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THE EUROPEAN JOURNAL

The Journal of the European Foundation



Austin Mitchell, MP
Conning Cuts
&
Bill Cash, MP • Kristy Vrendenburg
William Rees-Mogg • Dr Charles Tannock, MEP
André Monteyne • Norman Sanders
Freddie Gjertsen • Annunziata Rees-Mogg
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Why my Sovereignty of Parliament (European Communities) Bill is Essential – Now

by Bill Cash, MP

On the same day as the first summit under the Irish presidency of the EU at which the Constitution may be accelerated I am presenting a sovereignty Bill to Parliament. My Bill is designed to ensure that the British Parliament retains its power to make our laws.

Since the European Communities Act was passed in 1972, such a Bill, though it would have been a useful reaffirmation that the UK Parliament's laws can prevail over European laws, was not absolutely essential. It now is. The sovereignty of Parliament is the guarantee of the British voters' democratic freedom. Parliament needs reform to bring it back to its objective. It is now in mortal danger. We must remind the courts that they owe allegiance to the UK Parliament and to the voters of this country. Judges are only appointed *quam diu se bene gesserint*, i.e. so long as they behave – in the national interest for which they were appointed.

What does my Bill do and why is it now essential?

It is a very simple two-clause Bill which provides that European treaties and laws shall be binding in the courts of the UK only so long as they do not conflict with any subsequent Act or statutory instrument of the UK Parliament, which expressly declares in it that any such enactment shall take effect notwithstanding the European Communities Act 1972, i.e. Parliament prescribes and the courts must back Parliament. This is the crucible.

My Bill has become particularly urgent now because the European Constitution (since the new pro-Constitution Spanish Government came to power) is back at the top of the agenda. The UK must reassume the leading democratic role in Europe, as it did in those dark wartime days, even if the circumstances have changed from military aggression to European legislative manoeuvre.

This European Constitution not only reasserts the primacy of European laws but also asserts the primacy of the European Constitution over the Constitution of the UK (as well as those of all other member states). It also gives the European Court of Justice the role of superior jurisdiction over both (as well as, of course, over our newly proposed Supreme Court, which explains why it is now being driven through before the Constitution is enacted). The European Court (with its ever increasing arrogation of power through judge-made law) would also have the power to strike down Acts of the UK Parliament deemed inconsistent with the vast range of the Constitution. Lord Woolf's insistence that the UK Supreme Court should not be empowered to strike down UK Acts of Parliament may be because he wants this to be reserved to the European Court of Justice, as clearly both the Prime Minister and his chum, the hapless Charles Falconer, intend. Let us remember that Acts of Parliament derive their authority from the voters. No wonder we need a Referendum on the Constitution and, if Blair continues to refuse one and drives the Constitution through Parliament on a 3-line whip without specific manifesto authority, then the Conservative Party must promise a Referendum if and when it is enacted and in any event.

I have argued the dangers of all this for years and particularly during the past two years as Shadow Attorney General and Shadow Minister for Constitutional Affairs during which time I wrote my last pamphlet, *The European Constitution – A Political Timebomb.* I am now publishing a new one, *The Strangulation of Britain and British Business.* Both illustrate the need for the reassertion of Parliament's sovereignty over European laws and the acquis communautaire and the UK courts' obligation to give effect to the latest Acts of Parliament that are inconsistent with such laws, provided the Acts are clear and unambiguous.

The issue came to a head last September when the Foreign Secretary, Jack Straw, said on the floor of the House that international treaties had primacy over national laws. Richard Shepherd, MP for Aldridge Brownhills, and I refuted this. We put down a whole series of questions in 2003-04 and forced the Government to back down. This exchange eventually led to the following answer which I received from Straw: "*The ultimate guarantee of Parliamentary sovereignty lies in the power of Parliament to repeal all or any of the Acts which give effect to the EU Treaties in this country. It is within Parliament's power to legislate contrary to the UK's treaty obligations. This of course includes legislation that might impact on the effective implementation of Article 1-10(1) [of the proposed Constitution]. The result of so doing, however, would be to place the UK in breach of its treaty obligations.*"

To which I would simply say – if there are treaty obligations (made by prerogative) which are out of date or contrary to our national interests (as is so much of the European legislation, such as the Common Fisheries Policy – not to mention the impending Constitution itself), then through our elected Parliament they should be amended or repealed if the other Member States and the European Commission will not renegotiate them. European prerogative treaties would be swallowed up by the Constitution which, when enacted, would prevail over the treaty obligations. Every European treaty since 1972 has always been a renegotiation, but only in one direction – further integration.

The Government, having now retreated in the face of our barrage, will now no doubt say that, in view of their now stated position, my Bill is not necessary. Not so. The reality is that we are facing the 21st century version of the 'Bloodless Revolution' of the 1690s, except that the substitution of the Stuarts by the Hanoverians, one monarchy for another, was less momentous in retrospect than the usurpation of our democratic Parliament. There is another important analogy, namely that the judges following the Bloodless Revolution were no longer appointed at the King's pleasure, but only so long as they behaved themselves. Seeking to arrogate to themselves the making of laws at the expense of democratically elected representatives in Parliament is going beyond the pale, particularly if it is accompanied by encouraging the judicial activism of the European Court – a new form of usurpation. The forced abdication of James II was strictly unconstitutional and

illegal. However, the absurd idea that it was possible for the Stuarts to return after they had been airbrushed out of the system was demonstrated by the failure of the Jacobite rebellions of 1715 and 1745. If we do not reassert the obligation of the UK courts to give effect to UK legislation subsequent to and in conflict with European laws, including the European Constitution, we will face a similar fait accompli and it would be undemocratic. Our Parliamentary laws and the Westminster lawmaking system will be deemed to have been absorbed in practice by the Constitution and by the assertion of the European Court. It will be an abdication by our Parliament if, whipped through, it enacts the European Constitution without a Referendum. The claims made by the European Court in Costa v Enel for its overruling jurisdiction would become a reality. Such is the stuff of modern revolution.

Someone may have been listening to the whispering wind, because the House of Lords European Union Committee Report this month has called on the Government to state its view as to whether the European Court or national courts should be the final arbiter of the dividing line between the UK and EU law, especially in the context of Parliamentary sovereignty where there is conflict. That is what my Bill is all about – but I want Parliament to dig in its heels – I am not interested in the weasel words of the Government. This is not a matter which can be left to ambiguity. The present case law (MacArthy's v Smith [Lord Denning] and the recent 'Metric Martyrs' case [Lord Justice Lane in Thoburn {who sadly died only days ago}] v Sunderland City Council) could not be clearer: *"it would be the duty of our courts to follow the statute of our Parliament,"* said Lord Denning, *"if the time should come when our Parliament deliberately passes an Act with the intention of repudiating the [European] Treaty or any provision in it or of intentionally acting inconsistently with it and says so in express terms."* We must keep the courts to this in the light of the European Constitution.

That is what my Bill does. There is no time nor is there scope for uncertainty or ambiguity or allowing the Government or the European elite room to manoeuvre. By the time this article is published the Government will have been forced to reply to me in my Westminster Hall Debate on my Bill on 25th March. The Bill is backed by many distinguished Conservative MPs and Privy Councillors and from across the floor of the House of Commons. This is a matter of vital national interest and I trust I will have by then the unequivocal support of the new Conservative leadership and a commitment to its proposals in the manifesto for the European elections and the next General Election.

Bill Cash is Conservative Member of Parliament for Stone and Chairman of the Euopean Foundation.

FACTS

1 Poland to support the EU Constitution – *Deutsche Welle* (19/03/04)

Just three months after the disastrous breakdown of EU Constitution talks in Brussels, hope is stirring among member states that the treaty might yet see the light of the day.

On Friday 19 March 2004, Poland indicated that it was willing to compromise and that Warsaw would no longer stand in the way of a deal.

In an interview with German business daily *Financial Times Deutschland*, Polish President Alexander Kwasniewski said that he found the new weighting of the 'double majority' voting system as proposed by the EU's Irish Presidency *"an important and interesting idea"* and one that *"should be reflected over"*.

Polish Prime Minister Leszek Miller told journalists in Brussels on Thursday that he did not want his country isolated after the new Socialist government in Spain signaled it would no longer fight alongside Poland in a battle over EU voting weights.

"For an individual loneliness is a very unpleasant mental state," Miller said. *"For a country it would be very dangerous."* Miller added he would suggest to Bertie Ahern, the Irish holder of the rotating EU presidency, that talks on the Constitution should be renewed at next week's summit in Brussels.

2 The Spanish Elections: End of the Road for the Washington–Madrid Alliance? – *Heritage Foundation* (16/03/04)

The victory of the Socialist Party in last weekend's Spanish general election has sent shockwaves through Europe and the United States. The rise to power of the left-wing Socialists has caused consternation in Washington, with officials in the Bush Administration fearing the end of the highly successful Spanish-American alliance. This result not only transforms the political landscape in Madrid but could also help shift the balance of power within the EU back towards Paris and Berlin.

3 Palestine a Member of the EU? – *EU Observer* (09/02/04)

Prompted by German foreign minister Joschka Fischer's suggestion of establishing a free-trade zone within the Mediterranean, Palestinian foreign minister Nabil Shaath is now requesting that the EU consider Palestine for possible inclusion once a peace agreement is reached between Palestine and Israel.

4 It's a Go on GM Crops – *The Independent* (09/03/04)

The Environment Secretary Margaret Beckett has agreed to allow the first genetically modified crop, maize, to be planted. In a speech given to the Commons she stated that "*Restrictions should be imposed on the existing EU marketing consent which expires in October 2006 so that this maize can only be grown and managed as in the trials or under such conditions as will not result in adverse effects on the environment.*"

5 No More Enlargement – *Observer* (05/02/04)

It seems that the current member countries of the EU are content with the inclusion of the ten new countries on 1 May. However, most Member States do not want to see any more countries added after this date, despite the economic prosperity that expansion *"will inevitably bring about"*. A new poll conducted by UPS states that a mere 11 percent of those polled (heads of large European businesses) agree that Turkey should be allowed to join and 12 percent support Russia's membership.

Kristy Vrendenburg is a student at Marymount University studying History and is currently a research assistant at the European Foundation.

A Lesson in Democracy?

by William Rees-Mogg

I got my training as a journalist on the *Financial Times* in the 1950s. Winston Churchill's lieutenant, Brendan Bracken, was our Chairman, and the underlying policy of the newspaper in those days was Churchillian. We did not believe in appeasement. I was, therefore, shocked by the heading of the *FT's* first leading article on Tuesday, March 16th. The leader was headed "*Spain gives us a lesson in democracy*".

The argument was put in the first paragraph. "*The Spanish people, struck by the horror of last Thursday's train bombings in Madrid that killed 200 people and wounded more than 1,400, have responded with an exemplary display of democratic conviction.*" What had actually happened was a victory for the terrorists, who were linked to Al Qaeda and to the Islamic terrorists of Morocco. The Spanish voters rejected a Government which had consistently supported the war against terrorism, and sent troops to Iraq, at great risk to its own popularity. They brought to power the government of José Zapatero, which is committed to withdrawing Spanish troops, unless Iraq is handed over to the United Nations by June 30th. Al Qaeda strategists are known to have calculated that Spanish opinion could be pushed over by terrorist attacks before the Spanish elections. Al Qaeda followed that policy and Mr Zapatero won the election.

This is bad enough. It reminds those of us who were alive before the Second World War of Adolf Hitler's conviction that the great democracies of that time were decadent. They were not strong enough to fight even in their own defence. I imagine that Osama bin Laden shares Hitler's view. If he did not do so before, he will now.

Britain's most reliable ally is now an enemy

From the point of view of the war against terrorism this is a surrender, made worse by the abuse that the inexperienced Mr. Zapatero, whom the modern FT so much admires, has heaped on President Bush and on our own Prime Minister. There is also a very important European aspect. Tony Blair has lost Spain as an ally in Europe. Mr Zapatero has called for a *"magnificent"* relationship with France and Germany, and has reversed the Spanish position on the European Constitution. He has also attacked the Prime Minister for lying. Britain's most reliable ally is now an enemy.

We have most to worry about in the Constitution, because we know that Mr Blair himself is prepared to surrender – already has surrendered – British independence

We have most to worry about in the Constitution, because we know that Mr Blair himself is prepared to surrender – already has surrendered – British independence. The draft Constitution would effectively replace the British Constitution, which is essentially democratic and independent, with a European Constitution, which is essentially bureaucratic and puts European law ahead of British in every sphere. Even if one wanted a federal constitution, this is an exceptionally bad one, crudely and incompetently drafted, with no democratic process. It is a vile thing, and ought to be an object lesson in legislation by bullying and manipulation. It leaves Britain and the other European nations with no exclusive competence, with far less independence in most areas than is enjoyed by the individual states of the United States.

Our own Prime Minister has repeatedly refused to allow the British people a referendum on this Constitution. This is a sign of his growing attitude of autocracy. He has no right to give away our independence without asking our permission. He has no mandate to negotiate this Constitution, which his Government has grossly mishandled at every stage.

In the last months of last year, Poland and Spain, without much help from the United Kingdom, prevented the Constitution being adopted during the Italian chairmanship of the European Union. They stood out on the issue of national voting. Mr Zapatero has made it clear that Spain now wants to expedite the signing of this European Constitution; Poland will still negotiate, but one cannot expect Poland to withstand all the European pressures on her own. There will be pressures for an early signing in the current Irish chairmanship; if that fails there will be further pressure when the Netherlands is in the chair for the second half of this year.

This could well become the make or break issue for Europe itself. If a British Government takes Britain into a non-democratic federalist Constitution without allowing a referendum that will lead to a powerful reaction; this reaction will not be confined to Britain

This means that there will be a great battle in the coming months, probably before the next general election. The Government will claim to have secured its 'red line' issues. That is most unlikely to be correct. The Prime Minister will continue to refuse a British referendum. Probably the European elections in June will go badly for the Government, but they lost them in 1999, and that did not stop them winning the general election of 2001.

My own view is that this could well become the make or break issue for Europe itself. If a British Government takes Britain into a non-democratic federalist Constitution without allowing a referendum that will lead to a powerful reaction; this reaction will not be confined to Britain. Europe will have taken power away from the nations and transferred it to Brussels. Therefore Brussels will be held responsible for all future problems. I feel considerable distrust for Mr Zapatero. He is the beneficiary of terrorism; his support for the Franco–German view of Europe would tear Europe apart.

William Rees-Mogg is a columnist for The Times.

Conning Cuts

by Austin Mitchell, MP



We're about to face a crisis in the European funding so lavishly used to bribe Britain's poorest regions into thinking how wonderful the European Union is in giving us a proportion of our own money back, disguised as a Euro-gift from those generous folk in Brussels.

Regional funding, now about a third of the Brussels budget, has brought back six billion of our own money to our poorest regions, West Merseyside, South Yorkshire and Cornwall, in the form of automatic 'Objective One' funding. Now that will be drastically reduced from the start of 2007 to liberate half the regional aid budget (£3 billion in our case) to help the ten new entrants (population 75 million) by taking it from existing members (population 375 million). Only Cornwall will still get full whack, because it alone remains poor enough compared to the new averages, lowered by the poorer new members, to retain Objective One status. Similarly, the other regional aids, whether Objective Two (to be paid at two thirds of current levels) or Objective Three which will largely be cut as its criteria, such as long term and youth unemployment, are reassessed. It too will fall. Along with the cries of gratitude.

As usual, on a national basis Britain will do worse than the main structural fundable beneficiaries, Spain, Germany (for East Germany) and Portugal

The result will be substantial cuts in development and job creation. My own area, Yorkshire and the Humber, has received £1.1billion over the last six years. We will lose half that. As usual, on a national basis Britain will do worse than the main structural fundable beneficiaries, Spain, Germany (for East Germany) and Portugal. Again, as usual in Euro-matters, the exact losses in this, the only area from which Britain benefits in any real way, are still not clear. They'll be subjected to the usual prolonged Euro-haggle going on into 2005 to fix the budget for 2007.

The European Commission, ever ready to seize any opportunity to boost its largesse and stop the cuts in Euro-spend that Britain and Germany want, is now demanding that the regional budget be increased by nearly a third by 2011. Then it can be divided half and half between the old and the new members. Even with this the ten new chums won't get anything like the generous deal in

Although they deserve the better regional deal they won't be getting it because the EU is based on self-interest, not altruism

'cohesion' money that Spain, Greece and Portugal got and are determined to hang on to. Yet, in fact, the new chums are poorer than the Club-Med and have already been deprived of a fair deal in Common Agricultural Policy funding, and are being denied access to richer labour markets. Although they deserve the better regional deal they won't be getting it because the EU is based on self-interest, not altruism "*What I have I hold*" will be the dominant motive, just as it has been in France's grudging approach to the Common Agricultural Policy.

The British approach is, for once, clear cut, even sensible, though unlikely to prevail. It wants to cut out the middle man and have national governments finance their regional development policies (and where possible, their agricultural policies) directly out of national exchequers. Gordon Brown has guaranteed that the regions will not lose out; though the small print in that offer shows that the funding will be less generous then the EU's because the criteria will be changed.

As usual with British proposals this will find little favour anywhere; certainly not with a Commission still valiantly resisting the cuts in Euro-spending that Germany and Britain, the biggest pay masters, would prefer.

What happens will emerge only at the last minute. Yet its main outlines are clear now. Objective One regions will cease to exist except for Cornwall, with the existing ones weaned onto fifty percent funding, Objective Two areas, their spending cut by two-thirds, will keep transitional funding for a third of existing eligible areas at 40%. Most Objective Three areas will lose out totally as an appropriate punishment for not being Spanish.

This is a bad outcome for the most vulnerable regions in our very unequal Britain which is already losing more under a Common Agricultural Policy loyally dedicated to financing France. Yet, there are two minor benefits. The British Government will be forced to stop shortchanging the less well-off regions and trying to foist its responsibilities onto European slush funds. The regions themselves who've been bought quite cheaply into modest degrees of Euro-enthusiasm, and the government, will be forced to come to the more accurate assessment on the benefits of EU membership which has been so assiduously avoided by Government, Euro-enthusiasts and Britain's EU fifth column.

This is a bad outcome for the most vulnerable regions in our very unequal Britain which is already losing more under a Common Agricultural Policy loyally dedicated to financing France

What exactly do we get out of the Euro-monstrosity? We pay in so much as the second highest contributor, yet get so little back. What we also get is, in fact, only a proportion of our own money paid back to us with Europe's costs deducted and Europe's strings attached. We hand over two pounds for every one we get back. So it's a bum deal for the country as it is for the regions where the Government contributes a further pound in fund matching, making this a cumbersome and expensive way of helping them.

What exactly do we get out of the Euro-monstrosity? We pay in so much as the second highest contributor, yet get so little back. What we also get is, in fact, only a proportion of our own money paid back to us with Europe's costs deducted and Europe's strings attached. We hand over two pounds for every one we get back.

Over the years we've paid in billions more than we've got back. It would have been enough, in fact, to restore our shoddy public sector, bring public spending up to European levels and reshape the regions. So much for the naively accepted impression that EU membership is a boon. It's a massive and expensive drain.

Austin Mitchell is Labour Member of Parliament for Great Grimsby and a member of the European Foundation UK Advisory Board.

… news in brief

Berlin ready to compromise on Constitution

In addition to the change of government in Spain, the German Government has indicated that it is willing to compromise over the European Constitution. While it has said that it intends to stick to the principle of the double-majority vote in the Council of Ministers – which gives large countries like Germany more power than they had in the Nice treaty, which will come into force on 1st May – it has also said that it is now ready for discussions, suggestions and negotiations *"which build on this principle and which bring the discussion forward"*. In the European Parliament, the veteran CDU MEP, Elmar Brok, has welcomed the change of tone. *"There is a strip of silver on the horizon,"* he said.

It now seems likely that the voting arrangements will be slightly amended and that instead of the proposed system whereby a proposal is passed if it is supported by a simple majority plus votes which represent 60% of the population of the EU, there will instead be a 'double 55%' system, i.e. 55% of the votes (instead of a simple majority) plus votes which represent 55% of the EU's population. This would be a more significant concession than might appear at first because it would mean that the three biggest countries (France, Germany and Britain) would not be able to block a proposal. The proposed change is therefore a move towards appeasing the concerns of the smaller states. Elmar Brok says that this proposal has already been favourably received in Warsaw, which is now the main obstacle to any agreement following the change of government in Spain. The Irish presidency of the EU might therefore make the proposal at the summit at the end of March and then call a special summit in May. These plans, however, have not been confirmed by Berlin, although the Chairman of the Commission, Romano Prodi, did say recently on a trip to Berlin that he hoped that an agreement on the Constitution might be reached by the end of the Irish presidency, i.e. by July. The Christian Social Union (the Bavarian branch of the Christian Democrats) has, however, expressed some scepticism at this proposed solution. Ingo Friedrich, the Deputy President of the European Parliament, has said, *"No other country would give up its position on such a central question without obtaining something concomitant in return."* While Friedrich said that some flexibility was necessary if an agreement was to be reached, he said that for Germany to abandon a position which, only a few weeks ago, it said was non-negotiable, would only damage Berlin's negotiating credibility. The CSU representative has said that, instead, Germany should demand that any settlement be granted only in return for a guarantee on the EU's finances. *"If it comes to compromise on the Constitution, then there must be some improvement in Germany's position as a net contributor,"* said Friedrich. [Andreas Middel, *Die Welt*, 10th March 2004]

Reflections on the EU for the June 10th Elections

by Dr Charles Tannock, MEP

May 1st this year will finally signify the end of the cold war and seal the reuniting of a continent which we failed to protect from being divided up as a result of Communist tyranny. The EU will soon as a body of 25 states have a population of 450 million; the biggest economic zone in the world, bigger even than the USA, and in population only third behind India and China. This constitutes a truly massive market.

Slovakia, to take one example, has undergone huge changes over the last 10 years with the current Government determined to deregulate. For instance it has just cut business tax along with income tax to a competitive flat rate of 19%. This is most worrying to its neighbour Austria fearing that businesses will relocate over the border. There have been similarly huge visible changes in all then accession states in terms of prosperity, security, democracy, the rule of law and the fight against corruption in public life. In particular we observe huge improvements in human rights including minority rights such as for the Roma communities and homosexual communities.

Other matters as diverse as safety in their nuclear power stations to food hygiene laws, from telecom regulators to financial service supervisors, have been raised to EU standards.

All this has come about because of the pressure for reform through the accession process. One can safely say that previous enlargements of the EU have been a success story, and Conservatives on balance welcome the process and expect a similar outcome this time.

Security is improving for our continent as all acceding countries bar Malta and Cyprus (who are particularly welcome by the UK as they are members of the British Commonwealth) will shortly be joining NATO to strengthen our transatlantic defence community in its new post cold war role.

Central European economies have enjoyed fast catch-up growth rates with GDP growing by more than 40% in the last decade, which will provide large export markets with which we in the UK can trade and, significantly, a pool of highly skilled workers to be employed in our investments in these countries or to come and fill the gaps in our own domestic UK needs.

Nevertheless, the British Government's belated decision, under Conservative pressure, to tighten-up the *habitual residence* rules to prevent potential mass flows of benefit tourists, but at the same time welcoming those people coming with skills and genuinely seeking work in Britain, is correct. We should pay special tribute to the officials of the accession states who have managed to digest the excessive 90,000 odd pages of EU law and cope in a strange multilingual environment. Whether they can implement them remains to be seen.

No one can deny there will be challenging problems with enlargement, both in terms of the unwieldy nature of meetings with the expanded 25 Commissioners and Ministers in the Council, to the Tower of Babel and the cost of translation of potentially 380 language combinations pushing the EU translation bill to 700 million pounds. The opportunity was sadly missed to reduce the number of official working languages. However one welcome aspect of enlargement is that English as a *de facto* working language is winning the battle over French as the *lingua franca* of Brussels as all the new countries speak it widely.

There are many other problems with enlargement; for instance, the cost of the structural funds and the Agricultural subsidies estimated at €11 billion for 2004, and the much wider gap in incomes than were present in previous waves of enlargement between the poorest countries such as Latvia and the richest such as Luxembourg†. There is also the ongoing Turkish occupation of Northern Cyprus, the addition of Romania and Bulgaria in 2007 and the hotly debated issue of Turkey's candidature. Romania's accession process currently remains in jeopardy with its alleged failure to fight corruption and promote child welfare, including the controversial exporting of babies for adoption. Croatia has been running a recently successful campaign in Brussels to be taken seriously as a Balkan candidate. However, other neighbouring states e.g. Bosnia, Albania, Macedonia and Serbia-Montenegro are not even contemplated at present, similarly Ukraine and Moldova who have also expressed a wish to join. Ukraine's aspirations, which I support, may be taken more seriously if there is a change in government this October after their presidential election.

Unfortunately, the EU whilst being challenged by enlargement also faces many other problems, particularly a tendency to too much uncosted red tape and bureaucracy which flies in the face of the Lisbon Agenda of March 2000 for economic reform

Unfortunately, the EU whilst being challenged by enlargement also faces many other problems, particularly a tendency to too much uncosted red tape and bureaucracy which flies in the face of the Lisbon Agenda of March 2000 for economic reform. This is the ambitious plan to become by 2010 the 'most competitive and knowledge based economy in the world'. There is an appreciation that the EU lags behind the USA and Japan in competitiveness and R&D spending but as yet there is a lack of political will to take the necessary steps to close this gap. We Conservatives have fought persistently for light touch flexible economies and imaginative solutions to the shrinking work force and the future demographic time bomb in Europe and would dearly like to see these regulations and red tape radically reduced.

The EU must now focus on its new neighbours as the new border moves East, as well as on relations with strategic countries such as Russia and the last Soviet style authoritarian government in Europe – Belarus.

Of course there is still the issue of the EU Constitution, which has temporarily gone away after the collapse at the IGC, but may resurface at the time of the Euro-election during the Irish Presidency which is striving to get a Polish and Spanish agreement. Matters may now change dramatically after the surprise victory of the Socialists in Spain, and the new Spanish Prime Minister

Zapatero's determination to get closer to France and Germany. British Conservatives have never seen the need for a written UK Constitution, let alone an EU one, and are opposed in principle to establishing the legal personality of the EU, the enshrining of the primacy of EU law, and the enforcement of the Charter of Fundamental Rights which will be a charter for litigation and judicial activism. We oppose the creation of an EU Foreign Minister, Public Prosecutor, and 5-year President, which are more appropriate for a sovereign state and demand that this whole document be put in a referendum to the British people. We remain sceptical of the need for a Common Foreign and Security Policy particularly if the veto were lost. As to the European Security and Defence Policy we believe this threatens our Atlantic partnership with the US by undermining NATO. We are at the same time calling for the repatriation of the Common Fisheries Policy as it is destroying the British fishing industry without preserving stocks, and we will campaign for radical reforms of the CAP which gobbles up 40% of the EU budget.

But not all is bad! The EU has already created a single market of 380 million people with the right of all EU citizens to live, work or retire in any Member State. It was after all a Conservative Prime Minister Margaret Thatcher who pushed for the Single European Act in 1986. The EU has achieved some of the highest environmental and food safety standards in the world. Recently the Parliament voted to phase-out sulphur from fuels by 2009 and set up the European Food Safety Agency.

Therefore it is essential that the recent poll suggesting that only 18% of the British electorate will bother to vote must not come to pass. The electorate must realise that the European Parliament, whatever their views on the EU itself, has real powers to amend and block legislation in all sorts of areas from the quality of the air we breathe, to the food we eat, to conditions at the workplace.

It is estimated that over 50% of UK legislation has its origin in the EU, much of which sadly imposes unnecessary administrative and economic costs on business. Recently Conservatives voted unsuccessfully to preserve the UK opt-out to the Working Time Directive and opposed bringing in continental works councils as these measures will involve a huge cost to British business. But we have reduced the worst effects of the Food Supplement Directive controlling the sale of vitamins and minerals. We have also saved traditional British chocolate. I personally amended the Product Safety Directive to allow exemption for UK Charity shops and I was the author of a binding resolution calling on the Commission to introduce better legislation for animal welfare in the field of Live Transport of Animals, and the Parliament two years ago decided to ban the testing of cosmetics on live animals by 2013.

MEPs also have the power to approve all treaties and the nomination of the President of the European Commission, so a vote for your party of choice will influence the political background of the next new President this autumn. MEPs have influence in improving human rights throughout the world and the Tories have been active in promoting these from Zimbabwe to Burma. We have championed consumer rights (e.g. campaigning against the Commission for Ryanair's right to airport subsidies) and the rights of British citizens working in the EU – as we have seen by the massive fine now imposed on Italy for denying employment rights to UK English lecturers at Italian universities.

Often when I travel abroad local British diplomats remark that MEPs get more time with a particular foreign government minister than UK Government ministers do when they visit, because of the size of the EU aid budget which we must approve and which gives the EU clout in world affairs. I am also conscious of the MEP power of budgetary scrutiny and I have been personally active in investigating allegations of EU aid money to the Palestinian Authority being diverted to fraud and allegedly even terrorist use. I believe we owe this to the Palestinian people for whom after all the money was intended.

Only the Tories have fought hard against a single European taxation policy, believing in competition between tax jurisdictions instead

UK MEPs from all parties, conscious that the City of London generates 10% of Britain's wealth, have been active introducing UK market reality into the ambitious Financial Services Action Plan. But only the Tories have fought hard against a single European taxation policy, believing in competition between tax jurisdictions instead. We will be insisting that the new European Commission looks at the cost and regulatory impact of legislative packages such as the Financial Services Action Plan (FSAP) and much of the Environmental legislation such as the Chemicals or REACH Directive or the various re-cycling Directives in a globally competitive economy. Business and jobs after all can all too easily move east to a much less regulated Ukraine or even further afield to China or India where already call centres fielding UK callers are being set up, a process known as outsourcing. We must in the EU seek to match the higher growth rates and productivity seen in the USA by building a flexible Europe. Of course the one-size-fits-all monetary policy of the overvalued euro doesn't help, hence Tory opposition to the single currency.

As a party we stand for an EU doing *less but better* but believe in a flexible *variable geometry* for Europe so that those countries which wish for more integration can do so through *enhanced co-operation* as we have seen over the differing arrangements for the euro for Britain, Denmark and Sweden, or the Schengen Agreement for border controls.

Direct elections to the EP are now a quarter of a century old and although MEPs were shocked to be on the receiving end of letter bombs for the first time in January, it surely cannot be that only terrorists take our institution seriously.

Britain is the birthplace of parliamentary democracy and must cherish it

Britain is the birthplace of parliamentary democracy and must cherish it, as otherwise the price of complacency and apathy will be a vacuum developing, which on a low turnout means that well organised extremist groups such as the BNP will do disproportionately well.

We really must all take as much care to vote for MEPs as we do for MPs.

But that is up to you!

† GDP per capita in Latvia is $8,900 compared to Luxemburg at $48,900. Source, CIA World Book, both figures are estimates for 2002.

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Belgium's European Ambitions and Democracy

by André Monteyne

One week after European elections (13 June 2004), government leaders of the European Union have to decide on the successor of M. Romano Prodi as President of the European Commission. The Irish Prime Minister Bertie Ahern, who is currently in the European Union's chair, has already started his consultations. His first visitor was Belgian Prime Minister Guy Verhofstadt (VLD, Flemish Liberals), who in the last few months has met the main players, amongst them German Chancellor Schröder, French President Chirac and Greek Prime Minister Simitis. He will also eventually be a candidate for the European Presidency. Amongst his main competitors is former Belgian Prime Minister Jean-Luc Dehaene (CD&V, Flemish Christian Democrats).

According to the *European Foundation Intelligence Digest* (23 January 2003), no sooner had the idea been mooted to elect a 'President' of the European Union, than the names of several top politicians were put forward as candidates, amongst them the Luxembourg Prime Minister Jean-Claude Junker and M. Dehaene. His name has also been put forward by *Le Monde* (18 January 2003). Curiously, according to *De Standaard* (22 January 2003), a newspaper which is considered a semi-official mouthpiece of the Belgian government, when the French foreign minister Dominique de Villepin was asked about this, he discounted the name of Dehaene and rather strongly endorsed the candidacy of M. Verhofstadt, whose *"art of creative compromise"* he called remarkable.

This tallies with rumours four years ago that M. Verhofstadt, Prime Minister of a six party coalition government (liberals, socialists and Greens of both languages), already at that time wanted to succeed M. Prodi. He hoped to take advantage of Belgium's presidency of the EU during the second half of 2001 to advance his candidacy.

Guy Verhofstadt had a dream

It was so nicely planned! M. Verhofstadt had done his utmost to turn Belgium's EU Council presidency into a major media event, presenting him as a great European statesman, the very model of a future Commission President. All means had been engaged to add lustre to his term: the summit was to be held in the King's very own residence in a palace in the Brussels borough of Laken (Laeken in French); laws and rules were adapted (and sometimes bent) to this lofty aim, as when a majestic row of century old trees in the palace grounds were felled to make splace for the summiteers' cars, ignoring the city's urban by-laws; the apotheosis was to be a high-principled 'Declaration of La(e)ken' outlining the features of a brave new European Union; along the lines set out by a previous Commission President Jacques Delors, with a real government, a real parliament, a president and a constitution. In other words, the 'Declaration of La(e)ken' was to be the launching pad of the United States of Europe. With the prestige of his presidency, M. Verhofstadt, riding high on a wave of popularity, would call new elections and lead a second government until 2005, when he would be ready to succeed M. Prodi.

Alas, on September 11 2001, right in the middle of Belgium's EU presidency, M. Bin Laden threw a very untimely spanner in the wheels of his nicely humming dream-wagon, and suddenly nobody seemed to pay anymore attention to his grandiose set-up. M. Verhofstadt had to spend the rest of his presidency trying to co-ordinate European reactions to the terrorist acts. Yet, in a certain sense this might have been a windfall for it gave him a chance to act in a Churchillian way as the energetic European leader in times of crisis. But once again this came to nothing, this time because of his bungling foreign affairs minister Louis Michel (MR – Walloon liberals). Michel, the real strong man of the government, had in his first year of office succeeded in offending George Bush, Jr, as well as a number of countries, amongst them Israel and member states Austria and Italy. Thanks to Michel, the acting president of the EU was snubbed by the White House and was only asked to tea after Blair, Chirac, Schröder and sundry lesser European worthies, and then only at his own request.

Although his entry on the world stage had made little impression, M. Verhofstadt had not given up his European ambitions. At the end of the Belgian Council presidency, he tried to save what he could from the Declaration of La(e)ken which resulted, as readers of this Journal well know, in the launching of a Convention of 'wise men' to look into the future of the EU. As President he proposed the elderly statesman Valéry Giscard d'Estaing, which got him the support of President Chirac. And by proposing his predecessor Jean-Luc Dehaene as Vice-President, he placated the opposition at home and eliminated at the same time a dangerous political rival, as he got the promise of M. Dehaene that he would not lead his party at the next elections (18 May 2003). After these elections, M. Verhofstadt was returned to power with the same coalition minus the (extreme left) Greens who had lost all seats in Flanders, but M. Dehaene still consistently scores higher in opinion polls than M. Verhofstadt notwithstanding the latter's daily appearances on Belgian state television.

A second chance?

At the same time, the possibilities of a European Constitution and of a Union President and the more realistic prospect of a new Commission President have given M. Verhofstadt new hope. It explains why in apparent contradiction with what we wrote previously in the *European Journal* ('The end of Belgian Neutrality', March 2001) his strongly pro-French government recently sided with Germany, even if that did not go well with President Chirac. Like when he applauded Messrs Schröder's and Fisher's vision of a fully-fledged federal Europe (which Germany is confident it will dominate in the long run even if its economy is at this moment in a shambles). Actually, in order to further his ambition, he now carefully manoeuvres between France and Germany, with an edge in favour of France. It is thus evident that the new French – German axis – which he (or rather M. Michel) recently strongly backed in its stand against the American-led war with Iraq – suits him perfectly. The kind words of M. de Villepin show that his efforts are at last having an effect. It remains to be seen if the British will accept his candidacy, or if there will be a replay of the Corfu summit.

Dehaene's shattered Corfu dream

At that summit (24 June 1994) where a new President of the European Commission was to be chosen to succeed the powerful French socialist Jacques Delors, Belgian Prime

Minister Jean-Luc Dehaene remained the only serious candidate. Of the two others, Leon Brittan, retiring Vice-President of the European Commission, being a British Conservative, stood no chance, while the German Chancellor Helmut Kohl put a spoke in Dutch Prime Minister Ruud Lubbers's wheel because he had been against the reunification of Germany, on the mistaken assumption that the French President François Mitterrand would oppose it. (We now know that Mitterrand had made a deal with Kohl that allowed Germany to get its reunification in exchange for the abandonment of the DM). M. Dehaene on the other hand got the support of both Kohl and Mitterrand. However, on the 25 June, the British Prime Minister John Major vetoed the candidacy of his Belgian colleague who he deemed too 'Europhile' and too authoritarian. As is well known, in the end a dark horse was chosen, the Luxemburger Jacques Santer, also a Christian Democrat and also Prime Minister of a French client state – not the best choice, as became clear afterwards.

For the British Conservatives, M. Dehaene symbolised everything they disliked in Europe: state interventionism and centralisation. In other words, they feared that the energetic Dehaene would be a second Delors. It is undeniable that as Vice-President of the European Convention, M. Dehaene who issued from the trade-union wing of his party remains true to his faith in a federal Europe as was clear from his frank interview with the Spanish daily *La Vanguardia* (6 February 2002). However, true to his nickname ('the plumber'), he proved to be a flexible Prime Minister, who respected the views of the majority, once established. It is also true that M. Dehaene, whose other nickname is 'the Brabantine draught-horse', ruled his coalition governments with a firm hand. But this has to do with the special character of the Belgian State (cf. our article in the *European Journal*, *supra*). Actually, if Belgium had been a nation state, he would have been a typical social-democratic (in effect, Christian-democratic) Prime Minister like his colleagues at the time of the Netherlands, Scandinavia *et caetera*.

Now, another Belgian Prime Minister, Guy Verhofstadt, aims at a European top function. The British have even more reasons to beware. For Verhofstadt would be much more authoritarian than Dehaene ever was.

A little diversion: bicephal states are difficult to rule in a democratic way

Once again, in all fairness to M. Verhofstadt, it is near impossible to rule a state of two competing nations within the limits of a democracy. It is already difficult to rule a multi-nation state, except as a very loose federation and even then it is uncertain that in the long run it will not fall apart. As many political scholars from Montesquieu and Immanuel Kant to Hannah Arendt have shown, to rule a state in a democratic way it is essential that there be one nation with a number of common shared values, history and culture. The main building stones being of course religion and a common language. All centrally ruled nation states have only one official language – in order to subsist: France had to suppress all languages on its territory but French. Language too is one reason why the USA refuses to accept as 51st State Puerto-Rico where the majority of people speak Spanish – indeed the Governor of the island twice broke a parliamentary decree declaring Spanish the official language of the island. At the other end, the main reason why there are strong secessionist movements in Quebec, Catalonia and Flanders, and not in Bavaria, is that Bavarians – even if they have their own regional identity – speak the state language, whereas people in the former three regions speak a language that is different from that which is or used to be the official State language; if this state is centrally run, it risks falling apart unless it is run with an iron fist.

Former Yugoslavia and Czechoslovakia are cases in point. Iraq will be. The former two states were part of the 'Petite Entente' which was created by the Allies after the First World War as a bulwark against Germany. In Yugoslavia, Slovenes, Croats and sundry were put together under the supervision of the Serbs in the 'Kingdom of the Serbs, the Croats and the Slovenes'. The King however could not keep this amalgam together and as soon as 1928, it became a royal dictatorship. It remained so until the Second World War when the Croats set up their own puppet state with the help of the Nazis. After WW2 Yugoslavia reverted to a (moderate) dictatorship under Tito. As soon as communism fell, the different nations split apart. The same more or less happened with Czechoslovakia; it will also happen in Iraq, another artificial state, now that President Saddam Hussein has gone.[1]

Belgium, a worrying European paradox (*The Economist*, 7 July 2001)

Belgium too is a case in point. As Paul Belien pointed out in the *European Journal* (September 2002), the originators of the coup d'état of 1830 (mainly Frenchmen and the Liege establishment) wanted to reunite with France. After this project had been shot down by the big powers, they tried to model a nation state on the French kingdom of the time (Louis-Philippe), with a common ideology (laissez-faire liberalism) and language (French), and a centralised bureaucracy. However the large majority of the people spoke, then as now, Dutch or a Flemish dialectical equivalent. Yet the ruling class refused to make Dutch an official language, which at the end of the nineteenth century resulted in a movement for Flemish cultural and language rights. During the First World War about 80% of recruited soldiers were Flemish, but the language of command was French, which exacerbated resentment; during the twenties the movement grew in force with the introduction of universal franchise, and as the authorities refused to give in, it slowly turned into a national movement. When the Belgian authorities realised the danger and started to make concessions, it was too late: just before the war a Flemish nationalist party came into being; after the Second World War it was succeeded by several parties, the most important being the 'Vlaams Blok' who want outright independence for Flanders. In the thirties, since a proposal to make all Belgium bilingual had been rejected by the Walloons, the Belgian establishment had reluctantly accepted unilinguism for both regions, which by this very fact grew even more apart. Flanders and Wallonia now differ in nearly everything and the gap is widening. Flanders is more conservative, in favour of free enterprise and more 'Atlantic' oriented – its socialist party and its trade unions are of a 'Blairite' type, whereas a socialist party in favour of state intervention dominates Wallonia. As a matter of fact, all political parties are now split into independent Flemish and Walloon groups. The social and economic situation also diverges in both regions: Medicare, social security and educational expenses are much higher in Wallonia than in Flanders; expenses for medical imaging instruments (scanners, radiology, etc.) are as much as twice the cost in the French speaking part of the country

as in Flanders. The result of all this is that financial transfers from Flanders to Francophone Belgium now already reach the staggering sum of €7 billion a year, which is relatively more than transfers from West Germany to its East German counterpart after reunification. This causes much resentment in Flanders the more so that the economic situation there is worsening too. But differences are noticeable everywhere, even in sports or the way of living: last year a German exhibition in the slaughterhouses of the Brussels suburb of Anderlecht of stuffed bodies (Körperwelten) had an overwhelming success with Dutch speakers but failed to interest many French speakers, a difference even the French quality daily *Le Figaro* found disconcerting. It is clear that to rule a country with such divergences is near impossible in the normal parliamentary way; except with a strong hand or with an expensive horse-trading policy: *"you can have a new highway if I can have a new university"*, or the other way round. No wonder Belgium has the highest public debt (more than 100% of GNP) in the European Union after Italy! Sometimes the tussle gets moral as when tobacco publicity at the motor race circuit of (Walloon) Francorchamps was allowed in exchange for a lowering of taxes in Flanders. When horse trading policies do not work, the ultimate solution is devolution, as when a license to sell arms of the Liege FN-factory to Nepal was opposed by the high minded Flemish Greens: in the end arms sales were devolved to the regions. Devolution led to a complicated constitutional system: the kingdom of Belgium now has seven parliaments (Flemish regional, incorporating the Dutch language community parliament; Walloon regional, French language community, German language community, Brussels bilingual and federal [national]), each parliament with its own government.

From Baby-Thatcher to Verhofstalin

Verhofstadt like his predecessor could only run such a state in a high handed way. However since 1999, when he became Prime Minister, the Belgian State has begun sidestepping into the more sinister waters of a police state. The main reason of this development is the growth of the Vlaams Blok which has grown stronger during each of nine successive elections and now represents 750,000 voters; it took 35% of the votes in the Antwerp conurbation and is now the main Flemish party in Brussels. In the Belgian capital the party attracts many votes from French speakers because of its strong anti-immigration programme. But the Belgian establishment most of all fears the Vlaams Blok and considers it to be enemy number one because it wants a separate Flemish Republic.

This fear is in a certain way comprehensible: Belgium is now very fragile. Symbols of national unity except for the monarchy are all but gone: the Congo colony, the Belgian franc, the army (integrated into NATO), the main financial institutions… (Paul Belien, *op. cit.*). The national airline Sabena and its daughter Sobelair went bankrupt; at least 60 % of Belgian policy, federal as well as regional, is now controlled by the EU; as a result of the European internal market, the Belgian tourism industry has been taken over by mainly German tour operators like TUI, Neckermann or Thomas Cook AG.

A number of means have been devised to stop the Vlaams Blok: it is refused access to State television; members of the party are regularly abused by the (state subsidised) press and even physically assaulted; an 'anti-racist' centre directed by a Dominican monk, but under the direct supervision of the Prime Minister has been set up with the sole aim to combat the party; etc.). Verhofstadt's minions follow his injunctions and likewise wage war against the Vlaams Blok with means that are not always academic. His former press attaché Guy Vanhengel whom he made a minister in Brussels, for example, subsidises a small group of Maoists whose main activity consists in harassing the VB; the money (€ 12.500 a year) is budgeted for 'culture' and 'welfare'.[2] Now a federal bill is under way to in effect ban the party; at the same time the VB has been summoned to court – and although according to Belgian law, 'political crimes' are to be heard by a popular jury, the party has to appear before an 'ordinary criminal court'. The new Justice Minister Mrs Onckelinckx (PS, Walloon socialist)[3] makes no secret of her intention to give priority to proceedings against the party, never mind that Belgian justice has an enormous backlog. Hearings started on 1 March, two and a half months before regional and European elections and at exactly the same time as the mega-process of paedophile child murderer Dutroux, which will draw attention away from the Vlaams Blok process. The 'Belgian on demand' law which makes it very easy for foreigners to obtain Belgian nationality[4] and the bill to give immigrants voting rights in municipal elections which is rejected by more than 80% of the Flemish population fits into this picture: it is assumed that immigrants will not vote for an anti-immigration party; as an added benefit, in Brussels, as most of them speak French as a second language, they will probably dilute votes for Flemish parties.[5]

A perverse result of this crusade against the Vlaams Blok is that it permeates the whole Belgian society. A law aimed at the Vlaams Blok to punish non-correct opinions has led to the condemnation of people expressing outrageous or non-correct opinions. Very recently it was decided to set up a number of local branches of the aforementioned 'anti-racist' centre, the aim of which appears to encourage people to tell on their neighbours who might have used 'non-correct' language. Strangely enough these branches are to operate only in Flanders. People with Flemish nationalist ideas, or whose parents or friends are of that opinion, come under special scrutiny. There was a famous case when Miss Soetkin C., a Flemish member of a Walloon song group, was refused permission to take part with her group at the European Song Festival on the basis of a concoction of lies by the State Security because of her Flemish nationalist background.[6] And so on. According to the Antwerp University politologue, Cas Mudde, as a result of the anti-Vlaams Blok legislation Belgium has now become one of the most repressive countries in Europe for politically unorthodox people (*De Standaard,* 27 February 2003). And indeed, the exclusion of the Vlaams Blok now extends to the more moderate Flemish movement. Where last did we see such a development?

Nothing better illustrates Verhofstadt's authoritarian tendencies than his handling of the media. The Flemish state television has become a government mouthpiece, chanting daily paeans especially to the glory of socialists and (extreme left) Greens, even if the latter have been reduced to a few (Walloon) seats in Federal parliament. In recent years Verhofstadt became quite paranoid about criticism by the commercial press, and regularly admonishes journalists and editors to be more positive; he is not afraid of threatening to take the bread out of their mouths or to use what some journalists call "*Berufsverbot*". Yet, as most Belgian newspapers are subsidised, they are rather wary of being too critical of the government. In Flanders, this is the case of

the two main 'quality' papers: the leftist *De Morgen* and the left of centre *De Standaard*. Even so, the Prime Minister himself induced the latter to do away with the Dutch journalist Derk-Jan Eppink (who now works for single market commissioner Frits Bolkestein) because his much read columns displeased him.

But of course the interventions of the Prime Minister are primarily aimed at the three newspapers and the one news magazine that may be considered totally independent: *De Tijd,* a financial and business daily, *Gazet van Antwerpen* (right of centre), an important regional newspaper, and *Het Laatste Nieuws* (liberal), a popular newspaper with the largest circulation in Belgium, as well as *Knack*, a magazine in the style of *Time* or *Newsweek*. Last year, his coalition partner, the President of the socialist party, put pressure on the editor of *Gazet van Antwerpen* to dismiss columnist Roger Van Houtte for his criticisms of the Antwerp Socialist Party (which was involved in a corruption affair with Visa cards). But the *Gazet* would not budge. As to Verhofstadt, he is increasingly irritated by the editorials of *Het Laatste Nieuws*, written by Luc Van der Kelen, a true blue liberal who incessantly attacks the infringements of civil liberties, having become disillusioned with Verhofstadt whom he considers a traitor to liberal principles. *Le Monde* (25 November 2002) was puzzled when Van der Kelen complained that *"he was being harassed by the Prime Minister who called him at 23h. 30, or when he was taking a bath or while in his kitchen…"* However, De Persgroep, owners of HLN, refused several injunctions by Verhofstadt to dismiss him. Worse was to come. De Persgroep owns, together with Roularta, editors of *Knack*, the commercial television station VTM. As 2004 is an important year for sporting events (Olympic Games, Euro-2004 Football Cup…), it would evidently be an important source of income for VTM. But suddenly, the new Flemish media minister Mario Keulen, a former press attaché of Verhofstadt whom he last year put into the place of a less docile minister, authorised the Flemish State Television (VRT) to create a sports channel which, with its lower (subsidised) publicity rates, will have an unfair competitive advantage over the commercial station as well as over the written press, foremost of them, *Het Laatste Nieuws* which is thus punished for its blaspheming scribe.

Two years ago a Belgian Parliamentary Commission led by Stef Gooris, a crony of Verhofstadt, went to inspect parliamentary elections in Belarus, a country much criticised by the Belgian Government for its low democratic standards. On his return, he declared that even if he had nothing to say about actual election procedures, Belarus was nevertheless undemocratic because the Government manipulates the press!

Corruption galore

As is usual in authoritarian states, Verhofstadt's Belgium is now rife with corruption. The Foreign Affairs Minister Louis Michel made his 24-year-old son, Charles, Regional Minister; Finance Minister Reynders had his sister appointed to a high judiciary function against the will of the competent commission of magistrates; Verhofstadt replaced the head of the Belgian information office (a functionary with a Christian democrat background) with his own PR-man (monthly earnings: €25,000) and put one of his personal cabinet members at the head of the State Security. The same thing happened with Etienne Schouppe, boss of Belgian Railways, also with a Christian democrat background who after a long wrangle was finally replaced by someone more akin to the Prime Minister. In the beginning of this year, his spin doctor Noël Slangen ('slang' means 'snake' in Dutch) was sentenced by a Brussels court to 20 months in prison with delay for a … corruption affair several years ago. Verhofstadt nevertheless kept him as his campaign manager; etc.. A recent example of his low opinion of parliamentary democracy is his decision to back up his candidacy to a European top position by leading his party's candidates list for the European elections (13 June 2004), although as he declared himself he has no intention whatsoever to sit as a MEP. It follows that the MEP of his party will not be chosen by the people but will be appointed by him. Edifying too was the way he prepared his comrade in arms Patrick Dewael to succeed him. Dewael was first made Prime Minister of Flanders region; last year, although he had still one and a half years to go, he quit his post to become Interior Minister of the national government. He is thus well placed to become Prime Minister when Verhofstadt goes to Europe. During his term as Flanders PM he did his utmost to be acceptable to the bosses of the Walloon parties of the coalition by undoing every Flemish realisation of his predecessors. This too will create a backlash and give the Vlaams Blok a fillip. But by then that will no longer be Mr Verhofstadt's concern.

It thus appears that Verhofstadt, who started his political career as a true blue liberal, which earned him the nickname of *Baby-Thatcher*, has now turned into what his 'friends' call *Verhofstalin* or alternatively *Verhofstazi*.

Why Verhofstadt wants the European top position

This still does not explain why he should want to leave the Belgian political stage for Europe. The reason is probably personal. Like all authoritarian characters, Verhofstadt has an inflated ego and enjoys the trappings of power. Typical was his ambition to leave the traditional Prime Minister's office at Wetstraat/rue de la Loi No. 16 (Belgium's 10 Downing Street) for the historical Palace of Academies (1820), next to the King's palace, even when it shortlists as a protected building and is quite unsuitable for offices and that the 'venerable' members of the Academy (which dates from the times of the Empress Maria Theresa) would have to move. Strangely, after last year's elections no more was heard of this project, Verhofstadt now probably having a higher (European) destiny in mind. On the other hand, it frustrates him no doubt that he has now been reduced to being the Prime Minister of a country with little international leverage as a result of European and international globalisation. His government is now reduced to handling problems such as the noise of aircraft flying at night over Brussels, of shop opening hours, or taxation, and even then the European Commission has the last word. On the other hand devolution to the regions turns federal government into an empty shell.

But the main reason is probably that he chafes in the shadow of Foreign Affairs minister Louis Michel (Walloon liberals) and of Elio di Rupo, president of Walloon socialists, who in 1999 put together his government. That he formally leads the government is not so important: since Belgium became a federal state, political conventions require a Dutch speaker to be head of government, Flanders being the main region. It irritates him immensely that Belgium is now ruled by a triumvirate of Michel, di Rupo (in the wings) with him as junior partner and on a par with the mighty Finance Minister Reynders (Walloon liberal) and the Defence Minister Flahaut

(Walloon socialist).[7] Only under these conditions could he become Prime Minister.

As a liberal too, Verhofstadt is frustrated, and so are many members of his party, who do not accept that he bound his party in a progressive (left wing) coalition. Dissenting voices within his party have been kept in check, but there is no doubt that the slightest setback at the next elections will bring their opposition into the open. And as a Fleming it probably irks him that he has to follow the pro-French and anti-Atlantic policy dictated by Messrs Michel and di Rupo, which most Flemings reject. That Belgium under Verhofstadt has given up its traditional neutrality is a bad omen for Europe and for Britain in particular as we explained in our previous article in the *European Journal*. But even worse is his disdain for parliamentary democracy.

Conclusion

As a young politician, Guy Verhofstadt wrote several pamphlets – his famous *Burgermanifesten* (citizen manifestos) – in which he extolled the virtues of true blue liberalism. One of his pet programs was the holding of referenda on any problem of interest to the citizen, which in his view was the apex of democracy. However, once in power, he ridiculed the very idea. In the same strain, at the beginning of Belgium's Council presidency, he declared the result of the first Irish referendum on the Treaty of Nice (June 2001) void and of no importance. As *The Economist* (17 January 2004) observed, Belgium is together with France and Germany the country most in favour of 'ever closer union', but also heads the blacklist of countries that have failed to implement EU Directives. According to the German *Handelsblatt* (3 February 2003) Patrick Cox, President of the European Parliament complained to the Belgian Government about increasing criminality in Brussels. Guy Verhofstadt, in a letter, promised energetic means to combat it. However, adds Ingo Friedrich, Vice-President of the European Parliament, nothing happened. This is typical of Verhofstadt: he has a compulsive habit of promising without any intention to follow up his promises and of lying with aplomb. This has earned him the nickname of *Liegebeest* (obsessive liar) in *'t Pallieterke*, a satirical (and still free) weekly.

On Belgium as on Europe, his predecessor and probable competitor Jean Luc Dehaene had firm ideas but was always ready to compromise; Verhofstadt will subscribe to every proposal that consolidates his candidacy. Experience shows that once in the European top seat, he will renege on all the commitments that are not convenient to him and will try to impose his way. In other words, Verhofstadt will use the same methods he uses to keep Belgium together. A centralised Europe with twenty-one languages under Verhofstadt risks becoming the same semi-authoritarian police state as Belgium is now.

1 In Yugoslavia and Iraq, religion, rather than language, is the main divisive factor
2 Verhofstadt who had ruthlessly shoved away Ms A.M. Neyts as president of the liberal party, in the same brutal way replaced the "leading liberal lady of Brussels" at the start of the elections campaign of 1999 with one of his former press attachés (Vanhengel) who however did not gain enough votes to be elected. Yet in the end he became a minister of Brussels region, expelling or driving into submission her supporters amongst party workers. Adding insult to injury, she is now shelved on the European candidate's list led by Verhofstadt
3 Cases that take years to be brought to court are no exception in Belgium – *vide* the murder case of former PS-president André Cools, or of child murderer Marc Dutroux. Mrs Onckelinckx replaced Marc Verwilghen (VLD, of the same party as Verhofstadt) who was demoted to under secretary of state: he managed to gain more votes than Verhofstadt in his own "fief "of Ghent, which was of course a serious offence of lèse-majesté.
4 One unintended sequel was that American authorities were alarmed when some suspected Muslim terrorists were found to be holders of a Belgian passport
5 Voting is compulsory in Belgium, which means that the new law creates discrimination between Belgians who have to vote and immigrants who can choose.
6 According to State Security she had been a member of a Flemish nationalist youth movement (true) and had attended a homage to Rudolf Hess, a plain lie. The minister made public this damning report without notifying Miss C. The government tries to link Flemish nationalism with Nazism; in fact the main Nazi collaborator in Belgium was Léon Degrelle, leader of the extreme right Belgian nationalist REX-party. He called himself the spiritual son of Hitler and led the "Walloon Legion" in the war against the Allies. Curiously, contrary to lesser (Flemish) collaborators who were shot, Degrelle who retained much sympathy with the French speaking Belgian establishment, never was seriously bothered after the war; he died peacefully in the Spain of his friend Franco. No comparison with Hess who probably had done much less.
7 In abusing the Americans, Defence minister André Flahaut did even better than Foreign Affairs Minister Michel. In a recent interview with the leftist weekly Humo (20 January 2004) he said that if he were to vote in the next American presidential elections, he would vote for the Democrats, and called the US Army inept and not as efficient as the Belgian Army. President Bush was not amused and his Foreign Affairs Minister Powell let it be known to Verhofstadt.

André Monteyne is a former member of the Brussels Parliament.

… news in brief

Calls for EU secret police force

Following the terrorist attacks in Spain, there have been calls for the EU to have its own anti-terror commissar and security police force. The Chairman of the Commission, Romano Prodi, called for the new commissar after observing a minute's silence for the victims of the attacks in Madrid.

The Belgian Prime Minister, Guy Verhofstadt, renewed his own call for a centralised EU intelligence force. This is something the Austrian Interior Minister, Ernst Strasser, has also called for. Strasser said the structures of Europol should be used at first but that they should later be fleshed out to constitute a fully-fledged intelligence service. But he said that military intelligence services should not be used. [*Der Standard*, 16th March 2004]

Meanwhile, it has been confirmed that the Italian security services, SISDI, had had intelligence that Islamists were planning a terror attack in Spain. Israeli intelligence services had also issued warnings. Silvio Berlusconi, the Italian Prime Minister, has also been quoted saying that Italy might be a target, if the authors of the attacks turned out to be Islamists after all. Israeli intelligence sources have said that Rome will be the next target. Warsaw, Paris, Athens and London are also supposed to be targets. [*Der Standard*, 15th March 2004]

The Numbers: the Sands in the Foundations of the EU

by Norman Sanders

The European Union is about to reach a size at which the numbers involved will begin to bring about its own demise if its leaders continue to ignore the numerical threat to its foundations. The sizes of organisations eventually become the dominant factor in determining their nature and culture, rather than the characteristics of the people involved or the functions the organisation is required to carry out, and we need to understand the numerical rules of the game to be able to create a structure with some hope of success. These rules are admirably described in Sir Antony Jay's "Corporation Man" applied to other types of organisation, commercial companies, schools, armies, ancient and modern and also in "Parkinson's Law" applied to cabinets and government departments generally. Large organisations obey fundamental biological rules which we ignore at our peril – which we very often do. These biological rules are not canonical edicts of management theory but the fruits of simple observation; they are about as scientific as anything organisational could possibly be. But, scientific or not, at least they pertain to tribes of fairly homogeneous background. But the problems of the EU are compounded by facts of history, national culture, language, large differences in population and GNP. Where in these books we read of tribes, in the EU we are faced with megatribes. This has to be remembered as an additional component of the problem of sheer numbers as described in this essay.

The numbers themselves are neutral enough and quite inoffensive, but when they are applied to the details of the particular organisation they become saboteurs. All organisations suffer from numerical indigestion, be they military, commercial, sporting, political, religious, educational or whatever, and each will swallow a different shaped anti-dyspeptic pill. So what would the right shape be for the EU? Indeed, does such a shape exist? Is it possible to find one?

Let us start our analysis by considering the raw numbers themselves. The smallest of these is simply the number of members; the number of heads of state who meet from time to time. But since the most natural form of meeting is one between two people, rather than the entire membership, how do the numbers of two-person meetings grow with the growth of the total organisation? If you have just two members you have a single two-person meeting of the missionary kind. With three members the number of two-way meetings is three; A may talk to B or C, while B may talk to C. One more member and you double the number of meetings to six, while five members allows for ten possible couples. Double the number of members to ten and you are already up to forty five possible couples. Triple it to fifteen and you find yourself floundering in one hundred and five possible two-way meetings. Generally, n members provides for n (n-1)/2 possible combinations of two members. So roughly speaking, the number of two-way combinations increases with the square of the population. But if that weren't bad enough consider the number of three-way combinations, another popular grouping. Although it is only one for a three person group, it is 455 for today's 15-person group! The meetings increase as the *cube* of the population. And so it goes on.

Those are examples of the raw numbers. But what are the consequences? How does group culture change as the number of members increases? How does the nature of the meetings change? Consider the arrangements when all the members meet, one leader per member. Up to about five people doing things together causes little problem. Five is a good number. In tribal terms it is a sort of molecule, the smallest viable corporate component. For most purposes it is the optimum number. It allows for a leader, however informal, and two pairs of followers; both Scott and Amundsen took five-man teams to the South Pole, including themselves. Boy scouts operate well in fives or sixes, while experience shows that five to seven-man teams are the most reliable way of running computing projects. Fewer than five provides little back-up in times of trouble, while more than seven starts to see formality raising its ugly head. At the five to seven-man level about 90% of the effort is productive, while only 10% consists of reporting on the other 90%. But after seven the amount of productive work actually starts to decrease. And as the group increases beyond this the leader quickly ceases to do any creative work at all; he loses immediate visibility of the work done by the others and the rate of creation of formal paper increases as the square (at least) of the size of the group. In computer parlance we start to create information about the information.

No wonder then that the original European Coal and Steel Community comprised five members only, France, West Germany, Holland, Belgium and Luxemburg. They could easily sit around a dinner table and write down their decisions on a napkin. It was a nice cosy group. Informality ruled. It was to be another seven years before a sixth member joined, and so doing brought about the initiation of the bureaucracy, the Treaty of Rome.

After seven the group begins to split into two, with two team leaders and the technical and administrative work taking about equal amounts of time. The last to join is often a purely administrative person, there just to push the paper.

The number ten is the magic number for armies, both ancient and modern. The Romans built up their armies in terms of ten of these tens under a centurion, while modern wars are fought by lance corporals in charge of squads of ten men. In 1980, after thirty years, the Union had reached ten with the addition of Britain, Ireland, Denmark and Greece. So far so good.

Up to ten the numbers themselves are fairly manageable. But after ten or so the rot starts to set in. Friendships, animosities, politics, corruption and an inevitable spread of specialist backgrounds with accompanying linguistic incomprehension, start to sabotage the efficiency of the group. In commercial organisations the only solution is to structure the group in layers; say, one manager and three leaders of four-man teams for a sixteen-man group, noting that by 1995 the Union was up to fifteen members. But the trouble with the Union was that it couldn't be formally layered; it was supposed to be a democratic entity, each member with his right to speak, to vote – and to veto. It was a Copper democracy, democratic up to a point my lord. The

efficiencies that the army, industry, the civil service etc. introduce are not allowed to the Union. While conical organisations can be made to be inherently stable, flat organisations start flying apart from the sheer centrifugal force of the numerical energy at about fifteen.

A classical example of a conical organisation is the General Electric Company during the old days of Lord Weinstock. He was able to run a one hundred thousand strong entity by means of delegating authority down to the working level via only twenty one tribal elders. He would fine-tune the organisation as a part of daily life by requiring a well-honed system of reports whose frequencies and magnitudes were proportional to their criticality. There can be nothing like this in the EU because the President has no true authority other than over who does what and who sits where within its civil service. They are like the services department of a commercial company. The EU has no equivalent of Engineering, Manufacturing or Sales. These functions are carried out within the member countries, each in its own sweet way, or not at all. Although there are many who would like the EU to be a super state, it isn't one, and so it lacks the corporate glue needed to prevent the inevitable fracturing brought about by the numbers.

It is at the point of twelve that, as we well know from Parkinson, an inner group, formal or informal, starts to take over. "Lunch with me tomorrow – we'll fix it up then." So it was not surprising that it was when the Union had reached twelve that the first refinement to the rules was felt to be needed, the Single European Act of 1987, thirty years after the Treaty of Rome. But then rules and regulations started coming in thick and fast. There was one more before the next wave of new members, Maastricht in 1992, prior to Austria, Finland and Sweden joining in 1995. This was immediately followed by Amsterdam in 1997 and Nice in 2001, the Convention on the Future of Europe in December 2001, and its failed denouement in Rome in December two years later; thirty years between the first two set of rules, then five more attempts over the next sixteen years. The rate of onset of bureaucracy followed the raw numbers so closely. But why didn't anyone predict that this would happen? Numeracy, an understanding of numbers, is required by the government of the schools, but it is not required of itself.

To expand for a moment on the attempt at a European Constitution, at the fifteen level, after the dust had settled on Amsterdam and Nice it was realised that these two treaties were insufficient to handle the eventual expansion to twenty five members. Meetings would become unmanageable and decision processes possibly infinite loops, so out came Giscard d'Estaing's sledge hammer. And here we certainly see the effect of the numbers. The EU made the mistake of allowing the ten yet to join members to participate in the Constitution Treaty deliberations. The intention was noble enough; the newcomers must be allowed to make the rules of their own club – though this is not what happens in political parties or golf clubs. At twenty five members there are precisely three hundred possible pairs of members who could get into a huddle and produce a banana skin. Who might they be? What shaped banana?

The time to make the rules was back in 1951 when it could have been done over the soup. But, of course, there was little vision at that time, and the opportunity was lost.

Another numerical measure of anarchy is the *percentage* increase in membership at each increment. When Italy joined in 1958 the increase was a mere 20%. Easy to assimilate. It didn't noticeably change the culture of the Union. In 1973 it increased from six to nine members, 50%, the only major percentage increment to date, but still manageable. In 1980 with Greece joining it was a further 11%. In 1986 with Spain and Portugal, 20%. In 1995 with Austria, Sweden and Finland, a further 25%. The process of assimilation at each stage has not gone trouble-free, but has weathered the storms as well as could be expected. We have seen a growing desire for summits and treaties ironically to satisfy national pride. We have seen an exponential growth in paper work, little of it translatable from legalese into spoken language, and little of it therefore actually read by its intended audience. We have even seen a single reference currency converted to an actual currency by a late-night rump group while Mrs Thatcher was abed. But the Union hasn't collapsed.

But what happens now? Not only are we confronted with the largest *absolute* increment, we also face the largest *relative* increment. The acquisition of ten members on 1 May is an increment of 67%. No commercial organisation could cope with such a quantum jump, not even the army with its Queen's Regulations and unambiguous language. The impact is unpredictable.

Brussels officials have now become aware of the problem, though they don't seem to have realised yet that it is insoluble – at least within a democratic framework. Indicators of the current thinking of Brussels officials stem from the idea that there will be limits set on the time member states are allowed to speak during negotiations to stop them descending into chaos. This is a superb example of information about the information; an argument exceeding three minutes about whether a Prime Minister has exceeded his allotted speaking time of three minutes. It is a salutary idea that a politician should be required to marshal his arguments in this way, but little hope that he would comply; you cannot negotiate under the stopwatch of Damocles.

Meeting discipline is certainly a much missed quality in conference rooms the world over, but it is governed by a Gaussian efficiency distribution curve; at the left end no time at all and no meeting, at the right end the filibuster, and again no meeting. In the middle somewhere twenty minutes for an oration and two for a spontaneous good idea are about optimum. And an exponential financial charge attached for occupying people's time wouldn't be a bad idea.

There is also talk of actually silencing the smaller countries altogether, thus maintaining a *de facto* membership of fifteen. Nothing could be better calculated to drive them off stage into one of the 2,300 possible three-way groupings that twenty five members would generate; numerical cancer in the body politic. This is a number that I don't think has been bandied about much amongst the Brussels officials.

But even the top nations will resort to this – with increasing propensity as the numbers increasingly clog the decision system. A good example of this was the February meeting between Britain, France and Germany. The minor players may well cry foul but you cannot legislate against informality. Trying to do so merely drives it underground. Everyone will have to take up arms against a sea of numbers, but I see no way of ending them.

Another component of the problem is the size of meeting rooms and tables. We have come far from 1957's cosy dinner meeting. A room to accommodate twenty five heads of state, each with two advisers, would be best arranged as a sort of lecture theatre, humming with technology, all facing the big screen at the front showing the speaker's face and identification, with simultaneous translation into about seventeen languages.

But high tech meetings no longer require that the delegates be assembled in the same room. We can all stay home now, eliminating travel expenses and their lucrative spin-offs.

In other words we now have a version of a Union that 'St Schuman' would have difficulty recognising or coping with. It is becoming like a golf club in which the members spend all their time discussing the by-laws rather than playing golf. If Groucho Marx were a Pole or a Lithuanian I would understand his refusal to join a club that let in people like him.

Norman Sanders is a retired computer pioneer from the early days of Cambridge University Mathematics Laboratory. He has worked in both industry and universities in Canada, USA, Italy and Norway. He has also written books on computer management and was a computer advisor to Harold Wilson.

EUROFILES

From: Freddie Gjertsen <freddiegjertsen@hotmail.com>
To: European Journal Readers
cc: Silvio Berlusconi
Subject: Sending ham to Parma?

I was flying over a group of protesters in a helicopter with my wife. I mused, "*I could throw out one 10,000 euro note and make one person happy. I could throw two 5,000 euro notes and make two people happy. Or I could throw 10,000 one euro coins and make 10,000 people happy.*" The helicopter pilot then turned to me, "*We could throw you out and make everyone happy.*"

* * *

It is the year 2000 and the town of Laeken. Politicians in this small corner of Belgian plot, mouths agape and eyes wheeling, at a European Constitution. But one is ill-content. He has a more specific and important agenda. As we join the proceedings *the* perma-tanned Italian is laying out his case for Parma (not somewhere in Finland) to be the site of the next European Food Agency:

Berlusconi: Parma is synonymous with good cuisine. The Finns don't even know what prosciutto is. I cannot accept this.

Belgian PM (Chair): The gastronomic attraction of a region is no argument for the allocation of an EU agency. *(A brilliant rebuttal!)*

Chirac: *(Ever reliable)* How would it be if Sweden got an agency for training models, since you have such pretty women? *(But is that really relevant Jacques? Perhaps something was lost in translation…)*

Berlusconi: My final word is: No! *(Referring to EFA going to Finland; it is unlikely that he would have disagreed with M. Chirac on the previous point.)*

Schroeder: I love Parma, but you'll never get it if you argue like that. *(Gerhard, how naïve you are.)*

Thus Berlusconi blocks an otherwise agreed list of locations for European Agencies. Fickle Fortune to allow this grandiloquent Italian sanction over this allocation, to allow him to block the greater European will.

* * *

It is 2003 and the city of Brussels. Delegates emerge bitter and antagonistic from conference. But one still has a ready joke, and an elastic, plastic smile. While others looked to him to make the dream of a European Constitution a cold reality, this pearly-toothed magnate had more important matters to resolve.

Thanks to brilliant negotiating, the European Food Agency will be located in Italy. The Italian Presidency informed the Finns: we have decided to follow the earlier Commission decision that the best site for the Food Agency is Parma. Would you Finns like a Chemical Agency in recompense? Yes please, we would.

The Italian Presidency presents a formal proposal to outline this compromise: the Chemical Agency will go to Finland; the Food Agency will go to Parma. The Finns are furious, but, Chemical Agency secured and unwilling to jeopardise it, let the matter pass. Berlusconi fulfils his Laeken dream.

As to the Constitution, it fizzled out; despite some special Silvio tricks. At tense moments in negotiations he would recall difficult days during his time at the Captain's table and employ his then-learned skills to deftly steered conversation: "*Why don't we talk about women and football instead?*" And throughout he girded delegates, spurred them on, with a special compromise. How they laughed to discover that the secret compromise he had promised was nought but a dirty napkin with a few high-calibre jokes on it… So, despite Il Cavaliere's best efforts, the Constitution did not come to pass. His efforts were not, however, universally appreciated: "*It seemed like a big game to him*"; "*There was no plan, no strategy*"; "*The President came to the IGC poorly prepared.*"

Should anybody care that the Berlusconi got his Food Agency yet allowed the Constitution to fail? Wasn't the Constitution just an undemocratic vehicle to get Giscard et al. into the history books for some 'positive' reasons? Why shouldn't it have failed? Because … Europe should be bigger than any and all of us.

But it is not bigger than Berlusconi. His time at its helm was amusingly self-centred and involved him capriciously ignoring and, even better, insulting all those who opposed him. But Europe, if it is to function at all, should be a democracy. The function of Berlusconi's actions was to lay bare the sickness that besets Europe. His happy combination of brio and badinage allowed him to laugh his way through six months of playground politics and leave the sober and the sombre to wonder at his effrontery; none could do anything about him.

What his unchecked actions clearly demonstrated was that those who govern Europe are accountable to no man (woman/child/etc.). Berlusconi brought down the best intentions of the constitution-mongering majority around him with ease, and, fixated upon one goal, achieved it. Dress him as a villain and whistle. But that mass of his peers who despaired of him can as easily be depicted as rogues. Without Berlusconi to disrupt their cabal, they would quite happily have got on with whatever took their fancy. And no one could have stopped them: most 'European citizens' would not even have known what they were up to.

It is only their inability to repress one of their number gone 'bad' that puts into relief the unchecked and unaccountable power that Europe's politicians wield within Council and Commission and such bodies' offspring, for example the Convention on the Future of Europe. All of the politicians within these institutions are bigger than Europe. This is what Berlusconi showed us.



The European Foundation

The European Foundation would like to update you on our activities. There have been many significant developments so far this year: elections in Spain and France; the Polish u-turn; and the Brussels Summit of 25-26 March. We are closely monitoring these events and are co-hosting a conference in Dublin on Monday, 29 March with the Institute of European Affairs. This conference, *A Roadmap for the EU,* will examine both the implications of the European Constitution and the 'New Economic Dynamic for the European Union'. The debates will be between Europhilic and Eurosceptic speakers, including John Bruton, TD, Rt Hon. David Heathcoat-Amory, and Professor Patrick Minford among others. We are looking forward to them.

This conference is being held on the eve of the next stage in integration, which includes the finalisation of the enlargement process, the European elections on 10 June, and the summit at the end of the Irish presidency at which it is expected that an agreement will be reached on the European Constitution. This is the single most important phase for furthering the Eurofanatic cause of a United States of Europe. We need your help to resist it and ensure that the democracies of the European nation states are preserved. In the words of our Patron, The Rt Hon. Baroness Thatcher, "*your [The European Foundation's] work now is vital for the future of our country.*" We ask you to please give generously so that we can carry on with this work.

The Journal and the Foundation would like to thank you for your continued support that has enabled us to fight on your behalf.

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LETTERS TO THE EDITOR

From Mr Colin Bullen

Dear Sir,

Your correspondent Richard Beddall is quite wrong in his assessment of the reasons for the existence of UKIP, or at least he would have been wrong at the time I and others helped Dr Sked create the party.

It was not intended to be merely a means of pressurising Conservatives but instead to offer voters across the democratic spectrum the chance to support the simple proposition that the UK should leave the EU forthwith. Indeed the leader himself was an ex-Liberal, while I was an erstwhile Labour supporter, as were several other members of the NEC.

Indeed it was not until Dr Sked and his supporters left the party after the 1997 election that ex-Conservatives could be said to have held a majority on the committee, although the party has drifted steadily rightwards since.

The important point is that this fight cannot be won by appealing to Conservative voters only, as they would not be able to summon enough support from one part of one party to overturn thirty years of betrayal.

As a lifelong trade unionist and supporter of Old, not New, Labour I know that there are vast numbers on the left who detest the EU as much as do those on the right but who will not support policies based merely on nationalistic slogans. Indeed one of the best election manifestos on the European issue at the last Euro Elections was that of the Socialist Labour Party.

If we are to win this battle we must appeal to all those who oppose UK membership so that each of the main parties can be moved to a position where withdrawal is regarded as a real option. In this case country must come before party.

Yours faithfully,

Colin Bullen
(UKIP membership secretary 1992–97)
Tonbridge, Kent

From Lord Deramore

Dear Madam,

In issue No. 3 Vol 11, Bill Cash presented an admirable analysis of the implications of Michael Howard's Berlin Speech and the proposed linkage of Conservative MEPs with the EPP / ED integrationist group. He asked reasonably: "What kind of Europe do Conservatives want?"

Voters in the June European Parliamentary Election and the next General Election will be influenced by the answer to that question as it is expressed in the Party manifesto.

A vast number of Eurorealists, both members of the Conservative Party and non-members, must have been as dismayed as I was by Michael Howard's apparent reversion to the policies of Douglas Hurd, Malcolm Rifkind, Michael Heseltine and Kenneth Clarke, which brought John Major's Government to a humiliating defeat in 1997. Of the four million former Conservative voters who did not support the Tory candidates, at least 750,000 supported the Referendum or United Kingdom Independence Parties.

Seven years on there is growing evidence of opposition to the governance of Britain by unelected Eurocrats in Brussels, whose myriad Directives and Regulations have been incorporated into British law. Nor can people see any sense in pouring £billions of taxpayers' money into the funding of the unelected, corrupt and wasteful European Commission, less than half of which is returned to Britain in grants to projects chosen by the EU. Both politically and economically our membership of the EEC/EC/EU has proved harmful to Britain, especially in respect to the CFP and CAP.

Apart from a minority of Eurofanatics, whose policy is anchored in 1960s' mythology, the Conservative Party today is predominantly Eurorealist. The Party manifesto must reflect that realism and abandon the illusion that Britain, like King Canute, can turn back the integrationist waves by dint of sitting on the beach.

At last under Michael Howard's leadership, the Conservative Party is being seen as a credible alternative government. It would be a great mistake if its European policy were to be regarded by voters as little different from that of the Labour and Liberal Democrat Parties. The concept of an integrated European State is essentially socialist (*cf.* the USSR and Yugoslavia). True Conservatives believe in individual responsibility and reject the view that Governments, national or supranational, should deny them the freedom to decide how they live and how their money should be spent.

I venture to suggest that true Conservatives want a Europe of sovereign trading nations, divorced from the politically created European Union, and free to co-operate with each other on matters of mutual interest.

Yours sincerely,

Deramore
North Yorkshire

From Mr Frederick Forsyth

Dear Sir,

I feel your correspondent Richard Beddall was somewhat less than fair to Michael Howard. On taking the leadership he cut the number of full Shadow Cabinet members by half, delegating more functions to junior ministers. This led to some departures.

But in the leaner, meaner Shadow Cabinet are Lords Saatchi and Strathclyde, with Michael Ancram, David Davis, Nicholas Soames, Liam Fox *et al.* Whoever they supported in the days of weekly schism, they are rock-solid Howardites now.

Mr Beddall also missed the point of the Berlin speech – but then so did ninety percent of the British press as usual. Michael Howard gave a solemn pledge to that 'love that dare not speak its name' word: renegotiation. The moment you even mention repatriation of powers you point a large torpedo midships at the Brussels Commission and the Franco–German integrationist vision.

The eurozone economy is in a state of palsy, our home-grown Eurofederalists plunge in the electorate's estimate, elements of the incoming ten eastern nations are robustly pro-British in their outlook on sovereignty. The next election here is no time for a million UKIP addicts to stamp their feet in pettish rage and put Blair back in power. That would be truly crazy.

Yours sincerely,

Frederick Forsyth
Hertford, Herts

From Mr Christopher Booker and Mr Richard North

Dear Sir,

Churlish though it might seem to question such a friendly review of our book *The Great Deception*, we would like to correct Matthew Glanville's claim that we did not base our history of the European Union on 'primary source material'. We consulted literally thousands of original documents in our research, hundreds of which we quote (as a glance through the footnotes might have confirmed). A good many of these are revealed for the first time (notably those relating to Britain's accession negotiations in 1970–2, which have only recently become available from the P.R.O. under the 30-year rule). Further key documents relating to the earlier years of the 'European project' (including the crucial and little-known Treaty of Luxembourg in 1970) were only recently assembled by the European Parliament's archive section, and we were the first to consult them. Of course we cite previously published accounts, including politicians' memoirs and the work of earlier historians, but often this is to show how they got the story wrong. When Mr Glanville criticises our reliance on press reports for coverage of the constitutional convention, he seems not to have noticed that many of these come from Italian, Czech or other continental papers, picking up points missed by the British press. What we set out to do was to trace the history of the 'European project' from the 1920s to the present day as authoritatively as possible (including the revelation that the first blueprint for the European Union came from a British civil servant). For that purpose we tried to track down every source that seemed relevant: primary, secondary or whatever. Having put in so much work, it is somewhat frustrating to see our book criticised for its "lack of primary source material"!

Yours fatihfully,

Christopher Booker, Richard North,
Continuum Books, London.

PUBLIC MEETING

European Union – the great deception

Saturday, 17th April 2004 at 2.30 pm

Upper Hall, The Emmanuel Centre, 9-23 Marsham Street, London SW1

Speakers

CHRISTOPHER BOOKER

Author & Journalist

NEIL HERRON

Campaign Director Referendum 04

& Metric Martyr Defence Fund

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BOOK REVIEWS

EU law and British Tax, which comes first?

by **Alistair Craig**, Centre for Policy Studies, London, 2003, £7.50, ISBN 1 903219 64 7

Reviewed by Annunziata Rees-Mogg

The scope of EU law, as enforced by the European Court of Justice, affects many of the laws of the individual member states. In *EU Law and British Tax* Alistair Craig examines the specific effects of ECJ decisions on the British Government's ability to have fiscal independence. The conclusions are disturbing. The Government has already lost various means of raising taxation and under the Draft Constitution the situation would be exacerbated.

The majority of Craig's work looks at the impact of ECJ decisions on corporation tax. From Ireland being told its 10% corporate tax rate was an *"illegal state subsidy"* in 1980 to proposals for full tax harmonisation that date back to 1970, this study is a history of case law, directives, treaties and rulings that attempt to end the sovereignty of taxation.

There is nothing as alarming in these pages as the Government's inability to deal with the implications of the tide of European rulings and to bury its head in the sand

There is nothing as alarming in these pages as the Government's inability to deal with the implications of the tide of European rulings and to bury its head in the sand as though none of it were happening. According to Craig, *"Inland Revenue officials do not know how to respond to the threat [of the ECJ gradually striking down national corporation tax laws]. Ministers have said nothing on the issue, other than an elliptical comment in one Treasury publication and some as yet unformulated proposals to respond to recent ECJ judgements… The Government seems to be hoping for the best rather than properly considering how UK tax law can best be structured to ensure certainty for taxpayers and tax authorities alike."* This is against a background of ever-growing rulings against our tax laws. From ICI to Marks & Spencer, companies are regaining tax owed to them by the Inland Revenue according to the ECJ. This book estimates the amount the Exchequer could lose as between £7.5 and £11 billion. That is the current figure, but many of the cases (such as M&S) are yet to be settled. And many more are on the way.

Over the past few years the ECJ has become increasingly unlikely to find in favour of national governments. In 1990 the Belgian Government won a case about a German worker being able to claim tax deductions though he paid his life insurance and sickness payments to German insurance companies. The Government won on the grounds that the specific part of Belgian tax law that was in dispute *"maintained the coherence of the [Belgian] tax system."* This argument is now disregarded and the Court has found against national governments that have attempted to use *"coherence"* of the tax system in their defence.

The chapter on 'How the ECJ is changing the rules' makes disturbing reading. It appears from Mr Craig's text that power is going in a one way stream, away from national governments and to an entirely undemocratic court. A court that seems to have realised just how powerful it can be and how it can maximise that power by using it to undermine the sovereignty of the nation states. At present there is no perceivable way of changing this tide. As the author says,

"It would seem that there is no argument which national governments can put forward in defence of national tax sovereignty which will be accepted by the ECJ if the court can find any justification at all in a taxpayer's case to strike down the national law in question. The burden of proof appears to have swung against the Member States to such an extent that there seems little point in advancing a fiscal cohesion defence, or similar argument. If the national tax law is, prima facie, contrary to the Single Market provisions, the ECJ will not accept that any valid defence exists. It is difficult to draw any other conclusion from the case law."

This leads into the penultimate chapter of 'What can be done?' The author splits this into seven categories. These range from acceptance (a huge political u-turn) to leaving the EU altogether (again a massive change in political direction). Craig argues that the current *"sticking plaster"* approach is not maintainable whilst the other moderate options are all open to problems of their own, ranging from loss in revenue to disadvantageous effects on the UK's network of double taxation treaties – some of which go back a long way and renegotiation could be very difficult. There does not seem to be an easy option. And it is all set to get worse.

Far from reforming, correcting or reorganising the current situation the Draft Constitution would make the problems considerably worse

The last chapter is on the effects of the EU Constitution on this area. Its current draft does not bode well. Far from reforming, correcting or reorganising the current situation the draft Constitution would make the problems considerably worse. Many extra clauses it would introduce could have a serious effect on our ability to control our own taxation system. There have been many calls to harmonise EU taxes and they have not gone away. The idea that differing rates create unfair advantage, rather than healthy competition, is pervasive amongst many of the EU states and even more so amongst the Eurocrats.

The facts are startling. The solutions are difficult. This is another testament to the impractical, undemocratic and illogical manoeuvrings of both the European Court of Justice and the EU beast as a whole. On the higher estimates, this system is costing the Inland Revenue up to £11.5bn. This is over a third of the annual revenue from Corporation Tax. The situation is intolerable, and yet looks unchangeable for the foreseeable future.

Annuziata Rees-Mogg is Editor of the European Journal.

Health and the Nation

by **Dr Lee Rotherham**, Bruges Group, London, 2004, £2.00, ISBN: 0-9541909-9-8

Reviewed by Dirk van Heck

In this pamphlet, Lee Rotherham explodes the myth that the European Union has no role in health policy. He traces the expansion of this role in detail, to provide a comprehensive case study of what he calls *"policy change by legal subterfuge"*. He addresses the treaty bases of EU competence in health and how the tweaking of legal bases in successive treaties and their expansive interpretation by the European Court of Justice led to the European Commission (and the Court of Justice) having an indirect line into British Government policy on NHS funding. The British government had hoped for some clarity and finality as to the EU's competence over health to emerge from the European Convention, but the end product was another power grab, with overlapping remits to boot.

This pamphlet is not an easy read. Neither is the draft European Constitution, but it is a hugely significant document. By producing such a focussed and detailed study on health, Rotherham offers the reader an insight into the process of European integration – past, present and future – through the prism of an especially delicate policy area. In doing so, he gives the reader two reasons to make the effort to get to grips with the contents of the pamphlet: as an excellent case-study on the process of competence creep; and as an exposition of how the issue of health policy, which polls consistently suggest is the most important issue to UK voters, is affected by the European Union, contrary to popular understanding.

Rotherham hints in places at some of the larger themes of European integration, and there is one, specific, overarching theme into which his study feeds. In a paragraph in his Conclusion, concerning shared economic interest in the EU, he remarks: *"Certainly, if the United Kingdom joins the Euro, the NHS will be under tight scrutiny and its budget and organisation subject to increasing interference."* This statement is reminiscent of Sir Bill Morris's argument that Labour would have to choose between the NHS and the euro; an argument that helped kill off the prospects for euro entry in the present parliamentary term.

The problem will be writ large when the failure of EU economic policy (of which the euro is the central plank) leads to the ever-expanding activities of the Union, already growing in unpopularity, becoming unaffordable and unsustainable. National democracy will then re-assert itself and the EU will be faced with centrifugal forces, which threaten to unravel it. This scenario could have been avoided by a more realistic and far-sighted European Convention faithfully based on the Laeken Declaration, but that would have required leadership at Member State level. The strongest government of any large EU Member State is the current British government; but sadly it lacks the courage, honesty and necessary concern for the future to show such leadership. If these implications had been brought out, then Lee Rotherham's timely study would be more hard-hitting and its significance more likely to be fully appreciated.

The problem will be writ large when the failure of EU economic policy (of which the euro is the central plank) leads to the ever-expanding activities of the Union, already growing in unpopularity, becoming unaffordable and unsustainable

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

... news in brief

Deficits gets worse

The Stability Pact having been abandoned, and a long-running argument having broken out between the Commission and the leading member states, it now seems that the same thing is going to happen between the governments and the ECB, which has announced its firm opposition to the governments' plans to continue excessive borrowing. Most economists regard France and Germany's promise to reduce their borrowing as unrealistic. The total budget deficit of the eurozone is now 2.7% of GDP, very close to the originally permitted upper limit, according to the now abandoned Maastricht rules. As with unemployment figures, the statistics for the eurozone are worse than the statistics for the EU as a whole: in the 15 EU states, the total budget deficit is lower (2.6%). But both figures have risen since 2000. Overall debt is also rising: eurozone debt is now 70.4%, as against 69.2% in 2002, even though the Maastricht rules demand that debt be coming down, and even though the Maastricht rules say that the upper limit should be 60%. The worst offenders are the leading EU states, France and Germany, with deficits at 4.1% and 3.9% respectively. France's debt is now also above 60%. Even the United Kingdom has now broken the pact's rules, to which it is not subject, since it now has a budget deficit of 3.2%. The Netherlands' deficit is also now at 3%. Despite the Commission's sabre-rattling it has not yet launched procedures against France and Germany (underlining the fact that the Pact is a dead letter) and it may even withdraw the sanctions procedure envisaged for Portugal in 2001. That country's deficit has now fallen back below 3%. But the overall situation is expected to get worse in 2004, when the eurozone deficit is expected to rise to 2.9% of GDP, thanks to a continued weak economy and to Italy's deficit, which is expected to get worse. Growth in the eurozone is expected to remain weak, at 1.3%. The latest economic indicators from Germany are bad, and exporters have revised their predictions downwards. The French deficit is expected to rise to 4.2% this year, and Germany's is expected to decline only very slightly. Even with growth of 1.7%, the French deficit would remain around 4%, according to some economists. As if all this were not enough, the deficits of six out of the ten accession countries are well over the Pact's rules: Malta (9.7%), Cyprus (6.3%), Hungary (5.9%), Poland (4.1%), Slovakia (3.6%). [*Le Monde*, 16th March 2004]

Czechs complain about labour restrictions.

The Czech Prime Minister, Vladimir Spidla, has told his Belgian counterpart, Guy Verhofstadt, that the restrictions, which Belgium imposed on 2nd March on the free movement of labour from accession countries, are unjustified. Belgium has imposed the restrictions for two years, against seven years for Germany and Austria, and Spidla said that *"neither economic nor social reasons"* justified this. [*RFE Newsline*, 3 March 2004]

AMSTERDAM

by Will Arnold



Photo c/o Craig Mouchka

Far from its conventional images of tulips, wooden clogs, and windmills, Amsterdam has become one of Europe's most progressive cities. While still deeply rooted in tradition, Amsterdam has bloomed into a centre of art, philosophy, trade, craft, and free thought. The city is situated in the virtually flat lands of the north Netherlands and it comprises an intricate network of a hundred and sixty-five canals, which carve the city into over ninety separate islands connected by over twelve hundred bridges.

Amsterdam was first documented in 1270. Due to a dam constructed by local fishers on the Amstel River, the location was originally dubbed Amstelledamme and was naturally hospitable to trade. Fishing thrived in early centuries when the people of Amsterdam were given tax exemptions on the local waterways. Trade flourished once Amsterdam joined the Hanseatic League in 1368, of which it quickly became the principle port creating ties with various German cities and Baltic ports with trade soon expanding to England, Flanders, Spain, Portugal, and Italy.

The Medieval period marks the rise of Dutch society and prime examples of this era can be seen around Amsterdam. The canal system was begun in the mid-fourteenth century to protect the community that had settled near the original dam. The Oude Kerk (Old Church) built in 1300 and the Nieuwe Kerk (New Church) built in 1421 are beautiful examples of 14th and 15th century architecture. Despite a devastating fire in 1421, the city continued expanding in size, population, and influence.

During the Reformation the Netherlands was strongly affected by religious change and diversity. Under the Spanish Inquisition, Protestants and Jews were persecuted. However, under the rule of William of Orange, future British King William III, Amsterdam saw great reform and increased religious tolerance.

The 'Golden Age of Amsterdam' dawned with the defeat of Antwerp by the Spanish in 1585, and Amsterdam became Europe's premier trading city. The population exploded as Jews and Protestants fled to Amsterdam for religious refuge and in hopes of financial success. The Amsterdam merchants expanded their business becoming the largest fleet of Europe. The cityscape began to further develop with the construction of the Town Hall (later the Royal Palace) and scores of elaborately detailed homes of wealthy upper-class families began to dot the canals around the centre of the city. In addition, further defensive canals were built in rings surrounding the city giving it its characteristic look of concentric circles.

The first part of the 17th century was characterised by Tulip Mania, during which bulb prices reached absurd levels, with one tulip costing as much as a farm. In 1637 the market crashed, the first example of a financial bubble bursting. This was a golden age of Dutch art and philosophy with celebrated painters such as Rembrandt and philosophers such as Spinoza and Descartes all working in the city.

Throughout the 18th century, the city continued to prosper from trade. Shifting to markets geared toward the elite classes of Europe, Amsterdam began to specialise in trading gold, silver, diamonds, tulips, and other fineries. These high times were quickly forgotten with the rise of Napoleon Bonaparte and the French conquest of the Old Republic. Under French occupation until 1813, the economy's four-century long boom was quelled. It was only during this time that Amsterdam was made the capital of the country by King Louis Napoleon, even though the seat of government resided in The Hague. He also turned the town hall into his personal Royal Palace.

After Napoleon was defeated, the Netherlands regained their independence, but it took several decades for Amsterdam to regain its footing. By the end of the 19th century, Amsterdam began to expand its harbour and canals in order to stimulate the floundering trade industry. Slowly, Amsterdam entered the 20th century. The population began to grow quite rapidly again, and the economy also began to recover. In response to German aggression the British blockaded Northern European ports – a strategy that ultimately brought the German economy to its knees and had serious effects on neutral Holland. The interwar period was largely marked by substantial land-reclaim schemes. In April 1940 Hitler invaded Holland and the Dutch capitulated with Queen Wilhelmina fleeing to London. Under Nazi occupation Amsterdam deported 70,000 Jews to their deaths in concentration camps. Anne Frank and her family were among those in hiding in Amsterdam that were eventually deported.

Following its liberation, the people of Amsterdam were weary from the pressures of war but remained proud of their city. With an air of hope, the city sought to revitalise itself and capture the glory of the 'Golden Age' Amsterdam. Once again, new canals were constructed helping to stimulate the economy. Over the past thirty years, the city has undergone a great deal of urban renewal, and a subway system was completed in the early 1970s. Amsterdam also gained a reputation for political and social activism, which has brought the progressive mindset of the city into a new century. Today, Amsterdam remains a resilient city that has found a unique niche in European society.

Will Arnold is studying Political Science and Religion at George Washington University and is currently working as a research assistant at the European Foundation.

GETTING THERE

By Air:
British Airways
Reservations on 0870 850 9850 or at www.ba.com
Flights from Heathrow from €100.
Royal Dutch Airlines
Reservations on 0870 507 4074 or at www.klm.com
Flights from Heathrow from €63.

By Ferry:
Amsterdam Express
Reservations on 0870 542 1101 or at www.amsterdam-express.com
'Rail and Sail' tickets from London to Amsterdam from €70 return.

ACCOMMODATION

Blake's Hotel
Keizersgracht 384, 1016 GB Amsterdam
Phone +31 20 530 2010 / Fax +31 20 530 2030
www.slh.com
Blake's Hotel is Amsterdam's most stylish luxury hotel. It is located in a 17th Century theatre on Keizersgracht Canal and around the corner from the De Jordan neighbourhood. Each room is decorated in a sleek and posh style unique to itself. Room rates are generally from €110-€180.
Canal House
Keizersgracht 148, 1015 CX Amsterdam
Phone +31 20 622 5182 / Fax +31 20 624 1317
www.canalhouse.nl
This hotel is located in two 17th Century houses on the Keizersgracht. The interior maintains a 17th Century atmosphere with period antiques, luxuriant art, and an elegant décor all the while providing an intimate and cosy ambience with prices from €140-€190.
Hotel Citadel
Nieuwezijds Voorburgswal 98-100, 1012 SG Amsterdam
Phone +31 20 627 3882 / Fax +31 20 627 4684
www.hotelcitadel.nl
Situated near Dam Square, the Citadel's location makes all of historic Amsterdam easily accessible on foot. Described as a typically Dutch hotel, it is tastefully decorated and includes modern conveniences that many small hotels are unable to provide. Room rates vary by season and by weekday/weekend, but are generally €80-€160.

SIGHTS

Museum Square
Formally known as Brewer's Square, this area is Amsterdam's cultural and artistic centre. Three of the city's most famous museums are located here: the Rijksmuseum, a trove of Holland's art and history including Rembrandt's famous *Nightwatch*, the Stedelijk Museum of Modern Art, including works by Cézanne, Chagall, Picasso and Monet, and the Van Gogh Museum, the most extensive collection of Van Gogh's work ever amassed.
Museum Rembrandt House
Jodenbreestraat 4, 1011 NK Amsterdam
Phone +31 20 520 0400 / Fax +31 20 520 0401
www.rembrandthuis.nl/noflashcontent_en.html
Admission: €7 adults / €1.5 children
Rembrandt, arguably the most famous Dutch artist, lived in this house for almost 20 years. Today, ten rooms are open to the public showcasing his works as well as the works of many of his contemporaries.
Heineken Experience
Stadhouderskade 78, 1072 AE Amsterdam
Phone +31 20 523 9666
www.heinekenexperience.com/
In this, the original Heineken brewery, one can see the entire process involved in the beer's production. The 75 minute tour costs €7.50 including sample beverages.

EATING

De Belhamel
Brouwersgracht 60, 1013 GX Amsterdam
Phone +31 20 622 1095 / Fax: +31 20 623 8840
Located in the Jordan Quarter of Amsterdam, this bistro combines Italian, French, and Dutch influences. The restaurant's terrace boasts dining with spectacular views of the canals.
Le Garage
Ruysdaelstraat 54-56, 1071 XE Amsterdam, Phone +31 20 679 7176
Home of the famous chef Joop Braakhekke, this elegant bistro/brassiere serves regional cuisine from all over the world in the classical French style. Decorated as sophisticated –chic, Le Garage combines superb food and an unparalleled wine list with a hint of celebrity.
D'Vijff Vlieghen
Spuistraat 294 – 302, 1012 VX Amsterdam
Phone +31 20 530 4060 / Fax +31 20 623 6404
www.thefiveflies.com/nl
This is one of Amsterdam's most famous establishments. Chef René Cramer combines the eccentric flares of traditional Dutch cookery with French style and only the best ingredients. The inside of D'Vijff Vlieghen (translated as The Five Flies) resembles various aspects of Amsterdam's Golden Age with rich, antique furnishings including four original Rembrandts.

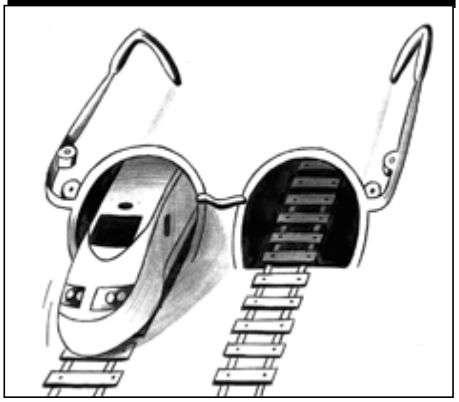
GOING OUT

Leidseplein Square
This central part of the city provides it all: cafés, restaurants, theatres, cinemas, and more. A few worth note include Alto (the legendary jazz club), The Bulldog (Amsterdam's most famous coffee shop) and De Melkweg or 'The Milky Way' (with incredible hi-fi multimedia, live music, and cinema centre among other things).
Royal Theatre Carré
Amstel 115-125, 1018 EM Amsterdam
Phone +31 20 622 5225
http://www.theatercarre.nl/
A short distance from the city centre this theatre was opened on the bank of the Amstel River by circus master Oscar Carré in 1887. Call for forthcoming productions.

SHOPPING

Spiegel Quarter
Located along the Spiegel Canal between the Rijksmuseum and the City Centre, this district offers an array of antique galleries, bookshops, and over 70 art dealers specialising in furniture, glass items, Jugendstil (art nouveau) pieces, delftware, as well as modern arts and crafts.
PC Hooftstraat
PC Hooftstraat, 1070 BP Amsterdam
This area offers Amsterdam's most exclusive shops and boutiques. A shopper can find one-of-a-kind designer clothing and jewellery from a combination of exclusive local venues, as well as renowned stores like Versace, DKNY, Lacoste, Louis Vuitton, Cartier, and Bulgari.
Singel Flower Market
Stationsplein 10, 1012 AB Amsterdam
Phone +31 20 201 8800 / Fax +31 20 625 2869
Along one of Amsterdam's oldest canals, this market is held on a veritable flotilla of barges displaying Netherlands's famous tulips alongside scores of other flowers and plants from around Europe and the world. It is also a good source for traditional Dutch souvenirs.

CHUNNEL VISION



Byzantine Europe

by Robert Oulds

Place your bets! Place your bets! *Chunnel Vision's* hot-tip for this years Eurovision song contest is the Estonian entry. Not only is it a cracking song but more importantly the international conspiracy which is the highlight of continental culture, while deeming that Poland and Spain have been too obstinate over the EU Constitution and must therefore be punished, will want to appease Europe's smaller states to prove that they do have a place in the EU after all. And besides their women are the most beautiful anyway.

Now onto more important matters. It has been argued that the European Union will go the way of the Ottoman Empire. It is widely believed that the Ottoman Empire – that other top-heavy, pan-national institution – declined and ultimately collapsed because it had become inward looking. However, even on its deathbed the Ottoman Empire was far from being an insular and internationally blinkered regime. It was actually highly active on the world stage and looking to enlarge eastwards. In fact, like a wounded tiger the more it was in trouble the more it lashed out.

The European Union is not yet on its deathbed but although integration drives on (further integration rests upon more than the Constitution, it also involves agencies) the EU is most certainly in decline.

On the economic front we see unemployment in the eurozone increase, competitiveness, production and its share of world trade will drastically decrease. This economic decline is made worse when it is set against the backdrop of the major demographic problem caused by a population in decline.

Politically, internal divisions have rocked the EU. There have been arguments over the Constitution, the EU's *pièce de résistance* of integration. Tensions have emerged between the EU's smaller states and the Franco–German–British axis. And as discussed in last month's *Chunnel Vision* there are even divisions between the EU's integrationists.

But this does not mean the EU is quiet internationally, far from it. A new €3 million a year think tank is being established to enhance the EU's foreign affairs activities and thinking.

On the one hand the European Union is quite rightly set NOT to become a suicidally protectionist organisation and may well be able to resolve its trade antagonisms with the USA. By 2014 terms may even be agreed to form a transatlantic trade area. But on the other hand the EU will lash out like a wounded animal and seek more power and prestige on the global stage. Why? The once great European powers feel a deep inadequacy at having lost international pre-eminence. "*Who are these* Angeles *across the Atlantic to take our glory?*" And rather than address the issue which has led Europe to decline, i.e. ignoring the need for economic liberalisation, European states are clubbing together and using and bolstering disreputable institutions like the UN and its agencies to punch above their weight and tie-up the United States and other liberal-democratic nation-states into their self-serving web of cross-border political intrigue.

One could say that the EU's (for EU read French) attitude to Foreign Affairs is derived from Cant (not a Johnny Rotten Foe par, but he is equally objectionable). This supranational thinking dictates that cordial deals should be struck with tyrants rather than opposing them. It dictates that international relations should not be a matter governed by democratically elected governments but that those affairs, and subsequently every other matter, should instead be handed to supranational institutions. The thinking dictates that regional blocks be created to take decision making away from the democratic nation-state. A South East Asian version of the EU is underway; ideas have been floated for an African one. The Ba'athists pioneered the thinking for the Arab 'nation'. This effort collapsed but the idea is again afoot. Some Mexicans have proposed that NAFTA should evolve like the EU, but perhaps this thinking is simply driven by a desire to grab the USA's wealth.

The United States, which has so gallantly taken up the gauntlet, has traditionally been keen for 'Europeans' to carry some of the load. And they will be supportive again as long as NATO is not undermined and as long as US aims are not blatantly thwarted. The EU has moved its military forces into Afghanistan, the former Yugoslavia, even as far a field as the Congo. But unlike the United States the ultimate end product of the EU's peacekeeping activities will not be the exporting of democracy or the intimidation of evil regimes. The result will be that the supporters of 1950's style supra-nationalism will have the influence to mould the world as the international elite wants.

Their world, if they have their way, will be a regulated world where Big Brother knows best. The nanny state will grow; enterprise will be smothered. It will be corporatist. Britain and the USA will have their hands tied by restrictive international agreements and be confounded by the baseless concept of 'international law'. Their world will produce ill thought out deals like Kyoto. It will use damaging 'aid' and 'development' policies. Vested and corrupt interests will be catered for. It will not be able to deal with the challenges of this age that require flexibility and competition with decision-making devolved to the actual service user and provider.

This is the new front opened up by the EU's powers that be. This is the latest challenge that we are presented with. It is a battle on the world stage. The challenge for us as Eurosceptics is to prevent the important matters of international relations being taken out of the hands of those we, as citizens, control. The answer is not to club together with them as the Conservative Party continues to do in the European Parliament.

The time has come for Eurosceptics to unite against the out-moded but dangerously active thinking of those old-fashioned corporatists. The time has come for Eurosceptics to advocate and vigorously push for a world of both economically and democratically liberal, free-trading nation-states. In this world wealth-creation, democracy and technology can live and grow together.

Then and only then will the EU's (the French) international strategy be as dead as a big lumbering dinosaur. And may the new age of flexibility live long and prosper.

Cllr Robert Oulds is Director of the Bruges Group.

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.

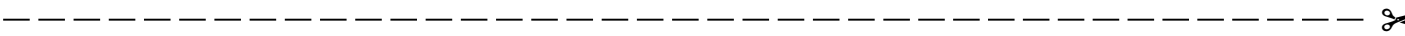
It concerns itself with the following main topics:

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- security and defence;
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- the reform of Community institutions;
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