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THE EUROPEAN JOURNAL

The Journal of the European Foundation



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Dirk van Heck
&
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Bill Cash, MP • Angela Browning, MP
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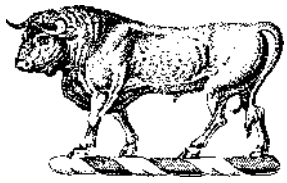
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SOLON

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

Left Wing Divergence over Europe's Future

A shift has taken place. Grassroots Labour supporters are falling away from their masters. As Tony Blair extols the virtues of the European Constitution the TUC refused to hold a vote on it – for fear of losing. The organisers of the Trade Union Congress deemed it *"inappropriate"* to adopt a formal position before there had been more debate. Most suspect they thought it too embarrassing to see the Eurosceptics win. Whilst the Prime Minister tried to heal rifts with the unions, the last thing he would have appreciated was a slap in the face over Europe.

The momentum of the disillusionment about the future shape of Europe has been rapidly spreading across all sectors of the left wing. The beginning of this month saw the creation of a new think tank launched in order to make the centre-left case for EU reform. Its first publication was entitled *"Why the Left should reject the Constitution"*. With six Labour MPs on its advisory board, as well as a representative of the Labour Party NEC, this must have been a cold comfort to Blair and his supporters.

The Chair of the Board is Ian Davidson, MP. His links to the unions are well established and he is currently on the Trade Union Parliamentary Group – with, as the Labour Party website puts it, *"input into legislation on Trade Unions"*. Could it be that he has been conversing with Bob Crow, the General Secretary of the Rail, Maritime and Transport Union? At the Trade Union Congress Mr Crow was one of several speakers to condemn the Constitution. He was greeted by cheers when he said, *"The Constitution will institutionalise privatisation and the neo-liberal economics that have helped wreck industries in Britain."* Could it be that Crow is thinking on the same lines as Laurent Fabius?

Fabius, the former socialist Prime Minister of France has split from the main socialist party over the issue of the Constitution. He claims it is not federalist enough. It does not satisfy his dream of a federal, socialist Europe. This rift in the left wing of French politics could have a dramatic effect on their referendum. The rift in the left wing of British politics could have an equally impressive effect here.

European socialists are divided across the continent over the Constitution. In Sweden, the Social Democrat Party has recently split down the middle over the issue of a referendum, whilst the Left Party openly supports one. In Ireland, Sinn Fein is totally opposed to the Constitution in principle. There are different motivations for opposing the proposed new treaty – from a fear of it reducing national social spending, through to a desire for a more federalist document, taking in a disliking primacy of EU law on the way. However, that does not diminish the impact that their opposition could have.

Tony Blair is aware that he will, if current opinion polls are correct, lose the referendum. He thought he had an ace up his sleeve. The unions. The TUC represents over six million workers in the UK, with that level of support he may have thought he could have swung around the result. Without their support this is looking increasingly like a pipe dream.

This may look like the silver lining the Eurosceptics have been waiting for. But it is not enough. There is much to be done. This is not a time for complacency.

It would be easy for Eurosceptics of all colours to take too much comfort from the 'obstreperousness' of the unions to fail to fall into line with Tony's cronies. We must congratulate all of them who have defied Tony Blair and shown their integrity, and the grassroots who support them. But we must continue to fight for our beliefs and protect our independence and renegotiate in the national interest.

Advert for Fringe Meeting

Will Estonia Stand Up to the European Union?

by Norman Barry

If we want any more reasons for rejecting closer involvement with the European Union we only have to look at Estonia's recent, almost unnoticed, success. It is a tiny Baltic country of less than 1.4 million people and is enjoying economic freedom, the rule of law, democracy and spectacular progress after decades of Soviet tyranny. It achieved its independence in 1988 with a romantic display of resistance to the Soviet Union in the 'singing revolution'. The population simply stood in front of the public buildings and other symbols of communism and, singing patriotic songs, dared the Soviet power machine to stop them. It didn't and in 1990 free elections were held and a new constitution formulated a year later. The country quickly set about dismantling the remnants of communism and by the mid-1990s privatisation was completed. And it was done without the inefficiency of other East European countries or the crime that marred Russia's advance to capitalism. There are rival political parties but they compete on just how free market each can be.

It has had steady economic growth of about 6% per year, unemployment is under 10% and falling and it survived the devaluation in Russia in 1998; largely because it had diversified its economy and established trade links with the European Union. Most important, it had *free* trade. It eventually joined the World Trade Organisation but it needn't have done: it had already become the Hong Kong of the Baltics with two completely free ports and the removal of most restrictions. If this were not bad enough for enthusiasts of the European 'social model', brave little Estonia went further. It reduced taxation to a flat tax of 26%, soon to become 20%, and relieved companies of any taxes if they reinvested profits in the country.

And almost miraculously the country was 'electrified'. More than half of the homes have a computer and 75% of these have ready access to the internet. This has made the workforce highly flexible and mobile. Estonia dispensed with heavy industry and became a service economy. Even Cabinet meetings are conducted entirely electronically with no burdensome papers. And all this was done so quietly and efficaciously that few noticed: maybe this time they didn't sing loudly enough.

But some did see what was happening and the predictable criticism of European observers, offended by liberty, portends badly for the future. An early European Commission report commended the country's successful move to a market economy but entered the usual caveat: there was insufficient welfare spending. Also, Western social scientists were predictably virtuous: Estonia's capitalist economy was too much like the old discredited one of bygone years and it was not achieving sufficient gender equality. What these pious moralists didn't notice was that Estonia does not need European welfare or the appurtenances of modern 'liberalism'. The country has old-fashioned economic liberalism and enough genuine community spirit to help, voluntarily and efficiently, those in need. The closely-knit bonds are not those of striking miners trying to keep hopeless pits open, they express the common values of a united community.

The European Union threatens to disturb this potential paradise and strangle its burgeoning market economy with its most deadly exports – regulation

The European Union threatens to disturb this potential paradise and strangle its burgeoning market economy with its most deadly exports – regulation, anti-competitive uniformity, ruinous social policy and the threat of harmonised (i.e. high) taxes. The country voted for entry to the European Union last year, though even here there was markedly more enthusiasm amongst the intelligentsia and the middle classes (they could already see their jobs prospects rise) than the working class. There were political reasons why Estonia should want to join: having experienced Tsarist authoritarianism and been pulverised by Nazi and communist totalitarianism they were naturally seeking security for their newly-one freedoms.

But how safe for liberty is the European Union? Well, it is clearly not as malign as communism but it does pose a serious threat to Estonian independence and prosperity.

But how safe for liberty is the European Union? Well, it is clearly not as malign as communism but it does pose a serious threat to Estonian independence and prosperity. The most deadly measure is the *acquis communautaire*: a legal doctrine that makes it obligatory for all new member states to accept the thousands of pages of rules and regulations of old Europe, none of which they had any say in making. Estonia, with its tiny agricultural sector will escape the absurdities of the Common Agricultural Policy, but it will have, eventually, to put up with inefficiencies of European law; from limitations on working hours to the size of bananas. Furthermore, Part 2 of the European Constitution, if accepted, consists of a charter of 'Fundamental Rights', largely state-imposed welfare claims. Estonia does not need minatory statements of rights: it has the rule of law and an independent judiciary. The imposition of European welfare and regulations is a benign version of the system they comprehensively rejected. The learning process should be reversed: Europe must get the message from Estonia. But it won't and Estonia's inhabitants may have to tune up and sing again.

Norman Barry is Professor of Social and Political Theory at the University of Buckingham

Blair in Court

by Dirk van Heck



The forthcoming motion to impeach Tony Blair has virtually no prospect of success, owing to the discipline of the modern party system, yet it will perform an invaluable function by focusing public attention on the nature of Blairite Government and its dire consequences for British democracy. The sitting-on-the-sofa-with-a-mug-of-coffee style of decision-making has been the subject of criticism in the Butler Report, but its implications are far more severe than has generally been recognised.

As Prime Minister, Margaret Thatcher was also accused of cronyism, with her 'kitchen cabinet' and her insistence that ministers and advisers be 'one of us'. There is a fundamental distinction, however, between the quasi-presidential styles of Thatcher and Blair: Thatcher's 'kitchen cabinet' (appropriately enough) was purely domestic. She was sceptical of further European integration following the passage of the Single European Act – which she considered to be a means to an economic end – and, though she was a great friend and ally of Ronald Reagan, this relationship was based on ideological affinity and the geopolitical community of interest between the UK and USA during the late Cold War period.

Tony Blair's cronyism is different. He is a man who wants to be everybody's friend and he has the entire national interest with which to bribe the people whose coat tails he longs to grasp. He has now been formally accused of overreaching himself in the manner in which he bribed the Bush administration with British support for the invasion of Iraq. This bribe, it is asserted, entailed the knowing deception of people and Parliament, in order to honour a private arrangement he had already made with the President.

The rule of Britain by foreign agreements is a subject that has been raised before in this Parliament. In September 2003, the Foreign Secretary, Jack Straw, asserted in the House that treaties have primacy over national laws. Bill Cash and Richard Shepherd jumped in to correct him, but the fact that such a senior member of the Government (and a lawyer) would say such a thing is highly indicative. The European Treaties are unlike other international treaties in that they come with the doctrines of primacy and direct effect, but these doctrines are limited in their legal scope and are specific to the EC/EU Treaties.

The sweeping nature of Straw's statement reflects the Blairite style of government. The negotiation of the European Constitution was a classic case. Vague policy objectives were spun as 'red lines', whilst the deals determining Europe's future would be struck away from the public gaze. The outcome was presented as a triumph, not because powers were returned to national Parliaments – none were – but because of the Constitution's extension of intergovernmentalism in EU decision-making, which would mean more power to the national executives which negotiated it. Blair's henchmen were already preparing the ground for forcing the Constitution through Parliament on a three-line whip, until suddenly the Prime Minister changed his mind, deciding for tactical reasons to hold a referendum after all, once the General Election is safely over.

Not since Palmerston in 1848 has there been a motion to impeach a British Prime Minister. The allegation in that case concerned a secret treaty with Russia. In the seventeenth century, the Stuarts lost the throne as a consequence of using secret treaties to bypass the Parliamentary process. The lesson of history is that making secret treaties is repugnant and intolerable to the British Constitution.

The preference of political leaders to develop a court circle and to negotiate behind closed doors, rather than allowing the Cabinet system to operate and making themselves fully accountable by the representatives of the people is timeless. If allowed to flourish, it threatens the liberty and democracy of a nation. The remedy for Tony Blair's attempt to foist a foreign Constitution upon our own is a resounding 'No' vote in the referendum. The remedy for his taking us to war on the basis of a private agreement is surely impeachment.

Dirk van Heck is Head of Research at the European Foundation

Gibraltar: of Celebrations and Political Time Bombs

by Maurice Xiberras

The young generations of Gibraltarians who figured so prominently in the 'Encircling the Rock' and other events to mark the tercentenary of British Gibraltar will be bequeathed a political time bomb, to use Bill Cash's phrase, if the Constitutional Treaty is ratified.

The FCO has been immensely clever in negotiating Gibraltar's terms. By incorporating the United Kingdom's Act of Accession to the EEC in the Constitution, it has secured the retention of Gibraltar's vital 'current exemptions' from Common Agricultural and Fisheries Policy, turnover taxes (including VAT), Community Customs Territory and Common Commercial Policy. Unexpectedly, given Jack Straw's earlier statements, the UK Government secured 'express' provision for Gibraltar's special status in the Treaty.

Were this the whole story, Gibraltar would have had much to thank the Blair government for, and our pessimism would have been confounded. The status Gibraltar has enjoyed since 1973, as a European territory for whose foreign affairs a member state is responsible, would have been safeguarded, and its unqualified inscription in the European Constitution would have ensured Spanish acceptance of British Gibraltar for as long as the Constitution lasted – an enviable result.

The Joker in the Package

On 16 June, however, whilst Peter Caruana, Gibraltar's Chief Minister, was attending a Royal Engineers tercentenary celebration in Frimley, having returned that very day from Brussels on Government business, he was 'ambushed' by the following Joint Declaration, which will be annexed to the Treaty:

"*The two Governments note that the Treaty establishing the Constitution applies to Gibraltar as a European Territory for whose external affairs a member state is responsible. This shall not imply changes in the respective positions of the two Governments.*"

The statement continued:

"*The British Government has advised the Gibraltar Government that this in no way qualifies or dilutes the application of the Treaty to Gibraltar, nor does it adversely affect Gibraltar rights or Spain's obligations thereunder.*"

An obviously shaken Chief Minister *"expressed to HMG the Gibraltar Government's disagreement and deep regret that any Gibraltar specific statement should be made that in any way suggests that Gibraltar requires separate political treatment in the context of an EU wide Constitution."*

On the following day he described the *"bilateral announcement"* as *"unnecessary"*, adding:

"*What we don't agree with is that a bilateral announcement should be made outside the negotiations for the new Constitution as if we were a special case.*"

Mr Caruana has made no further comment since.

Significance

Certainly, the Joint Declaration was *'unnecessary"* from a constitutional point of view. Gibraltar has been part of 'Europe' since 1973. No Spanish declaration of applicability was necessary. But seen in the context of a new EU Constitution, this Joint Declaration is much more than a meaningless or symbolic sop to Spain – an innocuous reiteration of fact, as the FCO has subsequently stated.

Gibraltar has indeed been treated as a 'separate', 'special case'. The purpose of the Declaration is clearly a validation and legitimisation of the Spanish claim made necessary to ensure that the new Constitution does not preclude the advancement of the Spanish case in the context of Europe, as would have been the case had no Joint Declaration been signed. The Constitution Treaty will apply to Gibraltar on the fiat of the two member states, and not as a fair and logical application of the Treaty, as demanded by the fact that Gibraltar is the UK's dependent territory in Europe.

It is the nature of the Constitutional Treaty that it will remain in force, if ratified, indefinitely, and so will the Joint Declaration annexed to it. The statement in the Joint Declaration, that *"this does not imply changes in the in the respective positions of the two Governments"* acquires a permanency it would not have even if it were a bilateral agreement between the two Governments. Other member states and the EU itself must recognise its terms. And the *"respective positions of the two Governments"* can only be a reference, first and foremost, to the Spanish sovereignty claim.

The new Constitution will make Gibraltar a disputed territory 'in perpetuity' – a special case in the European Union

If it should come into force, therefore, the new Constitution will make Gibraltar a disputed territory 'in perpetuity' – a special case in the European Union. The terms, permanency, and Constitutional context of the Joint Declaration raise a severe, if not insuperable, obstacle to the Gibraltarians' aspiration and right of achieving a permanent, decolonised status in negotiation with the UK, the colonial power, without Spanish involvement.

Indeed, on the basis of this Joint Declaration, future Spanish Governments will be able to argue in the EU context that the UK has recognised Spain's special position in relation to Gibraltar, and accorded her a privileged locus standi in the future of the territory and its people, not only in particular areas covered by the Constitution, but in the applicability of the Treaty itself as a whole.

The incorporation of the UK's Act of Accession, as it applies to Gibraltar, in the Constitution affirms the UK's sovereignty, but the Joint Declaration recognises the Spanish claim in terms that dilute significantly the Gibraltar's position in Europe as it has existed since 1973.

Bilateralism and the 'Spanish dimension'

The Joint Declaration therefore rests on and draws its inspiration from the principle of 'bilateralism' so dear to both the FCO and the Spanish Government, and so abhorred by Gibraltarians of all political shades. That the Gibraltar tail should not wag the UK dog has been the FCO's lodestar. For the last forty years, many in the FCO have regarded Gibraltar's first

Referendum (1967) and the consequent Preamble to the 1969 Constitution as an aberration of the Wilson Government which, in giving the Gibraltarians a veto over their surrender to Spain, still shackles the freedom of action of the colonial power in arriving at a solution of 'the Gibraltar problem' in the complementary interests of the UK and Spain.

Bilateralism is the negation of Gibraltarians' right to self-determination

In these last thirty years, however, the FCO has been able to claw back some of the ground in a series of Joint Declarations with the Spanish Government, which make British sovereignty negotiable between the two sovereign states. David Owen's failed attempt in the Strasbourg Process (1977-79) was followed by Carrington's Lisbon Agreement (1980), in turn by Howe's Brussels Agreement (1984), and in its turn by Blair's Joint Sovereignty Deal. The annual 'consensus resolution' in the UN enjoining Britain and Spain to reach agreement on the future of Gibraltar is a horse from the same bilateral stable. Bilateralism is the negation of Gibraltarians' right to self-determination and to achieve a permanent decolonised status, except by agreement with Spain.

An imposed Joint Declaration

The present Joint Declaration, however, is by far the most damaging to Gibraltar – in three senses.

Firstly, whereas the Gibraltarians' veto empowers them to block Anglo–Spanish intentions both in bilateral negotiations and in the United Nations, the European framework opens up to the two member states a series of longer-term possibilities for the systematic emasculation of British Gibraltar's political and economic base. Neither the veto, nor the ultimate political appeal to Parliament and the British public exemplified by the recent Referendum, could prevent the gradual encroachment of the proper exercise of British sovereignty and jurisdiction in areas vital to the survival of British Gibraltar. This latest Joint Declaration accords Spain a special place in the unfolding of this process.

Secondly, whereas previous 'Joint Declarations' or Agreements have involved consultation with the Gibraltar Government of the day, this one has been imposed, according to the Chief Minister, without prior consultation or information. As far as I am aware, this is unprecedented and a measure of the importance London and Madrid attach to the Declaration. Gibraltar will be locked into the process of European integration with no constitutional right to leave the Union, even if its survival as a political entity depended on it.

Thirdly, whereas previous Joint Declarations did not give the two Governments the wherewithal to enforce their decisions, bound as the UK is to stand by the Gibraltarians' wishes, the European Constitution, and the Joint Declaration annexed to it, will subject vital decisions now capable of being blocked by the exercise of national sovereignty, to the European Court of Justice or to the 'vagaries of Qualified Majority Voting' by Constitutional right.

Ultimate responsibility for future decisions in vital areas could not be laid at the door of Perfidious Albion or Intolerant Spain; they would be the doing of the impersonal, remote and politically unaccountable institutions of the European Union. Nor does the Constitution rule out political declarations being made by organs of the European state. With what political resolve will a future UK Government, such as for example the Blair Government, be prepared to stand up to these pressures, is very much open to question.

Critical issues

In a Gibraltar Government Report in December last year, Peter Caruana identified the following dangers or potential dangers for Gibraltar in the new Constitution as then drafted.

1 In the area of Justice and Home Affairs, previously decided by bilateral, case-case-by-case negotiation - a happy hunting ground for the Spanish Government in the past - the effect of the Constitution would be to make it possible for Spain to exclude Gibraltar from future measures deemed by the EU to 'build on' the pre-Constitution position. At the same time, Gibraltar would have no right to opt out of measures (certain to be Spain-inspired) that disregarded Gibraltar's own constitutional arrangements and autonomy.

2 According to Mr Caruana, HMG had admitted that Article III.166(3) concerning territorial integrity and stating that the Treaty *"shall not affect the competence of Member States concerning the geographical demarcation of their borders, in accordance with international law"* was inserted by Spain. HMG further admitted that Spain could use this clause to supplement its existing claim to the isthmus linking Gibraltar's Airport and the Land Frontier with Spain, which is not covered by the Treaty of Utrecht, and to maintain (or abuse, as many Gibraltarians would say) border controls.

3 HMG further admitted that Spain could use parts of the Constitution dealing with the territorial integrity of the state in order to support Gibraltar's exclusion from new EU business or for suspending the application to Gibraltar of existing measures, on the grounds of respecting essential state functions. In such cases, the remedy would be for the Commission or the UK to start infraction proceedings against Spain under the Constitution, a risible assurance given the record of either party in defence of Gibraltar's rights. It is just as disquieting that matters such as these should be decided by the Qualified Majority Voting or by decision of the ECJ.

Dread and Foreboding

Even without a European Constitution, the Spanish Government has exerted unrelenting and highly effective influence in the EU against Gibraltar – European enfranchisement, pursuant on a decision of the Court of Human Rights being the only exception. It has been successful in excluding Gibraltar from the Single Sky Agreement and from the EU Borders Agency; it has secured EU backing for a number of encroachments on Gibraltar's jurisdiction and mounted a savage assault, through the Commission, on the Finance Centre, which employs about a quarter of Gibraltar's population.

In a foretaste of what may happen in the UK, the normally astute Gibraltarian electorate has failed to respond to these manifest dangers

Contributors to these pages will no doubt resonate with the fears expressed above, and those versed in the long and heroic struggle of the people of Gibraltar to remain British Gibraltarians and with the nature of the

situation in this small British territory, will not regard them as an exaggeration or a myth.

And yet, in a foretaste of what may happen in the UK, the normally astute Gibraltarian electorate has failed to respond to these manifest dangers. Neither the Gibraltar Government nor the Opposition appear unduly concerned, and no doubt taking their lead from them, the Conservative Party hierarchy has shown similar lukewarmness. Even those Gibraltarians, who are implacably opposed to the discussion or negotiation of sovereignty in the Brussels Process, have failed to respond with any vigour to the institutionalisation of this Process 'in perpetuity' in the Joint Declaration.

Who can blame them? There is nothing much that Gibraltar can do of itself. The fate of the Constitution hangs on the outcome of the national Referendum, and not even Parliament can alter Gibraltar's terms or rescind the Joint Declaration. Then again, who wants to be the bird of ill omen in the middle of the tercentenary celebrations!

The sense of Mr Cash's epithet – the political time bomb – is that the threat to the exercise of the UK's sovereignty would not end with the signing of the Constitutional Treaty. It would continue indefinitely, given that unlike other EU Treaties, this one would create a legal and political European entity, conferring powers, whose use in years to come cannot be foreseen. As has been said, the Constitution once agreed, would have a life of its own.

Spain

The Blair debacle proved to both sovereign governments that both the UN and bilateral negotiations routes were blocked by the Gibraltarian veto. The Spanish Foreign Minister in Aznar's Government recognised that Blair's promises were undeliverable. In January this year Ana Palacio stated:

"*The picture of the day is one framed by the European Constitution which is our reference point without losing sight of the bilateral negotiations [under the Brussels Agreement].*"

London and Madrid have had to accept that the quick kill of the Gibraltar issue promised by Blair is not possible, and that the people of Gibraltar cannot be wooed out of their heritage

Moratinos, the new Foreign Minister, spoke in identical terms both before his appointment and since, whilst President Rodriguez Zapatero stressed, in relation to Gibraltar, that his Government wanted to see the European Constitution signed as early as possible. London and Madrid have had to accept that the quick kill of the Gibraltar issue promised by Blair is not possible, and that the people of Gibraltar cannot be wooed out of their heritage. The European Union front, previously secure, had to be opened, and the Constitution provided the opportunity and the framework for the achievement of an undeniable bilateral aim.

Meanwhile

Confidence building measures and a climate of mutual respect will therefore be the order of the day until the Constitutional issue is decided. The Chief Minister may yet be drawn into the Brussels Process on a promise that sovereignty will not form part of the negotiations. But London and Madrid can feel pleased that they have put Gibraltar in a vice, from which it will difficult to escape, if the Constitutional Treaty is ratified. Then the game – now accepted by both sides as a long one -would start being played in earnest.

The hope is of course that the people of the United Kingdom will reject this Constitution and that the indomitable spirit and ingenuity of the people of Gibraltar will not desert them, whatever happens.

'Maurice Xiberras is a former Deputy Chief Minister of Gibraltar and former Leader of the Opposition'

… news in brief

German Far Right Parties Want To Enter Bundestag

Following their success in regional elections in Saxony and Brandenburg, Germany's two far right parties, the DVU and the NPD, have announced their intention to campaign together at the next general elections in 2006. Parties from the far left and the far right drove down the score not only of the incumbent Social Democrats but also the opposition Christian Democrats. But it has naturally been the far right's success which has attracted all the attention and caused much hand wringing. In Brandenburg, the Social Democrats got 31.9%, 7.4% less than in 1999, while remaining the biggest party in the region. The Party of Democratic Socialism (the successor of the former Socialist Unity Party, i.e. Communists) got 28% and the Christian Democrats 19.4%. The far-right German People's Union (DVU) got 6.1%, which gives them 6 seats in the 88-seat regional parliament. In Saxony, the Social Democrats got a catastrophic 9.8%: although this was only 0.9% less than in 1999, it was only a whisker ahead of the far-right NPD (National Party of Germany), which got 9.2%. This will give the NPD 12 out of the 124 seats in the regional parliament, the first time it has been in the Saxon parliament. The CDU got 41.1%, but this is a huge 15.8% less than in 1999. Moreover, this is the first time that the CDU has won less than 50% in Saxony since 1990. It will probably have to form a coalition with the SPD in Saxony because its natural allies, the FDP liberals, did not do well enough to form a majority. The PDS got 23.6% in Saxony, 1.4% more than in 1999. Since 1989, the DVU has had seats in the regional assemblies in Bremen, Schleswig-Holstein and Saxony-Anhalt; since 1999, it has had five seats in Brandenburg.

The two parties, DVU and NPD, have now said they will contest the general elections together. The chairman of the NPD, Udo Voigt, said that the goal was to have *"a strong national party"* in parliament. *"We have seen,"* he said, speaking in a bar called 'The Wolf's Lair', *"that the key to success lies in having only one national party on the ballot paper."* The goal of his party, he said, was to overcome *"the liberal capitalist system of the federal republic"* and to abolish the multicultural society. The main candidate for the NPD in Saxony, Holger Apfel, said that it was a source of hope that the two parties were prepared to work together. Meanwhile, the office in Saxony for the Protection of the Constitution, i.e. the German secret police, have said they are keeping the new NPD deputies under surveillance because *"the party recognisably pursues extremist goals"*. Apfel, for his part, has said that he will send his deputies to the commission which oversees the work of the Verfassungschutz. The NPD was very nearly banned two years ago, but the attempt – initiated by the Government – failed. (It failed because it turned out that some of the leading people in the party were themselves informers for the Verfassungschutz.) Now it seems unlikely that another attempt will succeed. [*Die Welt*, 22 September 2004]

Getting it Clear on Europe

***Bill Cash** and **Angela Browning** spoke on the European Constitution in the House of Commons on Thursday, 9 September 2004*

Mr. Straw: The hon. Gentleman always stands up on cue, and I am always happy to give way to him.

Mr. Cash: I am grateful to the Foreign Secretary. On primacy, he is of course referring to article I-5(a). I note that the word *"constitution"* was eliminated from the previous text. The text now makes it clear that

"the Constitution and law adopted by the Union's institutions in exercising competencies conferred on it, shall have primacy over the law of the Member States."

Does the Foreign Secretary deny that the expression 'the law of the Member States' includes the constitution of the United Kingdom?

Mr. Straw: Of course it does, in so far as laws of this Parliament lay down our constitution; but part of our constitution – like the primacy of Parliament itself – is not laid down by any law of the constitution. Because we are a sovereign nation, Parliament itself will have the final right to decide, at any stage, whether it wishes us to remain a member of this treaty-based organisation. If the hon. Gentleman wants to persuade his party to propose that we leave the European Union as a whole, he is entitled to do so; and under the new constitution, there is good provision through which countries will be able to leave the EU.

As part of the wittering nonsense of the *"alternative White Paper"* that was published yesterday, the hon. Gentleman is trying to argue that the new primacy arrangements can somehow change other countries' constitutions. In any event, we do not have a written constitution that is superior to our law passed in Parliament. I should point out that there has been a long argument in Germany – the *'Kompetenz-Kompetenz'* argument – about whether the supreme court of Germany, the constitutional court in Karlsruhe or the ECJ takes precedence. It is irresolvable at the moment, and I suspect that it will remain so. No one on either side of the argument in Germany has said that this change will affect that situation.

The House of Lords European Union Select Committee, which includes many Conservative members, observed:

"It is not surprising that … the Constitutional Treaty includes a statement of the primacy of Union law. The doctrine is a well established and key element of the Community's legal order."

We are told that qualified majority voting is a fundamental dilution of our national sovereignty, yet it was a Conservative Government, under Margaret Thatcher, who provided for the first widespread use of QMV and extended it to major parts of national life that were previously the domain of member states alone. We are told that a statement of loyal co-operation with our European allies and the operation of a common foreign and security policy would prevent us from engaging in military action without the agreement of Brussels; yet it was a Conservative government who signed up to both of these provisions, at Maastricht. They are virtually unamended in those particulars, and we remain able to decide where and how to deploy our troops at any time. That situation will remain under the new treaty.

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Mr. William Cash (Stone) (Con): For centuries, we have made and unmade treaties. I listened with interest to what my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) said about Jefferson. I have just returned from Jefferson's home, Monticello in Virginia. He was the man who devised the declaration of independence. These people knew what they were talking about.

Over the past 300 years, we have made vast progress towards democracy and consent. This Constitution will take that away. The reality is that we are now moving away from parliamentary government. We must bring back effective power to the voters of this country, as I said in a pamphlet that I wrote last year. I am glad to say that my right hon. and learned Friend the Member for Devizes (Mr. Ancram) was on the platform with me this time last year when we issued that pamphlet at the party conference.

The issue of primacy, which I have already dealt with today, is the issue of sovereignty, which in turn is the issue of democracy and consent. That is why I insist that my Sovereignty of Parliament (European Communities) Bill, which is still listed on the Order Paper, is needed. Through it, we would be able to reassert our power to repeal or amend any legislation, including the European Constitution and, if necessary, the existing treaties. As the Foreign Secretary himself conceded after six months of torrid discussion with me across the Floor of the House last year, that would include the European Constitution, though the European Communities Act 1972.

We will only resolve this question, however, if we have the political will to do so. There has been a huge accumulation of treaties for decades. As I said to the Prime Minister some time ago, this Constitution makes specific provision for the revocation of those treaties. There is a new clause IV. It is in this Constitution, and it refers to the fact that the treaties will be consolidated, but all the existing treaties will also be repealed. The primacy of this Constitution over our Constitution and our laws will be introduced, and the whole ball game will change.

There has been much talk of conferral. As I said earlier in an intervention, conferral equals an abdication of sovereignty, and handing over to the European Court of Justice what truly belongs to this House of Parliament – and not just this House of Parliament, for we are but players in the matter. The real power belongs to the people: the real power belongs to the voters in our constituencies. That is what we have been betraying over the last few decades, in terms of what has now accumulated into a European Constitution.

The greatly expanded functions belie the Foreign Secretary's argument about the question of primacy. Yes, in 1972 there was a principle of primacy that was conceded, but with respect to extremely confined functions. Now we are moving into completely different territory, which is why I forced the rebellion on the Maastricht treaty. That treaty was the genesis of this. I make no apology for having entered into the rebellion on that occasion – or for what I have done in regard to the Amsterdam and Nice treaties, and will do again in regard to the European Constitution.

Yes, I support our party 100 per cent. on the question of rejecting this Constitution and fighting for a 'No' vote in the referendum, but I am bound to say that a

number of matters will not be resolved simply by words. There is deregulation, for instance. It is impossible to deal with deregulation without dealing with the central question of the sovereignty of Parliament. People may or may not know of my altercations with Digby Jones of the CBI, but so many of the laws are based on adversely affecting

British business. Then there is the question of fraud, the failure of the common agricultural policy, and low growth and high unemployment in Europe. Do we want to emulate that? Europe is not working.

Furthermore, the relative success of the British economy recently has only taken place because we have been outside monetary union and the exchange rate mechanism.

As I said to the Chancellor the other day, it is despite, and not because of, the Government's policies that we have a relatively stable economy compared with, say, Germany or France.

As we in the European Scrutiny Committee know, behind-the-scenes deals are going on between the European Commission, the European Parliament and the Council of Ministers. We will be following that issue up. Their objective is to bypass national Parliaments, but we shall get to the bottom of those behind-the-scenes deals. We must also consider the issues of the arrest warrant, the evidence warrant, and defence and the common foreign and security policy.

So when my right hon. and learned Friend the shadow Foreign Secretary says that we want real reforms, let us spell out what they will be. There are dangers in letting other countries go ahead with this variable geometry. It will create a hard core in Europe, which could prove very counter-productive. Nor would I want our radical reforms to be confined just to fisheries and aid; we have to examine the existing treaties.

The perception is that our own policies are not clear enough, so we must make them clearer and base them on the principle of democratic consent. We should also accompany our policies with a real threat of withdrawal. The fact is that without such a threat, other member states will not know that we seriously intend to deliver on our policies. We need to restore parliamentary sovereignty, but we cannot do so without showing that we mean business.

It is also necessary to adopt a policy of associated status, which would be popular with most people in this country. We need not a total rejection of the European idea or of the European Community, but a serious and radical reform, combined with the threat of withdrawal if they will not listen. We gave them the opportunity to impose their ideas on us, and they have done so. We in this House have the right to make up our minds about how we are going to respond, and we will respond effectively only if we are seen to be determined, clear and strong. That is my message.

Mrs. Angela Browning (Tiverton and Honiton) (Con): I spoke –

Mr. MacShane: Follow that!

Mrs. Browning: I know – the Minister will not be disappointed. As he will recall, I spoke in the House on 16 June; indeed, he was very kind about my comments on that occasion. I will not reiterate what I said then, but I should like to pick up on one of my central themes. This constitution is the last piece in the jigsaw in creating what is not necessarily a superstate. Indeed, as a trading bloc the EU is certainly not superstate in nature. As we have heard, it has high unemployment, and declining trade and gross domestic product are forecast. In fact, if we were starting from this point the EU would be an economic bloc that we would not want to join.

However, we have to be realistic about what the agenda of other countries has always been. The direction in which they are now going is not in the British interest, which is why I oppose the constitution in principle and in detail. Indeed, I hope to spread the word and to persuade people to look at this issue much more seriously, and then to vote no in a referendum.

Mr. Hendrick: Will the hon. Lady give way?

Mrs. Browning: No. Whatever people's views – whether they share mine or they share in the European dream – let us have some honesty in this debate. Those who make the case for that dream should be prepared to stand their corner and be totally honest about what is involved.

When the Prime Minister returned from the intergovernmental conference on 21 June, he told us what he had signed up to and I asked him an oral question. I asked whether he had changed the way in which voting takes place, and about our use of the veto in co-ordinating economic policy across the EU. He did not answer my question. My hon. Friend the Member for Congleton (Ann Winterton) repeated the question about 10 minutes later.

He did not answer her question either, so I tabled a written question to the Prime Minister asking him whether that policy would be determined in future by qualified majority voting.

I received a reply from No. 10 Downing street on 23 June saying that the Prime Minister had passed my question to the Minister for Europe, who is now in his place on the Treasury Bench. The Minister then replied by referring me to part 3 of the treaty. When I read it, I discovered that change in the voting mechanism on economic policy was not stipulated, that the default applied and that it therefore became subject to qualified majority voting. In other words, we have given up the veto. I then tabled a supplementary question to the Minister asking whether that was right. I received a reply saying that he believed that I had already received a substantial reply – end of story.

I repeat to the Minister today what I said to him then. If the Government believe that this is in the British interest, let us have some honest and straight answers to some straight questions about important issues. Have we given up the right of exercising a veto in respect of our economic policy – yes or no? I asked the Foreign Secretary earlier in the debate whether the charter of fundamental rights was legally binding. In similar fashion, he referred me to a part of the treaty. I want some straight answers from the Minister about whether the Government have made any concessions. We know from the debate that they certainly have: they have given up on many red lines, forfeiting our case on a range of important issues. We have seen EU institutions expand their power in key areas – not just over the economy, but over criminal justice and other matters – and we have seen legal personality given to the constitution itself.

I must tell the Minister that the debate is going nowhere, especially when we have the sort of patsy-like material that I see in the White Paper placed in the Vote Office. It beggars belief that we are talking about a constitutional matter, but the Government devote the opening part of the document to telling people what a better deal they get on holiday by being part of the EU and its constitution. *[Interruption.]* I hear a sedentary comment saying that it is true, but let us be quite clear about this. We are talking about the constitution of this country and about democracy. We are not

talking about a few people who think that they get a good deal changing pounds into pesetas when they go into Europe. That sort of trivialisation –

Chris Bryant *rose* –

Mrs. Browning: I am certainly not giving way to the hon. Gentleman. Someone should put him back in the teapot over there; he has had more than enough to say today.

I really believe that if we are to have a sincere debate for the British people, it must deal with the core elements of what the constitution is about. As my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd) and my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) so clearly explained, it is all about democracy, the representation of the people and their ability to call to account those whom they vote for every four or five years. That is why this is the last piece in the jigsaw and the watershed in our relationship with the EU.

If we as a country are not going to be part of this constitution, we have to look for an alternative constructive relationship with the EU. I believe that it should be quite different from the one that has obtained before. It has to be that way, because this constitution rolls up previous treaties. As a customs union, we have to look outwards as a global trading nation, so we need agreements with the EU and with others. That is what the EU itself has been trying to do. It has a trading relationship with Mexico, for example, so there should be no sense of shock horror about my suggestion to take advantage of the changes.

We are shackled by the EU in respect of economic performance and we are shackled by its democratic deficit. We are also shackled by an EU that is rife with fraud and unable to audit its accounts, yet we are asked to have still more of the same and to concede more of our powers. I say no. Vote 'No' in the referendum.

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… news in brief

Last Minute Horse Trading

Turkey has been waiting for this moment since December 1963, when the then president of the European Commission, Walter Hallstein, signed the first association agreement with Turkey. In December, Ankara expects to get the green light from Brussels for negotiations on membership to be opened. As is always the way in the EU, however, the real negotiating is left until the last minute. There has been a huge flurry, therefore, as different people within the Brussels apparatus line up on different sides of the debate.

The new president of the Commission, José Manuel Durrao Barroso, seemed to throw cold water on the issue of Turkish admission in an interview in Le Monde, only a few days after the commissar for enlargement, Günter Verheugen, was dropping heavy hints that all would be well. Maybe it is just part of the game – pretending that a decision still remains to be taken when in fact it already has been. Barroso says both that he remains favourable to Turkish admission, and also that Turkey has not yet fulfilled all the criteria for membership. He rejected the notion that these demands were interference in Turkey's internal affairs and said that it was up to Turkey to accept the EU's rules if it wanted to join. [Interview in *Le Monde*, 22 September 2004] A recent sudden sticking point has been the Turkish Government's desire to make adultery a criminal offence. Jean-Christophe Filori, the spokesman for the enlargement commissar, has stated clearly that the latest proposals are totally unacceptable to Brussels and that, without a change, the negotiations will not be opened. The Turkish Prime Minister, Recep Tayyip Erdogan, has apparently tried to remove the clause in the penal reform bill which would make adultery punishable by imprisonment, but the conservative wing of his AKP party is resisting the change. [Philippe Ricard, *Le Monde*, 22 September 2004]

The Turkish opposition has demanded a special session of parliament in order to vote on the controversial reform proposal before the Commission publishes its report on whether or not to open negotiations. This report is due on 6 October. The Chairman of the Republican People's Party, Deniz Baykal, said on Tuesday in Ankara that his party would call for a special session to be held on 28 September. Verheugen has said that a reform of the penal code is a condition for EU admission, and the opposition is evidently determined to do what Europe wants. The veteran CDU MEP, Elmar Brok, however, accused Verheugen of staging *"political theatre"*, the idea presumably being that Verheugen would obtain a symbolic change to a non-existent law as a way of showing doubters in the EU that Turkey was reforming after all.

Europeans are also concerned about the fact that in South-East Turkey, where their beloved Kurds are in the majority, the practice is to hand down lesser sentences for *"honour killings"* than for ordinary murder. Brok has demanded that the Commission put off a decision for another two or three years. He joined Angela Merkel, the leader of the German Christian Democrats, in calling for a *"special partnership"* to be offered to Turkey, instead of full membership. Because of these sudden tensions, Mr Erdogan brought forward his trip to Brussels, and arrived on Wednesday evening instead of on Thursday as originally planned. [*Frankfurter Allgemeine Zeitung*, 21 September 2004] Erdogan's initial reaction to the demands that the penal reform be abandoned was to tell the EU to mind its own business. He said that the EU had no right to interfere in the work of the Turkish Parliament. He struck a nationalist note when he said, *"We are Turks and we will decide for ourselves."* He also said that he was not prepared to pay any price for EU membership. But this might be political theatre too: Erdogan has a fractious party, as the vote against the Iraq war in March 2003 showed. Maybe he calculates that a bit of grandstanding against Brussels will pacify the AKP's more conservative elements.

The Turkey issue is liable to cause a political crisis in Austria. The Freedom Party is threatening to leave the governing coalition if the government of Wolfgang Schüssel supports the opening of negotiations. [*Die Welt*, 21 September 2004]

Commission Permits Genetically Modified Crops

In spite of protests by environmental campaigners, the European Commission has authorised the use of genetically modified seed throughout the EU. American biotechnology company Monsanto is to be allowed to use its maize seed MON 810 in all states of the EU. The commissar for consumer affairs, David Byrne, said that 17 different kinds of GM maize had already been planted in Spain with no problems. Greenpeace protested, saying that the decision would harm consumers and farmers. To date, GM crops could be grown (in France and Spain) only because national legislation permitted it. Byrne said that the crops would be clearly marked as GM. [*Handelsblatt*, 8 September 2004]

To Bate and Rebate

by Annunziata Rees-Mogg

The European Union wants to scrap the British rebate. The other nations believe that it is unfair that we get money back. According to the Budget Commissioner, Michaela Schreyer, the payments from the UK to the EU would go up to €7million every year once the EU is enlarged to 27 members. She believes the British public are receptive to this argument. We would then be the largest net donor to the European Union, an institution that does not enjoy the same popularity here as it does over on the Continent. The press in the UK has certainly not supported Schreyer's view. The majority of our newspapers condemned the idea of giving up our rebate: especially as we receive less in subsidies as a proportion of GDP than any other country.

Margaret Thatcher won the British rebate at the Fontainebleau summit in June 1984. It has meant that the UK has, over the course of the last twenty years, paid over £40 billion less in current prices than we would have without it. In 2003 we received a rebate of £2.7 billion, although we still paid closer to £2.6 billion into the Union. Not that anyone can agree on the figures, as is so often true with the European institutions. According to the Commission we only paid in just over £1.2 billion, whilst British officials insist that they omitted a whole set of extra payments that increase the overall burden on British taxpayers, keeping the figure at over £2.5 billion. Per capita this takes us to the top of the net donors league.

To most British subjects it is unfathomable why we should pay most, receive least, suffer from imposed bureaucracy and lose our democracy. The ideologues of the Continent ought to be reassessing the reasons for the Union and working out where it is heading rather than just throwing more money at it. The Constitution is not the answer; that document merely removes yet more democracy and national controls.

In Europe there is a commonly held view that the UK ought to pay most. The logic is that the wealthiest country should pay the most to bring the others up to their standards. There are a number of flaws in this argument. First, the other countries do not need money thrown at them; they need minimal regulation to enable them to create their own financial opportunities. Second, by taking money away from the richer economies you remove the economic drivers required to stabilise the whole system. Third, it is just another example of taking everything down to the level of the lowest common denominator. The Union is a great fan of this. "Oh look", they think. "One country isn't doing very well because it has too much regulation. Ah, we can solve that by making all their competitors have just as much red tape." These are one of the factors that have led to the ever-decreasing spiral of the European Union.

Ms Schreyer is an unelected Eurocrat. We have no control over whether she is hired or fired. Everyone is welcome to their own views; no-one is welcome to impose their views. There are inherent flaws in the EU. Ms Schreyer highlights two of them at once. She is not elected and has no democratic authority over British tax-payers – and she is a stereotypical socialist bureaucrat, believing that thriving economies should be penalised to aid the less successful. Has she not noticed that this only leads to everyone becoming more disgruntled and worse off?

Annunziata Rees-Mogg is Editor of The European Journal.

… news in brief

Greek Cooking

Greece has admitted that for years it provided Brussels with false statistics about its budget deficit. The Prime Minister, Kostas Karamanlis, made this admission on Tuesday, in response to a question about the record of the previous administration under Kostas Simitis, which had systematically hidden the true extent of the country's deficit. According to EU sources, it now seems that the Greek budget deficit was already over 3% in 2000, and that Greece therefore adopted the euro under false pretences in 2001. On average the real figure was 2% higher than those given. The main deception was practised when the figures for spending on armaments and social security were artificially reduced. Arms purchases were not booked until the moment of delivery, while the Government's obligations on social security were also fiddled. These two tricks were enough to adjust the reported budget deficit by some 2% of GDP. The commission has asked Athens to report on the extent and intentionality of the fraud. Prime Minister Karamanlis says that the budget deficit is now about 4.6% of GDP, way above what is permitted. The previous Government has reported a deficit of 1.7%! The Government expects the 2005 deficit to be 5.3%. 2% alone has been spent on the Olympic Games, for which the Simitis Government had reported 1.2% of GDP. The new Finance Minister is to present a new budget which will make huge cuts in spending. He is going to try to drive the deficit down to below 3% of GDP. Although the one-off costs of the Olympic Games will save him 1.1% of GDP, and although he can cut 0.5% from the deficit by raising taxes, his figures are based on a predicted growth rate of 3.9% in 2005. This seems very optimistic. And the investment bank Morgan Stanley reckons that the deficit will be 4.5% in 2005 and 5.7% this year. [*Frankfurter Allgemeine Zeitung*, 22 September 2004]

Trichet Attacks Plans To Weaken Pact

The governor of the European Central Bank, Jean-Claude Trichet, has attacked proposals to weaken the terms of the European Monetary Union's Stability Pact. Trichet told the monetary committee of the European Parliament that any reduction in the deficit criteria would endanger stability. He said that to relax budgetary discipline in order to enact counter-cyclical economic policies was not a sufficient excuse for breaking the terms of the Pact. The EU had suggested a more flexible interpretation of the Pact, saying that it should be able to be broken during periods of economic stagnation and not only during a serious recession. It also suggested that extra savings be made during periods of economic upturn. Trichet said that the latest figures for European growth corresponded to the ECB's predictions. Growth is currently 0.5% in the eurozone (second quarter of 2004), having been 0.6% in the first three months of this year. Trichet said that the conditions were in place for growth to continue and accelerate in 2005. He also said that the medium-term prospects for inflation are in keeping with the requirements for stability. Although prices had risen by more than 2%, Trichet said that this was largely due to the rise in oil prices and was not part of a monetary trend. He said that the ECB expected inflation to be 1.8% in 2005. [*Frankfurter Allgemeine Zeitung*, 22 September 2004]

The Multilateral Trading System Back on Track after Geneva

by Ronald Stewart-Brown

The multilateral trading system is arguably the most remarkable international cooperation success story the modern world has to show. From its tentative GATT beginnings in 1947 with just 23 founder countries and covering only one fifth of world trade it has come a long way. The World Trade Organisation now has 147 member states and a remit covering every significant sector apart from aerospace, air travel, defence and minerals.

But there remains much to do. Developed countries' industrial tariffs may have been negotiated down to low single figure percentages on average, but they remain very significant in many sectors. Most developing countries retain quite high industrial tariffs. In both developed and developing countries many service sectors remain difficult to break into. And agricultural trade remains in the early stages of liberalisation with most countries protecting their farmers with high tariff barriers and some, particularly the EU and the USA, impoverishing rural communities in developing countries through their heavily subsidised exports.

Every time a WTO meeting fails, like the recent ones at Seattle and Cancun, detractors gather to chorus their condemnation of the multilateral trading system as hopelessly cumbersome, requiring as it does the unanimous agreement of all members to progress. Yet history has always confounded them. Breakdowns and walk-outs are in the nature of any hard headed negotiation. But the genius of the WTO system is that every country always has more to gain than to lose from trade liberalisation, so with skilled mediation negotiators can always sooner or later find a way forward.

This year has seen important progress towards freer and more competitive world trade on two fronts. First, the successful WTO General Council meeting at Geneva in July has put the Doha Round (technically known as the Doha Development Agenda) back on track. Second, the implications for both EU and US agricultural subsidies of last year's expiry of the 'Peace Clause' in the WTO Agricultural Agreement now look likely to be profound. This article will discuss both developments. The section on Geneva should be seen as a sequel to an article entitled *Reflections on the Débacle at Cancun* by this writer published in the December 2003 number of *The European Journal*. A final section discusses the implications for a British trade policy.

Votes on EU Council of Ministers

Leading CAP beneficiary countries:	*Prior to enlargement*		*Since enlargement*	
	Votes	*% of total*	*Votes*	*% of total*
France	10	11.5	29	9.0
Spain	8	9.2	27	8.4
Greece	5	5.8	12	3.8
Ireland	3	3.4	7	2.2
Sub-Total	26	29.9	75	23.4
Other old member states	61	70.1	162	50.5
New member states	-	-	84	26.1
TOTAL	87	100.0	321	100.0
Blocking minority	26	29.9	90	28.0

Note: The aggregate population of France, Spain, Greece and Ireland representing 25 per cent of the enlarged EU's total population falls well short of the 38 per cent minimum for a blocking vote on the new population criterion.

Geneva

Originally it had been intended that the Doha Round be completed by the start of 2005, just three years after its launch. But negotiations first got off to a slow start, then went into hiatus following the disastrous WTO Ministerial Conference at Cancun in September 2003. Now, however, constructive negotiation by all parties has put the Doha Round right back on track.

The WTO's General Council is the senior sub-ministerial body responsible for work in Geneva between its biennial Ministerial Conferences. Although its July meeting was relatively low key, with just 200 journalists in attendance as compared to 1200 at Cancun, 30 trade ministers were present and the decision that emerged carried full membership commitment. EU Trade Commissioner Pascal Lamy, US Trade Representative Robert Zoellick and Brazilian Foreign Minister Celso Amorim were the leading figures with Amorim acting as lead negotiator for the G20 group of developing countries, including China and India, that had played such a prominent role at Cancun. Broadly Geneva achieved what Cancun should have ten months earlier.

The reconciliation process had been kick started in January by Robert Zoellick with a letter to all other WTO members followed up, in February, by visits to all the major capitals. By May, Pascal Lamy had fully redeemed himself for his role in the débacle at Cancun. Crucially, he confirmed his willingness to drop the three difficult 'Singapore Issues' (cross-border investment, competition and public procurement) from the negotiating agenda. This left on the table only the fourth such issue of 'trade facilitation', border crossing procedures being often a significant trade barrier in the developing world. Secondly, Lamy agreed without qualification to the eventual elimination of agricultural export subsidies, a break-point issue at Cancun.

Pascal Lamy has thus definitively refuted the widespread misperception that Brussels itself is inherently protectionist. In its latest Trade Policy Review on the EU in 2002 the WTO actually praised it for *"maintaining largely open markets for non-agricultural products (except textiles and clothing), proceeding on WTO liberalisation commitments, and supporting further deepening of multilateral commitments, while further expanding the extensive system of regional trade agreements."* Nor should it be forgotten that the EU was a principal party to the substantial tariff reductions achieved in turn by each of the Kennedy, Tokyo and Uruguay Rounds. Indeed, it can plausibly be argued that through the competitive damage it does EU-based businesses by its unending stream of social, employment,

environment, health and safety regulation the EU's trade policy is essentially *anti-protectionist*!

The correct perspective is to see both Lamy and Zoellick as committed trade liberalisers held back only by the strong lobbying power of competitively weak sectors such as agriculture. And Lamy's negotiating flexibility was much enhanced on 1 January by the loss of veto power on the Council of Ministers that France and her agricultural protectionist allies suffered as a result of enlargement, as shown by the table on the preceding page.

There is no doubt that France, in particular, has suffered a very serious diplomatic setback. French Agricultural Minister Hervé Gaymard duly put a brave face on it, insisting that France had been instrumental in winning greater concessions from the USA. But the domestic political consequences of France's effective disenfranchisement in EU trade policy matters remain to be seen.

A twelve page Annex setting out a 'Framework for Establishing Modalities in Agriculture' is the centre-piece of the Geneva decision. (Modalities in WTO terminology mean broad outlines – such as formulas or other approaches to tariff reduction – for final commitments). Key provisions include:

1) Trade distorting domestic support is to be substantially reduced on a tiered formula basis providing for greater overall reductions of higher support levels with minimum first year overall cuts of 20 per cent. Blue box subsidies (see below) are to be limited to 5 per cent of each country's total agricultural production by value and the criteria for green box subsidies (see below) are to be tightened. Cotton negotiations are to be prioritised.

2) Export subsidies are to be eliminated by a "*credible end date*", and their definition is to be broadened to encompass export credits beyond 180 days, food aid and state trade enterprises.

3) Tariffs are to be substantially reduced on a tiered formula basis with deeper cuts for higher tariffs. Special provision is to be made for developing countries and for specified "*sensitive*" products.

A five page Annex setting out a 'Framework for Establishing Modalities in Market Access for Non-Agricultural Products' also represents important progress on the initial Doha Round Ministerial Declaration, recognising that a non-linear formula approach is key to reducing tariffs and reducing or eliminating tariff peaks, high tariffs and tariff escalation. Other Annexes cover services and trade facilitation.

The compromises achieved to address the fault lines of Cancun have been remarkable. As regards agriculture, EU agreement to eliminate export subsidies has been matched by US agreement to bring export credit and food aid into the bargain. Export subsidies should now be eliminated by 2015 at worst whilst trade distorting domestic subsidies should have been at least substantially reduced by the same date. Final rulings in the US cotton subsidy and EU sugar subsidy disputes (see below) may well force the EU and the US to accept much more radical reforms in the latter category of farm support.

There is now an excellent prospect of modalities being agreed by the next Ministerial Conference at Hong Kong in December 2005 and of the Doha Round being completed by 2006 or 2007. The European Commission's trade liberalisation drive is unlikely to be reversed when Peter Mandelson succeeds Pascal Lamy as Trade Commissioner. Whilst a new President Kerry might occasionally pander to the lobbying power of competitively weak sectors such as agriculture and steel, as President Bush has done, there is no possibility of any foreseeable US administration reversing the USA's consistent post war policy commitment to trade liberalisation. Nor is there any practical likelihood of Congress withdrawing the executive's Trade Promotion Authority when it comes up for renewal next year.

Expiry of Agriculture Peace Clause

Governments distort trade by enabling their producers to compete on unfair terms in either export or home markets. The WTO Agreement on Subsidies and Countervailing Measures (the 'Subsidies Agreement') sets out procedures for injured countries to seek redress through the WTO dispute settlements system, which normally produces final rulings within 12 months (15 months in the case of appeals). Injured countries can retaliate by imposing appropriate levels of 'countervailing duty' on imports from offending countries which fail to withdraw their subsidies,

Agriculture, as the most heavily subsidised sector of world trade, is a special case. Farmers in developing countries suffer severely from the dumping on their domestic markets at unfairly low prices of the surplus production encouraged in developed countries by domestic price support schemes or other forms of subsidy. Reducing or eliminating such dumping has understandably always been a prime object of the developing countries.

In the Uruguay Round the developed countries successfully insisted that their heavily subsidised agricultural sectors were excluded, up to specified limits, from the general provisions of the Subsidies Agreement. The developing countries were bought off with phased reductions totalling just 20 per cent in developed country domestic support levels. But under the so-called Peace Clause (Article 13) of the WTO Agriculture Agreement this exclusion expired at the end of 2003.

Three categories of permitted subsidies were defined under the Agriculture Agreement: 'amber box' for export subsidies and trade distorting domestic subsidies; 'blue box' for direct payments designed to limit production such as the EU's 'set-aside' scheme; and 'green box' for non-production linked measures considered to be no more than minimally trade distorting. Trade experts have always recognised that the treatment of agricultural subsidies, including the status of these boxes, following the expiry of the Peace Clause would be a matter for legal interpretation by WTO dispute settlement experts or ultimately by the WTO Appellate Body.

New landmark rulings on US cotton subsidies and EU sugar subsidies (Notes (1) and (2) below) suggest the Peace Clause will be interpreted literally, rendering any trade distorting domestic subsidy vulnerable to attack under the Subsidies Agreement. The implications of both initial rulings look profound for both the EU's and the US's present agricultural support systems though final judgment must await the WTO Appellate Body's verdicts.

The European Commission appears uncomfortably squeezed between the Agriculture and Subsidy Agreements, to which it is contractually committed, and the interests of its 60,000 sugar beet farmers, who were already objecting strongly to the much less ambitious reform programme it had previously announced. The political consequences in France, the EU's largest sugar producer, when farmers there realise their Government can do nothing to help them may be dramatic. Further problems for the Common Agricultural Policy may arise from the question mark placed by the US cotton case over the extent to which

subsidies that are supposedly 'decoupled' from production will actually count as non trade distorting.

Robert Zoellick has already contended that such cases may not be possible to resolve within the WTO dispute settlements system and therefore may be better handled within the framework of the Doha Round. The EU's and USA's best hope may be to get agreement that all amber box subsidies, not just export subsidies, will be phased out over a ten year period. The alternative of the EU or the US deciding to defy the rules of the brilliant multilateral trading system that they themselves created is unthinkable.

Implications for a British Trade Policy

As discussed in an address by this writer published in the June/July 2004 number of *The European Journal*, the UK would be in a very strong position to recover control of her trade policy from Brussels following a popular rejection of the EU Constitution. Negotiating the best possible free trade agreement with the EU would be the essential first step for any government pursuing this course. Beyond that, the right trade policy for the UK would be a matter for the Government to determine after full debate in Parliament. One thing certain is that it would differ radically from the EU Common Commercial Policy.

Free traders rightly believe in the eventual elimination of all industrial tariffs, but pragmatic ones see the argument for phasing them out gradually and by negotiation. Those who would advocate the UK immediately opting for unilateral free trade should consider the reasons why no WTO member offered to abolish all its tariffs at Geneva last July.[3] First, every country has at least some sectors that expect their government to protect them from duty free import competition. Second, a country without tariffs has no bargaining power either in multilateral trade rounds or in inter-governmental free trade negotiations. Third, most countries need to protect their agriculture and countryside, partly to ensure good husbanding of their natural resources and partly for socio-economic, environmental and recreational reasons.

For any given tariff rate the UK inherited from Brussels the question would be whether to hold it or how far and at what speed to reduce it. The fundamental challenge is to determine for each sector the optimum balance between consumer and producer interests. Any democracy will tend to put consumer interests such as lower prices first. So any responsible government should ensure that macro-economic considerations such as employment are fully taken into account in trade policy decisions.

Whilst the average EU industrial tariff is now low, many individual tariffs are still in double figures.[4] Probably the most economically significant are those on passenger vehicles of 10 per cent and on trucks of 22 per cent, protection levels which the automotive sector will be reluctant to give up given the intensely price competitive nature of its markets. Tariffs high enough to prevent trade altogether are of course not reflected in average tariffs on actual trade!

For food products the UK would surely choose to make immediate cost of living reductions by ceasing to tax the wide range of fruit, drink and culinary merchandise imports from warmer countries that could never be produced in the UK. With the main staple agricultural categories the question would be how much further the UK should lower tariff rates below the substantially reduced EU rates that should result from the Doha Round.[5] The right level for British food tariffs ought of course to be a matter for vigorous democratic debate at Westminster rather than bureaucratic decision making with the continent wide perspective of Brussels.

The Swiss model of protecting the economic viability of basic farming with relatively high tariffs on meat, dairy products, cereals and vegetables but encouraging competition in higher quality products with substantially lower tariffs offers one example the UK could consider. For agricultural subsidies the UK should probably, like Switzerland, move gradually to a fully decoupled scheme, in line with emerging WTO best practise, with heavy emphasis on environmental and restructuring grants.

Note (1): Brazil versus US cotton subsidies
The WTO ruled in June that the US, the world's largest cotton producer, has been breaking its Agriculture Agreement limits for cotton as both its export credit and "Step 2" progammes constituted export subsidies and because it had incorrectly placed certain domestic programmes in the "green box" category. Its whole domestic support programme has now been deemed trade distorting under the Subsidies Agreement and its assumed earlier protection under the Peace Clause has now been ruled invalid owing to its infringement of a provision in that clause that subsidy levels must not be raised above 1992 levels. Brazil, the world's fifth largest cotton producer, had calculated that in consequence it had lost US$ 700 million of export earnings in 2001 and that world cotton prices were 12.6 per cent lower over 1999-2002 than they would otherwise have been. (US cotton subsidies have also been causing severe damage to West African cotton producers such as Burkina Faso, Benin and Mali, the cause of a bitter dispute at Cancun.) The US has mounted a vigorous appeal.

Note (2) Brazil, Thailand and Australia versus EU sugar subsidies
The WTO ruled in September that the EU, the world's second largest sugar producer, is contravening the Subsidies Agreement in respect of around a third of its sugar exports and re-exports. In particular the EU was effectively subsidising exports of "non-quota" or 'C' sugar through setting domestic support prices for "quota" sugar at levels that covered all fixed production costs, thereby enabling non-quota sugar to be exported profitably at any price above marginal cost. Brazil, the world's largest sugar producer, had calculated that in consequence it was losing some US$ 500-700 million of foreign exchange annually and that world sugar prices were some 20 per cent lower than they would otherwise have been. The EU is expected to appeal.

Note (3): Hong Kong China is the only notable example of a WTO member already operating a unilateral free trade policy.

Note (4): Industrial sectors in which tariffs run up to double figure levels include automotive products, ceramic and glass products, chemicals, clocks and watches, cosmetics and perfumes, electrical machinery, footwear, leather goods, nuclear reactors, boilers and machinery, photographic goods, textiles and clothing. Simple averages in these sectors are however all in the 2-7 per cent range.

Note (5): Current EU simple average tariffs are 28 per cent for meat, 38 per cent for dairy products, 39 per cent for cereals and 21 per cent for fruits and vegetables with tariff peaks well into three figures in all four categories. Tariff peaks for any given sector are conventionally defined as tariffs exceeding the simple average for that sector by three times or more.

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A European Pension Crisis?

by Rob Foulkes

Britain is not alone in growing old. Across the EU, *les enfants du baby-boom* are reaching the latter half of their careers and contemplating retirement in the decade or two. And throughout the continent they are doing so with less and less confidence. The resignation of Secretary for Work and Pensions Andrew Smith in the middle of the passage of a Pensions Bill has quite rightly prompted the British media to draw attention to the deficits in the British pensions system, but it is perhaps worthwhile to remember that things could be a lot worse. An important consideration is the potential effects on British pensions were we to join monetary union. Fragile as they are, our system can ill afford the EU's fiscal restrictions or to support the additional weight of their crises, which are almost all considerably more severe than ours.

The whole of Europe is in pensions turmoil, with the brute demographic facts causing the basic problems

The whole of Europe is in pensions turmoil, with the brute demographic facts causing the basic problems. Average age is rising rapidly in every EU state: at one end, fertility rates are dropping, while at the other end life expectancy continues to rise for the millions of baby-boomers across the continent. There are currently four workers to support each pensioner in Europe. By 2050, the OECD estimates that this figure will have dropped to two, and 40% of the EU's total population will be over the age of 60. For the next generation, this will prove an unmanageable burden.

Governments in the EU are well aware of this looming bulge on the demographic charts, but their options are extremely limited. Not many EU states have any spare capacity in their budgets to dedicate to pensions, especially if they want to maintain the façade of the 3% rule (which half of all euro states have now broken). With fewer working people to fund more pensioners, states can either increase contributions or decrease payments. Increasing taxation is not only unpopular but also counter-productive in its effects on the financial markets on which pension funds rely, while decreasing unemployment to increase the taxpaying population presents an attractive but elusive solution. The other side of the balance sheet could equally be addressed by reducing the amount paid out by state pensions. Given the current poverty of pensioners in many parts of the EU, particularly in the A10, there is little that can be shaved from already meagre state provisions. Even the larger, and comparatively more generous Western states such as France and Italy face concerted resistance to any suggestion that pension levels need to fall.

The figures are unforgiving. More pensioners plus fewer workers, with contribution per worker and payment per pensioner as stable coefficients, equals disaster for the current and the next generation of European pensioners. The one way to improve simultaneously the numbers on both sides of the equation is to increase the age at which people stop contributing and starting taking payments. Again, the possibilities fall into two groups: governments can raise the official retirement age, or they can cut down on early retirement.

For the majority of EU states, the official retirement age is 65 but for many this need not represent the end of their productive lives. UK ministers, under pressure from the TUC, this month rejected a CBI proposal to raise the British retirement age to 70, but at some stage such a decision may have to be taken. After all, Japanese, Korean and Icelandic workers all manage an average actual retirement age of well above 65. If people are living longer and staying healthy longer, and jobs are less physically less strenuous than when pension systems were set up, then perhaps old assumptions will need to be challenged. This would make economic sense: according to the BBC, a worker who starts saving for his pension aged 41 needs to save 20% of his earnings to enjoy a comfortable retirement from 65, but need only put aside 5% if he retires at 70.

But a less controversial interim step must be to decrease the prevalence of early retirement throughout the EU. In the 1970s, early retirement was seen as a perfect way to provide jobs for the masses of new young workers entering the job market, but the pattern has continued despite the changes to the relative numbers of younger and older workers. In Europe as a whole, less than half of the male population aged 55-64 is still in work, despite France and Italy being the only countries with an official universal retirement age below 65. Compare this to the economies of South East Asia: the actual retirement ages in Japan and Korea are respectively four and seven years later than the official age.

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The UK's early retirement habits are considerably less widespread than most. With the exception of Sweden, our average actual male retirement age of 62 is higher than any other Western EU state, as is our male employment rate for those aged 55-64. It is considerably harder for British workers to draw state pensions before retirement age than for their continental counterparts. This is the first advantage of our pensions system over those of other European countries: British workers do not in general have the same assumptions regarding early retirement as workers elsewhere. Early retirement is largely restricted to those who can afford to finance it themselves, and to those with legitimate claims to retiring on medical grounds; it is not standard practice to retire several years early and to finance those years with state aid.

British pensions system has another important distinction that bodes well for the future relative to the rest of the EU. One of the reasons our pension structure was so strong before it fell into Labour's hands was that it was, and still is, largely based on the private sector.

The rest of Europe operates its pensions on variations of a 'pay-as-you-go' system, in which each generation funds the pensions of its predecessors. These were established in the early years of the welfare state on the assumption that a large and prosperous workforce will always outnumber those collecting pensions. At the time, the logic held true as birth rates rocketed, although even then the inefficiencies of the centralised system gave the British occupational schemes, managed privately and individually, a significant advantage. The result of the pay-as-you-go system, however, is that there is little emphasis on providing for one's own future. Current taxes pay for current pension payments.

It is clear that the impending pensions crisis, which despite the mess Labour have made is primarily one of demographics, will thus hit the continent far harder than it will hit us. When there are too few people to fund their forebears' pensions, the pay-as-you-go system collapses. While the British private and occupational schemes may have taken a nosedive and thousands have lost out, the problem is relatively alleviated by the fact that British workers have always expected to contribute significantly to their own pensions. In some EU states 80% of all pension income is provided by the state; in Britain, the figure is still only around 30%.

Gordon Brown's 1997 budget, which cut the tax relief previously granted to occupational pension schemes, is thought to have cost British pension funds and insurance assets as much as £200 billion over the past seven years

Of course, none of this is to deny that Britain's pensions system is in a terrible state, especially as compared to its healthy past. Gordon Brown's 1997 budget, which cut the tax relief previously granted to occupational pension schemes, is thought to have cost British pension funds and insurance assets as much as £200 billion over the past seven years. The loss of confidence in pensions this has caused goes a long way to explaining the currently imprudent savings habits of many workers: a recent report by the Association of British Insurers revealed that up to nine million women have either too little or no savings for retirement.

The state pensions that were supposed to benefit from the new tax have fared no better and the system is full of holes. Stakeholder pensions, potentially a useful way of encouraging those without company schemes to save, have been negated by the means-tested pension credit, which in effect causes any savings under £85,000 to have a negative net effect on an individual's pension income. There is a notorious 'black hole' between the end of the Financial Assistance Scheme in May 2004 and the start of the new Pensions Protection Scheme in April 2005, leaving members of schemes which collapse between those dates with apparently no state aid. The FAS is, besides, years in arrears and had the additional disadvantage of putting a further strain on the solvent pension funds of successful companies. Both the Tories and Lib Dems, and independent commentators such as the Pensions Policy Institute, have roundly condemned the pension credit as a disincentive to save and for its huge administrative cost and the complexity of claiming.

The current furore over UK pensions is clearly justified. But whilst even the more affluent EU countries matching our state pensions for confusion and insufficiency, the average British pensioner does at least have *some* private savings. They may not be enough – Reuters reports that on average British workers are £50,000 short of the savings required for a 'comfortable standard of living' – but they are something. Consider that in France and Italy, the EU states with the highest life expectancies after retirement, people have an average of only 3,000 and 1,000 euros respectively saved for retirement. The average British worker has £30,000. The EU's second biggest pension savers are the Dutch, with a total of £500 billion; British workers have £1.9 trillion between them.

Britain's pensions system, with its combination of public and private provision, has shown in the past that it can work extremely well. Given the realities of the ratio of workers to pensioners today and in the future, the element of personal savings has become even more important, allowing people to provide for their own future regardless of the size of the following generation. The pay-as-you-go states cannot change to an individually funded system more suited to today's demographic reality because of the immense transition costs involved. In effect, it would mean that a single generation of workers would have to pay for both their own and their predecessors' pensions simultaneously.

There are many ways in which Britain and British trade can and should help, but closer integration, and particularly monetary union, would cost this country's pension system more than it can afford

Britain needs a strong and careful hand to resolve its pension problems. The 'fairy dust' that Alan Johnson claims to be after may prove elusive, and some tough decisions will at some stage need to be made regarding the official retirement age. More important at present is large-scale legislative reform, including the abolition of means testing in exchange for an increased flat-rate pension, and deregulatory measures to boost British financial markets to provide a sound footing for pension funds. But the last thing British pensions need is the additional burden of struggling European systems. Politicians across Europe have made commitments to their pensioners that their budgets cannot fulfil, and in states such as Hungary even the promises remain woefully insufficient. There are many ways in which Britain and British trade can and should help, but closer integration, and particularly monetary union, would cost this country's pension system more than it can afford.

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The Extension of Qualified Majority Voting in the European Constitution

by Matthew Glanville

The debate about the European Constitution has so far focused on issues of principle, supremacy of European law, interpretation of the Charter of fundamental rights and national control over foreign policy and the like. The debate has focused on the interpretation of specific articles rather than an appreciation of the whole text. It is only through a careful examination of every article of the 300-odd pages of the Constitution that the true scale of the loss of national sovereignty becomes apparent. The UK is set to loose its veto and therefore ultimate control over more than 50 areas. Some are more important than others but to claim that the whole thing is a 'tidying up exercise' as Peter Hain so fatuously did is disingenuous. Qualified majority voting (QMV) will be introduced in 58 articles and sub-paragraphs.

The scale of the changes contained within the European Constitution can be seen from comparison with the infamous Maastricht treaty where only 30 articles were either moved to, or introduced with QMV. As ever with the European Union the pace of integration has only increased; taken together the treaties of Amsterdam and Nice led to 70 articles being subject to QMV. Within the European Constitution the process will speed up considerably co-decision is to become the norm. It is to renamed 'ordinary legislative procedure' which will mean that QMV becomes the assumed decision making process within the new Europe.

The table below lists all those articles that are either moved from unanimity to QMV or are introduced for the first time with QMV.

This entire article is based on the author's own research and can be quoted provided it is attributed.

Qualified Majority Voting within the European Constitution (with European Laws, Framework Laws, European decisions or special procedures)

		Procedure in the Present Treaties
	PART I	
1	I-21(1): The European Council will elect its President *'by qualified majority'*.	Entirely new article.
2	I-23(4): The European Council *'by a qualified majority shall establish'* the list of Council configurations other than Foreign Affairs Council.	Entirely new article.
3	I-23(6): The European Council *'shall act by a qualified majority'* to set conditions for the rotation of the Council Presidency	Article 203, European Council acting unanimously.
4	I-27: The European Council will act by qualified majority to appoint the Union Minister for Foreign Affairs.	Entirely new article.
5	I-36.3: *'European laws'* (QMV) will set the conditions *'for control by Member States of the Commission's exercise of implementing powers.'*	202 TEC[1]: unanimity with European Parliament opinion (EP).
6	I-41: *'European laws'* (QMV) shall be used to approximate national laws in Part III to achieve an area of freedom, security and justice.	TEU[2] Preamble and Article 2 contained aspirations only to create an area of *'freedom, security and justice'*.
7	I-46(4): *'European law'* (QMV) to determine the procedure for citizens' initiative inviting the Commission to legislate, includes setting the minimum number of Member States required.	Entirely new article.
8	I-52 (3) and (4): *'European laws* (QMV)*'* shall be used to authorise the annual budget expenditure under Article III-318.	Article 279 TEC: unanimity and opinion of EP until 2007.
9	I-53.4 *'A European law* (QMV) *of the Council shall lay down implementing measures of the Union's own resources'*.	Article 279 TEC: unanimity and opinion of EP until 2007.
10	I-59(2): QMV will apply to the conclusion of agreements with Member States wishing to withdraw from the Union, with the consent of the European Parliament (EP).	Entirely new article.
	PART III	
11	III-6: European laws (QMV) shall define the principles and conditions of *"services of general economic interest"* that promote *"social and economic cohesion"*.	16 TEC: general statement on making sure that such services operate within the requirements of the Treaty.

12 III-11: *"European laws"* (QMV) to secure diplomatic and consular protection measures, with EP consultation.	20 TEC: cooperation among Member States
13 III-21(1): *"European laws" (QMV)* shall establish measures necessary to establish the freedom of movement for migrant workers. The social security provisions (2) contain a referral clause: if a Member State thinks its own social security system would be affected, QMV is suspended and matter referred to European Council, which may refer the draft back to the Council or ask the Commission to submit a new proposal.	42 TEC: unanimity.
14 III-26 European framework laws (QMV) shall make it easier for persons *"to pursue activities as self-employed persons"*. The requirement for unanimity over training and *"conditions of access"* has been dropped.	47 TEC: QMV, but unanimity regarding *"training and conditions of access"*.
15 III-46(2): *"European laws"* (QMV) shall enact measures on the "*movement of capital to and from third countries involving direct investment, establishment, provision of financial services or admission of securities to capital markets*."	57.2 TEC: QMV, but unanimity regarding measures *"which constitute a step back in Community law as regards the liberalisation of the movement of capital to or from third countries".*
16 III-68: *"European laws" (QMV)* shall establish measures for the authorisation, coordination and supervision of arrangements necessary *"to provide uniform intellectual-property rights protection throughout the Union"*.	Entirely new article.
17 III-79 (3a): *"European laws" (QMV)* may amend the following articles of the Statue on the European System of Central Banks: 5(1), (2), (3) 17, 18, 19(1), 22, 23, 24, 26, 32(2)(3)(6), 33(1a), (36).	107.5 TEC: these articles may be amended by QMV following an initiative by the Council but by unanimity on a proposal from the Commission.
18 III-83:*"European law"* (QMV) to lay down the measures necessary *"for use of the euro as the single currency of the Member States"*.	Entirely new article.
19 III-90: Majority voting within the Council for *"matters of particular interest for economic and monetary union"*.	Entirely new article.
20 III-119(1)*"European laws* (QMV) *shall define the tasks, priorities and organisations of the Structural Funds.*"	161 TEC: unanimity; QMV after January 2007 if a new multiannual financial perspective has been adopted by then.
21 III-119(1) A Cohesion Fund set up by European law (QMV) shall offer to part finance trans-European transport networks.	161 TEC: unanimity; QMV after January 2007 if multiannual financial perspective adopted by then.
22 III-133/4: European Laws (QMV) apply across all measures concerned with *"a common transport policy"*. However measures must *"take into account effects on standard of living"* which is a weakening of the position within TEC.	Articles 70,71 TEC: QMV but unanimity for situations with *"a serious effect on standard of living and on employment"*.
23 III-145: *"European laws or Framework laws* (QMV)*"*establishing guidelines and measures for Trans-European Networks (TENs).	155 TEC: Coordination among Member States.
24 III-155: *"European laws or framework laws* (QMV)*"* shall establish measures for drawing up a European space policy.	Entirely new article.
25 III-157: *"European laws or framework laws* (QMV)*"* shall cover energy measures, except if primarily of a fiscal nature.	Entirely new article.
26 III-161: *"European regulations or decisions* (QMV)*"* controlling the arrangements for regular evaluation of the implementation by Member States of Union policies in the area of *"Freedom, Security and Justice"*.	Entirely new article.
27 III-166.2: *"European Laws or framework laws* (QMV)*"* to establish measures on common visa policy, short-stay residence permits, border controls, freedom of third country nationals to travel in the Union for short period; gradual establishment of integrated external border management; absence of internal border controls.	62 TEC: unanimity for 5-year transitional period under Article 67 (TEC). This expired in May 2004. Post May the Council acting unanimously may decide which areas should be moved to QMV (with co-decision). However the UK retains its protocol which secures the opt out from these articles, although the government is opting in on a case by case basis.

28 III-167: *"European laws and framework laws* (QMV)*"* to lay down measures on: uniform status of asylum for third country nationals, uniform status of subsidiary protection for third country nationals, common system of temporary protection for displaced persons in the event of a massive inflow; common procedures for granting/withdrawing uniform asylum/subsidiary protection; standards for conditions for reception of asylum applicants; cooperation with third countries to manage inflows.	63(1) and (2), 64(2) TEC: As above Article 67 (TEC) applies meaning that the Council may decide by unanimity to move specific areas to QMV. However the UK retains its protocol which secures the opt out from these articles, although the government is opting in on a case by case basis.
29 III-168(2): *"European laws and framework laws* (QMV)*"* to establish measures on: conditions of entry/residence, standards for long-term visas/permits, including for family reunion; definition of rights of third country nationals living legally in Union; illegal immigration and residence in Union, including removal and repatriation; combating person trafficking, especially women and children.	63(1) and (2), 64(2) TEC: unanimity for 5-year transition period again governed by article 67 (TEC) allowing the Council to move areas via unanimity to QMV. However the UK retains its protocol which secures the opt out from these articles, although the government is opting in on a case by case basis.
30 III-168(4): *"European laws* (QMV) *or framework laws may establish measures"* to provide incentive and support measures to promote integration of legal third country nationals, excluding harmonisation.	63(1) and (2), 64(2) TEC: unanimity for 5-year transition period under Article 67 (expired May 2004). The UK retains its protocol which secures the opt out from these articles, although the government is opting in on a case by case basis.
31 III-170: *"European laws or framework laws* (QMV) *shall lay down … measures for the approximation of the laws and regulations of the Member States."* The list of specific measures has been expanded to include the mutual recognition and enforcement of judgments, a *"high level of access to justice"*, alternative methods of dispute settlement and the training of judicial staff.	65,66 and 67 TEC: QMV but for a smaller list of specific measures (65).
32 III-171: *"European laws* (QMV) *shall establish measures"* to further judicial cooperation in criminal matters, except other aspects of criminal procedure identified by a European decision.	31(1) TEU Cooperation through the Council.
33 III-172: *"European laws* (QMV) *may establish minimum rules concerning the definition of criminal offences and sanctions in the areas of particularly serious crime with a cross-border dimension*". Also (2) European laws may set minimum rules regarding the definition of criminal offences and sanctions in areas which *"have been subject to harmonisation measures"*.	Entirely new article.
34 III-173: *"European laws* (QMV)*"* to promote and support *"the action of Member States in the field of crime prevention"*.	Entirely new article.
35 III-174(2): *"European laws* (QMV) *shall determine Eurojust"s structure, operation, field of action and tasks."* European laws will also cover the arrangements for the scrutiny of Eurojust by the EP and national Parliaments.	31(2) TEU: Council to encourage cooperation.
36 III-176(2): European laws (QMV) to *"establish police cooperation"* Though measures concerning the collection, storage, processing, analysis and exchange of information; staff training and exchange, equipment research; common investigative techniques, Unanimity (3) retained for operational cooperation between authorities.	30(1) TEU: cooperation among Member States but with limitations laid down by Council for operations in another Member State (32).
37 III-177: *"European laws* (QMV) *shall determine Eurojust"s structure, operation, field of action and tasks."* European laws will also cover the arrangements for the scrutiny of Eurojust by the EP and national Parliaments. This article contains very similar wording to article III-174.	30(2) TEU: Unanimity.
38 III-181: *"European framework laws* (QMV) *shall establish incentive actions"* to encourage cooperation between Member States in cultural matters, conservation of cultural heritage, exchanges, artistic and literary creation.	151 TEC: co-decision with unanimity.
39 III-181a: measures in tourism to complement Member State action (excluding harmonisation).	Entirely new article.
40 III-182: *"developing the European dimension in Sport"* has been added to the list of areas subject to QMV.	149 TEC: *"Sport"* was not previously part of the aims listed under the chapter on *"Education, Youth, Sport and Vocational Training"*.

41 III-184: "*European laws* (QMV) *shall establish measures necessary*" to encourage cooperation in civil protection, to protect against man-made and natural disasters.	Entirely new article.
42 III-185: "*European laws*" (QMV) to help Member States to implement Union law.	Entirely new article.
43 III-201(2.b) QMV will apply "*when adopting European decisions defining a Union action or position on the basis of a European decision of the European Council relating to the Union"s strategic interests and objectives*".	TEU 23.2 Does not contain any reference to decisions concerning the Union's strategic interests and objectives.
44 III-212: Council decision subject to QMV to decide the agency"s *"statute, seat and operational rules*".	Entirely new article.
45 III-213(2): Council decision to establish permanent structured cooperation within the Common Security and Defence Policy. The Council will decide (QMV) the list of participating Member States after consulting the Union Minister of Foreign Affairs. III-213(3): Council decision (QMV) to allow the participation of Member States within permanent structured cooperation. III-213(4): The Council may decide (QMV) to suspend a Member State from structured cooperation.	Entirely new article.
46 III-217.2: *"European laws or framework laws shall establish the measures required to implement the common commercial policy"*.	III-217.1: intellectual policy and foreign direct investment are included in the provisions of the common commercial policy for the first time. They are therefore subject to European laws for the first time. Unanimity was required for agreements concerning intellectual property (133.7). Foreign direct investment was not part of the Common Commercial Policy.
47 III-221: measures to implement economic, financial and technical cooperation, especially aid, with third countries other than developing countries.	181a TEC: QMV; but unanimity for association and accession agreements
48 III-222: Emergency Aid to third countries.	Entirely new article.
49 III-223.3: "*European laws* (QMV)*"* over measures defining framework in which Union"s humanitarian operations are implemented.	Entirely new article.
50 III-231: *"European decision* (QMV)*"* governing implementation of the Union"s *"solidarity clause*" referred to in Article I-42.	Entirely new article.
51 III-262: "*European Decision* (QMV)*"* establishing the panel who select Judges to the ECJ.	Entirely new article.
52 III-264: establish specialised Court attached to High Court (Former CFI); rules on organisation and jurisdiction of Court.	225a TEC: unanimity.
53 III-268: *"European laws*" (QMV) may give the ECJ unlimited jurisdiction regarding penalties.	229 TEC: EP and Council to adopt under Treaty provisions.
54 III-269: *"A European law* (QMV) *may confer on the Court of Justice … jurisdiction in disputes relating to the application of acts adopted on the basis of the Constitution which create European intellectual property rights.*"	229a: the Council acting unanimously may decide to grant the ECJ jurisdiction over disputes concerning Community rights over industrial property legislation. Intellectual Property is not mentioned at all.
55 III-289: "*European laws* (QMV)*"* amending ECJ Statute, except title 1 and Article 64.	245 TEC: unanimity.
56 III-289a and (2)b: European Council "*acting by a qualified majority*" to appoint executive board of ECB and President, Vice-President, and executive board.	112, 113 TEC: common accord of heads of state or government.
57 III-304: "*European laws* (QMV)*"* to establish provisions necessary for an open, efficient, independent European administration. This includes conditions of Employment for Community staff.	Entirely new article.
PART IV	
58 IV-7a: The movement from unanimous voting to QMV in any part of part III of the Constitution may take place following a unanimous vote within the Council.	Entirely new article..

Matthew Glanville is an independent European researcher and works for the European Research Group, whose Chairman, David Heatcoat-Amory, is a member of the European Foundation's Advisory Board.

1 Treaty establishing the European Community, 1957.

2 Treaty establishing the European Union, 1992.

The New EU Commission

Jose Manuel Barroso	President of the EU Commission	Portugal
Margot Wallstrom	Vice President, Institutional Relations and Communications Strategy	Sweden
Gunter Verheugen	Vice President, Enterprise and Industry	Germany
Jacques Barrot	Vice President, Transport	France
Siim Kallas	Vice President, Administrative Affairs, Audit and Anti-fraud	Estonia
Rocco Buttiglione	Vice President, Justice, Freedom and Security	Italy
Viviane Reding	Information Society and Media	Luxembourg
Stavros Dimas	Environment	Greece
Joaquin Almunia	Economic and Monetary Affairs	Spain
Danuta Hubner	Regional Policy	Poland
Joe Borg	Fisheries and Maritime Affairs	Malta
Dalia Grybauskaite	Financial Programming and Budget	Lithuania
Janez Potocnik	Science and Research	Slovenia
Jan Figel	Education, Training, Culture and Multilingualism	Slovakia
Markos Kyprianou	Health and Consumers Protection	Cyprus
Olli Rehn	Enlargement	Finland
Louis Michel	Development and Humanitarian Aid	Belgium
Laszlo Kovacs	Energy	Hungary
Neelie Kroes-Smit	Competition	Netherlands
Marian Fischer Boel	Agriculture and Rural Development	Denmark
Benita Ferrero-Waldner	External Relations and European Neighbourhood Policy	Austria
Charlie McCreevy	Internal Market and Services	Ireland
Vladimir Spidla	Employment, Social Affairs and Equal Opportunities	Czech Republic
Peter Mandelson	Trade	UK
Ingrida Udre	Taxation and Customs Union	Latvia

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LETTERS TO THE EDITOR

From Mr Julian Williams
Beating Mandelson at his own Game

Dear Sir,

Annunziata Rees-Mogg is right: Beware Mr Mandelson, he is a dangerous adversary skilled in subverting the way arguments are presented through the media.

Persons who write persuasive arguments for your journal about democracy, liberal values and why they fear the EU, are by their nature unlikely to enjoy pandering to the media. This high-minded attitude has allowed the likes of Mandelson free reign to swamp the intellectual debate with dumbed down phrases, or worse, abusive labels. A crude tactic used in a very subtle way with great effect; for instance we have accepted to be labeled 'Euro-sceptics' which is a negative word and agreed politely to call EU-zealots a positive word; 'pro-Europeans' or 'Europhiles'.

The opponents of the EU have a long history of being outflanked by this sort of tactic; an example is the general public's widely held belief that to oppose the EU is to be 'right wing'. In my view totalitarian tendencies exhibited by the EU establishment may be called right wing, whilst those who oppose their undemocratic centralised ways are defending liberal values. But Mandelson has trained the media a mantra; *"EUphiles are liberals, Eurosceptics are rightwingers."*

I do not undervalue the wonderfully incisive arguments I read in your journals, I read it from end to end, however it must be understood it is not enough to rehearse your arguments on paper. Kenneth Clarke was not being glib when he told us he did not need to read the Maastrict Treaty; he was telling us he has a gut feeling about the EU being the right way forward. Most people have a lot of sympathy for Kenneth Clarke's way of making decisions, and very little feeling for dry analytical tomes.

To beat Mandelson we must translate our knowledge of the failings of the EU into language that can be understood by a bored media and disinterested public. There is a notable success of this happening; the use of the phrase 'one size fits all'. This small phrase was packed with intellectual meaning and became widely adopted, it has since crippled the argument for entering the Euro far more successfully than the banal phrase we chose as our banner; 'Save the pound'; This was an own goal since it allowed Mr Mandelson's spin doctors to reinforce their message: The people opposing the Euro are jingoistic (IE narrow minded Right-wingers).

Mandelson arguments rest on hot air, not intellect. To beat him we have to help the media see Mandelson as all hot air and no common sense.

Yours sincerely,
Julian Williams

From Mr Richard Beddall

Dear Madam,

I refer to your leading article in July's *European Journal* 'Mutually Assured Destruction' by Solon, whose analysis of the recent EU elections was so correct. The result was a disaster for the Conservatives. It is quite clear there is a growing number of Conservatives who will not support the party's EU policy. The party's leaders have not only learnt nothing from this, they continue to sneer at those who voted for UKIP – this only infuriates them more.

Michael Howard has stated clearly that there are no circumstances under which he would leave the EU. The majority of Conservatives don't agree with him. This is the main reason the party has lost support since the EU elections and so many are deserting to UKIP. With his deceitful EU policy he is asking Conservatives to choose between their party and their country.

The continued rise of UKIP has made it impossible for the Conservatives to win a General Election as long as they remain committed to EU membership. Opinion polls say people are increasingly hostile to the EU. For the Conservatives to ignore this is not an option.

The danger for the Conservative party at the next General Election is a repeat of June 10th where more than 10% of Conservatives voted for UKIP – if this happens the party faces a wipe out. At the General Election what will be different is UKIP will have a range of policies, have plenty of money and a lot of determined people.

As a lifelong Conservative I hate to say it, Michael Howard is leading the party to disaster and so far, like lemmings, Conservative MPs are following him.

Yours sincerely,
Richard H. Beddall
Maer, Newcastle, Staffs.

… news in brief

Row Over Competition Commissar

On 12 August 2004, when the new commission president appointed the Dutch woman Neelie Kroes as Competition Commissar, he said that one of the reasons for her appointment was that *"she knows the private sector well and has good insider information."* Four weeks later and it seems that her insider information is going to be a problem, not an asset. The legal service of the European Commission has issued a legal opinion on the conflicts of interest which could arise from Kroes' previous membership of various boards of directors, including Volvo, the mobile phone company MMO2 and the French arms manufacturer Thales. Although Kroes has resigned her directorships and sold her shares in these companies, the commission's legal service has said that she will have to take decisions in conjunction with another commissar when it comes to making rulings on companies of which she has been a director. This is not the first time that Competition Commissars have had conflicts of interest: her predecessor Karel van Miert refused once to rule on the Belgian airline Sabena because his son was a pilot for it. Mario Monti had been a director of Fiat, IBM, the insurance company Generali and of Banca Commerciale Italiana. He was also a consultant for Banque Paribas, Nippon Telegraph and Bank Austria. Kroes argues that none of this affected Monti's authority, and that he was in fact known for his extreme scrupulousness in avoiding conflicts of interest: he once tried to prevent his son from studying at the university of which he was rector. But pressure is growing on Kroes. At the end of the month the commissars will have to appear before the European Parliament. Some MEPs are saying they are going to ask tough questions. Others say that hostility to Kroes derives mainly from the fact that she is known as a lover of privatisation, and that the attacks on her are therefore simply party political. [*Frankfurter Allgemeine Zeitung*, 17 September 2004]

FACTS

by Saphira Kürschner

1 No more long hours in the office

The European Commission is to discuss changes to the EU's Working Time Directive; including plans to cut the UK's opt out from the 48-hour maximum working week.

Business leaders in the UK have already criticised the move, saying that it will increase bureaucracy and reduce output. Trade unions are also against the proposals but because they do not believe the moves go far enough. The TUC claim to have seen a draft copy of the plan and say that the Commission is considering increasing the calculation period for average working hours from a four-month period to annually. However, they also say it is mulling over whether to give unions the power to agree collective opt-outs. Individuals would be allowed to opt out individually but even so would not be allowed to work more than 65 hours in any one week and would have to renew their opt-out every year. Employers would not be allowed to ask employees to opt out before they begin working nor during any probationary periods.

The British Government has already complained that the current legislation is costing British businesses billions of pounds every year, a sentiment that is echoed by employers groups such as the CBI.

BBC News, 22 September 2004

2 To and from Russia with love

The European Union Trade Commissioner-designate, Peter Mandelson, will push for agreements to open up commerce between the EU and individual governments in Latin America and Asia, including China and Russia. Mandelson said that his first priority is to complete a global accord through the World Trade Organisation. According to the World Bank such a pact would be worth as much as $500billion to the world economy by 2015.

The Moscow Times, 21 September 2004

3 Equality is bad for women…

Young women drivers could lose out under European plans to outlaw sex discrimination in the insurance industry according to a House of Lords committee. This group were identified as the most obvious losers from a proposal that could have far-reaching consequences for almost all adults in Britain. According to evidence submitted to the committee and average 17-year-old male would pay £3,944 for motor insurance, whilst a girl the same age would pay only £2,488. The House of Lords said that *"Men tended to drive faster, commit more driving violations, were more inclined to take drink or illegal drugs while driving and were more willing than women to drive for longer periods without a break.*" The Government broadly supports the draft directive, which will be debated at an employment council meeting in Brussels next month.

The Telegraph, 22 September 2004

4 … And it could make their lives more dangerous

Women will no longer be able to advertise for same-sex flatmates under new EU equality laws. The European Commission's directive on anti-discrimination will make it an offence for home-owners to stipulate whether they want men or women in their houses. Critics fear it will spark a shortage of accommodation if widows, divorcees and single women drop plans to take in lodgers. There are also claims that hostels for battered women will be forced to take in men as well as women. The House of Lords EU Committee warned that the laws were unworkable and demanded exemptions for women's refuges and people letting rooms.

The Sun, 23 September 2004

5 Trichet urges governments to obey the Stability Pact

European Central Bank President, Jean-Claude Trichet, said that a loosening of Europe's budget deficit rules would undermine the euro and called on eurozone governments to tighten their belts during periods of economic growth. With France and Germany – the clash between central bankers and political leaders is a test for the almost six-year-old euro, a currency that was intended to turn Europe into an economic superpower that rivals the US.

Bloomberg.com, 22 September 2004

6 Polish fight old-EU prejudices

Many old EU members are afraid that Polish companies might pose a danger to their home-grown entrepreneurs and in an effort to save their own markets, France, Germany, Italy, Austria and the Netherlands are demanding that Polish companies first apply for permission before they offer services in the old member's national markets. This is in contradiction to European law. Political and diplomatic efforts have been made by the Poles to ease the situation but to no avail. This has caused Polish companies to take matters into their own hands and have appealed to the European Commission. Brussels' decision will set a precedent for the new member states.

Warsaw Business Journal, 22 September 2004

7 Yet more EU fraud

Auditors yesterday said member states owed EU coffers some €2.3bn (£1.5bn) in misused agricultural aid. *"Recovery of reported irregular payments is disappointingly incomplete and slow,*" said David Bostock, a British member of the court, which operates as the EU's financial watchdog. The worst offender was Italy, which has yet to pay back up to €1.6bn in misspent EU farm handouts given between 1971 and 2002, the European court of auditors said. The auditors said EU governments and the executive commission had to do more to recover the funds. Of the missing money, only 17% has been recovered, or accounted for and written off, the report said.

The Guardian, 22 September 2004

Saphira Kürschner is studying International Relations at St Andrews University and is currently working as a research assistant at the European Foundation.

BOOK REVIEW

The Making of EU Foreign Policy:

The Case of Eastern Europe, 2nd Edition

By Karen E. Smith, Palgrave MacMillan, 2004, ISBN 1-4039-1718-3, 293 pp., £17.99.

Reviewed by Robert Oulds

Karen Smith is a senior lecturer in the Department of International Relations at the LSE. It gets worse. Alarmingly, she has also been a Jean Monnet Fellow at the European University Institute in Florence, Italy. However, she has penned a reasonable and informative work full of useful tit-bits of information.

The author argues that there has been a common EU foreign policy towards the states of Eastern, or Central, as they prefer to be known, Europe. She comes to the conclusion that *"[t]he object of the EU's policy is to support the transformation of Eastern Europe and thus ensure security and stability. The most important instrument that the EU has used to reach this objective has been the prospect of enlargement"*. A touch of viewing the policies of the EU through rose tinted spectacles is in evidence here, especially as this contrasts with her comments that show that much of the EU's policy towards Eastern/Central Europe was characterised by protectionism, emanating in particular from France and Southern Europe. Furthermore, no attention whatsoever has been given to the fact that the enlargement deal was grossly unfair. The states of New Europe only receive a quarter of the structural funds and agricultural grants to which the other member states are entitled.

Smith does pay heed to the widening of the EU versus the deepening of the EU debate. Her evidence clearly shows that those policies are not mutually exclusive, in fact far from it. Widening, that is enlargement, has led to further centralisation – or reform, as she calls it – and that is the exact opposite of what British proponents of enlargement had hoped for.

This highly technical book successfully charts the power politics at play in the EU's involvement in Eastern Europe. The EU's interference in Romania and Slovakia is shown. However, the author has failed to include the great efforts the EU made to ensure that the centre-right and formerly Eurosceptic Fidész Party would lose the 2002 Hungarian elections. But her coverage of the role of the numerous international actors at play, from NATO to EFTA, and from the USA to the USSR, more than makes up for the odd omission.

Interesting facts are also uncovered such as France's initial coolness to enlargement because they feared that it would lead to too much German influence in the East. And we thought the EU was all happy families. Another set of interesting facts mentioned is the EU's attempts to undermine Soviet/Russian influence in Eastern Europe. In fact the picture that Smith paints is a world of international power politics where the cunning of the EU is equal to that of Bismarck.

Questions are accidentally raised as to why enlargement took so long and it is clear that the European Union failed to come to the aid of Eastern Europe when it was first in a position to help after the fall of communism. These become stark questions when one considers that East Germany was quickly absorbed into the European Union but its neighbours had to wait a further fourteen years. Furthermore, Smith's acceptance and regurgitation of the official EU line and unwillingness to make judgements means that these questions are never satisfactorily answered.

Smith blindly accepts the EU's explanation that enlargement could not take place until democratic and economic reforms had taken place in Eastern Europe. Yet she never thought to consider that many states in the New Europe were already far more economically liberal and democratic than, for instance, France. Perhaps a better explanation as to why enlargement took so long is that the EU's federalists wanted to skew the *acquis communitaire* to favour their economies and set the rules of the game in their favour knowing that the EU, as an aggressive trade partner, left Eastern Europe with little choice but to accept the unfavourable terms on offer.

I commend this book as a comprehensive, but somewhat sycophantic, piece of historical research. However, it lacks insight. There is no analysis of the impact of the EU Constitution and there is little discussion on the long-term impact of enlargement on the future foreign policy of the EU, which now includes the Atlanticist states of New Europe. Karen E. Smith only states that *"The EU member states tend to take 'Europeanist' or 'Atlanticist' stances, so enlargement will not create new divisions, but it could possibly exacerbate them … divisions within the EU over relations with the US will deepen after enlargement"*.

The Making of EU Foreign Policy also reads like a glorified PhD thesis, which is what it actually is.

Cllr Robert Oulds is the Director of the Bruges Group and co-author of Federalist Thought Control: The Brussels Propaganda Machine *published by the Bruges Group.*

… news in brief

Fischer Says Good Chance For German Un Seat

The German Foreign Minister, Joschka Fischer, has said that he thinks the chances are good that Germany get a permanent seat on the UN Security Council. *"If the Security Council is enlarged,"* he said, *"we will be in it."* He was speaking on the margins of the meeting of the UN general assembly in New York. He added that if the Security Council was not enlarged, then world crises would be very difficult to manage. He said that the Iraq war had shown that only the UN had the legitimacy to deal with world crises. Fischer added that he was not saying that the reform of the UN had to be *"now or never"*: if there were no reform next year, it would come anyway, sooner or later, under the pressure of crises. Speaking in the debate on Kosovo, Fischer also said that the province had to be judged democratic before its final status could be decided. Fischer said that the key points were minority rights – pretty rich, considering that the minorities there have been destroyed by successive waves of ethnic cleansing, conducted by Albanians against Serbs and gypsies – and the creation of effective administrative structures. He said that the key thing was for the Serbs to take part in the parliamentary elections on 23rd October. [*Handelsblat*t, 21 September 2004]

BRATISLAVA

by Rob Foulkes



Dominating the junction of the rivers Danube and Morava on the borders of Austria and Hungary, the Slovakian capital's geographical and historical prominence warrants exploration in any visit to Central Europe. Bratislava has seen its share of Europe's defining moments and Slovakia's accession into the EU this year is only the latest in a history of peaceful and violent shifts of sovereignty.

The Hungarian Magyars ruled present-day Slovakia from the 11th-14th centuries, with the regional capital at Nitra, 45 miles east of Bratislava. Bratislava served as a base for the Christians in the Third Crusade to the Holy Land in the 12th century, and became Hungary's capital when the Austrian Hapsburgs took control in 1526. St Martin's Cathedral, in which nineteen Hapsburg sovereigns were crowned between 1526 and 1830, remains one of the city's architectural highlights. Bratislava's two formidable castles served as a shield for Europe, and especially for nearby Vienna, against the attacks of the Ottoman Empire and two centuries of almost ceaseless war devastated the land and the population.

Hapsburg rule met with increasing resistance, especially in the formerly Hungarian provinces, and Bratislava was the focus of repeated anti-Hapsburg uprisings. Life improved little for the people of Bratislava under the Austro–Hungarian Empire which replaced the Hapsburgs in 1867, until a popular national movement at the start of the twentieth century allied the oppressed Slovaks with their Czech neighbours, resulting in 1918 in the independence of the republic of Czechoslovakia under the Treaty of Versailles. Many in Bratislava resented Prague's rule of the new republic and sought to establish themselves as an independent city named 'Wilsonovo mesto' after the lionised US president, but the Czechoslovak army secured the town's loyalty in 1919. Slovakia separated from the Czechs again in 1938, and Bratislava regained its capital status, but not as the 1918 dissidents would have wished.

The first Republic of Czechoslovakia was dissolved at Munich by the infamous Agreement (or diktat, as the Czechs call it) of 1938, in which the Western powers betrayed their alliances with Czechoslovakia by ceding the Czech Sudetenland to Hitler. Under pressure from the Nazi armies on his borders, Slovakian leader Jozef Tiso agreed to become 'independent' under German 'protection'. Whether Tiso was willingly complicit in the subsequent persecution of Slovakian Jews, or was merely powerless to resist, remains a deeply contraversial debate. Either way, when the Soviet army liberated the country in 1945, Tiso was executed for treason.

Czechoslovakia reformed in 1946 and with the Communist Party's seizure of power in 1948 Bratislava fell under strict Soviet control, compounded in 1968 by a full Soviet invasion in response to Slovak dissension. Bratislava had suffered heavy bombing by the Allies during the Nazi occupation of 1944-5 and, as in many Central and Eastern European cities under Soviet rule, the era was accompanied by a large construction project. Bratislava's medieval centre was surrounded by a vast complex of panelaks, the concrete tower blocks typical of communist housing projects, while most of the ancient Jewish quarter was destroyed to make way for a new bridge over the Danube. Bratislava Castle was slowly restored to serve as the headquarters of the Slovak National Council when Bratislava was made capital of the Slovak Socialist Republic within Czechoslovakia in 1969. The fall of communism was hastened in Czechoslovakia by the dramatic but peaceful 'Velvet Revolution' of November 1989, with large demonstrations at Bratislava's SNP Square, and Czechoslovakia peacefully split three years later.

Independent Slovakia has spent the past decade developing its industry and tourist appeal, and Bratislava is now, after Prague, the most prosperous region in Central and Eastern Europe with a GDP of 98% of the pre-expansion EU average. Politically, the Slovak Government at Bratislava has successfully pushed for integration in Europe, joining NATO in March 2004, in addition to its accession to the EU in May. Industry has also picked up in Bratislava over the past decade, deriving in large part from a major Volkwagen factory established in 1991. Despite the demolition of large parts of the city in World War II and in the Soviet years, most of the Baroque Hapsburg architecture was left and has since been carefully restored to its past elegance.

The city houses Slovakia's main universities, and the compact old centre has a lively atmosphere without the crowds of nearby Prague, giving the city a youthful and vibrant feel. The past decade has seen Bratislava for the first time become a truly independent capital city, and it is slowly coming to look like one.

GETTING THERE

Air
Bratislava has its own airport and is easily reached from Vienna International Airport.
British Airways: www.ba.com, tel. 0870 8509850
Lufthansa: www.lufthansa.com, tel. 0870 8377747
Czech Airlines: www.csa.cz/en, tel. 00420 239 007 007
Boat
An attractive approach can be made along the Danube from Vienna or Budapest.
Slovak Navigations and Ports, Ltd: e-mail: passenger@spap.sk, tel. 00421 2 5292 2280
Train
The city is connected to many central European cities, with Vienna less than an hour away.
Slovak Railways: www.zsr.sk/english

ACCOMMODATION

Hotel Marrol's ****
The brand new Hotel Marrol's is situated in the heart of the historic centre of Bratislava, close to the Danube, and boasts a luxurious retro style with state of the art high-speed wireless Internet access, air-con and underground parking. Double rooms from 6,700 SKK (£115).
Tobrucka 4, Bratislava, 81102, tel. 00420 257 744 600
Hotel Kamila ***
Situated in an eighteenth century hunting lodge in Cierna Voda, a village on Bratislava's outskirts, Castle Hotel Kamila provides beautiful views of the Low Carpathian Mountains and offers a range of outdoor activities and excellent dining. It is around 10 minutes from Bratislava itself. Highly recommended. Double rooms from 3,600 SKK (£61).
Cierna Voda 611, 900 25 Chorvatsky Grob , Bratislava, tel. 00421 245 943 611
Hotel Kyjev **
One of the largest hotels in Slovakia, the Kyjev was built under the Soviets and it shows, but the hotel is well-equipped and has double rooms from 2,600 SKK (£44) and suites from 3,900 SKK (£69).
Rajska 2 Bratislava 81448, tel. 00420 259 641 111

SIGHTS

St Martin's Cathedral
This thirteenth century church's greatest claim to fame is its status as the coronation cathedral of the Austrian Hapsburg monarchs, nineteen of whom were crowned here from 1526 to 1830. They are commemorated by a huge crown (large enough to hold a small car) on a golden pillow, which adorns the tower. The interior is a maze of detail with points of interest around every corner spanning the 14th to 18th centuries. The main altar was designed by the famous Austrian sculptor Georg Rafael Donner.
Bratislava and Devin Castles
First mentioned in 907 CE, Bratislava castle has always dominated the city's history and geography, providing wide views across the city, the Danube and the Low Carpathians. The building bears evidence of its age and constant rebuilding, with marks of prehistoric, medieval, Baroque and even Soviet influence. It has been used variously as a fortress, palace, museum and administrative building. Together with the nearby Devin Castle, whose ruins still overlook the confluence of the rivers Danube and Morava less than a mile from the city centre, it served for almost a millennium as the mainstay of the region's defences against a variety of Eastern invaders.

EATING

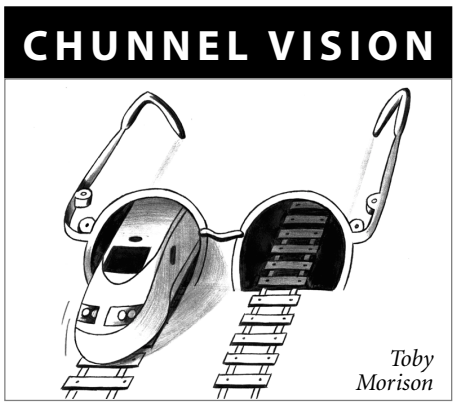
Slovaks are proud of their hearty national cuisine. Slovakia's national dish, *bryndzove halusky*, consists of heavy dumplings with a thick sauce of goat's cheese and often fried bacon (not for the faint-hearted, but generally cheap and always filling). The equal stodgy *pirohy* resemble ravioli, but are stuffed with a potato and onion mixture. Dishes also often feature spices sausages, derived from Hungarian influences, cabbage, soup and freshwater fish. Trout (*pstruh*) and *treska* – a sour fish salad – are popular options.

Slovakian drinks are no less fortifying: the ubiquitous Slovak local beers clock in at up to 12% abv, and are modelled vaguely on German-style pilsners, though dark beers are also brewed. Slovakia is working hard to promote its wine industry, which is well established and produces excellent Riesling among other varieties. A dedicated Wine Route leads through the Slovakian Low Carpathians, taking in many of the ancient vineyards and the villages that have sprung up around them. Slovaks also take perverse pleasure in braving the perils of locally distilled *borovicka* (gin) and *slivovica* (plum brandy).

GOING OUT

Slovak National Theatre
The SNT houses the country's national opera and ballet companies, while drama is put on at the nearby Small Stage Theatre. Slovak productions were an important element of the national revival against Austro-Hungarian rule after WWI, and they are still performed alongside work from the rest of Europe and beyond.
SNT Historical Building,
Hviezdoslavovo Square, nam. 1, tel: 00421 254 430 069
Slovak Philharmonic
Slovakia's Philharmonic choir and orchestra play at the beautiful neo-baroque Redoute building, and boast a packed programme and exceptional conductors and soloists. Attached to the orchestra are a number of smaller ensembles, including the internationally successful Moyzes string quartet.
Slovak Philharmonic, Palackého 2, Bratislava, 816 01, tel: 00421 254 433 351
Nightlife
Bratislava's bar and club scene is not yet fully developed, but the student population justifies an ever growing list of possibilities. Try the **Jazz Cafe** (Ventúrska 5, Starý mesto, tel: 00420 556 230 467) for live jazz on an intimate scale; **Charlie's Pub** (Spitálska 4, tel : 00421 252 925 139, open daily: 20:00-04:00 except Friday and Saturday: 18:00-06:00) for a more international crowd; or the floating restaurant/nightclub **Cirkus Barok** (frequent stops along the Danube from 8pm nightly). Alternatively, the old city centre houses a host of more local bars and pubs ripe for exploring.

Rob Foulkes is a research assistant at the European Foundation, having recently graduated in Social and Political Sciences from Cambridge University.



Rainbow Hues

by Dr Lee Rotherham

The US Presidential elections are reaching their climax, but here in the UK, thoughts are only slowly shifting towards the General Election, steadily creeping up like a Bolivian steamer.

Part of this process involves the selection of candidates. For UKIP, as press reports have already begun to indicate, this first raises the issue of whether to stand candidates at all.

The motor will inevitably push the affirmative. Most MPs and PPCs will not call for withdrawal from the European Union as part of their platform. Where some may be prepared to give a nudge and a wink, and others instead show themselves as the 'shakies and flakies' in a polling crisis, most will keep their lips clamped. Consequently, the natural impetus and exhilaration of running a campaign (along with delusions of victory, and the genuine conviction of fighting a noble and indeed desperate cause) will mean that the benefit of the doubt is ruthlessly held back. Stand the candidate, then! Pas de quartier!

Since these considerations will already be being pondered in some seats, perhaps it would be worth a moment's reflection on what Euroscepticism is, and what sort of Eurosceptic MPs we want.

Let's start with a definition. If we define 'Euroscepticism' as *"An assessment that government from Brussels is no substitute for national self-determination,"* already we run into difficulties. Is a person Eurosceptic if he believes that some of the old chestnuts, like pollution, can be 'pooled'? Well, perhaps – if there is a national veto, and if those agreements can be overturned by subsequent parliaments. After all, an international treaty is one form of such 'pooling' (to use that oily term) and we are quite happy with that form of consensual internationalism. However, the European Union of today is patently not the Community of thirty years ago. So the problem with defining who is a 'real' Eurosceptic for us 'purs et durs' is that the debate is being waged, not simply on different sides, but in different time zones.

Frankly, if an MP is incapable of tuning into the right wavelength for the debate in the first place, he can hardly be considered capable of rationally opposing further integration. But if a candidate is prepared to fight furiously against integration, yet doesn't canvass withdrawal tomorrow, is it in the national interest to oppose him?

It might help if we come up with a rainbow definition of our political characters so that we can see where they stand.

RED: A straightforward case this one. A red candidate openly disavows membership of the EU, and wants to withdraw as soon as possible. He probably sees the Single Market as a step too far (and if in Parliament, voted against it on democratic rather than Socialist lines).

ORANGE: Heavily critical of the EU, this pragmatic individual has campaigned to see a massive renegotiation of the treaties, as far too much power has been handed over already. This might include any of a number of issues. If the renegotiation fails, then by logical extension he or she would be (quietly) happy to withdraw and renegotiate from that position. He may believe that this stance offers more likelihood of achieving independence than outright calls for withdrawal, as it is less likely to scare the horses – and mobilise a Stay Put campaign to which it would be catastrophic to lose.

YELLOW: Occasionally critical of the EU, this candidate wants some powers restored from the EU. However, he may prove very wobbly during any tough negotiations (Harold Wilson in 1975).

GREEN: The Party has told him that there is not a problem. The Whips have promised him promotion. Already considering his Red Box and pension plan.

BLUE: A denialist. Actively pops up on telly to say that it's not at all as bad as all that, and he believes it. Sure, there are some issues but these can be settled by negotiation and by being reasonable. He attacks Eurosceptic 'myths' as a hobby and a challenging intellectual exercise.

INDIGO: Covertly (or incidentally) federalist. Probably the majority of continental politicians, and a reasonable chunk of New Labour, these individuals are prepared to barter freedoms for gain. QMV was designed for their employment. In many cases, unthinking of the long-term consequences of their decisions. Would clearly have difficulties when asked why 'his' policy is revealed to have, in fact, stemmed from a Commission initiative.

VIOLET: Openly federalist. Give this rare fellow credit: he stands up for what he believes in, and says what is happening, and what the objectives are. Unfortunately, too rare for his own good.

If I were a UKIP activist and I had one of these Rainbow Warriors in my sights, I would employ the French option on types Green to Violet without hesitation.

On reflection, we can take this further. To paraphrase the Governator, *"There is no room for Girlie Men in Euroscepticism."* Out with the wobblies. ACME Booby Hatch Yellows too: the gloopy sound of plummeting custard is quite satisfying.

One assumes that Red candidates, who want withdrawal in ten seconds flat, would not be opposed. Certainly, any decision to stand against such candidates in the election would dent their and UKIPs credibility, for what other reasons would impel a second withdrawalist candidate to stand?

Which leaves our final category of friends, in Orange. And brings us to the nub of our philosophical conundrum.

Is it enough that a candidate is known by Eurosceptics to privately favour withdrawal? Is it enough, that the message which he preaches if successful would so revolutionise the UK's position with respect to Brussels, that the chain, the ratchet, are broken? If his policy would de facto end Britain's untenable position in the EU, by shattering the federalist model and restoring our intergovernmental link, and our veto?

For some it will not be enough. We can cynically ask what happens when the negotiations fail, as many deem them predestined to do. But these candidates at least are pushing the herd, and fighting federalism every day of their working week. They are kneading the agenda; they are taking the first strides to the reckoning of our relationship with the EU. Perhaps they are the precursor of freedom.

I do not envy the debates in UKIP constituencies over the coming months. But I pray that activists will at least endeavour to find out what these candidates truly believe, and examine their track records with acuity. I do not believe in leprechauns, but perhaps at times a pot of gold will be found.

Dr Lee Rotherham is a committed Eurosceptic.

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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.

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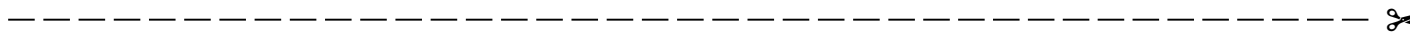
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