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See report on page 26 by Margarida Vasconcelos

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Letter from the editor

I am glad that David Cameron has re-pledged his Party's position on leaving the European People's Party – see Bernadette Mill's article on page 18. It is a welcome manoeuvre. But more needs to be done back home, to get our own affairs in order: Westminster needs repositioning.

Importantly, in this issue, on page 5, Margarida Vasconcelos looks into the EU co-decision procedure, introduced under the Maastricht Treaty, and the effect it has had on national Parliaments. The articles in this issue provide valuable assessments of:

- Setting up a European Asylum Support Office to take over UK powers of asylum;

- The internal and external position of the European Union in relation to Moldova threatening increased tariffs and protectionism;

- The meaning of the Laeken Declaration given our present situation, with the Lisbon Treaty being pushed through the ratification process;

- The threat to democracy from the President of the European Parliament in arguing that the Lisbon Treaty has the support of 490 million EU citizens, and as such the Czechs are obliged to push it through;

- Why the only good British MEP is a Conservative MEP;

- Why the UK must walk away from EU regulatory proposals;

- David Cameron's plans for the EPP exit;

- How UK defence procurement becomes more chaotic because of political considerations driven by Europe;

- Why now is the time for Ireland to set up temporary "good" state banks to lend to businesses and households and let the existing insolvent Irish banks go bust because the country is now caught in the vice of the eurozone;

- How British consumers and taxpayers cost a massive £10.3 billion a year in higher food bills and taxes;

- The status of hidden corruption in Central Europe in relation to the EU;

- Why British energy security is threatened by EU emissions legislation.

On that last report (page 26), we find that the Government is attempting to reduce the impact of a Directive on industrial emissions yet it cannot now veto the proposal. Since we are not able to change the current EU laws, we are obliged to apply them otherwise the Government will be taken to the European Court of Justice. As a result, Britain is faced with the threat of power stations not being able to operate because this EU legislation may well to lead to power cuts.

James McConalogue
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EU to set up a European Asylum Support Office

Margarida Vasconcelos writes: The European Commission has recently put forward a proposal for a regulation establishing a European Asylum Support Office. This proposal forms part of EU efforts to develop a comprehensive asylum policy. The Commission has taken another step in harmonizing asylum rules. The European Commission recalls that the European Council whilst adopting the European Pact on Immigration and Asylum has expressly agreed "to establish in 2009 a European support office with the task of facilitating the exchange of information, analyses and experience among Member States, and developing practical cooperation between the administrations in charge of examining asylum applications."

The European Asylum Support Office would have the institutional form of a regulatory agency and will enjoy legal, administrative and financial autonomy. According to Jacques Barrot, Commissioner responsible for freedom, security and justice, "The office would have no decision-making powers, because it must be clear that in asylum matters its national authorities which make the decisions on who to admit and refuse." Nevertheless, while stressing that Member States asylum decisions differ substantially, he said "Twenty-five per cent of positive decisions are taken by Austria, Belgium, Sweden and Italy, while the respective figure is less than 3 per cent in Slovakia, Greece and Slovenia. The support office will make it possible to harmonise these figures: the countries lagging on asylum will catch up with those having a better record."

The Office will be responsible for facilitating, coordinating and strengthening practical cooperation among Member States on asylum matters as well as contributing to the implementation of the Common European Asylum System. Practical cooperation on asylum is aimed at increasing the convergence of Member States' decision-making procedures on asylum issues.

In order to contribute to the implementation of the Common European Asylum System the Office will coordinate and promote exchange of information between Member States' asylum authorities and between them and the Commission regarding the implementation of all relevant instruments of the Community asylum acquis. In fact, it will create factual, legal and case-law databases on national, European and international asylum instruments. The draft regulation foresees, particularly, that the Office will gather information on the processing of applications for international protection by national authorities as well as information on national legislation and legislative developments in the field of asylum, including case law.

The Office will support Member States facing strong pressure on their asylum systems. In fact, the European support Office is mainly intended to help countries such as Malta and Cyprus, which are subject to particular pressure from asylum seekers. The Office will coordinate and support common action to assist those Member States. The Office would set up an early warning system to notify the Member States of any influx of applicants for international protection. It would also coordinate action intended to ensure that appropriate reception facilities can be promptly established by the Member State under pressure.

The European Asylum Support Office will also be in charge of coordinating the asylum support teams. Such teams would be made up of national asylum experts to be deployed at the request of Member States faced with a mass influx of asylum seekers into their territory. Member States would be required to contribute to the Asylum Intervention Pool via a national expert pool on the basis of defined profiles. The agency would cover the costs incurred by Member States in making their experts available for deployment to asylum support teams. Moreover, the Office would also support those Member States by coordinating exchanges of information and all other activities concerning the implementation of mechanisms for the intra-Community transfer, on a voluntary basis, of beneficiaries of international protection from such Member States to others.

The EASO will provide assistance to Member States in taking decisions on asylum claims whilst coordinating their activities. Such an agency will coordinate and step up cooperation on asylum between Member States contributing therefore to harmonise different national practices.

The Office will he headed by a Management Board composed of representatives of the Member States and the Commission, and by an Executive Committee.

Obviously, the creation of another agency will have budgetary implications. The Office will have a Community budget line. Some of the budgetary resources presently allocated to the European Refugee Fund (ERF) for Community actions would be transferred to the EASO. The Commission foresees a budget of €40.25 million for 2010 to 2013, which breaks down as follows: €5.25 million in 2010; €8 million in 2011; €12 million in 2012; and €15 million in 2013. The Office would open with a team of 24 but a total of 94 people would be hired gradually between 2010 and 2013. It remains to be seen what will be the UK contribution to the new agency.

The European Asylum Support Office could therefore be opened in 2010 if the Council and the European Parliament approved the Commission's proposal.

On 27 February, the Justice and Home Affairs Council held a first exchange of views on the proposal. The idea was welcomed by most of the EU Member States. The Czech Republic is expecting to reach an agreement under its EU Presidency.

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EU co-decision procedure & the dismantling of democracy

Margarida Vasconcelos looks into the EU co-decision procedure, introduced under the Maastricht Treaty, and the effect it has had on national parliamentary democracy.

A major constitutional change in the development of the powers of the European Parliament was introduced by the Maastricht Treaty – opposed by Bill Cash and eurosceptic MPs – under the co-decision legislative procedure. The new legislative procedure was then extended and adapted by the Treaty of Amsterdam and Nice. The legislative powers of the European Parliament were substantially increased. In fact, the co-decision procedure, when first introduced it applied to 15 legal bases and it now covers 43 areas under the first pillar. It is now the normal legislative procedure, which means that the Council and Parliament act as co-legislators on a Commission-originated proposal with no legislative role provided by the national Parliaments.

Under the co-decision procedure Council and Parliament act as co-legislators on the basis of a Commission proposal. Hence, a Commission legislative proposal only becomes law if both of them approve it. The European Parliament is, therefore, on equal footing with the Council, which acts by majority of all the Member States. The European Parliament has a stronger negotiation position as it can use its right of rejection to negotiate compromises with the Council. The European Parliament can accept, amend or reject the content of a legislative proposal. The European Parliament can make changes to the Council common position that make a substantial difference to the content of the legislation. The European Parliament has been promoting European integration. It always votes for further harmonisation of the EU Member States laws.

The European Parliament is the only EU institution directly elected therefore it is has been said that co-decision enhances democracy in the EU. However this procedure is, in fact, undemocratic. We have been assisting with the proliferation of informal meetings and early agreements through the co-decision procedure. Such informal trilogues are aiming at reaching an agreement before the Council adopts its common position or the European Parliament adopts its position in name of the efficiency of decision making. The debates on European legislation are not open or transparent since important decisions are made behind close doors with no accountability. The co-decision procedure has enhanced the efficiency of decision-making but it disregards transparency and accountability.

The Commission has a monopoly of legislative initiative in all the areas which are subject to the co-decision procedure. In the majority of the cases co-decision goes hand in hand with qualified majority voting in the Council.

The Commission's legislative proposals are forwarded to the European Parliament and to the Council. The relevant parliamentary committee for examination of the Commission proposal appoints a rapporteur who is responsible for presenting a draft report to the committee proposing amendments to the proposal. The proposals are far too complicated for anyone other than experts in the EU to further it, which is also undemocratic. The parliamentary committee responsible votes on the Commission's proposal as amended on the basis of a simple majority. The committee proposes to the plenary either the approval or the rejection of the Commission proposal, or the tabling of amendments. Further amendments to the report may be tabled by political groups or at least 37 Members and put to the plenary's vote.

The Commission may alter its legislative proposal in order to incorporate European Parliament amendments if it believes it will improve the initial proposal or are likely to facilitate an agreement. However, the European Parliament most of the time votes to tighten the Commission's proposals such has happened on pesticides ban Regulation and the working time directive.

The Council's preparatory work takes place within working parties. The working parties consist of officials from the Member States who prepare the dossiers at technical level and they are chaired by the Member State holding the Presidency of the Council. This preparatory work runs simultaneously with the European Parliament's activity.

The Permanent Representatives Committee or "Coreper" consists of the Member States' ambassadors to the European Union ("Permanent Representatives") and national civil servants. It is chaired by the Member State which holds the Council Presidency. Coreper assists the Council in dealing with proposals for legislation. Coreper prepares every Council decision taken at Ministerial level. It seeks to reach agreement at its own level on each dossier otherwise it may suggest solutions to the Council. The Council of Ministers adopts the decisions prepared by Coreper either without debate, when an agreement has already been found ("A" item), or with debate ("B" item). This, too, therefore is undemocratic.

The act is adopted, by a qualified majority, if the Council accepts without amendments the Commission's proposal, which the European Parliament has not amended or the Council accepts all the European Parliament's amendments which the Commission has incorporated into its amended proposal otherwise the Council adopts a common position. The Council adopts a Common Position when it does not agree with the European Parliament. The Council goes from the general approach, before the European Parliament adopts its opinion, to a political agreement, then to a common

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position unless the European Parliament amendments coincide with the general approach which allows the act to be adopted. The general approach speeds up work and makes easy an agreement on first reading. The next step of the preparatory work is the political agreement which contains the broad guidelines of the future common position. The working party finalises the details of this agreement which are formally adopted as a Common Position by the Council of Ministers at a subsequent meeting, mostly without a debate.

However, the problem is that most of the time the acts are adopted without a formal vote. As regards "A points" there is no vote at all as the agreement was reached by Coreper therefore the Council presidency simply mentions that they have been adopted. As regards "B points" usually the Presidency notes that the required majority has been achieved. Hence, if any Member States objects the act is adopted without the Council formally voting.

Co-decision was allegedly introduced in order to strengthen the democratic legitimacy of the European Union but it is both undemocratic and has harmful consequences for transparency and accountability. It should be recalled that the Treaty of Amsterdam – also opposed by Bill Cash – introduced the "early agreements", the possibility of bringing co-decision dossiers to a conclusion at the end of the first reading without the need for the Council to adopt a common position.

In 1999, under Tony Blair's Government, the European Parliament, the Council and the Commission adopted a Joint Declaration on practical arrangements for co-decision when the Treaty of Amsterdam came into force. The Institutions confirmed "(…) that the present practice of contacts between the Council Presidency, the Commission and the chairmen of the relevant committees and/or the rapporteurs of Parliament and between the co-chairmen of the Conciliation Committee (…) should be extended to cover all stages of the co-decision procedure." It does not mention the word "trilogue." The Declaration provides that "The institutions shall cooperate in good faith with a view to reconciling their positions as far as possible so that wherever possible acts can be adopted at first reading" and that "They shall establish appropriate contacts to monitor the progress of the work and analyse the degree of convergence." In 2007 the European Parliament, the Council and the Commission reviewed their Joint Declaration which specifically provides that "Cooperation between the institutions in the context of co-decision often takes the form of tripartite meetings ('trilogues'). This trilogue system has demonstrated its vitality and flexibility in increasing significantly the possibilities for agreement at first and second reading stages, as well as contributing to the preparation of the work of the Conciliation Committee." Moreover, it reads "Such trilogues are usually conducted in an informal framework. They may be held at all stages of the procedure and at different levels of representation, depending on the nature of the expected discussion."

The co-decision procedure entails, therefore, a flood of informal meetings in which legislative decisions are taken behind close doors with no scope for public supervision.

Usually, on the beginning of each period of the EU presidency, the chairman of Coreper has a preliminary contact with the several chairmen of the parliamentary committees and rapporteurs involved in co-decision matters in order to discuss their situation and establish a timetable for priority work which will be carried out during the six-month presidency. Obviously, if a certain legislative proposal it's a priority of the presidency, it will push for a first reading agreement. Such discussion involves matters going through a first reading which may be concluded at first reading. They also discuss matters going through a second European Parliament reading for which informal negotiations between the European Parliament and Council may avoid conciliation as well as matters for which conciliation proves necessary.

The Commission's proposal is examined by the Presidency at working party level. The Council working party follows the progress of work within the relevant parliamentary committee. As soon as it is known the delegations positions on the main issues the chairman of Coreper initiates contacts with the European Parliament rapporteur and with the Chairman of the parliamentary committee. These meetings are also attended by the Commission officials, where the Presidency is assisted by the DG in charge of the dossier. The aim is to identify the different positions establishing, in this way, an initial assessment of the possibilities of concluding the procedure at first reading. Hence, the trilogue meetings take place even before the parliament's rapporteur or the Council presidency has a mandate. Coreper immediately starts assessing the possibilities for an "early agreement" and may draft proposals for a compromise. Obviously, such meetings continue as informal negotiation meetings for which Coreper, in principle, has given a mandate to the Presidency.

Informal tripartite meetings are therefore organised and attended by the Chairman of Coreper, the Parliament's rapporteur and the Commission. Leaders of the political groups may also be involved. The Presidency has an enhanced power and influence. Coreper may have a marginal role if the Presidency tries to dominate the policy making process in the attempt to reach early agreements. The European Parliament considers the trilogues an excellent opportunity to increase its influence over the legislative process.

The Parliament and Council seek to reach an agreement on a proposed piece of legislation before the Council adopts a formal Common Position, or the Parliament adopts its official opinion. Usually, takes place between the committee vote and the relevant plenary session.

When an agreement has been reached through informal negotiations, there is a practice, confirmed on the Joint Declaration, whereby the Coreper chairman writes a letter to the chair of the relevant parliamentary committee with the details of the agreement indicating "(…) the Council's willingness to accept that outcome, (…) , should it be confirmed by the vote in plenary." A copy of such letter is

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forwarded to the Commission. The compromise reached on trilogues meetings needs to be endorsed by the Parliament's political groups, as well as representatives of the Council before being tabled to a first reading plenary vote.

The informal trilogues meetings deals are very difficult to change. The co-decision measures at the committee and plenary stages in the European Parliament are public, as are the debates and the votes but this means nothing as these trilogues remove from the arena of public scrutiny the agreements reached in secret meetings. If an agreement is reached in secret trilogues it is presented to the relevant committee and plenary which, usually, do nothing else but to confirm the agreement.

The informal trilogues bypass the formal machinery. The early agreement is based on informal negotiations than on the formal co-decision procedure. Hence, if such agreement is reached the European Parliament and Council sign up a deal that has already been negotiated by a small group of people.

The trilogues are considered an essential part of the legislative procedure. These informal negotiations have been considered as necessary to reach an agreement on legislative proposals. The legislative procedures are speed up. An "early agreement" between the Council and the European Parliament leads to "fast track legislation." No doubt that they increase the efficiency of decision making however that also weakens and undermines the democratic accountability.

Lack of transparency and lack of democratic legitimacy are intrinsic to these behind close doors deals. The negotiations through trilogues are conducted on an informal and secretive basis. Nobody has an idea of what is going on at those meetings. These meetings documents are not made public. There is no public scrutiny. The trilogues meetings documents are not listed in the public Registers of documents because they are discussed in "informal" meetings.

The co-decision procedure with the inclusion of the trilogue meetings and the early agreements could not have been more undemocratic. It shows how bad things have become, particularly as the unelected European Commission has the sole right of initiating legislation.

Early agreements jeopardize national parliamentary control. Under the co-decision procedure it is more difficult for national parliaments to supervise how EU affairs are conducted. There are also serious consequences for democracy at the national level. An agreement is reached before the European Parliament or the Council has adopted a formal position on the legislative proposal. The negotiations are informal so it is very difficult for national parliamentary committees to assemble information, and to decide speedily enough in order to have any impact on the final outcome of an early agreement dossier. It is almost impossible for the European Scrutiny Committee to analyse legislative proposals brought through under early agreements as decisions are taken before the Member States have even decided on a Common Position.

The UK has fond itself in a position where it has no choice but to accept the "early agreement." There is no veto therefore it is force to accept a legislative measure.

If no agreement is reached at the European Parliament's first reading, contacts are carried on in order to an agreement to be reached at the common position stage. Consequently, if an agreement is reached the chair of the relevant parliamentary committee writes a letter to the chair of Coreper indicating his recommendation to the plenary to accept the Council common position without amendment, subject to confirmation of the common position by the Council.

If no agreement is reached the Council adopts a Common position and the European Parliament has three-months to take action on it. The relevant parliamentary committee adopts "the recommendation for second reading", which is normally the one defended at first reading. Generally, the amendments include amendments adopted at first reading and not accepted by the Council or are concerned with a part of the common position which is substantially different from the Commission's initial proposal or introduce a compromise between the Parliament and the Council. The parliamentary committee responsible votes on the proposed amendments by simple majority. The common position is approved and the act is therefore adopted if the European Parliament endorses the common position or fails to adopt amendments as a result of not obtaining an absolute majority of its Members. Rejection of the common position requires the votes of an absolute majority of the component Members of the European Parliament. The European Parliament may adopt amendments to the common position by an absolute majority of its component Members then the text amended is forwarded to the Council and the Commission.

Consequently, the Presidency ensures that the working party starts examining the European Parliament amendments. The competent working party prepares a position which is submitted to Coreper and adopted by the Council. The act is adopted in the form of the common position amended if the Council agrees to accept all the amendments of the European Parliament. If the amendments are not accepted, the working party examines possible compromise texts and proposes them to Coreper.

During the European Parliament second reading the Presidency establish contacts with European Parliament representatives aiming at facilitating the acceptance of the Council common position. Consequently, informal negotiation meetings are organised along the lines of those during the first reading. According to the Joint Declaration when an agreement at second reading seems to be possible, informal contacts should be established in the period between the political agreement and the formal notification of the common position.

If an agreement is reached through informal negotiations in trilogues the chair of Coreper sends a letter to the chair of the relevant parliamentary committee with the details of the substance of the agreement indicating the Council's willingness "to accept that outcome (…) should it be confirmed by the vote in plenary." Consequently, the

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compromise amendments are then tabled in parliamentary committee or before the plenary session. The political groups coordinate their votes in order to adopt the amendments negotiated with the Council. Trilogues are not formally binding as the Council nor Parliament are obliged to accept the agreements reached in these meetings. However, Council and Parliament usually stick to the agreement. If the European Parliament votes in accordance with the agreement reached, the Council will adopt the act and the procedure will end. The legislative act is then sign by the Presidents and Secretaries-General of the European Parliament and of the Council, and is published in the Official Journal.

If the Council does not approve all the amendments of the European Parliament, the President of the Council, in agreement with the President of the European Parliament, convenes a meeting of the Conciliation Committee within six weeks. Informal trilogues take place between the end of the Council's second reading and the convening of the Conciliation Committee in order to prepare the work of the latter. The European Parliament appoints its delegation to the Conciliation Committee and gives a mandate to its negotiators. The Council's negotiating positions are drawn up in advance by Coreper which constitutes the Presidency's mandate.

The European Parliament's representatives are the chair of the parliamentary committee and the rapporteur, assisted by members of the European Parliament's conciliations secretariat. The Council is represented by the Chairman of Coreper.They explore possible ways of compromise in an informal manner and report to their delegations. The outcome of these trilogues is then submitted to Coreper. The negotiations are focus on all the amendments adopted by the European Parliament at second reading on the basis of the Council's common position. If an agreement is reached within the Conciliation Committee, the Council Secretariat, or the European Parliament Secretariat prepares the draft legislative text. The Conciliation Committee approves the compromise in the form of a "joint text". The Council's delegation acts by a qualified majority and the European Parliament's delegation acts by a simple majority of its component members. The Conciliation Committee meetings are just formality as much of the bargaining takes places in the informal trilogues before them. The joint text is forwarded to the Presidents of the European Parliament and of the Council. No amendments may be tabled to the compromise. If within six or eight weeks the European Parliament, by a majority of the votes cast and the Council, by a qualified majority, adopt the act in line with the joint text the legislative procedure is ended and the act is submitted directly for the signature of the Presidents and Secretaries-General of the European Parliament and of the Council, and is published in the *Official Journal*.

According to the Joint Declaration, "The working documents used during the conciliation procedure will be accessible in the Register of each institution once the procedure has been concluded." Therefore, such documents are only made public only after the measure in question had been adopted.

Originally, the trilogues and early agreements procedure were intended for noncontroversial or technical dossiers however, it has been expanded to highly controversial measures. In fact, it now applies to any co-decision measure. During the Maastricht period 40 per cent of co-decision required the conciliation procedure but this has dropped to 20 per cent. The total number of first reading deals is increasing considerably. Since the entry into force of the Amsterdam Treaty until 30 December 2007, 654 co-decision procedures have been completed, 285 files were concluded on first reading, 263 were concluded on second reading and 106 were concluded by the Conciliation Committee.

The number of fast-track deals is increasing and the process is not transparent. There is always a pressure during each six-month EU presidency to wrap up a piece of legislation at the expense of open political debate.

In the run up to the 2009 elections there is a wish to complete as many dossiers as possible before the legislative break. The European Commission has recently published its 2009 work programme and it will try to ensure the full adoption of these measures before the European Parliament elections. Experience from previous elections indicates that the EU institutions will be under pressure to adopt as many legislative proposals as possible before May 2009.

Obviously, the trilogue meetings and early agreements would be fully used at the expense of a proper debate and analysis of the legislative proposals. The European Parliament and the Council of Ministers will work towards reaching a first reading agreement on the different proposals therefore the proper consideration of the vital details of the legal texts would be sacrificed in a blind rush to complete as many legislative proposals as possible before the European Parliament is dissolved for elections.

The Lisbon Treaty increases substantially the policy areas subject to co-decision. The Lisbon Treaty has not substantially changed the procedure. Whereas under present Article 251 (2) (b) (c) it is required, at second reading, that "absolute majority" of the European Parliament component members to reject or to adopt amendments to the Council common position under the Lisbon Treaty it is solely required simple majority. It will be easier to pass legislation.

The Lisbon Treaty will abolish the Maastricht Treaty pillar structure and move Police and Judicial Cooperation in Criminal Matters to the Treaty on the Functioning of the European Union (EC Treaty). The Lisbon Treaty will have several implications for police and judicial cooperation in criminal matters as co-decision, qualified majority voting and the ECJ's jurisdiction will be extended to those areas. The secret trilogues and first reading deals would be extended to police and judicial cooperation on criminal matters.

All this demonstrates just how undemocratic our legislative system has become. No proper scrutiny and no real accountability. It is at best a system of incomprehensible complacency.

Margarida Vasconcelos is Head of Research at the European Foundation

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The Moldovan elections: ruling Communists, Voronin & Europe

Asher Pirt examines the role of the ruling Communist Party, President Voronin and the place of the European Union in the approaching Moldovan parliamentary elections.

The Moldovans are the only people who have repeatedly brought a communist political party to power in a broadly free and fair election in the post communist region. The party was first elected on 25 February 2001 and then re-elected on 6 March 2005. Now Moldova on the European Union border is preparing for a Parliamentary Election on 5 April 2009.

As Moldova is a parliamentary democracy, members of this political party who dominate the Parliament have the right to elect their party leader as President. This means that the communist party leader Vladimir Voronin is also the President of the tiny former Soviet Republic with a population of just over four million.

This political situation in Moldova is strange "Didn't communism go out of fashion at the end of the eighties in Europe?" Even at most British Universities, communism is joked about rather than admired. Karl Marx and other communist philosophers' works are left gathering dust on a library shelf. However, President Voronin still believes that the Russian communist Vladimir I. Lenin has much to say about the current affairs in Moldova. He appears not to be alone in the country.

A visitor to the former Soviet Union usually discovers that there is a considerable nostalgia for communism. It appears that the average person who experienced the social and economic 'stability' of communism and the difficulties of post communism has rose tinted spectacles about the Stalin, Brezhnev and Andropov years. It seems strange that even a most wicked tyrant who personally sent his own citizens to gulags has supporters in the former Soviet Union region.

In Russia, the Communist political party (CPRF) came close to power in the presidential elections of 1996, but was beaten by an alliance of Oligarchs and the incumbent President Boris El'stin who were concerned about losing power. Although there are members of the CPRF in the Russian Duma, the United Russia party now holds the most seats after the December 2007 Elections. Its party leader is Vladimir Putin, who is the former President and present Prime Minister.

In Putin's address to the Nation on 31 December 1999, and in other speeches since then, he has outlined some of the shortcomings of the communist political system. He acknowledges the achievements of that system such as industrialisation, universal education and the elevation of the country into a superpower but he feels the need to build a post-communist system, which can build upon the achievements of communism and policies of other political systems to develop a greater Russia. Putin's personality is popular and continues to have high poll rating, despite economic difficulties in the downturn of the global economy. It is only recently that Putin has accepted to be a political party leader, having previously claimed to be above politics.

The difficulty for many commentators is that Russia seems now to have a neo-communist political party when it comes to concentrating power in the state apparatus and building up a strong military potential that believes in many of the ideals of communism but will never be called a communist party. The now defunct 1977 Soviet Constitution clearly stated that the Communist Party was the 'leading and guiding force'. In Russia, the United Russia political party commanded, by Vladimir Putin, is certainly the new 'leading and guiding force'. In contrast the CPRF is now a candle in the wind.

Moldova cannot be described as a communist political system, as there are numerous political parties, such as Moldova Noastra (Our Moldova) Alliance, Agrarian Party of Moldova and People's Christian Democratic Party and has an active civil society. However, the communist party members of Parliament do elect the president who is their party leader, and the government is formed from communist party members. For the election of the Moldovan president, a party needs two-thirds of the available 101 parliamentary votes. The government is then approved with 50 plus one votes.

The difference between the communist political system of China and Moldova is that the voter has a choice of political parties. Of course, the Republic of Moldova's human rights record is far better. Nevertheless there have been reports of an increasing number of criminal investigations recently initiated against opposition politicians. The Moldovan political system is a façade democracy and nobody can truly deny that.

Moldova's historical background gives good reasons for a voter's decision to choose the communist party. The background shows that post-communism has not been great for the Moldovans and a desire to a return to the "better days" is understandable.

Firstly, the country still does not have complete control over its territory and fought a short but bloody armed conflict in the 1990s trying to retrieve control. This breakaway territory known as Transdniestria that exists predominantly on the left back of the Dnestr river is a highly industrialised region largely populated by ethnic Russians and Ukrainians which would help Moldova's GDP, if only the divided community could be united.

Secondly, Moldova has become poorer and poorer and is well known for its HIV/AIDS crisis, organised crime and

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human trafficking problems. Children are neglected and employment is difficult to find for the average Moldovan. The country depends on the export of agricultural products, such as wine, to increase its income and employment. This has become difficult in recent years with questions about its quality.

So when a political party that resembles the "good times" of the past arrives on the scene many vote for this party. Especially when this party seemed able to fulfil its promise 'to turn Moldova into a rich country with wealthy people'.

The challenge for other political parties is actually reaching the electorate. A ruling political party always has an advantage as the people can vote for the devil they know rather than the devil they do not. Airtime is expensive and a ruling party can dominate the media outlets constantly informing the people that they are the ones to stay in power.

The communist political party has now had two terms in power and if there is discontentment, people in the former communist region have been known to protest. The coloured revolutions in Serbia, Georgia, Ukraine and Kyrgyzstan have proved that governments are not safe. Attempts at eradication of the 'orange disease' that the Belarusian President Lukashenko conducted, do not seem to be taking place in Moldova.

People are still poor in Moldova, and the Transdniestrian conflict has yet to be resolved despite President Voronin's best efforts. Recently the populist promise to reduce the price of bread in the country has not come to anything. This might not mean much to people in the European Union, but it is highly significant in a country where the inhabitants cannot really afford it. The prices for gas, electricity and petroleum have increased greatly since Voronin came to power.

Voronin in recent years has become closer to Russia and back in June 2008 the current Prime Minister Ms Greceanii has clearly stated that Moldova regards Russia as a stragetic partner. The close bonds of the GUAM seem not to be so great. GUAM was set up as an anti Russian Alliance. Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova were all members at one stage.

In the 2005 election, the communist political party received votes from those who even saw it as an anti-Russian vote, so it will be interesting to see what the those voters will think of Moldova's closer ties with Russia and the Russian led Commonwealth of Independent States. The Machiaveillan benefits of these ties are exceedingly useful for Moldova in trying to find solutions to its challenges.

The European Union has realised that Moldova's leadership is willing to shake anyone's hands to gain some advantage and has started to try and help. The EU Special Representative for Moldova, Kalman Mizsei, has recently stated that a new partnership treaty might be organised soon. However this potential pledge of further assistance is not fast enough. Some Moldovans joke about the lack of Moldovan wine in the European Union's supermarkets. In contrast, recently Moldova has not really tried to become any closer to the European Union.

The argument for there to be a turnover of power is answered by the question "Is there an alternative to the ruling party?" There are many political parties in Moldova but it seems despite its weaknesses that the communist party will remain in power. Political opinion polls confirm that the communist party should overwhelmingly win in the forthcoming Election.

According to Moldova's Constitution, it is time for President Voronin to stand down. It is most likely he will take the Putinist path and not amend the Constitution to permit this. Just like Putin, he will probably adopt the position of Prime Minister. Until recently Voronin kept the name of his successor a secret although he did confirm that he had chosen a candidate rather like Putin did in choosing Dmitri Medvedev. Interestingly he stated in a Television Interview:

> **"Furthermore, in the global economic crisis the last thing Moldova needs is the EU increasing its tariffs and protectionism."**

Of course, I examine possible candidates and I think about this. Moreover, I am training this person. But for the time being even he does not know about this. And I will not unveil his name under any circumstances. Knowing the behaviour of Moldovan politicians, the name of this person, if I give it, will be dragged through the mud. Or, on the contrary, he will be praised to the skies and spoiled yet before the election. Neither the first nor the second variant is admissible. Everything in its own time.

The clever thing about this was that his choice could always change until the big day. Putin's choice was never certain until the announcement. However Voronin has publicly announced his successor, which is an interesting choice. The successor Vladimir Tsurkan is a former Ambassador to Moscow (2002-2005), which proves one thing that President Voronin wants someone, who is able to do business with Russia. Furthermore as in post-communist Russia, Voronin's successor becoming the new Moldovan President will have to remember that it is a partnership with Voronin.

The European Union needs to do more to help Moldova not just to prevent organised crime and sex trafficking. Moldova needs assistance in building its economy and the removal of barriers to its exporting of its own produce to the EU area. Furthermore, in the global economic crisis the last thing Moldova needs is the EU increasing its tariffs and protectionism. However, the Transdniestrian conflict's solution will not be found in EU interference unless of course both sides to the conflict agree to further external assistance to solve the problem of a divided community.

Asher CJ Pirt holds a Masters from the School of Slavonic and East European Studies University College London and is a specialist in Russian and Moldovan Affairs

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Europe at the Laeken crossroads

Michal Petřík argues that the Laeken Declaration adopted at the end of the Danish Presidency created political dictates for new EU members revealing the undemocratic methods used by the founding fathers of the present quasi-constitutional Lisbon Treaty.

The long and successful process of European integration encountered, in the mid-1980s, a qualitatively new stage. The period of common market creation had been, after the Maastricht Treaty (1992), replaced by the process of political unification in the new order: one currency area, one economical entity (Union with an economic government), one political entity (Union with one foreign policy and an obvious political government.)

Today, the importance of a second milestone to European political Union, the Laeken Declaration adopted at the end of the Danish Presidency, is perhaps forgotten. However this document is quite crucial to revisit as the basic elements of the political process initiated at the end of 2001 have already been driven twice into collapse: for the first time in the spring 2005, when its first product – the European Constitution – had been refused by the French and Dutch citizens in their referenda, and the second time in June 2008, when almost the same quasi-constitutional text had been refused by the Irish in a referendum.

The Lisbon treaty, Reform treaty, or originally the Constitutional treaty (Treaty establishing the Constitution for Europe) is not designed to become just another amendment to the establishing treaties, but in the case of ratification by all Member States, it becomes a viable, real Constitution of a new political entity, a new European near-federal state. In the case of the Lisbon treaty, the adoption of the present sovereign properties, authorities and competencies of the EU Member States (MS) are going to migrate into an Union supranational body – the institutions of the EU.

The Member States will only be able to exercise those competencies that are left to them under the EU Constitution, not the other way around – which was the original idea of European integration. Moreover, there is no clear definition of what is remaining in the exclusive competencies of the Member States. The Union is going to extend its powers in each single field of possible public policy intervention.

By the establishing of so-called shared competencies, which are, however, the competencies of the Union, the Member States are authorised to interfere – if the EU is not already doing so. Here we can find such important fields as agriculture, economic, social and territorial coherence and solidarity, energy, environment, legal co-operation, some social policies and – of course – transport and internal market policy.

The EU Member States are going to become a part of the European Federal State in the position of their – depending on the competence examined – provinces or as constitutive republics.

To clarify this issue, we should mark that in fact, after the possible adoption of the Lisbon treaty the position of current EU Member State is going to be very similar to the position of a simple autonomous province or area. Historically, these entities always have a certain degree of a cultural, educational or similar type of autonomy, however without being able to prevent any type consensus and decisions which may arise at the federal level.

On the contrary, federal structures allow the Member States, lands or republics direct participation on the federal policy issues, including their right to veto some of the the most important decisions.

For example, in the case of my country in the period of the federal Czechoslovak state (1969–1992), the list of issues where it was not allowed simple majority voting and the consensus of Czech and Slovak deputies (in a federally split second chamber of our Parliament) was necessary including in the areas such as the approval and dismissal vote to the government, changes in federal constitution, elections of the president of republic, declaration of war, citizenship issues, major economic plans of development, fiscal law, federal taxes and fees, federal budget, customs, tariffs and quotas, single currency issues and so on. Here, we should of course underline that a real "voting," real democratic process could be seen here in the period ending 1989 to the end of 1992 only.

Under the Lisbon treaty, the EU Member States are going to simply lose their preserved competencies, because a majority of them are going to be EU exclusive rights and powers.

Executive consensus sufficient

It is not the Parliaments of the Member States (or referenda where necessary), but its executive representatives (i. e. Prime Minister or President) that are going to decide (although unanimously, however, since already under the current institutional arrangement of the Nice treaty there is a very low will to vote alone or almost alone against everyone else) over those areas of decision-making where the Member States will retain, in the future, their right of veto which can be transferred at any time under majority voting (under Articles 48.6 and 48.7 of the Treaty establishing the European Union).

With the Lisbon treaty, the elementary principles of the division of powers at the EU level are clearly endangered. Here, the system of checks and balances is not going to exist in any obvious form.

The European Constitution, product of Valéry Giscard d'Estaing's efforts, was clearly designed to became a license, a catalogue of all possible powers, competencies, rights and claims, not a constraint, so necessary in the constitutional and

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legal system safeguarding freedom, rights, liberties and dignity. Those principles are described already in the Magna Charta Libertatum of 1215, the first written guarantees of the private property and liberties of a free man.

The crucial difference between the principles of license providing various catalogues of positive rights and – on the other hand – the legal principles of power constraints incorporated into any democratic structure show clearly the direction where both quasi-constitutional texts find its inherited hardships.

These constraints can be numerous and could be defined as traditions of resistance against the central authorities (originally King, now the European bureaucracy in Brussels perpetually proposing excessive new primary and secondary EU provisions) to enlarge its prerogatives, to recall on respected traditions and transparency based on clear rules and natural rights. Freedom under the law of the EU Member States, not under supranational bodies or a continental superstate. We should not forget that in the UK, there is still validity in Article 40 of the 1215 Magna Charta Libertatum: "To no one will we sell, to no one will we refuse or delay right or justice." Yes, some of the principles of the Magna Charta remain in legal force in the UK for almost eight centuries.

The European Union, instead, is leaving the present relative clarity of written rules, rule of law of the Union or law of the Member States. To conclude this introduction and with special regards to the quasi-constitutional Lisbon text: the rules and laws written a long time ago by the already dead ones are so often better for the country and freedom of man than the laws written to satisfy the immediate interests of the "very alive" ones.

To paraphrase F. A. von Hayek, the countries of the post-communist/transformation part of Europe had to find its own road out of the serfdom. Our experience of the 1990s is strong and unique.

Now, we should return and recall the Czechoslovak federation and Czechoslovak exception with its so called velvet divorce in 1992 and without any doubts we could see a truly peaceful and almost friendly separation of the two parts of one federal state existing (with the WWII interruption) for a historically given period of 74 years (1918–1992).

So, let's examine in detail the crucial elements of the Laeken declaration of 15 December 2001 with respect to the political heritage of the Laeken process – the Constitutional treaty and the Lisbon treaty.

" These constraints can be numerous and could be defined as traditions of resistance against the central authorities (originally King, now the European bureaucracy in Brussels perpetually proposing excessive new primary and secondary EU provisions) to enlarge its prerogatives, to recall on respected traditions and transparency based on clear rules and natural rights. Freedom under the law of the EU Member States, not under supranational bodies or a continental superstate. "

"Europe at a Crossroads"

Under this title, the Union (not Europe) has been, for now more than seven years, stuck in the Laeken crossroads: the red light is still on and will remain until the citizens of the Member States will be allowed to express their own free will.

What can we find out?

I'll try to comment on the most important statements of the Laeken declaration.

For centuries, peoples and states have taken up arms and waged war to win control of the European continent. We should be aware that the peace-war question has nothing to do with the degree of institutional unification. The war-harassment will always remain the myth behind the story of European integration. Finally, let's make it clear: the peace was after WWII guaranteed within the block system and persistent cold war safeguarded by the soft balance of nuclear and other armed powers of the two political and military blocks of the Warsaw Pact and the NATO alliance.

The debilitating effects of two bloody wars and the weakening of Europe's position. No. There was nothing like "Europe's position" before the WWII, so there was nothing to be weakened. Or, perhaps, we should think of the common position of say, France, Germany, Italy and UK in the 20s and 30s of the 20th Century? We should not, because there can hardly be any field of an acceptable common position. At least, according to post-war mainstream historical explanations.

World brought a growing realisation that only peace and concerted action could make the dream of a strong, unified Europe come true. However this was clearly not a dream of the Member States citizens: peaceful Europe does not necessarily mean "strong and unified." Who dreamt this dream? Certainly not citizens of the Member States. Maybe some ambitious intellectuals, but they are still missing a very basic political mandate.

Twenty years ago, with the first direct elections to the European Parliament, the Community's democratic legitimacy, which until then had lain with the Council alone, was considerably strengthened. Symbolic, consultative and affirmative powers of the EP, quite formal compared to the national parliaments, can never "considerably strengthen the community's democratic legitimacy." The right to dismiss the Commission belongs

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only to the Council, and only under very limited conditions.

The European Union is a success story. For over half a century now, Europe has been at peace. But this is almost blackmailing. Union means peace, less of unification should perhaps imply less of peace or even a war?

Along with North America and Japan, the Union forms one of the three most prosperous parts of the world. Union came later, much later. First, there was an after-war peace and prosperity based on the free market economy and the mutual opening of originally closed national markets. This could be thanks to the sixty years of democracy, freedom and the free market economy – not thanks to the Union or Community.

The Union is about to expand to bring in more than ten new Member States (…) thereby finally closing one of the darkest chapters in European history: the Second World War and the ensuing artificial division of Europe. This is a completely misleading approach: the darkest chapters in European history were not caused by the "artificial division of Europe," but by the totalitarian Nazi and Communist regimes – the period when some European countries were deprived of liberty and freedom. The division of the European continent by the so called "iron curtain" was nothing, but only a secondary provision, not the primary political cause of problems. More explicitly: imagine that after WWII, the communist regime won in western, northern and southern Europe as well: would the authors of the Laeken declaration reveal that the unity of Europe was not in danger and Europe was not divided?

" The bureaucrats behind these quasi-constitutional principles are trying over and over again to pretend to know better than the citizens of the member countries what they really want and expect. Moreover, the EU level is the last-one to help in the level of employment, poverty and social exclusion. "

European institutions must be brought closer to its citizens. Citizens undoubtedly support the Union's broad aims. Now, when the citizens of already three EU Member States have refused the proposed quasi-constitutional text, we have not only doubts, but a certainty that these EU broad aims are simply not supported by the citizens of the Member States. They certainly do not always see a connection between those goals and the Union's everyday action.

Europe's new role in a globalised world: What is Europe's role in this changed world? Europe doesn't have a role. Continents don't compete. The decline of certain old European national states – former world powers – should not imply that its global and very often megalomaniac ambitions should be satisfied on the level of the EU. This is a very sensitive issue and we should not hesitate to open this discussion.

Europe should play a role of *a power wanting to change the course of world affairs in such a way as to benefit not just the rich countries but also the poorest. A power seeking to set globalisation within a moral framework, in other words to anchor it in solidarity and sustainable development.* Well, such a strong and purely ideological ambition was really incorporated into the Preamble of the proposed constitutional text. And the debate before the two referenda in the Netherlands and France which refused this Constitution also hardly criticised this purely ideological goal which has nothing to do with an obvious treaty of this type. Anyway, as we can clearly see, we are still looking into the ground plan of these obsolete and old-Europe designed principles.

The expectations of Europe's citizens: Citizens also want results in the fields of employment and combating poverty and social exclusion, as well as in the field of economic and social cohesion. The bureaucrats behind these quasi-constitutional principles are trying over and over again to pretend to know better than the citizens of the member countries what they really want and expect. Moreover, the EU level is the last-one to help in the level of employment, poverty and social exclusion. These phenomenon are caused, not cured, by the arbitrary and artificially high "automatic standards" administratively imposed for the life of these, which are not (yet) excluded. However, the exponential manufacturing of these standards seems to be the supreme aim of the EU institutions.

In short, citizens are calling for (…) an approach that provides concrete results in terms of more jobs, better quality of life, less crime, decent education and better health care. The answer should be: yes, but all these areas are and should remain the responsibility of the Member States, not of the Union. There was no single argument that the Member States should give up these fields of responsibilities to the EU level. Why so? Because all these habits, cultural standards, GDP per capita, business cycle and expectations about the future are almost the same across the EU Member States?

At what level is competence exercised in the most efficient way? This is a very misleading question. There is no reason for these questions: democracy and efficiency of decision making process are very often in a classical trade-off relationship. Plus, such a question can be legitimate only within the given federal structures of the already existing state. The fiscal federalism tries to answer the questions such as: what competencies should be exercised (and public money spend) at the municipal, local, regional, republic/state and federal level?

The European Union derives its legitimacy from the democratic values it projects. Hardly. The EU projects the direct contradiction of democratic values: administrative efficiency is for the EU more important than democratic accountability. As for the aims it pursues: democratic legitimacy can be never derived from the aims pursued! This is a limited form of a pure voluntarism breaching all obvious understandings of what should be called democratic and what should be called

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legitimate. And only in the (very) undemocratic systems the instrument (!!) can be understood as the source of the legitimacy for such a political system.

The first question is thus how we can increase the democratic legitimacy and transparency of the present institutions. And what if the present institutions have to undertake a considerable change and reduction before being able to continue and process further? Then, there will be nothing like "present institutions" any more.

With a view to greater transparency, should the meetings of the Council, at least in its legislative capacity, be public? If we want to crowd all the important or sensitive discussions out of the Council meetings and turn these meetings just into a show, the online broadcasting at the European TV channels will be transmitted. The result will be immediate.

How should the coherence of European foreign policy be enhanced? European foreign policy is exactly what makes the EU a superstate. European foreign policy should never exist, be expected or formed.

The question ultimately arises as to whether this simplification and reorganisation might not lead in the long run to the adoption of a constitutional text in the Union. What might the basic features of such a constitution be? This is a crucial point: the Convention adopted the constitutional text within one year of work. Three years after the Laeken declaration, the proposed European Constitution was signed in Rome. Only few federalists believed in 2001 in a full constitutional text. Constitutional text was clearly not an assignment for the Convention of VGE. This experiment of the Convention to be shortened into a run of two years or so had to pay a heavy price: the product of this Convention had already been twice refused.

The European Council has appointed Mr V. Giscard d'Estaing as Chairman of the Convention and Mr G. Amato and Mr J.L. Dehaene as Vice-Chairmen. This mistake must never have been repeated: three euro-federalist as the heads of the Convention not only violates the principle of democratic representation of the different political views about the EU's future, but bear the core responsibility for the repeated refusal of the product of this Convention.

And last but not least: *the accession candidate countries will be fully involved in the Convention's proceedings, (…) without, however, being able to prevent any consensus which may emerge among the Member States.*

This is really strong. This is a clear institutionalisation of the Member States segregation: old Member States' representation had more rights then the representation of the accession candidate countries. The beginning of the Convention should have been, for example, postponed to the year 2004. This unprecedented project could have waited for a couple of years, when the new members came into the EU.

Or the other way around: this whole ratification process should have been finished before April 2003, when 10 new members signed their Accession Treaties in Athens and a ratification process started.

This is a direct violation of all the possible democratic principles: this was a political dictate for the new EU members revealing the undemocratic methods used by the founding fathers of the present quasi-constitutional text, the result of the Laeken process.

So, welcome back to the good, old Orwellian times: all the EU Member States are equal, but some of them are more European than the others … and therefore have more rights.

Michal Petřík, Adviser to the President of the Czech Republic

The EU costs you £2000 a year

Matthew Elliott and David Craig's new book, *The Great European Rip-Off*, exposes the fact that in total the EU costs every man, woman and child in Europe £2,000 a year – or £975 billion a year in total through high taxes, wasteful policies and disastrous mismanagement. To put that in context, £975 billion is enough to swallow the combined economies of 15 EU Member sSates, including Ireland, Finland, Portugal and the Czech Republic.

	Item	Cost, €	Cost, £
1	Cost to business of complying with EU regulations	€600 billion	£480 billion
2	Cost to business of administering EU regulations	€300 billion	£240 billion
3	VAT and other EU tax fraud	€100 billion	£80 billion
4	Higher food prices	€50 billion	£40 billion
5	Officials in the member states enforcing EU rules	€35 billion	£30 billion
6	EU administration costs	€7 billion	£6 billion
7	Other EU spending	€127 billion	£101 billion
	Total	€1,219 billion	£975 billion
	Number of people in the EU	495,000,000	495,000,000
	Cost per person	€2,460	£1,968

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Mr. Hans-Gert Poettering MEP,
President,
European Parliament

Dear Mister President;

You are quoted by *EU Observer* as saying, with regard to possible delays in Czech ratification of the Lisbon Treaty, that "I cannot imagine that the Czech people, these 10 million people ... are going at the end of the day to stand against the 490 other million citizens of the European Union ... We have a historic responsibility to see this through".

This is an outrageous distortion of reality. You know perfectly well that the Treaty does not have the support of "490 million citizens across Europe". You know that if the Treaty were put to a referendum in the member-states it would fail in many of them, as it has already failed in Ireland. In the UK, opinion polls show 70%+ against the Treaty. President Sarkozy is reported as saying the Treaty would fail in France if put to the people.

The EU institutions are pressing ahead with Lisbon in defiance of public opinion. They are showing a monstrous contempt for the people and for democratic values, and they are widening the democratic deficit, the yawning gap between the ambitions of the EU élites, and the identity and aspirations of the citizens.

Say, if you will, that the Czech Republic is (or may be) standing against 26 other EU governments. But you cannot say that it is standing against 490 million people.

Regards,

Roger Helmer, MEP

"Is the euro sustainable?"

As we face an economic crisis, one or two of the usual suspects are creeping out of the woodwork to suggest, ever so tentatively, that perhaps we should join the euro after all. I doubt if many "Straight Talking" readers will fall for it, but if you're at all tempted, I recommend this new paper from the Bruges Group. Written by Richard Conquest, a distinguished economist who has worked for major global banks, it makes the point that the whole euro project was about political posturing, not economics. Find it on:
http://www.brugesgroup.com/IsTheEuroSustainable.pdf

The single currency was supposed to achieve economic convergence in the euro-zone. It has done the opposite. Productivity and unit labour costs have diverged to an unsustainable level. Bond spreads between eurozone states clearly show that the markets expect a crisis. The "PIGS" (Portugal, Italy, Ireland, Greece, Spain) are facing desperate difficulties. If they had independent currencies they could at least devalue, as the least-worst option. But they're locked in and have nowhere to turn.

Thank heavens we never joined this disastrous macro-economic experiment.
[*Roger Helmer MEP*]

EU elections – don't let Labour slip through the middle

It's only about ten weeks until the euro-elections, and the way the polls are going, we should expect to do quite well. But we can't afford to take anything for granted.

I remember that five years ago I met good, solid Conservatives who'd never have thought of voting anything but Conservative in a General Election, or a local council election. Yet they seemed very relaxed to admit they intended to vote UKIP in the euro elections. I remember asking "Why would you do that? Don't you think I'm eurosceptic enough for you?" And the reply came "Oh we know you're alright, Roger, but we want to send a message to Central Office".

I think I understand where they're coming from. Sometimes I too get frustrated, and wish that the Party would take a tougher line on European issues. But let me explain why no Conservative should vote for a minor party in these elections.

First, the euros are the last national electoral test of opinion before a General Election, which must come within twelve months of the euros. It is critical that we build momentum towards the General Election. Even if you'd like the Conservative policy on the EU to be tougher, remember that only a government in Westminster can make a real difference. UKIP isn't going to form a government. They probably won't get a single MP in the General Election. The Conservative Party has committed to some key steps towards breaking the momentum of EU integration, and bringing back powers to the UK, in Human Rights law, and in employment law. We must do everything we can to ensure we get a Conservative government with a good working majority – and that includes getting the best possible result in the euros.

Secondly, we need to try our best to get the third seat in the region [East Midlands], and to get Rupert Matthews returned as an MEP. That means we need to get 50%+ more than Labour, and we need to get three times the Lib-Dem vote. We can achieve that if Conservatives pull together, but not if some decide that gestures mean more than results. A few Conservative votes diverted to minor parties could lose us the third seat, and give it to Labour or (worse still) the Lib-Dems.

And thirdly, we have a united team of committed and capable eurosceptic Conservative candidates. None of them will go native in Brussels. They deserve your support, and you can vote for them with confidence. [*Roger Helmer, MEP*]

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Regulatory reform – why the UK must walk away from EU regulatory proposals

Howard Wheeldon argues that by handing over financial regulatory powers to the EU, Britain could be sounding the death warrant on its still powerful financial industries. Worse still, could Shadow Business Secretary, Ken Clarke, soon be behind giving over such UK powers?

Howard Wheeldon writes: When Gordon Brown was on yet another expensive globe trotting mission to save the world ahead of the London G20 meeting you could be sure of one thing – he wouldn't be pushing what is best for Britain. No, instead Mr. Brown was no doubt aspiring to play at being statesman again persuading those coming to London to reach some kind of consensus, to speak in harmony with one voice plus repeating calls for others to create greater fiscal stimulus. Talking shop it may be and playing to a distinctly worried global gallery, but it is in our interests that something useful comes out of the G20 meeting. We all desire that but what we will not contend with are attempts by Brown to sell the UK short placing already vulnerable banking and financial markets into EU or later perhaps, global regulatory control.

Before heading off on a tour that takes in France, the US , Chile and Brazil our hapless Prime Minister apparently met with the senior executives of some of the world's largest banks. Regulatory reform was apparently the main issue under discussion the need to ensure better risk management, governance and more sound policies of compensation. Not really surprisingly, there appears to have been broad agreement on the need for reform.

No doubt the Prime Minister was also protesting to the assembled gathering that Britain was taking a lead pushing for some kind of ultimate global wide regulation of banks though I guess, with some British banks and institutions present, he was far more careful pushing the point that ahead of faint chance of ever achieving a global regulatory regime that all would sign up to, the UK would be supporting various European Commission regulatory proposals and initiatives that would in effect surrender any regulatory control that we currently have. Is that what we really want – is that what we should be imposing on British based commercial and investment banks and financial markets as a whole – would such proposals be in the best interests of Britain? The answer to that is a definite 'no'!

> **"... what I seriously object to is the introduction of a pan-EU supervisory authority, under the auspices of the European Central Bank that would apparently act as the figurehead organisation to warn national regulators, including Britain, when threats to stability in the various financial services industry occur. Worse is that, without any prior consultation, a second pan-European authority would be set up that would monitor day-to-day supervision of banks, insurers and markets. This is totally unacceptable."**

Last month the European Commission threw its weight behind far- reaching proposals put forward by former Bank of France Governor, Jacques de Larosier. Measures include more stringent bank capital rules, more transparency in markets such as derivatives, penalising banks whose remuneration policies encourage excessive risk taking. I have no issue with certain of these proposals though what I seriously object too is the introduction of a pan-EU supervisory authority, under the auspices of the European Central Bank that would apparently act as the figurehead organisation to warn national regulators, including Britain, when threats to stability in the various financial services industry occur. Worse is that, without any prior consultation, a second pan-European authority would be set up that would monitor day-to-day supervision of banks, insurers and markets. This is totally unacceptable.

In a letter published in *The Times* published on the 27 February, Bill Cash, Member of Parliament for Stone, Staffordshire wrote that "it is clear that [if any such proposals are accepted as law] any such regulation at a European level will be subject to majority voting. This would inevitably mean that the UK financial services and banking arrangements would be run on lines dictated by the interests of other countries rather than our own national interests". This as Cash says, must be resisted at all costs. Cash usefully reminds too that a recent report by Keith Boyfield indicated

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that the effect of the EU Financial Services Action Plan on the City of London may amount to as much as £23.5bn. He calls for a national debate on the subject and the strongest resistance to any European Commission plan that evolves.

In my view, we do not want nor do we need European interference in the running of OUR banks and financial markets thank you very much! The supremacy of Westminster on internal matters such as financial regulation must not be allowed to be overridden by EU lawmakers. As Cash said in his letter, "such European laws devised by an unelected European Commission, agreed by the Council of Ministers by majority vote and then, when problems occur, adjudicated by the European Court of Justice must not be allowed to be imposed on the UK". I agree. Such laws are against the UK national interest and would seriously damage City of London pre-eminence in banking and financial services industries. Indeed, by giving over any power on regulation to the EU or EC Britain could be sounding the death warrant on its still powerful financial industries. Where would it end? I certainly doubt that it would end with just what is currently being proposed.

"What we think we know is that Shadow Chancellor Osborne is opposed to any EU interference on UK regulatory matters. However, it is my belief that Shadow Business Secretary, Ken Clarke is totally behind giving away control of regulatory matters to the EU. If right, the split in views may account for why the Tories have so far remained relatively quiet. Tory Party policy on this matter must be quickly resolved in favour of protection of UK wide interests."

While there have been hints of disapproval to the EU/EC plan from Chancellor of Exchequer Darling it seems that the UK Financial Services Authority has fallen hook, line and sinker for the EU proposals. Given that Gordon Brown appears very content with the proposals and to pass over all responsibility and jurisdiction for banking and financial services regulation to the EU it is hardly surprising that FSA chair, Adair Turner should fall into line. He was after all appointed to the FSA by Brown and has long enjoyed close ties with the Prime Minister. True, for the most part the so-called Turner Review of Global Banking Regulations is only a discussion paper at this stage. Indeed, many proposals contained within the Turner paper are completely acceptable, warranted and should rightly become UK law. These include matters of improved governance, protection for depositors and liquidity stress testing for banks.

In part, the FSA is playing catch up and many of the new powers proposed are after all what should have been contained in law from the time the FSA was given responsibility for bank regulation on formation of the Tri-Partite agreement back in 1997. But throughout the Turner discussion paper one sees the nasty innuendo of support that ultimate control and responsibility of regulatory matters should shift to European control. My view on this is that if the UK banking and financial industry is to survive, prosper and to again resume its significance in the world such proposals must be resisted.

Another of the many concerns that I have as the regulatory debate widens on both UK and European paper proposals is how the Conservative Party will react. As the likely next party of government it is surprising that the party has so far been so quiet. What we think we know is that Shadow Chancellor Osborne is opposed to any EU interference on UK regulatory matters. However, it is my belief that Shadow Business Secretary, Ken Clarke is totally behind giving away control of regulatory matters to the EU. If right, the split in views may account for why the Tories have so far remained relatively quiet. Tory Party policy on this matter must be quickly resolved in favour of protection of UK wide interests. I repeat, we should not in my view and the view of many others in this industry give over control of anything that would affect our central ability to generate wealth.

Yes, there are many lessons to be learned by the failure of several UK banks and the failure to have adequate regulatory legislation in place that protects depositors and investors. Yes the government should be ashamed of itself for the complete failure to provide adequate regulatory provisions when it took away direct control of banking regulation from the Bank of England almost twelve years ago. Yes, the government and particularly Gordon brown should be shot for allowing a binge culture of borrowing to develop in order to claim artificial economic growth. I could go on but we should not allow a failed Prime Minister to now take the easy way out passing regulatory control for one of the prime industries left in Britain over to the EU or anyone else.

British banks and financial industries must stand firm against the Brown/Turner stance. Yes we need change, yes we need to take on board the lesson also learned by the rest of the world, yes we need radical change in regulation and control but we need to achieve that and to police it ourselves. At all costs we must protect our financial industries and markets and ensure that EU control over any part of our financial market affairs is resisted. Fail now and any competitive advantage we have left will fall into other control.

Howard Wheeldon is Senior Strategist at BGC Partners

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The End of a Loveless Marriage: Cameron plans EPP exit

Bernadette Mill examines David Cameron's recent confirmation of a pledge he made during his 2005 Conservative Party leadership campaign to withdraw the Conservatives from the European People's Party bloc in the European Parliament.

David Cameron has confirmed that he will honour the pledge he made during his 2005 Conservative Party leadership campaign to withdraw the Conservatives from the European People's Party-European Democrats (EPP-ED) bloc in the European Parliament (EP). This announcement comes ahead of the June elections where the Party is expected to improve upon 2004's performance. Cameron's decision to sever the union with the EPP-ED after 17 years, is arguably due to the fact that the ideology harboured in the group differs markedly to that of the Conservative Party on fundamental issues such as, further European integration and a UK referendum on the Lisbon Treaty.

It can be inferred that the Conservatives have always been reluctant members of the bloc as a result of the fact that they joined the group due to the weakened position of the European Democrats in 1992. The rise of euroscepticism in the Conservative Party during the early 1990s, owing greatly to the Maastricht Treaty, heightened the fractious link between the Party and the EPP bloc.

The relationship between the bloc and the Party has been plagued by mistrust from the very beginning. The bloc rejected a membership application by Margaret Thatcher over concerns about the increase in eurosceptic sentiment in Britain. EPP membership remained attractive to John Major's government as a result of the perceived benefits the Party would reap as part of a large group in the European Parliament, due to the legislature having increased powers through the Single European Act. The bloc's name was changed to EPP-ED following the ratification of the Malaga Declaration in 1999. The Declaration also strengthened the right of Conservative MEPs to vote separately from other members in the new bloc. The Party continued its bid for greater influence within the bloc. In 2001, the then party leader Iain Duncan Smith made an unsuccessful appeal to the then EPP-ED leader Hans-Gert Poettering asking for an increased budget and greater freedom for Conservative MEPs to promote their policies within the group. In 2003, the Conservatives signed the Prague Declaration which stated the Party's commitment to free enterprise and national sovereignty, which was in direct conflict with the EPP Basic Programme's tenets of a federal Europe and support for the social market economy. Under Michael Howard's leadership in 2004, the EPP-ED group's constitution was modified to grant the ED with the freedom, "to promote and develop their distinct views on constitutional and institutional issues in the new Europe".

In 2006, following his successful leadership campaign, David Cameron and Mirek Topolanek of the Czech Civic Democratic Party announced their intention to form a new group in the European Parliament after the 2009 elections. The Movement for European Reform was subsequently launched by the two leaders as a vehicle to developing their agenda independently from the European Parliament.

The Czech Civic Democrats (ODS) and the Polish Law and Justice Party (PiS) have confirmed their intention to join the Conservatives in a new centre-right bloc. Other potential members of this new group include; Latvians for Fatherland and Freedom (LNNK) who are opposed to a federal Europe and currently sit in the Union for Europe of the Nations (UEN) bloc; the Centre Party of Finland (KESK) who favour decentralisation and sit in the Alliance of Liberals and Democrats for Europe (ALDE) bloc; Irish disability rights campaigner Kathy Sinnott who currently sits in the Independence and Democracy (IND/DEM) bloc; the Swedish June List Party who also sit in the IND/DEM bloc; and the Spanish People's Party (PP) whose 24 MEPs currently sit in the EPP-ED.

The influence wielded by the two largest parties in the EP, the EPP-ED and the Party of European Socialists (PES) is indisputable. Not only do they gain the majority of committee chairmanships, they also determine a significant number of the votes in the Conference of Presidents which sets the plenary agendas and jurisdiction of parliamentary committees. Membership of the larger groups is advantageous as their support is required in order to achieve an absolute majority under the Parliament's Rules of Procedure. The EP uses the D'Hondt principle of the list electoral system to allocate positions. The D'Hondt system is inherently biased in favour of larger groups and as a result, contributes to the overwhelming influence of the EPP-ED and the PES in the European Parliament.

It can be argued that the Conservative Party's departure from the EPP-ED group was inevitable. David Cameron was not the first leadership candidate in 2005 to make this declaration, Liam Fox also vowed to remove the Party from the bloc. The Conservative position within the EPP-ED bloc can be perceived as untenable due to the disparity in party and group ideology on key principles such as sovereignty and deeper integration. The potential for the Conservatives to pursue a divergent agenda whilst remaining within the group would be difficult to achieve. The Conservatives' modest performance in the 2004 elections can be attributed to the fact that the Party made a commitment to curb further integration whilst retaining membership of the pro-

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integration EPP-ED bloc. The Party's opinions are stifled by the majority of MEPs in the group who favour further harmonisation, therefore, breaking free from the shackles of the 'ever closer union' enthusiasts could be perceived as the most effective way to pursue the Party's agenda. The Conservatives' departure from the bloc after the 2009 elections will be perceived as a hindrance to the Group in the sense that Conservative membership makes a significant contribution in terms of achieving policy and strategic goals through rapporteurships, voting weight and potential leadership roles. Forming a new group has the added fiscal benefit of an aggregate budget of £5million which could be used to promote the new bloc's objectives. The new group may challenge the EPP-ED's dominance of the centre-right if it is successful in attracting established parties such as the Spanish People's Party. It is no coincidence that the Czech Civic Democrats (ODS) and the Polish Law and Justice Party (PiS) are the only confirmed members of the Conservatives' new group and also happen to belong to countries that have yet to ratify the Treaty of Lisbon.

Bernadette Mill is Researcher to former Conservative leader, Rt. Hon Iain Duncan Smith

European Defence Procurement: some highlights

Major (retd) John Prendergast MBE observes that the more one looks at UK defence procurement the more chaotic it appears, partly because of political considerations driven now by Europe and partly because of enduring ineptitude by Minsitry of Defence civil servants.

Major (retd) John Prendergast MBE writes: The UK has suffered some spectacular defence capability gaps since it liquidated its own defence industry in favour of Europe wide procurement. This not to say that Great Britain had not made less than great choices and weapons procurement decisions before we Europeanised.

I suppose we should start at the very top. Yes, space, and the Galileo satellite system. Galileo has proved expensive and offers nothing that the already well tried US GPS system does not do better except of course having a little label saying made in Europe on it. The major snag is that this Galileo technology has been shared with the Chinese. What is the harm in that, you ask? Well we are not at war with the Chinese at present although China and USA have had tensions in the Pacific. Where the problem occurs is that the USA wisely will not share satellite codes with European nations and by extension, the Chinese. This has already caused difficulties between the USA and UK over data necessary for the F35 fighters which are a US / UK joint venture. Lord Drayson had to do much arguing, arm twisting and possibly grovelling to ensure this project remains on track for UK .

“ Where the problem occurs is that the USA wisely will not share satellite codes with European nations and by extension, the Chinese. This has already caused difficulties between the USA and UK over data necessary for the F35 fighters which are a US/UK joint venture. ”

The F35 fighters are supposed to land on our 2 new super carriers which are extraordinarily expensive and, being non nuclear powered, are range limited. Much of the design and many components of these two carriers are European in origin wich bodes ill for integration with US systems. If our government had a regard for the defence capabilty instead of pleasing our weak European allies, then we could have shared parts with the US and still built the vessels in the UK with easier interoperability. After all the French have no tradition of successful aircraft carriers, neither has any other European nation.

Staying with aircraft, the fact that the Typhoon is so expensive and has taken so long is due in large part to the multinational approach to making this aircraft. Had this aircraft been made for the UK alone, its low number of orders would have pushed costs up per plane by the same amount that simplified project management would have saved, however we would have saved Sterling and had the aircraft sooner with less lumps of concrete replacing not in service items of equipment. That said the Typhoon, designed as a Cold War era interceptor, has been skilfully modified to have a wider capability even though it is a true multi role aircraft. Crucially a Typhoon would not be strong enough to operate off our new aircraft carriers in anything like current form. In some ways Typhoon is showing its long gestation in that it is not stealthy and lacks even TSR2's ultra low level flight characteristics so is vulnerable, unlike F35.

Continuing still with air, we have the saga of the A400M. The UK has 24 of these multi national military cargo planes on order. Even after an excessively prolonged project

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definition phase when it was called FLA (Future Large Aircraft), this project has run into severe trouble. A400M has a design payload of 32 metric tonnes but has been at the Frankfurters and looks like porking out at 25 tonnes only payload. Doubtless more solid gold bungs in EADs direction and major redesign and compromises in operability will see the payload creep up to 27 tonnes. This charade is masked by the fact that the whole project is already years late and looks like needing at least a further two more years making it at least four years En retarde. Some of this delay is due to the engine consortium solving major problems such as gearbox case failures and digital engine control delays. The former is costly ion weight penalties and the latter is expensive. Many European nations are thinking of both suing EADS and pulling out. The UK is unclear on what it wants, no surprise here. In Britain we already have a mixed fleet of decrepit C130Ks and too few much younger leased and purchased C17 Globemasters. In some ways the C17 is our salvation in Afghanistan especially as overland resupply is becoming more fraught. It is to the RAF's credit that they have extended the operational envelope of an already capable aircraft.

Let us be under no misconception, military Freighters are hard aircraft to do but in the 1960s the UK had 10 of 30 planned Shorts Belfast Freighters. These aircraft could and did operate with a payload of 36.25 Tonnes although range at that sort of payload was a short 970 miles! In the operational concept of the 1960's, such short range, about half of A400M's was acceptable with many post Empire RAF stations around the globe. The fact that the RAF only had 10 out of 30 planned was because of Labour financial mismanagement forcing Britain to seek loans from the IMF. Part of the price of US support for this first of possibly a number of bail outs was that we had to buy C130s instead of the remaining 20 Belfasts. Until quite recently there was a Belfast in service in New Zealand as a special heavy lifter. Given more up to date versions of the Rolls Royce Tyne engines a modern Belfast would show much better fuel economy and hence range.

On ships, the European influence is showing it dead hand. The new wonder Type 45 destroyers have only minor weapons and a 4.5" gun each. Their missiles, being European are stuck in the pipeline somewhere for delivery this year, next year, sometime, never, as the nursery rhyme goes. With this armament our wonder destroyer currently has the firepower of a WW2 Armed Trawler.

The Euro Saga gets worse when it comes to military vehicles. The Future Rapid Effects Systems range of vehicles is years late despite being based on "off the shelf" designs and despite the Army having shown its preference for the Canadian built option instead of a dubious European one that was not even on the short list for New Zealand's two Ranger Regiments. In the case of Army Lorries, the decision of the MOD to buy MAN vehicles is deeply regrettable, not least because Britain used to do Army Lorries so well. Those of you who have soldiered and lived alongside our Army as long as I have will recall Bedford QL, RLs and MKs and the more recent 1990 Leyland 4 tonnes with affection, they were simple, rugged, and fixable, even if not absolute paragons of reliability. Most of them had service lives in excess of 25 years, a lifetime no civilian operator would contemplate. Further more the MAN vehicles are not fit for purpose, indeed MAN lorries have proved hard propositions to sell to civil operators even when heavily discounted- hence the political fix. What other options did the UK have here; well we could have bough common trucks with the US forces Made by the renowned American firm of Stewart and Stevenson. Stewart and Stevenson are BAE subsidiaries. Alternatively we could have ordered Paccar trucks from Sandbach with either Leyland or DAF labels on their Cabs.

" The Euro Saga gets worse when it comes to military vehicles. The Future Rapid Effects Systems range of vehicles is years late despite being based on "off the shelf" designs and despite the Army having shown its preference for the Canadian built option instead of a dubious European one that was not even on the short list for New Zealand's two Ranger Regiments. "

On the other hand I was pleased to see the UK has decided to keep Challenger 2 in service for another decade until 2035, although that pleasure is not unalloyed since we are having to adapt it to take the same gun as Abrams and Leopard 2, which while marginally improving its anti armour capability, reduces precision accuracy of the high explosive rounds that have hallmarked British Cavalry versatility since the 1950s. As Afghanistan progresses, the UK decision to withdraw Scorpion and its 76mm gun from service is to be regretted. We are having to consider deploying Challengers in Afghanistan with attendant logistic penalties.

The more one looks at UK Defence Procurement the more chaotic it appears. This is partly because of political considerations driven now by Europe and partly because of enduring ineptitude by MOD Civil Servants and senior service officers. The ineptitude is a result of lack of technical experience and judgement and inter service rivalries coupled to insufficient scepticism of scientists. One could recall the tragedy of TSR2, the lack of a Super Harrier, which could have operated off current sized aircraft carriers. One can deplore the lack of battlefield support aircraft such as Vampires or Strikemasters.

Major (retd) John Prendergast MBE is the Chairman of the Stone Conservative Association

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Solving Ireland's Banking Crisis



Anthony Coughlan argues that now is the time for Ireland to set up temporary "good" state banks to lend to businesses and households and let the existing insolvent Irish banks go bust. The country is now caught in the vice of the eurozone, unable to regain economic competitiveness by devaluing its currency in the way the UK and Sweden can – countries that are full EU members but are not in the eurozone.

The present policy of Ireland's mainstream politicians will lead to economic bankruptcy, to be followed by political bankruptcy

Ireland's banks are fundamentally insolvent without continual infusions of Irish taxpayers' money.

However the Irish Government, supported by the main opposition party Fine Gael, has decided to keep them alive indefinitely.

That way the banks can continue to pay their creditors and bondholders who lent them vast sums that fuelled the country's 2001-2007 borrowing binge, and keep hope alive amongst their shareholders that the value of their shares will recover sometime in the future.

As a consequence Irish businesses and households are at present being starved of credit, causing painful belt-tightening and job losses, in order to keep the Bank of Ireland, Allied Irish Banks and the other Irish banks alive as "zombie banks" at taxpayers' expense.

Bank nationalisation is not the answer. That would transfer ownership of the banks' bad assets to Irish taxpayers, and impose on them the job of repaying the Banks' debts.

What the country really needs is one or more "good" state banks to be set up from scratch in order to take over the essential function of credit provision to society on the lines proposed by *Financial Times* economist Willem Buiter and Nobel Economics Prizewinner Joseph Stiglitz, as well as by financier George Soros (see Buiter's important articles on this topic at *ft.com/maverecon* and four of them copied below for your information).

Ireland had state-maintained banks in the past: the Industrial Credit Corporation and Agricultural Credit Corporation.

The best way of freeing credit to normal Irish business and households without expecting taxpayers to protect bank bondholders and shareholders from the results of their feckless past lending and improvidence, is to establish such "good" state banks, which could be privatised later if desired.

0hese would be free of the dud and artificially inflated assets which clog up lending by the existing private banks. The new "good" banks could be capitalised by public money as well as the currently State-guaranteed deposits in the existing private banks. The depositors in the latter would of course move to the new "good" bank/banks.

The laws of the free market should then be let take their course, so that the insolvent Irish banks and their criminally improvident managements would move into bankruptcy or be restructured by means of special Government legislation.

> **"Ireland is now caught in the vice of the eurozone, unable to regain economic competitiveness by devaluing its currency in the way the UK and Sweden can – countries that are full EU members but are not in the eurozone. Instead Ireland must "devalue" its citizens' wages and salaries, profits, pensions and social welfare payments for years to come as the country's politicians point the Irish people towards valleys of pain ahead."**

Letting the insolvent bank of Ireland, Allied Irish Banks and the rest of them go bankrupt will bring down radically the price of Irish land, houses and commercial property, which is currently being artificially inflated by the banks' exaggerated loan-book valuations.

These unrealistic values in turn are underpinned by Irish Finance Minister Lenihan's largesse, for which the country's taxpayers will be expected to pay more and ever more for years ahead – indefinitely rewarding the banks' incompetence and recklessness.

The "good" state banks can take over the buildings and much of the staff of the existing banks to administer the new clean banks, and the state can withdraw its guarantee of the liabilities of all existing banks, which it was folly to have agreed to last September in the first place.

This foolish act by a handful of politicians put Irish taxpayers into hock indefinitely for the benefit of the banks that were the main instrument of the country's banking crisis, the builders and developers to whom the banks lent money, and the Irish politicians themselves, who set the administrative-political framework for the borrowing binge.

These are the same politicians whose uncritical europhilia brought Ireland into the eurozone, even though Ireland is

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unique among the 16 eurozone countries in doing two-thirds of its trade outside te eurozone and the country's exports are now sagging in face of the fall in sterling and the likely fall in the dollar as the Obama administration deluges the American economy with money.

Ireland is now caught in the vice of the eurozone, unable to regain economic competitiveness by devaluing its currency in the way the UK and Sweden can – countries that are full EU members but are not in the eurozone. Instead Ireland must "devalue" its citizens' wages and salaries, profits, pensions and social welfare payments for years to come as the country's politicians point the Irish people towards valleys of pain ahead.

It is a fact that abolishing the national currency and joining the eurozone was the basic cause of Ireland's credit explosion from 2001-2007.

Floating the Irish púnt between 1993 and 2000 and the highly competitive exchange rate that gave rise to was what gave birth to the "Celtic Tiger" economy of the 1990s.

When did the Irish growth rate double to 7 per cent from the 3-4 per cent average it had been from the 1960s to the early 1990s?

In 1993, the year of the devaluation of the Irish púnt – which Mr Bertie Ahern, Finance Minister at the time, strove manfully to resist.

When was the only period in the history of the Irish State that it followed an independent exchange rate policy, effectively floating the currency and giving priority to the real economy rather than to maintaining the exchange rate?

From 1993 to 2001, when the country's annual economic growth rate averaged nearly 8 per cent.

Ireland already had an economic boom and house prices were rising rapidly when it joined the eurozone and cut interest rates by half. This was the opposite to what the real economy needed. No wonder house prices rocketed as the economy shifted gears from exporting abroad to house-building at home and credit hugely expanded.

"The eurozone will give us permanently low interest rates," said leading economist John FitzGerald, son of former Irish Premier Garret FitzGerald

Having effectively bankrupted the Irish economy, the same politicians are now preparing to bankrupt it politically.

Through the Treaty of Lisbon they are seeking to turn the Irish State into a region within a European Federation and turn its people into real citizens of an EU political Union.

If the Irish people are bullied and bamboozled into reversing their rejection of this Treaty last year in the referendum re-run which their Government plans for next October, the Irish and other peoples of the EU would find themselves subordinated from 1 January 2010 to European laws, in making which Germany's voting weight in the EU Council of Ministers would more than double from its present 8 per cent to 17 per cent, that of France, Italy and Britain would grow from 8 per cent to 12 per cent each, while Ireland's vote would be halved from 2 per cent to 0.8 per cent.

These laws would in turn be exclusively proposed by a non-elected EU Commission on which Ireland and the other EU Member States would lose their right to decide who their national Commissioner would be. This post-Lisbon EU would be able to decide the rights of 500 million EU citizens, including the Irish, and would be given the power to impose any tax to finance the EU without the need for further Treaties or referendums.

Is this generation of Irish people fated to follow the failed politicians that currently rule them over a political cliff as well as an economic one, like the proverbial lemmings?

Anthony Couglan is Senior Lecturer Emeritus in Social Policy at Trinity College, Dublin, and Secretary of the National Platform EU Research and Information Centre, Ireland.

Britain's £10.3 billion EU agriculture bill

A new TaxPayers' Alliance report, *Food for Thought* published on Monday 3 April, revealed that the EU's Common Agricultural Policy costs British consumers and taxpayers a massive £10.3 billion a year in higher food bills and taxes – that is £400 a year for every family in the country.

• British farmers get a raw deal from the CAP. The UK has about as much farmland as Germany, but gets 60 per cent of its level of grants. The UK has about a seventh more farmland than Italy, but gets a fifth less money. France gets the lion's share of the grants, with approaching a fifth of the whole CAP budget.

• The famous food mountains of the 1990s are making a comeback. At taxpayers' expense, the EU already stores 717,810 tonnes of cereal and grain, 41,442 tonnes of sugar and 2.3 million hectolitres of inferior wine. Pledges have recently been made to buy up and store 30,000 tonnes of butter and 109,000 tonnes of skimmed powdered milk.

• The EU's CAP spending includes large amounts of waste and hypocrisy. For example, the EU spends £17.1 million a year researching and advertising the health risks of smoking tobacco. However, the EU also spends £234 million a year supporting the income of European tobacco farmers.

• Data from *farmsubsidies.org*, referenced in the report, shows that the largest recipients of taxpayers' money under the CAP are not struggling subsistence farmers but large corporations and Government bodies such as Tate and Lyle (£357 million a year), Nestle UK (£38 million), Incineration Scotland (£17 million), Wessex Incineration (£15 million), Fibrogen (£5 million), Cadbury (£3.7 million). [Source: *The TaxPayers' Alliance*]

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Central Europe & the EU: Part III. Open democracy or hidden corruption?

Professor Christie Davies writes: One of the claims made for the benign and beneficial impact of the EU on the Central European countries in the pre-accession period is that it enabled them to reduce levels of corruption in their own countries, partly through exhortation and pressure, and partly through providing advice on administrative reform and indeed relevant training. This may well be true,[1] though the main credit must, of course go to the local peoples who desired and nurtured reform. We can see a similar attempt being made today in relation to the next entrants Bulgaria and Romania who have been told they must meet crucial benchmarks on crime and corruption and that there will be continued post-accession monitoring to ensure that progress is made.[2]

Can we therefore, assume that the EU itself and the older Member States are models of probity and exemplars of honesty that the Central and Eastern European nations and elites should seek to emulate? Are they in this respect a burning and a shining light to all these places after the gloom of the socialist era? Unfortunately not, as has recently been pointed out by the Bulgarian Minister of the Interior, Roumen Petkov; he has accused the EU of unfairness and double standards in insisting on the Bulgarians eliminating corruption in their country, while they allow it to flourish in 'old Mediterranean Europe,[3] particularly in Greece and Southern Italy. It is notable in this context that there is no law in Spain against bribery in the private sector (or at least there was none in October 2006). Bribery in relation to corporations seems to have been an accepted practice in Spanish law. Civil laws relating to competition could in theory be used to annul contracts won via bribery, but in practice no case had ever been brought to court.[4]

Members of the European Council signed the Criminal Law Convention on Bribery in 1999 but even by 2006 it had still not been ratified in France, Greece and Germany nor of course in Spain [5] though Bulgaria and Romania have been forced to ratify. In June 2007 the European Commissioner for Justice, Freedom and Security Franco Frattini was still complaining that most EU members (all except two) had failed to implement a framework decision to combat corruption in the private sector, which in theory had to be done by 2005.[6] It has not been done because corruption is not an EU priority and many of the other commissioners did and do not take it seriously at all. Corruption it would seem is something to be combated only in the new Member States; it is worth noting that no such probes about corruption were made and no conditions were attached when the Mediterranean countries, Spain, Portugal and Greece first joined the EU. The Bulgarians have a point when they complain that the EU has been selectively assiduous in its pursuit of corruption, though it is somewhat ironic that they should perceive having to clean up their own country as an unrewarding and oppressive requirement.

Very broadly the old countries of the EU can be divided into two groups when it comes to corruption.[7] There are the honest majority and the corrupt Mediterranean countries, Greece, Spain, Italy and especially southern Italy and to an extent France that are thoroughly, perhaps incorrigibly, corrupt. In Greece it is part of everyday life. You do not need to sit the driving test, since you can easily buy a driving licence by giving a fakelo (bribe) to a corrupt official without having to demonstrate any competence behind the wheel whatsoever. It is hardly surprising that the incidence of a death through motor accidents per million people in Greece is three times as high as in the Netherlands.[8] It makes complete nonsense of the attempt to harmonize first the nature of the driving test and now the training of the examiners of the driving test.[9] A far better method would have been to have mutual recognition of a diversity of tests between countries where it is known that the local test works reasonably well as an instrument for the furtherance of road safety. To go beyond this is in two senses irrational and indeed these two forms of irrationality underlie the very concept and practice of harmonization and should lead us to reject it. First, if the same end, namely road safety is attained reasonably equally by different means, then why incur the extra costs of local reorganization in countries that are willing to have mutual recognition. Second, the attainment of equivalent formal legal-rational procedures does not guarantee real equivalence, since it does not allow for local cultural differences which are more important and which shape considerably the kind of procedures that are appropriate in a particular country. Harmonization is neither a necessary nor a sufficient means of attaining the desired mutual European goal of road safety. Indeed its attainment distracts our attention from other more important questions such as whether or not he driving test is fairly or corruptly administered or the 'culture' of driving attitudes. What is important is whether drivers habitually drive aggressively or with mutual consideration is what is important, not what is measured by a driving test. How can you harmonize cultural attitudes or indeed median national personalities?

Here is one basic reason why EC harmonization cannot work. The incidence of corruption and perceptions of corruption differ too much between countries. Regulations will never be enforced in the same way in honest Europe and

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in corrupt Mediterranean Europe, so what meaning can harmonization have? It is particularly a problem in relation to EU expenditures in the more corrupt countries. The accuracy of income support payments to farmers now has to be monitored by means of aerial photography. In the past money has disappeared to subsidise tobacco farms that did not even exist. Given the health hazards associated with tobacco it may well be that less harm was done than by paying the money to actual tobacco growers who despite decades of EU subsidies seem unable to adapt to growing other crops.

No doubt if I were to put these points to the EU Commissioners they would claim that all the blame lies with the Member States who are lax in investigating the corrupt use of EC funds and would argue that what is needed is even greater centralized powers, so that they can conduct their own anti-corruption investigations in individual countries at their own discretion.

I can only reply to these imperial sons of the Romans: *Quis custodiet ipsos custodes*? Who is to guard those who guard the EC's finances? Every year perhaps 10 per cent of the budget goes missing, 5 billion euros per annum, five percent as fraud and five percent misappropriated. The auditors cannot say with any real degree of assurance where 90 per cent of the money went, which is why they inevitably refuse to sign off the accounts.[10] Random checks reveal significant levels of fraud to which the EU tries to riposte that you cannot generalise from a small sample! The auditors refuse to pass the accounts year after year and accountants seconded by national governments to the auditors say that the accounts are badly kept; yet without a decent accounting system that tells you where the money is going, how is it possible to run any kind of effective administrative body?

It is not just that funds disappear at the southern peripheries of Europe. It is also that the southerners come to Brussels and bring their culture of corruption with them. It is no accident that the most recent charges of bribery and corruption over the construction of EC buildings in Albania, India have involved Italian nationals. There is corruption at the centre and there are even reports of systematic abuse and nepotism and of wrongdoing being ignored within the Court of Auditors itself.

What is profoundly shocking is the way in which irregularities are covered up, When honorable whistle-blowers such as Paul van Buitenen [11] or Marta Andreason, Dorte Schmidt-Brown or Robert McCoy provide revelations of corruption, then the Commission takes stern action not against the fraudsters but against the whistle-blowers, who are sacked, suspended without pay or on half pay or given compulsory sick leave and eventually tire and quit. They are even smeared;[12] when Sir Paul van Buitenen the EU's Dutch auditor wrote to a member of the European Parliament saying that his Christian principles required him to reveal the high levels of corruption that existed he was reviled as a religious fanatic.[13] Despite all the concealment, scandals do get revealed, notably that of 1999, when Jacques Santer's entire Commission resigned.[14] Between a billion and two billion's worth of taxpayers money had disappeared somewhere in the Mediterranean, the countries not the sea.[15] Mme Cresson a Commissioner and former Prime Minister to the notoriously corrupt French President Mitterand, was found to have employed her dentist, who also lived in her house and was her astrologer, as a special adviser to the EC and to carry out a well-funded research project on AIDS. No doubt she had excellent teeth and a good horoscope, but was that a recommendation? All those who resigned or were dismissed for fraud at this time got substantial pay-offs. Cresson got 500,000 Euros.[16] The penalties for being a whistle-blower are clearly far greater than for being found out in fraud, nepotism or mismanagement. What is most alarming is the inability and unwillingness of personally honest Commissioners to police such behaviour or to expose it. On the contrary they rush to scapegoat the persons who exposed the corruption and even to induce the Belgian police to arrest them; the said police held for questioning and seized the files of the journalist Hans-Martin Tillack of Der Stern investigating EU corruption, claiming that he possessed leaked documents from the Court of Auditors.[17]

" Thus a gap has opened up between a 'them', heads of governments and the European establishment working together and a 'we' the public, the voters, the taxpayers who are rarely consulted and indeed when they are, their clearly expressed views are disregarded. It is at this point that democracy ceases. "

The pattern is a depressing one and must be familiar to those who experienced the socialist period in Eastern Europe. Loyalty to an institution, whether the Commission or the Party, the upholding of secrecy and avoiding scrutiny and scandal are more important to the insiders than any commitment to such democratic values as accountability, openness, transparency, honesty. The motives are the same, a mixture of ideology and a wish to retain great privilege. The ideology is Europeism and the privileges lie in the very high levels of lightly taxed pay and the very generous allowances, expenses, and pensions that EU officials enjoy, as indeed do MEPs. For the officials there is total job security and

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membership of a closed elite provided you do not question the questionable [18] or deviate from the party line.

Democracy

The failure to tackle corruption is hardly surprising since the Commissioners are accountable to no one. There is no proper separation of powers and no definable limits to the Commissioners powers. Legislation that has been vetoed by a Member State can be brought in anyway by a decision of the European Court of Justice.[19] The people are ensnared by EU regulations but the regulators are unregulated. At the top there are no certain rules, only creative accountancy and creative bending of the laws.

When the European Parliament was outraged at the corruption in the time of Jacques Santer, it was working on the basis of information leaked to its members by Buitenen, not as a result of its own scrutiny or that of a judiciary. It did not have the courage to vote for the censure and dismissal of the Santer Commissioners.[20] Yet if a Parliament will not act in this way as the representative of its voters and taxpayers, how much democracy is there in Europe? Each time there is a scandal, there is a cosmetic change in the ineffective bodies for investigating fraud, which are then given new acronyms, and there is the rhetoric of reform. Some time later it happens all over again as with the Eurostat scandal. There are no checks and balances on the Commission, it has a culture of secrecy and attempts to scare off investigative journalists. Is this the democracy that the Central Europeans aspired to when they escaped from socialism?

Rather what we see is contempt for democracy. It is the other side of the unwillingness to accept the results of popular referenda, where the people of a country reject an EU treaty or most recently a Constitution on a high poll and after a strong debate, indeed one loaded towards acceptance because the EU and its supporters provide money and propaganda on a scale no opposition can match. Yet when the Danes and the Irish voted 'No' to ever closer union, they were told to hold the referendum all over again until they came up with an answer acceptable to the European leadership. When the proposed constitution was recently rejected in France and the Netherlands, it was not concluded that the people had spoken and that their will must prevail but rather that they were 'wrong' to do so or that their votes, despite the referendum question being entirely clear, did not mean what they said.[21] The 'treaties' up for negotiation in 2007 are simply a dishonest way of smuggling in quietly the very constitution that was rejected, thus once again showing contempt for the voters.

What this indicates is a very wide gap between a European political class that exercises power and the national electorates. When the politicians from a particular country go to Europe to negotiate they forget the wishes of their own electorate, except for certain small powerful or vociferous sectional interests, and they seek to appease other European politicians and the EU apparatchiks with whom they have to deal regularly on a face-to-face basis.[22] They are hopeful that at election time their fate will be decided by other local issues and they are reluctant to be the awkward ones who stall a European agreement. Thus a gap has opened up between a 'them', heads of governments and the European establishment working together and a 'we' the public, the voters, the taxpayers who are rarely consulted and indeed when they are, their clearly expressed views are disregarded. It is at this point that democracy ceases. The politicians and the people have to come to live in two different worlds, the very antithesis of democracy.

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Through the EU Labyrinth

Margarida Vasconcelos of the European Foundation provides a regular assessment on what is happening in and around the EU institutions, the European Scrutiny Committee at Westminster and of the legal and political importance of recent decisions, regulations, directives and law.

Power cut Nation: why British energy security is threatened by EU emissions legislation

In December 2007, the Commission adopted a package of measures to further reduce emissions from industrial installations. The Commission proposal will merge the Directive concerning integrated pollution prevention and control (IPPC Directive) with other directives into a single new industrial emissions directive, including three directives on the production of titanium dioxide, the VOC Solvents Directive, the Waste Incineration Directive, and the Directive on the limitation of emissions of certain pollutants into the air from large combustion plants (LCP Directive).

The IPPC Directive addresses industrial installations with a high pollution potential such as metal, chemicals and paper industries, oil refineries and poultry farms. Its aim is to prevent and control industrial emissions to air, water, and soil and introduce a permit system. Operators of industrial installations in the EU are required to submit an application to an environmental permit to the competent authorities in the EU Member States. Such permits are based on Best Available Techniques (BATs), which are decide at EU level, and include defined limit values for atmospheric pollutants such as sulphur dioxide (SO2), nitrogen oxides (NOx), volatile organic compounds (VOCs) and dust. Industrial installations may only operate if the operator holds a permit which is only granted if requirements for the protection of air, water and soil, waste minimisation are met. Such permit should include all the necessary measures to achieve a high level protection for the environment.

Under the Commission's proposal about 52,000 industrial plants, in the EU, will be required to meet new minimum emissions standards on several pollutants.

The Commission has proposed to extend the scope of the IPPC Directive to include medium-sized combustion installations generating between 20 and 50 MW and activities such as the preservation of wood and wood products and the production of wood panels. The draft proposal will also cover more pig and poultry farms.

Under the present directive, the Member States' competent authorities have some flexibility. They are allowed to take into account technical characteristics of the installation in question as well as its geographical location when granting permits. However, the Commission's proposal has not preserved this flexibility. According to the Commission "(…) permits issued for implementing the IPPC Directive often include conditions that are not based on BAT as described in the BREFs with little, if any, justification for such deviation." Hence, the Commission has proposed to introduce provisions strengthening the use of BAT. Moreover, it would be also required that emission limit values do not exceed the emission levels related with the best available techniques as defined in those BAT reference documents.

The Commission is making sure that the BAT reference documents are legally binding. Member States, therefore, would no longer be allowed to concede flexibility to certain installations taking into account their location. The competent authorities may grant derogations to allow emission limit values to exceed the emission levels associated with the best available techniques as described in

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the BAT reference documents but they must be based on specific criteria and should not exceed the emission limit values set out for combustion plants, for waste incineration plants and waste co-incineration plants.

According to the Commission, the existing provisions on compliance, reporting, inspections and permit reviews are not clear. Hence, in order to ensure an effective implementation and enforcement of this Directive, the Commission has proposed new provisions under which operators would be required to regularly report on compliance with permit conditions to the competent authority.

The Commission has proposed to tighten up the minimum emission values for large combustion plants, aligned with best available techniques, for certain polluting substances. The draft proposal sets strict operational conditions, technical requirements and emission limit values for plants incinerating or co-incinerating waste within the Community and also introduces more strict emission limit values for installations producing titanium dioxide.

The Commission will have the power to adopt, through the untransparent comitology procedure, the criteria for granting derogations from the emission levels associated with the best available techniques as described in the BAT reference documents as well as to adapt non-essential minimum requirements to scientific and technical progress. The Commission, on the basis of best available techniques, will also adapt the Annexes to the Directive, which set emission limit value, to scientific and technical progress.

Obviously, the Commission's proposal intending to strengthen emissions rules for industrial installations was not welcomed by business as they believe that it may force power stations as well as other plants to close down. The Commission's plans entail excessive costs to industry.

On 10 March, the European Parliament adopted the draft Directive on integrated pollution prevention and control, with amendments. The EP has backed the Commission's proposal to impose more strict emission limit values for certain categories of combustion plants and for pollutants such as SO2, Nox and dust.

The EP has proposed that the Commission shall, within 12 months of the publication of a BAT reference document, set emission limit values and compliance requirements as minimum requirements. The EP, in order to restrain the widespread recourse to exemptions, has therefore proposed that the Commission use the comitology procedure to set legally binding new minimum emission limit values for pollutants such as SO2, N0x and dust that no installation can exceed.

According to the MEPs, emission limits laid down for individual installations must be based on best available techniques but they should take into account local circumstances.

The European Parliament has backed the Commission proposal to include within the scope of the Directive medium-sized combustion plants (between 20 and 50 MW) yet the MEPs voted for installations with less than 50 MW, which operate for no more than 500 hours/year, to be excluded.

Caroline Jackson, Conservative member of the European Parliament's Environment Committee, has drawn attention to the issue that under the Commission proposal, hospital reserve boilers fall within the scope of the directive. Hospital spare boilers would have been assessed by their potential but not actual emissions. Consequently, hospitals would face considerable costs in order to get a permit. The European Parliament has adopted Caroline Jackson's amendment to exempt reserve boilers. The MEPs voted for the emissions from combustion plants used in hospitals to be calculated based on their normal running capacity. Caroline Jackson has said "NHS boilers should never have been put at risk by this directive. The commission is still failing to fully investigate the unintended consequences some of their proposals can have before it brings them forward." The Conservative MEP has also tabled an amendment to ensure that power stations unable to reach the new emissions limits will still be able to operate for no more than 20,000 hours from 2016 to 2023. However, the amendment was rejected. Caroline Jackson is concerned that under the proposal several stand-by generation facilities will not be economically viable in 2016 which will result in blackouts.

"Caroline Jackson has said 'NHS boilers should never have been put at risk by this directive. The Commission is still failing to fully investigate the unintended consequences some of their proposals can have before it brings them forward.'"

The Commission has proposed to extend the Directive's scope with regards to intensive rearing of poultry and to differentiate between different poultry species. The EP has voted for the Directive to cover solely industries with 40,000 places for poultry which is the case under the existing directive.

According to the rapporteur, the Commission's proposal as regards poultry would have been too bureaucratic. Nevertheless, according to Conservative MEP, Neil Parish, an amendment to change the way in which nitrogen excretion equivalent rates is calculated was rejected and so £25,000 would be added to the costs of a permit for pig farmers. He said "Pig and poultry farms already comply with detailed European environmental law and their

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standards would put many other European producers to shame. To bring farmers into a law designed to scale back emissions from large industry is unacceptable."

The Environment Council has been debating the Commission's draft proposal. The majority of Member States are in favour of reinforcing the role of the reference documents (BREFs) relating to the best available techniques (BAT). However, some Member States are concerned that the Commission proposal will make the reference documents legally binding, particularly for emission limit values, which would not be compatible with their adoption process. They also insisted on the need to take local conditions into account.

Moreover, the majority of the Member States stressed that the Commission has left too many aspects to the comitology procedure and they would prefer such aspects to be specified in the Directive, or for the subsidiarity principle to be applied.

Although most Member States agree that it is important to strengthen the monitoring and inspection procedures as well as to re-examine permits following the publication of a new or revised reference document, they believe that the re-examination timetable, the frequency of inspections and the reporting procedures should be clarified. According to the Minister for Climate Change, Biodiversity and Waste at the Department of Environment, Food and Rural Affairs, Joan Ruddock MP, "the Government is seeking to secure a commitment to the development of clear Community guidance on how these requirements would be related to the environmental risk involved, so that the burden placed on regulators and operators would be proportionate."

The Commission has proposed to bring emissions of existing large combustion plants (including power plants) into line with current BAT by 2016 whereas several member states, including the UK, are requesting 2020. They stressed the considerable costs of modifying existing installations and expressed concerns about the security of energy supply. Joan Ruddock, has told the European Scrutiny Committee that the UK Government is concerned that "the details of the minimum requirements for large combustion plants could have "troubling" consequences for the future development of replacement power plants consistent with achieving carbon reduction objectives (…)."

" The ludicrous situation is that the Government cannot guarantee Britain's energy security. The Government will try to reduce the impact of the Directive on industrial emissions but it cannot veto the proposal. Moreover, it would not be able to change the current EU laws, in fact, it is obliged to apply them otherwise it will be taken again to the ECJ. Consequently, Britain is facing the threat of power stations not being able to operate because of the EU legislation which is likely to lead to power cuts. "

The Environment Ministers have also discussed the European Parliament's proposal on the introduction of minimum requirements for further activities covered by the proposed Directive but not yet subject to such obligations. The majority of the Member States are not in favour of such an idea. Several Member States stressed that "As minimum requirements would represent higher emissions levels than BAT, the introduction of further minimum requirements could in fact increase divergence from BAT in permits." In general, Member States are concerned that such an idea could increase administrative burdens.

Moreover, several Member States rejected extending the Directive to smaller combustion plants with capacity of 20 MW to 50 MW. The Member States recalled that such installations are already covered by other legislative texts. According to the Commission, its plans could bring health and environmental benefits of up to €1.6bn however some Member States do not agree with the Commission's view that the costs would justify the benefits of extending the scope of the Directive to these plants.

According to a document entitled *UK Concerns on the Proposed Recast Industrial Emissions (IPPC) Directives Provisions Concerning Large Combustion Plants*, seen by the *Guardian*, electricity prices may increase by 20 per cent and the security of the UK's electricity supply would be at risk if the proposed legislation is not amended. According to the *Guardian,* "Whitehall says that up to a further 8GW of generating capacity may close if the proposed tougher rules in the IPPC directive are applied – meaning that in 2015 around a quarter of capacity would shut at the same time."

The European Parliament position differs from those of both the Commission and the Member States. It remains to be seen what will come out from the closed-doors 'trialogue' legislative negotiations. The ludicrous situation is that the Government cannot guarantee Britain's energy security. The Government will try to reduce the impact of the Directive on industrial emissions but it cannot veto the proposal. Moreover, it would not be able to change the current EU laws, so in fact, it is obliged to apply them otherwise it will be taken again to the ECJ. Consequently, Britain is facing the threat of power stations not being able to operate because of this EU legislation which is likely to lead to power cuts.