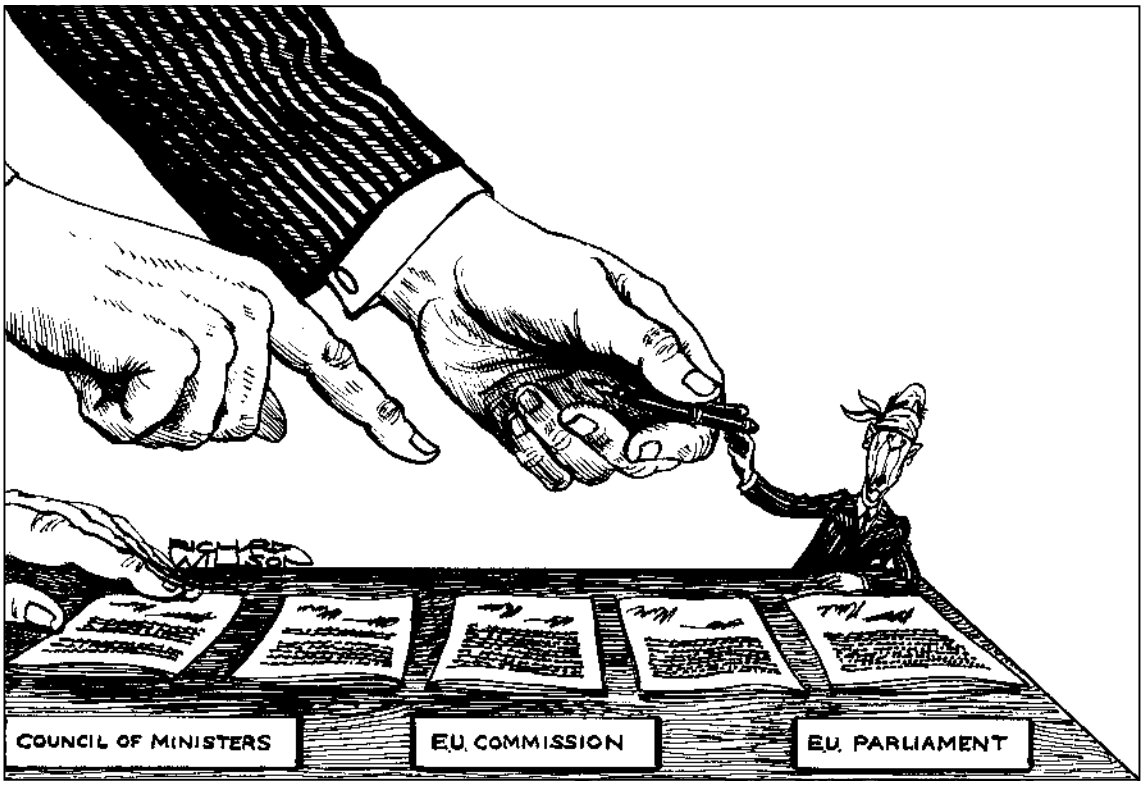
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THE EUROPEAN JOURNAL

The Journal of the European Foundation



Rupen Raithatha
The EU Constitution and the Democratic Deficit

&

Dirk van Heck • Annunziata Rees-Mogg
Dr Charles Tannock, mep • Dr Paul Robinson
Timothy Less • Anthony S. Ragnone II • Matthew Elliott
Anthony Coughlan • Susan Nelson • David Pollard
Richard Sanders • Freddie Gjertsen • Dr Lee rotherham

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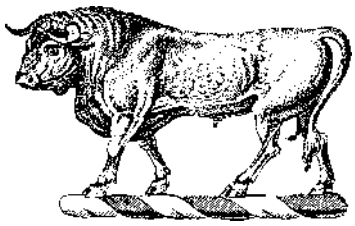
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SOLON

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

A New Constitutional Order

June 12th's 'cabinet reshuffle' marked an astonishingly audacious use of executive power, even by the standards of the present government. It was announced that the highest legal offices in the land were to be swept away and the role of judges in the legislature abolished. The office of Lord Chancellor and the Judicial Committee of the House of Lords are to be replaced by a Secretary of State for Constitutional Affairs and a separate Supreme Court respectively.

The role of the Lord Chancellor has been heavily criticised in recent years because it does not allow a strict application of the doctrine of the separation of powers. This used not to be a matter of great concern, but the Human Rights Act 1998, steered through Parliament by Lord Irvin himself, added to the incongruity of the office. The Act guarantees the right to a fair trial under Article 6 of the European Convention on Human Rights (ECHR); this positive right does not sit easily with the existence of a judge who is also a member of the government, since his dual function raises the possibility of a political interest by the Lord Chancellor in the outcome of a case.

The Convention, as effected under the Human Rights Act, empowers judges to issue a *"declaration of incompatability"*, implying that a given piece of legislation should be amended if it is held to conflict with the rights guaranteed under the Act. If the Convention Rights were entrenched in the constitution, they would give judges the power to strike down legislation. David Blunkett has expressed considerable dissatisfaction with the way the ECHR (especially Article 3) has been interpreted under the Act, and it is clear that he would like to attenuate the powers it has given the courts.

The European Constitution threatens, however, to remove justiciability of the ECHR from the domestic courts (under the Act) to the European courts (under the European Constitution). As things stand, Parliament may legislate in a way that is inconsistent with the ECHR, provided it is explicit in doing so. Once the ECHR becomes a treaty/constitutional text, however, it will become legally impossible to do so. Any national derogations from ECHR obligations will therefore have to be made clear in advance of the ratification of the Constitutional treaty. Following the entrenchment of the ECHR, further derogations allowing the passage of as yet unforeseen legislation will not be possible. The Constitution will contain rights-based provisons that will place restrictions on parliament's power to legislate; and the interpretation of these rights will be subject to the jurisdiction of the Strasbourg Court and the ECJ (which are to co-ordinate their case law in the area of rights, under the Constitution) and will be binding.

Lord Hoffman saw that the wind was blowing in this direction, when he remarked in a speech in Grays Inn Hall in 2001, *"I do not look forward to being a Platonic Guardian. I would rather remain a common law judge."*

It is no coincidence that domestic constitutional reforms were announced just before the Convention on the Future of Europe published its conclusions in the draft European Constitution. The government is to redesign the British constitution within the new Union's legal and constitutional framework. It is said that David Blunkett fought off encroachment onto his patch by the new Department for Constitutional Affairs, and the Home Office will perhaps get the derogations that it wants from Article 3 of the ECHR. This may be essential to Mr Blunkett's political career, but under Article III-162 of the draft European Constitution, there will be a common European asylum policy which will render the derogations legally redundant after ratification.

Mr Blunkett remarked of the planned domestic constitutional reforms: *"it's a new beginning as far as the courts, Crown Prosecution Service and police are concerned"* (the suggestion being that the government has taken the initiative). In fact, the new beginning is contained in Part III, Chapter IV of the draft European Constitution, the *"Area of Freedom, Security and Justice"*. This threatens a radical Europeanisation of the British justice system and severe abrogation of the common law – a threat which Tony Blair, formerly a practising barrister, must comprehend, but which he does not intend to resist.

Rather, the domestic constitutional reforms are intended to dovetail with the radical new European legal and constitutional framework; something which the government understands and accepts, but will not admit. The suddenness of the announcement was not so much to divert the media's attention from the details of the cabinet reshuffle as to make the government look bold, decisive and, most importantly, as though it was acting independently of the EU's constitutional agenda. It is not.

Common Agricultural Poverty

by Dirk van Heck

The draft European Constitution commits the European Union to *"free and fair trade"* with the wider world under Article I-3. Yet the Common Agricultural Policy devours over half of the EU's annual budget, and what independent research there is suggests that over 80% of EU farm subsidies are received by the richest 20% of farmers; predominantly the highly capitalised agribusinesses that lobby in Brussels.

A breakthrough in reforming the CAP has, however, just been achieved. Franz Fischler, the EU Commissioner for Agriculture, had put together a package of proposals which, although maintaining the huge cost of the CAP, aimed to break the link between subsidies and production, thus removing incentives for overproduction and 'dumping' surpluses onto world markets, and placing greater emphasis on environmental protection and 'rural development'. Despite eleventh-hour obstructionism by France, anxious to support the vested interests of its big intensive farming corporations, it looks as though the principle of breaking the link has finally been accepted.

Unfortunately, the breakthrough was achieved only against the background of a vital EU/US summit, and in the face of American threats to scupper the Doha round talks in September should reform of European agricultural subsidies not be agreed. Yet 'decoupling' of subsidies and production should only be the beginning of CAP reform. The problem in achieving it lies in generating the political will. Doing this within the EU's institutions is difficult, as a consensus for change is hard to achieve in a large, bureaucratic superstructure shot through with conflicting interests, particularly when one member state perennially insists on exercising a *de facto* veto on CAP reform on the basis that the system protects a *"vital national interest"*. Rather, it can only be done by showing the world that the CAP benefits almost no one and harms almost everyone. It is well known that it encourages sectoral dependence on subsidies and pushes up prices for the EU consumer. The people it harms most, however, are people in the third world, where 90% of the workforce depends on agriculture for a living.

India, for example, has come a long way in liberalising its economy in the last twelve years. It now has the potential to be globally competitive in sectors that are dependent on land, labour, skill and knowledge, but not capital; such as agriculture, but for the fact that western economies protect their markets with billions of euros of annual subsidy which restricts market access, depresses produce prices and discourages investment.

It also has indirect effects, such as ensuring continued protection for the domestic Indian agricultural market and an unwillingness to continue with domestic economic liberalisation in the face of western hypocrisy. The Indian government wants to make sure that it profits from any further liberalisation, so sells trading licenses upfront, thus damaging competition.

Given these effects, one has to ask why the anti-globalisation movement is not more critical of the CAP. This may be because it fears that multinational companies are unaccountable to governments, or simply that they are easier to target as they do not have police or armed forces and do not make laws. More cynical arguments might be that they provide a focus for anti-Americanism, or that their publicity is not as effective as EU propaganda. Whatever the real reasons, the anti-globalisation debate needs to realise that the CAP represents a particularly egregious example of the kind of alliance between big business and big government that it is opposed to. It would benefit from better information and greater balance.

New Zealand freed its agricultural system from subsidy and now has one of the most competitive agricultural economies in the world. This transformation was achieved, moreover, in a relatively short period of time. Another example of liberalisation producing results is in Kenya, where vertical integration of the agricultural sector created a climate of opportunity and a flourishing agricultural labour market until the protectionist CAP disrupted its markets. This is not to say that the effects of trade liberalisation in agriculture will be all good – it is notoriously difficult to predict the consequences of free trade – but they do suggest that doomsday predictions for the liberalision of European agriculture are exaggerated.

The time is ripe for radical reform of the CAP. The EU accession states, especially Poland, have large numbers of people working on the land, making agriculture a very significant public policy issue, yet the CAP will effectively be working to their disadvantage for several years after accession. The determination of existing member states to agree the terms of the CAP for the foreseeable future reflects a desire to entrench the system before the accession countries acquire a voice. When they do so, it will be a voice of resentment. Another factor in making change timely is the difficulty the European Central Bank is experiencing in keeping inflation below 2% in the eurozone. Freeing up agricultural policy would shift the price curve to the left, keeping inflation down and offsetting the damaging effects of the stability and growth pact (not least by freeing up billions of euros from the EU's budget).

Unfortunately, France has no respect for the opinions of the accession countries, as President Chirac made clear during the Iraq crisis, whilst criticism of the macroeconomic strategy for the eurozone is considered a heresy by the EU's institutions. When Tony Blair pointed out to Chirac the inconsistency of portraying oneself as a champion of third world development whilst blocking reform of the CAP, the great man (as with Poland) ducked the issue via accusations of rudeness.

It seems likely that, having made a significant concession in the face of overwhelming pressure from the US, France will be reluctant to move again on the issue of CAP reform, and the process will rapidly stagnate. This is bad news for the world's poor. One of the favourite phrases used in connection with third world aid is *"Give a man a fish and he'll have a meal; teach a man to fish and he'll have meals for life."* The third world man already knows how to fish. What the EU does is takes him to the market and publicly buys him a fish, whilst quietly forbidding the stallholders to sell him a rod. Such self-serving hypocrisy is a stain on European politics.

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

Lies, Damn Lies and Statistics

by Annunziata Rees-Mogg

What statistics do not tell you is often as interesting as what they do. This is certainly the case with those prepared by Eurobarometer. The European Commission's in-house public opinion gathering service can be very revealing in its opacity.

Page 3 has long had a questionable reputation. For the most recent Eurobarometer, this is a page of sweeping generalisations. Whilst many of these generalisations are accurate, they are not reflective of the poll's results. The biannual poll is conducted in each of the 15 member states, with about one thousand people being asked their views in each country. These results are then weighted to reflect each nation's population to create the EU-wide averages. Unfortunately, as the views are so disparate, the average has little meaning. Whilst the average support for European membership is 54%, Luxembourg is 85 % in favour and the UK only 30%. This makes the statement that people *"continue to support the Union and its main policies"* a nonsensical one.

The poll does make one thing very clear. The United Kingdom is the most eurosceptic country in the EU15. Our support is below average for every single EU institution. We have the least trust in the Commission. Only Sweden thinks they benefit from the EU less than we think we do. According to the Commission's own poll, only 24% of us support the single currency; this is even lower than most UK polls.

Eurosceptics might take some comfort in these findings. However, there is a very worrying reason why every result in the UK is lower than our neighbours. More of us answer *"don't know"* than anywhere else. It would appear that the United Kingdom knows less about the EU, its institutions, its policies and its future than any other member of the EU. This is what needs to be addressed.

It is shameful that 81% of those questioned in the UK do not know whether the Convention will complete its work this year. This compares to 47% in Sweden. Those with an interest in the European debate ought to ask themselves how the Swedes disseminate information on the issues, and why we fail to.

Even when the questions are non-specific and opinion-based the UK is the least likely to have a view. 39% of us do not know whether we would like an EU constitution. 53% of the people in the UK who were asked do. To be fair, the question is very vague. You may as well ask someone whether they would like a contract of employment. Naturally, as with these results, most people would answer 'Yes'. Of course most of us would like a contract – but would you want one that gave you no holiday, a sixty-hour week and a large pay cut? This kind of question tells us nothing. It should not be whether we want any old constitution, but whether we would like the one being put in place at present. As this is a European Commission poll, that question, which would be likely to give a negative answer (with a vast proportion being 'don't knows'), is not asked.

In order for any decision made on the future of Europe to be a lasting success, it needs to have the full support of the public

The most entertaining finding of this survey is in answer to *"It has been suggested that the name of the European Union be changed. Of the following options, which do you prefer?"* It was Mr Hain who suggested that M. Giscard d'Estaing wanted the Union to become known as "*United Europe*" as the British would like its echoes of a football team. Yet only 12% of the electorate questioned in the UK chose this option; below the average for Europe as a whole. Unsurprisingly the most popular option, in every single country was to stay the same. The name European Union must have a strong resonance – or is it just that the status quo is more attractive than change?

The Eurobarometer is interesting, but it is also worrying. How can the British people ever know what to think on an issue if they know nothing about it? One of the most important jobs for everyone who is concerned about the prospect of the draft constitution is to help spread honest information across the country. If we were given a referendum, this would happen to a much greater degree than it is happening at present.

The *Sun* conducted a poll in May. One of the questions was: "*The European Union has appointed a former French President to draft a European Constitution. How much have you heard about this?*" Overall, only 4% answered *"a lot"*. Only 16% had heard *"a little"*. Both of these figures were lower for *Sun* readers, with the AB socio-economic group knowing the most. The *Sun*, the UK's most widely read newspaper, has written a lot about the issue, yet of its readers not far off half claimed to know *"nothing"* about the constitution. This poll was in May, and the *Sun* has had another two months of far greater coverage to get its point across. No doubt if the poll was redone the figures would reflect the work it has been doing. However, it is not right that the *Daily Mail* and the *Sun* are almost alone in informing the British public. There ought to be a much wider dissemination of information, and a full referendum campaign would be the most effective way of doing this. It is not enough to write about it; no one will read the articles unless they are interested. As a taxi driver said to me recently when he discovered I wrote about European politics, *"Wake me up when we get there."* If he knew his opinion counted he might be more interested in knowing about the issues.

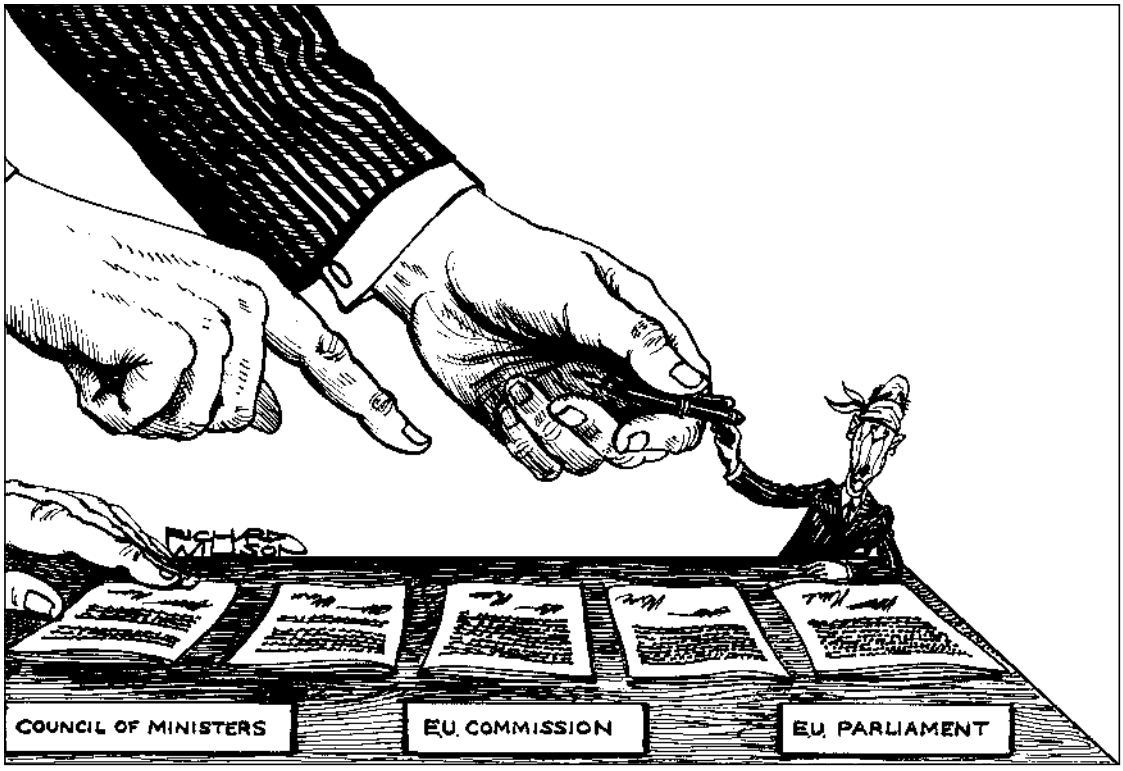
In order for any decision made on the future of Europe to be a lasting success, it needs to have the full support of the public. Nothing can have the support of a public who do not know about it.

The Eurobarometer and the *Sun* polls both show that the British do not know about where Europe is heading, or even where they want it to head. These decisions can only be made with information. Holding a referendum would get wide publicity for the issues and garner interest from the electorate. It is crucial that Tony Blair and his government give us one. If they do not the public will end up resenting their decisions, not necessarily immediately, but certainly as soon as things go wrong and the British public realises that their Parliament has lost the power to put them right.

Annunziata Rees-Mogg is Editor of the European Journal.

The EU Constitution and the Democratic Deficit

by Rupen Raithatha



The 'democratic deficit' is defined as the lack of accountability and transparency in the European Union. We can summarise the deficit in four main points. 1) There is a lack of *direct* democracy within the Union, especially when considering the power and influence of the Commission which is not an elected chamber. 2) Although the Council of Ministers comprises the heads of member states' Governments and thus conveys an element of legitimacy, its lack of openness makes the institution largely unaccountable. 3) The array of treaties that make up EU law makes understanding the Union, its powers and areas of influence complicated, and prevents informed scrutiny of institutions. 4) The European Parliament, the only body which is directly elected, has limited powers.

As Ian Ward, Professor of Law at Newcastle Law School comments, quoting the views of the French Foreign Minister, the European Parliament is an 'illusory' institution with less power and influence than either the Commission or the Council of Ministers.[1] The Council of Ministers is not affected by European elections yet it retains the power to make legislation; and the Commission has authority to initiate legislation. The lack of accountability of the more powerful Union institutions and the direct democratic election of a less powerful one has led some commentators to highlight the irony of the presently skewed system of governance. Ward points out that while the EU espouses the ideals of rights, the rule of law and democracy, it is itself legally answerable to no one.[2] Michael Zürn, from the Institute of Intercultural and International Studies, goes so far as to suggest that *"If the EU were to apply for membership in the EU, it would not qualify because of the inadequate democratic content of its constitution."* [3]

One of the explicit aims of the Convention on the Future of Europe was to deliver a more democratically accountable Union. This objective was stated in the Laeken Declaration of 2001, calling for European institutions to be brought *"closer to the citizens"*. It directed the future Convention to define the powers of the EU and member states, to simplify the existing treaty structure and to increase democracy, transparency and efficiency, with particular reference to the role of national parliaments.

Europe-wide opinion polls show huge discontent with the elite-driven European project. This is reflected in appallingly low voter turnout in the European Parliamentary elections. This is why the drive to democratise and legitimise the Union has been given added impetus. The recent publication of the draft Constitution gives us the opportunity to assess whether the Convention has indeed acted upon this growing need to strengthen the link with the citizenry of Europe.

How can the EU be made more democratic and legitimate?

The way by which the EU can be made more democratic and legitimate is to build on the 'double democratic mandate', which currently provides such democratic legitimacy as there is in the EU. The first method is to grant greater power and influence to national legislatures, which can act as a vehicle of legitimacy through the direct selection of their members by the electorates of respective member states. This method is preferred by the House of Commons European Select Committee: *"National parliaments and parliamentarians can play a key role in bridging the gap between remote EU institutions and citizens, because they generally have a much closer relationship with citizens than any EU institution."* [4]

The second method is to make the EU more *directly* answerable to the nationals of member states by reforming institutions and creating a more open and democratic structure. The first vital step to solve the 'democratic deficit' in this way would be to increase the powers of the European Parliament at the expense of the Council of Ministers and the Commission.

Neither of the above options is mutually exclusive, and national legislatures could be given greater power at the same time as work was done to enhance direct legitimacy. It is important to note that this suggestion does not imply an increase in the power of the EU; it simply reaffirms democratic principles.

Reducing the 'democratic deficit'?

Dealing with the option for direct democratisation first, one important provision in the Constitution that enhances accountability of the Union is the provision that the Council must meet in public when legislating. This would allow for better scrutiny by national legislatures and the public in general. It is a move for which the House of Commons European Scrutiny Committee has argued vehemently. Another important step is the increase in the jurisdiction of the European Parliament relative to the other, unelected European institutions, into the presently exclusive areas of justice, agriculture and the EU budget.[5]

While the inter-European institutional transfer of powers, or the greater inclusion of the EP into already 'European areas' of influence is welcome, the inadequacies of the EP should not be overlooked. In the 1999 European Parliament elections, voter turnout was terribly low and, significantly, continued the worsening trend of voter apathy. Turnout fell below 50% across the EU-15 and was only 24% in the UK. In fact, only in Spain, Ireland, Portugal and Belgium did voter turnout increase during between 1994 and 1999.[6] In this context, shifting power from one EU institution to another, no matter what the democratic merits of the beneficiary, will have only limited legitimising effects. Until voters become more aware and are enticed back into European politics, an 'elected body' whose authority is derived by virtue of such a paltry turnout can hardly be seen to be representative of its electorate.

Regardless of tentative moves to increase direct legitimacy, the Convention, through its proposed Constitution, has betrayed the guidelines set out at Laeken. Very little effort has been made to enhance the role played by national legislatures, the first suggested method of reform. David Heathcoat-Amory, one of the UK's parliamentary representatives on the Convention, says that during negotiations the European Parliament "*had its own institutional ambitions, particularly to take more power from the Council of Ministers and prevent any repatriation of powers to member states or national parliaments.*" [7]

Indeed, the weakening of the principle of subsidiarity encapsulates this reluctance to restore the role of national parliaments. The principle is included in Article I-9 of the draft Constitution, which states that *"the Union shall act only and in so far as the objectives of the intended action cannot be sufficiently achieved by the member states*" and can *"be better achieved at the Union level."* The strength of this principle has been diminished, however, by a protocol that the Commission will only review any proposals that might contravene subsidiarity if one-third or more of national parliaments complain. Even then, the Commission may decide not to amend or withdraw its proposal and to continue regardless of objections at national level. As *The Economist* puts it quite succinctly, the *"principle of subsidiarity – the idea that political decisions should be taken, so far as possible, at levels of government that are close to the citizens – has been drained of any power it might have had."* [8] The effect is, of course, the further weakening of the democratic accountability of the EU.

Not only has the move to improve democratic legitimacy and accountability via a strengthening of the role of national legislatures failed to materialise (the first of the two options to improve accountability), but the role of national legislatures has also been weakened overall. Although an increase in the powers of the European Parliament can be seen to enhance the democratic standing of the Union (the second option), such moves are futile in the face of voter apathy towards European elections. Even regardless of voter turnout, this would not suffice while the Council of Ministers and the Commission remain so powerful yet neither elected nor accountable. What makes this failure harder to bear is the further transfer of powers to the supranational level proposed under the Constitution. The more powerful the Union becomes without seriously addressing the problem of 'democratic deficit', the more undemocratic and unaccountable it becomes.

One way by which the Constitution allows the Union to subsume greater power is an increase in the number of policy areas switched to 'shared competence'. In these areas, where the Union decides to legislate, member states are forbidden so to do. Set out in Article I-13, 'shared competence' applies to the following areas: the internal market, security and justice, agriculture and fisheries, transport, energy, social policy, economic, social and territorial cohesion, the environment, consumer protection and some public health matters. So, in these areas the EU has priority to legislate, and member states can only do so if the Union does not.

Further, Article I-17, the 'flexibility clause', states that in areas where the Constitution has not provided the necessary powers, the Council may nevertheless take action in order to attain one of the Constitution's objectives. As the House of Commons European Scrutiny Committee points out, this amounts to an extension of 'flexibility' to the former second and third pillars of the Union.[9]

Article I-6 states simply that the 'Union shall have legal personality'. At present, only the first pillar (the European Community) has an explicit, independent legal personality and therefore the capacity to sign international agreements. Under the second and third pillars (the intergovernmental pillars concerning foreign and security policy, and criminal justice and policing respectively) there is no explicit legal personality; and decisions are made by qualified majority voting.

Article I-6 thus effectively demolishes the second and third pillars of intergovernmental decision making, absorbing them into a single organisational structure. What effect this will have, as the European Scrutiny Committee points out, will depend largely on *"the extent to which in the areas covered by the former second and third pillars unanimity is replaced by qualified majority voting and on the role given to the European Court of Justice in these areas."* [10] That may be so, but the very notion of a separate legal personality covering the *whole* of the EU does strongly suggest a further expansion of Union influence, for example in its ability to sign international treaties on behalf of member states in the fields of the previous second and third pillars, on behalf of member states.

Conclusions

The issue that the Convention has failed to acknowledge is the trade-off between increasing influence and widening the 'democratic deficit'. An increase in the Union's ability to legislate cannot be achieved without a proportional reduction in that power at the national level. So, as the EU subsumes legislative ability from national parliaments, power is being shifted away from democratically elected, legitimate bodies to largely unelected and unaccountable European institutions, thereby widening the 'democratic deficit'.

Ideally the Constitution should have been a 'tidying-up' exercise to simplify the structure of the EU and to tackle the problem of 'democratic deficit' in earnest by repatriating power to national parliaments, allowing the latter to act as a legitimising force for the Union. Instead, it seems the Convention is committed to taking a further step towards 'ever closer union'. It wants both to increase the powers of the EU *and* to dismiss notions of 'democratic deficit'. This is a fundamental contradiction; and an issue which cannot be ignored.

Having ruled out the empowerment of national parliaments, the only way the EU could achieve a balancing act would be to offer greater direct democracy. This is something that the Draft Constitution patently fails to do.

1 Ian Ward, 'A Decade of Europe? Some Reflections on an Aspiration' *Journal of Law and Society*, vol. 30 (June 2003), No. 2, p.239.
2 *Ibid*
3 Michael Zürn, 'Democratic Governance Beyond the Nation-State: The EU and Other International Institutions' *European Journal of International Relations*, vol. 6 (June 2000), No. 2, p. 183.
4 HC 152-xxxiii-I Session 2001-2 *Democracy and Accountability in the EU and the Role of National Parliaments*, p.5.
5 HC 63-xxiv Session 2002-3 *The Convention on the Future of Europe and the Role of National Parliaments*, p.17, para 50.
6 Pascal Delwit, 'Electoral Participation and the European Poll: A Limited Legitimacy', in P. Perrineau, G. Grunberg and C. Ysmal (eds), *Europe at the Polls: The European Elections of 1999*, Hampshire: Palgrave, p.208
7 David Heathcoat-Amory, *The European Constitution and what it means for Britain*, Centre for Policy Studies, June 2003, p. 10
8 *The Economist*, 'Where to file it', 19 June 2003
9 HC 63-xxiv Session 2002–3 *The Convention on the Future of Europe and the Role of National Parliaments*, p.18, para 56.
10 HC 63-xxiv Session 2002-3 *The Convention on the Future of Europe and the Role of National Parliaments*, pp.17–18, para 53.

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Belarus: Challenges for the future

by Dr Charles Tannock, MEP

Belarus is a country about which little is known in the West. Historically, it was perceived as indivisible from Russia and Poland. It has been ravaged by the invading armies of Napoleon and Hitler. Politically it is now important again, as it will find itself on the frontiers of the EU, sharing over 1000 km of borders with new members Latvia, Lithuania and Poland. In spite of being relatively large territorially, it has a small (and shrinking) population of around 10 million people; mainly the result of emigration and low birth rates. Of more immediate concern, however, is that it is the last surviving major European bastion of neo-Soviet ideology.

One can say in its favour that, unlike some of its neighbours, Belarus remains free of inter-ethnic strife. It has also unilaterally renounced its nuclear arsenal as well as much of its conventional weaponry. Organised crime is low. It also, rather surprisingly, continues to enjoy a reasonable economic growth rate of 4% p.a..

However, it is an increasing worry to the EU and a 1996 European Parliament resolution decided that no further steps would be taken towards renewing the Partnership and Co-operation Agreement (standard fare with all ex-Soviet countries) until clear signals had been given by the Belarusian authorities of their intention to fully respect basic democratic and human rights. This position was endorsed in the most recent declaration by the EU Presidency of 16 October 2002.

In protest, the Czech Republic refused, in November 2002, to issue President Alexander Lukashenko a visa to attend the Prague NATO summit; and 14 out of 15 EU member states have similarly imposed a travel ban. Portugal dissented, ostensibly because it holds the Presidency-in-Office of the Organisation for Security and Co-operation in Europe (OSCE) and did not want to jeopardise its role.

Recently, the country has deteriorated into authoritarianism and repression of linguistic (against native Belarusian in favour of Russian) rights. This was followed by the initial refusal to renew visas for the OSCE AMG (Advisory and Monitoring Group) mission in Minsk, although it has now been allowed back with a weaker mandate. This deterioration in the conditions for democratic expression has led both the OSCE and the Council of Europe to refuse to allow Belarus to participate in their respective bodies, although, bizarrely, its parliamentarians still turn up uninvited to their council meetings. The Belarusian 'House of Assembly' is, sadly, barely recognizable in western terms as a free and democratically elected Parliament which holds the executive to account. Nevertheless, the conclusion of the Partnership Agreement with Belarus is important as a means of securing peace and stability in the region.

The election of Lukashenko as president in 1994 led initially to the hope that authority would be upheld, corruption rooted out, and the economy put back on track. In particular, it was hoped there would be an end to the asset stripping and tax evasion by oligarchs seen in other CIS countries. However, Belarus' strict alignment with Russia and the reintroduction of a centrally planned economy has hampered economic liberalisation and obstructed the development of democracy. Belarus has always been reliant on Russia for exports and imports, energy supplies and financial investment.

Belarus's volume of trade with EU member states is small in comparison with that undertaken with Russia. A strategically important aspect for the EU lies in the fact that the gas transit pipeline from Russia, supplying the EU, passes through Belarus. Belarus is also under pressure to reinforce its borders with Russia and the Ukraine to avoid any further influx of immigrants seeking to penetrate the western border with the EU. Currently over 100,000 illegal

migrants are waiting on its territory. As a result, it is necessary for the United Kingdom to help Belarus financially to deal with these problems, which ultimately affect the UK, irrespective of the nature of the country's internal politics.

Private enterprise in Belarus functions poorly, and the banking sector remains in state hands. There are few conditions suitable to the flow of foreign investment into the country and, in spite of negotiations, the IMF has halted credit to Belarus. In May 2002, the European Bank for Reconstruction and Development (EBRD) indicated that, since Belarus offered one of the poorest climates in the region for investors, it would be reducing its funding programmes there. The bulk of inward investment comes from Russia. All privatisation plans are on hold after a promising start, particularly in the SME sector. Nonetheless, Belarus applied for WTO membership in December 1995. Currently the Central Bank, which is under Presidential control, is printing too much money in order to meet unpaid wages, with inflation rising. Moreover, the effects of the Chernobyl disaster remain a grave concern since almost a quarter of Belarus is affected by radioactive contamination.

As in other countries of the former USSR, the transition from a dictatorial regime running a centrally planned economy in Belarus led to collapse and disorder in the early 1990s. Lukashenko's victory in 1994 with 80% of the vote enabled him to introduce reforms and with this came an improvement in the socio-economic climate. At the same time, however, Lukashenko's Soviet-style approach resulted in the reintroduction of an economic central control model favoured by the previous regime, leading to 'client-ism' and interventionism in all aspects of public life. In 1996 in a referendum (judged illegal by the Constitutional Court) he extended his mandate to 7 years and curtailed the power of Parliament and the Courts, enshrining the right to rule by decree. In the most recent presidential election of 2001, Lukashenko won 75% support. Although no one officially disputes his victory, the OSCE declared the election had failed to comply with the minimum conditions set out in its 1990 Copenhagen Document, making the figures somewhat suspect.

President Lukashenko's increasing authoritarianism, involving harassment of the opposition, the silencing of critical voices and the establishment of a network of patronage throughout the country, has been well documented. As a result, leading opposition figures have been arrested and beaten, and a few have disappeared (most notoriously the former Minister of Interior, Yuri Zakharenko, and former MP Viktor Gonchar). Other individuals who have disappeared have, strangely, reappeared. The EU has repeatedly condemned these acts, for which the government and judiciary of Belarus have offered no explanation. My sister party, the United Civil Party (UCP), has been particularly targeted. The UCP support eventual EU membership for Belarus; as do as many as 55–65% of the people, according to recent opinion polls (although if asked 'Do they support Union with Russia?', they support this as well). The independent media have faced growing difficulties with censorship. Recently three journalists were sentenced to years of hard labour for 'slandering' the President. The tragic case of the disappeared Russian cameraman, Dmitry Zavadsky, remains unsolved. The Prosecutor-General Viktor Sheyman (previously Head of State Security and appointed in spite of having no higher legal education) allegedly acts under orders from the President to stifle opposition.

Lukashenko's government has focused its entire political and economic programme on closer relations with Russia and his dream of recreating the Soviet Union, albeit on unrealistic terms. Ideally, he would like to build an eastern pan-Slavic bloc hostile to the West. However, especially since President Putin came to office, Russia has responded by seeking partly to distance itself from Belarus, which it finds an embarrassment as Russia develops closer relations with the West. Russia is now more inclined to offer reintegration of Belarus into the Russian Federation as a dependant autonomous republic rather than a union of two separate but equal sovereign states. In theory a Russia–Belarus State Union Treaty was ratified in 1999, but it has been largely ignored in practice and its legal relation to the CIS and Eurasian Economic Community is unclear. Russia, however, has little interest in promoting human rights, democracy, or market reforms in its neighbour, perhaps preferring to use Belarus as an example to the world of how things could go horribly wrong if the West ceases to give unstinting support to Russia.

The Western press has accused the authorities in Belarus of supporting the illegal trafficking in immigrants and women and breaching arms embargoes.

The democratic opposition would like to see Belarus adopt an economic and political system similar to that which operates in the EU and eventually join the EU itself. However, Belarus has little historical experience of democracy. Consequently, championing democratic values in Belarus represents a formidable challenge. The municipal elections in March 2003 did demonstrate some favourable political developments. They showed that the democratic opposition parties have been afforded greater freedom and fair treatment. The EU should respond towards Belarus accordingly. Currently, any changes in Belarus will occur only to the degree that they do not threaten full control by Lukashenko over the country; also, the President will only change his policies if the price it takes to preserve the existing system is higher than the risks of introducing needed reforms.

There is growing appreciation within Belarus for the need for democracy and to bring the legal framework governing freedoms closer into line with that which operates in the EU. Hence the need for greater contact with Western, pro-democracy parliamentarians who are willing to challenge the regime and are dedicated to making the country a fully-fledged member of the international community.

Currently, the European Parliament is discussing the policy document introduced by Commissioner Patten and High Representative Solana on the EU's neighbouring countries including Belarus, Ukraine and Moldova. Although Belarus is clearly the laggard in this group, current EU assistance under programmes such as TACIS and Interreg ought to be stepped up to raise public awareness in Belarus as to the importance of democracy, so as to avoid the risk of self-imposed isolationism, and to give encouraging signals and hope to the opposition forces in the country. Experience from Spain, Greece and Portugal suggests that, given time and economic growth, the transition from dictatorship to free market democracy is achievable.

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A Dangerous Muddle:

Even a Federal Superstate would have benefits over the Constitution produced by the EU Convention.

by Dr Paul Robinson

After the battle of Chatanooga during the American Civil War, Union General George H. Thomas ordered the construction of a cemetery on the site of the battle. Asked if he wanted the dead to be grouped by states, he said no. *"I'm sick of hearing of states' rights,"* he replied. Although quite understandable in the context in which he said it and given the nature of his enemy's cause, Thomas's attitude would have come as something of a shock to those who wrote the US Constitution. Although many of them had a centralising vision, they never imagined a situation in which central government would interpret their constitution as giving it a right to impose its power over individual states by force. Indeed, they believed that they were acting to prevent such an outcome.

Constitutions, it would seem, do not always develop in the manner that those who wrote them intended. In fact, it would be extremely difficult to find an example of one which had. Words which mean one thing to the drafters can over time be reinterpreted to mean something completely different. Years of practice and precedent will render some articles obsolete while giving greater significance to passages deemed unimportant when written. A document carefully drafted to produce a certain outcome, and in the case of a federation a specific balance of powers, will turn out to have produced something entirely dissimilar. To understand the true importance of a constitutional settlement, therefore, one must look beyond the actual words of the product, and try to imagine the direction in which it is heading; what it will mean at some remote time in the future. Then one can judge whether it is something one wishes to support.

Thus in America, those supporters of states' rights who felt that they had successfully forced a compromise upon the centralising federalists at the Philadelphia Convention, and had secured the continuing sovereignty of the individual states, would find out in the 1860s that they had achieved nothing of the sort. One must wonder if even the strongest centralisers of the 1770s would not be appalled at the vast accumulation of central power in the modern United States. In a similar vein, the writers of the Australian constitution were fierce states' righters, but years of reinterpretation of their words by centralising politicians and High Court judges have turned their vision upside down.

In a reverse process, the practice of Canadian federalism has turned out to be far from what the country's founding fathers had imagined. Conceived at the time that George Thomas and his opponents were slaughtering each other in a brutal civil war in the United States, the British North America Act was designed specifically to avoid what was seen as the great error of the US constitution, namely states' rights. The fathers of Canadian Confederation quite deliberately sought to concentrate as much power as they could in the hands of the central government. They imagined that in due course provincial governments would simply wither away due to their insignificance. In practice, though, the provinces of modern Canada, designed as a centralised state, have turned out to have far more autonomy and independence than the states of America, which were supposedly sovereign entities. Indeed, in many respects they can do more even than so-called independent countries within the European Union. Yet, by looking purely at the words of the respective constitutional acts, you could never have predicted such an outcome.

One should be wary, therefore, of trying to predict exactly where the proposed EU constitution will lead us. The only thing one can say for certain is that it will not result in whatever system its drafters envisioned, if the drafters of that particular document can be said to have been possessed of any singular vision at all (a most dubious proposition given the lack of purposeful direction within it).

Based on past example, one should look beyond the outlines of government listed in the EU constitution and ask what the likely direction of future movement will be. Does the constitution provide room for member states to restrain and even reel in central government, as Canadian provinces did very rapidly after Confederation? Or does it give the centre the mechanisms it needs to suck power and authority away from the states, as the US and Australian governments have done? In this respect, the omens for opponents of centralised European government are not good. The EU constitution is superficially everything that the British government says it is: a mere tidying up operation, which does not cede significant powers to Brussels, and which largely clarifies transfers of authority which have already taken place. But beneath the surface, it contains numerous clauses which quite deliberately leave the door open to ever deeper union, while leaving no means at all for member states to regain powers once lost. The constitution is headed down a one-way street.

Interestingly, it is the very fact that the constitution does not establish a clear federal 'super-state' that makes it so dangerous. At least if it did, everybody would know what they were getting, whereas nobody seems to at the moment. One may define a federal system in many ways, but one of the simplest and most immediately recognisable is a state with two or more levels of government, each of which operates within its own independently defined sphere of responsibility. The EU is not, and according to the new constitution, will never be a federal state, because the spheres of responsibility are not clearly defined. Rather, they are deliberately muddled to allow almost no sphere of activity to be free from eventual interference.

Most federal constitutions contain a 'catalogue of competencies' which lists clearly which level of government does what. The EU constitution makers have deliberately avoided such a device. It would seem to make things too clear. It would inhibit the ability of the Union to 'creep', to gradually acquire ever more powers. It would lay down once and for all the limits of Union power. To the integrationists, a federal solution would be intolerable. Integration would be limited forever.

If the constitution laid out clearly which level of government was responsible for what, one would know where one stood.

The battle lines between central and local governments would be drawn. Inevitably each would try and encroach on the other, disputes would arise, each would claim invasion of their area of responsibility by the other. But, such disputes, inevitable in any federation, would be relatively easy to reconcile. One would have a clear constitutional document to consult and a constitutional court to refer to for arbitration. Democratic accountability would be enhanced. The citizen would know which government ran which area of life, and which to praise or blame for success or failure. One might not want to live in a federal European state, but one could not deny that such a structure would cure the democratic deficit which exists today within the EU.

But the new European constitution has failed to reach one of the objectives laid out for the Convention in the Laeken declaration – to bring the EU closer to the people of Europe and enhance its democratic credentials. How can the European voter hold anyone accountable for anything in Europe, when the constitution makes no clear lines of accountability? The constitution avoids a nice openly federal solution, and instead preserves the current muddle. On the one hand, the Union remains one of sovereign states, with most power resting in the Council of Ministers. On the other hand, the Parliament and Commission gain powers, while the Convention members have eschewed the opportunity to finally eliminate such bizarre bodies as the Committee of the Regions and the Economic and Social Committee. Who exactly runs the Union? Nobody can tell, because the mix of institutions is so arcane as to be almost incomprehensible. The Convention was meant to simplify this mess, but has failed to do so. One can detect no single vision behind the constitution. It consists of a fudged compromise between numerous entrenched interests and institutions, each of which has granted the others some extra powers in return for a few extra powers for itself. The constitution has merely entrenched the existing confusion by giving it constitutional status.

When one examines it closely, one understands that this confusion is to some extent deliberate, and its long term consequences are potentially insidious. Confusion exists and is preserved in the constitution because it is actually preferable to clarity. Clarity would enhance accountability, would place obvious limits to the expansion of Union power, and would thus inhibit future integration. By leaving things vague, the constitution writers leave open the possibility for endlessly continuing integration carried out under people's noses without them being aware of it.

Nowhere can this be seen more clearly than in the division of competencies within the Union. Compare the EU constitution with that of federal states. The British North America Act, for instance, listed the competencies of both federal and provincial governments, and granted the federal government all residual powers – ie. those not listed as belonging to the provincial governments would belong to the federal one. On the face of it, this favoured the centre, but the drafters of the Act failed to predict future trends. They gave health care and education to the provinces, thinking these were fairly insignificant. They also granted provinces the right to collect direct taxes, which in 1867 did not exist. This therefore seemed like a harmless power. But 150 years later, health and education are the biggest budget items for modern government, and direct taxes raise billions. A constitution designed to centralise thus did the opposite.

The EU constitution allows no such drift away from the centre. On the contrary, its deliberate lack of clarity is designed specifically to allow drift in only one direction – towards the centre. Thus while appearing not to centralise, in the long term it can only have that effect.

The division of competencies in the EU constitution gives only a few items to the exclusive competence of the Union. It also grants all residual powers to the member states. So far, so good. But, what it then does is lump just about everything into a vague muddle of 'shared competences' which are in practice nothing of the sort. A 'shared' competence is actually a Union competence which the Union has chosen not develop. The moment the Union chooses to exercise the power, the competence becomes the Union's alone, and ceases to be that of the member states. The granting of residual powers to the member states is thus worthless, because almost anything can become a Union competence if the Union wants it badly enough.

Other clauses of the constitution also ensure that it can develop only in one direction. Most notable is the remarkable 'flexibility clause', which states that if 'the Constitution has not provided the necessary powers, the Council, acting unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament, shall take the appropriate measures'. Another is the 'loyalty' principle which obliges states to support loyally the Union's common policies, a concept which would have states and provinces in federal states such as Canada howling in indignation.

In short, the EU constitution as it stands is relatively unthreatening, but the future it portends is nothing of the sort. One can perceive the constitution developing only in one way. The only safeguard for member states that it contains is the principle of subsidiarity, now supposedly strengthened by giving national parliaments the right to declare that a piece of Union legislation contradicts the principle. But in practice, this is a false safeguard, as national parliaments have never shown, and almost certainly never will show, any willingness or aptitude for enforcing it. Subsidiarity never has, and never will, provide real protection for the rights of member states.

If Peter Hain and other members of the British government are able to claim that the EU constitution makes no significant change to the balance of powers in the Union, that is because the document before us is an enormous and confusing one. Its very lack of clarity is what makes it so dangerous. Odd though it may seem, a clear cut federal constitution which appeared to transfer powers to the centre would probably serve member states rather better than what we have – a slippery document, which permits endless movement in the direction of integration while superficially appearing to keep things more or less the same. One can only hope that, like those constitution drafters of the past, our ideas of what the future holds turn out to be entirely mistaken.

Dr Paul Robinson is a lecturer in the Department of Politics at the University of Hull. He has co-written, with Dr Ann Robinson, a pamphlet on the EU Convention entitled 'A Constitution for Europe? The Convention on the Future of Europe in Light of Historical Experience', *published by New Europe.*

Two Cheers for EU Membership

by Timothy Less

That the six Eastern European EU candidates to have so far held referenda on the issue of membership have all voted in favour of joining the EU on 1 May next year has hardly sent shock waves through Europe's capitals. Ever since 1990, when the possibility of eastward enlargement was first floated by Chancellor Helmut Kohl of Germany,[1] both electorates and ruling elites have voiced consistent support for membership of the EU. For many Eastern Europeans, joining the Union is seen not just as symbolic confirmation of their European identity but as a chance to end the economic deprivation and political turbulence to which they have been subjected for hundreds of years. Little surprise, then, that they should have grabbed the opportunity to 'Return to Europe' when finally offered to them.

Of the Eastern European countries, the Slovenians were the first to the ballot box, resulting in a 90% 'Yes' vote in favour of membership. This was followed by Hungary, in which 84% gave the thumbs up, Lithuania, where 91% approved, and Slovakia, where 93% voted for accession; the highest approval rate so far. On 7 and 8 June, Poland, by far the largest and most important of all the candidate states, added its name to the list of countries going forward with an 80% vote in favour of membership. Then, on 15 June, the Czech Republic also signed up, with 77% approving entry to the Union.

Referenda on Joining the EU

	For %	Against %	Turnout %	Date
Slovenia	89.6	10.4	60.3	23 March
Hungary	83.8	16.2	46.6	12 April
Lithuania	91.0	9.0	63.4	10/11 May
Slovakia	92.5	7.5	52.2	16/17 May
Poland	77.5	22.5	59.0	7/8 June
Czech Republic	77.0	23.0	55.2	14/15 June
Estonia	-	-	-	14 September
Latvia	-	-	-	20 September

In all the Eastern European countries to have so far voted, turnout has been worryingly low

While the proportions of 'Yes' votes speak clearly of majority support for membership amongst all these Eastern European electorates, the results were, however, not quite the ringing endorsement that most of the region's governments were hoping for. In all the Eastern European countries to have so far voted, turnout has been worryingly low. The highest has been in Lithuania, where 63% of voters turned up; in Poland, 59% made it to the polling stations; in Slovakia, just 52% turned out; and in Hungary, a mere 47% of the electorate bothered to register their view. This caused headaches for several of the governments in the region, most notably that of Poland, which staked its reputation on a positive verdict on membership. Furthermore, in Hungary, Slovakia, the Czech Republic and Poland, less than half of eligible voters endorsed membership of the EU, undermining the legitimacy of a decision that will have an impact on these countries for decades if not centuries to come.

Why was the turnout so low given the historical importance of the decision? One crucial factor is that many countries never had a real debate on membership. Discussion on the issue during the last few years has been dominated by a succession of elites who presented membership either in glowingly positive terms, as a matter of historical destiny or in wholly untestable abstractions designed to instil panic into electorates. Talk of 'islands of insecurity', 'holes on the map' and 'no-mans' lands' living off organised crime and trafficking were commonplace. In the immediate run-up to the referenda, discussion of the actual issues was low-key, irrelevant and, not infrequently, inaccurate. In Hungary, one poster campaign attempted to entice voters with the prospect that they'd soon be allowed to open cake shops in Vienna. At the same time, the Slovakian government warned ominously that non-membership would prevent Slovaks from entering Austria at all.

Eurosceptic groups bear much responsibility for failing to change the terms of the debate, arguing their case in similarly emotional or narrowly nationalistic terms, underpinned by implausible comparisons between the European and Soviet Unions. In a poll conducted just three weeks before the referendum, 49% of Slovaks complained that they were simply not well enough informed to make a decision on EU membership. On the day, many simply did not try.

Closely linked to this point is the fact that many voters bore considerable grudges against their governments and abstained from voting as a deliberate snub. This was a particular issue in Poland and Slovakia which have been lagging on reform in recent years and whose governments have recently been forced to implement painful austerity measures in a last minute attempt to bolster their countries' economies. The Polish government is also deeply mired in a corruption scandal. While a 'No' vote may have been a step too far for voters concerned about the dangers of being left out of the Union, many could not resist the chance to embarrass their leaders by refusing to endorse the most important of their government's policies.

Another reason is the one that blights most elections on European matters across Western Europe – apathy. Eastern Europe has witnessed a steady decline in voter interest ever since the first free elections at the start of the 1990s. In general elections, many voters can no longer be bothered to choose between two equally corrupt sets of politicians with seemingly identical manifestos. Constitutional debates have also proved a turn-off: in Slovakia, the last five referenda have all been invalidated by

low turnouts. Curiously, considering how politicians in the region had hyped up the importance of the referendum, many seemed quite prepared to acknowledge the lack of interest the issue ultimately generated. In Lithuania, the parliamentary speaker Arturas Paulauskas candidly cited the sunny weather on the day of the referendum as a deterring factor, suggesting that, *"some people might have been busy planting potatoes."* Analysts in Hungary pointed to the fact that the referendum was held on a Saturday, a day traditionally devoted to family and friends (and also, as it turned out, a rather fine one too) rather than irksome issues of constitutional politics.

Perhaps the overriding reason for the low turnout, however, was that many voters felt the result was simply a foregone conclusion. For years, opinion polls have shown much larger constituencies in favour of membership than against it, while government elites and the intelligentsia have been virtually unanimous in their support. Many felt that their lone voice would do little to change the outcome. A feeling of powerlessness to challenge the tide of public opinion was further undermined by government efforts designed to ensure a positive result. Prior to the referenda, the Czech and Hungarian governments both lowered (very fortuitously, in the latter case) the minimum thresholds necessary to validate their referenda, in expectation of low turnouts. Other governments made it clear that the results were non-binding anyway. In Slovakia, the government insisted that parliament would still take the final decision on entry, whatever the outcome of the referendum, while in Poland the cabinet reserved the right to put the decision to parliament in the absence of a 50% turnout. Hardly surprisingly, opinion polls conducted before the referendum showed that most Poles thought the vote would make little difference to Poland's ultimate membership of the Union. Either the government would overrule a 'No' decision, so they thought, or, like its Irish counterpart, would keep putting the question to the people until they came up with the 'right answer'. This sense of inevitability, aggravated by the impression that the result was a stitch-up anyway, saw a collapse in the 'No' vote on the day.[2] In every country concerned, the actual 'Yes' vote turned out to be considerably higher than polls had predicted. Given this precedent, even the sceptical Estonians and Latvians will probably not bother to register their disapproval when their turn comes up in September.

However, before we cast too many aspersions on the quality of the Eastern Europeans' democracy, it is worth noting that, on the issue of the proposed EU constitution, the Latvian, Lithuanian and Slovenian governments have all recently promised their peoples the right to another referendum while the Czech, Estonian, Hungarian, Polish and Slovak governments have given the nod to the idea in principle. In other words, the full panoply of emerging democracies in Eastern Europe is likely to give its peoples a say on an issue that the oldest democracy in Europe, Britain, has stated it will not. Before pontificating any further on the issue of the constitution, perhaps Mr Blair should consider what he could learn about democracy from his new found acolytes in the East.

1 He rather optimistically promised Polish membership by 2000.

2 It is significant that only in Malta, where the outcome of the referendum remained open prior to the referendum, did people turn out *en masse* (91.0%).

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… news in brief

Beneš row refuses to go away

Some people never give up. Following two failures by revanchist German politicians in the European Parliament to make revocation of the Beneš decrees a condition for Czech membership of the EU (in February and September last year), the Bundesrat, the Upper House of the German Parliament, has now approved a resolution on 20 June calling on the Czech Republic to abolish them anyway. The resolution had been put down by the usual suspects, the Christian Social Union and the Christian Democratic Union, two sister parties who hold a majority in the Bundesrat and who are traditionally close to the Association of Expellees and the Sudeten German Landsmannschaft. The resolution drew attention to a European Parliament resolution passed in 1999 which called on the decrees to be revoked. It also praised a statement by the Czech government on 18 June which deplored what happened in the Second World War. That statement said, *"Neither World War II nor the events and deeds of the period that followed it are acceptable from the perspective of the present."* Although there was of course no specific reference to the decrees, Germany was probably meant to assume that they were implicitly included as the subject of regret.

The Czech president, Václav Klaus, and the Czech foreign ministry, have expressed *"surprise"* at the Bundesrat resolution. A spokesman for Klaus said he was *"unpleasantly surprised"* by it, and recalled that a declaration issued by the Czech parliament in April 2002, which says the decrees are untouchable and unchangeable, remains in force. Klaus's spokesman added pointedly that the Bundesrat should have issued its statement before the Czechs held their referendum on EU membership because that *"would have definitely been an important piece of information for Czech voters."* The foreign ministry said that the European Parliament from 1999 had been qualified by subsequent legal opinions, by which he meant the two reports issued by the European Parliament itself last year.

Discussions have also been held on the matter between the Czech prime minister, Vladimir Spidla, and the Austrian Chancellor, Wolfgang Schuessel, on the margins of the Thessaloniki summit. The Austrian foreign minister, Benita Ferrero-Waldner, said that the Czech government statement was *"an important first step"* – presumably implying that a full apology would be forthcoming from the Czechs, followed by revocation of the decrees. But Spidla said that any further statements on the matter from the Czech side would be *"out of place"*. He added that the statement was not directed only at Germany, or even at the Czech Republic's immediate neighbours in general, but instead at the whole of Europe, on the specific occasion of the EU referendum. Even though he insisted that there would be no further statements on the matter, Chancellor Schuessel repeated his minister's words about it being a *"very important first step"*.

The Commissar for enlargement, Günter Verheugen, a German, also pointedly welcomed the Czech government's statement. He called it *"a clear and unambiguous recognition of European values"* – even though the European Parliament's own commission of legal experts said that the decrees were not incompatible with existing EU law. [*Radio Free Europe Newsline*, 19 June, 23 June 2003]

FACTS

by Anthony S. Ragnone II

1 The European Commission has granted €1.95 million in relief and aid to those affected by conflict in Kashmir and Jammu, India. The money will be used to provide education, psychological support, and health care to both residents and internally displaced people.

2 The Economic Sentiment Indicator (ESI), reflecting general economic activity, increased slightly in both the EU and euro area during June. The EU increased by 0.2 percentage points and the euro area by 0.1 percent, reaching values of 98.5 and 98.2, respectively. The rise of the ESI is a result of small changes in underlying components: for the euro area, the industrial and consumer confidence indicator went up by 1 point while the retail confidence indicator fell by 1 point, and for the EU, the consumer confidence indicator rose by a point, while the construction confidence indicator fell by a point.

3 After four-months of consultation, European Research Commissioner, Phillipe Busquin, and others from the space sector are calling for the EU to increase its space research and upgrade its institutional framework. Other priorities include better co-ordination between all sectors at EU and international levels, independent access to space for Europe and a flexible system of funding. The European Commission is due to publish a White Paper on Space policy in October 2003.

4 The Common Agricultural Policy (CAP) has been reformed by EU farm ministers, changing the way the EU supports its farm sector. Subsidies will now be paid independently from the volume of production, which will make EU farmers more competitive in the open market, while guaranteeing their financial security. The reform will also strengthen the EU in the ongoing World Trade Organisation talks.

5 The people of the Czech Republic have said 'Yes' to membership of the EU, ending many years of division in Central Europe. Voter turnout was 55% with 77% of those voting 'Yes.' The European Commission believes that the Czech Republic will take complete advantage of EU membership and play a major role in the future development of the EU. European Commission President Romano Prodi said, "*This is a good day for Europe, another proof that our peoples belong together.*"

6 An agreement has been reached on the accession of the ten future EU Member States to the European Economic Area (EEA). The ten states will become members of the EEA, once they become members of the EU. The main hurdle in negotiations was an increase in the financial contribution of the EEA-EFTA countries to alleviate structural and social disparities in the internal market.

7 Health and Consumer Protection Commissioner David Byrne was among the first to sign the Framework Convention on Tobacco Control (FCTC) on behalf of the EU. The Convention requires 40 signatures to be ratified, and it will then become law in the signatory countries, as well as any others that sign in the future. The EU has played a leading role in the formation of tobacco control policies with the Community and in the FCTC process.

8 As of 1 July, Italy has taken over the presidency of the European Union. An overwhelming feeling of scepticism marks the beginning of Italy's 6-month reign, as many are questioning Italian Prime Minister Silvio Berlusconi's qualifications for the job. Among Italy's tasks will be presiding over an Inter-governmental conference to fine-tune the draft constitution, as well as working on relations with the US.

9 The European Commission is being scrutinised by some members of the European Parliament, with regard to the Commission's handling of fraud cases within the department. The MEPs are threatening not to approve the Commission's annual accounts next year, as the Commissioners have not been made aware of on-going investigations into Eurostat, the EU's statistical office.

10 The European Parliament is currently debating two reports on Genetically Modified organisms.† The two pieces of legislation could lead to the EU lifting its moratorium on GM foods. The legislation focuses on tightening labelling laws for food containing genetically modified elements and providing rules for 'co-existence' between GM and non-GM crops.

† MEPs lifted the moratorium on 2 July, which will allow customers to choose if they want to buy GM foods or not.

Sources: The information above is from the EU's official website, www.europa.eu.int, and from www.theEUobserver.com.

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BRUSSELSBOURGER

Reflections on the end of the Convention

It ended with a whimper, not a bang. After seventeen months of deliberations, the European Convention produced a Draft Constitution on schedule for the Council meeting at Thessaloniki, Greece. Part III, containing the devil's detail, will receive a few more days attention in July, but previous talk of the Convention continuing into the New Year has proved unfounded. Everybody will be home by Christmas. In fact, with the Intergovernmental Conference (IGC) of heads of government scheduled for October in Italy, the European Union could, theoretically, have a Constitution by Christmas.

Politicians and commentators have rightly focused their attention on analysing the final document, but virtually nothing has been said about the success or otherwise of the actual Convention itself. Before the Convention becomes a distant memory, it is worth reflecting on the process as well as the product. How has the 'convention model' (as political scientists have dubbed it) fared in comparison to the traditional purely intergovernmental method of treaty negotiation?

Minority Opinions

The main advantage of the convention model is that it includes representatives from all political parties and institutions. Whereas IGCs bring together the governing political parties or coalitions from each Member State, the Convention included representatives of national parliaments, the European Parliament and the Commission as well as national governments. This inclusive approach allowed all the major political parties and institutions to have their say.

In Britain, for example, the Labour party had 6 representatives, the Conservatives 3, the Liberal Democrats 2, and there was even an MEP from the Scottish National Party. Had the Constitution been negotiated on a purely intergovernmental basis, opposition parties would have been excluded.

In Denmark, MEP Jens-Peter Bonde spoke for the eurosceptic June Movement even though they have no representation at a national level. In a traditional IGC, parties who are only represented in the European Parliament are excluded.

The bottom line for minority voices is this: no Convention, no input into the Constitution. If you think the present draft text is imperfect, consider what it could have looked like.

Open Debate

The second benefit of the Convention model over traditional IGCs is the comparative openness of the process. Previous treaty negotiations have been slow to publish their conclusions, preventing proper political debate.

When the then British Prime Minister John Major returned from the Maastricht negotiations in December 1991, the initial response of many eurosceptics who had not yet seen the actual text was provisionally to welcome the opt-outs he had negotiated on the Social Charter and the Single Currency. After the Government won the first reading on the ratification Bill, the debate largely died down until after the General Election in April of the following year.

Amazingly, a printed copy of the Treaty was not available until May 1992 – a full five months after the end of the IGC. The Foreign Office did supply photocopies of the original text (if members of the public knew they were available), but Her Majesty's Stationary Office (HMSO) withdrew the official EU text following a Franco–German dispute over the capitalisation of the acronym ECU – whether it meant European Currency Unit, a notional measure of currency, or an actual currency in the nature of the euro.

Like others, Nelson & Pollard were horrified by the unavailability of this crucial document. Though neither had previously worked as publishers, they brought out a clearly printed, inexpensive text of the Treaty. They also had the foresight to arrange for the text to be distributed in the cover disc of computer magazines *PC Plus* and *Amiga Format*, and for it to be uploaded onto CIX (a pre-internet, bulletin board system). Altogether this led to over two million copies becoming available worldwide.

As private individuals totally unconnected with the Government, Nelson & Pollard are owed a debt of gratitude by the British public. Contrast the delay in Government publication in 1992 to the accessibility of the Convention, where plenary sessions were broadcast online, where all documents were immediately uploaded on the internet and where members of the public and pressure groups could (and did) contact their representatives by email.

The e-IGC

The unprecedented level of openness and accessibility at the Convention can be directly attributed to the establishment of the internet and email as a fast and economic means of disseminating information.

This openness has allowed the eurosceptics (who would not have been otherwise represented in the negotiations) to accurately comment on the text and to begin their campaign against a European Constitution. The campaign against the Maastricht Treaty took half a year to get started. Over the European Constitution, it started on day one.

The Convention has not been perfect – the formal discussions with civil society were particularly unbalanced and the Praesidium has been accused of being heavy handed. Nevertheless, it has undoubtedly been an improvement on previous Treaty negotiations. Eurosceptics are right to fight the Constitution, but they should hold fire on the Convention itself. After all, should the Constitution be approved, future Conventions may provide the only means of defence.

An e-Referendum?

Hopefully this exercise in e-Government will be complimented by another step forward – an e-Referendum – if Tony Blair is forced to give the British people a say on the Constitution. The vast majority of Member States who are constitutionally allowed to hold referenda, will decide to do so, as this issue is one of vital national interest.

With digital television growing by the day, over a third of people in the EU having access to the internet, and 99 per cent owning either a fixed line telephone or a mobile phone, an e-Referendum (with postal ballots for the unconnected one per cent), would ideally complement the e-IGC.

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Advertisement for
The European constitution and what it means for Britain
by Rt Hon. David Heathcoat-Amory, MP
published by the Centre For Policy Studies

Some Reasons why Joining the Euro has been a Mistake for the Republic of Ireland.

by Anthony Coughlan

The euro's purpose is essentially political. One of its objectives is to make people feel members of a new country called 'Europe'.

This political purpose is probably more important than the economic. "*We need this united Europe… We must never forget that the euro is an instrument of this project,*" said Spanish Prime Minister Felipé Gonzalez on the eve of the locking together of the eurozone exchange together in 1998. "*The two pillars of the Nation State are the sword and the currency, and we changed that,*" wrote EU Commission President Romano Prodi in the *Financial Times.*

The Republic of Ireland does two-thirds of its trade outside the eurozone.

The average for the other 11 continental eurozone countries is some 15%. Basically Ireland does one-third of its trade – that is, exports and imports combined – with the eurozone, one-third with the United Kingdom, and one-third with the USA and the rest of the world. We get 75% of our imports from outside the eurozone and send 60% of our exports to countries outside it (Year 2000 figures). The USA and Britain, both outside the eurozone, are the Republic's two biggest and strongest markets, whereas the continental eurozone market has stagnated for years. Irish Deputy Prime Minister Mary Harney was telling the truth when she said last year that, in trade terms, Dublin is closer to Boston than Berlin. But she did not act on what she said. By signing us up for the eurozone the politicians of the main Irish political parties have decided to tie the Republic's currency, in principle for all future time, with countries with which it does only one-third of its trade. Meanwhile the countries with which we do the remaining two-thirds retain the freedom to pursue their own exchange rate and interest rate policies and to use these essential policy instruments of any sovereign government to boost their economic competitiveness if necessary; powers that Ireland's politicians have blithely abandoned.

The euro erodes the basis of the 'Celtic Tiger' economy and the 1993–2001 Irish economic boom.

The intelligent use of an independent currency is the principal reason for the Irish economic boom, which has attracted international attention in recent years. The key question regarding the 'Celtic Tiger' is why did the Republic's annual rate of economic growth, which averaged 3–4% a year during the 1970s and 1980s, double to 7-8% in 1993–4 and remain doubled from then until 2001? The principal reason is that the years 1993–99 was the only period in the history of the Irish State that it pursued an independent currency policy and allowed the exchange rate to float, following our 1993 devaluation. The Irish economy took off on the back of the resulting highly competitive exchange rate. The Irish punt depreciated in value from 110 pence sterling in January 1993 to 77 pence sterling in 2001. It devalued heavily also against the dollar. This boosted exports to the US and UK, Ireland's two principal markets, and reduced competitive imports from these countries. Output and domestic demand grew correspondingly. In the light of that it is folly for Ireland's uncritically europhile politicians to agree to abandon our independent national currency and hand over control of our exchange rate, in principle forever, to the European Central Bank in Frankfurt. The unexpected weakness of the euro *vis-à-vis* the dollar since the Republic joined the eurozone in 1999 has added to Irish competitiveness in that time; but that will not last. Now it is the EU and the European Central Bank, not the Irish Government or Irish Central Bank, which decides Ireland's exchange rate – naturally in the interest primarily of Germany and France, which contain half the eurozone's population, rather than Ireland, which has only 1%.

The short-term costs of introducing the euro are significant.

Personal inconvenience occurs as people have to learn a whole new scale of money values for goods, services and property. Shopping staff felt harassed during the two-month changeover. Consumers were ripped off as retailers rounded prices upward instead of downward. Cash dispensing machines, taximeters etc. were all altered at a cost of millions. All these costs will inevitably be passed on to consumers.

The economic advantages of being able to travel within the eurozone without having to change currency, and being able to compare prices more easily between eurozone countries, are small compared to the economic disadvantages.

People may be on holiday in other eurozone countries for 2/3 weeks a year, but they could be working for the remaining 48/49 in an economy that is burdened by an unsuitable exchange rate, with consequent uncompetitiveness, unemployment, inflation or low economic growth. That was very much Ireland's 19th century experience, when it shared a single currency with Britain as part of the United Kingdom, then the 'workshop of the world', while Ireland, apart from its North-East corner, was reduced to an agricultural backwater.

The rigidity of one-size-fits-all interest rates inside the eurozone does not suit Ireland or other small economies

It makes no economic sense to have the same money, and hence the same interest rate and exchange rate, for the economies of 12 eurozone countries, some of which are significantly different from others. Thus Germany, the largest EU country, is now in

recession and has 4 million unemployed. Germany needs low interest rates to encourage investment and consumption and stimulate its economy. Ireland has had an 8-year boom. We need higher interest rates to prevent inflation and bring down house prices. But ECB interest rate policy is geared to what suits Germany, not Ireland. The result is that at present we have, unsuitably, lower interest rates than we would have if we had kept the Irish punt and the Irish Central Bank were still able to give priority to the needs and circumstances of the Irish economy. Hence we see people in the Irish Republic borrowing as if there were no tomorrow, massive credit expansion, interest rates since 1999 that have pushed soaring house prices higher still, an Irish inflation rate that is nearly treble the EU average and positive disincentives to savers and saving. Yet at any one time savers and pensioners, who want higher interest rates, outnumber borrowers, who want lower ones. In a few years time things may be reversed. Ireland may need looser credit, while Germany needs tighter. But in the eurozone it will again be Franco–German interests, not Ireland's, that will determine ECB interest-rate policy.

The European Central Bank, which decides interest rates in the eurozone, is not subject to any democratic control.

Article 107 of the Maastricht Treaty states that the ECB shall not seek or take instructions from any national Government or from any European institution. By signing us up to the euro our politicians have put us under the economic control of a group of independent, irremovable, non-elected central bankers in Frankfurt for the indefinite future.

The Maastricht Treaty requires the ECB to follow an interest rate policy that has an inherently deflationary, anti-expansionary economic bias for the member states of euroland.

It is pointless to criticise the ECB for this. The euro-bankers are only carrying out their Treaty obligations by insisting on it. Their sole duty under the Maastricht Treaty is to keep inflation low in the eurozone overall. This inhibits economic expansion, discourages employment and makes the 12 countries of the eurozone a low-growth area compared to the USA. The Treaty does not require the ECB to adopt policies that would encourage economic growth, expansion of output and employment, or reduction of economic imbalances between different eurozone regions or countries.

Adopting the euro means abandoning the economic 'safety valves' of an interest rate and exchange rate policy that is in the national interest.

A national currency is essential for every independent democratic State because it enables its government to control or influence its rate of interest or exchange rate in a manner that can serve the interests of its own citizens. Article 45 of the Irish Constitution lays down as one of the key principles of good public policy: *"That in what pertains to the control of credit the constant and predominant aim shall be the welfare of the people as a whole."* This is now impossible with the euro, for control of credit in the Irish economy has been shifted from the Irish to the European Central Bank. The interest rate is the domestic price of a currency. The exchange rate is its price for citizens of other countries. The latter governs the terms on which a country exchanges goods and services with its trading partners. By altering its currency exchange rate a country can affect the competitiveness of its trade with others. If a country has an unsuitable exchange rate for a long period, as Ireland had during the 19th and early 20th centuries, it can suffer a permanent competitive disadvantage, resulting in low growth, unemployment and emigration. Without the safety valve of either the interest rate or the exchange rate, national economies are also more vulnerable to economic shocks that may affect them more than others, such as an energy crisis. Or different countries may require significantly different interest rates because they have housing systems reliant to varying degrees on variable rather than fixed-interest mortgages, or retirement pension systems more reliant on funded than unfunded pension schemes.

Membership of the eurozone requires flexibility in wages, migration or employment, if national policy flexibility as regards interest rates and exchange rates is ruled out … and most people are not prepared for that.

With the safety valves of interest rate and exchange rate changes abandoned, the only economic policy flexibility still left to governments in the eurozone is their ability to vary taxes and public spending. The Stability and Growth Pact which accompanied the Maastricht Treaty seeks to limit this as well. This Pact licenses the EU to impose heavy fines on eurozone States that run budget deficits greater than 3% of their GDPs. Such deficits may be the only way to counter an economic recession like the present one, which calls for higher public spending at a time of falling tax revenue for governments. The EU's clearly stated ambition to obtain the power to "harmonise" national taxes inside the eurozone, if successful, would eliminate the ability of national governments to adopt virtually any independent measure to advance their people's economic welfare. With policy flexibility hugely reduced for eurozone member governments, the only response possible for people in an economic recession would be flexibility through wage cuts and profit cuts, or else workers and businesses having to choose between unemployment at home or migration of labour and capital abroad, as they move from poorer to richer countries or regions inside the eurozone.

Why the euro cannot last… The problem of the eurozone being a monetary, not a fiscal, union, and the absence of the necessary solidarity to underpin the latter.

"There is no example in history of a lasting monetary union that was not linked with one State," said Otmar Issing, German governor of the European Central Bank. History is full of examples of abandoned currency unions. Where now is the Austro-Hungarian taler, the USSR rouble, the Czechoslovak crown and the Yugoslav dinar? Yet these currencies belonged to real States, multinational political unions that were also fiscal unions, bound together by common taxes and services, which is something the EU is not and never can be.

All sovereign States are fiscal as well as monetary unions. They have common taxes and public services throughout their territories, which means that their poorer areas and regions pay on average lower taxes and receive more public services than their richer areas and regions. These expressions of national solidarity mean that resource transfers from richer regions within a country compensate poorer regions to some extent for the drawback of their not having their own currency, interest rate and exchange rate, with which to balance their payments with the rest of the national economy. Despite this, poorer areas suffer from migration of capital and labour to richer areas, but less than would happen in the absence of these national transfers.

There is no such solidarity at EU level, however, whereby richer EU countries are willing to compensate poorer ones for loss of key economic powers. Of course some international solidarities exist between EU members, but nothing that compares to the solidarity which binds national states together and makes their citizens willing to pay taxes to a common government because it is THEIR government, with the authority and legitimacy deriving from that. EU monetary union is not a fiscal union. Taxes and public spending are overwhelmingly national in the EU, and likely to remain so. Brussels funds amount to a mere 1.3% of the EU's annual gross product, whereas national taxes and spending typically amount to 35% or more of national products. There is thus no realistic likelihood of the richer EU countries being willing to pay vastly greater sums to Brussels in the name of a common 'Europeanism', to compensate the poorer EU countries for surrendering their ability to use exchange rate and interest rate policy to balance their national payments. The only way countries threatened with such imbalance can do this inside the eurozone is by accepting lower wages and profit rates compared to their competitors, or, if people are not prepared to do that, remaining unemployed at home or emigrating abroad. The EU does not have the solidarity that marks a nation or people. There is no EU 'demos', no EU national community with which citizens identify and for which in some circumstances they are willing to die. Rather there are the EU's many nations and peoples.

This is the fundamental reason why the single currency is bound to generate tensions and antagonisms between different EU countries in the eurozone, as the common interest and exchange rates that suit some do not suit others, and people gradually realise that their governments have surrendered key policy instruments for advancing the national welfare. For this reason the euro project is doomed to fail, although it could last years or even decades as the rouble and thaler did, while generating policy conflicts and significant international tension while it does last. The euro is likely to make the national question, the right of nations and peoples to self-rule and self-determination, the principal issue of EU politics for years to come. This will happen as countries, which in the past possessed empires and which through them suppressed the national independence of others, discover the drawbacks of being ruled by foreigners, that is, by people they do not elect and who are not responsible to them.

Will the euro counter globalisation?

The euro is a key instrument for eroding national defences against the dangerous effects of economic globalisation, which transmit downturns in some major economies rapidly to others. Free movement of capital is the locomotive of globalisation. Article 56 of the EC Treaty forbids all restrictions on the movement of capital either within the EU or between the EU and the rest of the world. The Maastricht Treaty is a constitution for undemocratic rule by Central Bankers. It is a freedom charter for private capital, whereas democrats have always sought to impose some rules and social controls on capital, to tame the 'furies of private interest' through the only instrument that history has evolved for that purpose, namely independent national states that are responsive to democratic electorates.

Is the euro a peace project, aimed at ending conflict in Europe?

There is no evidence to suggest this. A common currency is no guarantee of national cohesion or peace. The USSR and Yugoslavia broke apart, despite having had common currencies in the rouble and the dinar. There are still conflicts in Chechnya, Kosovo and Macedonia. When Czechoslovakia divided, a common currency was kept for some time, but it did not work and two currencies were instituted, for the Czech and Slovak Republics respectively. In 1999, the year in which the euro was established, there were 25 wars being waged in the world, 24 of them in countries with a common currency. Between 1989 and 1999 there were 108 armed conflicts in the world, 101 of them within States that had a common currency. Three-quarters of these conflicts took place within democratic States or States with democratic forms, such as India (Kashmir), Algeria (Islamic guerillas), Morocco (Western Sahara), the UK (Northern Ireland), Spain (the Basque country) and Turkey (Kurdistan). The euro will bring an end to war in Europe, say the eurofanatics. Have they ever heard of civil wars?

Will currency speculation decrease with a big currency like the euro?

There are numerous examples where big currencies like the dollar, the pound sterling, the yen and the deutschmark have fluctuated markedly within short periods of time in response to supply and demand for them. If currency exchange rates are fixed for political reasons – which is virtually always the motive for doing this – then the real economy of people engaged in making and exchanging things must fluctuate to fit in with the exchange rate, rather than the exchange rate fluctuating to accommodate the real economy. Globalisation does not eliminate small currencies. The number of currencies increases all the time as new States come into being. The number of States in the world has trebled from some 60 in 1945 to around 200 now. So has the number of currencies. The number of states – and currencies – in Europe went from 34 in 1989 to 50 ten years later. There is no relation between the size of a state or its population and the strength of its currency, its economic prosperity or level of income per head. Some of the smallest countries in the world are the richest – e.g. Norway, Switzerland, Singapore – and some of the biggest are the poorest. This matter has nothing to do with size of currency.

Anthony Coughlan is Secreatary of the National Platform. He is Senior Lecturer Emeritus at Trinity College Dublin and is an economist who has written widely on EU related issues.

The Real Reasons for the Euro

Compiled by Anthony Coughlan

"When we build the euro - and with what a success – when we advance on the European defence, with difficulties but with considerable progress, when we build a European arrest warrant,when we move towards creating a European prosecutor, we are building something deeply federal, or a true union of states."

Pierre Moscovici, French Minister for Europe,
Le Monde,28 February 2002

"European monetary union has to be complemented by a political union – that was always the presumption of Europeans including those who made active politics before us… What we need to Europeanise is everything to do with economic and financial policy. In this area we need much more, let's call it co-ordination and co-operation to suit British feelings, than we had before. That hangs together with the success of the euro."

Gerhard Schröder, German Chancellor,
The Times, London, 22 February 2002

"Defence is the hard core of sovereignty. Now we have a single currency, then why should we not have a common defence one day?"

Federico Trillo, Spanish Defence Minister,
EP Committee on Foreign Affairs, 19 February 2002

"The EU ought to develop into a great power in order that it may function as a fully fledged actor in the world."

Paavo Lipponen, Prime Minister of Finland,
London, 14 February 2002

"It [the introduction of the euro] is not economic at all.It is a completely political step… The historical significance of the euro is to construct a bipolar economy in the world. The two poles are the dollar and the euro. This is the political meaning of the single European currency. It is a step beyond which there will be others. The euro is just an antipasto."

Commission President Romano Prodi,
interview on *CNN*, 1 January 2002

"The currency union will fall apart if we don't follow through with the consequences of such a union. I am convinced we will need a common tax system."

Hans Eichel,German Finance Minister,
Sunday Times, London, 23 December 2001

"Are we all clear that we want to build something that can aspire to be a world power? In other words, not just a trading bloc but a political entity. Do we realise that our nation states, taken individually, would find it far more difficult to assert their existence and their identity on the world stage."

Commission President Romano Prodi,
European Parliament, 13 February 2001

"Thanks to the euro, our pockets will soon hold solid evidence of a European identity. We need to build on this, and make the euro more than a currency and Europe more than a territory… In the next six months, we will talk a lot about political union, and rightly so. Political union is inseparable from economic union. Stronger growth and European integration are related issues. In both areas we will take concrete steps forward."

Laurent Fabius, French Finance Minister,
Financial Times, London, 24 July 2000

"We already have a federation. The 11, soon to be 12, member States adopting the euro have already given up part of their sovereignty, monetary sovereignty, and formed a monetary union, and that is the first step towards a federation."

Joschka Fischer, German Foreign Minister,
Financial Times, 7 July 2000

"Common responsibility for the European currency will also engender a common decision-making instance for the European economy. It is unthinkable to have a European central bank but not a common leadership for the European economy. If there is no counterweight to the ECB in European economy policy, then we will be left with the incomplete construction which we have today… However even if the building is not finished it is still true that monetary union is part of a supranational constitution… It is our task for the future to work with the appropriate means for the transfer of traditional elements of national sovereignty to the European level."

Carlo Ciampi, Italian President,
Frankfurter Allgemeine Zeitung, 8 February 2000

"We must now face the difficult task of moving towards a single economy, a single political entity . . . For the first time since the fall of the Roman Empire we have the opportunity to unite Europe."

Commission President Romano Prodi,
European Parliament, 13 October 1999

"The euro was not just a bankers' decision or a technical decision. It was a decision which completely changed the nature of the nation states. The pillars of the nation state are the sword and the currency, and we changed that. The euro decision changed the concept of the nation state and we have to go beyond that."

Commission President Romano Prodi,
Financial Times interview, 9 April 1999

"The introduction of the euro is probably the most important integrating step since the beginning of the unification process. It is certain that the times of individual national efforts regarding employment policies, social and tax policies are definitely over. This will require to finally bury some erroneous ideas of national sovereignty… I am convinced our standing in the world regarding foreign trade and international finance policies will sooner or later force a Common Foreign and Security Policy worthy of its name… National sovereignty in foreign and security policy will soon prove itself to be a product of the imagination."

Gerhard Schröder, German Chancellor, on *'New Foundations for European Integration',* The Hague, 19 January 1999

"Our future begins on January 1 1999. The euro is Europe's key to the 21st century. The era of solo national fiscal and economic policy is over."

Gerhard Schröder, German Chancellor, 31 December 1998

"The euro is a sickly premature infant, the result of an over-hasty monetary union."

Gerhard Schröder, German Opposition leader, March 1998

"The euro is far more than a medium of exchange… It is part of the identity of a people. It reflects what they have in common now and in the future."

Wim Duisenberg, Governor of the European Central Bank, 31 December 1998

"The single currency is the greatest abandonment of sovereignty since the foundation of the European Community… It is a decision of an essentially political character… We need this united Europe … We must never forget that the euro is an instrument for this project."

Felipé Gonzalez, Spanish Prime Minister, May 1998

"Federalism might make eurosceptics laugh but, with the creation of the euro, the halfway stage would be reached. Four key organisms would have a federal or quasi-federal status: the Central Bank, the Court of Justice, the Commission and the Parliament. Only one institution is missing: a federal government."

Jacques Lang, Foreign Affairs Spokesman, French National Assembly, *Guardian*, London, 22 July 1997

"As a monetary union represents a lasting commitment to integration which encroaches on the core area of national sovereignty, the EMU participants must also be prepared to take further steps towards a more comprehensive political union."

Annual Report of the German Bundesbank 1995

"There is no example in history of a lasting monetary union that was not linked to one State."

Otmar Issing, Chief Economist, German Bundesbank, 1991

"A European currency will lead to member nations transferring their sovereignty over financial and wage policies as well as in monetary affairs… It is an illusion to think that States can hold on to their autonomy over taxation policies."

Hans Tietmeyer, Bundesbank President, 1991

"We argue about fish, about potatoes, about milk, on the periphery. But what is Europe really for? Because the countries of Europe, none of them anything but second-rate powers by themselves, can, if they get together, be a power in the world, an economic power, a power in foreign policy, a power in defence equal to either of the superpowers. We are in the position of the Greek city states: they fought one another and they fell victim to Alexander the Great and then to the Romans. Europe united could still, by not haggling about the size of lorries but by having a single foreign policy, a single defence policy and a single economic policy, be equal to the great superpowers."

Harold Macmillan, the Prime Minister who initiated the UK's application to join the EEC, *Listener*, London, 8 February 1979

"The fusion [of economic functions] would compel nations to fuse their sovereignty into that of a single European State."

Jean Monnet, founder of the European Movement, 3 April 1952

"I have always found the word 'Europe' on the lips of those who wanted something from others which they dared not demand in their own names."

German Chancellor Otto von Bismarck, 1880

Anthony Coughlan is Secreatary of the National Platform. He is Senior Lecturer Emeritus at Trinity College Dublin and is an economist who has written widely on EU related issues.

… news in brief

Commission tells Germany not to cut taxes

The European Commission has warned the government that it will not support Berlin's plan to cut taxes in 2004, in order to stimulate growth. *"The German government cannot necessarily count on our support if budgetary proposals are made which are not compatible with the fiscal rules of economic and monetary union,"* said the spokesman for the monetary commissar on 24th June.

In other words: adopting the euro means abandoning control over your own fiscal policy. Germany had been contemplating cutting taxes, even if this meant that its budget deficit would rise over 3%, as a way of kick-starting the economy. But the spokesman insisted that the Stability Pact must be respected. The Ifo economics institute in Munich revised its growth predictions downwards, to 0.5% for 2003. Chancellor Schröder has said that he wants a rapid decision on his tax-cutting proposal, which was to enter into force in 2005. [*Le Monde, Agence France Presse,* 25th June 2003]

Poland attacks constitution

Poland has joined Spain in expressing its opposition to the changes proposed by the new European constitution to the voting arrangements which were so painstakingly agreed in the Nice Treaty. (N.B. The British government accuses its Eurorealist enemies in the opposition of wanting to *"re-negotiate"* the treaties, but in reality the treaties are in a state of almost permanent re-negotiation, as this row shows.) Poland and Spain are angry at being downgraded by Giscard's draft text. The Polish Prime Minister, Leszek Miller, said that he had heard no convincing arguments for changing the majority voting system adopted at Nice in 2000. This was a clear statement of criticism of the draft constitution. Miller said that the system adopted at Nice provided the right balance between large, medium-sized and small states. *"The proposed changes have nothing to do with greater democracy or simplicity,"* he said. *"It adds up to changing the proportions between the member states on common decision."* [*Radio Free Europe Newsline,* 23rd June 2003]

BOOK REVIEWS

Between Empire and Alliance: America and Europe during the Cold War

Edited by **Marc Trachtenberg**, Rowman & Littlefield Publishers, 2003, ISBN 0-7425-2177-X, 209pp, £18.95

Reviewed by Alex Wieland

Security or anxiety? Since 1945, the question which has tormented European governments is: which did their relationships with the United States create more of? On the one hand, the US, through NATO, was Europe's great Cold War protector, utilizing its vast political, military, and industrial strength to shield the West against invasion and subversion by the Soviet Union and the Warsaw Pact. On the other, however, American preeminence graphically underlined Europe's relative weaknesses and vulnerability, causing some to fear the prospect of the sudden withdrawal of this shield; a development that would perhaps be prompted by considerations which had nothing to do with the Europeans but rather by political developments on the other side of the Atlantic. Others saw Washington's dominance on the Continent as something created without the purest of intentions. Did America see Europe as its informal empire and itself as its unquestioned, albeit benevolent, master? This new collection of historical articles, edited by Marc Trachtenberg, professor of political science at the University of California at Los Angeles, attempts to come to grips with these questions and sheds light on the turbulent, often ambiguous, relationship between the US and Western Europe during the first quarter-century of the Cold War.

Utilising archival sources which have, in many cases, only recently come to light, *Between Empire and Alliance* is firmly rooted in the 'new Cold War history' which has developed since the collapse of the USSR and the opening of government archives in many of the former Communist countries. With this new approach, it is now possible to explore the dynamics of the relations within the two competing power blocs and compare them to one another with a degree of thoroughness that, previously, was impossible. For those dealing with the West, where, obviously, greater access to sources has traditionally been afforded to scholars, new emphasis has been given to exploring the multi-layered richness of relations both between the US and Europe and among the Europeans themselves. In addition to more standard explorations of interaction between the US and its principal allies in the areas of political and economic relations, contributions in this collection also include analyses of ties between the Americans and Europe's main political parties on both the Right and Left.

Underlying all the articles, however, is the role of American support in the process of European integration. The fact that projects for integration during the early Cold War period, viewed in Washington as providing an essential bulwark against Soviet incursion or Western Europe's communisation, received extensive US support and encouragement is certainly not a new revelation. However, the extent to which this support, or European worries that it might be abandoned by a fickle, isolationist American public, provided the main impetus for integration has remained a contentious historical topic.

In his article, Paul M. Pitman of the University of Virginia discusses the final stages of the creation of the EEC and the impact of the Suez Crisis. Pitman argues firmly and persuasively against the commonly held belief that the ultimate push for the conclusion of the Treaty of Rome in 1957 was the *direct* by-product of the US condemnation of the Anglo–French action at Suez and the French belief that it had been forsaken by *les Anglo-Saxons*. Many historians, he asserts, have attached too much importance to West German Chancellor Konrad Adenauer's famous utterance to the French premier, Guy Mollet shortly after Suez had reached its uneasy *denouement* – "*Europe will be your revenge*" – and ignored the steady progress toward further European unity in the years before 1956 and the key decisions to proceed which occurred before the crisis began. While there can be no doubt, Pitman contends, that Eisenhower's censure of America's allies at the United Nations embittered the French and caused them to look upon partnership with the West Germans in an integrated Europe as more attractive, it did not do much more than *confirm* for Mollet, the importance of forging ahead with plans that had already been in the works for several years, despite the opposition of members of his own party. Indeed, this would confirm Pitman's thesis that European unease regarding America's commitment to a long-term presence on the Continent was not an instant revelation, for the French in particular, realised in the Egyptian desert.

As with other books looking at the history of US relations with its European allies, *Between Empire and Alliance* enjoys the luxury of fortunate timing in its release. Certainly as relations between Washington, Paris, and Berlin continue to remain strained, a look back at the history of the ties between these nations makes for some interesting comparisons. Readers following his chairmanship of the European Constitutional Convention will undoubtedly will be intrigued by Francis J. Gavin's and Erin Mahan's look at the role played by Valéry Giscard d'Estaing, then de Gaulle's Minister of Finance, in Franco–American monetary relations during the early 1960s.

In all, this work represents a valuable contribution to the study of the dynamics of the Atlantic alliance and the importance of this relationship during one of its most critical moments.

Alex Wieland is a Research Assistant at the European Journal.

The European Constitution and what it means for Britain

by **Rt Hon. David Heathcoat-Amory**, MP, CPS, ISBN 1-903219-57-4, pp. 37, £7.50

Reviewed by Susan Nelson and David Pollard

The task that fell to David Heathcoat-Amory in recent months was, to be polite, unenviable. He was one of the UK's delegates to the Convention on the Future of Europe. This must have seemed rather like an endless series of afternoons with a domineering relative, whose 'skills' include asking questions such as, *"Would you like cucumber or salmon sandwiches for tea?"*, just as one wants to go out for a walk. *"Neither, thank you,"* is not on the immediate agenda.

In this remarkably succinct account, just 37 pages of text, he outlines the main aspects of the eighteen months of negotiations in which he took part. Those who enjoy a tightly written script will find the pamphlet's terseness sufficient to stave off the boredom of EU minutiae that could easily result from a longer work. The following excerpt gives the flavour:

"There is no European people, no single electorate or coherent public opinion. In short there is no European demos on which to found a supranational democracy or federation. Nor can such a demos be created by artifical means such as European anthems, flags and EU information campaigns. As de Toqueville observed, these things lie in the manners and customs of the people and are the product of history and experience. It follows that the European Union ought to be content for the forseable future with a treaty relationship between participating states that can trade and co-operate together and agree common rules to tackle common problems, but not give up powers to supranational institutions governed by a constitution."

He gives a brief historical overview of the development that led into the EU in recent decades, covers the immediate background leading up to the Convention and goes on to detail some of the methods and conclusions of the working groups. Some instances that he gives make a sad reflection on present-day democracy; and perhaps we should not be surprised to discover that the delegates' conclusions were sometimes over-ruled in the final draft. Here is an example:

"The working group … recommended that powers should be given to the Union to 'approximate' criminal laws and penalties across all member states for a list of crimes with a cross-border dimension or when criminal legislation is necesary, 'to ensure the effective implementation of a Union policy'. (Article III-167) …

"Remarkably the articles which then went into the Draft Constitution went even further than the working group's recommendations. For instance, the Constitution now provides for a European Public Prosecutor with powers of investigation and prosecution in each member state (Article III-170). This was not recommended by the working group. It provides a good example of the Convention's relentless drive from the top to achieve a single integrated union with all the powers, responsibilities and organs of a state and to do this by ignoring objection and over-ruling the recommendations of its own working groups."

Right from the beginnings of the EEC there have been fundamental compromises and contradictions; for example, whether it should grow democratically and organically or whether it should be planned and directed by an over-arching oligarchy whose members always know best. Equally, its growth has been tarnished not just by misunderstandings but by repeated deceptions and a measure of internal corruption. As one of those deputised to sort out the present mess on our behalf at the Convention, the task that fell to Heathcoat-Amory cannot have been an easy one.

Now that he has written this pamphlet, there appear to be only two options open for anyone upon whom the EU impinges. Buy this pamphlet and study it carefully, or ignore it and hope that, like the various earlier attempts, the present moves to institute a European Constitution will just fade away.

Susan Nelson is Markets Reporter at the Scotsman and also a sculptor/stonemason. David Pollard is a scientist who runs a small business in Oxford.

… and reviewed by Dirk van Heck

This CPS pamphlet follows up an earlier one by Norman Blackwell, *A Defining Moment,* which aimed to open up debate on the European Constitution. In this, it is highly effective. The author was Minister for Europe under John Major and served as the representative of the House of Commons on the Convention on the Future of Europe which drafted the document. As such, he is uniquely placed to make an informed contribution to the debate and does so in a clear and direct style, balancing the need for context with acute analysis of the terms of the draft Constitution itself.

Heathcoat-Amory takes the reader through the birth of the Convention on the Future of Europe, explaining how the Laeken Declaration was reduced to political rhetoric by the empire-building mindset of EU/EC institutions and the familiar horse-trading between the central member states. He reminds us of the EU/EC's Nelsonian blindness towards history and its institutional incapacity for self-criticism as regards economic strategy. Crucially, he explains what power shifts the draft Constitution instigates, both between the institutions of the new Union and with regard to the member states and the new constitutional order, and gives us an idea of what the consequences might be.

The pamphlet does occasionally give way to the temptation to draw excessively sweeping conclusions. The section on legal personality states that *"only the Union, with its new-found legal personality, will be able to negotiate and sign international agreements, and will do so across the board."* Later on, in the section on foreign policy and defence, this position is contradicted by an acknowledgement of the limits of this power, concluding that *"this is a very marked extension of Union responsibility"*. The assertion that the compulsory coordination of economic and employment policies *"would certainly cover the overall level of taxation, interest rates and public expenditure in each country, as well as pensions policy and employment taxes"* is rather strident in the absence of reasoning, and the fact that the draft expressly states

that monetary policy is to remain within the remit of member states that have not joined the euro exposes it as partly wrong (the consequences of the loss of Britain's euro opt-out are, regrettably, not considered).

Imperfections aside, however, this pamphlet is the most authoritative critique of the Convention and the draft Constitution yet written in English. It flags up the most significant changes; in justice and home affairs, immigration and asylum policy, foreign policy and defence; examines contentious issues such as legal personality; and exposes the operation of vested interests behind the warm reassurances and fine words of the Conventioneers.

The author concludes by pressing the case for a referendum on the final version of the Constitution, which he does convincingly and in accordance with Conservative party policy. He might have gone further, having explained that a failure by one state to ratify would impose gridlock, and concluded that the British government should use its veto to force the architects of the new Europe back to the drawing-board. *The Economist* knows where to put this draft Constitution – Mr Heathcoat-Amory's evident disgust for it suggests that he does too.

Copies of The European Constitution and what it means for Britain *are available to readers of the* European Journal *at a reduced rate. See the advertisement on page 15 for details.*

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

Defending Europe: The EU, NATO and the Quest for European Autonomy

Ed. **Jolyon Howorth** and **John T.S. Keeler,** Palgrave Macmillan, ISBN 1-40396114-X, 256 pp., £40.00

Reviewed by Richard Sanders

With contributions from writers on both sides of the Atlantic, this book seeks to set out a balanced debate on how issues concerning global defence may progress over the course of the next century. Split into three major sections, with a statistic-based introduction and two opposing conclusions, *Defending Europe* provides useful arguments for those with an interest in international relations whilst allowing space for opinions to be formed both for and against further enhancement of EU military capabilities.

Jolyon Howorth, from the University of Bath, and John Keeler, of the University of Washington, jointly edit this book as well as introduce the volume, which they say, "*seeks to analyse the conflicting ambitions, the contrasting visions and the transatlantic tensions related to the recent quest by Europe for autonomy in the sphere of security and defence.*" Although the North Atlantic Treaty Organisation (NATO) has claims to be a global defence force, the United States is evidently the first among equals and has a dominant say in where it chooses to act. This can be seen by the contrasting budgets set aside for defence by the ten leading nations in the year 2000. America's budget, as would be expected, is far and away the largest at close to $300 billion per year. What is surprising, though, is the degree to which the US dwarfs the rest of the 'top ten'. Its defence budget is larger than the combined total of those countries ranked 2–10 on the list. Indeed, the $40 billion hike by the Bush administration following the 11 September attacks would have more than doubled the UK's defence spending had it been matched here. However, it is raises of this magnitude that the EU countries would have to introduce if a combined EU force wished to carry a burden equivalent to that of their American counterparts.

One side of the argument is that Europe has relied for too long on the US to ensure its own security, thereby sacrificing a certain amount of autonomy which must be regained if the euro is to stand any chance of being a major currency on the international scene. Following the Second World War, the American dollar has been the primary currency of international trade. The development of the European Security and Defence Policy (ESDP) would ensure the euro could compete on an equal footing with the US dollar without being muscled out in regions such as East Asia and the Middle East.

The argument against ESDP is chiefly a financial one. It is estimated that each EU member state would have to increase its annual spending on defence by 10% for the next 20 years, hard to justify in many European countries, and would cause considerable hardship on the domestic front in the short run due to the necessary cutbacks in other areas. Another component of this argument is the potential threat to NATO and the possibility that ESDP would act as a destabilising force in global affairs, an opinion to which former US President George H.W. Bush certainly subscribed.

Part I of this book deals mainly with the pros and cons of a European defence initiative. Part II, on the other hand, addresses the present situation and is entitled, 'The US – European Capabilities Gap'. In this section, David Yost gives the reader many interesting statistics designed to show how far behind America Europe is as regards its military equipment. He points out that, for every transport aircraft in the 'EU five', the US has 3.5, two thirds of which are 30% smaller than the smallest US aircraft. For tanker aircraft the ratio is 30:1. Clearly for Europe to compete this gap would have to be diminished. Part III deals primarily with the EU/NATO relationship providing, in different chapters, criticism of both the EU and America, presenting conflicting opinions on exactly who appears to be the biggest threat to NATO's survival.

Although this book is split into many sections, with different writers each giving short but well researched essays, slick editing lets the book flow. This would not be the lightest book you read all year but it manages to keep your attention throughout with the use of both interesting statistics and the sheer lack of bias. It has clearly set out to give a balanced approach and the essays provide a useful basis to put together an informed view on the topic of European defence.

Richard Sanders recently completed a BA Hons in History at Leeds Univesity and is currently working as a research co-ordinator at the European Foundation.

Harold Wilson and European Integration: Britain's Second Application to Join the EEC

Edited by **Oliver J. Daddow**, Frank Cass, 2003, ISBN 0-7146-8207-1, 298pp, £17.50

Reviewed by Alex Wieland

In the broad scope of the history of Britain's relationship with Europe it seems that the UK's second application to join the European Economic Community, launched by the Labour government in 1967, is largely lost in the shuffle. Wedged between the rejection of the first effort at membership in 1963, when Charles de Gaulle issued his infamous "*non*", and the country's formal accession a decade later, the second application has produced a mixture of indifference and puzzlement among many historians.

The *"conventional wisdom"*, argues Oliver J. Daddow of King's College, London in the introduction to this new work, is that the launch of the application during a time of economic and political crisis for Britain represents yet another *"failure"* for the country to assume its proper place in partnership with its Continental neighbours. This interpretation, he maintains, is rooted in the long-standing assumption, made by some in both the political and academic communities, that the United Kingdom consistently missed opportunities in the years leading up to 1973 (and, indeed, since) to become wholehearted members of Europe and, possibly, its leader as well.

This line of thinking, Daddow continues, has sparked a sharp scholarly backlash in recent years. The bulk of work now being produced rejects the *"missed opportunity"* historiography. For some, these opportunities were simply never there and, if they were, remained subordinated to the belief that Britain could not afford to narrow its vision to Western Europe alone. Therefore, the UK did not miss the *"European bus"* but instead opted not to take a bus that was *"going in the wrong direction"*. The prevailing trend now is not to look for explanations for Britain's perceived shortcomings in its relationships with Europe, but rather to try to explain *why* successive governments chose to make the decisions that they did. In the case of Harold Wilson, numerous theories have been developed to explain why, as the leader of a largely eurosceptic party in the mid-1960s and facing the same hostility from de Gaulle that his predecessor had faced only a few years before, the Prime Minister chose once again to approach the Six.

Daddow asserts that these explanations have largely evolved from a generally negative impression of the Wilson era. Many accounts of British politics between 1964 and 1970 paint the picture of a highly divided Government, rocked by infighting and cantankerous, outspoken personalities and presided over by a cunning Machiavellian in Number 10. Indeed, it is Wilson's pragmatism that has led to descriptions of the second application as 1) a distraction from the country's embroilment in a series of crises both at home and abroad, or 2) a political manoeuver to outflank the euro-enthusiast platforms of the Liberal and Conservative parties, as well as Europeanists like George Brown in his own party, and to win greater public popularity.

The main thrust of the book is to demonstrate the inadequacy of these factors as the whole explanation for the 1967 application. While careful not to minimise the importance of the broader domestic and foreign policy context during the period, the authors contend that these alone do not fully account for Wilson's actions. Their primary argument is that Wilson's own "*European*" leanings, developed *in reaction* to these crises, need to be explored further. Domestically, they point to the growth of interest in the EEC within Whitehall and the UK business community, as well as the greater enthusiasm of the member states (minus France) for UK membership as motivations for Wilson to try again. Moreover, the combination of the Sterling Crisis with the East of Suez withdrawal is also seen to have changed Wilson's thinking to a more Europeanist outlook. Ultimately, the picture of the second application which emerges is one that is described by Daddow in his introduction and Peter Caterall in his conclusion as a *"successful failure"*. That is, it was a serious attempt and not a ploy, that ultimately foundered, once again, on the General's refusal. Wilson's *"success"* was that he was able to approach Europe despite the unfavourable odds and pull away with domestic victories. Whilst not his primary objective, the authors assert, Wilson succeeded in deftly outflanking the Conservatives and Liberals and skillfully kept his own party together whilst appeasing both euro-enthusiasts and eurosceptics within Labour by adopting a measured approach.

Adopting these conclusions and fitting them into the chronology of Britain's road to accession, Wilson's application therefore appears to seem less anomalous. The intentions and result of the 1967 effort appear strikingly similar to those of 1963. However, the similarities are more than skin deep. The second application kept the issue of integration at the centre of British politics. But it also obscured the impact of EEC membership on the British state in a similar way to the debates surrounding the other applications.

In an interesting discussion of public opinion surrounding the Wilson application, one contributor, Anne Deighton, asserts that support for the application was sought in a hurried fashion. Public support for Wilson and the Government was construed as support for the application and for the EEC. Simultaneously, the move into Europe, should it occur, was presented as no more than an economic decision, a tactic used by the Conservatives before and after. This, she rightly claims, provided the basis for much of the British public's scepticism in the decades which have followed, a politically cross-cutting phenomenon, deeply affecting not only party politics, but the wider British debate on Europe in general, something which has persisted (and even grown) into the present.

In the final analysis, this superbly written and thought-provoking work goes far to fill a gap in the historical understanding of Britain's often uncomfortable relationship with European integration, not only with regard to the actions and motivations of the Wilson government, but also the course of the relations in the years which have followed.

Alex Wieland is a Research Assistant at the European Journal.

The Heart of Darkness

by Freddie Gjertsen, with apologies to Joseph Conrad

And so we set ourselves to depart for Europe. That battlefield of former days where brave men have believed, have fallen and have triumphed. Nelson conquered Napoleon, Churchill conquered Hitler, and in such spirit our expedition set forth to seek further benefits from the great continent of Europe. Myself, Mr B_, and Mr S_: we were resolute men. As we flew over the Thames, we gazed downwards: w*hat greatness had not floated on the ebb of that river into the mystery of an unknown earth! … The dreams of men, the seed of commonwealths, the germs of empires*.

On arrival in Brussels the talk was all of the successes of a Frenchman named Giscard. When I mentioned his name to the first man I met in the governement offices his reaction was palpable. *He stared at me for a moment with his mild, bulging eyes. "Oho, he will go far, very far," he began again. "He will be a somebody in the Administration before long. They, above – the Council in Europe, you know – mean him to be."*

This jarred with what I had heard of Giscard in London. Mr H_ had told me that Giscard's work, although profitable, was ultimately of little substance. His role was more that of administrator than executor. And as to the the European Council … they could not *"mean him to be";* surely the negotiation was yet to begin?

Over the next few days I travelled alone around the meeting rooms of Brussels, where I spoke with Mr D_, a man known to be inspired by the cause of further integrating Europe. After our introduction there was an awkward silence. Our differences were known to one another. *"We want," he began to declaim suddenly, "for the guidance of the cause entrusted to us by Europe, so to speak, higher intelligence, wide sympathies, a singleness of purpose."* "*Who says that?" I asked. "Lots of them," he replied. "Some even write that; and so he comes here, a special being, as you ought to know.*" He was talking, of course, of Giscard.

Wandering down silent grey corridors, past innumerable faceless doors, journeying into the heart of the institutions, it became apparent that Giscard's influence was profound and wide reaching. It seemed he had *established himself as a god with the natives.* His name was murmured with deference on all sides.

At my first sight of him he cut a stately figure, presiding over a massed meeting, sitting on high flanked by assistants. He sat quietly ignoring, with a benign expression, those who petitioned him from the mass below. And finally, when all that was said was said he descended from his podium, and stood before us to speak, pronouncing that he felt too distant from us being always 'at the top'. And so he stood *an animated image of death carved out of old ivory, shaking its hand with menaces at a motionless crowd of men… I saw him open his mouth wide – it gave him a weirdly voracious aspect, as though he had wanted to swallow all the air, all the earth, all the men before him.*

And how they saluted his words. A fanfare rang forth, and hordes flocked around him, *the wild crowd of obedient worshippers, cavorting as though to the beat of the drum, regular and muffled like the beating of a heart – the heart of a conquering darkness.* They followed him from the chamber. I remained, seated, digesting what had been said. *I saw the time approaching when I would be left alone of the party of 'unsound method'.*

Some days later I was granted an audience with the great man, albeit brief in consideration of his considerable exertion over recent months. We greeted one another, and then sat, facing each other across a table. His head was bowed, and he constantly stared at his reflection in the table's polished surface. There was silence.

"Do you anticipate that all your work will be obliterated by the national leaders when they meet to discuss it", I probed.

"I had immense plans," he muttered irresolutely.

"Yes", I mused, "*Your success in Europe is assured in any case.*"

"As to those who claim that they will destroy my work… perhaps they will not succeed. If y*ou show them you have in you something that is really profitable, and then there will be no limits to the recognition of your ability,*"… "*Of course you must take care of the motives – right motives – always.*"

"Mr H_, a British counterpart of mine has always claimed the same," I noted.

To be continued next month: … Giscard's final words: "The horror, the horror"…

Freddie Gjertsen is a freelance journalist.

… news in brief

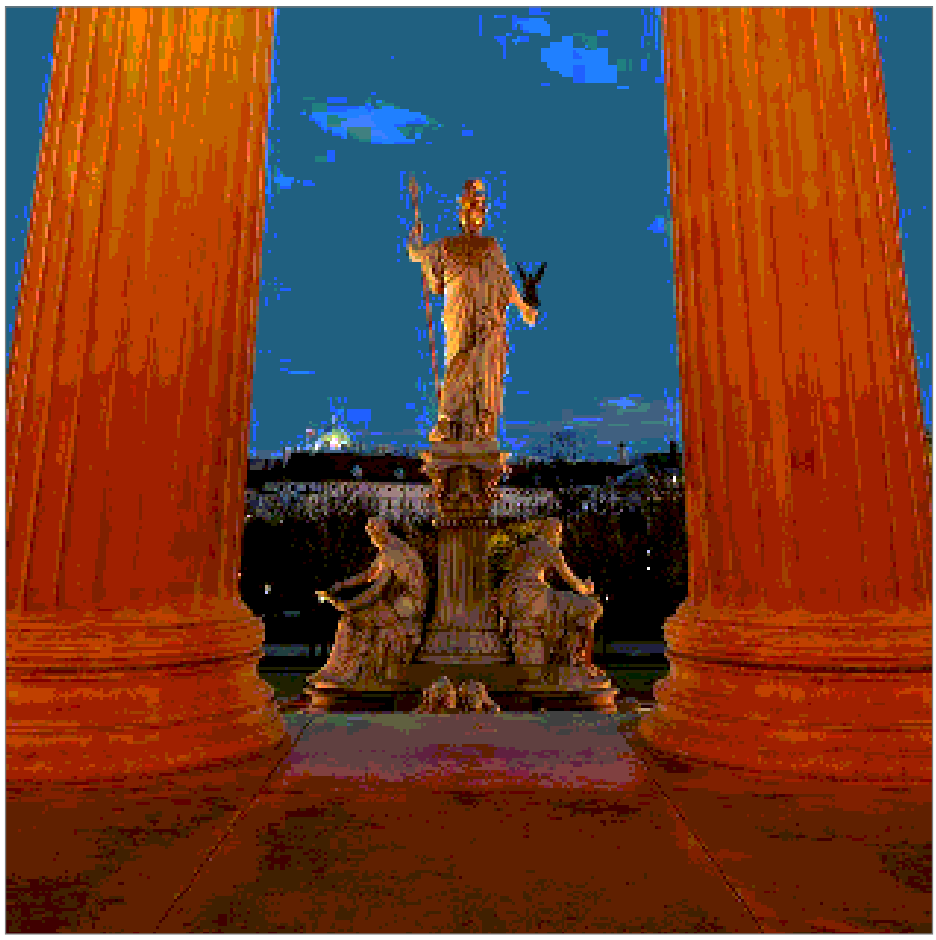
5 million jobless in Germany 'not impossible'

The head of the German Labour Office, Florian Gerster, has said that he does not rule out a further rise in the unemployment figures this winter, and that the total might exceed 5 million. "*We are assuming that there is a chance that we might remain under that figure,*" he said, unintelligibly. *"But if there is a hard winter, then that could have effects which we cannot foresee now. But we believe that we can keep under 5 million."* He also tried to play down the difference between *"4.85 million"* and *"5.02 million"* as merely *"symbolic"*. Joschka Fischer, the foreign minister, is the first cabinet minister to warn that unemployment might exceed 5 million. January and February are usually the months in which the jobless figures peak. The economics minister, Wolfgang Clement, contradicted Fischer and said that the government was not expecting the figure to rise that far. In May, 4,342,000 Germans were registered as being out of work. The seasonally adjusted figure is expected to fall in June. [*Handelsblatt,* 23rd June 2003]

Advertisement
for
A Few

VIENNA

by Richard Sanders



The Austrian Parliament, photograph courtesy of the Austrian National Tourist Office

In 1996, Austria celebrated its 1000th anniversary, but Vienna itself is more than twice as old. Although the Celts established a settlement on the site of Vienna as early as the 5th century BC, the city did not reach a position of importance until the Romans posted a military garrison there under the name of Vindobona in 15 BC. Over the course of the next few hundred years, this town grew in stature whilst coming under a succession of rulers. Vienna was an obvious centre of administration for the emerging area of 'Osmark', officially created by Charlemagne in 791. Ostarrichi (Austria) only came into its own when it was selected by the ruling Babenbergers to be the site of the Cathedral of St Stephan, the celebrated *Stephansdom*, with work beginning in the 1130s. Shortly thereafter, in 1156, Vienna was declared an independent Duchy and it was here that Richard the Lionhearted spent some time upon his return from the Crusades as the captive guest of Duke Leopold III. The ransom money paid by the English enabled the Viennese to construct an impressive series of fortifications which stood for over 500 years.

Politically, Vienna is perhaps most famous for being the centre of the Hapsburg Empire. Rudolf von Hapsburg took power in 1278 and the city remained a part of his family's dynasty for the next 640 years. Numerous 'marriages of diplomacy', the first being concluded between Prince Maximilian and Mary of Burgundy in 1477, enabled the Hapsburgs to retain their influence over the entire area. It was under their rule that the city grew and the dramatically opulent architecture reflects the glory of the royal household.

Much of the city's imperial legacy is evident today, having survived centuries of unrest and war. The city managed to stave off repeated attacks from the Turks, most critically in 1683 when only the late intervention of John III of Poland allowed the Austrians to hold the capital. More recently, the city suffered significant damage from air raids during the Second World War. Most of Vienna's magnificent buildings were erected over the course of the late seventeenth and eighteenth centuries. Bernhard Fischer von Reach designed the Hofburg (imperial residence) and the fabulous Karlskirche, while Johann von Hildebrandt laid out the Belvedere palace, the summer residence of Prince Eugene of Savoy. The two men also collaborated on the design and construction of the great Schwartzenberg palace, considered one of the great palaces of Europe.

The second great flowering of Vienna occurred with the growth of the city's reputation as a great intellectual centre during the late eighteenth and nineteenth centuries. It was here that Freud developed his theory of psychoanalysis through the interpretation of dreams and Schnitzler and Wassermann helped Austria dominate Europe's literary scene. Likewise, the emergence of Haydn, Beethoven and Schubert solidified Vienna's place as one of the great hotbeds of musical creativity previously established by Mozart.

The hardships of the First World War, followed by the end of the Austro–Hungarian Empire in 1918, reduced Vienna's political status significantly. The region suffered further in the aftermath of Austria's *Anschluss* with Nazi Germany in 1938, ushering in a period of repression and privation, marked by the destruction of the city's large Jewish population. After the war, Austria, like its neighbour to the north, was placed under Allied occupation, but regained independence in 1955 as a neutral state. Throughout the Cold War, Vienna remained an oasis in the middle of a divided continent and was the setting for a major summit meeting between US President John F. Kennedy and Soviet Premier Nikita Khrushchev in 1961, as well as for many tales of shadowy spy games between the superpowers.

Today, Vienna combines its illustrious past with a vibrant contemporary scene that sees the grand imperial theatres standing side by side with music halls playing diverse sounds from opera to punk. Its musical and theatrical life, parks, coffeehouses, and museums combine to make Vienna a great tourist attraction, a gem in the heart of Europe.

Richard Sanders recently completed a BA Hons in History at Leeds Univesity and is currently working as a research co-ordinator at the European Foundation.

SHOPPING

Shopping Hours: Monday–Friday 9am–6pm; some shops open until 7:30pm on Thursdays. Frequently shops close earlier on Saturdays and are not open on Sundays.

Flohmarkt

This flea market runs from 8am to 6pm every Saturday and contains many hidden treasures among the massive amounts of junk. If you have a keen eye for spotting antiques, or you enjoy haggling, this is the place for you.

Mariahilfer Strasse

Located between the city centre and Westbahnhof, this street is the trendiest shopping area in Vienna. Hundreds of shops line the street, including boutiques, department stores, and electronics stores. If you need to stop for a drink or a bite to eat, there are many snack bars and restaurants in the area.

Kärntner Strasse

On and around this street are many different shops, satisfying all types of customers. There is more to enjoy than just shopping in this area, as you will find the architecture of the storefronts enjoyable as well.

EATING

Figlmüller

Authentic Viennese restaurant with a wonderful location opposite St Stephan's Cathedral. This restaurant is known for their giant wiener schnitzels and you can wash it all down with some of their home-brewed wine.

Wollzeile 5, Strobelgasse
Vienna A-1010
http://www.figlmueller.at/
opening hours: 11:00-23:30
Tel: +43 1 512 61 77

Plachutta

One of Vienna's most famous restaurants, Plachutta serves excellent Tafelspitz (a typical Viennese dish of boiled beef with potatoes and horseradish sauce). Enjoy superb quality food and first-rate service, without breaking the bank.

Wollzeile 38, Vienna A-1010
www.plachutta.at
Opening hours: 11:30–00:00
Tel.: +43 01 512 15 77

HOTELS

Hotel Anatol 4*
Tel: +43 1 599960
Enjoy excellent Austrian service in this deluxe, centrally located hotel. Convenient for many tourist attractions, including Vienna's major shopping area, Mariahilfer Strasse, It is also only a few minutes' walk to fine dining and entertainment.
Single Room: €82, Double Room €98

Ambassador Wien Hotel 5*
Tel: +43 1 523 33 55
Luxury, elegance and tradition thrive in this 100+ year-old hotel. Recently renovated, the Ambassador boasts modern amenities such as internet and air conditioning in every room. It is only a short walk to the culture capital of Vienna, where you may enjoy the city's long history.
From €240 for a standard single, to €375 for a business double

Hotel Kugel 3*
Tel: + 43 1 523 33 55
This cosy, family-run bed and breakfast is located right behind the museum quarter, with many famous sights nearby. Public transport is close to the hotel, providing an easy way to the heart of Vienna.
From €45 – €95

NIGHTLIFE

In Vienna you will find a laid back night-life scene that can be a good change of pace from other European cities. Don't be alarmed, as there are many great places to enjoy in Vienna; but don't expect to encounter many megaclubs. Be prepared for a long night – relaxed licencing laws allow clubs to stay open late.

American Bar (Loos Bar)

Referred to by locals as 'Loos Bar' because this Modernist bar was designed by the famous architect Adolf Loos in 1908. Cocktails are a bit pricey but Loos Bar is an enjoyable venue.

Onyx

This bar is a favourite of celebrities and politicians. Stop in for an evening drink, but it is also advisable to have a drink in the afternoon, as you will enjoy the close-up view of Stephansdom.

SIGHTS

Schönbrunn Palace

One of the largest palaces in Europe and also one of the most important cultural monuments in Austria. Each guest is provided with an audio guide that provides a detailed history of the palace.

Prices start at €8.00 for a basic tour of the palace and range to €36.00 for access to the entire grounds.
Tel: +43-1-81113 239
http://www.schoenbrunn.at

Stephansdom (St Stephan's Cathedral)

Originally built during the 12th century, this cathedral has been destroyed and re-built numerous times in the past nine centuries. The steeple of this amazing Gothic structure towers to 137 metres. Stephansdom is where mourners attended Mozart's 'pauper's funeral' in 1791 and where Napoléon posted his farewell edict in 1805.

Tours and Elevator: €3.00 each
Hours: 6:00–22:00 daily
Stephansplatz, 1st District, Vienna, Austria
Phone: +43 1 515-52-3526

GETTING THERE

Air

Fares to Austria are a rather expensive, with mid-week flights starting from €145.

If you wish to go for a weekend instead of a holiday, book your flight a month or two ahead. Otherwise, you could end up paying nearly €300 for a flight.

Austrian Airlines: +43 (0)5 1789 or www.aua.com from Heathrow
BA: 0845 773 3377 or www.britishairways.com from Gatwick or Heathrow

Train

Rail Europe will send you from London, through Paris, to Vienna. Cost of a ticket varies widely due to special offers that are available at different times.

Prices start around €350. Check www.raileurope.com for fares and offers or call 0990 848 848

Compiled by Anthony S. Ragnone II

CHUNNEL VISION

To: His Honourable Excellency, the President of the Convention, Mr Valéry Giscard d'Estaing

From: Arthur Schmoot, Deputy Director Security (Files, Bins and Skylights)
16 Germinal, Year One of the Constitution

Your Excellency,

Leaked Copy of the First Draft Preamble to the Convention Constitution

Pursuant to our standard monitoring procedures of members of staff engaged in illicit conversations with members of the European Parliament Budgetary Control Committee, one of my Security Officials intercepted an attempted Cession to Photocopier (CtP) by a junior member of the Council Secretariat assigned to your Strategic Planning Group.

The document was retrieved from the Device of Mass Instruction and is here appended.

I wonder if you could verify on the authenticity of the said article, and thus whether a breach of security has taken place, pending any decision on further action being taken in this matter.

I remain, Your Presidency, your obedient servant,

Schmoot

Draft

TREATY ESTABLISHING A CONSTITUTION FOR EUROPE

Preamble

"Urbem venalem et mature perituram, si emptorem invenerit."
O venal city and soon to perish, if but a buyer can be found
Gaius Sallustius Crispus
Bellum Iugurthinum, 35

Conscious that Europe is a continent that has brought forth civilisation; that its inhabitants, of both sexes and of neither, arriving, with the possible exception of the Basques, in successive waves since the first ages of mankind, though occasionally in the process unleashing regrettable devastation on preceding civilisations, with particular reference to the activities of the applicant states in around the fifth, tenth and fifteenth centuries, have gradually developed the values underlying humanism: equality of persons and personages, freedom within ordered bounds, respect for reason under instruction,

Drawing inspiration from the cultural, religious, notwithstanding Torquemada, humanist and gastronomic inheritance of Europe, the values of which, still generally present in its heritage, excluding the United States, have embedded within the life of society its perception of the central role of the human person and his or her inviolable and inalienable rights, and of respect for the law excluding insofar as incendiarised sheep are concerned,

Believing that reunited Europe intends to relocate this path of civilisation, progress and prosperity, for the good of all its inhabitants, including the feeblest and most inebriated; that it wishes to remain a continent open to culture excepting Arnold Schwarzenegger, ski instructors from Yorkshire, and Cadbury's products unless renamed Vegetable Fat Bars, and that it wishes to deepen the democratic and translucent nature of its public image, and to strive for peace, justice, solidarity and tobacco throughout the world,

Convinced that, while remaining slightly proud of their own national identities, peculiarities and omnibuses, the peoples of Europe are determined to transcend their ancient divisions, armoured or metaphorical, and united ever more closely, to forge a common destiny, referenda permitting,

Convinced that, thus 'united in its disunity', Europe offers them a fifty-fifty chance of getting through a century without passport change in Alsace–Lorraine, with due regards for the ever-increasing rights of each individual and of his lawyer and in awareness of their responsibilities towards future generations and the Earth, notwithstanding a planned moon colony under Article I-13 which shall carry the name of Giscardia Nova, the great venture which makes of it a special area of human hope, and comedy,

Grateful to the members of the European Convention on behalf of the citizens and states of Europe for having stood to attention at the close of session despite a loudspeaker system mix up replacing Beethoven's Ode to Joy with his Fifth Symphony,

Who, having exchanged their full superpowers, found in good and due form, have agreed as follows …

Dr Lee Rotherham is secretary of Conservatives Against a Federal Europe and an adviser on European affairs.

The European Foundation

The *Great College Street Group* was formed in October 1992 in order to oppose the Maastricht Treaty. The group, consisting of academics, businessmen, lawyers and economists, provided comprehensive briefs in the campaign to win the arguments in Parliament and in the country. The European Foundation was created after the Maastricht debates. Its task has been to mount a vigorous and constructive campaign in the United Kingdom and throughout Europe for the reform of the EC as a community of independent sovereign states. The Foundation continues to establish links with other like-minded institutes across Europe.

Objectives

The objectives of the Foundation, set out in its constitution, are as follows:

- to provide a forum for the development of ideas and policies for the furtherance of commerce and democracy in Europe;
- to increase co-operation between independent sovereign states in the European Community and the promotion of the widening and enlargement of that Community to include all applicant European nations;
- to resist by all lawful democratic means all and any moves tending towards the coming into being of a European federal or unitary state and for the furtherance and/or maintenance of such end;

Activities

The Foundation pursues its objectives by:

- organising meetings and conferences in the UK and in mainland Europe;
- publishing newsletters, periodicals and other material and participating in radio and television broadcasts;
- producing policy papers and briefs;
- monitoring EC developments and the evolution of public opinion and its impact on the political process in the main EC countries;
- liaison with like-minded organisations in other EC and EC applicant countries and elsewhere;
- liaison with trade associations and other professional bodies .affected by EC action and policy.

The Foundation

The Foundation addresses itself to the general public and to politicians, journalists, academics, students, economists, lawyers, businessmen, trade associations and the City.

It concerns itself with the following main topics:

- industrial and commercial policy;
- economic and monetary matters;
- foreign policy;
- security and defence;
- environmental issues;
- the Common Agricultural Policy;
- the reform of Community institutions;
- the developing world.

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