragmented and specialised. The lack of unambiguous support for the anti-EU movement by any major political party has meant that the potential for more partisan (in the broad sense of the word) opposition has not developed.

Seeding Organisations

As a starting point to understanding all of this, we can make the assumption that most people who become mobilised against the EU will join an existing group and, moreover, they will join the group that most closely matches their interests or political sensibilities.

On the right there is a wide choice of groups. Most importantly, there is the Conservative Party. While obviously not a group solely concerned with the EU, the party still provides an obvious first port of call for those on the moderate right seeking a more critical approach to European integration. The progressive marginalisation of pro-European elements within the party since it left government has merely

continued a process that has been going on since the 1980s and Margaret Thatcher's troubled European policy. From the perspective of one wishing to join the party, its position on the EU has been a key differentiator from Labour, the placatory efforts of Iain Duncan Smith and Michael Howard notwithstanding. This is supplemented by a persistent set of intra-party factions (most notably Conservatives Against a Federal Europe [CAFÉ]).

The net result of this clustering in and around the Conservative Party is that any interest in that direction is well provided. However, this is not the whole picture, since there are other groups that are more clearly outside the party's orbit. Closest to the party, with a predominance of Conservative Party members, but claiming to be non-party political, are the Bruges Group and the European Foundation: their reputations provide an attractive starting point for those new to the movement. More peripherally still, but with clear right-wing tendencies, there are the Freedom Association and the British Democracy Campaign.

The final category of groups on the right is the far right. The BNP, National Front and National Democrats all include anti-EU rhetoric as part of their ideologies and programmes. While all small, such groups have been able to draw on localised support, albeit for policies other than their European ones, and so have an importance in terms of introducing anti-EU sentiment into a section of society that might not have previously considered it.

By contrast, the pattern of groups on the left of the political spectrum is much more limited. First and foremost, the Labour Party is a relatively unwelcoming destination for those concerned about European integration. While the party had been the anti-European party until the early 1980s, it has since undergone a major shift. The swing towards a much more positive stance had a number of factors, such as the development of European social policy, the eradication of the Militant Tendency and the purely tactical element of supporting what Thatcher opposed.[6] The consequence was that by the 1997 general election, the party was perceived to be 'pro-European', even if subsequent events have demonstrated a similar degree of pragmatism to their Conservative predecessors. This also translates into a weak set of intra-party factions: Labour Against the Euro is probably the most important these days, but has yet to develop into a significant body within the party's grassroots.

Outside the Labour Party, there are some groups that are closely associated with it, but each is rather limited in impact. The Campaign Against Euro-Federalism is essentially a Labour grassroots body, but lacking much parliamentary support. Both Save Britain's Fish and Trade Unions Against the Single Currency have very limited goals and memberships, as their names imply.

The only other significant left-leaning group is the Green Party, which has been somewhat anomalous in its stance on the EU, as compared to its sister parties in other countries. Despite the party's first successful attempt to get national representation in the 1999 EP elections, the European issue remains a minor one. Despite this, it can be argued that it brings the issue to the attention of a sector of the population that might otherwise be uninterested or uninformed. However, this is a little bigger than the small far-right community that also opposes European integration.

Taking a broad view, it is apparent that the quantity and quality of groups on the left is much less than that on the right. Without the presence of a major political party on the left, groups have developed in very haphazard fashion, largely seeking to fill specific niches, rather than generate wider support. Those anti-EU factions that do exist in the Labour Party have atrophied and have become marginalised, in stark contrast to their much more active equivalents in the Conservative Party. Even the recent mobilisation of anti-euro Labour MPs has to be contrasted with the fact that opposing the single currency has been Conservative Party policy. No left-wing group has the status or prestige of the Bruges Group or the European Foundation and there is no left-wing group that combines significant levels of membership with a sole focus on opposing the EU.

In brief, the shortcomings of left-wing anti-EU groups creates a vicious circle. The lack of suitable groups discourages new membership, either entirely or just enough to push the individual into a non-aligned group, such as the Democracy Movement or UKIP. This results in a lack of new interest in left-wing groups, denying them resources and so making them even less attractive to new members. This circle, once begun, has been almost impossible to break, especially in the context of strengthening Labour Party support for the European Union.

Resource-Rich Individuals

Groups are comprised of individuals, with individual interests and resources. Clearly, individuals do not have equal weight within a group. This is due to an unequal distribution of resources, both in the financial and motivational senses of the word. Typically, we find one of two models: either a group dominated by one resource-rich individual, or a group comprised of large numbers of resource-poor individuals working together.

The right of the anti-EU movement has always benefited from the presence of a series of well-motivated, resource-rich individuals. These can be broken down into two sets: those with lots of money and those with lots of leadership. An example of the first set would be Paul Sykes, who has supported at various times anti-EU Conservative Party candidates, the Democracy Movement, the British Democracy Campaign and UKIP. Likewise, we can point to Michael Spicer, MP, as someone who typifies the second set, with his work in the Maastricht ratification rebellions, the European Research Group, the Congress for Democracy and CAFE. But Sykes and Spicer are just exemplars of a substantial group of similar individuals on the right. It would be just as easy to have mentioned Lord Hanson or Sir James Goldsmith as alternatives to Sykes, or Bill Cash, MP, Lord Harris or Lord Pearson (who holds positions in at least 9 groups) for Spicer. All of this is to demonstrate that the right does not lack for resource-rich individuals.

Compare this to the situation on the left. Financially rich individuals are largely non-existent, Goldsmith's occasional funding of the Labour Party in the 1970s notwithstanding.[7] Instead, the funding base is much smaller and centred around numerous small donations, rather than a few big ones. To some extent this is the result of chance, although it might also be argued that the left and the accumulation of large fortunes do not make happy bedfellows. Whatever the reason, the consequence is that it is necessary to look to individuals able to provide organisational or leadership resources.

In this, there is once again a certain shortfall. This is not to say that there are no resource-rich individuals on the left. Two examples spring to mind immediately. Firstly, there is Lord Stoddart, the former Labour transport minister, who was one of the very few active opponents of the

integration process between the 1975 referendum and the rebirth of the anti-EU movement in the late 1980s. As chairman of the Campaign for an Independent Britain since 1985, chair of the Anti-Maastricht Alliance since 1992, president of the Labour Euro-Safeguards Campaign since 1995 and vice-chair of Global Britain since 1997, Lord Stoddart is one of the most active members of the anti-EU movement.[8] Secondly, Austin Mitchell, MP, a member of the European Foundation Advisory Board, is just as active, being a senior officer in LESC, the European Foundation, Campaign for an Independent Britain and Save Britain's Fish, as well as a member of Labour Against the Euro.[9] Between the two parliamentarians, there is a strong interlinking of the Labour-aligned groups, both within themselves and with other parts of the anti-EU movement.

However, Stoddart and Mitchell are rather the exception that proves the rule. Certainly, there is no one else who quite falls into the same category of commitment as these two. This is not to denigrate those who run left-wing groups, since they make the most of what resources are to hand. But this merely highlights the basic problem. In the almost complete absence of resource-rich individuals, the only option is to have lots of resource-poor individuals, who can together produce significant resources. But as was discussed in the previous section, none of the left-wing's groups have very large memberships, especially those that are solely dedicated to opposing the European Union. The up-shot is that the left finds itself in a Catch-22 situation: on the one hand, it does not have the resource base within its membership necessary to be more active or to increase its public profile; on the other, the lack of activity and profile discourages new members from joining.

Conclusions

Seen in this light, the future prospects for the anti-EU left look poor. The lack of groups and resources does not look set to change in the short to medium term. While the ratification of the Constitutional Treaty in 2006 might stimulate further mobilisation and activity within the anti-EU movement, this would not particularly advantage the left. Short of Labour losing power and developing Conservative-like tensions over the EU, it is hard to think of a situation that would break the vicious circle of low membership-low resources-low profile.

It might be commented upon that the left's under-development within the anti-EU movement mirrors its under-development more generally in British politics. The lack of a credible revolutionary socialist party in the 20th century and the wholesale adoption of the Thatcherite agenda in the 1980s are just a couple of the factors that has seen the centre of British politics lie further right than in many other European states. Just how far this impinges on the anti-EU movement's development is hard to say, but it seems credible to suggest that at least in a general sense it has helped to ensure a better resource base for right than for left.

The final question to be raised is whether this really matters. In one sense, it clearly does not: whatever problems the left might be experiencing in mobilising support, this has not stopped the UK developing a large and significant anti-EU movement, to the extent that it is seen as something of a role-model for groups in other countries. However, it does highlight the failure of the movement to penetrate the full spectrum of political debate in the UK: left-wing opposition to the EU remains a declining force.

1 Based on a paper delivered to Political Studies Association 54th Annual Conference, University of Lincoln, 6-8 April 2004. The views expressed are solely those of the author.
2 See S.Usherwood, "The Development of Anti-EU groups in the UK since the 1980s: An Overview", *European Journal,* Vol. 12, No. 3, March 2005.
3 See http://www.britainineurope.org/
4 Approximately 12 MPs hold memberships in non-aligned groups.
5 See Usherwood S., 2002, 'Opposition to the European Union in the UK: The dilemma of public opinion and party management', in *Government and Opposition*, Vol.37-2, pp. 211-230.
6 George S., 1998, *An awkward partner: Britain in the European Community*, 3rd ed., Oxford, Oxford University Press.
7 He also funded the pro-European European Movement in 1975, and both Labour and Conservative Parties.
8 See http://www.bullen.demon.co.uk/cibstod.htm for the CIB's profile of him.
9 His website (http://www.austinmitchell.co.uk/) is fairly blunt on the matter.

Simon Usherwood is a Lecturer in the Department of Political, International & Policy Studies at the University of Surrey.

… news in brief

Green light for Serbia & Montenegro

The European Commission has recommended that negotiations be opened with Serbia & Montenegro. The first stage of the country's accession has therefore begun. The Commissar for enlargement, Olli Rehn, said, "*This is the beginning of the European road for Serbia & Montenegro. The country has achieved a lot in recent years and it is time to move ahead.*" While the EU says that the two main Bosnian Serb leaders, Ratko Mladic and Radovan Karadzic, must be handed over if Serbia & Montenegro is to join, this decision comes only a few weeks after the EU and the International Criminal Tribunal for the former Yugoslavia came to the decision that Croatia was not cooperating fully and that its accession process would therefore be put on ice.

wCroat pro-Europeans will be furious, because they had been trying to sell the EU to a sceptical public on the basis that it would save them from re-integration into a new Yugoslavia and distinguish them from Belgrade. Now, the boot is on the other foot, and it looks as if Belgrade is closer to Brussels than Zagreb. The reason for the positive report by the ICTY prosecutor is that seven Serb and Bosnian Serb indictees have voluntarily handed themselves over to The Hague in the last three months.

The Hague Tribunal now resembles Dover at the end of *King Lear*, when all the protagonists gather unexpectedly for the dénouement: recent weeks have seen the arrivals of Ramush Haradinaj, the former KLA guerrilla, and Sretan Lukic, the Serbian chief of police during the Kosovo war. But some in the Serbian media claim that the people who hand themselves in to the ICTY are doing so for financial gain, even though they then make grand statements about how they are doing it for their country. "*The accused very probably get an envelope*," says a journalist on Serb national TV. "*The amount inside depends on their rank but it can be as high as 500,000 euros.*" The families of indictees get generous grants for travel to see their relatives, whence the sarcastic poster protesting against the cynicism of those who hand themselves in: "*I am going to The Hague so that my family can go on holiday in Europe.*" [Stéphanie Maupas, *Le Monde*, 14 April 2005]

Referendum Review

Keeping you up-to-date on referendums throughout the EU

by Sara Rainwater

Czech Republic

Stanislav Gross announced his resignation as Czech Prime Minister, after only nine months in office. This was in light of the recent scandal surrounding the cost of a luxury flat purchased by Gross, which cost more than the Prime Minister had ever earned. Media have been speculating as to possible replacements; two of the most likely candidates are Finance Minister, Bohuslav Sobotka, and Czech EU Ambassador, Jan Kohout. It is not yet clear whether the Constitution will be ratified by referendum or in parliament. President Klaus has just published a 20-page foreword to a pamphlet written by the veteran Irish sovereignist, Anthony Coughlan, explaining the reasons why he is against the document, making him the only European head of state to adopt a clearly sovereignist position.

Denmark

Support for the Constitution in Denmark has been waning in recent weeks, with several polls indicating the 'No' camp is slowly gaining ground. A poll conducted by the Greens Institute between April 4 and 6 shows that the proportion of those against the Constitution has risen to 27.6 percent this month, up over four point from February; those in favour stand at 38 per cent. Rambøll Management's own poll of 11 April indicates similar results, with 22 per cent planning to vote 'No' and the 'Yes' camp slipping slightly from 33 per cent in March to 30 per cent. The Rambøll survey also found that support for Turkish membership in Denmark also appears to be in decline – only 19 per cent are now in favour of Turkey joining the EU. On 10 March, a cross-party 'No' campaign was launched, bringing together 12 Eurosceptic parties, movements and trade unions.

Finland

Prime Minister Matti Vanhanen still expects the Finnish Parliament to debate the Constitution in autumn 2005, with a ratification vote to follow in December. Some MPs are still expressing their dissatisfaction that a referendum will not be held.

France

In recent weeks, all eyes have been focused on the French referendum situation. As many as thirteen opinion polls have now placed the 'No' camp ahead of the 'Yes' – 'No' stands anywhere between 51% and 55%. Pro-Europeans across the continent are getting increasingly nervous; the President of the European Parliament, the Spanish socialist, Josep Borrell, has said that he has detected a *"feeling of grave worry"* all over Europe. The problem, he says, no longer comes from Britain or Poland, countries that have a tradition of obstructing EU developments, but from France itself, a founding member of the EU. With voting day rapidly approaching, President Chirac is vigorously campaigning for a 'Yes' vote. In a live two-hour debate with young French voters on 14 April, Chirac praised the European Constitution and said France would be a *"'black sheep' if it says No"*. In other news, the EP's Paris office has come up with a plan to distribute 1.5 million paper napkins, printed with a web address and telephone number, to French students as a part of the EP's information campaign on the Constitution. Eurosceptic MEPs have lambasted the idea; MEP Kathy Sinnott has called it *"one of poor judgement"*. The BBC also recently reported that the French Government destroyed 162,000 copies of the European Constitution because proofreaders did not pick up the phrase *"incoherent text"*, which had been added in the footnotes of a page by unknown culprits. New copies are being reprinted, without the phrase of course, at an additional cost of €74,000.

Germany

Die Welt recently reported that some German states controlled by opposition parties may try to stall the ratification process in the *Bundesrat* if they are not given a bigger say on EU issues. This could cause a serious blow to Chirac's hopes of a 'Yes' vote in his country's referendum. Deutsche Bank chief economist Norbert Walter has also told *FT Deutschland* that a 'No' vote in France may cause currency speculation and halt eastward expansion of the eurozone to new Member States.

Greece

The debate on ratification of the European Constitution began in the Greek Parliament on 12 April and is expected to last three or five days depending on the number of lawmakers who want to take part in the debate. Communist-led demonstrators marched through Athens in an anti-Constitution protest as Greece's Parliament began their deliberations. The Government has refused to hold a referendum after parliamentary ratification of the Constitution.

Italy

Italy has become the first of the EU's six founding Member States to ratify the Constitution. Three months after the lower house of Parliament endorsed it, the Constitution has made it through its final hurdle in Italy. On 6 April, the Italian Senate ratified the document by 217 votes to 16. Italian President Carlo Azeglio Ciampi praised the ratification of the Treaty, which he said guaranteed the principles of equality and freedom in European society.

Portugal

Luis Marques Mendes, the new leader of Portugal's main opposition group, the Social Democratic Party, has threatened to block the amending of the national Constitution, which would allow a referendum on the European Constitution to be held at the same time as a general election. Mendes is angry over the possibility of a referendum on abortion being held in June; he feels a referendum on the Constitution should take priority. Portuguese President Jorge Sampaio lent his support to the 'Yes' camp in France recently, telling *Le Figaro* that he hoped voters would back the project and enable France to *"remain one of the pilots of progress within the Union"*. He has also publicly announced that he will actively campaign for a 'Yes' vote in his own country's referendum.

Spain

Eurobarometer conducted a post-referendum survey to find out why voters abstained or voted against the European

Constitution. When those polled were asked their reason for not voting in the referendum, 30 per cent answered *"did not have enough information"* while 70 per cent answered *"don't know or not applicable"*. Almost six out of every ten eligible voters stayed home on voting day in Spain. The poll found that, out of those interviewed, 73 per cent of young voters decided not to vote. The full report can be found at *http://europa.eu.int/comm/public_opinion/index_en.htm*

The Netherlands

Recent reports have indicated that the Netherlands may call off its June 1st referendum if France votes 'Non' just three days before. Dutch news agency ANP has called such a reaction an *"emergency scenario"*, but Dutch politicians have denounced the idea and Foreign Minister Bernard Bot has vowed that the plebiscite will take place regardless of the French result. It has been speculated that, as in other Member States, the question of Turkish membership may affect the referendum outcome.

United Kingdom

With the general election campaign in full swing, both Labour and the Conservative Party have made it clear where they stand on Europe. Labour unveiled its manifesto on 13 April, which indicates New Labour's clear support for an enlarged and deepened EU. It also argues that the European Constitution *"sets out what the EU can do and what it cannot"* and thus is *"a good treaty for Britain and for the new Europe."* A referendum is again promised, with Labour confirming its support for the campaign for a 'Yes' vote. In contrast to Labour, the Tory manifesto, launched on 11 April, promises a referendum within six months of the general election, with an exact date to be announced on 6 May 2005. The Party also promises to repatriate fisheries, reject euro membership and ensure the security of the Social Chapter opt-out.

Sara Rainwater is Editor of the European Journal.

Ratified

Country	Date	Mode of ratification
Italy	1 February 2005 6 April 2005	Chamber Senate
Lithuania	11 November 2004	Parliament
Hungary	20 December 2004	Parliament
Slovenia	1 February 2005	Parliament
Spain	20 February 2005	referendum, with final approval by Parliament

Ratification through Referendum

Country	Expected Date	Notes
Czech Republic	Late 2005 or June 2006	Latter date would coincide with parliamentary elections
Denmark	27 September 2006	
France	29 May 2005	
Ireland	Late 2005 or early 2006	
Luxembourg	10 July 2005	
Poland	Late 2005	Possibly to coincide with presidential elections
Portugal	December 2005	Possibly to coincide with municipal elections
The Netherlands	1 June 2005	First referendum in Dutch history
United Kingdom	Early 2006	

Parliamentary Ratification

Country	Expected Date
Austria	May 2005 (Exact date TBA)
Belgium	Mid to late 2005
Cyprus	March 2005
Estonia	Early 2005
Finland	December 2005
Germany	12 May 2005
Greece	April-May 2005
Latvia	Spring 2005
Malta	July 2005
Slovakia	May 2005
Sweden	Late 2005

Relaxing the Stability and Growth Pact: 'A bit of a joke'?

by Elizabeth Oakes

For eight years, the Stability and Growth Pact has served to embody the central tenets of EMU membership – a tight, unified fiscal policy to match the tight, unified monetary policy of the European Central Bank. At the core of the Pact are two limitations: budget deficits are not to exceed 3 per cent of the nation's annual GDP, and national debt must be limited to 60 per cent of GDP. Should a nation stray from these rules, the Commission recommends that the Council of Economic and Finance Ministers (ECOFIN) impose sanctions against the violator, ranging from a formal warning to a non-refundable fine. National accounting is to be monitored by a Commission-organized multilateral surveillance team, and sanctions are to be imposed equally and fairly on an infracting state. In this way, medium-term economic policies are coordinated and policed by the Commission at the supranational level. Or so the theory goes.

This coordination plan was created in a time of boom, and both its economic and political limitations have been evident nearly from the outset. Portugal was the first nation to breach the 3 per cent deficit ceiling in 2000 (at 4 per cent), and by 2002, both Germany and France reported budget deficits of around 3.5 per cent. Greece's 2004 budget reports a 6 per cent deficit, and Italy is expected to breach the ceiling in 2005. Five of the twelve eurozone nations cannot maintain the Pact's ceiling, a rule which former President of the European Commission Romano Prodi simply called *"stupid."*

To compound the economic consequences of the situation, sanctions are imposed by (perhaps) the most political committee of the Union, ECOFIN, which makes decisions through qualified majority voting. Thus, a blocking minority can choose to defer punishment for a particular, prominent, member. For example, while a large number of the Member States may approve of the Commission's recommendations for sanctions against Germany and France, a blocking minority of Portugal, Italy, Germany (for France) and France (for Germany) may exist. Two sets of rules exist for those who breach the Pact's rules: punishment for the smaller nations and suspended punishment for the larger.

Without the ability to sanction every rule-breaker, the Pact morphed into a toothless version of its former self, sparking frequent political battles between the Commission and ECOFIN. These battles culminated in the Commission taking its case to the ECJ in late 2003, a case in which the ECJ found on behalf of the Commission. Irrespective of this ruling, if the Member States will not provide transparent accounting reports, maintain thorough and fair surveillance, and apply sanctions to all infringements, the Pact remains ineffective. Calls for changes in the Pact reached a head, and on Sunday, 20 March 2005, the finance ministers agreed to alterations in the SGP.

The main features of the Stability and Growth Pact have not been altered; the deficit and debt ceilings remain the same. What have changed, however, are the requirements for reporting national budgets. In short, a number of loopholes were created to allow nations to exclude some components of their government spending in order to maintain SGP limits. Most of these loopholes are vague. For example, costs associated with the 'unification of Europe' are to be excluded when calculating deficits. Greater leniency is granted to the new Member States, such as Poland and Hungary – they will be granted a five-year grace period from the ceilings if they reform their pension systems. Also, large concessions were granted to France and Germany: France need not report military and aid spending, and Germany may write off costs associated with reunification. Some of these accounting loopholes created a strong rhetorical backlash. The Austrian finance minister called the fifteen-year-late reunification exclusion *"a bit of a joke"*.

Negative, or at least wary, responses to the loosening of the Pact rules have come from all sides of the debate. The ECB was *"strongly concerned"* and hinted at raising interest rates in anticipation of expanded government spending and ensuing inflation. The Commission is now strapped with the increased difficulty of ensuring transparent, honest financial reporting from the Member States and recommending sanctions to an ECOFIN that appears more willing to alter the rules for political gain than to enforce the ones previously created. Finally, national economies worry that borrowing may become painful should the low interest rates currently enjoyed by the members of the eurozone increase. With the knowledge that costs will be shared across borders and without fear of repercussions, incentives are high for nations to increase government spending. The already difficult operation of coordinating economic policies across Europe therefore seems to have grown more difficult.

Does any of this matter? Many signs suggest not. First of all, financial markets did not respond to the announcement of the loosening of the Pact's rules. The euro barely budged against the dollar. Economists also argue that the difficulties in Europe are not just those of macroeconomics, but also microeconomics. Labour market regulations in France and Germany are rigid, demand remains low, and growth in 2005 is predicted to be around 1.6 per cent (compared to 3.6 per cent in the US). Long-term economic goals, especially meeting the demands of Europe's ageing population, should move to the forefront of policy. And finally, the constant power struggle between the Commission, the ECB and ECOFIN should be resolved in order to create consistent medium-term economic goals and policies. While the Stability and Growth Pact remains a powerful symbolic reminder of Europe's commitment to monetary and fiscal unification, its recent alterations may have rendered it into just that: a symbol. Its rules should be altered to benefit the economy of the EU and then be enforced regularly and effectively. Until then it will only serve as a reminder of the chasm between *de jure* and *de facto* in Europe.

Elizabeth Oakes is a freeelance journalist currently completing a Master of Arts in Contemporary European Politics at the University of Bath.

Time Bombs, Black Holes and Shifting Sands: Pensions and Social Security in the EU

by John Massey

When Alan Milburn was confronted on the *Today* programme with the recent finding that average take-home pay has dropped for the first time in a decade, he surprisingly refused to infer a relationship between this fact and the soaring rise in government taxation. Furthermore, he proceeded to make the astonishing claim that the self-employed, whose ostensible independence from state machinery offends Labour's stultifying *dirigisme*, do not pay National Insurance contributions. This fundamental mistake, which was disappointingly not picked up on by the BBC interviewer, reveals the gulf between the wealth- and job-creating sectors of the economy and a remote, indifferent government.

This kind of basic error is unforgivable and yet the whole question of pensions and social security suffers from a complexity which gives rise to misapprehensions and even anxiety amongst the population. Needless to say, this is an area into which the EU has wheedled itself, adding yet another layer to the policy considerations and micro-management which so bedevils public understanding of this issue.

The basic justification for EU intervention in national pension provisions derives from Article 141 TEC. This Article provides that:

1. Each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied;
2. For the purpose of this article, "pay" means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer.

The enshrinement of 'equal pay for equal work' is, depending upon one's point of view, either an unjustified interference in individual freedom of contract and the natural effect of market forces, or it is a laudable and worthy objective, which should fundamentally underpin all social and economic measures in both the private and public sectors. It is, of course, possible to amalgamate both views, believing that the normative effect of market forces will, albeit in time, bring about such equality through recognition of the economic absurdity of sex discrimination. Intelligent interventionists might, however, argue that such reform will be slow to come and that a substantive prohibition on sex discrimination is necessary to galvanise this process.

Whatever the theoretical background to Article 141 EC may be, it is incontrovertible that 'equal pay for equal work' has been a cornerstone of the teetering edifice of the *acquis communautaire*. Like all principles, it is vague and capable of a variety of incarnations. This is amply revealed by its application in the field of pensions and social security in which the EU, national governments and the citizens and subjects of Member States have to grapple with (at least) two overlapping considerations.

Occupational Pension Schemes

An occupational pension scheme is a contractual obligation on an employer to pay, or to arrange to be paid by trustees, a stipulated sum to an employee at a certain time after cessation of employment. This sum may be expressed as a proportion of that employee's final salary or it may be a 'money-purchase' scheme which provides a pension based on the level of contributions paid by employee and employer. As such schemes fall to be negotiated between employer and employee, they are a function (in theory, at least) of freedom of contract and the state has no role in determining whether they are offered or the level of benefit accrued. The state does, of course, have a role in ensuring that any such scheme is administered correctly and fairly, as the Mirror Group – Maxwell debacle revealed.

It seems clear that any occupational pension scheme falls with the parameters of "*any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer*" as encompassed by Article 141(2) EC and this is the view that the European Court of Justice has sought to enforce. In *Bilka-Kaufhaus* (Case 170/84), the Court identified three elements to the occupational pension scheme which located it squarely within the ambit of Article 141:

1. Its contractual nature;
2. The inapplicability of any statute; and
3. The fact that the scheme was financed solely by the employer and no public funds were involved.

Any discrimination between male and female subscribers to the scheme is therefore contrary to EC law. The famous case of *Barber v Guardian Royal Exchange* (Case C-262/88) saw this ruling extended to schemes which were 'contracted-out' under social security legislation as a substitute for the earnings-related part of the state pension scheme. This somewhat messy situation, meaning that a subscriber would have waived his rights to the earnings-related part of the state pension scheme, contains elements of both the contractual and the compulsory elements of the pension structure. The Court found that the contractual nature of the scheme ousted any policy consideration which would have removed the scheme from the ambit of Article 141 EC and thus equal treatment was to be enforced. Mr Barber (in a rare instance of discrimination being found to exist against a male) was therefore able to avail himself of pensions benefits previously payable only to women of his age.

The principle of equality of pay was logically extended to a contractual pension which provided for payments to a dependant in *Ten Oever* (Case C-109/91); it was held in *Coloroll Pension Trustees v Russell* (Case C-200/910) that if such benefits are payable under a deed of trust, then any trust instrument conflicting with EC law on equal pay must be varied by a court order.

Whilst the ramifications of these rulings caused considerable anxiety in Member States over the massive liabilities potentially engendered, the Court has followed its usual practice of allowing Member States a degree of procedural autonomy in the determination of such claims. Claims may not be made for liability incurred prior to the ruling in *Barber* and, in addition, Member States may impose reasonable time limits for claimants making discrimination claims. Furthermore, under *Coloroll*, any pension entitlement derived from

additional voluntary contributions cannot constitute pay as the accrual of the benefit is determined solely by the actions of the employee.

If one accepts that men and women are entitled to equal work for equal pay, and if one disregards the near-impossibility of subjecting such fluid concepts to formulaic determination, then it is hard to find fault with the rulings of the European Court of Justice in this field, especially since the elusive concept of 'equal work' is not, here, directly applicable. An occupational pension is a form of contractual payment and, as such, why should women be excluded from subscribing to it, or men be prevented from enjoying its benefits until they reach a superior age? With uncharacteristic sensitivity to the implications for the private sector of its judgments, the Court has further endorsed practical steps to limit employers' exposure to massive discrimination claims. However, as *Barber* shows, it is where private pension obligations overlap with public and statutory social security regulation that the relative neatness of this aspect of EC law making comes undone.

Equal Treatment in Matters of Social Security

The question of benefits payable by the state in the event that a member of the working population is unable to work due to illness, accident or involuntary unemployment is governed by Directive 79/7. Article 4(1) of this Directive provides for equality of treatment between men and women in the scope of social security schemes and equal access to these schemes. A Member State may not discriminate on the grounds of sex when ascertaining the criteria for contributions to such schemes, nor may it impose discriminatory criteria in respect of personal or familial circumstances in determining any entitlement accruing under the scheme.

This all seems to fit well with the broad provisions of equality established under Article 141 EC. It is obvious that such benefits cannot constitute 'pay' within that Article, but as social security payments are a theoretical corollary of entitlement or ability to work, the conceptual leap is not as great as it may at first appear.

In contrast with the case law on pensions, there is, in Article 7(1)(a) of the Directive, a broad exemption for Member States to determine the age at which a state pension becomes payable. It is therefore *not* contrary to EC law to specify different statutory pensionable ages for men and women, as the European Court of Justice held in *ex parte Equal Opportunities Commission* (Case C-9/91), despite the difficulty that to enforce such a distinction not only delays a male claimant's entitlement to a state pension for five years, but also obliges him to make five years' worth of additional contributions.

The EU has seemed reluctant to intervene in narrowing the discretion afforded to Member States in rules which may directly or indirectly discriminate against one or other sex (e.g. *Commission v Belgium*, Case C-229/89)). This, however, is unlikely to apply when the discrimination is predicated upon nationality. Previous EC law has sought only to afford equal employment rights to nationals of Member States working elsewhere in the EU. However, the advent of the concept of EU citizenship in the amended Article 17 of the Treaty of Rome now means that entry to another Member State *as a worker* is no longer an absolute precondition for the invocation of the right not to be discriminated against on the grounds of nationality. A sequence of cases has seen a weakening in the conditions which host states may impose upon nationals of other Member States in accessing the spectrum of national benefits and entitlements: in *Grzelczyk* (Case C-184/99), a French student in Belgium was held to be entitled to a subsistence payment previously only awarded to Belgian nationals and in *Bidar* (Case C-209/03), analogous discriminatory restrictions on UK educational grants were deemed excessive.

The establishment and enforcement of national criteria for eligibility for state benefits of whatever sort has traditionally been recognised by the EU as a legitimate domestic issue. Member States may impose policy-based criteria for access to social funds which meet with the national interest. Evidence of this can be found in the fact that the much-anticipated influx of benefit-seeking migrants from the Accession States has failed to materialise, whereas working migration has been opened up. But this is the essence of the problem. The Europhile will parade these rules as proof of national autonomy, whereas the reality is that such autonomy only exists at the say-so of the EU. When, as in *Bidar*, national restrictions conflict with what the EU wishes to achieve (and these are shifting sands), they count for naught. Whether national rules for entitlement to social security are predicated upon sex or nationality, their survival is in the gift of the ECJ.

So, whereas pensions and social security may appear to be elements of the same problem, namely the diminishing supports ratio in Europe, it is clear that there is a conceptual gulf between supporting oneself through an occupational pension and reliance on the state for subsistence benefit. The EU's recognition of the essentially private nature of the former is to be welcomed; pensions, as a function of pay, must not discriminate between men and women, but beyond that fundamental requirement (the initial impact of which the ECJ allowed Members States to mitigate), intervention is limited.

The Chancellor's notorious smash-and-grab raid on pension funds depressed the stock market and destroyed the confidence of millions of private pension subscribers. As the Rover fiasco shows, the fuse for Britain's occupational pension time bomb is burning merrily.

John Massey is a Researcher at the European Foundation.

… news in brief

Italian Government in crisis

Following a severe defeat for the right in the recent local elections, the Italian Government has been forced to consider holding an early general election. Silvio Berlusconi has said that he has nothing against an election in October. He also said that cabinet reshuffle might be on the cards. In eleven out of thirteen regions, the governing 'House of Liberties' failed to win a majority.

The idea of holding an early general election seems to have come from the deputy Prime Minister, Gianfranco Fini: it is rumoured that he threatened to resign. There are also tensions between Fini's National Alliance, much of whose support is in the poorer South, and the separatist Northern League. Berlusconi had previously dismissed all talk of early elections, saying that it would be suicide. The big winner in Italian politics is now the former President of the European Commission, Romano Prodi, whose Rainbow Union has scored 8% more than in 2000, and the centre-right won only 45% of the vote, its worst result in ten years. [*Die Welt*, *Le Monde*, 9 April 2005]

The Attwood Report: Health Policy and the Open Method of Communication

In January, the European Foundation's Head of Research, Dirk van Heck, discussed in these pages a European Commission communication of April 2004, proposing that the "open method of co-ordination" (OMC) be used to help EU Member States develop their policies on health. This month, ***Matthew Attwood*** *follows-up that article.*

Just in case any national governments were unsure about the purpose of having a health policy, the Commission suggested three objectives for Member States to pursue: the provision of high-quality health and long-term care; fair and uniform access to that care for all citizens; and the financial sustainability of all policies relating to health. The Lisbon European Council of 2000 developed the OMC, defining it as being *"designed to help Member States progressively develop their own policies"* by *"fixing guidelines for the Union combined with specific timetables for achieving goals"* and using *"indicators and benchmarks"* to identify best practice. Once fixed, the guidelines were to be made into *"national and regional policies by setting specific targets and adopting measures."* Although local differences were acknowledged, Member States' success in implementing policies was to be subject to *"periodic monitoring, evaluation and peer review."*

Despite the Commission's insistence that the OMC would simply be an aid to domestic policy-making and that health would remain the responsibility of national governments, the Lisbon definition's didactic flavour has not gone unnoticed. The House of Commons European Scrutiny Committee, although supportive of the view that sharing information on health would be beneficial to Member States, has questioned the OMC's 'obtrusive' nature. This obtrusiveness is clearly seen in the Commission Communication's expectation that Member States report, by March this year, on the challenges facing their health systems, reforms in progress and medium-term policy objectives. This might be interpreted as a reasonable information-pooling exercise, but this intelligence, it is envisaged, would be analysed by the Commission and used to formulate EU-wide "development and reform strategies" in health for the period 2006-2009.

In correspondence with the Committee, Health Minister John Hutton assured its members of his department's view that the OMC *"should not be heavy handed and dominated with indicators."* In spite of this guarantee, he was invited before the Committee to answer questions on the open method, which he did on 23 February this year. Questioned on the Committee's primary concern, the necessity of imposing the OMC simply to facilitate the sharing of information, Mr Hutton responded with a question of his own. He asked if it was *"a good idea for there to be a non-legislative basis whereby Member States of the European Union can take forward discussions in [a] way which will not result in legislation."* It all depends on what *"take forward"* means, of course: who needs legislation when you have *"development and reform strategies"*, *"guidelines"*, *"timetables"*, *"benchmarks"*, *"policies"* and *"targets"*?

Strangely, when pressed on the *"light touch"* he expected the OMC to have, Mr Hutton contradicted the definition agreed in Lisbon: *"I do not detect any desire in the Member States … certainly in the Council of Ministers … that we should use this process as a mechanism for devising either new legislation or new targets or new EU indicators."* The OMC's *"light touch"* according to Mr Hutton would amount to no more than *"an opportunity to discuss"* the three principles of quality, access and sustainability, with *"a report … some time in 2006."*

It took a question from the Liberal Democrat MP Nick Harvey to remind Mr Hutton that this report is intended to provide strategies for reform for the period 2006-2009, something that seemed to Mr Harvey *"to go a step beyond discussion and sharing of best practice and into the realms of . . . concerted action."* Unabashed, the Minister stuck to his 'talking-shop' line, insisting that the OMC was just "*an opportunity and a forum*" to discuss health because *"no competence"* allowed the EU to direct *"at any level"* the *"financing, organisation and delivery of our National Health Service."* This was untrue, as the Stability and Growth Pact imposes a three per cent limit on public spending as a proportion of GDP, Mr Hutton's distortion of the truth providing an unhappy context to his plea for Mr Harvey and the Committee to *"hold me to my word"* in future over the OMC.

Pressed further, Mr Hutton was unable or unwilling to clarify the nature of a European reform strategy for health. He offered only an assurance that he saw *"no enthusiasm in the European Union from any Member State to cede sovereignty … to the Commission to tell Member States how they should organise their healthcare systems."* That guarantee, hinging as it does on the endurance of a consensus between EU members, gives the OMC a potentially much more potent role than the one Mr Hutton described. His implicit (and no doubt accidental) meaning was that the open method would remain innocuous unless Member States changed their attitude to the *"various political differences [within the EU] on healthcare reform."* Indeed, he went on to say that *"all Member States are being asked [by the Commission] to express their views about OMC as a process."* Should the Commission's review recommend that the mechanism be given coercive power, his assurances to the Committee will count for nothing.

At no stage in his examination by the Committee did Mr Hutton provide an explanation for the OMC's explicit purpose of developing targets and monitoring Member States' success in meeting them. His insistence that neither existing Treaties nor the text of the European Constitution establish EU legislative competency over health did not satisfactorily account for this element of the open method. The absence of a 'legal treaty basis' makes the setting of targets at best pointless because they can't be enforced and at worst a dangerous exercise in bypassing what little account-ability exists in EU institutions.

Bill Cash highlighted the fundamental inconsistency of the minister's position: *"You cannot say … that there is no legal base … and then say … 'We're going to organise*

our activities in line with what it is that they prescribe under Lisbon.'" Mr Hutton's response, that "*there is no reason why OMC … should result in any new targets*" was, assuming that he had read the Lisbon definition of the open method, disingenuous. Nothing he said to the Committee answered Mr Cash's concern that the OMC represented a "*step-by-step approach*" to harmonisation of policy or his contention that "*open co-operation*" might be a better term for a non-coercive information-sharing facility.

Mr Hutton's performance before the European Scrutiny Committee may leave us none the wiser as to the OMC's true nature, but as is often the case with EU issues, other authorities are less discreet about the open method than the UK Government. Professor Martin Rhodes of the European University Institute in Florence, writing for the European Community Studies Association research group in an essay entitled 'Lisbon: Europe's 'Maastricht for Welfare'?' described the OMC as a "*new approach to policymaking and implementation*" and a tool to achieve "*a gradual convergence of welfare outcomes across Europe.*" Crucially, he saw the open method as "*more flexible with regard to methods*" than previous approaches with results, however obtained, being all-important.

To understand this, we need to return to the Lisbon European Council and examine its legacy. The 'Lisbon Agenda', touted as being primarily geared towards achieving high employment and competitiveness across the EU, also contains a strong commitment to reforms in social policy, a key element of which is welfare. The OMC was explicitly endorsed at Lisbon as a means of achieving goals in this area, under the auspices of a Social Protection Committee. This body, whose mandate has grown from responsibility for employment strategy to include pensions and 'social exclusion' has advised that the OMC be applied to health in what John Hutton has termed "*a progressive and flexible manner*".

Under the Treaties, the EU can only "*support and complement the activities of Member States*" in matters of social security and protection. This represented a barrier to the reformist agenda promoted at Lisbon, so the open method was enshrined. In the intervening years it has slowly but surely been applied to key areas of social policy, the latest of which will be health.

'Competence creep' has long been identified as one of the more insidious methods of arrogation of power by the EU: when the expansion of Union competence into a policy area is blocked by Treaty law or other democratically-agreed limitations, means are found to bypass those obstructions. The application of the open method of co-ordination would not be the first incidence of health policy being targeted in this way. In addition to EU rules on public spending, a series of European Court of Justice rulings has placed the provision of health services within the compass of Single Market rules. In this context, John Hutton's protestation that there is no legal basis for EU-inspired innovation in health takes on a sinister aspect: could the OMC represent the surreptitious introduction of policy by diktat?

As with so many other examples of the manipulative cynicism with which EU institutions gather power for themselves, this is not just a matter of concern for Eurosceptics. Polls suggest that health is the most important aspect of public policy for many voters, and any move to export decision-making should be made democratically and in the clear light of day. Indeed, the European project's most ardent proponents should be concerned by the obfuscation evident in the Government's quiet support for the Commission Communication on health and the open method. But, as ever, the buck must stop with the EU, represented in this case by the ideologues from national governments who formulated the OMC at Lisbon and the bureaucrats at the Commission who now seek to perpetuate it. Unless they cure themselves of their obsession with secrecy and conduct the campaign for ever-closer harmonisation openly, they risk discrediting the whole European endeavour. From its days as a twinkle in Jean Monnet's eye, the goal of European Union was formed and pursued in darkness by an elite clique of politicians and opinion-formers. As many of the EU's citizens prepare to vote on the biggest step yet proposed on the path to European statehood, the real process of integration is still, shamefully, conducted in corners.

Matthew Attwood is a freelance writer and can be contacted through the European Foundation or by emailing him at matthew_attwood@hotmail.com.

Advertisement for
A Guide to the Treaty Establishing a Constitution for Europe
By Stuart Sexton

Politics, Identity and the EU Constitution

by Samantha Elrick

Pro-European politicians insist that membership of the EU is the 'ideal state of being'; the fact that the population of some of the countries that are shortly to hold a referendum have threaten to vote 'No' to the European Constitution has only made this chant louder and more insistent. Why then, for example, is the population of France (a founding member of the EU) resisting this step towards complete European integration?

With the increasingly polarised reception of the proposed EU legislation it occurred to me that the debate on the European Constitution has an underlying dynamic that is obviously causing some hesitation in France. I do not think that its inhabitants have suddenly altered their fundamental views about the EU. But, as the French were fundamentally involved in the creation of the Constitution, I can only conclude that what they may be resistant to is the realisation that they will be parting with their unique sense of identity. Subscribing to the Constitution would mean compromising on the predominate idea of nationality and ethnicity.

The 'nation' is the organised and autonomous format by which we present ourselves to the world; it is of course also what the EU threatens to alter and absorb. Whether you are a modernist or a perenialist with regard to the exact formation of a nation, all sides in this debate believe that ethnicity and national identity exist. Personally, I am a perenialist, believing that a 'nation' is determined by a process that begins long before a uniform government or even a unified country has emerged and is essential in the self-definition of a people and a country. National identity is created subconsciously by difference – geographical, linguistic and cultural. An encompassing European identity would adulterate the perfect imperfections, as it were, of a country's individuality.

Ethnicity may be a sociologist's label, but it exists in the electorate's subconscious and clearly everyone has a sense of his or her own identity. This may be an over-simplification of one of the arguments against the European Constitution, but I believe it to be a universal inhibitor in the process of political integration. This is because the proposed Constitution demands something more than previous legislation had: it requires the surrender of a belief in the government of one's country as the highest form of secular power and therefore affects the part it plays in one's identity. The peoples of Europe are being asked to exchange it for something more dilute; encompassing but ultimately 'nondescript'. The respective referendums therefore are not only requests for the ratification of the Constitution but also, in a sense, for a new 'European' ethnicity.

Do European advocates therefore really believe that at some point in the not too distant future that we will be ticking the 'European' box when we have to declare our nationality? All the evidence points to retaining our individuality and thus consolidates the belief that we have in our own identity. The Spanish may want to tick the box for 'Basque' or 'Catalonian' rather than 'Spanish'. The British example is equally complex – we may prefer to be 'English', ' Irish', 'Welsh', 'Scottish' or even 'Cornish' when posed with the same question, and even this is an over-simplification of our constituent identities (not to mention the complexities of identity among Britain's ethnic minority communities). The question that therefore arises is: if we do not have uniform identity within the respective European countries and have no desire to conform to one, what basis is there for a common European identity?

The answer can only be that there is no sufficient basis; a European identity would be a compromise too far for many. There are too many differences within Europe to create a uniform identity and this is one reason why the fundamental requirements for a European political state can never be realised. The contemporary trend seems to be towards creating smaller counties and centres of power: why then does the EU insist upon doing the unworkable opposite? The idea of a European state is too general, overlooks the implications of difference and ultimately contradicts our strongly rooted conceptions of 'the nation' and our flawed and complex notions of national identity.

The European Constitution of course does not openly set out to alter our perspectives but the referendum will in reality test our commitment to forge a European identity. On some subconscious level we are resistant to 'cash in' our sense of difference, however flawed or imperfect in practice that may be. The cultures that comprise the UK are refreshing aspect of this country, and indeed Europe as a whole, but national identity and ethnicity illuminate what is unworkable about European politics.

Samantha Elrick is a research assistant at the European Foundation and has recently completed a Masters in History at the University of Southampton.

… news in brief

'No benefits' from weakening Stability Pact

The Vice-President of the German Bundesbank, Jürgen Stark, has said that the latest "reform" of the Stability Pact has brought no advantages to the eurozone. Stark said that the rule on deficits (3% of GDP) was especially important and he criticised the fact that the reform had introduced uncertainty and ambiguity on this point. Stark also insisted that there be no difference in the treatment accorded to existing euro states and new ones. He said that the new EU Member States should not adopt the euro too quickly, without having satisfied the convergence criteria. He said that the eurozone itself would suffer if the accession of new Member States made it economically too heterogeneous. This was why prior convergence was essential. [*Handelsblatt*, 11 April 2005]

Haider soap continues

The Freedom Party, which Jörg Haider led to power in 2000, has finally collapsed into two warring factions, as Haider himself plans his return to the national political scene. He has created an 'Alliance for the future of Austria' which the Carinthia branch of the Freedom Party has now joined. (Haider is Governor of Carinthia.) Haider has now been expelled from the Freedom Party by the very man whom he expelled two weeks previously. The pattern of expulsions and counter-expulsion was repeated throughout the parties at all levels and the Freedom Party in Vorarlbeg now wants to be independent. Apparently one of the main reasons for this mutual factionalism is money: the Freedom Party has debts of three million euros and no one wants to take it over. [Petra Stuiber, *Der Standard*, 11 April 2005]

Advertisement for the
American Legislative Exchange Council

FACTS

by Sara Rainwater

1 Delay on biometric passports unlikely

New biometric authentication requirements in the US's Enhanced Border Security and Visa Entry Reform Act of 2002 requires the 27 nations participating in the Visa Waiver Program to begin using passports with biometric features that support facial recognition by October of this year. If visitors do not have a biometric passport, they will be required to obtain a visa before travelling to the US. The new rules will not, however, affect those travellers with non-biometric passports issued prior to the deadline. The EU has asked for a second extension to the deadline, however Washington has warned that such a delay is highly unlikely. The original deadline of 26 October 2004 was first extended after several countries indicated they would not be able to deploy the required technology on time. Currently, only six EU countries – Austria, Belgium, Finland, Germany, Luxembourg and Sweden – are in a position to meet the October date. The United Kingdom is also negotiating separately for an extension, as it plans to start introducing biometric passports only from the end of 2005. The EU will decide shortly whether it will require the US to reciprocate biometric passport measures for US citizens entering its borders.

[*USA Today* 30 March 2005]

2 Yournamehere@eurorealist.eu

After a seven-year wait, the Internet Corporation for Assigned Names and Numbers (ICANN) has approved the usage of .eu domain names. The European Registry of Internet Domain Names, responsible for management of the domain, has predicted that the 'sunrise' period, when companies can register trademark names, will begin later this year. After this four-month period, general registration will begin on a first-come-first-served basis and the .eu extension should be formally launched in early 2006. [*EUObserver.com* 24 March 2005]

3 Commission hopes to link students via e-mail

The Commission is spending €7 million on a new scheme known as eTwinning, which pairs schools across the EU via the internet. Eurocrats are hoping that at least 150,000 schools will participate in the plan, which is designed to boost language skills and cultural understanding. The programme resembles internet dating – schools can search for the suitable 'twin' matches on a website. [*www.etwinning.net* 7 April 2005]

4 Decision on Macedonia expected in November

At a conference on enlargement on 8 April, Enlargement Commissioner Olli Rehn announced that the Commission would make its decision on Macedonia's candidacy for EU membership in November. A formal endorsement of the Commission's decision would then need to be taken by EU leaders to allow negotiation procedures on all aspects of EU membership to begin. Kosovo and Bosnia-Herzegovina are also awaiting a Commission decision on their prospective EU candidacy. [*EUObserver.com* 11 March 2004]

5 Bishops back Constitution

The Commission of the Bishops' Conferences of the European Community (COMECE) declared support for the EU's new Constitutional Treaty and urged church leaders to encourage an 'informed debate' on the document, even though bishops regret the lack of reference to Christianity in the Treaty. In a meeting with Commission President Barroso on 11 March, COMECE also asserted the support of the Catholic Church for the goals and values of the Union, a move welcomed by President Barroso who said that both the EU and the Church share similar values in their commitment to unity and diversity in Europe.

[*Euractiv.com* 25 March 2005]

5 Ban funding on stem cell research say MEPS

Centre-right and Green MEPs have called for a ban on EU funding for human cloning and embryo research. MEPs are arguing that the EU's new seventh research framework programme, to be agreed by the Commission, contains no clear rules on research with human embryos and human embryonic stem cells, both of which are banned by many EU member states, including Germany, Austria and Italy. The demand for a funding ban follows a European Parliament resolution on which MEPs overwhelmingly voted for a ban on trade with human egg cells and embryos. [*EUPolitix.com* 31 March 2005]

6 New EU watchdog to be established

Plans for a 'Fundamental Rights Agency' will be unveiled by the Commission in May. The Agency will monitor both EU and Member State Governments for signs of sexism, racism and other forms of discrimination. The new watchdog will be based in Vienna and incorporate the existing 'Monitoring Centre on Racism and Xenophobia'. Its function will be to *"collect, record and analyse data"* on whether rights enshrined in the European Constitution are being defended as well as to produce *"thematic reports"* on the various types of discrimination. The Commission hopes to have the Agency up and running by 2007.

[*The Daily Telegraph* 5 April 2005]

8 Euro coin values soar

The deaths of Pope John Paul II and Prince Rainier have caused the value of euro coins minted in the Vatican and Monaco to inflate dramatically. These two small countries, along with San Marino, are permitted by the Commission and the ECB to mint a limited number of euros carrying their national symbols, which have become collectors' favourites since the launch of the euro in 2001. The Vatican, for instance, is allowed to produce €1 million a year, or €1.3 million in the year of a papal death. Since the leaders' passing, a €2 Vatican coin can fetch up to €160 and a €1 Monaco piece can sell for up to €60. The trade of micro-state euro coins has become so lucrative that Andorra has also asked permission from Brussels to mint its own.

[*The Independent* 11 April 2005]

BOOK REVIEWS

The European Constitution in Perspective: Analysis and Review of The Treaty Establishing A Constitution for Europe

British Management Data Foundation, 2004, pp 306, £27.50,
ISBN 0 9520366 7 3

Reviewed by Dirk van Heck

As one would expect on the basis of Anthony Cowgill's previous publications in this series on Nice, Amsterdam and Maastricht, this is a well-researched, well-written, comprehensive and objective reference work. It not only provides the complete text of and annexes to *The Treaty Establishing a Constitution for Europe* for a mere £27.50 (as opposed to the £47 version published by the organisation formerly known as Her Majesty's Stationary Office – see Sara Rainwater's article in *The European Journal*, March 2005), it also contains salient additional papers: the Laeken Declaration; the Report from the Presidency of the Convention to the President of the European Council of 18 July 2003; the Alternative Report of the Convention (drawn up by David Heathcoat-Amory *et al*); the Rome Declaration of 18 July 2003; and speeches given at the signing of the Treaty.

Furthermore, there is a good deal of high-quality analysis in the introductory text. The foreword opens with a statement that the Constitution entails fundamental change to the structure and nature of the Union and goes on to quote the Chairman of the Convention on the Future of Europe, which drafted the Constitution, Valery Giscard d'Estaing; "*I see [the Union] as being a Union of European States closely co-ordinating their policies and administering certain common competences, along federal lines.*" The choice of material in the foreword alerts the reader to the author's fundamentally British Eurosceptic view of the Constitution, whilst the legal and constitutional analysis reflects the thinking of Bill Cash and the European Foundation – but this is more a fundamental perspective than an angle which the authors pursue: as befits a work of reference, this is a text composed of fact, not spin.

The note on the background is an excellent, concise history of the Constitution's development and indeed the development of the European Treaties preceding it. The list of pertinent Articles helpfully points out major innovations in *The Treaty Establishing a Constitution*, whilst the short section on "*British Business Concerns: Increased Regulatory Burden*" contains a list of criticisms relevant to British business (and here the text does come close to outright polemicism).

The other sections of the text are technical in nature: EU legislative procedures under the Constitution are explained and changes from unanimity to qualified majority voting are set out. At the back are Tables of Equivalences, showing the genealogy of the Treaty Articles, from previous European Treaties and through the various drafts of the Constitution. This is not as comprehensive an approach as the one taken in previous publications in this series, in which the development of each Treaty Article was set out across a double-page spread and, thus, the firming up of European competences and changes of nuance made between Treaties are lost. This is an inevitable consequence, however, of the growth of the material under analysis: the virtue of this text is that it succeeds in bringing clarity to what would appear to anyone but an expert of Cowgill's standing as a quite unmanageable quantity of material.

Dirk van Heck is Head of Research at the European Foundation.

New Atlantic: Great Britain and the Future of Europe

by Professor Ivar Raig, published by Research Centre Free Europe, January 2005

Reviewed by Dirk van Heck

This pamphlet is an Atlanticist *crie du coer* from New Europe. It's author is Professor Ivar Raig, an economist who has held official posts including Chairman of the Economic Affairs Committee of the Estonian Parliament, Charge d'Affaires at the Estonian Embassy in Rome and member of the Division for Enlargement Negotiations in the Estonian European Integration Department. The pamphlet is written expressly for a British readership (and in the light of that fact, it could have done with further proof reading and editing). In a sense, therefore, Professor Raig is preaching to the converted, but his pamphlet does have great value in proving the existence of bright, experienced, economically liberal Atlanticists in the EU accession states.

Professor Raig's main concern is that, despite the shared security risks to Europe and the US brought about by international terrorism and the spread of weapons of mass destruction, the transatlantic relationship is being strained by diverging military and economic strength and by dangerous and unnecessary geopolitical rivalry. He thinks that a new security and economic bargain is needed, based on shared interests in taking a global lead in security, humanitarian and environmental matters, as well as getting ahead in the global economy.

Raig believes Britain should lead by example in the enhancement of military capabilities and in pushing for a more competitive economic model in Europe. In particular, he believes that the UK should take the initiative in the creation of a North Atlantic Trade Area, combining the EU, NAFTA and EFTA. Furthermore, the respective decline of European hard powers and American soft powers could be mitigated by a new Transatlantic Treaty creating a North Atlantic Security and Economic Area.

The European Constitution is castigated in the pamphlet as being stale, undemocratically conceived, excessively political as opposed to legal in its substance and tending towards increasing the gulf between the EU elite and the peoples of Europe. Professor Raig explicitly endorses Bill Cash's view of the Constitution, stating that only a 'No' vote will give the chance for real renegotiation and economic modernisation in Europe.

As someone who has been intimately involved in the freeing of Estonia's economy from that of one of the smaller Soviet states to a competitive and dynamic regional model, Professor Raig is pained by the prospect of his country's strangulation by EU red tape. He suggests that the Commission might allow Estonia to be a crucible for economic experiments, as it was when it was part of the USSR. This would, however, require a level of open-mindedness equal to that of Soviet bureaucrats.

In conclusion, Professor Raig posits Anglo-American cooperation for a new era of strengthening transatlantic ties, analogous to the Franco-German cooperation that was so instrumental in the development of the European project. Most of his specific policy ideas in this direction are in fact already circulating in official circles. The question is whether, and if so, how, these ideas will gain critical mass and, once they do, how they will fare in implementation.

Dirk van Heck is Head of Research at the European Foundation.

LETTERS TO THE EDITOR

From Mr Paul Cadier

Apropos: Intelligence Digest, No. 211
17/03/05

Dear Ms Rainwater,

It appears that my classic vehicle was spotted on the Cromwell Road (I guess). I have to say I receive a lot of support from English well-wishers on my frequent visits to your wonderful capital city. One such was a guy driving a classic German motorcar with its original black numberplates. If it indeed was he that was responsible for the article about the "One Swallow" then I commend him on his taste in motorcars as well as his political analysis. Indeed, there are plenty of other swallows and we are rapidly creating our own summer! My estimate is that 60% of the French will vote Non or abstain. As a participant in an Internet pole, I was surprised by such a finding. Since then, it has been revealed that Chirac's private poll has warned him of a 59% No vote. And the most recent independent poll in the press has No's on 55%, no less.

Although I am not one myself, the Communists and Socialists will carry the day for the No's, and I am not at all sure that they will merely stop once "they" have won the referendum. There is an odour of May 1968 in the air (and we will recall what happened to de Gaulle after he lost his final referendum). Colombey-les-deux-eglises becons Mr Chirac. After all, he only managed to "blag" his way into the Elyssee Palace by "not being Jean-Marie Le Pen." There is an elegant solution to the problem this man poses to France. After the inevitable "No" in the Netherlands hot on the heels of his defeat in France, he would be better advised to allow a successor to pick up the pieces.

Our movement needs to prepare the ground for the aftermath. Holland will reject the Constitution because of immigration. France because of fear of economic liberalism. The UK out of fear of socialism by the back Delors (The new ex-communist EU members have the same prospective). With all these conflicting No's the only solution is one for "New Europe" and another "Old Europe". The Nice Treaty's enhanced cooperation clause could come to the rescue here as long as the northern "common market" EU members are not expected to join in the failing "noyau dur" of France, Belgium and Germany.

Naturally Brussels would like to re-draft this ailing document but it cannot be done *and* satisfy a blocking minority.

We live in interesting times .

Yours Sincerely,
Paul Cadier

From Mr L G Holt

Dear Mr Cash,

Having now read your "Non!" leader, I note first that you describe the Chirac/Barroso exchange as "unedifying", whereas I would say: "hugely enjoyable, albeit unedifying as well, but what else is to be expected". After all, the more the "inmates" "slug out" and "appropriate blame" (the supply is inexhaustible) the better, surely, if one is looking forward to our "Exit", whether or not the whole rotten edifice goes at the same time.

Unfortunately your words (frame of mind?) reflect the rather more significant, and unfortunate, text: "Whilst the latter would be a very positive development for the UK, the former would force a re-evaluation of the European project". But surely, by now – if ever for some – we do not *want* a "European project" *at all.* What other Continent, or group of countries in an area, has, or needs, a "project, with 'direction'" and "extent of integration"? (The next article: "Fishermen", is just another bit of the unending vista of hassle, from which, please, "Exit".) Does this not show a foot-dragging on fundamentals on the part of the Foundation?

The "anti-EC groups" article is a very helpful resume of the position; but will we get anywhere until there is a "Fig 2": just one "OUT" Party?

Not for the first time one feels that even your leaders have a "flavour" of: "I have in my hand a bit of paper signed by…", a "getting off the hook". Or is it, still: "In but not run by…"? Is there any mileage left in that?

Yours sincerely,
LG Holt, Kent

From Mr Julian Williams

Dear Madam,

Roger Helmer in his article "Pan-European Democracy: The impossible dream" (February 2005) hits a nail on the head. Proponents of a pan-European democratic state are dreamers, we call them Europhiles, but really they a more accurate term is Euro-dreamers (well intentioned shallow thinkers).

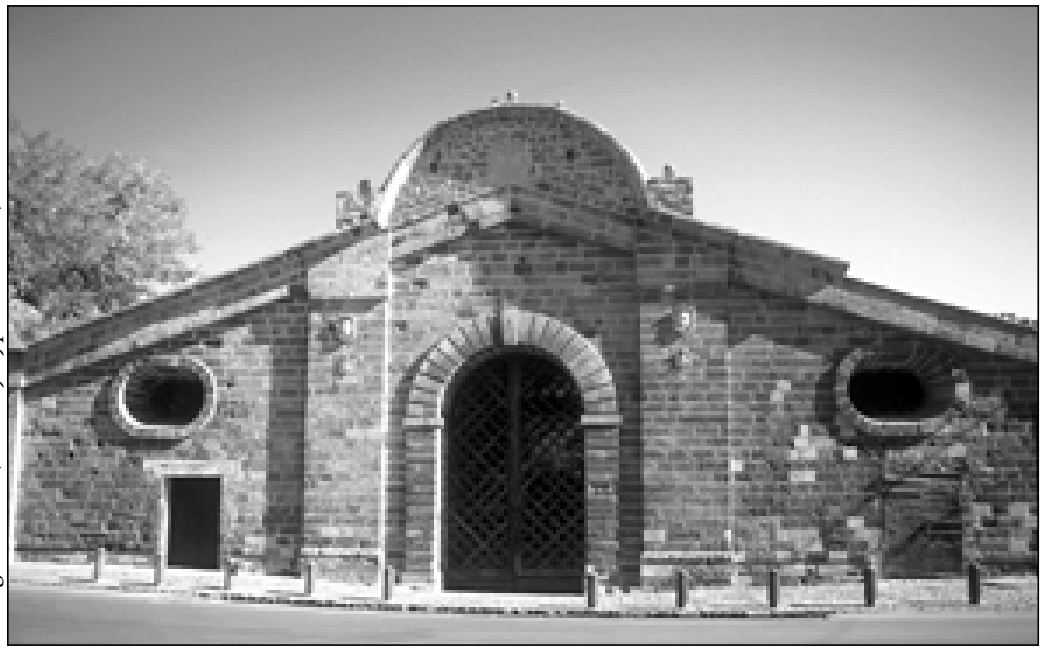
There is a fundamental reason why pan-European democracy will always be a dream, and Mr Helmer scarcely touches on it: At an election the electors are asked to judge the performance and character of the representatives. It is the fundamental mechanism for democratic accountability.

A debate in the European chamber takes place in fifteen languages (or is it more?) simultaneously. Mr Helmer wears earphones, otherwise he would not be able to make sense of the debate. The electorate (and media) have no headphones so how can they judge his performance in the debating chamber? How can the electorate do their duty in such circumstances? How can democracy function?

Julian Williams
Pembrokeshire

Nicosia City Guide

by Lauren Harris



Famagusta Gate (Courtesy Cyprus Tourism)

Cyprus is the third largest island in the Mediterranean with a long and vibrant history that dates back to 8,500 BC and includes mystical tales of Cleopatra and Aphrodite. From the vast amounts of sunshine to the beautiful Pink Cyclamen orchids, the country boasts a wonderful climate all year round with a wide variety of world-renowned beaches.

The island's history begins with its strategic position on the trade routes of the Mediterranean region. Numerous cultures including Egyptians, Mycenaeans, Phoenicians, Persians, Macedonians and Romans have at different times in history all occupied the island of Cyprus. These numerous cultures helped to define Cypriot history as one of violence and revolutions. After Roman rule, Cyprus was dominated by the Byzantine Empire, which governed the island for 800 years. For a short period in the Eleventh Century the country was again captured, this time by Richard the Lionheart, who acquired the territory during the Crusades. Cyprus became a French territory in the Twelfth Century and then was relinquished to the Venetian Republic in 1489.

Though stable under Venetian rule for several years, the island was once again conquered in 1571 by the Ottoman Turks. Under Turkish possession the feudal system was abolished. However the economy of the island became stagnant. The Ottoman Turks did allow for Greek Orthodox worship but transformed Catholic churches into mosques. Cyprus remained under Ottoman rule for three centuries.

War broke out between Russia and Turkey from 1828-1829, and because of British support for the Turkish state, Turkey ceded rule of Cyprus to the British Empire. The island was annexed in 1914 and officially became a crown colony in 1925. In 1960, Cyprus gained independence from Britain mainly due to the militant Greek population's desire to reunify with Greece. The Turkish population of the island, however, protested and UN negotiations helped make the territory independent. In 1974, a military coup occurred, which removed the then Greek leader and created the divided Cyprus the world has come to know.

Nicosia itself can trace its history back over 2,250 years. Nicosia was originally known as Ledra but later was renamed Lefkosa by the Lusignans – the Turkish population still call it this. Today, Nicosia has a population of 170,000 and is home to a variety of architecture and artefacts. During Venetian control of the island, many of the temples and palaces built in Nicosia during its Lusignan period were torn down, however some of these landmarks still remain outside the large Venetian military wall that surrounds the city. The wall encompasses three and a half miles and has eleven towers with three impressive gates. Within the actual structure of the walls can be seen evidence of the many different cultures and architectures the have inhabited the city; those include remains from the Middle Ages up through the 1970's. The old section of Nicosia has evidence of Gothic and Ottoman style architecture that lines the narrow streets and is now home to the main shopping area if the city.

After years of conflict, the city has grown to be the political and business centre of Cyprus. In 1981, a large restoration plan was proposed for the city, and the face of Nicosia has been rapidly changing ever since. Unlike the tranquil towns scattered over the island, Nicosia is a modern and evolving city, yet it keeps the strong traditions and 'island feel' that has defined it in the past. Because the city is not located on the coast, it is the least touristy area of Cyprus.

The most defining aspect of the city may well be that it is now the only militarily divided city in Europe. The 'Green Line' (as the locals call it) divides the city into separate hemispheres of the Turkish Republic of Northern Cyprus and the Republic of Cyprus, the latter of which joins the EU in 2004. The line is guarded by soldiers, barbed wire and oil drums, which all help to remind visitors where the two sections of the city part. Regardless, Nicosia provides a rich and pleasant delve into the past, and an optimistic look in to the country's future.

Lauren Harris is a Research Assistant at the European Foundation.

GETTING THERE

By Air:
British Airways
www.ba.com or phone 0870 850 9850
Flights from London Heathrow to Larnaca Airport from £215 GBP.

Cyprus Airways
www.cyprusairways.com.cy
Flights from London Heathrow to Larnaca Airport from £140 GBP.

It is not possible to enter the Republic of Cyprus from Northern Cyprus unless you are returning from a day trip from Nicosia. If you wish to visit only Northern Cyprus, Cyprus Turkish Airlines, Istanbul Airlines, and Turkish Airlines run all flights to Northern Cyprus via mainland Turkey, usually with a change of plane at Istanbul.

ACCOMMODATION

Hilton Cyprus
Arch. Makarios Ave
Tel. 357 22 377777
www.hilton.com
This 5-star hotel is beside the business and shopping district and within walking distance of most historical sights. It has a swimming pool, tennis/squash court, fitness centre and a playground for the kids. There is also a restaurant that specializes in local cuisine. Rooms from £164 CYP.

Holiday Inn
70 Regaena Street
Tel. 357 22 712712
www.holiday-inn.com
The Holiday Inn is a 4-star hotel that offers relaxation and entertainment for everyone in the family. Whether enjoying the jacuzzis and saunas or the authentic Japanese restaurant, this hotel will help anyone have a relaxing and fulfilling stay in Nicosia. It also has evening entertainment, which includes an in-house Cuban band that plays a wide variety of salsa music. Rooms from £50 CYP.

Castelli Hotel
38 Ouzounian Street
Tel. 357 22 712812
www.castelli-hotel.com
This new hotel is located in the centre of the commercial district, only 45km from the Larnaca airport. The hotel offers a variety of facilities such as a full health club and Polynesian dining. Rooms from £40 CYP

SIGHTS

Cyprus Archaeological Museum
Museum Street
Tel: 357 22 865888
This museum showcases the best of Cypriot archaeology. Located just to the west of the city wall, between the Tripoli bastion and the municipal gardens. Open 9am to 5 pm weekdays and Saturdays, 10 am to 1 pm Sundays and public holidays, closed New Year's, Easter and Christmas Days. Admission is £1.50, with a 20% discount for groups of 10 or more.

Byzantine Museum
Archbishop Kyprianou Square
Telk. 357 22 456781
Easily spotted thanks to the giant statue of Archbishop Makarios standing outside, the museum has one of the world's best collections of Orthodox icons and other artworks, mostly ranging from the 9th to the 16th centuries. Open 9am to 4:30pm weekdays and 8am to noon Saturdays. Entry costs £1.

Famagusta Gate
Leoforos Athinon
Famagusta Gate is the only one of Nicosia's three old gates within the southern sector. It has now been turned into the Lefkosia Municipal Cultural Centre, used for various exhibitions and performances.

SHOPPING

Ledra Street
www.e-ledra.com
The main shopping area of the city is Ledra Street. This area is located in the old section of Nicosia and is great for those wanting to meander through the streets of the city. A wide variety of products can be found in this area including books, clothing, and shoes. Small specialty shops line the streets, providing hand-made jewellery and souvenirs.
Open Market
For vegetables, fruits, and flowers, it is a good idea to head down to the corner of Digheni and Theodotou Streets. This area is located on the southeast side of the old city and provides refreshing options for those looking for outdoor eating.
Macarios Avenue
This avenue provides for those wanting to hit old favourites such as Stefanel, Benetton, or Marks & Spencer.

EATING

Old Power House
Tempon Street
Tel. 357 22 432559
This former power station has an imaginative Mediterranean cuisine and piano bar ambience. The duck is popular and the sauces are daring, as are the king prawns in cream of Pernod. Main meals start at around £21.

Akakiko
9a Archbishop Makarios Avenue
Tel. 357 77778022
Try a mouth-watering lunchtime platter of sushi and maki rolls at Nicosia's newest Asian restaurant. A main meal costs around £18.

Zanettos
65 Trikoupi Street
Tel. 357 22 765501
An institution since 1938, this taverna serves traditional Greek Cypriot food on a fixed menu. Its never-ending meze includes *karaolia* (snails), *kleftiko* (roast lamb) and *seftalia* (homemade sausage). It's always crowded, so booking is essential. A main meal is around £10.

GOING OUT

Zoo Bar
15 Stasinou Avenue
Tel. 357 22458811
This lively and stylish nightclub is one of Nicosia's most popular venues. It boasts a top floor restaurant with breathtaking views of the walled city.

CHUNNEL VISION

The Force of Mammon

by Dr Lee Rotherham

I have not read the article in the *Spectator* which caused the downfall of Slough's second Conservative candidate. We know better now than to trust to reporting of alleged contents, which talk of an article on how Brussels has been a Catholic engine to European integration.

We tread here warily, in the wake of an auto-da-fe. I have no immediate wish to play Copernicus. But the issue raises some very interesting points. To what extent, for starters, has religion determined the direction of European integration?

Indeed, is there a role today for the Divinity within the European Union? This was the peculiar conundrum that struck the Convention on the Future of Europe when it reflected upon the preamble of that text, less-than-biblical in all but its weight in paper. One delegate sagely commented that He had enough problems without getting involved in the EU as well. The fact that Giscard so speedily prounced his 'Non' suggests religion and the EU have ever been divorced. But reflect for a moment on Giscard's position. As a former President of the nth Republic, he is marked with the late Nineteenth Century political inks of the laic state – the massive struggle about taking God (and more specifically, the Catholic hierarchy) out of the schooling system. Secular public France was not a given a hundred years ago. It is something that was fought for, and indeed continues to be fought for today, as the massive controversy over the Muslim headscarf shows. The French will put up with a lot with the European dream, but they will not put up with putting God back into the state. That would be a psychological betrayal of the Revolution. Which one, take your pick.

But it most certainly is true that devout Catholics have shaped the EU in their image. This is hardly surprising, when you consider that a number of the most ardent supporters share both that faith with a sense of context, which of course takes them back to the eras of great Christian empires of old, together with a sense of continental ideological unity that hasn't been around since Erasmus and More had tiffin together. Catholicism, like Pan-Europeanism, has its symbology, its ideology, its hierarchies and indeed its blissful objective. To find people in separate countries sharing them and mutually using them to communicate is not a shocker, then. Unless you are not a co-religionist.

Compare, for instance, another commonality in ideology. There is an interesting convergence between pan-Catholicism and a branch of early communist thought on European integration. As far as I can make out, Leninists dropped the concept for practical reasons, namely that they believed that their best chance to maintain the nascent Soviet Revolution was to limit and order it, and that by the time the momentum was regained, a form of Soviet nationalism and the Warsaw Pact model of Muscovite supremacy was preferred. Nationalism in one communist camp won over pan-nationalism. But it was Western Communists like Spinelli who kept this latter doctrine going. So as well as religious dogma being linked with Brussels, we can also point to its nemesis.

Just as both of these ideologies have shaped the intellectuals, so they also shaped the political parties that produce the statesmen. Christian Democracy was fostered by the Catholic Church in the nineteenth century, in no small part as an answer to the emergence of continental socialist parties. That debt is acknowledged. It is a debt that the Scandinavian and British Right do not have, as these grew up independently. Is it a coincidence that these latter, with the Dutch Calvinists, ask more questions about the European project?

My conclusion is that it is nonsensical to say that Brussels is some Papish plot. Barroso does not, to paraphrase the Reverend, 'wear red socks'. In like manner, a number of noted Catholics are personally opposed to the European superstate. In fact, the real sinister element is actually lying on the flip side of the coin.

We don't need to analyse Opus Dei to find the links. We don't need to crack any hidden Da Vinci code. Here's the code in plain text:

Soul for Europe €36,020
Evagelische kirche der Union €13,919
Coordination Internationale des Jeunesse Ouvriere Chretienne €25,000
Ecunemical Forum of European Christian Women, Edinburgh €22,800
Federazione delle Chiese Evangelische in Italia €25,000
Ecunemical Youth Council in Europe, Brussels €15,000
Jeunesse etudiante catholique €18,000
Pax Christi International Youth Forum €20,000
World Student Christian Federation, Oslo €25,000 (and not even in the EU)
Jeunesse ouvriere chretienne internationale €23,500

… the list goes on.

These are all organisations, amongst many others, that in a given year were in receipt of EU funds to sponsor their activities. Of itself, one might say, *"well hey, so what?"* The EU is funding all these groups – not just Catholic organisations you note, but Lutheran ones, ecumenical ones, and Jewish ones as well – in order to sponsor Tupperware parties and sing songs with a guitar while roasting weenies around a camp fire. Well, I might have been generous but I have before me some of the literature from one of these bodies and it doesn't inspire confidence.

COMECE is the Commission of the Bishop's Conferences of the European Community. During the Convention on the Constitution, its secretariat submitted a proposal to the debate. It wanted to help Europe's citizens have *"trust in the values and objectives of European integration"*. It identified the principles of European integration as *"the centrality of the human being, solidarity, subsidiarity and transparent democracy"*. It identified Fundamental Rights as an item of Catholic social teaching, and stated that European integration was a mechanism for the achievement of both 'inner' personal and state peace. It rather supported the existing institutions, and surprisingly in particular the privileges of the Commission. It concluded by underlining the Catholic Church's long-standing support for the EU as a force for justice and harmony, with values and principles akin to its own.

As we read the statement we are drawn once more into the nether world of the Commission's hirelings, the lobby groups funded by Brussels to talk to Brussels. It becomes painfully clear that the churches are being used, hooked in by spin into believing that they are the progenitor of the new European Union, even while it throws back at them their proposals on cloning, marriage, family, and preserving particular aspects of religious identity – like the monks of Mount Athos.

The pasty verbage from Brussels will continue, spelling out Europe's debt to Catholic thinkers, for as long as Polish bishops and Irish clergymen are needed to convince their countrymen to vote 'Yes'.

Dr Lee Rotherham is a political consultant and Conservative PPC for Rotherham.

The European Foundation

Mission Statement: The aims and objectives listed below are summed up in The Foundation's overall policy of 'yes to European trade, no to European government'. We believe that greater democracy can only be achieved among the various peoples of Europe by the fundamental renegotiation of the treaties of Maastricht, Amsterdam and Nice. The Foundation does not advocate withdrawal from the European Union, rather its thoroughgoing reform.

Objectives

- To further prosperity and democracy in Europe;
- To renegotiate the treaties of Maastricht, Amsterdam and Nice and prevent the ratification of the European Constitution;
- To reform and scale down the *acquis communautaire;*
- To ensure that future member states get a fair deal from EC/EU membership;
- To halt the continuing arrogation of power by the EC/EU;
- To prevent the UK from adopting the euro;
- To contribute as actively as possible to an informed public debate about the future of Europe;
- To liaise with like-minded organisations all over the world;
- To liaise with organisations affected by EC/EU action and policy.

Activities

- Addresses itself to the general public and to politicians, journalists, academics, students, economists, lawyers, businessmen, trade associations and the City;
- Organises meetings and conferences in the UK and in mainland Europe;
- Publishes newsletters, periodicals and other material and participates in radio and television broadcasts;
- Produces policy papers, pamphlets and briefs;
- Monitors EU developments and the evolution of public opinion and its impact on the political process in the EU.

The Foundation's History: The Great College Street Group was formed in October 1992 in order to oppose the Maastricht Treaty. The Group, consisting of politicians, academics, businessmen, lawyers, and economists, provided comprehensive briefs in the campaign to win the arguments both in Parliament and in the country. The European Foundation was created by Bill Cash after the Maastricht debates. It exists to conduct a vigorous campaign in the UK and across Europe to reform the EC/EU into a community of free-trading, sovereign states. The Foundation continues to establish links with like-minded organisations across Europe and the world.

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