

I. The fall-out

Villepin suggests 'union with Germany'

The new French Prime Minister, Dominique de Villepin, has suggested the idea of "a union with Germany in certain defined areas" as a response to the crisis generated by the rejection of the European Constitution. He raised the idea during his inaugural address to the French National Assembly as the new Prime Minister. Villepin had originally mooted the idea in November 2003, when he was Foreign Minister, in a speech to a club in Paris called *En temps réel*. On that occasion, he had said, "If the Europe of twenty-five member states fails, what then remains for France? The initiative of a Franco-German rapprochement." He then said that the "Franco-German union" should concentrate on those areas in which there was no European or German federated state (*Land*) competence. He was thinking of things like defence and foreign policy, as well as research and social policy. He did not develop his ideas very greatly in this latest speech, but he did hint that President Chirac would soon come up with some initiative along these lines, probably when he meets Chancellor Schröder in Berlin on Friday. Villepin insisted that the French 'No' was not a rejection of Europe as such. "Our common ambition remains directed towards Europe," he said.

The true paucity of real ideas about what to do next was illustrated, however, when the old dinosaurs of the European construction in the European Parliament – people like the German Christian Democrat MEP Elmar Brok, for instance – suggested that the right response to the collapse of the Constitution was to convoke a new Convention, i.e. to repeat precisely the process which has just failed. Dany Cohn-Bendit, the German Green MEP, even said that the right solution was for the new European Convention to suggest introducing an EU-wide income tax. His view, and that of many others, is that Europe needs a more interventionist economic policy in order to win back people's support for it. There has also been a lot of talk about "listening to the people" and finding a "middle way" – in short, much the same *langue de bois* as before. The Commission President, José Manuel Barroso, even blamed the European governments themselves, saying that they were in the habit of blaming Brussels for everything. Was it any surprise, he asked, that voters then voted against the EU? [*Frankfurter Allgemeine Zeitung*, 8th January 2005]

Italian minister suggests abandoning euro

Voices have been raised in Italy suggesting that the euro be abolished and the lira reintroduced. This is partly a consequence of the Dutch and French referendum results, and also of the decision by the European Commission to give the green light to the opening of an excessive deficit procedure against Italy to punish it for its excessive deficit. Roberto Maroni, the Minister for Employment and a member of the Northern League, said that there should now be a referendum on reintroducing the lira. Naturally this gave rise to huge outrage among the European elite and other Italian politicians. Paolo Cento of the Green Party said that Maroni's suggestion was "mad and totally unrealistic" and that it would "lead directly to the dissolution of Europe" (a striking admission that the European project would indeed collapse if it were ever put to a popular vote.) The Economics Minister, Domenico Siniscalco, warned against "incomprehensible homesickness" (i.e. for the lira) at a time when inflation, debt and the deficit were being brought under control in Italy. Maroni gave no ground, though: in a subsequent interview, he said that Italy could rapidly become like Argentina if the country remained shackled to the euro. Roberto Calderoli, Minister for Reforms and also a member of the League, added fuel to the flames when he stuck up for Maroni and said that he blamed the President of Italy, Carlo Azeglio Ciampi, for having forced Italy into the euro at any price. Calderoli said, "The euro, which was supposed to solve all our problems, has itself become Problem Number One." Silvio Berlusconi, the Prime Minister, even telephoned the President's office to apologise for the remarks of his outspoken ministers, whose views, he said, were only their own and certainly not the Government's.

Finance Ministers from the eurozone countries, meeting in Brussels on 6 June, also dismissed Maroni's idea as "absurd". The Luxembourg Prime Minister, Jean-Claude Juncker, called Mr Maroni's remarks "stupid," and said that he was not prepared to waste time discussing them. The Dutch Finance Minister, Gerrit Zalm, said that Italy would pay dearly for any abandonment of the euro, in particular because interest rates would have to rise. The French Finance Minister, Thierry Breton, also delivered a rebuff to the Italian dissidents, saying that in difficult times it was important for everyone to remember how valuable the single currency is to their

economies. He reiterated his Government's commitment to the terms of the Stability Pact, in particular by saying that France remained determined to reduce borrowing. Because of the instability generated on the currency markets by the double rejection of the Constitution, Mr. Juncker said that it was all the more important for the EU now to agree on the budget for 2007-2013. [*Le Monde*, 7th June 2005]

Poles turn against European Constitution...

Support for the defunct European Constitution has slumped in Poland. In May, according to polls, 60 per cent of Poles supported the Constitution: now the figure is 40 per cent. 35 per cent of people are against it, while 25 per cent are undecided. The latest poll was published in *Gazeta Wyborcza*. Now President Kwasniewski has said that he thinks that the referendum, planned for October, may have to be delayed, especially if the EU summit later this month does not find a solution to the crisis provoked by the Constitution's double defeat. Members of the European Parliament, meanwhile, have been showing their disdain for democracy by insisting that the Treaty ratification go ahead in spite of the results in France and the Netherlands. The Chairman of the Christian Democrat group, Hans-Gert Pöttering, said that the two countries in which the referendum had been rejected could not be allowed to decide the future for all twenty-five Member States. Martin Schulz, the leader of the Social Democrats, agreed, saying, "There is no golden goal rule, according to which if someone scores one goal, the game is over". The Commission President, José Manuel Barroso, agreed, saying that one could not ignore the ratification in ten other countries and prevent the thirteen countries who have not yet voted from expressing their opinion. [*Handelsblatt*, 8th June 2005]

...and so do Turks

Turks have understood that the rejection of the Constitution in the Dutch and French referendums was in part a rejection of their own accession to the EU. Turkish commentators have written that the prospect of Turkish membership was the key argument, which won the day for the 'No' campaigns. Others have said that the results mean that Turkey must undertake a radical reform of its national strategy following the results. The argument is that Turkey's strategy has been based on winning the support of certain key European politicians, but that it was now clear that the support of ordinary Europeans was essential instead. Many commentators agree that the accession negotiations, which are supposed to start in October, may well now be postponed because of the rejection of the Constitution, even though legally Turkish accession is

not affected by the result. One columnist said, "Turkey could relieve Europe of its burden and say No to the EU itself." The attractiveness of the EU in the eyes of ordinary Turks has certainly decreased. Even before the results, support for the EU was falling: a poll in April showed 63 per cent in favour but this was already 10 per cent less than previously. After the Dutch and French votes, the figure is likely to be even smaller. The prospect of some kind of privileged partnership with the EU, previously rejected by the Turkish political elite as an unacceptable way of rejecting Turkey's application, is gaining popularity because people realise that it offers some trade advantages without too many compromises on national sovereignty. According to at least one commentator, negotiations on accession could last twenty years, whereas an agreement on a "privileged partnership" could be reached very quickly. According to one proposal, Turkey would have a seat on the Committee of EU defence ministers, and it would get almost as much money from the EU as it would if it were a full member. The imposition of EU laws would make prices rise in Turkey. Despite this rising tide of Euroscepticism, the Turkish Prime Minister remains insistent that Turkey will belong to the EU by 2023, the 100th anniversary of the foundation of the Turkish Republic. [Boris Kalnoky in *Die Welt*, 8th June 2005, surveying various Turkish papers.]

Germans do not like Brussels either

An opinion poll conducted for the popular weekly magazine, *Stern*, has found that 83 per cent of those polled think that the EU takes too many decisions without taking into account the views of citizens. Only 12 per cent said they did not think the Commission acted in this way; 5 per cent said they did not know. [*Handelsblatt*, 8th June 2005]

You scratch my back...

In spite of the crisis, the real community of interests between the Commission and the European Parliament was demonstrated on Wednesday when Members of the European Parliament voted down a no confidence motion in the Commission President, José Manuel Barroso. Seventy-seven MEPs, led by UKIP, had accused Barroso of conflict of interest when he accepted a free cruise on the ship of a Greek banker and ship owner, Spiros Latsis: Mr. Barroso's own office has direct responsibility for competition law in shipping. The no confidence motion had originally been put down by the leader of UKIP, Nigel Farage, and the Conservative Party withdrew the whip from Roger Helmer when he spoke in favour of the motion. One month after the cruise, Latsis had received €10 million from the

Commission. Barroso simply denied that there was any connection between his private life and his job. He accused the authors of the motion of wanting

simply to discredit the Commission. [*Handelsblatt*, 8th June 2005]

II. Other European news

German Minister loves America

Otto Schily, the German Interior Minister, a former Trotskyite, has written an opinion piece saying that the solution to Europe's crisis lies in closer relationship with the United States of America. He said that the rejection of the Constitution was a "severe setback" for the European integration process, even though he said that this was not the first setback in the EU's history. (He referred to the French rejection of the European Defence Community in 1954, de Gaulle's rejection of British membership in 1963 and 1967, and the Danish rejection of the Maastricht treaty in 1992.) So, Schily said, it was important not to lose heart. He said, in particular, that the euro was a great success, both politically and economically. He claimed that it gave the EU a huge power of attraction, as a pole of liberty, to other states. Schily said he thought Europe could act as a force for stability and peace in the world. Then Schily said that Europe would not have been able to achieve what it has in the last sixty years without the contribution of the USA. For him, freedom and democracy could not have developed if it had not been for the Americans: without them, the division of Europe could not have been overcome and therefore its unity could not have been achieved. He said that the consequence of this is that Europe and America should act together. "The American and the European dreams are not in contradiction with one another, as some people have tried to suggest. The Jewish-Christian roots are our common roots; the Enlightenment is our common inheritance. We have common values ... and also common interests." These interests were, he said, particularly security interests; he mentioned specifically the deployment of soldiers to Afghanistan, the common determination to prevent Iran from becoming a nuclear power, and common involvement in the Middle East peace process. Schily said that the most important common Euro-American value is freedom. He criticised many Europeans for reacting too critically to the USA's current fight for freedom around the world, which he says deserves Europe's support. He quoted Freedom House to show that freedom was already spreading around the world, and said that freedom is both contagious and in need of constant defence. He wrote, "The transatlantic partnership is a partnership of freedom and for freedom." [*Die Welt*, 6th June 2005; the article is taken from a

speech given at the Arthur F. Burns dinner on 3rd June 2005 in Berlin.]

Commission approves procedure against Italy

The European Commission has given the green light to the excessive deficit procedure against Italy. The decision to approve the report of the monetary Commissar, Joaquin Almunia, was widely expected. That report has qualified Italy's excess deficit in 2003 and 2004 as neither "exceptional" nor "temporary". In its decision, the European Commission emphasised that in its decision it was applying "the spirit of the reform of the Stability Pact in the context of the current rules" because the deficit had been exceeded during a period of low growth which could not be considered exceptional. Moreover, the predicted deficit for 2005 and 2006 is even higher than in the two preceding years. Total state debt is also very high – over 106 per cent of GDP – and the Commission judged that it had not been reducing at a satisfactory level. Following the Commission's decision, the ECOFIN council, i.e. the Council of Finance Minister, has fifteen days in which to give its opinion. Its final opinion on whether to go ahead with the procedure will be given on 12 July. The Italian Economics Minister, Domenico Siniscalco, has tried to put a brave face on things, saying that there is agreement on the figures but not on their interpretation. [*La Repubblica*, 7th June 2005]

Swiss vote to join Schengen

In a referendum, Swiss voters have voted by 54.6 per cent to ratify the agreement to join the Schengen system and thereby to abolish Swiss border controls. As usual, the vote was divided along linguistic lines, with the French-speaking cantons all voting 'Yes' but only a minority in German-speaking Switzerland. Turnout was 56 per cent, higher than recent national referendums in the country. The last referendum with a higher turnout was on 3 March 2002 when the Swiss voted to join the United Nations: the turnout then was 58 per cent. One of the reasons for the 'Yes' vote may have been that the Swiss were told that joining Schengen would reduce the number of asylum seekers, because Schengen rules provide that an asylum seeker whose application for asylum has been rejected in one country cannot apply for it in another. The Schengen agreement currently includes 13 EU Member States (the United Kingdom and Ireland are not members of it) plus Norway and

Iceland. On the same day, the Swiss also voted in favour of “registered partnership” for gay couples. That law allows homosexuals to enter into a legally-binding partnership but forbids them from adopting children or undertaking medically assisted procreation. [*Le Monde*, 5th June 2005]

Budget agreement now difficult

Following the rejection of the European Constitution in the Netherlands and France, the Luxembourg presidency is trying to push for an agreement on the budget. The Deputy Foreign Minister of Luxembourg, Nicolas Shmit, said that Europe had to show that it still had a capacity for action. He said that failure to reach agreement on the budget for the years 2007-2013 would show that Europe had reached a dangerous blockage. By contrast, an agreement would help to give the EU the political impetus which it now lacked. The differences over the budget are very great, however, between the Member States: the six net contributing states (Germany, Netherlands, the United Kingdom, Sweden and Austria) are determined to cap EU spending at €815 billion, while the European Commission wants the total budget to rise to €1,000 billion. The German Chancellor, Gerhard Schröder, has said that Germany is determined to reach a compromise but that it had to be within limits. The British rebate is of course a particular bone of contention. It is currently worth some €5 billion and France is especially determined that it be abolished. The Vice-President of the European Commission, Günter Verheugen, said on 8 June that the rebate was “out of place” in the context of enlargement. The British rebate rises as the overall budget rises, and it is expected to reach an average of €7.1 billion a year in the period 2007-2013, having stood at an average of €4.6 billion between 1997 and 2003. The European Commission has suggested that the rebate be capped and progressively diminished over coming years. [*Le Monde*, 8th June 2005]

Klaus defends Beneš decrees

President Václav Klaus – who declared after the French and Dutch referendums that the result showed how great the gap was between the European political elite and ordinary people – has also returned to an old controversial question, the Beneš decrees which legalised the mass expulsion of Germans and Hungarians from Czechoslovakia in 1945-1946. He wrote in *Mlada Fronta Dnes* that, “Our country, in agreement with the victorious allies, made use of the

unambiguous atmosphere of the time, when the opinion was clear that those guilty of starting the world war had to be punished, and that a series of preventive measures were necessary to prevent a new war.” That is why Germans were “transferred” out of Czechoslovak territory. This article elicited the predictable hostile response from the President of the Alliance of Expellees, Erika Steinbach. She said that Europe had been “given a clip round the ear” by it. She said that anyone who tried to justify expulsion in any form showed that he cared nothing for the human rights standards of the European Union. She said that it was very unhelpful that President Klaus did not admit that a series of atrocities had been committed against the Germans which were unjustifiable even at that time. She said that the Czech President could not see that expulsion were by definition criminal. The Chairman of the Sudeten Germans’ Association, Bernd Posselt, added his pennyworth, saying that Europe owed its freedom to people like Václav Havel, and that by contrast Václav Klaus was “the prototype of a nationalist in the style of Edward Beneš.” The speaker for expellees within the German Christian Democrat Group in the German Parliament, Erwin Marschewski, said that Klaus’ statements showed “contempt” for the victims of the expulsions, and that they were “a provocation”. The recent erection of a statue of Beneš outside the Czech Foreign Ministry in Prague led to a strong exchange of words between Czech politicians and representatives of expellees’ associations in Germany. [Gernot Facius, *Die Welt*, 8th June 2005]

Haradinaj released from The Hague

The former Prime Minister of Kosovo, Ramush Haradinaj, 35, a onetime commander in the Kosovo Liberation Army, has been released from the detention unit in The Hague three months after he arrived there. His release is subject to various conditions: for instance, he is not allowed to return to political life. But his indulgent treatment contrasts with that meted out to the former Yugoslav President, Slobodan Milosevic, whose repeated requests to be released on health grounds have been rejected, even though he has also undertaken to continue defending himself in his trial. Haradinaj is accused of various horrendous acts of murder and torture committed against Serbs and Albanians. [*Die Welt*, 8th June 2005]