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The Journal of the European Foundation



Doha Round in the Balance after Hong Kong
Ronald Stewart-Brown

&

Sara Rainwater • Jocelyne Saunders
Jeremy Bradshaw • Nile Gardiner & John Hulsman
George Curtis • John Laughland
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The European Foundation
www.europeanfoundation.org

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

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Editor: Sara Rainwater

Publisher: The European Foundation

7 Southwick Mews, London W2 1JG

Tel: +44 (0) 20 7706 7240 Fax: 020 7168 8655

E-mail: euro.foundation@e-f.org.uk

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SOLON

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

The Special Relationship

In this edition of the Journal, which includes several articles on the United States in the context of the European Union, there are a number of over-arching principles at stake.

It was heartening to read the Heritage Foundation article *Britain's Conservatives must reclaim the Anglo–American special relationship* by Dr Nile Gardiner and Dr John Hulsman.

In it they say that British Conservatives have an important role to play in influencing US policy towards Europe: *"The Conservative Party should send the message that further political integration in the EU poses a huge strategic threat to the Anglo–American alliance."*

On reflection, the word 'further' should be taken out because integration has already gone too far. A number of Conservative Eurorealists and MPs, our Chairman included, made strong representations that the Bush Administration should not endorse the European Constitution last year when the President was due for his tour of Europe – but the threat of European integration and government to the UK, the USA and the Anglo–American alliance lies in the existing Treaties and not only in the Constitution.

Indeed, as Chairman of the European Foundation, Bill Cash, MP, submitted a paper on the existing Treaties, and the dangers of them to the US, to President Bush before he was elected President and again in October 2000.

The paper submitted is being brought up to date and will shortly be republished as of this year. This is of particular importance particularly as the Austrian Presidency is softening up the Member States for arrival of the European Constitution, which incorporates the existing Treaties, at the beginning of next year under the German Presidency. Dr Gardiner and Dr Hulsman rightly advocate that David Cameron should visit President Bush and no doubt this will happen soon. In the meantime, William Hague, George Osborne and Dr Liam Fox are scheduled to visit Washington in the immediate future.

This, of course, is in the wake of the visit to Washington by Angela Merkel, the German Chancellor, whose coalition Government is committed to promoting the European Constitution again next year. Her speech at the White House conspicuously avoided reference to the European Constitution, except where she endorsed NATO (despite the inconsistency of this with the Constitution). Yet of course when she met President Chirac on 23 January the entire meeting gravitated around the Franco–German alliance and the European Union and its institutions. Her Party, the CDU, is the main component of the European People's Party which is besotted by the European Constitution and from which David Cameron has rightly committed the Conservative Party to withdraw.

Not only historically, but in a very immediate practical sense, whether in relation to terrorism, commercial relationships, defence and international relations, the United Kingdom must put its relationship with the United States ahead of those of the European Union. It is therefore essential that, although there may be disagreements between Britain and America from time to time, in the pursuit and maintenance of democracy thoughout the world, to adapt the words of Winston Churchill, 'both Britain and America must march together in peace as well as in war.'

The European Union, despite the optimistic utterings of Lord Hurd of Westwell in the *Financial Times* at the time, was never going to successfully negotiate with Iran over its nuclear intentions. Indeed, the EU3 failed miserably and ignominiously. It is a lesson for the United States. The US must take and keep the lead when much is at stake. Colin Powell said as much in his recent *Sunday Times* interview (22 January).

In essence, the real problem is that the undemocratic, inward looking foundations on which the European Union is established are simply not consistent with those of the United States. This is fuelled by intrinsic anti-Americanism which permeates throughout much of the European establishment. As Lord David Owen suggested in his evidence to the European Reform Forum, Europe should avoid conducting defence policy on the behalf of the United Kingdom along the lines of the St Malo Agreement. As Lord Guthrie pointed out, these are all part of the inherent contradictions in the United States' encouragement of a United Europe.

The European Union threatens the interests of the United States in several ways. Its social protectionist model is a threat to free trade. It is a threat to the world economic order. Its pretensions of power are not matched by the potential reduction by 2050 by 45 per cent of its share of international gross domestic product (as compared to the increase of 13 per cent in the United States), not to mention the massive increase of GDP in China and India. EU high levels of unemployment, low growth and massive over-regulation in the eurozone are the ingredients of political instability and, as they increase, will damage American investments in Europe. The undermining of NATO will underline international stability.

The British relationship with the United States is truly essential in every sphere and of fundamental mutual benefit. It will remain impossible for this relationship to be sustained under the proposed European Constitution or even the existing Treaties unless they are radically reformed in order to insist upon the sovereignty of the nation states. For all these reasons the new leadership of the Conservative Party has a unique opportunity to re-establish good working relations with the United States Presidency. It also has an opportunity to be candid in explaining why the United States should assist not only the United Kingdom but Europe as a whole and its own vital interests. It can re-evaluate its policy of indulgence towards the European Union's institutional arrangements, whilst re-emphasising the importance of trading relationships.

In other words, get the United States cart before the European horse.

From the Editor

Dear Reader,

The European Foundation represents a microcosm of the special relationship between the United States and the United Kingdom. Cooperation and a mutual understanding between the two great nations are vital in the fight against a European superstate.

The Foundation has long fostered good relations between Americans and Britons: we encourage American students to work as an intern with us to learn about the EU; our Chairman and many members of our UK advisory board have close relationships with their contemporaries in America; Americans sit on our international advisory board. And lets not forget that an American is now editor of this journal.

To continue this trend and help advance good US–UK relations, this issue takes an American slant. Jeremy Bradshaw investigates why anti-American sentiment is on the rise in Europe, looking at some of its root causes and why it has become *"chic"* amongst Europeans (see page 10). Along similar lines, my book review examines T.R. Reid's look into what he calls *"the end of American supremacy"* (see page 23).

Drs Nile Gardiner and John Hulsman, from the prestigious Heritage Foundation in Washington, DC, call on the Conservative Party in this country to take advantage of an opportune moment in the relationship between our two countries (see page 12). It is of significant importance that Conservatives take the lead in warning the US government of the dangers posed to it by the EU, something the Foundation has long been advocating.

Ronald Stewart-Brown also touches upon the US–EU relationship in his excellent review of the recent WTO trade negotiations that took place in Hong Kong at the end of last year (see page 5). He compares the US position to the EU's position upon entering the negotiations and looks at the prospects for the successful completion of the Doha Round.

The United Kingdom has long been the cornerstone of the transatlantic relationship. Without it, the bonds between my own country and the countries of Europe would have weakened, if not broken almost entirely, years ago. It is imperative that our two nations continue to work together to preserve and promote democracy in our own regions and throughout the world.

On another note, the European Parliament approved a resolution on 19 January aimed at 'reviewing' the European Union and aiming for a Constitution by 2009. This follows a report adopted by the Constitutional Affairs Committee of the European Parliament on 15 December, which ran parallel to the European Reform Forum that had been sitting since July.

This initiative is accompanied by the setting up of 'Parliamentary Forums', including the publication of 'European Papers'. The object is to hold combined Forums of national parliamentarians and MEPs, which will commence in the spring of this year and will address the present 'crisis'. There are six proposed subjects for discussion: what is the goal of European integration; what role should Europe have in the world; in light of globalisation, what is the future of the European social and economic model; how do we define the boundaries of the European Union; how do we enhance freedom, security and justice; and lastly, how do we finance the European Union.

We are glad to know they have adopted a similar methodology of asking open questions to that of the ERF. It will be interesting to see if they are as even handed as the European Reform Forum in the choice of witnesses and the treatment of the evidence. It is on this premise that the value of any Forum must be judged, otherwise it will be no more than the pumping out of prejudice and propaganda.

Yours faithfully,



Sara Rainwater

The Revival of an Endangered Species

by Jocelyne Saunders

There are just 70 Male Florida Panthers left in the world making them one of the most endangered mammals on earth. Two years ago it was feared these creatures were extinct, and had it not been for swift intervention by the American Veterinary Association, the Male Florida Panther would now be a mere page in a wildlife journal.

The current state of the European Union Constitutional Treaty is uncannily similar to that of the Male Florida Panther; both face eradication.

This is only a recent development. From the time of its inception at Laeken in December 2001 until the summer of 2005, the Constitutional Treaty moved from strength to strength, gathering health from hurried ratification by national parliaments. The acceptance, therefore, that such a competent Treaty could be felled in two rather heavy blows in the midst of its prime territory was all the more unpalatable to its key supporters.

Luckily for the fate of the Constitutional Treaty, like the Male Florida Panthers, some deeply concerned people care greatly about the survival of the text. Recently, a series of howls, calls, cries, roars and even growls have erupted from all corners of the European Union on the subject of whether this Treaty should or should not be allowed to die its gracious and natural death, in spite of its rejection by France and the Netherlands.

In light of these recent developments, one wonders whether the likes of German Chancellor Angela Merkel, French President Jacques Chirac, Austrian Chancellor and President of the EU Wolfgang Schüssel and the rabble of other Eurocrats – all of whom have called for the protection and promotion of this highly endangered Treaty – understand the word 'No'. I had never before questioned the definition of the word, but in order to be sure I consulted the bastion of the English language – the Oxford English Dictionary. Mistaken I was not, as the dictionary assured me that, 'No' was used '*to give negative answers*' or '*a voter or vote against a question which is being discussed*'. Are the majority of the EU's leaders are either staggeringly stupid, deaf, or just plain unwilling to accept the meaning of 'No'?

It is unfortunate that the multifarious leaders of the EU rely on a meaty distraction to avoid turning upon each other. Indeed, the main cause of premature death among the Male Florida Panther is the inability of the creatures to live in close proximity. One solution that has worked particularly well in Florida is to allow more room for roaming. The EU's version of this solution has often been enlargement, which has successfully diverted attention from more serious issues. However, such remedies come with a price as we discovered after ratifying the Treaty of Nice and are soon to discover again.

The European Parliament recently voted to adopt a report by British Lib Dem MEP Andrew Duff and Austrian Green MEP Johannes Voggenhuber. This report suggested that Parliament propose a *"concept for a European dialogue – a public debate about the future of European integration – with the aim of achieving a final European Constitution by 2009."* The report concluded the Constitution was necessary to *"pave the way for future enlargement"*, thus making future enlargement – beyond that of Bulgaria and Romania – conditional upon ratification of the Constitution. Parliament embraced this bribe by noting, *"it is not possible to further enlarge the Union after the accession of Bulgaria and Romania on the basis of the Treaty of Nice."* It seems far more convenient to make the Constitution a prerequisite of enlargement than to address the fundamental problems affecting the EU.

Although the Duff–Voggenhuber report outlined a clear role for national parliaments, a letter from representatives of the German Bundestag, Finnish Eduskunta and Austrian Nationalrat to the EP indicates they interpret their role differently. The three representatives rejected proposals to cooperate in the proposed EP-led series of debates, as they refused to be treated as legitimising 'rubber stamps'. Their feelings are understandable. Reading the report, not only national parliaments, but also nations as a whole, will have little influence over the shape of the revised Treaty. Apparently, *"Narrowly focussed national debates will serve only to harden national stereotypes."*

Do not expect to see any future debate in our 'sovereign' Parliament over a document which will take precedence over all British laws. Instead, look to the European Parliament which, *"as the directly elected representative of institution of the Union's citizens, carries great responsibility for the European dialogue."* This harks back to Stalin's show trials. If we leave the 'debate' in the hands of the European Parliament, the result is a foregone conclusion, and we possibly face a pan-European referendum on the Constitution by 2009. French Interior Minister Nicolas Sarkozy recently indicated that if the new Constitutional Treaty is sufficiently 'slim', it will be ratified by his Parliament, without referendum. Let us hope that this bullishness does not set a precedent for the remaining Member States.

The only silver lining to this black beast of a cloud is the divisiveness engulfing the EU's leaders. Angela Merkel wishes to attach a declaration on the 'social dimension of Europe' to the full, un-amended text, but Jacques Chirac is seeking to put only specific aspects of the Treaty forward for ratification. Wolfgang Schüssel has openly stated that this will not work, as such 'cherry-picking' fails to address the problems of the EU, but has declined to give a different solution. Spain remains defiant over its ratification of the Treaty by referendum and warns it will refuse any changes to the original Treaty's text, on the basis that it is unjustifiable to its people.

Poland and the Netherlands are the only diamonds in the rough; both have flatly refused to speculate on the future of this specific Constitution. Bernard Bot, the Dutch Foreign Minister said the Netherlands will never ratify the Constitution, which for them is *"dead"*. Poland's ruling Law and Justice Party showed irritation with Vienna for *"wasting time"* trying to revive the *"dead"* Constitution. Even Gordon Brown tore into the EU for wanting to bring back the doomed Constitution.

To return to the analogy of the Male Florida Panther and the EU Constitution, it is clear that both are teetering on the brink of extinction. In order for either to survive, a deeply concerned outside force is needed to fend off further predators. Whilst in the case of the Male Florida Panther, and indeed any endangered species, such efforts should be fully endorsed and encouraged. When it comes to the fate of the Constitution however, let us hope it follows the same path as the Dodo … to extinction.

Jocelyne Saunders is Head of Research at the European Foundation.

Doha Round in the Balance after Hong Kong

by Ronald Stewart-Brown



Attended by 6,000 delegates, 2,000 NGO representatives and nearly 4,000 journalists, the World Trade Organisation's sixth Ministerial Conference in Hong Kong from 13 -18 December must have been one of the largest intergovernmental conferences ever. Its purpose was to take forward the Doha Round of trade liberalisation negotiations. Relative to the limited expectations with which it commenced, the conference can reasonably be regarded as a success.

Unfortunately, by November it had become clear that the gap between the EU and the rest of the world on the key issue of agriculture was too wide to be bridged at Hong Kong. Pascal Lamy, who had only taken over as WTO Director-General in September, wisely then took the lead in 'recalibrating' expectation levels for the conference. Although little progress was made on agriculture and non-agricultural[1] market access (NAMA), useful headway was made in other areas, particularly in relation to the LDCs (least developed countries). The meeting ended in orderly fashion with a Ministerial Declaration that will form a good basis for continuing talks at the sub-ministerial level in the less hothouse atmosphere of Geneva.

But time is now very short. The expiry of the US government's Trade Promotion Authority in mid-2007 dictates that final agreement be reached by the end of 2006. The agreed next deadline is to establish the key 'modalities' (numerical work-plans, such as formulas, and timetables for cutting tariffs, reducing subsidies, etc.) by 30 April. In the end, the Round will stand or fall on whether the EU comes up with a final proposal on agricultural market access that is acceptable to the rest of the world.

Background

The Doha Round, properly known as the Doha Development Agenda, was launched in November 2001 with a 14 page Ministerial Declaration, setting out a comprehensive work programme for completion by the end of 2005. Apart from altruism, the prime reason for the emphasis on development was that a large majority of WTO members are developing countries whose agreement to the Round was needed. In the key area of agriculture the negotiating aims were only loosely defined: *"substantial improvements in market access"; "reductions of, with a view to phasing out, all forms of export subsidies";* and *"substantial reductions in trade-distorting domestic support"*.

Following the disastrous breakdown of the next Ministerial Conference at Cancun in September 2003 and the abandonment of the 2005 deadline, talks were put back on track at a lower profile WTO General Council Meeting in Geneva in July 2004. This produced a 24-page text setting out detailed 'frameworks' for establishing modalities in agriculture and NAMA and providing that both agricultural tariffs and subsidies would be reduced on a 'tiered formula' basis.[2] In a crucial concession by the developing countries, all countries would have the flexibility to exclude from general tariff cutting disciplines any products they chose to designate as 'sensitive'. A start was made on trade-distorting domestic support with agreement on 20 per cent first year reductions in Amber Box ceilings and restriction of the less distorting Blue Box category to 5 per cent of agricultural production value.[3] Lastly, a 'credible end date' was to be agreed for agricultural export subsidies.[4]

In the run-up to Hong Kong the next important event was a ringing endorsement by President Bush on 14 September

2005 of greater trade as the *"surest path"* to overcoming poverty in the world's poorest nations and to greater wealth. The US itself was *"ready to eliminate all tariffs, subsidies and other barriers to free flow of goods and services as others do the same."* Then, on 10 October, in what former WTO Director-General Peter Sutherland has described as a *"remarkably forthcoming offer"*, Washington came forward with the radical proposal for agriculture described below. By contrast the EU's best offer prior to Hong Kong, which it made on 28 October, also described below, fell well short of what most other WTO members were looking for.

All countries, including the EU, say they remain committed to a successful Doha Round. Estimates of the potential global economic benefit from the Doha Round have ranged up to 2 per cent of global GDP, depending on what is finally agreed. Furthermore the number of people whom a succesful Doha Round could take out of poverty (defined as living on US $2 a day or less) has been estimated at between 20 and 140 million. If the mortality rate of such people declined by just 2 per cent it would be equivalent to preventing between 1.4 and 10 Indian Ocean tsunamis per year!

Overview of Hong Kong

Almost all the ingredients were in place for Hong Kong to have been the conference that put the Doha Round into the home straight. Preparations by the host government and the WTO Secretariat had been exemplary, and through firm police management the violent anti-WTO demonstrations by some 1,000 South Korean rice farmers never became a serious threat to proceedings within the conference centre.

Pascal Lamy, who chairs the WTO Trade Negotiations Committee in Geneva, and John Tsang, the Hong Kong commerce secretary who chaired the conference, won wide praise for their tireless efforts to steer the negotiations towards the best possible conclusion. The US proposal of 10 October had been all the developing countries could reasonably have hoped for as a starting base for discussion, and the US team, under new US Trade Representative Rob Portman, came across as straightforward, open and resourceful negotiators.

The difficulty of getting consensus amongst the WTO's 150 members (or 126 counting the EU as a single country) was greatly reduced by their operating through groups such as G20, the Cairns Group, G33, G90, the 'Five Interested Parties', and G10.[5] Celso Amorim, the Brazilian Trade Minister, proved an effective leader for the developing countries. Unlike at Seattle and Cancun, none of them complained they were suffering from exclusion from the 'green room' meetings, officially known as the Chairman's Consultative Committee, where top-level negotiations were conducted.

One country only stood in the way of substantial progress at Hong Kong. The monolithic intransigence of the EU's negotiating team under the leadership of Trade Commissioner Peter Mandelson and Agriculture Commissioner Mariann Fischer Boel on the key issue of agriculture was awe-inspiring. So was the immovable and unanimous backing of the Council of Ministers for the Commission's stance throughout the conference. By comparison with Seattle and Cancun, the EU at Hong Kong was placing a striking new emphasis on presenting a single unitary face to the rest of the world.

Every day that went by it became clearer that the EU's objective on agriculture was to use every possible diversionary tactic to drag out the talks. Deliberately it kept the only concession it was prepared to make, on 2013 as the final elimination date for agricultural export subsidies, till the last possible moment.

Delaying tactics included protracted quibbling on 'full parallelism' grounds over the precise wording regarding appropriate disciplines on the disguised export subsidy element inherent in food aid and export credit schemes and the purchasing policies of state trading enterprises. The minor subject of duty-free, quota-free access to developed country markets for the LDCs, which account for less than 1 per cent of world trade, was blown up into a major issue. The EU also weighed heavily into the cotton issue, a difficult area for the USA where the EU had no direct concern.

At one point the normally admirably diplomatic Rob Portman revealed his exasperation when he responded to one journalist who asked what he thought the EU's strategy at Hong Kong was by saying he was hoping the journalist could tell him. That question must have been at the forefront of everyone's mind outside and perhaps also of many people's minds within the EU delegation all week. (This consisted of no less than 836 persons in contrast to the US delegation's 336!)

EU Decision Making Process

Intelligent analysis of the EU's policy-making process tends to be precluded by its opacity. In no areas can this be more true than in its Common Commercial and Agricultural Policies. The Commission has the power to take the lead in trade negotiations but the precise way in which it works with the shadowy 133 Committee (to which the Council of Ministers delegates much of its power during actual negotiations) and individual Member States remains shrouded in mystery. The operating methods of the various farming lobbies are of course private. Opinions differ on the relevance in practise of qualified majority voting on the Council of Ministers and on the nature or even the existence of the French veto as regards the main areas of negotiation.

Only one thing is certain, and that is that once policy decisions have been made they are extremely difficult to change. Given the way the EU operates, one has to question whether WTO Ministerial Conferences will ever provide the setting for meaningful negotiation between the EU and the rest of the world.

To be fair, with its 2003/2004 CAP reforms the EU did put in place a serious reform programme to honour its Doha commitment to *"substantial reductions in trade-distorting domestic support"*. The new 'Single Farm Payment' scheme, introduced in 2005, does represent a considerable 'decoupling' of aid from production volume or, in WTO parlance, shifting of support into the Green Box[3] category. The Commission's proposed reform of the EU sugar régime and its planned reforms of the EU fruit and vegetable and wine régimes have the potential to make significant further contributions. But there was no way the rest of the world was going to regard the EU's 28 October proposal on agricultural market access as acceptable.

Perhaps the best clues to what had been happening were given in the closing French press conference presided over by Christine Lagarde and Dominique Bussereau, the French Ministers for Commerce and Agriculture. In Mme Lagarde's words, the way the Europeans had held together at Hong Kong was a *"triumph of unity and reason"* that reflected *"a very good working out of the French and German couple"*. Mr Mandelson, she said, had been *"extremely efficient in defending the position of the EU"*. When someone asked about the implications for

French farmers she responded that their position had been *"extremely well defended"*. (She said nothing about the interest of French or indeed European consumers in lower food prices.)

Machiavellian Mr Mandelson may be, but he is certainly no Prince of Europe. The conclusion towards which one is inexorably drawn is that, *au fond*, he finds himself little more than a pawn in the hands of the French and German governments. It may be he simply lacks the strength of character and conviction to stand up to them. Also as a recent appointee he may be over-dependent on career officials for detailed trade policy expertise. Arguably Pascal Lamy had done better at Geneva in July 2004 with the benefit of five years experience as EU Trade Commissioner and, from his earlier career, a better understanding of the French polity.

Of the role of the British government at Hong Kong there is little to be said. As Ian Pearson, the UK Minister for Trade, put it in his evidence to the EU Select Committee of the House of Lords on 8 November: *"Obviously with the Presidency of the EU at the moment our major task is not to pursue our own interests, it is very much to try and ensure that there is consensus."*

Actually it is difficult to point to any specific example of the UK successfully influencing Common Commercial Policy decisions since Leon Brittan, as EU Trade Commissioner, got the French to agree to the basis on which agriculture was brought into the multilateral trading system in the final stages of the Uruguay Round (1986-94). Of course one cannot realistically hope to get any government minister to recognise how poorly it suits the UK being subject to the Common Commercial Policy, but that is another story.

Main Elements of the Negotiations

Over the four months leading to 30 April, the main focus will be on establishing modalities for agriculture and NAMA, with a 'comparably high level of ambition' for market access in both areas, whilst respecting the principle of 'special and differential treatment' for developing countries. But the Doha Round is intended to be comprehensive in its eventual coverage.

Agriculture

Agriculture has been the prime issue to date in the Doha Round. The developed countries, particularly the EU and the US, stood accused of protecting inefficient farmers through a combination of high tariffs, domestic support and export subsidies that cause massive structural distortion in world agricultural trade. Developing countries such as Brazil, China, India, Mexico and Nigeria together with developed countries such as Australia and Canada argue they are being unfairly denied the freedom to exploit their comparative cost advantage in agriculture.

Comparison of US and EU Trade-Distorting Domestic Support

		Current ceiling	Actual Level in 2005 (est.)		US Proposed Ceiling
		US$ billions	US$ billions	% below current ceiling	US$ billions
US	Amber Box	19	14	26%	7.6
	Blue Box	None	6	n/a	5.0
EU	Amber Box	88	36	59%	15.0
	Blue Box	None	20	n/a	8.0

This table is based on figures from the Office of the US Trade Representative.

Market access is not only the lynchpin issue of the agriculture negotiations, but it is also the most difficult. In contrast to export subsidy and domestic support programmes, which only some countries have, most WTO members maintain agricultural tariffs running well into double and even treble percentage figures, and comparisons are complicated by tariff-quotas[6] and non-ad-valorem tariffs.[7] A further problem is that the value to some developing countries of preference arrangements granted them by developed countries is eroded by tariff reductions.

US Position

With its 10 October proposal, the US demonstrated impressive commitment to successful completion of the Doha Round. Developed countries would cut their tariffs over a five year period by between 55 per cent for the lowest and 90 per cent for the highest with a final 'tariff cap' of 75 per cent. The sensitive product loophole would be limited to 1 per cent of total dutiable tariff lines and where possible full compensation would be ensured by appropriate expansion of tariff-quotas.

As regards trade-distorting domestic support the US would reduce its Amber Box ceiling by 60 per cent provided the EU reduced its much higher Amber Box ceiling by 83 per cent. The Blue Box cap would be reduced to 2.5 per cent of agricultural production value. Total trade-distorting support (including Blue Box and *de minimis*[3]) would be reduced by 53 per cent for the US and 75 per cent for the EU. These reductions would be phased in over a five year period, and all trade-distorting support would be eliminated over the following five years. (See table above.)

At Hong Kong the US also agreed to eliminate all forms of cotton export subsidy this year and to increase from 83 per cent to 97 per cent the proportion of LDC imports by tariff line that would have duty-free, quota-free access to US markets. But the political strength of US protectionism was shown by its inability to offer such access to textiles from low cost countries such as Bangladesh.

EU Position

By comparison the EU's position going into Hong Kong was widely regarded as unacceptable. Both the US and Brazil were demanding it move further, and the Cairns Group and G20 jointly contended that the EU's market access offer simply failed to comply with its Doha 'substantial improvement' commitment. Although its tariffs are substantially higher than the US's, the EU was only proposing to reduce them by between 35 per cent (average) for the lowest and 60 per cent for the highest over an undefined period with an eventual tariff cap of 100 per cent. Furthermore it was proposing sensitive product status should be allowed for no less than 8 per cent of tariff lines (and an undefined proportion of aggregate agricultural import value).[8]

The EU claimed its proposal represented a 46 per cent cut in its average tariff rate (from 22.8 per cent to 12.2 per cent), but others including Brazil and the UK calculated it at only 39 per cent. As one

example of its negotiating inflexibility, it refused to accept the principle, entirely reasonable to everyone else, that sensitive product tariff-quotas should be related to EU domestic consumption. Its only concession all week was to agree on the principle of four bands for tariff cuts, implying acceptance that it should be in the highest.

As regards domestic support, the EU's position is that CAP reforms already in train imply a 70 per cent reduction in its aggregate Amber and Blue Box spending (presumably by comparison to its 2001 level). Without doubt the proportion they represent of total domestic support will have declined very materially from the 75 per cent level that applied in 2001/02, the most recent year for which the WTO has figures.[9] So the EU may well have a plausible case that it is already fulfilling its Doha commitment to substantial reductions in trade-distorting domestic support.

Encouragingly, the EU did agree on the principle that there should be three bands for cuts in both Amber Box and total trade-distorting support with itself in the highest band and the US and Japan in the middle one. However, one issue which may yet surface is whether the Green Box definition should be revised to exclude income support, which can well be argued to be trade-distorting.

Certainly, it must be presumed that the EU has little scope for new adjustments on the CAP budget for 2007-13 that its members so tortuously agreed at Brussels on 17 December. But it is doubtful whether there has ever been any serious possibility of the UK persuading the EU to cut back on its total CAP budget including Green Box spending. Finance is one of the weakest links in the EU's control over its Member States, and the EU was surely never likely to relinquish its financial *acquis* over agricultural spending that accounted for 43 per cent of its total budget in 2005.

NAMA

In contrast to the relatively low industrial tariffs of the developed countries those of the developing countries tend to average upwards of 10 per cent, with many rates much higher. At Hong Kong, Mr Mandelson was arguing that the EU had already yielded enough on agriculture and it was now time for the developing countries to show they were willing to move on industrial tariffs. But, although the negotiating flexibility of countries like Brazil and India does remain unclear, the US, the Cairns Group and G20 continued to maintain that the EU must first move further on agriculture. So the whole week went by without any serious numbers negotiations on NAMA.

Agreement was however reached on the principle of using a 'Swiss formula'[10] to *"reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation."*[11] The Swiss formula was first developed in the Tokyo Round (1973-79) and has the effect that the higher a tariff, the greater the required percentage reduction. Smaller reductions will be required of developing countries than developed ones through use of different 'coefficients'.

Other Areas

Amongst other areas of negotiation valuable progress has been made in 'trade facilitation', essentially the simplification of trade procedures to reduce costs of trade relating to the movement, release and clearance of goods, including goods in transit. As regards services there has been agreement on new negotiating procedures amongst groups of countries as well as on a bilateral basis, but substantive negotiations have been mainly left for this year.

Prospects for Success of the Doha Round

Arguably the Doha Round now has a much higher chance of successful completion than has been generally recognised. The approaching 30 April deadline for establishing modalities should concentrate minds wonderfully. Trade ministers will have left Hong Kong with clearer understandings of other countries' bottom lines. In the end, governments should be inclined to settle for the best they can get rather than risk losing everything. The scene is well set for the strong nerves and brinkmanship that inevitably characterise the final stages of multilateral trade rounds.

In his closing remarks Pascal Lamy estimated that some 27-29 numbers would need to be agreed for full agricultural modalities and some 12-15 numbers for full NAMA ones. That should not represent an impossible challenge if the political will is there. Once they have been, the momentum ought to be there to grind through the detailed agriculture and NAMA numbers. The raised energy levels that will generate may catalyse the emergence of higher ambition levels in areas such as services than have yet been seen.

Governments around the world, including the EU, should be very worried about the prospect of failure. No one can know how long it would take for a new US government to be elected that is politically strong enough to steer a new Trade Promotion Authority through Congress. Accelerating Chinese exports could well inspire a serious protectionist backlash in both the US and the EU. The economic benefits of a successful round could be lost for many years.

Failure could also be expected to intensify the proliferation of preferential trade agreements around the world, a threat to the basic WTO/GATT non-discrimination principle about which a recent WTO Consultative Board review under the chairmanship of Peter Sutherland expressed deep concern. In an uncertain world, the blow to international economic confidence that would result is incalculable and could be more severe than rational projections might suggest.

As with past rounds, successful completion of the Doha Round is likely to require the close personal commitment of the heads of government of all the major countries. If so, it is to be hoped that world leaders will not waste too much time hoping that Mr Blair will have the political clout to broker a deal in Europe, let alone Commissioner Mandelson. The principal decision-makers in the EU will turn out to be Chancellor Merkel and President Chirac, and that needs to be recognised now.

Notes

1 'Non-agricultural' includes fish and forestry products as well as industrial ones.

2 The 'tiered formula' approach sets higher cuts for higher tariffs or subsidies and lower cuts for lower ones by grouping products into tiers or bands according to the heights of their tariffs or subsidies.

3 The 'Amber Box' is the most trade-distorting category of domestic support, assessed for any one country using the total aggregate measurement of support ('total AMS') calculation set out in the WTO Agreement on Agriculture. Another category of Amber Box type support known as '*de minimis*', which falls outside the main AMS calculation and is at present limited to 5 per cent of agricultural production for developed countries, also forms part of the Doha Round negotiations. The 'Blue Box' covers direct payments to farmers to limit production such as the former Set-Aside scheme which are deemed

to be less trade-distorting. The 'Green Box' covers support measures deemed to have no more than minimal impact on trade. Only Amber Box and *de minimis* support were limited under the Agreement on Agriculture.

4 Because they are directly trade distorting, export subsidies have been one of the most emotive issues in the Doha round. However they only account for around 3 per cent of the EU's agricultural support programme and effectively none of the US's outside its cotton programme.

5 G20, formed shortly before the Cancun conference in 2003, is a group of 21 developing countries representing 60 per cent of the world's population and 26 per cent of its agricultural exports that is pressing for ambitious agricultural reform in developed countries. It takes the lead in negotiating with the EU and the US on behalf of the developing countries. Its members include Argentina, Brazil, Chile, China, India, Indonesia, Mexico, Nigeria, Pakistan, Philippines, South Africa, Thailand and Tanzania.

The Cairns Group, established in 1986 just before the Uruguay Round, is a group of 17 major agricultural exporters lobbying for agricultural trade liberalisation. Its members include Australia, Canada, New Zealand and all the above listed members of G20, apart from China, India, Mexico and Nigeria.

G33 is a disparate group of 42 countries who also describe themselves as 'Friends of Special Products'. Its members include China, India, Indonesia, Nigeria, Philippines, Tanzania and Turkey.

G90 is a coalition of Asian, ACP (African, Caribbean and Pacific) and least developed countries (currently 64 WTO members). Its most prominent members are Bangladesh, Egypt, Nigeria, South Africa and Tanzania.

The 'Five Interested Parties' are the five leading countries, Australia, Brazil, the EU, India and the US, that have been meeting since 2004 to try to break the deadlock in agriculture. They are also known as the Five or the Quint.

G10 is a group of nine major food importing countries with a common interest in protecting their domestic agricultures. Its membership consists of all four EFTA countries (Iceland, Liechtenstein, Norway and Switzerland), Israel, Japan, Korea, Mauritius and Chinese Taipei.

6 Tariff-quotas are a system under which countries impose relatively low tariff rates on imports up to certain quota limits but higher (sometimes much higher) tariff rates for quantities in excess of such quotas. They comply with a main aim of the Uruguay Round that there should be no absolute quota limits to imports.

7 Non-ad-valorem tariffs are tariffs that are not expressed as percentages of value, e.g euros per tonne. Translation of these into their ad valorem or percentage equivalents, a prerequisite for allocating them into bands for structuring tariff cuts, has now been largely completed, but not yet for sugar.

8 Any figures given on average agricultural tariffs and reductions in them need to be treated with caution unless the precise methodology of their calculation is also disclosed. Countries frequently use simple averages of individual tariff line tariff rates rather than mathematically more meaningful weighted average rates. Complicating factors may include the ways in which tariff-quotas, non-ad-valorem tariffs and sensitive products are treated and tariff preferences excluded.

The EU's proposed average agricultural tariff cut of 46 per cent (from 22.8 per cent to 12.2 per cent) was given without explanation in a single page 'Fact Sheet' that formed part of the large media pack handed out by the EU at the beginning of the conference. The Brazilians' estimate of 39 per cent was given by Celso Amorim in answer to a question by this writer with the implication that it had been scientifically computed. The UK's estimate of 39 per cent (in fact 38.9 per cent) was given without explanation in a memorandum to the House of Lords EU Select Committee (Sub-Committee A) on 8th November by Ian Pearson MP, Minister for Trade, Foreign and Commonwealth Office and Department for Trade and Industry, as subsequently published on 1st December in the Committee's report on 'The World Trade Organisation: The Hong Ministerial 13th-18th December' (HL Paper 77 – ISBN 0 10 400765 6) and was also referred to in his oral evidence. However no such estimate was offered by Roger Liddle, one of seven members of Commissioner Mandelson's Cabinet, in his oral evidence on 15th November to the same Committee, also published in the same report. It is noteworthy that at Hong Kong the US never publicly disclosed any relevant estimates that it had made.

9 For 2001/02, the latest year for which EU figures have been notified to the WTO, the breakdown of EU domestic support by box was €39.3 billion (47 per cent) for Amber, €23.7 billion (28 per cent) for Blue and €20.7 billion (25 per cent) for Green.

10 For the mathematically minded, the Swiss formula is $Z = AX/(A+X)$ where X is the initial tariff rate, Z is the final tariff rate that results and A is the 'coefficient' to be applied (and the theoretical maximum tariff that could result). By way of illustration the table below sets out the effect of applying a Swiss formula with a coefficient of 10 per cent, as proposed for developed countries by the EU.

Initial tariff rate	25%	20%	15%	10%	5%
Final tariff rate	7.1%	6.7%	6.0%	5.0%	3.3%
Reduction	72%	65%	60%	50%	34%

One coefficient is to be agreed for all developed countries and one or more higher coefficients for the developing countries. This will have the effect that for any given percentage rate of initial tariff the reduction required of developing countries will be less than that for developed countries.

11 Tariff escalation is the practise by which developed countries charge higher import duties on semi-processed products than on raw materials, and higher ones still on finished products, to discourage developing countries from processing their raw materials themselves.

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Ronald Stewart-Brown is Director of the Trade Policy Research Centre, which is examining the trade policy options open to the UK outside the Common Commercial Policy – Single Market framework. His work in this field has been widely published.

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Why is Europe so Anti-American?

by Jeremy Bradshaw

"Anti-Americanism is the prevailing disease of intellectuals today." So British historian, Paul Johnson wrote in *Forbes* magazine a couple of years ago. It is, he suggested, a form of 'racist envy'. It is one that is afflicting the Europeans especially and making the Americans among the most vilified peoples in the world.

Far-fetched? Not really. A survey by Channel Four around three years ago found that the country Britons regard as the biggest threat to peace today is not Iraq or North Korea – but the United States. Google the word 'anti-Americanism' and you get over 1.5 million hits. Google 'anti-Britishism' or 'anti-Frenchism' and you learn that the words don't exist.

Opinion poll after opinion poll in Europe shows that anti-Americanism is deeply entrenched, widespread and getting worse. A US State Department report in 2002 found that large majorities of Germans, Italians and British characterise America as domineering, racist and violent. A poll in March 2003 found that only 48 per cent of the British, 31 per cent of the French and 14 per cent of the Spanish held favourable views of the United States (Pew Global Attitudes Project). In December 2005, after the furore over the US policy of renditioning, Colin Powell warned his fellow Americans that, "*Worldwide opinion is against us.*"

If anti-Americanism is a 'disease' there are many factors contributing to it in Europe.

Contempt for Democracy

The first is an ugly "*contempt for democracy*" says Paul Johnson. Europe's elites despise America's predilection for electing every one from the press down to the school janitor. In the European Union, no voter is used to such choice. No voter has any direct influence on the choice of who becomes 'President of Europe' – as the head of the EU Commission likes to be called. Instead it is left to Europe's elites to select Europe's most powerful official behind closed doors. "*In their hearts these intellectuals do not accept the principle of one man one vote,*" warns Johnson. "*They scornfully, if privately, reject the notion that a farmer in Kansas, a miner in Pennsylvania or an auto assembler in Michigan can carry as much social and moral weight as they do.*"

Cultural Racism

Second, anti-Americanism is fuelled by a cultural racism. Few Europeans understand or know America well. Most, as Johnson points out, only travel to three or four US cities. Even fewer Europeans are prepared to recognise the huge debt of gratitude that the continent owes to the United States for saving Europe from the tyranny of Hitler and later for backing the cause of freedom through out the Cold War.

Conservative intellectuals, like Britain's Leo McKinstry, warn that, "*Anti-Americanism is written in to the European psyche.*" It has, he says, become "*the last acceptable prejudice in a culture that makes a fetish of racial equality.*"

In a powerful article published in the *Daily Telegraph* about a visit to the American military cemetery at Epinal in eastern France, where 5,200 US soldiers died fighting for Europe's freedom sixty years earlier, McKinstry wrote:

"*As I walked through the cemetery, my sense of gratitude … was accompanied by deep, almost visceral, anger at my fellow Europeans for their constant sneering at America and their gloating over the body count in Iraq, despite all that the USA has done to free Europe in the past from totalitarian dictatorships, whether they be Nazi or communist.*"

Resentment of America's Economic Power

A third factor is European resentment at America's economic supremacy – evidenced in the power of its brands and multi-national companies. Whilst they may eat Big Macs, drink Cokes and wear Levi jeans, Europeans see globalisation as Americanisation. And many bitterly rile at such cultural imperialism.

As a result Europe's ruling classes and its intellectuals resent US control of the internet. They resent the power of the greenback (hence the euro). They resent the power of Microsoft (hence the ongoing anti-trust actions in Brussels).They resent the power of 'Brand America' – the fact that 8 out of 10 of the top most powerful brands are American, as are 68 out of the world's top 100. They resent US military power – hence the attempt to build a European army and to pool European research and development programmes.

Anti-Americanism – The New Black

Fourth, anti-Americanism has become dangerously fashionable. European media regularly indulge in 'Sam-bashing' in Europe. Even the British Broadcasting Corporation – which is held up to be a bastion of impartial news – is said to be 'full of hate' for America, as Tony Blair is reported to have privately told Rupert Murdoch.

Leading European intellectuals ritually attack the United States. Take British playwright Harold Pinter. In December 2005 he received the Nobel Prize for Literature. The committee that awarded the prize made particular note of Pinter's lifelong opposition to 'oppression'. Pinter, 75 and ailing, in a pre-taped video acceptance speech savaged America not just for the invasion of Iraq, the misdeed of the moment, but for every sin it has committed since the Second World War:

"*The United State supported, and in many cases engendered, every right-wing military dictatorship in the world after the end of the Second World War. I refer to Indonesia, Greece, Uruguay, Brazil, Haiti, Turkey, the Philippines, Guatemala, El Salvador and, of course, Chile… Hundreds of thousands of deaths took place throughout these countries … and they are attributable to US foreign policy. But you wouldn't know it…*

"*The crimes of the United States have been systematic, constant, vicious, remorseless, but very few people have actually talked about them…*

"*You have to hand it to America. It has exercised a quite clinical manipulation of power worldwide while masquerading as a force for universal good. It's a brilliant, even witty, highly successful act of hypnosis.*"

Anti-Americanism is 'chic'. It is widespread. But it is not new. It comes in waves – but the new outbreak is of a different magnitude from earlier bouts of anti-Americanism, says Manfred Guttamacher of Potsdam University. "*We are on the brink of a fundamental rift between the United States and Europe which goes much deeper than the rifts that came up in the course of anti-American sentiments in the early '60s or early '80s.*"

Dr Burhan al-Chalabi, a London-based commentator says there are two principal reasons for this deepening hostility to the US:

"First, there is huge resentment that America is the sole super-power in the world - as this reminds Europeans of their own weakness. And, second, demographic changes have altered European perspectives on foreign policy issues. In Europe today there are over 25 million Muslims and they are growing more vocal and powerful by the day – as seen by the recent rots in France. How many Americans realise that France alone is home to five million Muslims? How many Americans realise that in Britain today there are more Muslims worshipping at mosques on a Friday than there are people attending Sunday services in the Church of England?"

France

This leads to the fifth factor – France. No other country has so consistently and so vehemently indulged in attacking the United States as France.

French presidential hopeful, Nicolas Sarkozy, knows this. He alone has braved the hostility of the French political elite to espouse Atlanticist, pro-American views. As a result, he has suffered set-back after set-back, including the enmity of his one-time ally and mentor, President Jacques Chirac.

Anti-Americanism in France is as old as America itself. Back in the 1780s a French lawyer named Simon Linguet warned that, *"the dregs of Europe … would build a dreadful society in America, create a strong army, take over Europe, and destroy civilization."*

After the First World War, French Prime Minister Georges Clemenceau sneered that, *"America is the only nation in history which miraculously has gone directly from barbarism to degeneration without the usual interval of civilisation."* Given that the two World Wars in Europe ended with 65 million dead, Clemenceau's jibe might have been better directed at his own side of the Atlantic. After all, the United States spilt the blood of its own sons to save Europe's civilisation from itself.

There is little that Washington can do to appease or win over such enemies whose hatred of all things American is verging on the pathological and paranoid. Take the French intellectual Jean Baudrillard. *"How we have dreamt of this event,"* he screamed after the 9/11 attack, *"For no one can avoid dreaming of the destruction of a power that has become hegemonic."*

And that is the tragedy. Europe's elite are driven by an almost desperate desire to displace the United States as the world's solo superpower. They dream of a federal European super-state – a United States of Europe – that can counter-balance America. That is why the EU recently even considered lifting the arms embargo on communist China. 'America's enemy must be Europe's friend' ran the logic in Brussels.

"What sickens me is that we in Europe are fed a constant diet of anti-American propaganda because of the USA's supposed aggression, greed, imperialism or insularity," despairs Leo McKinstry, *"Yet, at the very same time, we are urged, through the remorseless process of European integration, to embrace Germany, the country responsible for most of the ills of Europe for the past 140 years."*

Don't Blame GW

What is to be done? Some argue that George W. Bush has triggered the latest bout of anti-Americanism. His abrasive style, his readiness to go it alone on Kyoto, Iraq, the UN and so on – do not help for sure.

In the end, the simple truth is this: European anti-Americanism is borne of a deep and biding jealousy of the pre-eminent economic and political power of the United States. The rise of China and India will reduce the power of the Americans *relatively*. That is inevitable. What is not inevitable though, is that Europe will even be one of the new league of superpowers.

Jeremy Bradshaw is Chairman of the Britain Club.

… news in brief

Port Authority?

On 16 January dockworkers from across Europe flocked to Strasbourg to protest against controversial proposals to open up port services to greater competition. Over 6,000 workers took to the streets against the EU's Port Package II over fears that greater competition would mean loss of jobs and lower pay and safety standards.

Some protestors hurled rocks through the Parliament building's windows and set off firecrackers, clashing with police in what spiralled into a violent Monday afternoon in Strasbourg. Police retaliated, using teargas and water cannons to try to quell protestors. Only a few hundred protesters were involved in the violence, which resulted in at least 13 arrests and left 12 policemen injured. A Parliament spokesman said *"considerable damage"* had been done.

The European Parliament rejected the proposal on Wednesday, 18 January, which was similar to a Bill rejected in 2003. Socialists, liberals and conservatives jointly opposed the Bill, which has been termed *"a bit chaotic"* by one British Labour MEP. The Commission argues that such a proposal would allow EU ports to respond to growing demands on the industry and that it may later be reintroduced.

EU officials have estimated damage costs to be between €250,000 and €400,000, and as yet it is unclear who will foot the bill. Many MEPs have condemned the violent few, as it became clear early on that the Bill was most likely going to be rejected. Strike action also disrupted work at major ports across the continent on Monday, with some of the worst affected cities being Antwerp, Marseille and Rotterdam.

Irish regret opening borders to new Member States

It appears as though hostility towards workers from the new Member States is finally receding, as Spain, Greece and Finland indicated earlier this week that they may be willing to review their restrictions on workers from the ten new accession States in May. If the three Member States were to lift restrictions, then they would join the UK, Ireland and Sweden as the only countries in the EU to allow workers from countries such as Poland, Slovenia and Slovakia unrestricted access to their labour markets.

Poland is remaining cautious and a spokesman for the Polish Embassy in Athens, stated *"the Greeks are signalling this, bit knowing their character they will take the decision at the last minute."* Spain is likely to announce its decision in April when the Polish Prime Minister, Kazimierz Marcinkiewicz visits Madrid. France and Belgium have also signalled that they are likely to lift their border restrictions in 2009 and in the meantime may allow workers into specific industries such as construction and plumbing.

The news is not so good from Ireland, where a recent poll showed that 78 per cent of the Irish population want to reintroduce permits for workers from the new Member States. The majority of Irish feel that foreign workers have made jobs more scarce and lowered wages.

During a speech to the Commission on Wednesday, Jose Manuel Barroso warned critics not to stand in the way of opening up the EU's internal services market. Barroso's words were aimed particularly at countries such as Germany and Austria who have pledged to keep their borders closed to new Member States until 2009 at the earliest.

Britain's Conservatives Must Reclaim the Anglo-American Special Relationship

by Nile Gardiner, PhD, and John Hulsman, PhD

The election in December of 39-year old David Cameron as leader of the British Conservative Party has dramatically transformed the fortunes of the world's oldest political organisation. The latest polls place the Conservatives in a clear lead over the ruling Labour Party for the first time since 1992. The prospect of a Labour defeat in 2009 or 2010, previously unthinkable, is now a distinct possibility.

The extraordinary political rise of David Cameron has been matched by a decline in the standing of Prime Minister Tony Blair. A recent *Guardian*/ICM poll registered a 55 per cent disapproval rating for Blair, with 66 per cent of British voters agreeing that the Labour government has run out of steam.[1] In contrast, Cameron's approval rating stands at 51 per cent. Alarmingly for Labour, Blair's heir apparent, the Chancellor of the Exchequer Gordon Brown, fares even worse in the polls when he is matched against Cameron. With Brown as projected leader, the Conservative Party's lead is significantly increased.

It remains to be seen whether Cameron will maintain the solid lead he has generated in the polls. However, there is no doubting that the Conservative Party has returned as a force to be reckoned with in British politics and on the European stage. Cameron has already thrown down the gauntlet to the Euro-federalists, declaring his intention to remove Britain's Conservatives from the European People's Party (EPP), a political grouping in the European Parliament that is committed to the idea of 'ever closer union'. This bold move is clearly in line with the British national interest and bodes well for future British policy toward the EU.[2]

On the broader international canvas, however, Cameron's ideas remain an enigma. He has said little about long-term British policy with regard to Iraq or the threat to Western security posed by rogue regimes such as Iran and Syria. Nor has he outlined a coherent Conservative strategy for waging the war against al Qaeda. Perhaps most significantly, the new Tory leader has had very little to say about relations with Britain's closest ally, the United States.

Restoring Relations with the Bush Administration

In many respects Cameron inherits a poisoned chalice as Conservative Party leader in his dealings with the US. The relationship between the Bush White House and Cameron's predecessor Michael Howard was tense at the best of times. Howard's *ex post facto* criticism of the Anglo–American decision to go to war in Iraq, as well as his attacks on Tony Blair's unwavering support for President Bush, seriously damaged relations between conservatives on either side of the Atlantic.[3]

Howard was perceived by Washington as playing the anti-American card in an effort to tap into widespread anti-war sentiment. At the same time, British Conservatives resented what they perceived to be an exclusive and close political relationship between the Bush Administration and the leadership of the Labour Party. The problem was further compounded by a confused US policy on Europe that came across as favourable to the idea of further political integration in Europe, an anathema to most British Conservatives.[4]

This fraught relationship was extraordinary and unprecedented. A right-of-centre US administration had developed close ties with a British social democratic party that had abhorred US foreign policy for most of the 1980s and 1990s, while largely cold-shouldering a British conservative political movement that had for decades been a staunch supporter of the United States. In parallel, a substantial minority of British Conservatives adopted a virulent strand of anti-Americanism that had been the exclusive preserve of the Left.[5] In the background, British public opinion toward the United States turned increasingly hostile, resulting in a public diplomacy challenge of epic proportions.

Howard's departure and Cameron's ascendancy, however, offer an excellent opportunity for a fresh start in relations between British and American conservatives. The appointments of William Hague as Shadow Foreign Secretary and Liam Fox as Shadow Defence Secretary bode well for a renaissance in the transatlantic conservative alliance. Both are strong Atlanticists with extensive ties to the United States. In his previous brief as Shadow Foreign Secretary, Fox made numerous trips to Washington, building bridges and laying important groundwork for future co-operation.

A White House Meeting with President Bush

It is in the best interest of both the Bush Administration and Britain's Conservatives to put aside past disagreements and start talking to each other again. Both need each other and share common interests on the world stage. British Conservatives have an important role to play in influencing US policy toward Europe. The Conservative Party should send the message that further political integration in the European Union poses a huge strategic threat to the Anglo-American alliance.

It is in the Bush Administration's firm interest to cultivate close ties with the new Tory leader. The United States needs strong Conservative Party support for the global battle against terrorism, the building of a stable Iraq, trade liberalisation, and a host of other foreign policy issues.

Tony Blair deserves credit for his central role in the war on terror and for the courage of his convictions in going to war in Iraq in the face of tremendous opposition from much of his own party and several powerful European governments. His steadfast support for the United States in the four years since September 11 and his key role in building the international coalition of the willing demonstrated principled leadership as well as vision.

However, Blair's days as Prime Minister are numbered, and the British Government's pro-American outlook may not last beyond his premiership, which could end as early as 2007. In addition, it should be acknowledged that Blair made several major errors of judgment on the international stage, including his support for the European Constitution, a blueprint for a federal Europe that threatens both US and British interests.

While maintaining a close working relationship with the Blair Government, the Bush Administration must increase its dialogue with British Conservatives, despite the likelihood of strong opposition from

both Downing Street and the Foreign Office. It will be a delicate balancing act, but nevertheless one that must be implemented. There should be regular contact between senior officials at the National Security Council, Pentagon, and State Department and the Conservatives' foreign policy team. In addition, the President and other senior administration officials should meet with the new Conservative leader at the White House.

A recent precedent was set by the February 2003 visit to Washington of then-German opposition leader Angela Merkel, who met with the Vice President, Secretary of Defense, National Security Adviser, and several key senators.[6] In July 2005, the President met Merkel's leading foreign policy adviser, Wolfgang Schauble (now interior minister) in the Oval Office.[7] A high-level trip to the United States will be an important opportunity for David Cameron to present himself as a potential world leader.

In his first visit to Washington, Cameron should affirm his commitment to the US-British alliance, strongly back Britain's presence in Iraq, and call for an aggressive British role in the global war on terror. In the spirit of its two most successful modern leaders, Winston Churchill and Margaret Thatcher, the Conservative Party must once again be the home of the special relationship. It is a partnership that has bonded the world's two leading nations for over 60 years and remains the central bulwark in the defence of Western civilisation against terrorism and totalitarianism.

1 'Labour Has Run Out of Steam Say Voters', *The Guardian*, December 20, 2005.
2 See 'Cameron is Right: Tories Have No Place in the EPP', *The Daily Telegraph*, December 29, 2005.
3 For insights and background regarding the deterioration of relations between the Bush Administration and the British Conservative Party, see: George Osborne, 'Could a Tory Vote for Kerry?', *The Spectator*, February 28, 2004; Michael Howard, 'Tony Blair Must Be More Honest About Iraq', *The Independent*, May 20, 2004; 'Bush to Howard: Hands Off Tony', *The Spectator*, May 22, 2004; 'Howard Told by Bush: Stay Away', *The Sun*, August 28, 2004; 'Howard Fury Over White House Ban', *Independent on Sunday*, August 29, 2004; 'Howard Snubbed by White House for Blair Attacks', *Sunday Times*, August 29, 2004; 'Growing Apart: Tories and Republicans', *The Economist*, September 4, 2004; 'I'm Not Going to Be Told by the White House How To Do My Job', Michael Howard interview with Dominic Lawson, *Sunday Telegraph*, November 7, 2004.
4 For background, see Nile Gardiner, PhD, and John Hulsman, PhD, 'The Bush Administration Should Not Back the European Constitution', Heritage Foundation *WebMemo* No. 668, February 16, 2005, at http://www.heritage.org/Research/Europe/wm668.cfm.
5 See Adrian Wooldridge, 'The Michael Moore Conservatives', *The Weekly Standard*, May 31, 2004.
6 'US Gives German Opposition Leader Royal Treatment', *The New York Times*, February 26, 2003.
7 'Bush Meeting with Merkel's CDU Signals Hope of Improved Relations', *Financial Times*, July 28, 2005.

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Nile Gardiner, PhD, is the Bernard and Barbara Lomas Fellow, and John Hulsman, PhD, is Senior Research Fellow in European Affairs, at the Margaret Thatcher Center for Freedom in the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation in Washington, D.C.

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On Governance

By George Curtis

What has happened to a country in which, from Anglo–Saxon times, liberty has been highly prized, and which, though suppressed by the Norman invasion, began to be returned with the Magna Carta of 1215. It was finally re-gained by three things: the Act of Habeus Corpus in 1679; the Glorious Revolution of 1688; and the ensuing Bill of Rights of 1689, since which we have consistently defended our freedom against all comers, regardless of cost.

The Constitution of 1688 was created by men who had personal experience of a civil war in which the casualty rate was higher, as a percentage of the population, than that of World War I. They had seen their Monarch executed. They had experienced a 'Talebanic Tyranny' under Cromwell. They had one overriding objective: to prevent any man in these islands from ever again acquiring the power to dictate to its peoples.

They created the only constitution and supporting legal system, which is still in existence today, to have freed all men and to have survived for more than three centuries. It has stood the most acid test of all: that of time, simply because it works.

Each of my own country's successive governments have, since 1972, been intent on removing my birthright, to wit, the ability to live governed by consent, as a free man, under the rule of laws upholding my rights and liberties; this also stands equally between all men and against the overwhelming power of the state, with all subordinated to the same law. No man surrenders his liberty save under a misapprehension.

Why are they doing it? The following is a very broad-brush outline:

Man seems to have an innate need to believe in something bigger than he is; for most of history this has been supplied by ancestors, spirits, or a God of some nature. The problem with all belief is that it begins, by definition, where rational thought ends. When men declare their particular spiritual God non-existent, they switch their belief system from the spiritual, and its usually associated moral constraints upon their behaviour, to non-spiritual forms wherein the absolute lack of any moral restraint is advantageous to their personal ends. This at once becomes translated into beliefs. Rationally, the ends justify the means, however appalling.

Any full enquiry needs to go back to Machiavelli's *The Prince*,[1] and Tommaso Campanella's *City of the Sun*.[2] The former contrasted the civic virtues of ancient cults with the Christianity of his time which, "*has assigned as man's highest good humility, abnegation, and contempt for mundane things, whereas the other (pagan) identified it with magnanimity, bodily strength, and everything else that conduces to make men very bold. And if our religion demands that in you there be strength, what it asks for is the strength to suffer rather than the strength to do bold things. This pattern of life, therefore, appears to have made the world weak, and to have handed it over as a prey to the wicked, who run it successfully and securely since they are well aware that the generality of men, with paradise for their goal, consider how best to bear, rather than avenge their injuries.*"[3]

Campanella, who had read Machiavelli's work, was the first to refer to "*political religions*", and "*… simultaneously divested the art of politics of [its] traditional or moral constraints, while continuing to regard religious belief as an indispensable social cement, even if this involved lying…*"[4]

The psychology underlying the above fuelled the centralisation of power in France under the *ancien régime* (Louis XIV styling himself the Sun King) and with it, the decline in local powers locally exercised.[5] There are parallels with today, the greatest of which is the blind acceptance of the slow erosion of power without loss of office and so of pay, together with the diminution of accountability, until it is too late. Another is in the dual legal system of both the *ancien régime* and the EU, whereby its politicians and all other servants are above the law in their work.

The excesses of the French Revolution, whose proponents terminated the Church largely in pursuit of its wealth, saw France relapse into anarchy, bankruptcy and bloodshed on a scale so great that the French pioneered the mechanised execution of their fellow beings with Dr Guillotine's eponymous device, which improved the productivity of headsmen who were often too drunk to make any kind of a job of severing necks. Rudimentary order began to be restored as Napoleon Bonaparte seized power. Described as a *"syphilitic Corsican runt with a penchant for thieving, his generals little more than brigands in uniform,"* he re-centralised absolutely everything in a form of organisation that was a political religion, as well as the founding element of the European Movement. This was later amplified by Bismarck and the Zollverein customs union of 1833, which began the re-unification of Germany following its division into 300 separate states at the end of the Thirty Years War as predicated by the Treaty of Westphalia in 1648.

Emerging from France came socialism, and in due course its two extremes: communism and fascism. To the faithful of each of these belief systems, or politico-religions, the ends justify the means. The state is supreme over its citizens, its servants; its laws are made up as occasion demands. There are no moral constraints as amoral as the necessity of maintaining the said supremacy that the state requires, as history so eloquently testifies. Thus the European Union's progenitors, and their successors in the on-going process, are devoid of any scruples as to how they achieve their ends.

Moral constraints are not voluntary or hard-wired into humanity. They arise from the rule of law. The rule of law begins when the generality of men agree that some things may not be done. When a person does that which may not be done, the initial reaction is one of outrage, followed by a desire for retribution. The business of justice is determining, impartially, firstly that the accused is properly so, and next of quantifying punishment:

"Life, liberty and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty and property existed beforehand that caused men to make laws…"[6]

"There is one aspect of the change in moral values brought about by the advance of collectivism which provides special food for thought. It is that the virtues which are held less and less in esteem in Britain and America are precisely those on which Anglo-Saxons justly prided themselves and in which they are generally recognised to excel. These virtues were independence and self-reliance, individual initiative and local responsibility, the successful reliance on voluntary activity, non-interference with one's neighbour and tolerance of the different, and a healthy suspicion of power and authority…

"Nothing distinguishes more clearly a free country from a country under arbitrary government than the observance in the former of the great principles known as the rule of law. Stripped of its technicalities this means that the government in all its actions is bound by rules fixed and announced beforehand - rules which make it possible to foresee with fair certainty how the authority will use it's coercive powers in given circumstances and to plan one's individual affairs on the basis of this knowledge. Thus the individual is free to pursue his personal ends, certain that the powers of government will not be used deliberately to frustrate his efforts."[7]

Hence the cultural contrasts between England and Europe, summed up in principle below, to whose importance the politerati turn a blind eye, for reasons that most have never attempted to rationalise.

In Britain we are governed by consent through general election under the first past the post system. The electors have the absolute power, if collectively so minded, to dismiss, absolutely, every sitting MP in one fell swoop, so obviating revolution. Our judiciary are independent, and *not* political appointees. Nobody, from the Monarch in his or her private capacity downwards, is above the law. All stand equal before the law, which stands equally between all of us, and in particular between us and the enormous power of the state. Until lately an arresting authority has had to produce the arrested before a magistrate, in a public place, within a matter of hours. There, with argument from both sides, the arresting authority must demonstrate due cause, or else release that person on the spot. We have an absolute right to property, (physical, intellectual, financial and contractual), upheld as are our other rights and liberties by neutral judges, in neutral courts under neutral laws. On these rest the rewards of those who bear the risks of innovation in the pursuit of self-betterment. All is permitted unless forbidden. Note that rights are worth only the means of upholding them.

We dwell as free men under the rule of law, the first people ever to do so. The only others who now do so are those who have adopted and adapted our Constitution and law.

There is a rational and demonstrable link between the exercise of power and the ensuing presence or absence of prosperity. The relationship between those who hold power – the government – and those over whom that power is exercised – the people – is determined by the constitution and upheld by their laws. These two things dictate whether or not a nation can live in peace with itself, in gently rising prosperity and over centuries on end, despite being human and disagreeing with each other over almost everything nearly all of the time. These things can also dictate whether a nation can rub along for a generation or two before erupting in violence to overthrow its government in order to change its system of government or whether it dwells under a tyranny.

If you want to dwell in peace, be prosperous. To be prosperous, understand that all prosperity arises from applied innovation, or new ways of doing things, and most importantly, that only the free can innovate. The un-free are either suppressed or legislated out, for example, by an un-neutrally drafted standard, which effectively protects the status quo. Liberty is thus the prime element. Liberty (freedom from slavery, captivity, imprisonment, or despotic rule, though an abstract notion) is the most precious thing that any man can hold, and is the only thing that all men long for above all else when deprived of it. Liberty, however, comes in two sorts: natural liberty, whereby all may do as they please, anarchy prevails and poverty reigns supreme; and civil liberty, under the rule of law, as practised in England.[8] There is no true 'other' to countenance. As a woman is either pregnant or not, so a man is either free or un-free. Liberty, like pregnancy, is an absolute condition.

Ours is the only constitution and supporting legal system so far invented that complies in its principles with the optimum solution postulated by Olson's theory of the logic of power for the production of national wealth. Good government requires an encompassing vision, that is to say a freedom from constraint by special interest groups: market augmenting, as opposed to inhibiting legislation; and a willingness to uphold the rule of law as described above.[9]

The creation of all 'New Orders', particularly supra-national political ones like the European Union, begins when men of essentially socialist views, consider their ends to justify their means, so replacing moral and ethical judgement with an unbridled lust for power unchecked by any principle. Their published aims are not their real ones; they distort familiar words and ideas, as have our government in ceasing to call the squandering of public money 'spending' and describing it as 'investment'. They wage ceaseless propaganda, by all and any means. The 'rule of law' they create is one of repression, not liberty: all is forbidden unless permitted.

In the case of the European Union, we are to be governed by a few thousand unelected, unaccountable officials who cannot be sacked. They and the entire political elite, that is to say the President, The European Council, the Council of Ministers, the Commissioners, their President, the Members of the European Parliament, the European judiciary (who are political appointees), the European police (who have diplomatic immunity in pursuance of their duties), the managers of the European Central and Investment Banks, the fundamental rights watchdogs, and every single employee of the above, have a lifetime guarantee of immunity from prosecution in connection with their work. They are presided over by a supreme court, the European Court of Justice, composed of political appointees with a political agenda – to further ever closer union – some one-third of whom have never sat as judges in their own lands. They are endowed with the power to suspend the rule of law, effectively at will and for whatsoever purpose, without due process or challenge. As Bracton stated during the reign of Henry III, *"where will and not law bears rule there is no law."* The EU is a lawless state within Europe. Europhiles declare their ultimate success to be inevitable, when nothing could be further from the truth. What is done is done for the benefit of the legislators, and is repressive in proportion to their power.

The widespread trading now taking place, described as globalisation, is not new. Trading has been international for millennia. It is faster today than ever before, but that does not signal the end of the world. It is, in effect, a celebration of the freedom of men to spend what they earn as they themselves wish. Such freedom always threatens a comfortable status quo. The objective of the EU, and all such bodies, is to reduce that threat by knowing better than its peoples as to how they should spend their monies, and to limit choice by exclusion through the accretion of power via the misuse of law. Hence the endless stream of legislation, directives and regulations that pour from Brussels faster than a man can read, which remain largely unread by national Parliaments, and which are rammed on to us. We are victims of the fallacy of the infallibility of legislators, who, though drawn from the same allegedly inert masses they so despise,

are inexplicably endowed with mysteriously superior wisdoms not known to others. Such regimes often mature into totalitarian states. Then the cult of the indispensable man arises, despite the fact that the graveyards of the world are stuffed with them, and more are daily added to their number.

Funny how the sun still rises in the morning, isn't it? But then, as Mrs Thatcher said, it's a funny old world. Our EU membership is the stuff of farce.

1 Niccolo Machiavelli, *The Prince*, (1513) in which the use of unscrupulous statecraft is advocated.

2 Tomasso Campanella, *The City of the Sun,* (1623). Campanella was a Dominican Friar who survived 27 years incarceration and torture in the dungeons of Naples.

3 Michael Burleigh, *Earthly Powers: The Clash of Religion and the Politics in Europe, from the French Revolution to the Great War*, (Harper Collins, 2005) quotes Campanella's *The City of the Sun.*

4 Burleigh, op.cit..

5 Alexis de Tocqueville, *The Ancien Régime* and *The French Revolution.* For a further picture of pre-revolutionary France and French society, and to contrast it with that of England and the English see also Norman Scarfe and François de la Rochefoucauld, *A Frenchman's year in Suffolk 1784*; Arthur Young, *Travels in France and Italy during the years 1787, 1788 and 1789*; and Edmund Burke, *Reflections on the Revolution in France.*

6 Jean Bastiat, *The Law*, (1850).

7 Frederick von G Hayek, *The Road to Serfdom, (1944).*

8 Adam Smith, *The Theory of Moral Sentiments* (1759) and *The Wealth of Nations* (1776).

9 Mancur Olson, *Power and Prosperity,* (1946). The world's first complete theory of logic of money and power.

George Curtis served in the Royal Navy Volunteer Reserve and later went into industry in synthetic resins and scientific instruments. Mr Curtis has farmed since 1962.

Intelligence Digest

by John Laughland

EU tries to harmonise VAT

In an ongoing row about VAT rates, and in particular the abolition of preferential ones for certain industries, the Austrian presidency of the EU has suggested that the present low rate (5.5 per cent) enjoyed by some sectors with high labour costs should be extended to 2010. The special regime was supposed to have stopped at the end of 2005. But Austria has withdrawn its earlier suggestion that the catering sector should have preferential rates. This has angered restaurateurs, especially in France. Those who are in favour of reduced rates say that there is no reason to include them in a European harmonisation measure since their trade does not distort competition within the EU. Germany is pushing for the low rates to be abolished completely, especially since the new German government wants to increase the normal rate of VAT by three points to 19 per cent. [Philippe Ricard, *Le Monde*, 22 January 2006]

Eurosceptic MEPs to be silenced

The Socialist President of the European Parliament (elected to his post in spite of the fact that the Parliament has a centre-right majority) has proposed new rules of procedure following alleged outbursts by Members of the European Parliament. All the MEPs mentioned as having behaved in a disorderly way are right-wing and usually Eurosceptic. Josep Borrell, the President, has decided to act. The examples given in a report submitted for the Parliament's consideration include a demonstration by members of the League of Polish families, who had unfurled banners comparing the EU to a Stalinist regime, and a member of the Italian Northern League who heckled the Italian President, Carlo Azeglio Ciampi, when he spoke in Strasbourg. (Alessandro Mussolini responded by trying to cover his head in an Italian flag.) Oddly enough, no one seems to have minded when MEPs held up placards with *"Non!"* written on them during a speech by Jean-Marie Le Pen after the French National Front leader won the first round of the presidential election in 2002. The report proposes that MEPs be excluded if they break the new rules. During discussions on the report, the anti-corruption whistle-blower Hans Peter Martin made a number of protests which themselves would probably become illegal under the new regime, as did Francesco Speroni, another Eurosceptic, who sarcastically put down an amendment suggesting that unruly MEPs be sent *"to Guatánamo"*. [Pierre Avril, *Le Figaro*, 16 January 2006]

Yushchenko declares war on parliamentarians

Following the gas row between Ukraine and Russia, the Ukrainian President, Viktor Yushchenko, responded combatively to a vote expressing no confidence in his government, which the country's Parliament passed on 10 January. The President said that the Parliament's decision to dismiss the government was *"anti-constitutional"* and he demanded that the members of Parliament change their minds. He accused the Parliament of trying to destabilise the country. He insisted that the government led by Yuri Yekhanourov (who had been appointed to replace Yulia Timoshenko in September) remained in possession of *"full powers"* and that it would remain in office until the elections scheduled for 26 March. Yushchenko also withdrew his signature from the agreement he had concluded with his rival for the presidency, Viktor Yanukovich, after the fall of Timoshenko in September, saying that the Yanukovich people had failed to respect the agreement, according to which the two sides had agreed to work together for the stability of the country. The Yanukovich people had allied with Mrs Timoshenko in voting for the government to be dissolved, in protest at the agreement on gas prices concluded with Russia. Yushchenko says that the procedure is illegal since a no confidence motion can be passed only after it has been proposed by the President or by at least 150 members of the state Parliament. The dispute cannot presently be solved by the Constitutional Court, which does not have enough judges. Some deputies have started to talk about launching impeachment proceedings against President Yushchenko; the Parliament has said that it will institutionally disregard the letter from the President instructing it to revoke its no confidence vote, since the letter is not a legislative initiative. [Interfax, 16 January 2006]

Following the gas row with Russia, moreover, Ukraine has announced that it is to embark on its own nuclear enrichment programme with a view to establishing energy autonomy from Russia. This decision comes in the middle of the escalating row between Iran and the West (European Union and USA) about its own desire for a uranium enrichment programme. President Yushchenko said that his aim in introducing uranium enrichment was to make sure that the country was independent from energy imports within five years. Currently, Ukraine exports its uranium to Russia for enrichment. [Mathias Brüggmann, *Handelsblatt*, 16 January 2006]

Kaczynski suggests new elections

The ruling centre-right in Poland says that it does not have enough votes to push through important new laws in the Polish Parliament unless it agrees to form a coalition with the Eurosceptics in Andrzej Lepper's Self-Defence Party. Otherwise there will have to be new elections and an attempt to get a clearer parliamentary majority. The leader of the governing Law and Justice Party, Jaroslav Kaczynski (the brother of the President, Lech Kaczynski) has said that he prefers new elections to working with Lepper. The Law and Justice Party won 155 out of 460 seats in the new Parliament at the last legislative elections on 25 September. At the same time, however, Kaczynski is negotiating with Self-Defence and the Peasants' Party over a possible coalition. Opinion polls show that Law and Justice would get 39 per cent of the votes and that their liberal allies, who lost the presidential election, would get only 29 per cent. The smaller parties would also lose votes. Kaczynski said, *"Lepper as deputy Prime Minister would be no threat to the state."* The foreign party in Poland is, however, appalled at such a prospect and it says that Poland's image would suffer greatly: Lepper and his friends have been involved in countless demonstrations and he has many convictions as a result. [Reinhold Vetter, *Handelsblatt*, 16 January 2006] The *bien-pensant* European press has pre-emptively attacked the possibility of a coalition with Lepper, denouncing him as *"populist"* and *"nationalist"*. [*Le Monde*, 18 January 2006]. His entry into the Polish government would, however, be a major event since it would be the first time a truly Eurosceptic party became a member of a European government (with the partial exception of the Italian Northern League, some of whose leaders occasionally make anti-EU noises).

Journalists arrested, put on trial

On 17 January, the trial started in The Hague of two Croatian journalists accused of contempt of court for having revealed the identity of a protected witness in a trial that took place in 1997. On 15th January, Croatian police raided the house of another journalist, Domagoj Margetic, who had revealed the identity of another witness and who has published the testimony itself on his web site. The ICTY has issued an order that the web site, www.domagojmargetic.com, which is hosted in

the United States, be closed down. The witness in question is the current President of Croatia, Stipe Mesic, and his identity had already become a matter of public knowledge, admitted even by Mesic himself. The police had already arrested Margetic briefly on 9 January, when he was detained for several hours without access to a lawyer; during the course of his arrest, a scuffle had broken out with a one-legged war veteran, whom the police officers, acting without a warrant, had roughed up and pushed to the ground. The ICTY's behaviour towards the Croat journalists (who include among their number Josip Jovic, the former editor of the major national daily, *Slobodna Dalmacija*) is perhaps explained by the fact that all those indicted for contempt are themselves critical of the ICTY in their writings. Other media outlets and journalists who are friendly to the Tribunal but who have similarly revealed the identity of Mesic have not been indicted. [Own sources, *Agence France Presse, Croatian News Agency HINA*, various reports, 10 – 17 January 2006]

EU Ministers coordinate asylum policy

EU Interior Ministers meeting in Vienna on 13 January 2006 have decided to coordinate their approaches to asylum seekers. The problem of refugees shows little sign of letting up, since huge numbers are now arriving in Italy and Spain from North Africa. European centralisers are worried that different countries in the EU adopt different policies on the issue. So for instance Austria awarded political asylum to about 50 per cent of its asylum seekers, whereas Greece awarded asylum to only 0.3 per cent of its. Asylum seekers from Chechnya have a 90 per cent chance of being given political asylum in Austria but practically no chance at all of being accepted in neighbouring Slovakia. Naturally, such a state of affairs cannot be allowed to continue and so various calls have no been made for everyone to adopt the same policies. The French Interior Minister, Nicolas Sarkozy, said, *"If Europe is a major political project, then we should all make the same evaluation of human rights in other countries."* The 25 states therefore discussed drawing up a common list of countries from which they will or will not accept asylum seekers. The Italian Minister, Franco Frattini, proposed that there be a rapid reaction force of interpreters and medics for countries which are hit by sudden arrivals of large numbers of refugees: Italy is just such a country, the arrivals from North Africa having recently turned into a flood. A third proposal was for the EU as a whole to negotiate repatriation agreements, in place of the current system of bilateral accords between each Member State and third countries. [Thomas Ferenczi, *Le Monde*, 15 January 2006]

Merkel visits Washington and Moscow

The new German Chancellor, Angela Merkel, has paid visits to Washington and Moscow. She was elected on a programme of improving relations with the USA and cooling them with Russia: relations between Berlin and Moscow had blossomed under her predecessor, Gerhard Schröder, much to the annoyance of the Americans. On the occasion of her visit to the USA, she said that she wanted to improve *"both the quality and the substance"* of relations between Germany and America. Mrs Merkel's plan of renewing relations took a knock, however, shortly after she assumed power, because of the extremely bad publicity generated in Germany about the capture and rendition of a German citizen who was kept in custody in Afghanistan for five months, having been illegally detained and kidnapped by American forces in Macedonia. The man, of Lebanese origin, is now taking the CIA to court. Mrs Merkel tried to row back a little on her pro-Americanism by telling *Der Spiegel* that she thought the Guantánamo Bay detention centre ought to be eventually closed down. She also indicated that she would raise the matter with George Bush. Perhaps the clearest evidence of a rapprochement, however, is over Iran, where France, Germany and Britain are now lobbying for Tehran to be referred to the UN Security Council over its nuclear energy programme. Bad publicity has also been generated by the revelation that German secret agents in Iraq were helping the Americans bomb targets in Baghdad even as the government in Berlin was denouncing the war. The revelations are embarrassing to Mrs Merkel because the Social Democrats who were in power during the Iraq war are now in coalition with the Christian Democrats in the government which she leads.

Immediately after visiting Washington, Mrs Merkel went to Moscow. A lifetime member of the East German Communist Party who speaks fluent Russian, Mrs Merkel decided to give the Russian President a lesson in democracy. She emphasised her government's concerns over the situation in Chechnya, to which Mr Putin replied that he, too, was concerned with the abuse of human rights in Western countries, by which he meant the issue of CIA secret prisons in EU and NATO states. [*Pravda*, 17 January 2006] Mrs Merkel also discussed what she said was a decline in civil liberties in Russia itself. This hostility towards Russia is in harmony with what the American administration is saying, and it has been intensified in recent weeks as Moscow has proposed a solution to the looming crisis with Iran by offering to enrich Iran's uranium on its own territory. Mrs Merkel had prepared her trip to Moscow by saying that, while the relationship with Washington was one of friendship, the relationship with Moscow is *"a strategic partnership"* because there are fewer *"common values"* than with the Americans. [*Der Spiegel*, *Le Figaro*, 16 January 2006]

French family policy causes rise in birth rate

At 1.94 children per women, the birth rate in France is, with Ireland, the highest in the European Union. In 2005, 807,400 children were born, almost as many as in the record year of 2000. This is largely due to a number of tax measures which make life easier for parents. 83 per cent of French women with children have jobs. There are tax breaks for families: for instance, families can offset 50 per cent of their childcare costs against income tax. Moreover, the amount of taxable income for a family is reduced as the number of family members increases: the more children you have, the less of your income is taxable. A couple with one child, for instance, divides its taxable income by a factor of 2.5. The birth rate in Paris is especially high because there are so many crèches there, provided for by the state. This makes it easier for mothers to return to work after giving birth. From the age of three, children are sent to free schools which remain open until 6.15pm. [Holger Alich, *Handelsblatt*, 19 January 2006]

German government rejects spy enquiry

The coalition government in Berlin has decided that there should be no parliamentary enquiry into the presence of two German secret agents in Baghdad during the Iraq war. It has been alleged that they were giving information to the Americans about targets to bomb, at the same time as the government in Berlin was saying that the war was wrong. In particular, it has been alleged that the agents were the source of the information, transmitted to Washington on 7 April 2003, that Saddam Hussein was having lunch in a restaurant in the Mansur district of Baghdad. The restaurant (and much of the surrounding area) was promptly destroyed with a bunker-buster bomb, causing many casualties. The German Foreign Minister and the head of the *Bundesnachrichtendienst* have denied this charge and defended what the agents were doing in Iraq. The three governing parties (CDU, CSU and SPD) have said that they think the creation of such a committee is *"unnecessary"*. The German Foreign Minister, Frank-Walter Steinmeier, has said that the creation of such a committee will encourage anti-Americanism in Germany and opposition to NATO: he directed his

remarks especially to the FDP Liberals who are pushing for an enquiry. [Ansgar Graw & Carsten Fiedler, *Die Welt*, 21 January 2006] The head of the intelligence service, Ernst Uhrlau, denied that the agents had given any operational information about military targets to the Americans. The former Foreign Minister, Joschka Fischer, has defended keeping the agents in Baghdad, insisting that the government did not cross the line and end up helping the Americans' war effort. His former colleague, Jürgen Trittin, has also said that the then government did the right thing, since it would have been wrong, following the closure of the German embassy in Iraq, to rely on information coming only from the belligerent states. The Green Party, to which Fischer and Trittin belong, is however calling for a parliamentary enquiry, both into the activities of the agents in Iraq and also into rendition by the CIA in Europe. [*Die Welt*, 19 January 2006]

Russia agrees to take Miloševic

Russia has given guarantees to the International Criminal Tribunal for the former Yugoslavia that the former Yugoslav President, Slobodan Miloševic would return to The Hague if he is allowed to travel to Moscow for medical treatment, as he has requested. A spokesman for the Russian Foreign Ministry said that the relevant documents had been submitted to the ICTY but added that this did not mean that the ICTY judges would necessarily agree to Mr Miloševic's request for provisional release. The Prosecution has objected to the request, saying that Mr Miloševic's wife, brother and son live in Moscow and that this is the reason why he wants to go there. Miloševic filed his request on 12 December, saying that he would like to visit the Bakulev Cardiological Institute during the judges' winter vacation. The Prosecutors fear that, once out of captivity, Miloševic will remain in Russia on the pretext of poor health. [*Itar-Tass*, 18 January 2006]

Chirac changes nuclear strategy

The French President, Jacques Chirac, has said that France could attack targets with its nuclear weapons if her vital interests are at stake. He included in *"threats to our vital interests"* possible aggressions by states *"who resort to terrorism"* or regional powers with weapons of mass destruction. He also said that, in a world of interdependence, France's vital interests were not only the protection of her own sovereignty, etc., but also that of her allies. He said that, as the commander in chief of the French armed forces, he would consider using the nuclear option in the event of *"an attack, a threat or blackmail"*. This represents a substantial change to France's previous nuclear strategy, which had been purely dissuasive and defensive. The new language which he has used now would seem to indicate that France was ready to attack a country which it thought was threatening the world, or a regional power which had nuclear weapons. His speech seemed, in other words, to be preparing France for an alignment with the United States if there were ever an attack on Iran. Chirac said that it was obvious that the nuclear bomb could not be used against terrorist fanatics. But he said that states which used terrorism or *"which envisaged using weapons of mass destruction in one way or another"* should be aware that France would respond *"firmly"*. He said that if a regional power was considered a threat, strikes could be carried out against *"the centres of power"* and against the country's capacity to act. These words, too, seemed to chime in with American thinking about strikes against Iran. Chirac also said that he thought that reflection ought to be deepened on an EU military policy. [Philippe Goulliaud, *Le Figaro*, 20 January 2006]

Jam tomorrow – or in 2010

The French Prime Minister, Dominique de Villepin, has promised the European Commission that France will balance its budget … by 2010. By that date he hopes that total state debt will be brought back to 60 per cent of GDP, as the Stability Pact requires. It is expected to rise to 66 per cent in 2006 (having been 65.8 per cent in 2005) and he has said that he will present *"a national undertaking to reduce debt"* to the French Parliament in June. He said that increased tax receipts generated by any return to growth would be directed towards this programme of debt reduction. Meanwhile the tax cuts planned for 2007 will be the last for a while: there will be no further cuts until the debt reduction programme is realised. De Villepin says that the 2007 tax reductions will put France on the same level as other European countries and that there is no need to go any further. By the same token, though, there will be no further increase in social security payments, since the government recognises that these may impede growth and employment. One of the perennial problems of the French budget is the social security system, which is permanently in deficit. The government has said that it wants to rectify this by 2009 but without raising the *Contribution sociale généralisée*, the principal social security tax. The predictions of the French government that it will bring the deficit down to 2.9 per cent of GDP in 2006, 1 per cent in 2009 and 0 per cent in 2010 are based on growth rates of 2.25 per cent a year. But the Commission doubts that this is realistic and does not even think that France will meet its target of getting the deficit down to 3 per cent for 2005. They are therefore continuing to think about whether to launch an excessive deficit procedure against France. [Joël Morio, *Le Monde*, 12 January 2006]

Denmark allies with Austria against ECJ

The Danish Prime Minister, Anders Fogh Rasmussen, has said that he supports the Austrian Chancellor and President in Office of the European Council, Wolfgang Schüssel, in the latter's campaign to clip the wings of the European Court of Justice. Rasmussen says that the ECJ has *"arrogated too many powers to itself"* and he has said that he wants to see this issue dealt with in the discussions on what to do with the defunct European Constitution in order that, in future, European cooperation *"be based on democratic decisions"* and not on rulings by the ECJ. Schüssel has attacked the ECJ for ruling that the German army had to recruit women and for saying that Germans had to have free access to Austrian universities, two very contentious issues in the respective countries. The Austrian Chancellor asked why the Court did not apply the principle of subsidiarity in these cases. The Danish beef with the ECJ dates from a decision on 13 September 2005 in which the ECJ ruled, against the Council, that the Commission has the right to propose penalties for non-respect of European directives. This enabled the Commission to veto a proposed law on the environment which Denmark had proposed and which eleven Member States supported. A French MEP, Patrick Louis, denounced the *"insidious method"* by which the Commission, in spite of the treaties in force, had obtained from the Court *"nothing less than the transfer of competences in penal legislation to itself."* [*Le Monde*, 12 January 2006]

German judge attacks Strasbourg court

The President of the Federal Constitutional Court in Germany, Hans-Jürgen Papier, has said that he does not want the European Court of Human Rights in Strasbourg to involve itself *"too much"* in individual national cases. He said that the role of the Strasbourg court is mainly to regulate violations of specific constitutional rights and not the simple legality of court decisions. In Germany the European Convention on Human Rights has the status of a federal law but Strasbourg is required to respect the sovereignty of the German Constitution. President Papier has said that Strasbourg must therefore take into full account any rulings by German courts on cases on which it is asked to rule. He was referring to a 2004 ruling concerning visitation rights for the illegitimate son of a Turk living in Germany. By invoking German

sovereignty, the judges in Karlsruhe had agreed to implement the Strasbourg ruling on this only with certain reservations. [*Die Welt*, 21 January 2006]

France tries to persuade partners to go nuclear

The French government has presented a plan to its European partners in an attempt to persuade them of the virtues of nuclear power. Although nuclear power provides 80 per cent of France's electricity, making that country the clear leader in Europe, nuclear power remains controversial in other countries. The previous German government, for instance, decided to close down all the country's nuclear installations by 2020. The French economics minister, Thierry Breton, has suggested that the EU spend more money on developing future forms of nuclear energy. The French energy document also suggests that the development of biocarburants be encouraged and that the EU legislate in favour of renewable energy sources. The United Kingdom has traditionally been hostile towards any increase of EU powers over energy policy but the latest developments in the gas row between Ukraine and Russia, together with the general rise in the price of oil and the exhaustion of North Sea reserves, means that this attitude might start to change. [Philippe Ricard, *Le Monde*, 21 January 2006]

Germany forced to give foreigners more rights

The European Commission has announced that it will be taking legal measures against Germany for failure to implement a directive which requires Member States to give more rights to foreigners. The law concerns foreigners who are legally resident in an EU Member State, and it requires the states to give them nearly the same rights as nationals if they have been residents for five years or more. So far only five states (Lithuania, Austria, Poland, Slovenia and Slovakia) have implemented the directive. [*Handelsblatt*, 20 January 2006]

Council of Europe condemns CIA

Dick Marty, the special rapporteur appointed by the Council of Europe to examine whether the CIA had been kidnapping people for rendition, has said in his report that the Agency had indeed committed crimes in Europe. But he has also attacked European secret services for their role in the affair. He said that there was *"no doubt"* that crimes had been committed and that the Americans were systematically committing violations of human rights in their war on terror. He cited the notorious case of the Egyptian cleric, Abu Omar, who was captured in Milan and sent to Egypt via Germany. (The Italian authorities have issued arrest warrants for 25 CIA agents involved in the kidnapping.) Marty said that suspects had often been kidnapped in Europe for the purposes of rendition (i.e. interrogation, often under torture) and that the total number of cases in Europe was up to 150. Marty said that he was not attacking the Americans for political reasons, and he said that he was especially shocked by the silent complicity of the European secret services. He said that the European agencies had either known what was happening or were active accomplices of the Americans. Marty said that European states now had to come clean and state clearly whether they were going to continue tolerating the illegal activities of the American secret services. He said that he personally thought that such state-sponsored illegality was wrong but insisted that at least no one could now claim that they did not know what was happening. [*Handelsblatt*, 13 January 2006]

Italian President refuses to go to Austria

The President of the Italian Republic, Carlo Azeglio Ciampi, has announced that he will not undertake a state visit to Austria. The decision is being understood as a protest against the proposed new Austrian Constitution which is to include in its preamble a reference to Austria's *"protective role"* towards the Alto Adige, the Northern Italian region which Germans calls South Tyrol and which is indeed partly populated by German speakers. The Italian Foreign Ministry and presidential administration have said they cannot understand this choice of words. Diplomats say that the cancellation of the state visit is not exactly a cancellation, since the final touches had not yet been put on a visit which had been slated for 2 - 3 March, and the official reason for the decision not to go ahead with the visit is that Italy is holding elections on 9 April. But diplomats in Vienna are embarrassed that what would have been Ciampi's last state visit has thus fallen through, even though their official line is that the details of the visit could not be finally agreed. [*Der Standard*, 22 January 2006; *Corriere della sera*, 21 January 2006]

Royal candidate

Prince Emanuele Filiberto of Savoy, the grandson of the last king of Italy, Umberto II, has announced his desire to enter Italian politics. He says that he wants to stand as a candidate for the Italian Parliament in the elections on 9 April. The Prince, 33, was allowed to visit Italy only in 2003 after the post-war ban on male descendants of the king visiting Italy was lifted. Last year, the Prince founded a cultural movement called *Values and Future* but it now appears that he wants to transform this into a political force. The Prince has also said that he wants to reclaim the throne if the monarchy were ever restored. [*Corriere della sera*, 20 January 2006]

Georgian revolutionaries fall out

As in Ukraine, the politicians who led the 'rose revolution' in Georgia in November 2003 have long since fallen out with each other. The former Foreign Minister, Salome Surabishvili, who was born in France, has denounced her fellow rose revolutionaries and said that Georgians were convinced that the power they had won in the 'revolution' had now been usurped by a new clique of politicians. She said that she would re-enter politics and claimed that opinion polls put her in second place. Georgia's economic situation has gone from bad to worse since the putsch in November brought down the previous President, Edward Shevardnadze, and since Mikheil Saakashvili won the subsequent elections with over 96 per cent of the vote. There is effectively no economic activity any more in Georgia and it has become one of the poorest countries in Europe. [*Der Standard*, 23 January 2006]

Russians allege British spies funded NGOs

Russia's federal security service, the FSB, has said that British spies posing as diplomats have been secretly funding political pressure groups in the country. The spokesman for the FSB said that the second secretary in the British embassy, Mark Doe, was an MI6 agent and that he had been funding anti-government political activists with money from the Foreign Office's Global Opportunities Fund. Russian television broadcast a programme showing how the spies used a secret transmitter hidden in a fake rock in a Moscow street to contact their agents in the non-governmental organisations they were secretly funding, and he said that the authorities would look carefully at how the money was spent. [*Itar-Tass News Agency*, 23 January 2006]

Rugova dies

The President of Kosovo, Ibrahim Rugova, has died just a few days before negotiations were due to open on the final status of the Serbian province which has been occupied by NATO-EU troops and administered by the United Nations since June 1999. Rugova had been an advocate of non-violence but was sidelined during the American-led attack on Yugoslavia in favour of the paramilitary guerrillas of the Kosovo Liberation Army. The province has wallowed in poverty and corruption since 1999 and the fear now is that the hard men from the KLA will once again take power.

The Relentless March

Since the end of the Second World War, the European Union and its predecessors, have, to the detriment of the national sovereignty of its Member States, been mapping out the road to a federalist, politically integrated organisation. Here is a look back at some of the major events that occurred during the month of ***February*** *over the past 60 years.*

1951 Belgium, France, Italy, Luxembourg and Germany attend a meeting in Paris, alongside six observer countries (USA, Canada, Denmark, Norway, the United Kingdom and the Netherlands), with the view to create a European Community of Defence.

1953 The Common Market for coal and iron ore is set into place, with the original Six removing custom duties and quantitative restrictions on these raw materials.

1958 EC Member States set into place a harmonised tariff for coal and steel.

1961 A Summit is held in Paris between the original Six with the goal of developing methods by which closer political co-operation could be organised.

1962 The rules of procedure of the European Social Fund (ESF) agreed by the Council.

1963 *Van Gend en Loos* ruling by the European Court of Justice: defined the principle of direct effect. The ruling specified that the Community constitutes a new legal order for the benefit of which Member States have consented to a restriction of their sovereign rights.

1967 The Council of Ministers decides to harmonise indirect taxes in the Community; adopt the principle of the value added tax system; and approve the first medium-term economic policy programme. These define and fix the aims of the economic policy of the Community for the following years.

1971 The European Parliament adopts a resolution on the Commission report on the stage reached in implementing Council Directives concerning the achievement of freedom of establishment and freedom to supply services, which stresses that Member States should implement directives and the Commission should supervise their proper application.

1973 The European Confederation of Trade Unions is set up.

1974 Council formally recognises the right of the Economic and Social Committee (ESC) to issue opinions on it own initiative and to publish its own opinions.

1975 The Community signs the first Lomé Convention with 46 underdeveloped countries in Africa, the Caribbean and the Pacific (the ACP states).

1976 Greece's application for Community membership accepted.

1978 Negotiations open with Yugoslavia for a cooperation agreement to replace the expiring trade agreement.

1979 Community opens accession negotiations with Spain.

The Council formally adopts the guidelines for the Community regional policy. The European Regional Development Fund (ERDF) is established.

Cassis de Dijon ruling: The European Court of Justice decrees that a product sold lawfully in one Member State may not be prohibited in another Member State except on public health grounds. This established the principle of mutual recognition.

1980 Following a consultative referendum, Greenland opts for withdrawal from the Community.

1984 By a large majority, the European Parliament approves the Draft Treaty Establishing the European Union.

1985 Greenland leaves the Community but remains associated with it as an overseas territory.

1986 The Single European Act, which modified the Treaty of Rome, is signed in Luxembourg and The Hague.

1988 European Council is held in Brussels, which reaches an agreement on all conclusions relating to 'The Single Act: A new frontier for Europe' dossier.

A special European Council meeting at Brussels agrees to increase and widen the Community's budgetary base, including the reduction of CAP expenditure and the doubling of regional and social funds.

1989 *Cowan* ruling by the European Court of Justice: ruled on the principle of non-discrimination based on nationality and held that the national compensation funds should not discriminate between different nationals of the Union.

1990 The Commission meets for the 1000th time.

1992 The Treaty on the European Union signed in Maastricht by the Foreign and Finance Ministers of the Member States.

1993 Negotiations on accession of Austria, Finland and Sweden open in Brussels. Agreement on trade-related matters signed with Romania.

1996 Interim agreements with Russia and Ukraine enter into force.

1998 Agreements between the EU and Estonia, Latvia and Lithuania enter into force.

1999 Agreement between the EU and Slovenia enters into force.

2000 Intergovernmental Conference on institutional reform opens in Brussels.

2001 The Treaty of Nice is signed amending the Treaty on European Union and the Treaties establishing the European Communities.

2002 The euro becomes the sole currency within the twelve participating Member States, as the period of dual circulation comes to an end.

The opening session of the Convention on the Future of Europe is held in Brussels.

2003 The Treaty of Nice enters into force.

2005 Association Agreement between the EU and Croatia enters into force.

Spain becomes the first Member State to hold a referendum on the European Constitution.

BOOK REVIEWS

Resolving the European Crisis: Perspectives on the future of the European Union

Edited by **Paul Jervis**, Middlesex University Press, 2005, pp. 136, ISBN 1-904750-50-8, £9.99

Reviewed by Jocelyne Saunders

Resolving the European Crisis is an interesting mix of essays, which discuss various aspects of the European Union. If you are an ardent Eurosceptic and find any kind of pro-EU jargon deeply offensive, this book will probably not be to your taste. But if you enjoy a lively debate on the Union, with a range of opinions and recommendations for the future, then *Resolving the European Crisis* may be just your kettle of 'CFP fish'. Far from being just another EU bashing rant, this book propounds varying degrees of Euroscepticism, some of which are more virulent than others.

This should not come as a shock if one has endeavoured to read the list of contributors. Among familiar names such as Lord Pearson, Ruth Lea, David Heathcoat-Amory and John Redwood come the more dubious figures of Chris Bryant, Chris Huhne and John Palmer. I found that the inclusion of these chapters gave the book more credibility, as the differing opinions gave it more diversity. Indeed, this seems to be its goal, as stated by Paul Jervis in the introduction: "*The aim is to offer a broad and diverse range of views about key issues and not to campaign either for or against a particular view of Europe … effort has been made to include as many different and diverse views as possible.*"

However, one critical observation is that the book does not quite achieve its intentions in terms of covering 'key issues'. As important as it is, especially in terms of recent developments, the EU Constitution seems to be the main focus of the majority of the essays. In some cases this is excusable; David Heathcoat-Amory is perhaps the most respected authority on the topic in the UK and it is only logical that he should tackle the accursed document. Having read the introduction, however, I fear other reasons for the book's rather limited scope are at play. The idea for *Resolving the European Crisis* was actually developed in early 2005 before the French and Dutch had voted 'No' to the EU Constitution. Jervis admits that the book was conceived as a *"guide to the Constitution that could inform debate in the UK in the run-up to its referendum."* Although Jervis claims that the authors were invited to address the *"future for the European Union,"* I suspect that a number of essays had already been written based on the books original premise, the Constitution, and that they were simply added to in order to comply with the new, post-referenda focus on the more general 'European Crisis'.

This criticism should not be taken too heavily, however. I found that *Resolving the European Crisis* discussed the Constitutional Treaty in a lively and interesting way. Of especial interest was the chapter by Caroline Lucas, who has been an MEP for the Green Party since 1999. Her chapter, 'A Green No to the Constitution' offers a fresh range of issues to consider when arguing against the proposed Treaty. As one who is deeply concerned about environmental issues facing our world, the way in which Lucas brings to light the environmental drawbacks of the Constitution is truly absorbing. Lucas is also opposed to an EU Foreign Minister, as are many of us, but she holds differing philosophical reasons for this. She believes the EU should try other avenues of negotiation as opposed to relying so heavily on military capability. Instead, the EU should attempt to resolve disputes through diplomacy and by organising multilateral defensive or peacekeeping expeditions. However seemingly unrealistic this may seem, I found that Lucas's contribution was something of an oasis of peace in a desert of angst.

As expected, the 'usual suspects' came up trumps. But what I really enjoyed about reading their essays was the fact that they were all relatively brief, meaning it was fairly easy to actually grasp the fundamentals of the varying arguments and what each author sees as the best course of action. The fact that the essays are published in one volume also makes it easy to compare and contrast each argument and recommendation. In this way, *Resolving the European Crisis* is a useful book for conveying the opinions of some of the leading Eurosceptics of the day, but without the lengthy read that is so often involved with this issue.

Dan Hannan, MEP, amusingly begins his contribution by writing, *"Essays of this kind often begin by asking, 'What kind of Europe do we want?' For all I know, some of the contributions to this very collection might do so."* I write 'amusingly' because that is just what a fair few of the ensuing papers indeed do. Alternatively, Hannan, in his lateral way, seeks to ask a series of new, bolder questions such as *"given that the EU is set on political integration, what kind of relationship ought Britain to have with it?"* and *"Should we be asking not, 'What kind of Europe do we want?' but 'What kind of Britain do we want?'"* Hannan is known for his extensive investigation into the European Free Trade Area and does not fail to disappoint in his thorough discussion of it here. Not only does he argue the case for an EFTA-type association, via the economic successes of its four members, he also presents statistics from areas such as Greenland and the Channel Islands, giving an intriguing look as to why, in Hannan's opinion, Britain will leave the EU.

Mr Huhne should review his phantasmagorical opinion of the EU, as epitomised in the title to his essay, 'The Paradox of an Unloved Success'

For some light-hearted amusement, it is fun to read the flailing arguments of Bryant, Huhne and Palmer. I think my favourite quote in the book comes from Chris Huhne, when he criticises the likes of our Eurosceptic MPs for their highly commendable speeches in Parliament stating, *"there is a noxious unreliability in many of the debates in the House of Commons where anti-European MP's appear to live in a fantasy world."* Before criticising others, perhaps Mr Huhne should review his phantasmagorical opinion of the EU, as epitomised in the title to his essay, 'The Paradox of an Unloved Success'.

In light of his position as former editor of *The Guardian,* I had no illusions as to what position John Palmer's article would take. Indeed after a cursory criticism of the Constitutional Treaty in its present form, Palmer quickly proceeds to promote various provisions in the document that would have *"allowed modest but valuable steps to be taken to strengthen democratic accountability."* He also pays tribute to one of the more subversive aspects of the Constitution, the Charter of Fundamental Rights, claiming that, *"it gave new legal rights to all citizens."* Whilst this is undoubtedly true, it appears as though Palmer has not given a seconds thought to what these new laws are and how they may affect the citizens themselves.

In a nutshell, *Resolving the European Crisis* does not offer any groundbreaking solutions to the trickier problems that plague the EU. Instead, it remains within the confines of issues which have been addressed a number of times before. However, the problems that the book does ponder are done so very thoroughly. Furthermore, in light of the recent chorus of calls for the revival of the Constitution, *Resolving the European Crisis* may yet come into its own.

Jocelyne Saunders is Head of Research at the European Foundation.

The United States of Europe: The New Superpower and the End of American Supremacy

By **T.R. Reid**, Penguin Books, 2004, pp. 305, ISBN 1-59420-033-5, £8.99

Reviewed by Sara Rainwater

As an American born (and bred) editor of a Eurosceptic journal who happens to have a Masters from the London School of Economics in European Union Studies, I approach Reid's book from a unique perspective. On the one hand, I approach it as a patriotic American who is intrigued by what lies behind the book's sub-title, *The New Superpower and the End of American Supremacy*. On the other, having long been a convert to the Eurorealist camp in this country and having studied the fallacies of the EU for several years, I also approach the book as an 'honourary Brit'.

It was while wearing these two hats that I delved into T.R. Reid's book. As I assumed, the prologue reads like it should be in a beginner's guide to EU politics. I turned each page, though, reminding myself that the book was initially intended for an American audience. Indeed, most of my fellow countrymen actually don't know much about the EU at all. My perhaps unfair generalisation of Americans is probably why the book has been touted by the publisher on the question, *"How did Europe become a superpower while America wasn't paying attention?"*

For a man well versed in European politics (Reid is a former head of the *Washington Post's* London office), he does an excellent job of conveying his message to those who may know little or nothing about the European Union. He is able to explain very complex issues in a manageable fashion. But what is his message exactly? Surely one would guess from the title that it is about how the EU has become a formidable force in both the economic and political arenas. However, Reid's message goes beyond just a simple overview of integration. He looks into moral, emotional and cultural differences between American and European citizens, which transpose themselves onto the political and economic relationships connecting the two.

"What really annoys the Europeans is that this nation perceived to be ignorant of the rest of the world has the wealth and power to dominate much of it."

Anti-Americanism, Reid explains, is running rampant across the continent. But he describes the transatlantic relationship as one of 'love-hate'. Anti-Americanism amongst the general public in Europe is now extremely stylish, with most associating Americans with laziness, ignorance and insularity. However, Reid stresses that Europeans indeed still love most things American, i.e. its culture – its fashion, its soft drinks, its TV shows, its music, etc. The dichotomy between these seemingly polar opposite reactions to America, Reid believes, is because *"What really annoys the Europeans is that this nation perceived to be ignorant of the rest of the world has the wealth and power to dominate much of it."*

In politics, the *"continental drift"* is growing wider as the European Union grows stronger on the world stage. While the US received an initial outpouring of goodwill from its European allies after 9/11, disagreement over such issues as trade policy and, in particular, the Iraq War have further strained an already weakened transatlantic relationship. This, Reid explains, is a *"geopolitical application of Newton's Third Law"*: the actions that have divided this relationship have created an equal and opposite reaction – Europeans are now looking further inward, determined to build a superpower of their own to counterbalance the mighty USA.

And this is what Reid says most Americans have been ignoring for the past 60 years: the sheer willpower, ingenuity and entrepreneurship deeply instilled in the hearts of Euro-integrationists. Americans have been asleep at the wheel and now face crashing directly into the continental behemoth that is the EU.

The rise of the EU, however, has not happened under the cover of darkness, but instead in full light for all to see. Indeed, America itself has been a major adherent of the EU in its present and former forms, with administration after administration in Washington supporting deeper integration measures.

Since the immediate post-war period, the US has backed European integration through various means, especially via Marshall Plan aid which pumped billions into devastated European economies. For the US, European integration was a) an easy way to keep the continentals from bickering with one another and b) more importantly, an arm of America's containment policy against the Soviets during the Cold War. This is an issue Reid picks up on, calling America's support for integration *"sheer*

realpolitik". It becomes obvious that he follows the school of thought that believes the US was a, if not *the*, major impetus behind post-war European integration (a school also followed by Professor Geir Lundestad and myself). He is quick to point out, though, that this is a fact many Europeans *"choose not to remember today."*

Reid is able to get through 60 years of history in a mere 36 pages, which is an amazing feat. He skims over some major points, though. For instance he goes from the Schuman Plan of 1950 to the signing of the Treaty of Rome in 1957 in a few paragraphs, thus omitting half a decade of significant developments; the CAP receives only brief mention, most of which is in the form of a footnote at the end of the book. But he brings you right up to date, even managing to include the story of 'Metric Martyr' Steve Thoburn and the place of Euroscepticism in today's EU.

Reid is also a brilliant storyteller. Throughout *The United States of Europe,* he recalls remarkable achievements and breathtaking failures from both sides of the Atlantic. One of the most astounding tales is that of modern day cowboy, Jack Welch, who after postponing his own retirement as CEO of General Electric managed to botch the biggest industrial merger the world had ever seen. (Well, almost saw.) Reid dedicates an entire chapter to Welch and his demise at the hands of the EU's 'anti-trust czar', Mario Monti. The GE debacle serves as a poster child for the 'company who got it terribly wrong'. It should also serve as a stern warning to all American companies that the EU is here to play hardball and it means business.

In the chapter entitled *L'Europe Qui Gagne,* Reid gives more examples of the economic might that is radiating from the united Europe. Company after company, he explains, are not 'American', as the brand name suggests, but instead now owned part or wholly by European conglomerates (famed American brands such as Snapple, Ben & Jerry's and even the LA Dodgers for instance). He cites Airbus, which has now surpassed American giant Boeing as the world's leading aeronautics manufacturer. This, he says, is a direct result of government intervention and *"the corporate embodiment of a basic EU philosophy: the counterweight theory."*

With only my 'American' glasses on, I cannot deny Reid's examples – Airbus is now bigger than Boeing; the EU holds the economic potential to surpass the Americans completely. As an American obviously concerned with the economic prowess of my own country, this scares me. With my 'Eurosceptic' glasses on, however, it scares me even more. The control that the EU now holds, not only over its own Member States but also over countries throughout the world, is seriously worrying.

> While I was checking the price of the book in British pounds (I originally bought the book in the Chicago airport, obviously in US dollars), I ran across something rather interesting. Reid's publisher, Penguin Books, ingeniously re-branded the book for European audiences in order to sell more copies here. The stark white cover, with the full title in black and red type, was changed to a baby blue cover with a picture of a steaming cappuccino on it. What the significance of the cappuccino is, I'm not sure. But what I do know is why the sub-title was changed. It went from *The New Superpower and the End of American Supremacy* to *The Superpower Nobody Talks About – from the Euro to Eurovision.* What a great attempt at trying not to scare off a European audience. Penguin has a very clever marketing department.

Overall, Reid's ability to distinguish between 'EU success' and just plain old 'success' is a bit hazy

I find fault with some of Reid's other examples, namely, that of Austrian entrepreneur Dietrich Mateschitz, who revolutionised the beverage industry when he introduced Red Bull in the late 1980s. Reid equates Mateschitz's success with the Common Market, but it seems more likely that Red Bull is just your classic case of a man with a very, very good idea. Overall, Reid's ability to distinguish between 'EU success' and just plain old 'success' is a bit hazy.

As much as I loathe the common currency, I have to admit that Reid's detailed account of the euro in a chapter entitled *The Almighty Undollar* is excellent. His comments on the bickering that took place over the naming of the common currency, and the battle between Italy and Brussels over the correct plural form of 'euro', eloquently sum up the farcical nature of the EU.

On a final note, Reid believes the European Social model, which is often seen as the most extravagant form of the welfare state by many Americans, has helped form a unique European identity. This is compounded by 'Generation E' – the young adults of Europe who have, for the most part, only ever known a continent free of internal borders and who are creating a *"unified European society of their own."* Reid's analysis here is weak, as the technological revolution itself has created a virtual world with not a border in sight. Regarding the European welfare system, it is in a dire state in some places, as visible through the NHS in the United Kingdom. These two examples expose a theme that runs through the entire book: Reid often comes across as slightly naïve in his outlook. While he clearly grasps some of the more major issues, such as the capability gap that exists between US and European militaries, it is the smaller, more personal issues that make him sound, well, just like your stereotypical American.

At the end of the day, *The United States of Europe* is about European integration – a basic explanation of its origins; its organisation and institutions; its major policies; and its rise to counter American power both on the economic and political fronts. Reid is concerned about the economic threats the EU poses to his own country. Moreover, he is concerned about the danger America poses to itself, if it continues to ignore the European Union.

This *New York Times* bestseller fills a gap in the American market and I admire Reid's attempt to educate the American masses about the EU. Regardless of its faults (of which I think there are many), this book is sharp, concise and should ring alarm bells throughout America. It will still be recommended as an 'EU for Dummies' guide to my friends and family back home who can't seem to figure out exactly what I do for a living in London.

It's time to wake up, America, or be left far, far behind.

Sara Rainwater is Editor of the European Journal.

>>> INVESTIGATING >>> INVESTIGATING >>> INVESTIGATING >>>

DIRECTIVE 2003/10/EC

Noise at Work Directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (noise)

Date passed:	6 February 2003
Compliance date:	15 February 2006
Objective:	To ensure the health and safety of individual workers by lowering the exposure of workers to the risks arising from physical agents (noise), which will repeal Directive 86/188/EEC.
Scope:	Applies to activities in which workers are or are likely to be exposed to the risks from noise as a result of their work.

Definition:
The Directive tightens the legal requirements in relation to noise by setting the lower action value at 80 dB(A) and the upper at 85 dB(A). Under previous regulations, the levels were 85 and 90 dB(A) respectively. The action values in the Directive are for 8 hours of exposure or equivalent. The Directive also introduces scope, in certain circumstances, for a weekly, rather than daily, calculation of sound exposure levels.

Exclusions:
The music and entertainment industries have a two-year transitional period from 15 February 2006 to comply with the Directive. There is also an additional period of five years from 15 February 2006 with regard to limit values for personnel on board seagoing vessels. Those industries covered by a transitional period must continue to comply with existing Noise at Work regulations.

Enforcement:
Employers should attempt to lower the overall noise levels in the workplace to conform to the Directive. If noise levels cannot be limited, then the employer is responsible for ensuring that all workers have access to properly fitting individual hearing protectors, which will lower exposure to dangerous noise levels; ensuring the effectiveness of said devices; and ensuring that all workers comply with wearing such protectors. If such measures fail to limit exposure, the employer should take immediate action to reduce noise levels; identify why levels have been breached; and amend prevention measures to ensure the Directive is properly applied in the workplace. Workers whose exposure exceeds the maximum levels of this Directive have the right to hearing tests administered by a qualified professional, in accordance with national law and/or practice.

Monitoring:
Employers should possess an up-to-date risk assessment and be able to prove which measures have been taken in order to comply with the Directive. This information must be properly recorded and maintained.

Member States must relay all available information on the practical application of the Directive to the Commission every five years, which should include advice and/or suggestions from both sides of industry.

Based on Member State reports, the Commission is responsible for an overall assessment of Directive implementation in Member States, taking special consideration of the Directive's implications on the music and entertainment industries.

Current status:
The Directive must be transposed by 15 February 2006. In the United Kingdom, the Government has chosen a common commencement date of 6 April 2006 for national implementing legislation to take effect. When new UK regulations are introduced on 6 April 2006, they will repeal the existing UK Noise at Work Regulations.

Issues surrounding the Directive:
The original 'Framework' Directive, Council Directive 89/391/EEC, introduced general measures to encourage improvements in the safety and health of workers. The 2003 Noise at Work Directive is a 'daughter' Directive of this Framework Directive and builds on its requirements by introducing specific measures relating to minimum safety and health requirements for workers likely to be exposed to noise at work. This Directive was the second step in a EU decision to protect workers against excessive exposure to physical vibrations in the workplace (Directive 2002/44/EC passed on 25 June 2002 was the first). Both Directives are intended not only to ensure the health and safety of each worker on an individual basis, but also to create a minimum basis of protection for all Community workers in order to avoid possible distortions of competition.

The UK Government's Regulatory Impact Assessment of June 2005 gives a summary of the costs of implementing the Directive in the UK. It is estimated that the total cost to UK employers could reach up to £202.6 million in the first year, with figures reaching as high as £676.3 million over ten years. The cost to a typical business [defined as one which employs 17 workers, three of whom are exposed to noise between 80 and 85 dB(A) and two exposed to noise between 85 and 90 dB(A)] was figured to be between £278 and £441 in the first year and up to £1,553 over ten years.

In a 2004 article in *The Guardian,* Martin Kettle called the impact of this Directive on orchestral music, in particular, a *"quiet revolution"*. While Kettle fully understands the reasoning behind the Directive (he acknowledges that *"Deafness is the single most common occupational disease in the EU"),* he notes that orchestras and major concert venues throughout Europe were unsure of how the Directive would impact their own industry. He cites Colin Paris, a double bass player and vice chairman of the London Symphony Orchestra, who said, *"The implications are huge."* The Noise at Work Directive has the potential to change the face of concerts completely, with the only compensation being the two-year grace period for this industry. Kettle says, *"It's enough to drive a man to commit Euroscepticism."*

For the full text of DIRECTIVE 2003/10/EC, go to:
http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_042/l_04220030215en00380044.pdf

If you have comments or queries regarding this Directive or would like to see a particular Directive investigated, please contact the Editor.

LETTERS TO THE EDITOR

From Mr C. Francis Warren

Dear Madam,

Marc Glendening's linguistic anatomising of EU deceit '*Post-Modernism and the Silent Revolution*' is seminal (*European Journal* Nov/Dec 2005). The need for its warnings was illustrated so well by the specious performances of the MacShane/Vaz duo (3rd European Reform Forum Session pp 29-34).

Glendening had already taken us behind their spurious façade. Indeed, he had clinched his accusations of EU deception by encapsulating the EU process of secrecy and control in a unique quotation 'of sublime candour' from the Brussels circle itself: "*Europe's power … operates through the shell of traditional [i.e. national] structures*" (p.10).

However, his remedy of referenda will be difficult to achieve in the short term. Practicality demands we must, following on his linguistic perceptions, immediately and consistently show the public how the abuse of specific key words is surreptitiously undermining our democracy – summarised in the Confician axiom: "*When words lose their meaning men lose their liberty.*"

Orwellian New Speak, on the back of post-modern obfuscatory relativism, creates in Glendening's words 'a wilderness of mirrors around the central issue of where power is located' (p. 9). This vocabulary is extensive and varied but two elements are basic.

First there is the Eurocrats' con trick of identifying the EU construct with geographical and cultural *Europe.* This is obviously a crucial distinction, but one which is being ever more blurred through reiteration by both politicians and media.

Second, and more complex, is that ubiquitous deceitful construct on which all the others depend. This is the term '*shared sovereignty*' – often used even by Eurosceptics! It is by definition a nonsense. A sovereign state can indeed share its *power,* but because it is sovereign it can reclaim that power at any time (e.g. as a member of NATO). But if (as in the EU with its unalterable *acquis communautaire)* it gives away any of its powers *irrevocably* it is, by definition, no longer sovereign.

This façade of 'shared sovereignty' continues most deceitfully with Europhiliac praise for that chameleon 'subsidiarity' in the attempted Constitution. But the process there requires that any country's suggestion for change needs the support of at least 1/3 of the rest, while the final decision is made *unilaterally* by the Commission! (CONSTITUTION Protocol 2, Article 7).

Yours faithfully,

C. Francis Warren

From Dr Bernard Juby

Dear Editor,

Further to Mr Lane's letter (January 2006) the British will not get anywhere until they become more conversant with the history of post-Napoleonic Europe.

Napoleon, being a soldier, knew best how to run an army. Post revolutionary/Napoleonic France was set up, top down, along military lines. Even today the *Départements* have very limited scope for individual initiative but must follow that decreed from above (i.e. centrally in Paris). The French have been schooled into their bureaucracies running everything and this system (the Code Napoleon) is at the heart of Brussels and the EU.

The French way of coping is the 'Gallic shrug' and ignoring it or taking to the streets. The more usual, "Jaw jaw, not war, war" style of the British simply won't wash against the central European mind-set of our EU 'partners'.

Yours etc.,

(Dr) Bernard Juby

Maine et Loire, France

Please address all letters to the editor
to Ms Rainwater
and post or e-mail to:

The European Foundation,
7 Southwick Mews,
London W2 1JG

rainwater@e-f.org.uk

FACTS

by Svetlana Subbotina

1 Roaming will cost you …

A recent EU study indicates that travellers in the EU pay extortionate prices to use their mobile phones. Businessmen and holidaymakers are being charged £1.50 to make and receive calls abroad, which cost no more than 30p a minute. As a part of the European Commission's initiative to clamp down on profiteering of mobile operators, telecom regulators are expected to publish travel guides this month, which will advise users to switch to text messaging or use payphones while abroad.

[*Daily Mail* 11 January 2006]

2 … as did the UK's Presidency.

Britain's bill for stationary, gifts and similar 'essential' items during its European Union presidency mounts up to just over a million pounds. The breakdown, provided by the Foreign Office minister Douglas Alexander, is as follows: £539,000 was spent on stationery used at presidency meetings and other events; £251,000 covered expenditure on mugs, umbrellas and bags; £243,000 was the price for ties, scarves and label pin badges; and furniture for conferences cost £32,000.

[*www.eubusiness.com* 20 December 2005]

3 Vatican wants in on Schengen

Nicola Picardi, the Vatican's 'procurer of justice', has recently stated that the Vatican should join the border-free Schengen zone. He pointed out that the Schengen agreement is not just about bringing down borders and allowing tourists in without checking passports – it is about promoting security through a greater exchange of information and strengthening judicial and police cooperation. Mr Picardi said that the Vatican should start bringing its procedures on passports and police information in line with Schengen standards immediately with the view of joining the agreement in the near future.

[*www.ansa.it* 13 January 2006]

4 All EYES on sport

2004 was the European Year of Education through Sport (EYES), which was aimed at raising awareness of the beneficial links between education and sport. An independent assessment of EYES called the establishment of networks between educational institutions and sports organisations its *"greatest achievement"*. It also recommended that a European network of educational institutions, sporting organisations and public authorities be established. The Commission announced that it would also follow up on another recommendation – combating obesity through promoting physical activity. 25 current EU members as well as Norway, Liechtenstein and Iceland took part in EYES, which had a budget of €12.3 million (an overspend from the original allocated budget of only €11.5 million).

[*www.EurActiv.com* 19 January 2006]

5 Austria gets it wrong

Blue, black, white … or is it the other way around? The colours of Estonian flag failed to appear on the official logo of the Austrian 200 EU presidency in the right order. The logo reassembles the colours of the EU countries' flags in a 'bar code' and sports a black, blue and white combination to represent the Estonian flag. The correct order is blue, black and white, but the Dutch designers of the logo, on whom spokesman of the Austrian EU presidency Nikolas Johannes Donnig blamed the mistake, claimed that, *"the logo has a status that goes beyond the order of the stripes and has an autonomous symbolic significance"* and refused to make any changes. The bar code was recently used in an EU exhibition entitled *The images of Europe*. Around the same time, a coloured circus top stood on Schuman roundabout, at the centre of Brussels, which prompted several jokes drawing comparisons. The Estonian EU embassy in Brussels reacted calmly, saying, *"we are not taking it personally and are not going to launch a protest."*

[*EU Observer* 16 January 2006]

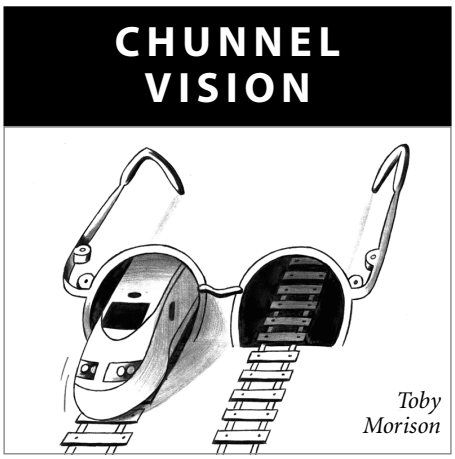
6 World Cup organisers must refund booking fee …

Following a legal challenge from Germany's consumer association, the World Cup Organizing Committee (OC) agreed to refund the booking fee of €5.00 that was paid upfront by football fans but did not guarantee a ticket. After recent talks, the OC and the consumer association reached an agreement that both the ticket price and the booking fee would be returned to applicants who did not receive tickets by 15 April. European Commission is also investigating the OC's procedure of selling conditional tickets; ticket offers for the World Cup have been massively oversubscribed. Applications for the 250,000 tickets on offer could be made until 15 January; a ballot will now decide which fans get seats. [*Deutsche Welle* 21 December 2005]

7 … and prepare for a boom in the German Sex industry.

German cities face a 30 per cent increase in the sex trade during the World Cup. This is an estimate from a report by Austrian socialist MEP Christa Prets presenting strategies to prevent human trafficking, which have been adopted by MEPs. NGOs and women's support organisations claim that German preparations for the World Cup stimulate illegal trafficking of women and children. Prostitution is legal in some areas of certain German cities. In Berlin, a 'super brothel' – which can serve 600 customers daily – was recently opened. However, the demand is still likely to be much higher than the local supply. It is estimated that the number of women and girls that may be brought to Germany and forced into prostitution during the football event is between 40,000 and 100,000. The report contains an explicit request that German authorities take 'appropriate measures' to prevent abuse of the situation by human traffickers. [*EU Observer* 17 January 2006]

Svetlana Subbotina is a postgraduate at the London School of Economics where she is studying European Political Economy of Transition.



Ten Years On

by Dr Lee Rotherham

The Labour Government are fond of celebrating anniversaries. They celebrated Trafalgar, after a fashion. They've struck commemorative coins celebrating the NHS, Dr Johnson's Dictionary, and Public Libraries. They also struck one to celebrate holding the EU Presidency, coincidentally just when the large old 1973 50p pieces of interlocking hands were coming out of circulation. But one small event that won't be commemorated is ten years old this year.

1996 was the year which saw a seminal document come into print. *Britain and Europe: the Balance Sheet* was a slender work, a published paper rather than a weighty tome. But it was very much at the forefront of the avalanche when it comes to any historical assessment of the status of Britain within the EU, and how we got here.

Key business figures in the UK (excepting those in the pay of the Commission) were mute and were not in the main prepared to speak out on the subject of Europe

The inspiration of the text came from Sir Richard Body. The veteran campaigner had noted a series of lacunae then present in the Eurosceptic campaign.

In the first instance, there had been very little study of how much it cost Britain to be a part of the Brussels club. In the second, there had been no real attempt to counter claims made by the pro-EC business world, as encouraged by the Commission, warning that British businesses risked job losses unless the country signed up to the whole integration package. And finally, key business figures in the UK (excepting those in the pay of the Commission) were mute and were not in the main prepared to speak out on the subject of Europe.

This paper changed all that. Sir Richard persuaded Patrick Minford, a leading economics professor and one of the Chancellor's 'Wise Men', to provide an astonishingly detailed model that examined agriculture, trade, and investment on the one hand, and the promises of the Social Chapter and of the single currency on the other. His conclusions did not please everyone. The sums indicated that the balance sheet was, well, balanced. Yet of itself this demolished at a stroke the pretence that Communities membership (as it then was) was of unquestionable benefit for the nation. It also provided key and detailed arguments that refuted the economics of joining EMU, ones that were understandable to the lay reader.

Moreover, it added key riders. It warned that the balance of benefits depended upon no further integration. Since the work was written, the Social Chapter opt-out has been surrendered; three further Treaties have been agreed to; and the sum of additional vetoes given up has added a further 62 vetoes to the weight (over 100 if you include the EU Constitution, which means Blair has signed up to the surrender of more veto power than all of his predecessors combined).

But the paper also added a warning that, in the longer term, renegotiation was likely:

"Our continued difference of regulative approach will be a cause of permanent tension, which will have to be resolved. Our position would be that of a free rider on our partners' folly: not a tenable long-run policy."

Crucially, it closed with this analysis:

"In the longer term we must work for a free market Europe; if we fail we will then be forced to contemplate a future outside Europe, as a free market trading nation. What we have seen above is that this option holds no terrors [...] It makes sense to try and make a success of that membership, as so much has been invested in it. But if, in spite of all our efforts, our partners will not tolerate the conditions for that success, then we can walk away in confidence."

The short end piece was provided by Noriko Hama, then the Chief Economist at the Mitsubishi Research Centre, and so crucially an outside set of eyes. Her incisive summary of Britain's record in inward investment was short, but sufficient to destroy any claims that not signing up to the full integration bag would convince foreign investors to stay away, a favourite refrain of Britain's Commissioners of the day.

And then there was the business foreword. There can hardly have been many shorter ones in literary history. After all, it simply congratulated the Centre for European Studies, *European Business Review* and *New European* for commissioning the work, and invited everyone in the business world to think *"calmly and deeply"* before the UK signed up to further integration. But for once, a group of business leaders had agreed to unite to condemn the European ratchet.

There has been a lot of coverage in the media about gongs being awarded to Labour Party pimps. If ever a sensible government gets into Downing Street, they should put up a plaque somewhere in Westminster to these people instead, and then put them in ermine to protect the sovereignty of the place. Bravo Messrs Brinton, Cowgill, Edwardes, Flight, Hoskyns, Kalms, Kaye and Rankin. These were people who stood up to be counted before it was safe or fashionable.

No wonder then that Margaret Thatcher, in her book *Statecraft*, turned to several passages in this very paper to support a reasoned review of whether we would be better off somewhere else.

And so we are at this vantage point ten years on. A decade of Court of Auditors reports. Three more Treaties signed, if not yet fully delivered. The surrender of the Social Chapter. A near miss with the euro. And a battery of crucial studies and work by the stalwarts at the IoD and FSB, and by outstanding authors and academics.

There won't be a commemorative coin. But this year I shall be raising a glass to Patrick Minford's paper, the first step on the road to Business for Sterling, and the place we're at today.

Dr Lee Rotherham is co-author of the TaxPayers' Alliance new publication, The Bumper Book of Government Waste, *which can be ordered online at on http://www.harriman-house.com*

The European Foundation

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

Objectives

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

Activities

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

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

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