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The Journal of the European Foundation



Referendum Survey
Annunziata Rees-Mogg
&
Dirk van Heck • Roger Helmer, mep
Bill Cash, mp • Matthew Attwood
Sara Rainwater • Dr Lee Rotherham
Ken Moy

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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.



Two events combined to make the weekend of 15-16 January a significant one for national politics in general and the Europe question in particular: the defection of Robert Jackson to the Labour Party and the serialisation of Robert Peston's book, *Brown's Britain*, in the *Sunday Telegraph*, which gave an indication of Brown versus Blair on Europe. The latter is the more significant because of the specific suggestion that Tony Blair touted a leadership deal over the euro; although the press and the Conservative Party predictably preferred to seize on the allegation that Brown told Tony Blair that he could not trust him – in the circumstances, it would be astonishing if this were not the case.

Writing in the *Sunday Telegraph* on 16 January, Peston said: *"at the end of 2001 and during much of 2002, Blair – both in person and via ministerial colleagues – told Brown that if only the Treasury would smooth the way for the UK to join the euro, he would have achieved what he sought as Prime Minister and could retire with honour."* Brown allegedly refused to strike such a deal, on the basis that the Labour Party would never be forgiven by the country – the ERM debacle is well remembered by Labour Party strategists at all levels. It must never be forgotten that they favoured the ERM and EMU and that Blair's weekly and damaging accusations against the Conservative record of high interest rates, inflation and unemployment in the 1990s could easily be countered at Prime Minister's Questions by showing that Labour supported the ERM and EMU and, furthermore, that Brown's relative success on the economy, which is Labour's ace card, is despite and not because of their European policy.

Peston went on to say that: *"the real source of problems for [Brown and Blair's] party is that they are now at odds over the direction of a future Labour government, over issues of basic policy. The Blairites deny this. They say that the tensions are all to do with Brown's uncontainable ambition. They are wrong. These days, Brown dissents from Blairism on everything from the way that policy is made through to the reform of the public services and the constitution – which will be clear the moment that the general election is over, when Brown feels able to be more explicit about his reconstructed political outlook."* How could such a degree of divergence, which Roy Hattersley among others claims is ideological, have come about?

On Tuesday 18 January, Martin Kettle, writing in *The Guardian*, brought together the issues of Europe and the increasingly poisonous Blair-Brown rivalry along the lines Bill Cash indicated in his pamphlet *The Challenge for the Conservative Party*, published at the Party Conference last October. Kettle said; *"Jackson has joined a party that is sleepwalking into a crisis over Europe… The Blair-Brown rivalry has always acted as a massive and permanent brake on any decisive Labour initiative on Europe. Blair is always in favour. Brown is invariably against."* Kettle thinks that the crunch will come with the referendum on the European Constitution, since by becoming a 'Yes' campaigner, Gordon Brown would *"put at risk key parts of the coalition he has so assiduously assembled behind his succession claims."*

Kettle has picked up the scent, but he does not go far enough in his conclusions. Gordon Brown may have once been a disciple of John Smith, an arch-Europhile of the Labour Party, but he, unlike his late mentor, now has considerable working experience of Government – as Chancellor since 1997, he has been the chief architect of the Government's economic record. He understands the domestic implications of the Maastricht Criteria and the 3 per cent deficit rule, not to mention the subsequent European Treaties. Brown also understands the effects of these on public expenditure and therefore on growth, employment, public services and inflation, as his successive Treasury papers last year made clear. Indeed, old Labour's opposition to privatisation is in part because they see it as an expedient for getting round the Maastricht rules. All this would become far worse with compliance with the European Constitution and its requirement of European economic management. Just look at the eurozone today.

Tony Blair is not a 'details man' and his position on Europe has always been part of an ongoing electoral strategy. Gordon Brown, the hands-on intellectual and engine room of government, is familiar with all the nuts and bolts of EC/EU legislation, and understands each one's place and function. It is therefore hardly surprising that he has increasingly taken such a different view on the European issue in recent years (it was Brown, together with Jack Straw, who pushed Blair into the referendum on the European Constitution).

If Brown were to adopt a fully Eurorealist approach and do a Peter Shore, i.e. go for renegotiation of the Treaties back to Maastricht, it would produce more than mere leverage in any ensuing leadership contest. It would greatly appeal not only to old Labour but also to the public at large. It would ensure the survival of the macroeconomic framework Brown has designed, with an independent Bank of England subject only to informal, domestic political control. It would facilitate a return to more traditional forms of tax and spend, enabling him to put elements of public sector borrowing now disguised by PFI and the like back onto the balance sheet of the state. It would enable him to buttress corporation tax revenues, in spite of judgements of the European Court. It would help to rejuvenate the alliance between the Labour Party and the trade unions (note that Unison has just called for Brown to replace Tony Blair). And, the biggest prize of all, it would outflank the Conservative Party on an issue of growing public concern, touching vast areas of domestic and foreign policymaking – an issue that is, in fact, the great issue of our times.

The Tories, meanwhile, continue to consider their 'splits' on Europe to be more important than devising a clear policy that would be popular with voters, which is there for the asking, along the lines we have advocated and as endorsed by the European Foundation/ICM poll in November 2004 on associated status. This hamstrung attitude has led the public, including Conservative Party members, to demand that the Party takes a tougher stance on Europe. Perhaps Robert Jackson's defection to Labour is indicative of the attitudes of like-minded Tories who, whilst they have not defected, certainly share his views on Europe and cannot bring themselves to realise just how damaging the European integration project has been both for Britain and Europe and that, ironically, Gordon Brown could turn out to be their future scourge. The Conservative Party must seize the moment, before someone else does.

The Sick Man and Europe

By Dirk van Heck

There are many who still view the Europe issue as simply that – a self-contained and somewhat abstract matter, of concern only to people of a certain outlook. The reality is very different. Even under the existing Treaties, no area of policy is safe any more and the organs of European government make themselves felt increasingly in people's daily lives. It has been suggested, only slightly tongue-in-cheek, that the reason for the Government's focus on the public services is due to these being the only policy areas that are still not subject to interference from Brussels but, in fact, such interference already exists and is growing.

Public Health became a 'shared concern' under Maastricht, under which Article 129 of the Treaty on European Community (TEC) gave the Commission a propaganda line (information and education), a right of policy initiative, an international role and a policy area subject to Qualified Majority Voting. The Article (which became Article 152 TEC) was strengthened by the Treaty of Amsterdam, which boosted the role of the EU in certain areas and gave the Commission a greater role in 'complimenting' national legislation with its own. Amsterdam also permitted harmonisation of Member States' laws and regulations with respect to safety in transplants and transfusions and in food safety.

Article 129/152 has been the basis for several EU 'cooperative plans': on combating cancer and AIDS; prevention of drug dependence; injury prevention; and pollution-related diseases. Meanwhile, the European Court of Justice has made a number of decisions with implications for national health systems on the basis of Treaty provisions relating to the internal market and freedom of services. A line of cases has established that the organisation and delivery of health and medical care products or services are regulated by Single Market rules, despite not being covered by Article 152. This means that NHS patients can actively seek to obtain their treatment abroad.

Also of significance to the NHS are both Article 99 TEC and the Stability and Growth Pact. Article 99 provides for 'multilateral surveillance' of economic policy whilst the Pact sets a 3 per cent ceiling on national public spending as a proportion of gross national product, a limit to which, it appears, smaller Member States at least must keep. The funding of national health systems is thus a Community concern, on which the European Council may make pronouncements and recommendations, at the instigation of the European Commission.

Now, it has been proposed in a Commission Communication that *"the open method of coordination"* (explained below) be used to *"help"* Member States to develop their health policies. The Commission proposes three objectives for all Member States: to ensure fair and uniform access to health care and long-term care; to promote the provision of high-quality care; and to ensure that the care is financially sustainable. It argues that Community-wide action on care is necessary to help to achieve the Lisbon Agenda ('social inclusion' and increased employment); to deal with impending retirements from the care sector; and to cope with the demands of the growing proportion of the population aged over 65.

The Commission proposed specific measures to give effect to each of the three objectives. For example, it called on Member States to ensure close coordination between social services, hospitals and health services based in the local community to provide high-quality, easily accessible and sustainable care for elderly people; to adopt measures to recruit and train care staff and remove disparities between regions in the provision of services; and to evaluate drugs, equipment and treatments in order to identify best value. The 'open method of coordination' would be used to define a common framework to support Member States in the reform and development of health care and long-term care. The Commission saw the next steps as including: agreement of the objectives before the end of 2004; meanwhile, the Commission to start work on identifying possible indicators for the objectives; by March 2005, Member States to send the Commission reports covering the challenges facing their systems at national level, current reforms and medium-term policy objectives; the Commission then to analyse the reports; then, in 2006, an initial series of 'development and reform strategies' in health care and long-term care for the period 2006-2009.

The 'open method of coordination' was defined by the Lisbon European Council as follows:

"This method, which is designed to help Member States to progressively develop their own policies, involves:

- fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long terms;

- establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practice;

- translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;

- periodic monitoring, evaluation and peer review organised as mutual learning processes."

The Commission acknowledged that health care remains 'primarily' the responsibility of Member States, but thinks it appropriate to require from them detailed reports and to set them benchmarks and targets. Member States will be required to submit a concise policy note in spring 2005, based on the three principles of accessibility, quality and financial sustainability. These notes are expected to contribute to the framing of across-the-board objectives for procedural streamlining in early 2006.

Worthy as the Commission's aims may sound, they are highly intrusive into an area of acute political controversy and key public concern in the United Kingdom. Should they come to be implemented, then the ongoing debate about NHS funding will come to appear increasingly as a mere sideshow. The Government is understood to be somewhat tepid about the proposals, but is not willing to take the trouble to oppose them. The Minister (John Hutton) has pledged to ensure that the open method of coordination in health is *"as light a touch as possible"* and concentrates on *"adding value"* – wearily familiar phrases from the New Labour lexicon of damage limitation. A cynic might remark that, in the light of his near death experience over foundation

hospitals, the resolution of contentious aspects of health policy by EU diktat might suit the Prime Minister's political purposes rather well.

Under the European Constitution, the matter would, of course, be taken further. Health becomes a joint competence: 'common safety concerns in public health matters' are a shared competence (i.e. Member States are free to act where the Union has not already occupied the field), whilst the Union can additionally exercise non-harmonising complementary powers for the 'protection and improvement of human health'. Furthermore, the EU's well-established remit in health and safety will continue to have an impact on national health policy, whilst the Charter of Fundamental Rights not only deals specifically with health care (in Article II-35) but also has potentially vast ramifications for health policy via its other injunctions such as: the protection of human dignity; the right to life; integrity of the person; freedom from degrading treatment; and the right to found a family. Finally, Article I-12 of the Constitution, regarding international agreements, would consolidate representation of all the Member States in the Union itself, for the purpose of dealing with international bodies like the World Health Organisation and UNICEF.

What is really significant about the Commission Communication is that it proposes to take forward EU powers in the remit of health – a key battleground for the looming general election (and at the moment within the Cabinet, too) and the public service of most concern to British voters – on the basis of the existing Treaties, irrespective of whether the European Constitution is ratified. There are many EU ills that rejection of the Constitution will not cure and competence creep in health is one of them.

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Is Renegotiation the New Black?

In November, the European Foundation, in conjunction with ICM, conducted a poll that posed the question, "Some people say that Britain should re-negotiate the existing EU treaties so that they are reduced to trade and association agreements. Do you agree or disagree?" Here ***Annunziata Rees-Mogg*** *analyses what the response means for the future of the UK relationship with the EU.*



Many pro-withdrawal Eurosceptics argue that the British public just do not understand the concept of renegotiation. This is, quite simply, patronising to the United Kingdom's electors. The argument that something is not worth debating as the 'people' are too stupid to comprehend is the antithesis of democracy.

Certainly, the respondents to the European Foundation's ICM poll had no difficulty in understanding the concept. The 'don't knows' were under 10 per cent. The rest of the respondents were sure that they either supported or opposed renegotiating the EU Treaties so that they are reduced to trade and association agreements. The lower socio-economic groups were just as likely to know what they thought of the proposal as the higher ones. The young were marginally more likely to know their own minds than the older respondents.

Not only do the public know what they think, they know that they support renegotiation. Overall, 58 per cent agree that this is an appropriate route to take; on the flip side, only 33 per cent oppose such a move.

The renegotiation sentiment is most strongly held amongst the 18-24 year old age group

The renegotiation sentiment is most strongly held amongst the 18-24 year old age group. Pro-Europeans have long argued that Eurosceptics are old and out of touch. This poll dispels that myth. 12 per cent more of the youngest group support renegotiation than the oldest group.

Does this in fact show that Tony Blair et al. are showing their age?

Does this in fact show that Tony Blair et al. are showing their age – could it be that the 'Cool Britannia' brigade are the ones who are out of touch? Could the gilt be wearing off the golden boys?

Glancing across the social groups, the AB (see table below) are the most receptive to the idea of renegotiation along trade lines. They are closely followed by the C2 group – skilled manual workers. The group most opposed to the concept are the DE band – but because of the nature of the question there is no way of telling whether this is because they would prefer further integration, or, taking other polls into account, the more likely assumption is that they do not support renegotiating the treaties but want full withdrawal.

Another aspect of this poll that is surprising is that the most pro-renegotiation area of the UK is Scotland – traditionally the most pro-European. Perhaps this is why the SNP has decided to oppose the EU Constitution. The reason they have given is over fisheries. Could it in fact just be a vote winner?

The North of England is by a long way the most opposed to renegotiation. It is possible that one reason for this is that their experience with John Prescott's regionalisation programme, and its failure, has made them very sceptical of negotiating anything.

Whilst it is impossible to discern the reasons behind disagreeing with renegotiation, there is one fact that is indisputable. The majority of people support renegotiation; most people want European trade, not European government.

The majority of people support renegotiation; most people want European trade, not European government

The British public are not easily bullied by governments. When they are, they vote them out of power, rather than revolt, but they make sure that they get their own way in the end. This is the lasting strength of our democracy and the reason that we have had such a comparatively calm form of national government over the centuries.

The Government does not want to negotiate back to a trade and association relationship with Europe. They want to drag us into deeper integration with further regulation. By aiming to do this, they are going against the overwhelming will of the people.

One thing to take comfort in is that we are promised a referendum. What we must ensure is that everyone who is against further integration, for any reason, votes against the Constitution. Anyone who is against any aspect of the Constitution must vote 'No'. Once it has been passed we cannot renegotiate it. For as long as 58 per cent of the population want new agreements, it is not feasible to enter a more complex and integrationist Constitution that can never be changed by a member state.

If this Government misleads us, as was the case with the 1975 referendum, then it will lead to another 30 years of discontent with the UK's relationship with Europe. If we reject this Constitution and accept the will of the vast majority of the British electorate we may finally find a close to this seemingly eternal debate.

Annuziata Rees-Mogg is retiring Editor of the European Journal.

Answers by Sex and Social Class

		Sex		Social Class			
	Total	Male	Female	AB	C1	C2	DE
Unweighted base	1003	477	526	320	229	176	278`
Weighted base	1003	481	522	251	291	211	251
Agree	584	296	288	158	166	126	134
	58%	**62%**	**55%**	**63%**	**57%**	**60%**	**53%**
Disagree	329	164	165	76	96	71	86
	33%	**34%**	**32%**	**30%**	**33%**	**34%**	**34%**
Don't know	90	21	69	17	29	13	31
	9%	**4%**	**13%**	**7%**	**10%**	**6%**	**12%**

ICM interviewed a random sample of 1,003 adults aged 18+ by telephone between 19th and 21st November 2004. Interviews were conducted across the country and the results have been weighted to the profile of all adults. ICM is a member of the British Polling Council and abides by its rules. Further information at www.icmresearch.co.uk

Answers by Age and Geographical Area

	18-24	25-34	35-44	45-54	55-64	65+	Southeast	Midlands	North England	Wales and Southwest	Scotland
Unweighted base	84	162	200	191	172	194	268	262	246	139	88
Weighted base	110	171	201	171	150	200	267	261	247	140	88
Agree	75	100	114	96	86	113	168	151	126	82	57
	68%	**59%**	**57%**	**56%**	**57%**	**56%**	**63%**	**58%**	**51%**	**59%**	**65%**
Disagree	29	55	70	53	54	68	76	85	99	43	26
	27%	**32%**	**35%**	**31%**	**36%**	**34%**	**29%**	**32%**	**40%**	**31%**	**30%**
Don't know	6	15	16	22	11	19	23	25	22	15	5
	6%	**9%**	**8%**	**13%**	**7%**	**10%**	**8%**	**10%**	**9%**	**11%**	**5%**

Official ICM Social Grade Definitions

Social Grade A
• 3% of the population • Professional people, very senior managers in business or commerce or top level civil servants • Retired people previously graded A and their widows

Social Grade B
• 14% of the population • Middle management executives in large organisations with appropriate qualifications • Principal officers in local government and civil service • Top management or owners of small business concerns, educational and service establishments • Retired people previously graded B and their widows

Social Grade C1
• 26% of the population • Junior management, owners of small establishments, and all non manual positions • Jobs in this group have very varied responsibilities and educational requirements • Retired people previously graded C1 and their widows

Social Grade C2
• 25% of the population • All skilled manual workers and those manual workers with responsibility for other people • Retired people previously graded C2, with pensions from their job • Widows if receiving pensions from the late partners job

Social Grade D
• 19% of the population • All semi-skilled and unskilled manual workers, and apprentices and trainees to skilled workers • Retired people previously graded D with pensions from their job • Widows if receiving pensions from the late partners job

Social Grade E
• 13% of the population • All those entirely dependent on the state long term, through sickness, unemployment, old age or other reasons. Those unemployed for a period of 6 months (otherwise classify on previous occupation) • Casual workers and those without regular income • Only households without a chief wage earner will be coded in this group

Copies of the full ICM poll are available from the European Foundation for research and dissemination purposes.

Farewell to the Editor

Dear Reader,

It is with great regret that I must announce that *The European Journal* will be losing its Editor of the last three years, Annunziata Rees-Mogg. Prior to becoming Editor of *The European Journal* in April 2002, she was a correspondent at *The Business*, having previously gained experience in share trading, marketing and public relations. Annunziata is ecoming the Deputy Editor of a weekly finance magazine.

Our current Office Manager and EU/US Relations specialist, Sara Rainwater, who has been with the Foundation for two years, is replacing Annunziata as Editor of *The European Journal*. She received her Bachelor of Science in International Relations at Middle Tennessee State University and her Master of Science in European Studies at the London School of Economics. Sara has previously worked for the United States Department of State as well as for both state and national political campaigns in the US.

I wish both Annunziata and Sara the very best of luck in their new positions.

Yours sincerely,
Dirk van Heck
Head of Research

Advertisement for the
Campaign for an Independent Briatain
Meeting 16th April 2005

The EU's 'Privileged Partnership' A good idea for Turkey – and maybe for the UK too!

by Roger Helmer, MEP

It has well been remarked that the EU is impossible to satirise, because it is already self-parodic. No matter what lunacy you imagine, the reality is worse. The latest folly: the EU proposes to start accession talks with Turkey, which not only refuses, adamantly, to recognise an existing EU member state, Cyprus, but actually maintains forces of military occupation in northern Cyprus, on what is theoretically EU territory. You couldn't make it up.

In December, Foreign Secretary Jack Straw said that *"Turkey is an essentially European country."* This can be true only if the word 'European' is essentially meaningless (which I sometimes suspect might be the case).

Straw is wrong on every conceivable count. In terms of geography, Europe has always been regarded as stopping, and Asia Minor starting, at the Bosporus. On that basis, almost the whole of Turkey is Asian.

In terms of its economy, Turkey is vastly poorer than the existing EU 25, much less the old EU 15. Does that matter? After all, Portugal was very poor when it entered the EU. Yes it does matter, because Turkey is so vast. With a current population of 75 million and a high population growth rate, it is set to become the largest EU country, if it is admitted, in say 15 years' time. It will be a huge drain on our children's prosperity.

In terms of human rights, I simply don't have the space to cover the issue adequately, but Turkish treatment of minorities has been appalling. The recent debate about the criminalisation of adultery in Turkey shows how far it is from Western values.

In terms of ethnicity and religion, Turkey is very different from most of Europe. We may not agree with Colonel Gadaffi of Libya that Turkey is *"An Islamic Trojan Horse aimed at Europe"*, but the admission of a large Muslim country will, to say the least, make a huge change to the nature of the EU.

Of course I know that I will be attacked for mentioning the word 'ethnicity', and probably for mentioning religion as well. The lefties and bleeding-hearts will shout *"Racist!"* So why do these things matter?

It's simply that political structures must rely on the people involved sharing some sense of common identity. That common identity may be based on a range of factors, and those factors may include language, culture, religion, ethnicity, economic interests, shared heritage, and location.

We can analyse the factors that make up our sense of identity, but we cannot reach a definitive conclusion, because the question is essentially subjective. But we can answer it by asking the public. Opinion polls across the EU show that citizens of current member states give Turkey a clear thumbs-down. They simply do not accept that Turkey is 'essentially European'.

So, as Jeremy Vine asked me on Radio 2 recently, where does that leave a British Muslim in Bolton? Are immigrants unwelcome? Of course not. People of all races and religions who have chosen to come to Britain, and been allowed to stay, must be welcomed – they must have equal rights, and they must be offered every opportunity of integration into British society.

It still remains the case that a country so different on so many counts cannot conceivably be described as 'essentially European'. Within a political EU, Turkey will outvote the UK in the creation of new laws. It is bad enough that the new laws that affect us in Britain are made in large part by France and Germany. Worse still to think that they will be made by Turkey as well.

We are told that one of the benefits of being in the EU is our 'influence'. Yet our voting share is already down to 10 per cent, less than Germany, and is likely to drop to 8 per cent if Turkey joins. Would we be better off with an 8 per cent say in the affairs of Turkey, or with a 100 per cent say in our own affairs?

It would be a very different matter if we had the kind of EU that I – and many Conservatives – would like to see, which would be, in effect, a free trade area. On that basis, Turkey, Ukraine, Israel, indeed any country aspiring to have a market economy, would be welcome. But not as potential lawmakers in a political union.

The German centre-right parties (CSU/CDU) have come up with an interesting alternative – that Turkey, rather than joining the EU's political union as a full member, should be offered a 'privileged partnership', which would give them free access to trade in the Single Market. The detailed terms are not clear, but presumably would be as good as those of, say, Switzerland, which enjoys market access while avoiding the worst excesses of the EU's political and regulatory regime.

Turkey might actually be *better off* in such a partnership, rather than as a full member. All the economic evidence shows that the EU's straightjacket of red tape is doing more harm than good. Peter Mandelson, no less, at the recent CBI Conference, said the costs of EU regulation, at 4 per cent of GDP, were more than double the benefits, estimated at 1.8 per cent. The EU Commission itself has suggested that the costs of regulation might amount to a staggering 12 per cent of GDP. The German Bundesbank says it can find no evidence of benefits for German industry from the Single Market.

Access to the European market, while avoiding the EU's politics and regulation, might be a better way forward for Turkey … it would also be a better deal for Britain

Access to the European market, while avoiding the EU's politics and regulation, might be a better way forward for Turkey. And I'm absolutely convinced that it would also be a better deal for Britain. When I talk to people old enough to have voted in the 1975 referendum on the Common Market, those who like me voted 'Yes' say, *"We were voting for free trade, for jobs, for co-operation. We weren't voting for Brussels to run our country."*

A free, independent Britain, with full access to the EU's Single Market, but outward looking and engaged with the world's most dynamic economies in America and Asia – now there's a future worth working for.

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

No Stability, No Growth, No Pact. It is time to confront the Euro disaster zone.

by Bill Cash, MP

Scarcely anyone seriously believes that the European constitution would achieve a 'Yes' vote in a British referendum. Yet hardly any attention has been given to the necessity, in any event, to renegotiate the existing European treaties embedded in the constitution. Already the boundaries of these treaties are being pushed further forward and European laws are being made, going far beyond what was anticipated.

The European issue affects almost every aspect of our daily lives: who governs us and how we are governed. It is not a theological distraction but a practical question about our democracy and the voters' right to choose their government and laws in general elections.

No stability, no growth, no pact

It is transparently clear that the European project is failing under the existing treaties, as Wim Kok's report on the Lisbon Agenda amply demonstrates. There is low growth and high unemployment. No stability, no growth, no pact. There is endemic fraud and the Court of Auditors has yet again refused to sign off the European accounts. The immigration and asylum policies under the existing treaties have broken down and social tensions are breaking out. As the President of the CBI indicated, over-regulation has become intolerable. The Prime Minister's own Better Regulation Task Force has said that over-regulation is costing British business £100 billion a year – most of this regulation from Europe.

So where do we go? The Conservative Party is the only party with any realistic means of reversing this. Certainly it is committed to rejecting the constitution in principle, but it is on the question of renegotiation that it needs to clarify and explain its position on the existing treaties. Michael Howard has rightly called for renegotiation on the Common Fisheries Policy and publicly stated that if the other member states will not accept renegotiation, we will legislate at Westminster unilaterally. This policy of renegotiation is, however, limited to fisheries, foreign aid and the social chapter, but does not tackle the key question of the wide range of matters that need to be renegotiated, including the political structure of Europe.

Current opinion polls are distinctly depressing for the Conservative Party but could be reversed by seizing the high ground on Europe. It is clear from the ICM poll for the European Foundation in November that 58 per cent of voters, including 68 per cent of 18 to 24-year-olds, want the existing treaties reduced to trade and association agreements. Voters assume that there will be a referendum on the constitution and, as with William Hague's policy on the euro referendum in the 1997 general election, the political marketplace has largely discounted the result. *The Economist* indicated last June that a policy for associate status could add as much as 8 per cent to the Conservative Party tally in a general election, even before it is fully explained.

The Prime Minister claims that it is impossible to renegotiate without the agreement of every one of the other 24 EU member states. He refuses to accept that the national interest turns on political will and that Westminster, on behalf of its electorate, can legislate at will. If the other member states refuse to listen and to act on our proposals for renegotiation, it is open to us to exercise our political will with a determined threat of withdrawal.

If the EU won't listen we could pass something in line with my Sovereignty of Parliament Bill which would require judges to give precedence to new British laws over the European Communities Act 1972.

Where, therefore, does this place the Conservative Party? The Conservatives have been faced with at least five similar situations over the past 150 years, which led to splits. These include the Corn Laws, Home Rule, tariff reform, appeasement and the Thatcher trade union reforms. In every case, those who had been in the minority before reality set in have won the day. When Kenneth Clarke on the Queen's Speech argues for the European constitution and against a referendum, he and his diminutive band demonstrate their irreconcilable divergence from the party's principles.

In another recent ICM poll 70 per cent of Conservative Party members have suggested that if the party does not toughen its stance on Europe, people 'like themselves' could vote for the UK Independence Party. The UKIP policy of unconditional withdrawal requires some form of negotiation. The UKIP cannot achieve its objective without the Conservatives being in power and the Conservatives cannot get into power without winning back those who have deserted to the UKIP. In other words, Eurosceptics face mutually assured destruction, with the Eurofanatic Labour Party and the Lib Dems winning by divide and rule.

There will almost certainly be an election this year. The Conservative Party will succeed if it matches its principles and its policies in line with the great issue of who governs Britain and demonstrates, as can easily be done, the relationship of this to their daily lives. Some 60 per cent of British laws are already spawned by the EU, most of which are unpopular. Yet the focus-group-driven Conservative programme relegates the European issue to relative obscurity.

The European issue is sometimes low in polling priorities only because it has never been properly explained. For example, when Gordon Brown and the Prime Minister taunt the Conservative Party over the high interest rates and high unemployment of the 1990s, why do we not respond that they too were in favour of the ERM and that the main reason why Mr Brown can claim a better economy here than in the eurozone is despite, and not because of, the Government's commitment to the European economic project?

The European issue is not the only issue before the British people, but it is the most fundamental. Failure to grapple with the existing treaties before the next election would become one of the great political mysteries and failures of our time.

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Bill Cash is Conservative MP for Stone and was Shadow Attorney-General 2001-03.

Europe of the Prescott Regions

by Matthew Attwood

The result of November's referendum on an elected assembly for the North East of England yielded two landmarks. Psephologists will have been excited by the scale of John Prescott's defeat in the English region judged most likely to support devolved governance across the United Kingdom. 78 per cent of voters rejected the chance to influence the North East Assembly's composition (the existing unelected version is unaffected), a proportion that suggests Labour cannot always take even its own heartland for granted. The 'No' vote also represents the first serious hiatus in a campaign to regionalise British political life that the Deputy Prime Minister has personally piloted since New Labour's earliest days in government.

The significance of this outcome has not been ignored, with commentators describing it variously as a rejection of politicians in general, a concerned electorate's reaction to unwarranted constitutional change and even evidence of the scare-mongering Eurosceptic Right's influence on the people of the region. Why else, it has been argued on this latter point, would the voters have cheated themselves of an opportunity to wrest power from the remote Westminster parliament? Holders of this view must be bracing themselves for UKIP's destruction of Labour's traditional hegemony in the North East in May.

Yet if its role has been exaggerated by some, the Eurosceptic camp should not downplay the importance of Mr Prescott's humiliation. The link between the Government's devolution programme and a regional policy for the EU is irrefutable, and the first attempt to secure a public mandate for an institutional framework already established to pursue both has ended in decisive failure. The 'No' vote is as much a rejection of long-standing plans for the future of England within the EU as it is of innovation in domestic governance.

Evidence of a regional policy in Europe can be discerned at least as early as 1951, with the establishment of the Council of European Municipalities and Regions (CEMR). Its increasing ascendancy was apparent in the Single European Act of 1986 and in the Maastricht Treaty, which provided for the creation of the Committee of the Regions (CoR). The current breakdown of the UK into twelve regions was represented in a map produced by the European Commission in the same year, 1992, entitled 'The European Community – a Community with no Internal Frontiers'. Scotland, Wales, Northern Ireland and nine other units are shown, with no reference to England.

"The European Community – a Community with no Internal Frontiers" Scotland, Wales, Northern Ireland and nine other units are shown, with no reference to England

While it would be disingenuous to suggest that domestic efforts to emulate the regional policy being formulated in Brussels began in 1997, it can be shown that New Labour's enthusiasm for devolved governance across the UK takes a form eerily consistent with plans emanating from the Commission and CoR. The swift introduction of devolution to London, Scotland, Wales and Northern Ireland was happily consonant (although only just in the case of *Cymru*) with local feeling: referendums could be held and three assemblies and a parliament set up in the name of repatriating power to a grateful electorate. Had efforts to derogate competency from Westminster ended with this ostensible achievement of long-held local ambitions, the Secretary of State for the Regions, Mr Prescott, could have congratulated himself on the speedy fulfilment of his department's mandate.

But the campaign to provide devolution was not confined to regions where it was welcome. The next step was the Government's Regional Development Agencies Act (1998), which established RDAs in each of the eight remaining English regions envisaged by the Commission. Each was equipped with a Brussels office, to help its Government-appointed members co-ordinate policies on land use, agriculture, waste, energy and transport. Crucially, each RDA was given responsibility for the 'economic development' of its region, with the assumption that this would be overseen in the long term by elected bodies. In the meantime, the act allowed for 'voluntary regional chambers', two-thirds of which would be composed of elected councillors from existing local authorities with the remainder drawn from 'other interest groups'. If the term 'chamber' was intended to palliate the undemocratic quality of these organisations, their members do not share the scruples of whoever drafted the act: assemblies currently grace each of the English regions.

The arguments against these assemblies are well rehearsed. There is no traditional reason for the villagers of Fowey in Cornwall to feel an affinity with the bustling port of Bristol, nor even for the people of Gateshead to get on with their near-neighbours in Newcastle, but the South West and North East Assemblies unite them respectively. Voters in the North East were warned that one tier of existing local government would have to disappear to accommodate an elected regional assembly, a process that would necessarily have taken government further from the people. If, as has been suggested by the assembly members of the South West region, it is the counties that eventually suffer in this way in favour of unitary authorities, a genuine and historic symbol of regional identity will be lost.

But to concentrate on these arguments is to ignore the European context of regional policy in the UK. John Prescott's speech to the CoR in May 1998 made clear that he has always had such a perspective:

"Governments must be as close as possible to their citizens and a Europe of the regions is the best way of doing this. The UK has in the past lagged behind in this area, but the new government has been quick to start to put this right . . ."

Indeed, he had been agitating to correct this deficiency in our polity years before finding himself in Government. In 1995, he set up the Regional Policy Commission, which was instrumental in forming his plans for devolution and the establishment of regional development agencies.

If the representative deficiencies of vast administrative regions seem prohibitive on

a domestic level, Mr Prescott's 'Europe of the regions', as envisaged by the provisions for the CoR in Maastricht (articles 263-5), gives the lie decisively to his and the Government's democratic pretensions regarding regional government. With each region sending two delegates and two 'alternates' to the committee, England (or rather its population of around 45 million people) has 36 representatives on a body obliged to make decisions 'in the general interest of the European Community'. Its 'advisory' status places the Committee in the same subordinate position to the Commission and Council of Ministers as that enjoyed by the European Parliament.

Identifying the link between devolution and European regional policy allows us to conclude that the Government's plan for internal regionalisation is not what it purports to be: the delivery of improved representation to the people. Yet the evidence collected above appears to suggest nothing more sinister than just another costly talking shop, that the Committee of the Regions is simply another expensive way of *not* influencing the Commission and Council of Ministers. It is certainly true that the question of regional policy exposes the undemocratic rot at the heart of the European project; for all the 'Europe of the regions' rhetoric, power continues to reside with just a handful of senior politicians. But the underlying context of the debate is the Union's fundamental antipathy to the nation state.

For all his fervour on the issue, John Prescott was not the first British politician to give substance to European ambitions for discrete English regions. That distinction belongs to John Gummer, who in 1994 as Secretary of State for the Environment established a Government Office in each region to receive funding from Brussels. The basis for this was 1988's regulation 2052/88, giving regional or local bodies the ability to negotiate directly with the Commission for funds. The establishment of RDAs can be seen as a further refinement of this relationship, and the eventual insertion of chambers or assemblies (elected or otherwise) at the top of the process as a salve for those with a romantic attachment to notions of accountability.

This (currently) partial bypassing of national government in the all-important area of 'economic development' has clear implications for the process of integration in a centralised EU. If it is too crude to speak of the electorate being bribed with its own money, it is surely pertinent to question the Government's willingness (and that of its predecessor) to allow regional authorities to become used to receiving funding from European sources. It is yet more reasonable to ask why regional assemblies, the intended flagships of devolved governance and the embodiment of New Labour's policy to hand power back to voters, post-date the entirely bureaucratic organisations set up to manage this transfer of resources. The chronology of legislation in this area suggests a devotion to administration rather than representation not entirely unheard-of in the EU's history.

The establishment of the CEMR by the Council of Europe was a response to pressure from the German *Länder* and French *departements*, both anxious to retain their special status and pursue independent dialogue with emergent European institutions. Regions of Belgium, Spain and Austria have also successfully lobbied for their own relationship with the Union. Scotland, as a signatory of the Colloquium of Constitutional Regions, is adding its own voice to those of other sub-national entities in the debate about the EU's future direction. Clearly, the history of European regional policy is not a wholly 'top-down' affair. The Government's regional policy for eight regions in England undeniably is.

This has not pretended to be an exhaustive survey of either European or New Labour regional policy. What it has hoped to do is provide unambiguous evidence of the link between the two and establish the devolution debate in the wider argument surrounding the UK's relationship with the EU. It is common, although perhaps a little less so than before, to hear politicians condemn the idea of a 'federal Europe'. The term still puts fire in Eurosceptic bellies, but while the nation state survives it will never become a reality. For this reason, it is essential for opponents of the European project in its current form to be more creative in defence of the state, battered as it is after years of this Government's regional agenda and Conservative acquiescence. By accepting the Government's own definition of its regional policies, we will concede an entire campaign in the war on British independence.

Some sceptical assembly members have encouraged their colleagues to abolish themselves as a result of the referendum, on the basis that regional government is clearly unwanted in the eight English regions outside London, and Eurosceptics should be vocal in their support of such moves. With sub-national institutions being given greater powers of self-government and representation to central authority across the EU, we should be asking why, having failed to secure even the most partial mandate for its regional policy, the Government refuses to dismantle the apparatus of devolved governance in England. The European context should have been made more central to the 'No' campaign this year: there is no reason why Mr Prescott's speech to the CoR should be any less notorious than the confidences voiced by the former Home Secretary to his biographer.

Campaigners were highlighting EU assaults on the nation state masquerading as regionalisation long before 1997, but the Government has never been effectively harried for its consistent support for such moves. With a mandate of our own handed down in November, Eurosceptics can open up devolution as the new front in the fight to retain British sovereignty.

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… news in brief

Constitution "myths" to be rebutted

A group of pro-Constitution MEPs have set up a *"rapid reaction force"* designed to rebut any lies about the Constitution that make it into the public domain. The MEPs claim that the press (it is thought this is most likely a jab at the British press) has been publishing scare stories on the implications of the Constitution once it is ratified. In order to refute inaccurate articles, the MEPs (including Labour's Richard Corbett) intend to send out letters to newspapers or issue press releases. This is not the first time a 'rebuttal' service has existed for the EU. On the europa.eu.int website there is already a section called 'facts' which points out where misleading reports have been written up in the papers. Unfortunately, so many of them turn out to be true. [Honor Mahony, euobserver.com, 19th January 2005]

Referendum Review

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

by Annunziata Rees-Mogg and Sara Rainwater

Austria

A referendum is unlikely, however, there are calls for one from the opposition parties. Chancellor Schüssel has said he only favours a referendum in Austria if one it to be held in all 25 member states. Provisions for a binding referendum are expressly outlined in the Austrian Constitution.

Belgium

Belgium will be holding a referendum on the Constitution, but, like in the Netherlands, it will be non-binding. The date of the vote has yet to be announced by the Government.

Cyprus

It is extremely unlikely that Cyprus will hold a referendum on the European Constitution. No plebiscite was held on EU accession, although reunification did merit one. A binding referendum would be possible with an amendment to the Cypriot Constitution, otherwise a consultative one could be held. However, most agree the likelihood of this is minimal.

Czech Republic

In a television programme on 2 January, former president Vaclav Havel said that he does not think a referendum on the Constitution should be held in his country. He feels another referendum on the Constitution would be redundant, as the referendum on EU membership, held in June 2003, already canvassed public opinion. Havel also believes a 'No' vote would result in a significant loss of influence in European integration and EU decision-making for the new member state. Prime Minister Stanislav Gross favours holding a referendum along with the general election, which is expected to take place in June 2006. The Civic Democratic Party, the country's leading opposition party, favours a referendum much earlier. Eurorealist President Vaclav Klaus strongly opposes the Constitution and has repeatedly warned against its threat to democracy. Of 22 Czech MEPs, 15 recently voted in the European Parliament to oppose the Constitution. These included members of the Civic Democrats and the Communist Party. It is still yet to be determined whether the document will be ratified in the Parliament or by the Czech people, although most people believe a referendum will be pushed through.

Denmark

A referendum will be held in Denmark, as there is a constitutional obligation for referendums on all international treaties and thus far there has been tradition of plebiscites on reforms to EU treaties. Prime Minister Rasmussen has already announced a referendum on both the EU Constitution and a separate vote on the Danish opt-out of judicial co-operation. 63.8 per cent of the Danish Socialists People's Party members have approved the EU Constitution in an internal referendum, but this does not equal ratification of the document. Although no date has been set for the national referendum, Denmark is expected to be one of the last countries to vote, most likely in the second half of 2006.

Estonia

The Estonian Government said in September that no referendum will be held on the European Constitution and the treaty will be ratified by the Parliament. The foreign ministry also announced that parliamentary ratification is all that is required, however, there are still some internal dissenters.

Finland

Whilst the Finnish European referendum campaign is putting pressure on the Government to hold a popular vote on the EU Constitution, it is in a minority. The ruling party has said it will not hold a plebiscite, although one is constitutionally possible.

France

In a televised New Year's address, French President Jacques Chirac told his country the referendum on the Constitution would be held before the summer. Last month, French Socialists voted to support the document in an internal vote, which boosted the likelihood of an overall Yes vote in the country. The most recent French poll showed 57 per cent 'Yes' and 43 per cent 'No', which was much closer than the preceding poll with 64 per cent support for the EU Constitution. The French public is still highly sceptical of Turkish membership, which may prove to hinder the Constitution's chances. However, Giscard d'Estaing, the architect of the Constitution, said it has been designed in a way that prevents Turkey joining. Most people think the French vote is too close to call.

Germany

There have been strong calls from across the political spectrum for a referendum. It is constitutionally impossible for Germany to hold a referendum though many wish to see this constitutional limitation lifted. A referendum is extremely unlikely.

Greece

It is though unlikely that Greece will hold a public vote, as there is no tradition of referendums in Greece. Subjects of very important national interest can be taken to the country, but neither the Government nor the leading opposition party believe this is necessary with regards to the Constitution.

Hungary

No national referendum was held in Hungary, one of the most pro-European of the new member states. The Hungarian Parliament has already ratified the EU Constitution, by 304 votes to nine. Hungary was the second country to ratify the text.

Ireland

Under the Irish Constitution a referendum must be held on the EU treaty. The expected date is early 2006 and, like the French, most spectators believe the result is verging towards 'Yes', but still too close to call.

Italy

Whilst both Berlusconi and Fini have supported the concept of a referendum and the Northern League have been pushing for one, it is highly unlikely that Italy will hold a popular vote. Even if it did, the outcome is a foregone conclusion, as current polls show 94 per cent *"rather agree"* with the document and there is no equivalent of a 'No' campaign here.

Latvia

It is most likely that Latvia will not hold a referendum, although its own Constitution states that a referendum may be held if the conditions of Latvia's membership in the EU would considerably change. This, however, has not persuaded the Government, which feels the document would not bring about fundamental change to their accession agreement.

Lithuania

Lithuania was the first country to ratify the Constitution in its Parliament on 11 November. The vote passed by 84 votes to four, with three abstentions. Since an overwhelming majority (91 per cent) had previously voted in favour of joining the EU, it was agreed that another referendum on the Constitution was not necessary.

Luxembourg

Luxembourg is holding a referendum on the document. The Government has called for a public vote on 10 July 2005, breaking the long-standing tradition of not holding plebiscites.

Malta

At present there are no plans to ask the Maltese for their opinion on the Constitution. The Prime Minister, Eddie Adami, has said that a referendum will not be held and even went on to say that any countries that are not constitutionally bound to ask their population should refrain from doing so.

Poland

It is very likely that the Polish people will be consulted on the Constitution. The Polish President, Aleksander Kwasniewski, has announced that a popular vote should be timed to coincide with the presidential elections due at the end of 2005. However, the right-wing opposition parties, who are expected to win the national elections, wish to separate the two issues with the aim of achieving a No vote. A highly charged debate is expected to take place, as Polish public opinion is evenly divided on this issue.

Portugal

The referendum debate in Portugal has been in disarray in recent months. Portugal was expected to hold a referendum around April of this year. After President Jorge Sampaio dissolved the parliament in November, this date began to look highly unlikely. Portugal's own Constitution has also caused further problems, as it restricts the Government from holding a referendum in the period between the date a general election is called and the time it is held. In December the Constitutional Court rejected the proposed wording of the question to be asked in the referendum, which further hampered efforts to secure a date. However, the opposition Socialist Party said it would guarantee citizens the right to vote on the text if elected to government in February.



Slovakia

Whilst it is seen as highly unlikely that a referendum will be held here, the Christian Democratic Movement (KDH) are still calling for a public vote.

Slovenia

As with Slovakia, a referendum in Slovenia is thought unlikely. Over the course of the last twelve months the Slovenians have been called to vote in no less than five referendums and 85 per cent of the population think this is too often. Thus the Government is hesitant to call another, especially as EU membership was recently accepted by a clear majority of the population.

Spain

At the beginning of the new year, the Spanish Government launched its pro-Constitution campaign, which is using celebrities from the world of music, sport and media to sell the draft treaty to the general public. Numerous ploys to better inform the public about the Constitution have been conjured up, including handing out a copy of the text to every fan attending the Real Madrid football match on 9 January. Spain's electorate will be the first in the EU to go to the polls; a date of 20 February has been set for their referendum.

Sweden

It is currently unlikely that Sweden will hold a popular vote, as both the Prime Minister and the Parliament have rejected calls for one. However, possibly owing to the Swedish tradition of asking the population on major issues, a network of pro-referendum groups has been formed, known as *Folkomrostning* (Referendum Now). Whilst this is mainly a Eurosceptic group, it does include all political shades. A binding referendum is constitutionally possible and is seen as preferable by the Swedish public.

The Netherlands

A referendum will definitely be held in the Netherlands. Although it was previously impossible to hold a popular vote under the Dutch Constitution, this has been amended in favour of participatory democracy at all levels following a strong pro-referendum campaign. It is important to note that a referendum here would be consultative only.

United Kingdom

EU foreign policy chief Javier Solana has warned that if Britain rejects the European Constitution, "*It will open up the question of the relationship with other members of the EU that have voted 'Yes'.*" However, he also notes that a 'No' vote would not exclude Britain from the "*European family*". Thank you Mr Solana – opinion noted.

What I Learned from Trying to Do Research
(or Why getting information out of the Commission is like getting blood from a stone)

by Sara Rainwater

For my first article as editor of the *European Journal,* which is to be in the February edition, I wanted to follow-up on a *Times* article entitled 'Mandelson will spin for Europe' (10 January 2005). This was an article I read with alarm and concern. A disgraced ex-Minister is now in charge of spin-doctoring for the European Commission. Perfect.

Peter Mandelson has been appointed as a communications strategist for the Commission. His main responsibility in this role will be to fight Euroscepticism and sell the EU to the public. Mandelson has also been appointed to four of five key decision making committees within the Commission framework. Mandelson is the only Commissioner to sit on four committees, which are to be the *"main engine rooms of Commission decision-making during the next five years."* (*The Times* 10 January)

The Times's story needed further investigation, which I thought would make a decent 1,500-word article for the journal. My initial idea, however, quickly reduced to what you are reading now: a brief commentary on the inefficiency of the Commission to provide information *on* the Commission. The reduction in size and content of my article is not a result of my lack of trying to unearth more information on the topic. It was more a result of what I think of as the 'simple shortcomings' of the Commission.

The first step for my investigation was a basic Internet search, which quickly showed me that there was little background information out there on these committees. I then decided to go straight to the institution in question and called the Commission's press office. My first phone call resulted in very little. In fact I didn't even receive a call back. So a couple of days later, I phoned the press office again to request the necessary background information for the second time. I did manage to speak to a very nice woman who was more than willing to assist, although she was clear that not much information on the committees had been publicly disseminated yet. She told me one document was available directly from Brussels, but I had to go to the EU website to request a copy (www.europa.eu.int, or Europa as it is commonly known). She was not able to provide one from the London office.

Continuing my saga, I logged on to Europa to electronically request the document. Now, if you've ever tried to use the EU website, you will understand my frustration that accompanied this process. (While studying for my Masters in European Studies, I feared having to access information on the dreaded Europa. Looking through microfiche tended to be easier.) I filled in the online document request form anyway, clicked submit, and nothing happened. So I hit submit again, and again, and again. No confirmation popped up, as is the norm when doing such things online. I left my computer and went to lunch wondering if anyone at the Commission had heard my pleas for information. Upon my return, I discovered that indeed some poor computer guy somewhere in the depths of the Commission had heard me and sent me the right document … but with a note saying any information therein could not be reproduced or disseminated for commercial purposes without the consent of the Commission.

Not that there is much point of disseminating this particular document anyway. Per usual the document is entirely in Eurospeak, and after having a read through it I came to the conclusion that it really didn't tell me anything new. In fact, there is a mere page and a half on the role of the Groups of Commissioners (a.k.a. the committees in questions) and an annex that lists the five groups, the participants in each and their mandates/preparation, etc.. Not much detail for groups that potentially hold a great deal of power in the political process of the Commission.

On closer inspection of the information at hand, it probably made sense that the Trade Commissioner was included in three of the committees. As for the fourth, any Commissioner may take part in proceedings, so Mandelson's participation in that one is technically a no brainer. By making these assumptions, however, I do not mean to knock holes in *The Times's* article. It highlights a very scary scenario – Peter Mandelson running around proselytising, trying to convert people to the federalist faith that is the EU. The correspondents tried their best to give their readers as much information as they could. I am sure, however, that they ran into very similar problems to mine. *The Times* picked up on a worthy story, which I still think needs expounding upon. If anyone has any ideas on how to crack the Commission and actually get quality information out of them, please let me know.

Although my initial task was not completed, I did learn two very important things – be prepared to get the proverbial run around from the Commission if you need research and never let Peter Mandelson out of your sight.

Sara Rainwater is the new Editor of the European Journal.

… news in brief

Villiers attacks Turkish accession – and Chirac

The veteran anti-EU campaigner, Philippe de Villiers, has published a book attacking the idea that Turkey should join the EU. Villiers, who is leader of the *Mouvement pour la France*, also attacks Jacques Chirac for his support for Turkish membership. With his customary rhetorical flair, Villiers has said that, *"Jacques Chirac changes his mind of many subjects but on one thing he has never varied: his Oriental tropism."* The title of the book, *Les turqueries du Grand Mamamouchi*, is a reference to Molière's great comedy, *Le bourgeois gentilhomme* [English text here: http://www.gutenberg.org/dirs/etext05/8brgh10.txt] in which the ridiculous and upwardly mobile anti-hero, Monsieur Jourdain, is tricked into believing that he has been elevated to the fictitious Turkish noble rank of Grand Mamamouchi. *"Monsieur Jourdain is in the Elysée Palace,"* joked Villiers. *"For the first time, France is governed by a Mamamouchi."* Villiers is also, of course, campaigning against the European Constitution, which he says is closely linked to the issue of Turkish accession anyway. [*Le Figaro*, 5 January 2005]

Old Habits Die Hard

by Annunziata Rees-Mogg

The French are being French again. That should not be a surprise to anyone but it could provide a shock to the European Union. On 18, 19 and 20 January French workers went on strike and many took to the streets. This was no narrow strike. It was not along the lines of the old farmers' strikes and blockades everyone became so used to. This was mass striking, covering many different professions.

Teachers, surgeons, postal workers, train drivers, civil servants and gas and electricity workers downed tools in large numbers. They wanted to get a message to the Government. They wanted to oppose job cuts. They wanted to demand pay increases. They wanted to keep the 35-hour week.

Chirac must be aware that creating such opposition is a dangerous move, especially for a right-wing French politician

Chirac must be aware that creating such opposition is a dangerous move, especially for a right-wing French politician. Unfortunately for him, he has very little choice in the matter. The Stability and Growth Pact has forced him into the situation. France needs to cut its public spending in order to obey the 3 per cent deficit rule. At present it is well over this limit and although the European Central Bank is, more or less, incapable of making any country take any action to avoid breaching the limit, enough pressure has been brought to bear for Chirac to feel he has no option but to cut back on public services.

This was at the forefront of the President's mind when the state owned SNCF budget was under consideration. The proposed cutbacks – mainly in the ailing freight sector – would include 3,600 job losses. There are also proposals to cut the number of post offices (especially rural ones) and postal workers, so that they joined in melee. They were calling for pay increases at the same time – as were the surgeons, who were only carrying out emergency procedures. To exacerbate the situation the teachers decided to get in on the act. As did Parisian electricity workers who brought the energy supply to its knees across the country. The French have always been fond of a little civil unrest and, as their protests on pension reform went unheeded, their blood is up for a good fight.

The causes of the reforms that have created this bad blood between the French Government and the people is the European Union, the eurozone, the European Central Bank and the Stability and Growth Pact. By the summer there will be a referendum on the European Constitution. It does not take a genius to see that this gives the people a perfect opportunity to get one back against their rulers. Even Jacques Chirac has seen the danger, saying in the middle of the strikes that, "*The referendum must not be twisted from its purpose.*"

The ill will between the governors and the governed in France could have an impact across Europe if the French do use the referendum as a protest against public reforms. If such a large country rejected the Constitution, it should, under existing European law, fall by the wayside. As the French are to go to the polls before we do in the UK, it could easily render our referendum pointless. Which would, unfortunately, mean that we would be unlikely to have our say on the European issue.

In 2005 they may, in combination with a referendum, bring down the European project

The French believe in direct action. In 1997 strikes brought down a conservative government. In 2005 they may, in combination with a referendum, bring down the European project. And it wouldn't be a fit of pique; it would be Europe's fault.

Annuziata Rees-Mogg is retiring Editor of the European Journal.

… news in brief

Jobs for the boys

The former commissar for monetary affairs, Mario Monti, is to chair a new European centre for international economics whose creation was decided two years ago to celebrate the 40th anniversary of the Franco-German Elysée Treaty. It has been called BRUEGEL – Brussels European and Global Economic Laboratory – and it will open in March with a budget of 2 million euros a year, paid for by the member states who are associated with the idea (including the UK). The centre is to produce policy papers on things like "*Europe in the age of globalisation*" – in other words, just the kind of work which the Commission does anyway. [*Le Monde*, 19 January 2005]

How do you say 'gobbledegook' in Polish?

The ratification of the EU Constitution may be delayed or even derailed in Poland because of the poor quality of the Polish translation of it. The linguistic mistakes concern some very substantial issues: for instance, the Committee for Social Policy is said to make decisions by qualified majority when in fact it votes by unanimity. There are also mistakes between different versions concerning the number of votes Poland will have. Even pro-EU politicians are now saying that the ratification itself might be endangered. Bronislav Komorovski of the Civic Platform said, *"The Sejm [Polish Parliament] cannot debate constitutional rules which contradict the original version, and on the most important points."* He said that not only his party but also the majority of the opposition parties would vote against the Constitution in its present form. In any case the ratification will now be delayed by several months until these problems are sorted out, but the delay means that the referendum on ratification cannot now be held on the same day as the presidential elections, as had been planned. The left-wing governing parties wanted the two to be held simultaneously, thinking that it would increase the chances of a left-wing candidate. They also wanted to be sure of a turnout of at least 50 per cent, because Polish law requires this for a vote to be valid. No one has yet accepted the blame for the mistakes, even though the faulty text has already been published in the Official Journal of the EU. Poland has now written to the Italian Government, which is the official guardian of the treaties, to ask for permission to alter the text of the document which has been deposited with it. [*Der Standard*, 19 January 2005]

FACTS

by Sara Rainwater

1 A fraudster in charge of anti-fraud?
Nigel Farage, MEP, claims to have uncovered evidence that the new anti-fraud Commissioner, Siim Kallas, was more involved in an early 1990s scandal than he originally let on to the European Parliament. The scandal involves Kallas's time as governor of the Central Bank of Estonia and the disappearance of £4.4 million. Kallas was implicated in the scam, but cleared of any criminal charges after lengthy legal battles. Estonia's Supreme Court did, however, find he had failed in his duties. Farage feels Kallas misled the European Parliament during questioning and plans on pursuing the matter further. Kallas's spokeswoman insists, *"He definitely did not mislead, or intend to mislead, the Parliament."*

[*The Sun* 10 January 2005]

2 Looking good, Mr Berlusconi
Representing Italy on the world stage is a tough job, but somebody's got to do it. And Silvio Berlusconi does it with pride, and a hair implant. In an end-of-year press conference, Berlusconi commented on his new tresses, saying, *"My hair is growing wonderfully. I am very happy to have subjected myself to such pain – because these things aren't pleasant."* Is a brain transplant in his future, too?

[*www.cnn.com* 31 December 2004]

3 Budget leeway over Tsunami aid
The EU Commission has announced that will be unlikely to punish member states for breaching the Stability and Growth Pact (SGP) if the breach comes as a result of granting aid to the tsunami relief effort. The Commission's spokeswoman for monetary affairs, Amelia Torres, stated, *"All expenses must be counted during the assessment of the size of the budget deficit,"* however she continued to stress, *"but the tsunami aid may be treated as an exceptional circumstance."* Several years ago, the Commission dismissed an SGP breach by Germany, which was a result of extra spending on flood relief.

[*Reuters* 5 January 2005]

4 She must be a friend of David Blunkett
European Commissioner Viviane Reding (Luxembourg) is facing accusations of improperly obtaining a work permit for her Filipino housekeeper. Local media in Luxembourg have raised question as to how Mrs. Reding was able to obtain a work permit for her housekeeper when it is only legal to hire highly skilled workers from outside the EU, such as financial or computer experts. Luxembourg's Labour Minister, François Biltgen, denies any mishandling of the case and insists the visa was issued in accordance with Luxembourg law and procedure. This situation is yet another blow to the Barroso Commission, which has, in its short life, already seen two other embarrassing incidents: the Buttiglione stand-off and an incident involving French Commissioner Jacques Barrot and an amnestied conviction for party funding offences.

[*ABS-CBN News* 6 January 2005]

5 New accounting system for Commission
It seems even the Commission can only take so much criticism over its highly questionable accounting practices. 2005 sees the initiation of a new accounting system, which was agreed to in 2002 following accusations by whistle-blower Marta Andreasen. The Commission will switch from a cash to an accrual accounting system in an effort to reduce fraud.

[*EUObserver.com* 30 December 2004]

6 Journalist receives award
Hans-Martin Tillack, *Stern* magazine's Brussels correspondent, is one of four recipients of the €30,000 Leipzig 'Prize for the Freedom and Future of the Media' for 2005. Tillack is most famous for his reports on corruption and democratic deficits within the EU. Following his story on corruption in the Eurostat office, Belgian police arrested Tillack in March 2004 on the grounds of allegedly bribing officials. The Media Foundation of Sparkasse Leipzig awards the prize annually to *"journalists who secure and promote the freedom of speech and the press with their personal commitment, persistency and willingness even to take risks"*.

[http://www.leipziger-medienstiftung.de/english/Home/home.html]

7 Barroso pledges another €450m
Commission president Jose Manuel Barroso pledged up to €450 million in aid on Thursday, 6 January, to the Indian Ocean tsunami relief effort. The amount consists of €100m in short-term humanitarian aid and another €350m in long-term reconstruction aid. Barroso also added that the European Investment Bank could potentially lend up to €1 billion to governments in the region. Added with the 25 member states' promised contributions, Barroso's pledge brings the EU's total commitment to the relief effort to €1.5 billion.

[*Financial Times* 6 January 2005]

8 You've got to love *The Sun*
The scourge of the EU, Britain's faithful *Sun* newspaper, launched a Brussels office on 13 January in order to keep a watchful eye on events in Euroland. One lucky correspondent, Michael Lea, will be rewporting direct form the lion's den because *The Sun* feels that, *"Papers have been reporting from Brussels for years but most refuse to tell the real stories."* We wish Mr Lea well in his new job and eagerly anticipate the reports yet to come.

[*The Sun* 13 January 2005]

9 'Yes' campaign launched
19 January saw the pro-Europeans join in the battle over the European Constitution when they officially launched their Yes campaign in Brussels. The group was launched by the Young European Federalists with the hopes of countering the No campaign, which is already in full swing. MEPs Richard Corbett (Labour) and Andrew Duff (Lib Dem) were both on the platform at the launch rally.

[*The Scotsman* 19 January 2005]

LETTERS TO THE EDITOR

From Mr Richard H Beddall

Dear Madam,

I refer to a letter from Richard Corbett, MEP, published in the November 2004 issue of the *European Journal*.

Mr Corbett is correct when he says our rebate cannot be withheld without the unanimous agreement of all member states. The truth is, at the moment, our rebate is a red herring. The EU pretends to attack it, our politicians pretend to defend it. Like everything else it will be gone in five years.

Richard Corbett tells us that *"the EU budget is adopted by the European Parliament within a framework laid down by the member states."* He forgot to mention that on 16 November, the Court of Auditors refused to sign off the EU accounts for the tenth year in succession because in their words *"93.5% of their expenditure was riddled with errors or unsafe"*. That is how they describe a ten year orgy of corruption and fraud.

Under UK law it is a crime to hand public money to any organisation that does not keep proper accounts or is subject to fraud.

In his letter, Richard Corbett states that the EU Parliament is elected – this is not true. Votes are cast for political parties who in turn appoint MEPs and Commissioners. These people enjoy enormous pay and privileges and are unaccountable to British votes and with a few exceptions they serve those who pay them. Annunziata Rees-Mogg was correct when she described Ms. Schreyer as an unelected Eurocrat.

As a Constitutional expert, Richard Corbett MEP ought to be able to figure out the difference between a political appointee and someone who is elected with real votes from real people.

Yours faithfully,
Richard H Beddall
Newcastle, Staffordshire

From Mr Walter J. Ablett

Dear Annunziata Rees-Mogg

Lord Stoddart of Swindon commendably challenges Denis MacShane, Minister for Europe, on his disgraceful unacceptable conduct by accusing who oppose the corrupt EU as *"xenophobic and racists, with a hatred of Europe"* [Letters, Volume 11, Number 9]. I have lodged a complaint to the Commission for Racial Equality. Why are those who are anti-EU called anti-European?

Ignorance is a hallmark of politicians who are unaware that Europe is a geographical location and the UK has always been part of it. I have French relatives who are also Eurosceptics and like many others, are appalled that Marta Andreson, the EU accountant who discovered EU fraud and refused to sign the accounts, was sacked for disloyalty. The EU Court of Auditors have refused to approve the accounts for ten years!

I have never identified any benefits we taxpayers receive from the EU membership. We are net contributors of £4 billion a year, confirmed by Mr MacShane's Office. The Kinnock family benefit. They have received £4 million (*News of the World* report – 29 June 2003). Neil is now retiring as a Commissioner, apparently getting £277,000 lump sum, an EU pension of £66,000 and his MP's pension of £33,000.

Heath took us into the EEC so-called 'Common Market'. VAT was imposed on us. He accepted that the European Community Act – 1972 and surrendered the sovereignty of Parliament, so that European law takes precedence over British law. Between 1973 and 2002 101,811 EC Directives and Regulations were issued by Brussels, still churning out over 3,500 a year. Is Parliament redundant, to be converted into a museum?

A letter was published in the *Daily Telegraph* (21 December 2003) by three UKIP MEPs. It stated that an MEP's gross income was £249,000 a year and with Brussels on-costs, cost taxpayers £1.25 million a year. If we withdrew from the EU, Britain's economy would be £25 billion (economists now estimate this as £40 billion) better-off, but 87 British MEPs would become unemployed, including them, but they were turkeys voting for Christmas. Honest politicians!

Mr MacShane has just accused Gordon Brown that his five economic tests for joining the euro is a *"giant red-herring and a sham"*. Apparently, Brown is furious.

Yours faithfully,
Walter J. Ablett C.Eng
Chelmsford, Essex

From Mr Michael K. Turner

Dear Annunziata Rees-Mogg,

Re: *European Journal* Nov 2004 'Two Swords'

Please tell Jacob Rees-Mogg there are only 24 chapters in St Luke's gospel; also to refer to the Puritans as *"the left"* is unfortunate to say the least.

Your egregious relation has the makings of a competent writer, but needs to take greater care.

Yours sincerely,
Michael K. Turner

Editor's note: There was a typographical error in Jacob Rees-Mogg's article. The quotation should have read "Luke 22, Verse 38". The *European Journal* apologises for this mistake but thanks Mr Turner for bringing it to our attention.

From Mr Nigel Evans, MP

Dear Sir,

I am writing to highlight to your readers that if they have relatives or friends who live in Europe and are British citizens who have lived in the United Kingdom within the last 15 years, they are entitled to vote in any upcoming United Kingdom General Election.

To register to vote, they must visit the Electoral Commission website at http://www.aboutmyvote.co.uk/ and click on the 'How do I register' button.

I would urge your readers to contact their friends and relatives as soon as possible as they only have a couple of months left to register.

Yours faithfully,
Nigel Evans, MP, Ribble Valley and Fulwood

From Mr C. Francis Warren

Dear Madam,

The letter from Richard Corbett, Labour Spokesman on EU Constitutional Affairs, (*The European Journal* November 2004), far from answering your article: 'To Bate and Rebate' (Sept/Oct 2004), simply widens the target to include the whole EU process – which is so undemocratic that *"if the EU were to apply for membership of the EU it would not qualify."* (Michael Zürn: *European Journal of International Relations,* Vol. 6 June 2000 No 2 p. 183).

Its treatment of our rebate epitomises this lack of democracy. When, after a closed

meeting, the unelected Commission issued this proposal, it knew Britain would be placed in a minority of one within the secret enclave of ministers and in the Babel of MEPs. For naturally it will be supported both by the net contributors considering their purse strings and by mendicants securing subsidies.

Mr. Corbett assures us of final control through the 'veto' – though, note, he cannot bring himself to use the word. He knows the truth. The EU anathematises what it terms *"veto paralysis"* perpetrated by a *"national blocking minority"* (Gisella Stuart, Radio 4, 15 June 2003). Thus, in the Orwellian wonderland of the EU, the use of this last vestige of sovereign democracy is considered undemocratic.

Corbett knows that this de-democratising process is remorseless, accelerated by the Constitution where great swathes of vetoes would be erased – the remainder under threat, isolated as 'exceptional', with Qualified Majority Voting the *norm.* [Title IV Chap. 1 Article 1.22, ref. Draft Treaty]. Indeed the infamous 'Passerelle' clause would actually allow the Council of Ministers to fast track conversion of veto decisions into QMV – outside the formal process of constitutional change. [Title IV Article 1-4 para 4]. The implications for any Blair 'red lines' is obvious!

But even if we do retain the rebate *this time* we can still be the loser. The formula may be changed to decrease its value as happened in May 1999.

The normal Foreign Office capitulation device would be to retain this high profiled right while surreptitiously conceding one or more of our rights elsewhere.

Yours faithfully,
C. Francis Warren

BOOK REVIEWS

Voting on the European Constitution:
What Should this Country Know About the Consequences?

By **Daniel Hannan**, Politeia, 2004, pp30, £7.00, ISBN 1 900 525 828

Reviewed by Dr Lee Rotherham

Penmanship and wordcraft are the preserve of relatively few politicians these days. We know where we stand as soon as we start reading this nifty little pamphlet. An essay that makes a point of resorting to Nordic runes in the acknowledgements section to thank an Icelander, and in the opening lines posits an 'adumbrate' into the middle of a sentence, has to be written by someone who enjoys the English language and takes his audience with him.

Such Bercowisms aside, the paper addresses a serious point. What happens to the UK in the eventuality of it, and perhaps one or two other 'inconsequential' states (from a Brussels federalist point of view), declining to support the EU Constitution in a referendum?

The author can be excused for not including one detail in his analysis. This was an issue that was specifically addressed in the Giscard Convention, and in fact a lot earlier than is commonly supposed. The very first draft a mere handful of months into the talks raised this spectre and suggested that the Constitution would enter into force as soon as all the member states that were going to ratify it, did so. In other words, the constitution would come into being regardless of any 'No' votes. The previous treaties would then fall, and by extension, the 'No' countries would be outside of the new Union.

There was one, minor snag. The Praesidium's own legal advisor agreed with the Eurosceptic analysis that this was illegal. If the current treaties could only be amended by unanimity, it would take more than a revised treaty saying unanimity was no longer required, because it would need unanimity to come into force. Ho hum, back to the drawing board with that attempt to pull a fast one.

Happily, the author provides us with a more useful and extended historical context than simply that. We are reminded of the ways in which integrationists have wheedled their way through failed referenda and opt-outs and tacked-on protocols in the past.

On to the future. I am personally grateful for the compiled list of which countries are holding referendum when, though being a lazy old type I would have preferred in time rather than alphabetical order. But then I would have liked some pictures of girls on bikes, too, so let's put it into context.

The worrying bit is the extent to which the author demonstrates just how much the Constitution is already being implemented by Brussels. We've seen it with the Social Chapter, but it is clearly part of the arrogant mindset of the EU engineers that a mandate has already been given.

Some commentators make take issue with Dan Hannan's interpretation of the EEA deal. The author suggests that these countries don't have to, to paraphrase Jens-Peter Bonde, translate faxes from Brussels straight into national law. His case is seemingly proven by the small number of changes in law that have been required to implement these technical acts. I am not convinced by a table of cases of non-compliance as evidence of a freedom to act; we hear of many similar cases across EU member states, and instances where there is a reticence by Brussels to prosecute. It's clear, though, that the 'shackled EEA' question is worth some serious accountancy, and the pamphlet serves a useful purpose in opening this up.

The author is surely right in his conclusion to say that a 'No' vote in the UK will not halt the Constitution. I am reminded of the policeman pulling the life support wires from Richard Burton in *The Medusa Touch*: fat lot of good it did for Westminster Abbey then, fat lot of good it'll do for Europe's democracy now. He also hints at a furious debate in the coming months between the 'No' campaigners as to the message they will want to sell. Will a 'No' vote lead to the UK leaving the EU? How will the Shadow Cabinet respond credibly to being associated with that inevitable line? What is certainly clear on reviewing this succinct work is that the non-ratification of the Constitution will be a fantastic opportunity to go back to scratch on what we want from the EU, and that there are plenty of opportunities for free trade and friendship outside of a constitutionalised Europe – if only we seize the day.

Get a copy. Start planning for a post-referendum world today.

Dr Lee Rotherham is a consultant on EU affairs.

The Orange Book

Edited by **Paul Marshall** & **David Laws**,
Profile Books, 302 pp, 2004, ISBN 1 86197 797 2, £8.99

Reviewed by Annunziata Rees-Mogg

Those on the right of the political spectrum have long thought that the Liberal Democrats were just opportunists without principles; that one bonus of them getting more votes was that they would have to face up to the same scrutiny as the other two main parties and come out with a coherent – and consistent – set of policies. The Tories have long felt that the Lib Dems have attempted to be all things to all men without ever being straight with anyone. Finally there is concrete proof.

The Orange Book – an unusual choice of name for a book claiming to be from the right wing of the party – is a collection of essays from 'modernising' Liberal Democrat MPs and MEPs. Unfortunately they do not seem able to agree with each other, let alone publish a coherent policy document. The opening chapter, Reclaiming Liberalism, states that political liberalism means *"Devolving more power within the UK, reducing the power of central government…"* As soon as a different author is talking about Europe, he concludes that *"we need stronger parliaments, both in Europe and at Westminster."* All things to all men?

Trying to review this book, with a focus on European policy could have been a lot easier. It would have been preferable if my copy hadn't jumped from page 80 to page 177. Missing 23 pages of a 34-page chapter on Europe makes it rather difficult to analyse what it says. A quick call to the publishers met with little success. "*We did publish it but we don't have any copies*" is an unusual response less than two months after a book is published. Especially as they had all gone to the Liberal Democrats… However, some calling around, begging, borrowing and finally stealing (with retrospective permission to do so) meant that the review could be continued.

The Liberal Democrats' policies on Europe, or at any rate, the views of what the book claims are *"some of the Party's brightest and youngest MPs and MEPs,"* could in parts be mistaken for Euroscepticism – until one reads further. This book is full of platitudes and has an overall feeling that principles are out-weighed by the desire to win votes. On Europe it talks of reassuring a *"fearful electorate"*; advocating the evolution of the EU in a more open, decentralised, accountable direction; the modern challenges of globalisation and reform and simplicity. It could almost be an article in *The European Journal*. But do not be fooled – this is merely a wolf in sheep's clothing. This is an artful, but transparent, attempt to make the Europhilic desires of the Lib Dems palatable to the Eurosceptic British public. The game is given away throughout the chapter.

Do not be fooled – this is merely a wolf in sheep's clothing

One of the most glaring glimpses through the Eurosceptic façade is when Nick Clegg says, *"The challenge of keeping the EU simple, and encouraging a growing sense of familiarity and trust in it, must be channelled through a relentless focus on a few key facts:*

- *The EU does not decide things for us. We decide things in the EU with others;*
- *If we don't like what the EU does, blame ourselves, not others;*
- *Ministers get away with a lot behind closed doors. We need to hold them to account;*
- *The EU bureaucracy is tiny;*
- *The EU budget is tiny, just over 1% of EU income;*
- *We need stronger parliaments, both in Europe and at Westminster."*

The use of the word 'relentless' is a bit of a give away. It appears to follow the theory that if people are told something often enough they begin to believe it. The *"key facts"* are equally revealing.

The UK does agree things with the EU but equally we can be outvoted. Most areas are not subject to a British veto and both in the parliament and under qualified majority voting we do not have enough representation to prevent legislation being passed. So the EU often does decide things for us. Taking this into account it would be absurd for us to always blame ourselves rather than the EU.

Our ministers are the only directly elected representation we have in the EU. MEPs are elected by party list – not individual. All politicians need to be held to account – it seems churlish to single out Ministers for scrutiny, without doing the same for the unelected commissioners. By its nature, a bureaucracy is burdensome and tiny is a subjective term. This is true for the budget as well, most people would consider 1 per cent of their income rather a lot to spend on a single item – even Gordon Brown, the Chancellor of a pro-European government, wants it capped at 1% believing any higher is too high. The need for a stronger government in Brussels is hardly a fact – it is a hugely debated issue.

As well as *"facts"* the *"records"* are equally questionable. Even the most ardent Liberal supporter would be unlikely to take credit for the fall of the Commission. Yet Nick Clegg claims that Lib Dems were at the forefront of the criticisms which led to the mass resignation of the previous, discredited European Commission. One assumes he means the Santer Commission – would the record be able to support this? Along with claiming that the *"Lib Dems have consistently voted against excessively paternalistic regulation in areas such as social and public health policy,"* it is both highly unlikely and, owing to the phraseology, too subjective to ever be substantiated. What is excessively paternalistic? What is the forefront? Does getting off the fence for the first time count as being at the forefront?

The real pro-European agenda is there, it is just couched in a touchy, feely, elector-attracting language. Be in no doubt, there are no lengths to which this highly pro-European party will go to push their integrationist agenda. With an election and a referendum in the near future, be warned, there is plenty more where this came from.

Annunziata Rees-Mogg is retiring Editor of the European Journal.

New Frontiers in Defence: Between Global Opportunities and Continental Policing

Anonymous, published by New Frontiers Foundation and available at www.new-frontiers.org

Reviewed by Dirk van Heck

This essay made it into the (Murdoch) press as a warning to the Government from *"a senior UK official who has worked on issues of foreign and security policy for most of his professional life"*. The totality of the essay is rather more subtle, although there is certainly a warning there.

Ultimately, the US and the EU are already engaged (via the GALILEO Joint Undertaking, for example, which includes China) in a new space/arms race in which rival strategic alliances are reflected

The argument of which the author makes little, but which seems to me to be crucial, is that, with the advent of networked defence systems, it will become impossible for UK forces to maintain operational compatibility with both US forces and the nascent EU army. This means that a choice will have to be made and the author recommends that the UK chooses the US as its military partner for the future. The two main reasons for this are that US military technology is better funded and far superior to that produced in Europe, and that the US approach to modern defence is not merely a method, but a philosophy that is inherently realistic, as opposed to the Utopian yet reactive EU vision of multilateral peacekeeping (which the author sees as a euphemism for a return to gunboat diplomacy). Ultimately, the US and the EU are already engaged (via the GALILEO Joint Undertaking, for example, which includes China) in a new space/arms race in which rival strategic alliances are reflected.

The current UK defence review, which involves some massive cuts even by comparison with the 2001 review, is a product of the EU vision of European defence integration. It is premised on the future development of FRES (the Future Rapid Effects [Networked Defence] System), and on the consolidation of the EU arms industry; a task which it is envisaged will be carried out by the recently-created EU Armaments Agency, with assistance from Member State governments, including our own. The author argues that, having ignored the lessons of history by turning our armed services into an almost exclusively expeditionary force, we will end up with too few boots on the ground and a pair of aircraft carriers that are incapable of providing effective support from the sea. Furthermore, the focus of the review on 'productivity gains' fails to address the central issue of UK defence planning: what will be our deterrent after Trident?

The better choice would be to develop space-based technology in the form of the hypersonic drone, a technologically superior, post-nuclear deterrent, as part of the United States's plans for 'layered defence' creating a situation of 'mutually assured protection'. The author's preference owes something to his nostalgia for Barnes Wallis and the lost opportunity that Britain had to strive for superpower status after World War Two (until Harold Macmillan set a pattern by abandoning plans for the UK to develop its own, cutting-edge military hardware in favour of increasing social and public service spending). The clear, historical parallel goes unremarked in the essay: now, as then, there appears to be a political consensus that defence spending should be reduced in order to finance an expansion in public service provision, especially the (largely unreformed) NHS. *Contra* Macmillan, the author believes that, in matters of geopolitics, influence is better achieved by example than by compromise.

As regards peacekeeping operations, there is a need to maintain a significant standing army (as demonstrated by recent events in Iraq), which should be substantially developed into *"systems administrator"* units dedicated to the reconstruction of failed states. This transformation, the author believes, must be led by the *"Anglosphere"*, which has *"a coherence of values, policy, purpose and trust that the EU lacks and will find hard to replicate"*. The alternative is to follow the EU's core states into neo-colonialism, and that the UK's defence capability *"is used politically to offset our reluctance to replace the pound."*

Following the Iraq crisis, Britain has the opportunity to take advantage of the special relationship in a way not seen since Churchill

The author fears that we are missing a major geo-strategic opportunity. With global British influence rising since the advent of Thatcherism, the Establishment has been unable to break its pessimistic mental habits and imagine that British decline may not be inevitable after all. Following the Iraq crisis, Britain has the opportunity to take advantage of the special relationship in a way not seen since Churchill. The US will remain the world's only superpower for the next 50 years, whilst Britain's economic success, against the backdrop of economic collapse in much of the former Soviet bloc and now the sustained torpor of the eurozone, puts us in a position of considerable relative advantage for the 21st Century. *"... Furthermore, the history of the UK can be seen as what Jim Garrison calls the 'transitional empire' – one whose taste is not to dominate territory but to 'render the need for empire obsolete'. That would be a role in line with the UK's tradition and capabilities, as well as its brand of globalism."*

This essay, which the author has written with his political masters in mind, is written with model civil service erudition and clarity, and has clearly been a long time in incubation. It reflects both common sense and a growing proportion of public opinion – as well as evolving geopolitical realities on the ground. As Tony Blair struggles to hold the ring between the US and EU, it may be that some in the corridors of power will be surprisingly receptive to its arguments.

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

The City and the EU: There must be a better way

by **David Lascelles**

A paper for the New Fontiers Foundation, December 2004, available at www.new-frontiers.org

Reviewed by Dirk van Heck

David Lascelles's target in this paper is the EU's Financial Services Action Plan (FSAP). He thinks that the City got a raw deal from the negotiations and that, for the sake of its future as a successful global trading centre, bringing economic benefits to the UK and the rest of Europe, the FSAP should be opted out of or renegotiated.

Lascelles considers the FSAP a particularly egregious example of the way in which the construction of the Single Market in practice has retarded its ostensible aims: open, de-regulated markets and the level playing field. It is egregious because it has turned out to be a particularly bloated monster of over-regulation, which threatens to do a great deal of damage on top of that which has already been done by EU regulation: Lascelles cites an index of competetiveness conducted by the Corporation of London in June 2003, based on rankings given by leading commercial City institutions, which puts London fractionally below New York – were it not for the widespread perception among these institutions that EU regulation was hampering flexibility, London would have come out on top. In other words, EU regulation has already cost London its global competitive edge.

It is worth repeating, by way of illustration, some specific examples given in the paper of poor regulations contained in the FSAP: the directive on markets in financial instruments contains a central requirement of 'pre-trade disclosure', which is intended to limit banks' ability to compete with stock exchanges by forcing them to publish the price of private deals in stocks, bonds and related financial instruments. The main effect of this will be to protect small countries' stock exchanges at the expense of competetiveness and market development. The directive on takeovers, which lays down rules on corporate takeovers, will allow members to opt out of provisions designed to make takeovers easier, such as a ban on 'poison pills' and shares with multiple voting rights. The directive will supersede the successful voluntary regime under the old Takeover Panel. The directive on market abuse is intended to stamp out practices such as market manipulation and insider trading. Its definition of insider trading, however, is different from the UK's and will impose a new layer of regulation at an implementation cost estimated at £50 million by the Treasury.

70 per cent of the financial rules currently in the pipeline are Brussels-derived

Lascelles makes a good, technocratic case for getting shot of the FSAP. Renegotiation of the Plan itself, he suggests, is not on the table, whilst a light touch in implementation would merely be making the best of a bad job. An opt-out, or treaty renegotiation to exclude the UK from the FSAP altogether would, however, move the City closer to the more flexible position of Wall Street or the Swiss banking establishment (although other regulations would continue to apply – Lascelles states that 70 per cent of the financial rules currently in the pipeline are Brussels-derived). "*Very rapidly [the City] would recover the ground it is now losing to New York, and would consolidate its position as Europe's leading financial centre.*"

Where Lascelles is relatively quiet is on the politics of the FSAP. He attributes the lamentable outcome for the City to Continental protectionism and antipathy to the 'Anglo–Saxon' model of capitalism, as well as a desire on the part of New Labour to be the 'good boys' of Europe. As a co-director of the Centre for the Study of Financial Innovation, Lascelles's first concern is not politics; but the British politics behind the FSAP have helped to shape it and will determine its future in the United Kingdom. It is easy to imagine Tony Blair, in his 1990s incarnation as 'Bambi', making a sentimentally appealing pledge to be nice to our European friends, only to find himself helplessly thrown about in the maelstrom of conflicting national interests that is the reality of EU negotiations.

I would venture to suggest, however, that there is more to it than that. Part of 'the project' of New Labour is to provide 'the people' with insulation from the risks inherent in capitalism, and moving towards Continental-style regulation of financial markets via EU legislation is one way of doing this (without facing the political difficulties inherent in passing domestic legislation with a similar purpose). Lascelles remarks that there aren't too many widows and orphans among financial investors, but New Labour seeks to mitigate risk and reward for society at large – it does not subscribe to the principle of moral hazard. This is a major cause of the failure of New Labour in government. One of the economic consequences of Mr Brown is that money has been diverted from the stockmarket into property, creating a dangerous asset bubble, fuelling unprecedented levels of consumer debt and crippling what used to be a remarkably successful private pensions system. Another is that the public sector has grown and continues to grow at the expense of the private sector – the bit that generates the wealth. Gordon Brown's new model economy is running out of rope. When the FSAP really starts to bite, whoever is Prime Minister should consider removing his foot from the golden goose's neck – before the chickens come home to roost.

It is easy to imagine Tony Blair, in his 1990s incarnation as 'Bambi', making a sentimentally appealing pledge to be nice to our European friends, only to find himself helplessly thrown about in the maelstrom of conflicting national interests that is the reality of EU negotiations

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

BUDAPEST CITY GUIDE

by Ken Moy



Buda Castle

Peoples known as the Magyars (Hungarians) arrived in the Carpathian Basin sometime around 900 AD. Five tribes of Magyars, led by their military chieftain Arpad, arrived in what is now Budapest and established a small settlement. After settling, the Magyars embarked on raids as far west as Spain and as far north as Germany until they were finally stopped in 955 in Augsburg by the German King Otto I. This and later defeats forced the Magyars to align themselves with the Holy Roman Empire and St Stephen was crowned King of Hungary in 1000.

The next 300 years of Hungary were marked by constant warfare between rival nations and political infighting amongst the House of Arpad (the Hungarian royal line). Byzantium to the south was a constant threat to the southern provinces of Hungary. However, it was not until 1242 that the Mongol warriors swept into Budapest and levelled the city, killing over 100,000 people. Although the Mongols quickly retreated, the Magyars had suffered their first foreign occupation. 100 years later, under King Matthias, Hungary ascended to the forefront of European military and political power. However, this zenith of Hungarian power was soon to end with the onslaught by the Ottoman Turks.

The Ottoman Turks' occupation of Budapest began in 1526 and they did little to restore the city to its past glory. It was not until 1686 that the Ottoman Turks were finally evicted from Budapest but they were replaced by Hapsburg Empire of Austria. At this time the population of Budapest hovered around 30,000. The Magyars lived under Hapsburg rule in relative peace until 1848 when the ideals of the Enlightenment and nationalistic sentiment combined to cause a war of independence against the Hapsburgs. This revolt was quickly put down and harsh reprisals were instituted against the Magyars. But in 1867, after disastrous Hapsburg military losses to the Prussians and more Magyar dissent, the Compromise of 1867 was enacted effectively creating the Austro-Hungarian Empire, to be ruled in part in Budapest. Six years later the cities of Buda, Pest, and Obuda merged to form Budapest. It was from this time until 1918 that Budapest had its 'Golden Age' of cultural re-birth and magnificent architectural planning. Much of the historic infrastructure today is from this time period.

World War I proved to be a disaster for the Magyars. As the losers in the war, ethnic Magyars were evicted form neighboring countries and became refugees. Romania viciously persecuted ethnic Magyars forcing many to flee to Hungary. In doing so they moved to the political right and closer to fascist Nazi Germany and Italy, hence their alliance with the Axis powers in World War II. Their leader, Horthy, realized this blunder and tried to have a separte peace with the allies in 1944 but was deposed of by the Nazis. The Red Army laid siege to Nazi occupied Budapest in the winter of 1944-1945 and the ensuing battle destroyed over 75% of the city, not to mention the bridges and the castle.

Budapest saw war again in 1956 during a rebellion, this time against the Communists. The well-documented Soviet invasion of 1956 killed over 25,000 people and forced an equal number to flee to Austria. Communism would not fall for another thirty-three years and the monuments to communism, including the bland architecture, can still be seen today. Budapest's beautiful bridges spanning the Danube, historic baths and spas create a magnificent backdrop for a city struggling to re-define itself. Budapest's history is one of invasion, occupation, liberation, and re-birth and is still going on to this day. With Hungary's inclusion in the European Union, change will become even more pronounced, especially within Budapest.

GETTING THERE

Air
Modern Ferihegy Airport is situated a short cab or shuttle ride to the center of Budapest.
British Airways
www.ba.com tel. 0870 8509 850
From London Heathrow from £113.
Malev Hungarian
www.malev.hu
tel. 0870 9090 577
From London Heathrow from £100.
Train
Budapest is well connected to most other major European cities. There are three major train stations in Budapest: Keleti (East), Nyugati (West), and Deli (South).

ACCOMMODATION

Hilton Budapest ****
Hess A. ter 1-3, tel. +(36) 1-8896600, fax +(36) 1-8896644 www.hilton.com
The Hilton Budapest is located on the Castle Hill overlooking the entire city of Budapest as well as the Danube River. It is in the heart of the UNESCO World Heritage Site and has perhaps the best placement of any hotel in the city. Double rooms from €160.
Hotel Inter-Continental Budapest ***
Apaczai Csere Janos u. 12-14,
tel. +(36) 1-3276333, fax +(36) 1-3276357
http://www.ichotelsgroup.com
The Hotel Inter-Continental Budapest is consistently ranked as a five star establishment. It offers a superb location right in downtown Budapest. It has premier meeting facilities, a terrace restaurant with views of the city, and a 24-hour help desk. Double rooms from €140.

SIGHTS

Castle Hill
Designated as a World Heritage site by UNESCO this point overlooks the entire city. Located on this hill are several museums as well as St. Matthias Church and the Fisherman's Bastion. Although the Fisherman's Bastion looks old it is actually a relatively new Romanesque edition to the hill dedicated to the heroism of the city's defenders against the Turkish invaders. Multiple shops and restaurants line the streets of the hill.
House of Terror Museum
Andrássy út 60, tel. +(36) 1-374-2600
http://www.terrorhaza.hu
This new museum is dedicated to the terror inflicted upon the Hungarian people by the Nazis, Arrow Cross, and the Communists. The basement is particularly striking, as it requires a slow elevator ride with a narrator speaking of his job in the 1950s cleaning up the bodies of the people who had been executed. Disturbing but worth it.
Royal Palace (Budavári palota)
Dísz tér 17,
Within this must-see palace's partially reconstructed walls lies a vast museum complex, which includes three museums (Budapest History Museum; Ludwig Museum of Contemporary Art; and the Hungarian National Gallery) and the National Széchenyi Library.

EATING AND DRINKING

Kisbuda Gyöngye Restaurant (The Pearl of Little Buda)
Kenyeres u. 34, tel. +(36) 1-3686402
This family restaurant opened in 1992 in Óbuda's Kenyeres utca, where once there stood a little pub called Hörpintö. It has a pre-war family atmosphere and its interior design is unique and full of original ideas; one has the feeling of going back a century in time. Word spread fast about the restaurant, both in Hungary and abroad, and it became a regular haunt of heads of state, stars, personalities in public life and diplomats.
Malomtó Étterem
II. Frankel Leó u. 48, tel.+(36)1-3262847
The menu of this traditional Hungarian restaurant features a good variety of wild-game specialties and seafood dishes, in addition to the standard Hungarian specialties. Since the main courses are huge, you may want to bypass soup and salad. There are two outdoor terraces, well shaded from the road, and live guitar music nightly. Dinner reservations recommended.

SPAS

The spas of Budapest are famous throughout the world. The two main baths are the Gellert baths and the Szechenyi. Gellert is more touristy, but prettier and cleaner. Szechenyi is clean, but more local and has fewer English speaking staff.
Gellert Baths
Kelenhegyi út 4, tel. +(36) 1-4666166
Szechenyi Baths
Állakerti körút 11, tel. +(36) 1-3210310

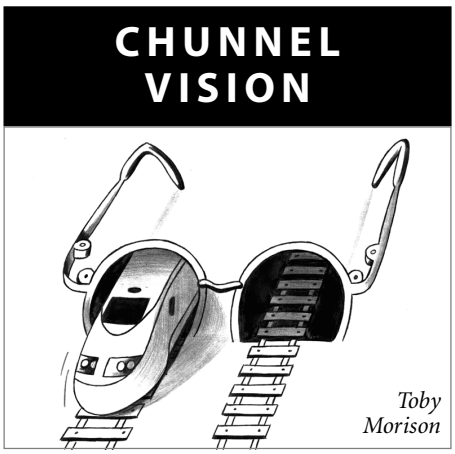
SHOPPING

Esceri Flea Market
XIX. Nagykörösi út 156, tel: +(36) 1-2829563
Bric-a-brac, Communist memorabilia and textile stalls line the outer part of the market, while the more up-market pitches sell anything from fine porcelain and antiques to machine supplies. You'll need to haggle for all you're worth to get the best deals though.
Luxus
V. Vörösmarty tér 3, tel: +(36) 1-3183550
This long-established department store in a popular area near to Váci utca has a good range of men's and women's fashions, along with perfume and accessories. Unsurprisingly its prime location means higher than average prices, although seasonal sales can produce generous bargains.

GOING OUT

Mozart Café
Erzsébet körút 36, tel: +(36) 1-3520664
Furnished Amadeus-period style, the Mozart Café has excellent service and waitresses in period costume. 75 coffee specialties, 50 different bowls of assorted ice-cream, and cakes made from Hungarian and Austrian recipes will happily please the more indulgent.
Amstel
V. Váci utca 61
With a downtown setting, the Amstel has a good selection of beers and pleasant staff. It is a popular late night haunt, where it can be all too easy to drink until the early hours.
Incognito
Liszt Ferenc Tér 3 Oktogon, tel. +(36) 1-3421471
Located on a busy new downtown square, the walls of Incognito's large interior are covered with sleeves of classic Jazz album covers. They have two dozen mixed drinks, from the caiparinha to the whiskey sour, but also have twenty coffees and ten teas to suit the non-drinker. Prices are, however, not for the faint-hearted.

Ken Moy is a research assistant at the European Foundation and is a recent graduate of Notre Dame University.



The Old Route Well-Trodden

by Dr Lee Rotherham

There is something at once reassuring and wearisome of returning to the task of sifting Brussels paperwork after a long absence. The whole procedure is like reviewing a trifle at a chrimbo party; a mixture of entertainment mingled with unwholesome surprises that lurk at the bottom of the pile.

Take an average random sift. What is the EU up to today?

Case One: Consideration of how much dumping of ring binders has been taking place by the Chinese. Note to cinema buffs: while the original film *Ring* itself is of Japanese make, the broad concept of bleak horror remains in the text.

Case Two: Trying to explain away the findings of the European Court of Auditors. This particular document relates to the Sapard programme, which for the uninitiated (including myself up to a few hours ago) was the Special Accession Programme for Agriculture and Rural Development – or, if you like, a couple of billion quid thrown in the general direction of Eastern European farmers. *"So,"* asked the auditors, *"'Has Sapard been well managed?' The answer is that management has been of mixed quality."* Take one case cited where the people getting the grants knew where they could get the best deal from, but were still required for process sake to get two other costings. This was to show value-for-money. Unfortunately, in reality the prices were incomparable because the nature of the contracts so often varied, for instance over post-sales care. The farmers knew it, so seemingly didn't bother with the niceties. My favourite was where one beneficiary sent in three different offers purportedly from different companies. The auditors became suspicious when they spotted that they were all *"in the same handwriting and written with a purple pen."* What are the chances of that, eh?

Case Three: An agreement on the Swiss Police going to Macedonia, to join in the EU effort there. This looks like some bog-standard agreement until you reflect on what it's about. There's more to it than the deployment of some Swiss Fuzz, even putting to one side all the insightful countercultural worrying By-thunder-I-need-another-cuppa insight you find in the *News in Brief* section about the knock-on effects on the Swiss Constitution. It demonstrates that even on 'EU' paramilitary activity, you don't need to be part of an EU set-up to get involved (seemingly, the Turks and Norgies are coming in too). Opt-ins, anybody?

Case Four: Total gibberish. Imagine the following scenario: you are trawling through the Luxembourg Court of Justice rulings, trying to make sense of what has been argued, by whom, and why: and, especially importantly, what the flak and fall out is going to be for UK businesses and legislators when British judges base the case as a ruling in their own judgements in the future. Terribly important if you can read between the lines, I'm sure you'll agree. Then you come across this sentence in the middle of a case about Ryanair:

"In that respect, it must be emphasised that failure, for a period of nine months, to reply to a well-constructed complaint based on facts which, to a large extent and in similar cases, have already been examined by the Commission and found to constitute a grant of State aid and the Commission's failure to take action against the Italian authorities on account of the alleged aid, which is illegal and, very probably, incompatible with the common market, can only be declared unlawful by the Court of First Instance."

The case was heard in Italian. I mean, who was the judge: Pavarotti? Did someone make off with the QWERTY keyboard and leave behind some post-glottoral new age beast where punctuation is deemed neo-colonial and capitals oppressive? Was the translator double parked and late for the brasserie? The concerned public needs to know. Ryanair probably does too.

Still, as they say: no pain without gain.

Mostly.

Because to the dedicated Eurosceptic, there is never a moment wasted where an unforeseen opportunity presents itself. Vigilance has its own rewards. Let me cite an example. Follow me to the realm of … the Unexpected.

The scene: a busy Italian railway station. Our unsuspecting subject is in the process of entering upon what for many is a normal, every day occurrence: the purchase of a ticket. [Director adds shots of various young Sophia Loren types wandering across shot pouting.]

But of course, this is Euroland and nothing is quite like it seems.

Because as our intrepid subject checks his change, he discovers an unusual addition.

In place of a one Euro piece: an old British shilling.

Their shapes are disturbingly similar. Alright, obviously they are both round and coin-like and the rest of it, but just put one on top of the other in the comfort of your own home and you can see how the mistake happened. They are very nearly a match in diameter; width is not miles apart; and clearly weight-wise from the dispensing machine's viewpoint, an old 5p piece jammed into a coin machine is not a plastic bottle top going in.

So the old 5p piece has made its appearance as a cuckoo of continental currency.

Which is strangely appropriate. I seem to recall that back in 1990, Margaret Thatcher said for anyone to expect her to turn up at Parliament and suggest the abolition of the Pound Sterling would be *"like Cloud cuckooland"*. The prophecy is simply being fulfilled.

Reflect for a moment on what this means. If ever they introduce the euro to the United Kingdom, every Tom, Dick and Harry in the country will be smashing old piggy banks and jamming his hand down the back of ancient furniture to find these old familiars. Who knows how many remain in nominal circulation. Quite apart from the incidental effects on casualty waiting times (*"Dr Smith will see you – and the sofa – now."*), the impact on the mechanical economy could be catastrophic. Those companies that do half-jobs on their vending machines, or those councils that botch modifications to their parking meters, notwithstanding the massive cost of change over in the first place, all of a sudden could find themselves bombarded with old nickel while conscience-deprived consumers make upwards of a 1200% profit with each ker-ching. Not a bad return for an idle rummage.

Maybe that explains why Gordon Brown's not so hot on the euro after all. Canny Scot.

Dr Lee Rotherham is a consultant on European affairs.

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.

Subscription Rates & Donations

UK: Minimum £30; UK Senior Citizens & Students: £20.00; Europe excl. UK: £34; Rest of World: £38

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