

THE EUROPEAN JOURNAL

THE JOURNAL OF THE EUROPEAN FOUNDATION



EU TRADE POLICY IS BIASED AGAINST BRITAIN
ROGER HELMER, MEP

&

SARA RAINWATER • GAWAIN TOWLER
JOCELYNE SAUNDERS • DAVID WILSON
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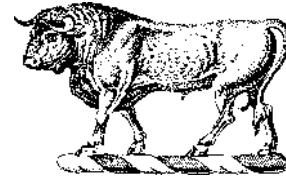
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SOLON

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



Action This Day

FREEDOM REQUIRES ETERNAL VIGILANCE. Many reacted to the defeat of the European Constitution last summer as if it was then dead. Brain dead, perhaps in some sense, but not buried. Indeed it was put on a life support machine with the formula “a pause for reflection”.

But those who know the European establishment also knew then that they would not give up. So it is no surprise to hear on 9 January (as Bill Cash suggested, in his letter of 31 December in the *Financial Times*) the Austrian government affirming that they were going to rouse the Constitution from its coma, probably to set things up for the German presidency which begins on 1 January 2007. Already Angela Merkel on behalf of the German Coalition has announced (18 November 2005) that Germany will reintroduce the Constitution in its presidency.

There is a debate in Austria as to what form the proposal to revive the Constitution will take – will it be discussion prior to the German presidency? Will it be tabling some watered down proposals or the original text? And what will the UK Government do, having avoided the issue like the plague during its own Presidency last year? And what of Gordon Brown? And what will the Conservative Party do under its new leadership? The Conservative Party voted against the Constitution Bill in principle on its Second Reading, apart from three MPs, including Kenneth Clarke. This Bill incorporated the existing Treaties. A referendum on the Constitution does not in itself remove the need to address the existing Treaties.

David Cameron has admirably determined that he will take the Conservative Party out of the European People’s Party, not least of all because the ‘basic policies’ of the EPP are unambiguously in favour of the Constitution (with its legal primacy over our Constitution) and the driving force of the EPP is the German CDU led by the German Chancellor, Angela Merkel. Thomas Mann once said “A *European Germany* or a *German Europe*?” The issue remains, even as the European kaleidoscope changes structure and colour with an enlarged Union. And note that the former Chancellor Schröder has joined the board of the Russian Gazprom just as energy becomes a major element of European foreign affairs and the diplomatic balance of power and with tensions between Russia and the Ukraine over the supply and cost of Russian gas, with warning signals to the rest of Europe (including the UK) who do or intend to import it. Energy is one of the titles of the European Constitution – who would really call the shots if it became a European Union competence?

The vigilance, which was needed as these and other European matters evolved last year, was complemented by the setting up of the European Reform Forum – even as we emerged from a general election, the temporary euphoria of the defeat of the Constitution in France and the Netherlands and the engrossment of attention on the Conservative leadership election during the latter part of 2005.

Already there has been substantial interest in the content of the ERF’s Report, published on 21 December, for a very obvious and simple reason. Despite attempts and circumstances which have taken the immediate searchlight off the European issue, the existing Treaties remain at the heart of the domestic agenda, as the Report shows: over-regulation, commerce and industry, economic performance and criteria, employment, competition policy, agriculture, fishing, regional policy, defence, foreign policy, taxation (to a much greater extent than is admitted), criminal law and procedure, the implications for world poverty of the EU policies in the developing world, the environment and a vast array of matters. Irresponsibly, these are treated as merely domestic when they are in practice, in fact and in law largely and often exclusively driven by EU directives, regulations and policy. The impact extends also to education and health spending through the EU economic criteria to which we have to conform. No wonder, therefore, that the Report shows that many of the most articulate and well-informed Europhiles themselves implicitly admit the need for reform of the existing Treaties as they stand. Even more so, therefore, as part of the consolidation of these existing Treaties into a revived Constitution topped by the new primacy of EU law, its Constitution and the European Court.

Now, therefore, is the time to get seriously down to tackling the damaging effects of these Treaties, to move to a new EFTA-type arrangement and for the debate to be reawakened in good time. David Cameron has rightly stated at the hustings that the economic impact of EU policies and laws is one of his top priorities. If the Member States, including the UK Government, will not listen and will not radically unravel and repeal the burden of over-regulation on business and the stifling effects of failed EU-driven economic policies (the failed Lisbon Agenda being but one example, as Will Hutton shows in his evidence to the ERF, another being the need for the sunset of EU laws, as Lord Dahrendorf suggests), then the Conservative Opposition must reassert the right of our Westminster Parliament to do so. There is no time to lose.

FROM THE EDITOR

Dear Reader,

As a subscriber to the *European Journal*, you are well aware of the arduous fight in which Eurosceptics have been embroiled over the EU Constitution since it first appeared during the days of the Convention on the Future of Europe. It looked as though, after the 'No' votes in France and Holland, we had won ... for the time being. However, I fear that assumption has been short lived. It appears that the Constitution may once again rear its ugly head in 2006. I always preferred the phrase 'cryogenically frozen' to 'dead' (the latter being the most commonly used term to describe the hideous beast that is the Constitution) and it now seems several Member States are aiming to pump life back into it. The German government is adamant about reviving it, as is Portugal; a French Commissioner is still calling for cherry-picking (see page 19); the Austrian government is still backing the document (see page 10); and Nicholas Sarkozy is saying he wants to bring the Constitution back because it will help create a "*political Union*". It seems, my dear friends, our struggle is not yet over.

And speaking of 2006, wouldn't it also be a great year to finally pull the Conservative Party out of the EPP in the European Parliament?

As Editor, I have decided to take advantage of the New Year by trying out a few new things at the European Foundation and in this journal. Turning the pages, you will see some new additions to the *Journal* such as *Investigating* (see page 25), which will examine a specific EU directive in each successive issue. We also have a couple of new regular columns in the pipelines which will be unveiled later in the year.

The biggest change to our format concerns the *Intelligence Digest*, which is normally published fortnightly. This will now be published as a special section of the *European Journal* (see pages 17-20). John Laughland has been ardently trawling through the foreign press and reporting for us, providing incisive commentary and analysis on the stories making headlines across Europe. The Foundation highly values his efforts, thus we feel it is important for his work to reach as many people as possible. The most economical and efficient way to do this is by including it in these pages.

In lieu of the *Digest*, our Head of Research will be producing a weekly newsletter which will be distributed via email and posted on our website, www.europeanfoundation.org. This newsletter will highlight the main EU stories emanating from Brussels and Westminster each week and will be distributed every Friday morning.

I hope you enjoy the new changes and I value your thoughts and opinions. If you would like a particular issue covered over the coming months, have any comments or would just like to say hello, please email me at rainwater@e-f.org.uk or phone our office on 020 7706 7240.

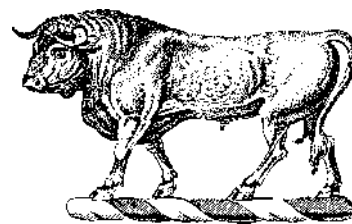
Best wishes for a healthy and happy 2006.

Yours faithfully,



Sara Rainwater

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EU Trade Policy is Biased Against Britain

by Roger Helmer, MEP



NEW FIGURES from the Trade Policy Research Centre (TPRC) show that the EU's trade policy, and particularly its extensive network of Free Trade Agreements (FTAs), is radically biased against Britain and British trade interests. More generally, it is biased against the 'Anglosphere' – the English-speaking countries which are former British colonies, or members of the Commonwealth, or both.

This shocking picture emerged at a meeting in Strasbourg in September when Ronald Stewart-Brown, Director of the TPRC, presented an analysis of EU trade policy to a group of concerned MEPs.

He clarified the difference between a customs union, whose members effectively unite together to create a common trade policy with the rest of the world, and a free-trade area, whose participants each retain control of their individual trade policies. Worldwide there are only some 11 customs unions in existence or being created, of which the EU is the only important example between advanced economies. This compares to 109 or so actual or embryonic free-trade areas.

The welding together through the Treaty of Rome of the six original members of the

EEC into a customs union with one single international trade policy can rightly be seen as the first major step towards the creation of a single European state. The parallel with the process of German unification, starting with its commercial unification through the formation of a German customs union (or *Zollverein*) under Prussian leadership in 1834 and culminating with the full political unification achieved by Bismarck in 1871, is uncanny.

Mexico provides an excellent example of the dis-benefits of customs unions. Mexico, a NAFTA member, has an FTA with the EU. So why is it that Britain (say) cannot have an FTA with NAFTA? Surely that would be fair and symmetrical? But the key feature of a customs union is a common external tariff. So no individual member of a customs union may have an FTA with a third country, since it would breach the common tariff. No such restriction applies to a member of an FTA.

It is clear, however, that the EU recognises the power of FTAs, because it has been setting them up between the EU itself and third countries at an extraordinary rate. Currently the EU has FTAs in place with some 12 countries, and is negotiating FTAs

with some 100 countries more. Indeed, to understand the extent of the EU's engagement in FTAs, it is simplest to look at the countries with which the EU does *not* have any form of preferential trade agreement in place or under negotiation. And it is here that the radical anti-British bias of EU trade policy is dramatically exposed.

The 10 countries in this category include the USA, Canada, Australia, New Zealand, Hong Kong and Singapore – a roll call of Anglosphere countries. If the EU had made a deliberate decision to exclude the Anglosphere, and to disadvantage British trade interests, it could hardly have done better. Indeed, it would be reasonable to conclude that the EU has in fact made such a decision.

Why does this exclusion matter for British trade? It is here that the TPRC figures show the dramatic impact of the policy. British exports of goods to each of these countries, as a percentage of total goods exports, are running at about double the corresponding level for the rest of the EU (see table). For example, in 2003 the USA accounted for 15.8 per cent of British goods exports, but only 7.9 per cent for the rest of the EU. The corresponding figures for the total of the six countries are 21.1 per

Relative Importance of English-speaking Export Markets for the UK and the Rest of the EU

The table below shows that the USA, Canada, Australia, China/Hong Kong, New Zealand and Singapore accounted for 21.1 per cent of total UK goods exports in 2003, over twice the 10.4 per cent proportion for the rest of the EU. For UK service exports, the equivalent proportion was 31.2 per cent, three times the EU proportion for goods exports. (No reliable source of comparable figures for EU service exports has been identified.)

No valid estimate of the benefit to UK cross-border trade of free trade agreements with these six countries can be made without detailed sectoral analyses, but it seems probable it would be material. Important further benefits could be expected from greater freedom for UK businesses to establish or acquire new affiliates in these countries, especially in services, and from comprehensive professional and other mutual recognition arrangements.

Overall, it seems fair to conclude that UK business as a whole has suffered and continues to suffer a substantial disadvantage in exploiting its natural language, cultural and legal links to these six countries through having been prevented from negotiating free trade agreements with them.

Export of Goods and Services, 2003

Importing country	Exports of goods ¹				Exports of services ²	
	UK		Rest of EU		UK	
	US \$ million	%	US \$ million	%	UK £ million	%
USA	48,167	15.8	203,253	7.9	21,909	24.4
Canada	5,339	1.8	8,301	0.7	1,491	1.7
Australia	3,755	1.2	5,795	0.6	1,832	2.0
China, Hong Kong	4,087	1.3	16,213	0.6	948	1.1
New Zealand	577	0.2	2,423	0.1	283	0.3
Singapore	2,598	0.8	12,792	0.5	1,556	1.7
Total English speaking	64,523	21.1	268,777	10.4	28,019	31.2
TOTAL	306,063	100.0	2,582,637	100.0	9,693	100.0

Note 1: Exports of goods for the UK and the rest of the European Union are taken from the IMF Direction of Trade Statistics Yearbook 2004 and are given in US dollars. Note 2: Exports of services for the UK are taken from the UK Balance of Payments 'Pink Book' 2004 and are given in pounds sterling.

Source: Trade Policy Research Centre 17.10.05

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cent (UK) against 10.4 per cent (rest of EU).

It is more difficult to obtain data for exports of services from the rest of the EU, but UK exports of services are even more strongly focussed on the Anglosphere than is the case for goods, at 31.2 per cent for the six countries cited compared to 21.1 per cent for goods exports.

There is considerable evidence that FTAs have a strongly positive effect on trade flows. Therefore if the EU's FTAs are concentrated in areas where the UK does less trade, but other Member States do more, there is a clear and systematic bias against British interests.

The UK has strong links of language and history with Anglosphere countries, and would expect important benefits from greater freedom to establish or acquire affiliates in

these countries, especially in services, and from comprehensive professional and other mutual recognition arrangements.

Many politicians have been calling in particular for a transatlantic free trade area – from former EU Commissioner Leon Brittan to, most recently, former Spanish Prime Minister Aznar. The Conservative Party has set an objective of global free trade by 2020, with a transatlantic FTA as a key stepping-stone. But such proposals always fall foul of the EU's deep undercurrent of anti-Americanism, and France's instinctive protectionism.

I have now written to the Commission, pointing out these facts and asking them to concede that EU trade policy is profoundly biased against the UK. The Commissioner responsible is of course our own Peter

Mandelson, who showed such a striking grasp of trade policy issues in the recent 'bra wars' episode. I look forward to hearing his reply.

Candidates in the recent Conservative leadership election suggested various possible policy areas that ought to be repatriated from Brussels to nation states. I don't think anyone mentioned trade policy. But there is clearly a case to be made.

Acknowledgement: The author is grateful to Ronald Stewart-Brown of the Trade Policy Research Centre for his research and advice for this article.

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

Popping Their Heads Over the Parapet

How the ECJ revealed the extent of the European Criminal Code

by Gawain Towler

LAST YEAR the European Court of Justice (ECJ) beat down the opposition of a majority of EU Member States over penalties to be imposed by Brussels in the area of environmental pollution. A technical decision made by the ECJ on 13 September 2005 gave Brussels the right to introduce harmonised criminal law across the Union, which all Member States are required to adopt. By doing so, they inadvertently made clear an aspect of the EU that had hitherto been largely under wraps. If EU legislation and ECJ judgements are to have any real meaning, they need to be backed up by the full force of the law. Indeed the very concept of the rule of law would require them to do so.

Then, one must ask, why all the fuss about a legal ruling that merely and logically applied this principle. Because to a great extent this has already been done by stealth. What happened was not, as the media and most commentators portrayed, a massive increase in the power of the EU, but merely a *de jure* statement of something that has been *de facto* since 1954 at the latest.

The recent developments in Brussels have thrown the relationship between the Member States and the Commission into disarray by proving that the nation states are no longer sovereign. The Commission has also shown us that it has the right to overrule both the European Parliament and the Council of Ministers by reference to judgements of the highly partisan and activist European Court of Justice. In this way the executive and the judiciary have coalesced to destroy the balance of power within the European Communities.

What is remarkable, in the light of the ECJ decision, was what followed. The Commission put in place an enquiry to uncover what other areas still allowed the nation states freedom of legislation, and was only able to find ten. These were counterfeiting the euro; non-cash fraud (credit cards, etc.); money laundering through banks; people trafficking; private sector corruption; computer hacking; marine pollution; fraud involving EU funding; intellectual property rights; and the new thought crimes of racism and xenophobia. It has to be remembered that all other areas of EU law already grant the EU the right to

set common sentences and common legal positions.

Of the pre-enlargement European Union, 11 out of 15 countries were happy with the status quo. Criminal offences, they believed, should remain firmly in the control of the national governments, courts and parliaments. It had always been one of the fundamental safeguards for Member States. The ECJ's decision proved that a great breach had been driven through those safeguards.

There were the usual strenuous denials from Her Majesty's Government that anything significant was happening. The typical broad welcomes, however, came from the EU loyalist MEPs. One, Ria Oomen-Ruijten, a Dutch member of the EPP/ED (and ally of the Conservatives in the European Parliament), rushed to support the ECJ decision, saying, "*The Court of Justice ruling was an absolute breakthrough in EU law. Actually enforcing EU laws is now part of the co-decision procedure. It is an extension of the competences of the EP and the EU.*"

The Commission claimed at the time, "*We are not creating a community criminal code*". This of course was true in as far as it goes; there was no need to create a criminal code. It already existed.

On 23 November 2005 the Commission put out a press release, titled *Commission welcomes Court of Justice judgment recognising the exclusive competence of the Community to adopt criminal law measures to ensure the effectiveness of Community law*.¹

They do not say 'creating the exclusive right', they merely recognise an existing right. As former Commission President Romano Prodi might have said 'You can call it Margaret, you can call it Mary-Anne, it is still a criminal code'. Astonishingly what it is saying is simple, "*In some cases, however, it is necessary to direct the action of the Member States by specifying explicitly (i) the type of behaviour which constitutes a criminal offence and/or (ii) the type of penalties to be applied and/or (iii) other criminal-law measures appropriate to the area concerned.*"²

Essentially, as a result of this judgement the Commission, in its areas of 'competence'

(a weasel word that merely means 'power') can decide not only what constitutes a crime but, disturbingly, also what the penalty should be. Having decided this, the Commission then informs the UK and other Member States of its decision and demands that they comply with it.

Twice in 430 words on its press release, the Commission claims that this action would, much like their claims for the European Constitution, be "*beyond all doubt an important step forward for European democracy*".³ But how is democracy to be improved? The European Parliament will have some effect by bringing criminal law under the co-decision procedure. This procedure is where Commission proposals are agreed by both the Council of Ministers and the European Parliament. However, there must be a new entry into the lexicon for this particular act of Euro-democracy. Shall we call it reinforced democracy or post-democracy?

According to the Commission's communication,

*"One approach would be to review the existing instruments with the sole purpose of bringing them into line with the distribution of powers between the first and the third pillar as laid down in the Court judgment. In such a case, the Commission's proposals would not contain any provisions which differed in substance from those of the acts adopted, even where the Commission felt that these acts were not satisfactory. This option offers a quick and easy solution. It allows the substance of Community legislation to remain unchanged and ensures legal certainty with regard to provisions that are important to the realisation of an area of freedom, security and justice."*⁴

Thus they will backdate legislation to ensure that any prosecutions that have already taken place are not illegal:

*"This solution would work only if Parliament and the Council agree not to open discussions of substance during this special procedure. Such an approach accordingly requires the prior agreement of the three institutions."*⁵

However if either the Parliament, rejoicing in the "*strengthening of parliamentary control*",⁶ or the Member States, through the institution of the Council of Ministers, were

to disagree there would be problems; decisions should be taken before public debate. The Commission communication went on to explain what would happen if either institution, Parliament or Council, had the temerity to object:

*"If such an agreement could not be reached, the Commission would make use of its power of proposal in order not only to restore the correct legal bases to acts which have been adopted but also to prioritise substantive solutions in line with what it judges the Community interest to be."*⁷

In the event that the newly empowered EP or even the governments of the Member States refuse to accept the Commission's position, the Commission reserves the right to go ahead and do it without them. In this looking glass world, stating that something is democratic seems to make it so.

An important aspect of the whole affair has been the response to the Commission's actions from the world of the media and politics. *EU Observer* described the development, *"that, for the first time in legal history, a Member State government will no longer have the sovereign right to decide what constitutes a crime and what the punishment should be."* *The Times* weighed in saying that the decision *"would represent a huge transfer of power from national capitals to the EU."*

British legal opinion was left standing by the decision. Philip Ruttley, a partner in the EC/competition department at Clyde & Co (a London law firm) was seemingly ignorant of the content of the Commission position when he said:

"The European Court's ruling does not give the Commission powers to jail people for 'green crimes'. Any laws involving criminal sanctions will have to be adopted and passed by the national parliaments of each member state. All the Commission can do is to propose new laws for the Member States to adopt."

Michael Renouf, EU expert at the Law Society, said that while it is not a question of legislation being imposed by the Commission itself, it was also a different position from that in which Member States had power to decide what criminal sanctions they would impose themselves. He also added that beyond the immediate areas of law mentioned by the Commission, it could go on to look at the Common Agricultural Policy, fisheries' policy, transport, intellectual property and trademarks, the production of cosmetics and a wide range of health and safety matters.⁸

Meanwhile in America, Professor Ronald Band of the Pittsburgh University Law

School had warned only in June of these eventualities when he wrote,

"The fact that the European Court of Justice applies Community conventions and regulations seems at first glance to be consistent with the trend toward multi-lateralism in private international law. But if the result is simply to make the rules on a different level, but then apply them in a fashion that fails adequately to consider the interests of private parties and of states outside the Brussels system, then the process represents the elevation to a new level of the application of the type of private international law analysis that states otherwise have rejected. Modern private international law is in the process of leaving behind such bygone concepts of sovereignty. The mere fact that the sovereign may now be the European Union rather than one of its Member States does not justify this approach."

So what have our politicians themselves said? Remarkably little. There was no comment whatsoever from the Labour Party in the European Parliament. Nothing came out of the Liberal Democrats, either. However Chris Davies, the Liberal Democrat leader in the European Parliament, said at the time of the September judgement that, *"Europe needs an umpire to ensure fair play between Member States and to dismiss the cheats. The Commission is the only body that comes close to fitting that role and this court ruling gives it more teeth with which to bite."*

A couple of days later Davies laughed as he told me that, *"I fired off the press release without reading the judgement, it was important to support the Commission's position."* He was joined in the press release by his group leader Graham Watson, who left this hostage to fortune: *"Today's Court judgement, annulling a Council Framework Decision in the field of the environment (2003/80) will have far-reaching implications for European jurisprudence and may well force Member States to pay more attention to what they agree to in Council, especially when it is not subject to democratic scrutiny."*⁹

Of course now we know that it doesn't matter what either the Council of Ministers or the Parliament say on the subject, as it counts for nothing; the Commission will have its way anyhow. The Tories and UKIP both opposed the judgement, but to little or no effect.

The ramifications of the ECJ's September decision could reach far and wide over the coming years. By applying this precedent,

defining criminal offences and penalties no longer falls within the remit of national legislators but comes under the jurisdiction of Community law. This will have a direct effect and prevail over national laws, and, according to another decision of the Court, our Constitutions. Meanwhile in parallel with this judicial communitarisation of criminal law, the Commission has already launched, without the slightest mandate or legal basis, a project for a 'European Civil Code'. This is being drawn up by a certain 'Von Bar Group'¹⁰ with a grant of €4,400,000, given under the 'Cordis' programme, on an issue where a reference indicative framework would certainly be useful to aid comparison of national laws (along the lines of the 'restatements' in the United States). This unification project, in contrast, is preparing the destruction of the different national civil legislations in fields as diverse as contract law, liability law, family law and security law.

1 MEMO/05/437 - Commission welcomes Court of Justice judgment recognising the exclusive competence of the Community to adopt criminal law measures to ensure the effectiveness of Community law.

2 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implications of the Court's judgment of 13 September 2005 (Case C-176/03 Commission v Council)

3 Ibid MEMO/05/437

4 Ibid - COMMUNICATION FROM THE COMMISSION para 16

5 Ibid

6 Ibid MEMO/05/437

7 Ibid - COMMUNICATION FROM THE COMMISSION para 17

8 <http://www.timesonline.co.uk/article/0,,13509-1888123,00.html>

9 <http://www.libdemmps.org.uk/news/76.html>

10 <http://www.sgecc.net/>

This article is based on the pamphlet, Another Slice of the Salami: How the European Criminal Code is being introduced by Stealth, The Bruges Group, 2005, www.brugesgroup.com

Gawain Towler is Head of Media for the Independence/Democracy Group in the European Parliament (UKIP).

Austria and the Next Six Months

by Jocelyne Saunders

ONE of the more interesting features of the European Union is its insistence on a six-month rotating presidency. You could hardly fail to be aware that Tony Blair recently completed his six-month stint as President of the European Union in December 2005. This mantle has now been handed to Austria. Chancellor Wolfgang Schüssel has the task of presiding over the EU until July 2006, when Finland then steps in to continue this absurd cycle. The cyclical nature of the EU presidency ensures that each political leader who happens to be in the driving seat at the time inevitably attempts to steer the EU along a course which will guarantee them a favourable review in history books to come.

This was especially the case with the UK's presidency which ended on a crashing note when Mr Blair sacrificed a large chunk of our budgetary rebate. This was to ensure that a deal, in fact any deal, for the 2007-2013 budget was reached under his presidency. This article does not intend to look at the disastrous implications of Mr Blair's deal, but instead will examine what lies in store for the Austrian presidency over the next six months. Hopefully Chancellor Schüssel will preside in a way that is tied not to his legacy, but to the future of the European Union. Whilst the Eurosceptics in Britain cannot expect such an ardent Europhile as Schüssel to direct the EU in a way that is agreeable to our views, we can only anticipate that Austria avoids at all costs, the knee-jerking, hasty, conciliatory measures that so epitomises dearest Tony.

1 The Services (Bolkestein) Directive

The Bolkestein Directive was adopted by the Commission to ensure that a genuine internal market in services within the EU is achieved. The Commission's proposal to open up the market for services has caused a huge rift between the 15 old Member States (EU15). Following the recent round of enlargement in 2004 just three of the EU15 (UK, Ireland and Sweden) have opened up their markets to the Central and Eastern European Community citizens by refusing to apply any transitional measures. In contrast to this, 12 of the EU15 applied some form of transitional measures with regard to the free movement of workers

from these new Member States. In addition, Germany and Austria have also introduced restrictions to certain cross-border services. The 'transition period for introducing freedom of movement for workers' has been in place since May 2004, but according to the Accession Treaty it must be reviewed two years after the date of accession (i.e. in May 2006). Before 1 May 2006 the Council of Ministers will therefore have to review the functioning of the transitional provisions on the basis of a Commission report which is expected to be published this month. In this way, the 12 Member States which have applied exclusive transitional measures to the accession states will have to declare by 1 May 2006 whether they intend to continue to control access to their labour markets for the next three years.

The free movement of services is a highly contentious issue and was one of the key reasons why the French rejected the EU Constitution in the May 2005 referendum. Germany is similarly hostile towards the Directive and Evelyne Gebhardt, a German MEP, recently clashed with the European Parliament over her amendments to strengthen the Bolkestein protectionist stance.

Austria plans to essentially tone down the Directive by adding provisions which would harmonise labour market practices across the EU. In its White Paper¹ Austria virtually contradicts itself by stating that the Bolkestein Directive is "essential for reinforcing European competitiveness and achieving the Lisbon goals," yet "the economic impact of the Directive must be carefully examined," apparently due to the impact that the Directive may have. Indeed, the government White Paper notes that, "Austria will take particular care to ensure that the Directive does not lead to wage dumping and social dumping." In light of the proposed negotiations there is a danger that the Directive will become so weighed down with such cautious harmonisation provisions that any benefits it could have provided will be all but cancelled out at the expense of greater EU control over the economy and employment law.

2 The Working Time Directive

The Working Time Directive gives Member States an opt-out provision under which

individual workers can waive the right to work no more than 48 hours per week. The opt-out has been used almost exclusively by the UK. However, last May the European Parliament voted in favour of abolishing the opt-out but this decision required ratification from the Council of Ministers, who in fact rejected the change last June. Under its presidency, Austria has stated that it will "endeavour to conclude the negotiations on the Working Time Directive" but at the same time Austria has also signalled that it will attempt to restrict the UK's opt-out from the mandatory 48-hour working week. It looks as though Chancellor Schüssel will face significant disagreements over this issue and also whether on-call time counts towards the 48-hour working week.

3 Enlargement and Foreign Policy

Austria will oversee the final reports on the latest round of EU enlargement. Bulgaria and Romania are due to become full members of the EU in January 2007, but there remains much uncertainty as to whether both countries have met all the requirements set by the EU in order to gain full membership. Last October the Commission released Comprehensive Monitoring Reports² which examined the progress of each country. Neither report was especially praiseworthy and both emphasised the need for urgent further reform. Whilst both Romania and Bulgaria have met the basic criteria of democratic politics and a functioning market economy, urgent reforms are required to their judicial systems, environment, high levels of corruption, and farming and food standards. Austria will have to decide in April/May whether Bulgaria and Romania will join the EU in January 2007, or whether their membership will be postponed until January 2008 due to the insufficiency of their reforms.

Accession negotiations with Turkey and Croatia began in October 2005. Austria refused to accept the conditions for commencing formal membership talks with Turkey unless all other 25 Member States agreed to also begin membership talks with Croatia at the same time. Since then the Commission has been analysing the *acquis communautaire* with the two candidate

countries to identify possible problems in all 35 negotiating chapters in preparation for the subsequent accession negotiations. Ironically, in light of Austria's previous actions, it will be up to Chancellor Schüssel and the Council of Ministers to decide, on the basis of the Commission's first report, whether actually to open the individual negotiating chapters.

There could not be a greater contrast between Austria's attitude towards Turkey and the Western Balkans. Whilst Austria heavily opposed the possibility of EU membership for Turkey, it has stated that, "*the future of all the countries in the Western Balkans lies within the European Union*," and that, "*Western Balkan countries will be a particular foreign policy priority for the Austrian Presidency*." Whether this warm welcome comes sincerely from the heart, or whether it harks back to the days when the Western Balkans were a significant component of the Austro-Hungarian Empire, is merely speculation.

The Austrian presidency is likely to be a decisive period for the future of Serbia and Montenegro. Serbia and Montenegro are currently in negotiations with the EU to secure a Stability and Association Agreement. Austria has admitted that they have a particular interest in a successful conclusion to these negotiations, as stronger links between Serbia and Montenegro will have an impact on the stability of the Balkans as a whole, necessarily the Western Balkans.

4 The EU Constitution

The overwhelming rejection of the proposed EU Constitution by the Dutch and French last summer should have been more than sufficient to produce a sincere rethink of the direction, institutions, governance and structure of the EU. Since then, however, it has become clear that these calls, which came directly from citizens of supposedly pro-EU countries, have been ignored as various aspects of the Constitution have been implemented anyway. Austria ratified the Constitution in May 2005 and it has become apparent that they are intending to use the opportunity of the EU presidency to put the document back on the agenda in one way or another. Austria proposes that, "*under the Austrian Presidency it will be time to take stock of the Constitutional debate and to take decisions on how to proceed in the future*." Chancellor Schüssel himself has promised "*further proposals for the European Constitution*". It would appear as though the 'period of

reflection' is over. Austria's attitude towards the invincible document is summed up in the words of President Heinz Fischer when he told the BBC that he "*supported the idea of an EU Constitution*," but he realised that it would not happen during the next six months.

As if to compensate for the lack of serious response to the 'No' votes in France and Holland, Austria has introduced a series of farcical initiatives to try and reconnect the EU with its citizens. Two new websites, *Europe is Listening*³ and *The Future of Europe*,⁴ have been created which claim to offer in-depth information, listen to people's concerns and give the public an opportunity to submit ideas and suggestions. An international conference is also being held in Salzburg in late January, entitled *The Sound of Europe*, which will examine European identity and European values. Chancellor Schüssel himself commented: "*We want to ask people to formulate the questions, which will in turn steer the debate. A debate on the contents of and substance of Europe must come before we can have any real talks about the constitutional treaty itself*."

5 The EU Budget

Despite the fact that the Council of Ministers finally agreed upon a budget proposal for 2007-2013 in December, the draft budget still has to be passed by the European Parliament. In the case of 'compulsory expenditure', which accounts for 40 per cent of budgetary proposals, the European Parliament may only propose amendments whilst the Council of Ministers retains the power to fix the final amount. In the case of non-compulsory expenditure, which accounts for 60 per cent of the total budget, Parliament is able to amend the draft budget itself. The agreement brokered in December by the Council is €113 billion less than MEPs demanded in June 2005, with research and development suffering the greatest losses under the new deal. Parliament has already expressed its concern over the reduction in funds for key areas including research and development, and in this situation it is possible that the EP could reject the draft budget and send it back to the Council. Chancellor Schüssel has already admitted that the forthcoming talks with the European Parliament will be 'difficult', with the danger being that if Parliament rejects the budget as a whole, then the negotiations may be taken back to the drawing board.

6 Less Regulation

For the past two years, successive EU Presidents have promised to attack the burden of EU regulation by adopting deregulatory initiatives. In 2004 Dutch Finance Minister Gerrit Zalm began the campaign to reduce the burden of regulation on businesses especially. Gordon Brown followed suite by pledging to "*sweep aside wasteful regulation*" under the UK's presidency. However, despite promises to ensure the regulatory burden decreases rather than increases, nearly 1500 articles of secondary legislation were introduced in 2005, with 201 being introduced during the first month of the UK's presidency alone. Now the Austrian presidency has taken up the mantle of better regulation, stating rather obviously that, "*the aim of the Better Regulation initiative is to reduce red tape*." Unfortunately it looks as though Chancellor Schüssel will be no more successful in his quest than Mr Blair as he appears to have taken his cue from the UK's achievements: "*Better Regulation is a key priority of the current United Kingdom presidency of the EU. Austria will continue these efforts in the forthcoming year*."

7. The Austrian General Election

To complicate matters further, Chancellor Schüssel faces parliamentary elections later this year. Recent opinion polls show that Austria is the second most Eurosceptic country in the EU after Britain. In this sense Chancellor Schüssel may feel more immediately accountable for his actions as President of the EU, and disinclined to pursue issues which are unpopular among Austrians, such as the possibility of Turkish membership and greater political integration. Current polls show Chancellor Schüssel's conservative People's Party three to five per cent behind the opposition Social Democrats as many voters blame the government for rising unemployment and cuts in social spending.

1 http://www.camaracordoba.com/pdf/1_13_presidencia_austriaca.pdf, 'The Austrian EU Presidency 2006', (Federal Ministry of Foreign Affairs, November 2005)

2 For a copy of these reports please see http://www.eu.int/comm/enlargement/report_2005/index.htm#comprehensive

3 www.austria.gv.at or www.eu2006.at/en

4 www.zukunfteuropa.at

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Dates to Watch Out For During the Austrian Presidency:

- January *Sound of Europe* conference
- January Commission report expected on the Bolkestein directive
- March European Parliament ratification of draft budget
- April/May Council of Ministers to decide upon date for Bulgarian and Romanian full EU membership
- May Deadline for 'old' Member States to decide upon extending control of access to their labour markets against workers from new Member States for a further three years
- May EU-Latin American summit
- June European Council meeting to agree upon a 'roadmap' towards ratification of the European Constitution
- June Conference on Subsidiarity to ensure a stronger role for national parliaments in European integration

Austria Sets Tone of Presidency with Series of Graphic Sex Posters

IF YOU HAPPENED to pass through Vienna on 29 December 2005, then you may have noticed a new angle being taken on the meaning of *art nouveau*. Austria launched its presidency of the European Union by unveiling 150 posters created by 75 young European artists as part of the *25 Peaces* celebrations to mark its 10 year membership of the EU. It is only unfortunate that such an innocent yet commendable idea has plunged the country into total embarrassment, due to the controversial nature of two of the exhibits. These posters really have succeeded in stealing the show in more ways than one.

The more controversial of the two posters displays three naked models in a rather explicit position, wearing masks depicting George W. Bush, Queen Elizabeth II and

Jacques Chirac. According to the artist, Carlos Aires, the picture represents "*the most recent changes in Europe and the resulting special constructions*". Chancellor Wolfgang Schüssel, however, has been unable to reconcile himself with the artist's view and has condemned the work as "*highly tasteless*". The other offending poster shows the lower half of a woman with her legs spread, wearing a skimpy pair of royal blue briefs with the EU logo shamelessly emblazoned across them. Strangely, both posters have received similar calls from politicians and the media to be removed.

To add to the controversy, these posters, which cost a hefty £7 million, were partially financed by taxpayers themselves. The remainder of the cost was met by private sponsors, who are probably turning over in

their proverbial graves.

Other contentious pieces which were also planned but narrowly rejected include the planting of a vegetable garden on Heldenplatz, where Adolf Hitler announced Germany's annexation of Austria.

For a while it remained uncertain as to whether the posters, which appeared on 400 billboards throughout the capital, could be removed as they are part of an independent cultural project. However, the offending posters have now in fact been removed, and order has been restored to a nation which could be described as humourless at the best of times.

To view the posters in full go to <http://kurier.at/bilderdestages/1226956.php/picture/1>

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ERF

european reform forum

THE EUROPEAN REFORM FORUM, under the chairmanship of Lord Waddington, GCVO, DL, QC, has been taking seminal evidence from both sides of the European debate on the workings of the existing European Treaties since the rejection of the European Constitution in France and Holland. The Forum would like to take the opportunity to thank the witnesses who gave oral evidence for their time and effort they have provided and their endorsement of our efforts to let the arguments in which they have participated speak for themselves.

The European debate is at a critical watershed. We have taken the view that for far too long there has been too little attempt made to give both sides of the arguments about the future of Europe and the European Union equal time and opportunity in parallel public discussion.

Our report, *Reform of the existing European Treaties: Europhiles and Eurosceptics agree*, was published in December. In order to avoid any bias, we that the evidence should speak for itself. The report contains the full transcripts of the eight plenary sessions. We have highlighted certain extracts from individual contributors where they have been particularly original or unexpected and which therefore convey especial interest.

What we have discovered is that by applying the technique of transparency and objectivity in public by our method of questioning, we have reduced the atmosphere of ideological confrontation, which has so often permeated European debate. We have learnt that the issue is now regarded by pre-eminent commentators from all sides of the debate as so important as to demand this kind of treatment. The consequence is a calm and reasoned analysis which emerges from the discussions on all sides. With this analysis comes a powerful conclusion that all is patently not well in the European Union and with the existing Treaties. Many of the EU's foremost advocates recognise the need for urgent deep-rooted reform. We hope that the model we have followed will encourage the media and the BBC to adopt a similar approach of asking difficult but well-informed questions and avoiding the culture of assuming that the very existence of the Treaties presupposes that they are, or should be, set in concrete.

Clearly we would not expect everyone to agree with all the questions asked or conclusions reached, but we are convinced from the evidence we have received that a balanced exchange of views and reformulation of the existing Treaties is not only obtainable but is necessary in the public interest.

We therefore invite further contributions from others from all political, commercial and professional interests who wish to participate in this evolving process. We would suggest that they engage with us in asking other questions or making their own statements and thereby enlarging this dialogue about the existing Treaties, making proposals for reform, however radical. We make this invitation to those in the United Kingdom, elsewhere throughout Europe and the wider world. We will sustain this dialogue through our website over the coming months. Queries, comments or contributions should be directed to: erf@e-f.org.uk.

Universal call from both sides of the European debate for amendment of the existing Treaties and reform of the European Union

With the failure of the European Constitution, to which Tony Blair was committed and which the Government passed on Second Reading, the question now turns to the need to reform the existing European Treaties.

The European Reform Forum has conducted an analysis based on evidence given from distinguished economists, politicians, commentators and analysts from all sides of the debate since July and published its report, *Reform of the existing European Treaties: Europhiles and Eurosceptics agree*, on 21 December to coincide with the conclusion of the Blair Presidency of the EU.

The overriding conclusion shared by those from both sides of the European debate is that the existing Treaties require reform, which will mean amendment of the Treaties themselves. This is to be contrasted with the insistence of the German Government to reintroduce the European Constitution in its own agenda for its presidency, which begins on 1 January 2007.

Copies of the European Reform Forum's report
*Reform of the existing European Treaties:
Europhiles and Eurosceptics Agree*
now available at **www.european-reform.org**

"I make a preliminary observation that this is the most important matter that I have ever been engaged in well over 40 years in politics and in five political careers, some of which were of more dubious worth than others. The stakes are enormous and the need for clarity and a right way forward is immense, and the penalties for getting it wrong are vast."

*Rt Hon Lord Howell of Guildford,
Conservative Spokesman on Foreign Affairs in the House of Lords*

"I am pleased to be here and I welcome the fact that you are having this inquiry. I am amazed at the number of people giving evidence and the quality of that evidence."

Keith Vaz MP, Former Minister for Europe

"I applaud your decision to establish the European Reform Forum, following the French and Dutch 'No' votes last summer. No longer can the European Union honestly claim that the road to ever closer union is democratically sanctioned. The time is right for new thinking about the future of Europe."

Ronald Stewart-Brown, Director of the Trade Policy Research Centre

The Decline and Fall of a Europhile

by David Wilson

WHILE *schadenfreude* is not the noblest of emotions, in this case, we can be excused for paraphrasing Lionel Richie, 'once, twice, three times a loser'. Nevertheless, the real tragedy of the Rt Hon. Kenneth Clarke, QC, MP, is that he would have made a great leader – of the Liberal Democrats. The journalist, Peter Hitchens, in a spirit of enlightened mischief, once presented him with an application form, at a Conservative Party Conference, to join that very party. It would have saved everyone a lot of trouble had he signed on the dotted line. Few objective commentators could doubt that this is his natural home. As it is, the latest Tory production of *A Chorus Line* saw the biggest of Big Beasts take his final curtain call.

However, Clarke's third defeat has far wider ramifications than one man's nemesis; it marked the *dénouement* of the post-Butskellite party of Edward Heath, Michael Heseltine, John Major and of Clarke himself. We have witnessed the last rites of the corporate, collectivist statist, party; defined, above all, by its unhappy marriage of connivance with Europeanism. If the Thatcher administrations can be characterised by their lonely resistance to an ever encroaching Brussels, then the Major interregnum must be considered a tactical retreat; though, surely now, we can say that Clarke is not the only Euro-enthusiast to have smoked, figuratively speaking, his last cigar.

Kenneth Clarke would, of necessity, been an unmitigated disaster as the leader of the Conservative Party for two interrelated reasons: his enduring Eurofanaticism and his nascent anti-Americanism. Ken, lest we forget (and there is no chance that he will let us) held most of the senior offices of state: Secretary of State for Health, 1988-90; Secretary of State for Education and Science, 1990-92; Home Secretary, 1992-93 and Chancellor of the Exchequer, 1993-97. Currently, as a Deputy Chairman of British-American Tobacco (BAT), we should also not forget, that he is a man who now sells cigarettes to southeast Asia for a living (no one seriously expecting to return to high political office would, in this age of moral censoriousness, have accepted such a directorship). Clarke has always aspired to be a *homme sérieux*; however, his career has been characterised by a certain complacent frivolousness, even a lazy recklessness.

Contrary to conventional wisdom, nothing has shown the Conservative Party's survival instinct and its determination to modernise more than its thrice rejection of Kenneth Clarke as its leader. On the first occasion in 1997, campaigning on the multicultural 'Saloon Bar Bore and Vulcan' ticket he was rejected by his fellow MPs.¹ On the second occasion in 2001, running on the slogan 'Take it or Leave It. On My Terms, Not Yours' he was rejected by the underwhelmed constituencies. On the third occasion in 2005, he finally got with the programme, 'Step One: Admit You Are Totally Powerless over the Tory Party' and was rejected by practically everyone – save Brussels' agents of influence in the fourth estate. You almost felt sorry for him; Europhile oil on wide blue Eurosceptic water forms an unsightly slick. The once great white hope of a heavyweight, Ken 'the Brussels Bruiser' Clarke, began to look like an out-of-condition, punch-drunk boxer who, in climbing back into the ring for one comeback fight too many, found himself on the ropes and saw the lights go out all over Europe.

Balfour famously declared that he would far rather take advice from his valet than from the Conservative Party Conference; well Clarke would far rather take advice from *The Independent* (who sponsored his fringe meeting at Conference this year) or the *Today Programme*, than *The Daily Telegraph* or the 1922 Committee. The media was full of non-stories that the candidate the government most feared was Our Ken. The Chairman of the Labour Party, Clive Soley, parroted the line, faithfully repeating, "Ken Clarke is the Tory we fear most."² While *The Guardian's* editorial, following Clarke's elimination from the first ballot of MPs, was headlined, *The Tories are gambling with their future*. While, in the same issue, the less disingenuous, Jonathan Freedland, read from the envelope, "And the loser ... is Gordon Brown. Forget Ken Clarke. The man with a pit in his stomach this morning is the current Chancellor of the Exchequer."³ In fact, all this apparent schizophrenia signified was that Clarke was the candidate that conformed most with what the chattering classes thought a 'good' Tory should be: fulfilling his designated task of being an honourable 'Old School' loser and that, consequently, he would have split

the Conservative Party from top to bottom.

Though quite what his specious supporters in the salons of the liberal elite made of the revelation that, haplessly, given his reputation for 'soundness', that as a Cambridge undergraduate he invited that poster boy of European integration, Oswald Mosley, to address the Student Conservative Association.⁴ Neither, has there been much comment from that quarter, on the widely reported story (and, nowhere, have I seen Clarke deny it) that under 'Chatham House rules' he had let it be known that it was his considered opinion, "that the sooner the House of Commons becomes merely another local government authority the better." Divided parties never win elections; the same pundits, who were cheerleading for Clarke, would have been the first to embarrass both him and his party by ruthlessly exploiting spurious 'splits' over Europe. Clarke would have provided them with plenty of pretexts. He has never been able to resist the official Brussels refrain, it is a form of political Tourette's syndrome, that the vulgar herd have failed to appreciate the nobility of the European Idea. Though, at least, he has had the decency never even to pretend to support the proposed *faux* reforms of the regnant régime and, moreover, that the much-discussed democratic deficit has scarcely bothered him.

For a committed Europhile, the insouciance which he greeted the 'No' votes in France and Holland and the way he went to ground over Britain's membership of the euro was quite baffling; or rather, it was not. This sleeping dog would not hunt. There were intimations of his tiring of the good Euro-fight. Even Clarke experienced an unwanted moment of clarity during this final leadership campaign – he confessed that people saw him as too "laid back" and, "being like the man in the Hamlet adverts who just lit up a cigar when disaster struck". Initially, before the General Election of 2001, Clarke had refused to allow Major to rule out joining the Single Currency, "during the life of the next parliament". Then, in 2002, he had solemnly announced that, "the reality of euro has exposed the absurdity of many anti-European scares ... people can see the success of the new currency." However, in 2005 he clarified the situation, "There has never been a time when the British could have joined the euro with complete security

and confidence.” This kind of historical *volte-face*, invariably undertaken with a completely straight face, is indicative of the weary contempt that he so evidently holds ordinary members of the Conservative Party.⁵

Clarke is a much-vaunted ‘man of the people’, who is nothing of the kind. In fact, it is hard to think of anyone in contemporary British politics who is less assuredly populist – though he would undoubtedly dismiss this kind of politics as tabloid tribalism – and more disdainfully patrician than the Member for Rushcliffe. This aloofness was strangely at odds with the ex-Chancellor’s rather retro and well-publicised Gin Belt pursuits; a Bateman cartoon of a paunchy cheroot puffing, pint sinking, cricket loving, jazz digging, bird watching, Hush Puppie wearing, all round good bloke. Clarke is, certainly, the only leading British politician who has retired from front line politics in order to spend more time with Ronnie Scott. In assessing Clarke’s leadership potential Bernard Ingham perceptively remarked that, “*He’d lead a Just William government – untidy and very voluble.*”

Notwithstanding this much vaunted avuncular ‘matey normalness’, Clarke was the undead embodiment of Douglas Jay’s infamous remark of 1937 that, “*the gentleman in Whitehall really does know better what is good for people than the people know themselves.*”⁶ Kingsley Amis used to call this *knomenklatura* attitude, “*Sod the Public*” and, in truth, Clarke has more in common with Fabian mangerialism, than with Disraeli’s One Nation Conservatism (or, considering Clarke’s combination of the latter with European federalism, what Baroness Thatcher has termed, ‘No Nation Conservatism’). Clarke was the beer-swilling Buddha of the post-nation state Nirvana. He was, in a seemingly paradoxical phrase, an anti-populist demagogue in that he could not resist pandering to the basest anti-national prejudices of the liberal elite. Clarke’s brand of hypocritical populism unconsciously echoed the unlovely Bertolt Brecht, who in criticising a Communist tract denouncing the anti-Stalinist uprising of Berlin workers in 1953, dryly suggested that the Party ought to dissolve the people and elect another one. This precisely sums up Clarke’s attitude towards any electoral forum he came across, be it the Conservative Parliamentary Party, the wider Tory constituency, or the general public; Clarke was not so much *vox populi*, as *vox dei*.

The major Tory donor, Sir Stuart

Wheeler, has remarked that he would not bankroll a Clarke led Tory Party because, though the euro and the new Constitution are on the backburner – for the moment – the latter is likely to be introduced “*by stealth*” and, “*Clarke would be in favour of all that.*”⁷ As things stand, Clarke’s defeat should have put the final nail in the coffin of this peculiar brand of unprincipled, clandestine ‘Not in Front of the Servants’ Eurofanaticism. The kind that was afraid to speak its name; though unashamedly found its voice in Prime Minister Heath’s oft quoted declaration in 1971 that, “*There is no question of Britain losing essential national sovereignty; what is proposed is a sharing and an enlargement of individual national sovereignties in the economic interest.*”⁸

During the debate on Maastricht, Clarke was interviewed by two leading Euro-sceptics, Lord Tebbit and Austin Mitchell MP, on their now defunct Sky political show *Target*. Tebbit threw a blue-bound copy of the Treaty across the studio to Clarke, who cheerfully confessed that he had not bothered to read it: “*Nobody out there has read it – I’ve never read it – you shouldn’t waste your time unless you are particularly interested in the minutiae.*” Let us not be too pious about this: the vast majority of the British people would not have read the Maastricht Treaty – few would have been aware even of its general provisions – but as one of Her Majesty’s Ministers charged with its implementation, this blind loyalty to the undisclosed *actualité*, this willingness to write the blankest of blank cheques, bordered on sleep-walking nihilism. It hardly needs saying that, invariably, as with the original Schuman Plan, that in the restless European Union’s incremental expropriation of sovereignty – an ‘ever closer union’ – the devil *always* lies in the detail. However, after the fall of the Clarke party, never again will a Conservative government wake up next to a Single European Act, an Exchange Rate Mechanism or a Maastricht Treaty and wonder what the hell it had done last night.

More worrying still is Clarke’s chauvinistic anti-Americanism. There has always been a strand of anti-Americanism in Toryism; Enoch Powell, and a whole school of revisionist historians including, Alan Clarke, John Charmley and Correlli Barnett and the established Chatham House Version – are but a few exhibits in this particular museum. At its basest, this sentiment amounts to little more than a resentment of colonials that got above their station, counter-jumpers that stole ‘Our Empire’;

now manifest as an opposition to America as the sole remaining superpower, as the global economic hegemon and the world’s first universal nation. More specifically, it found an outlet in his opposition to the very idea of a ‘war on terror’. Clarke’s contribution to the Iraq debate might politely be termed equivocal. In the debate in the Commons that preceded the war, Clarke stated that, “*More time must be given to the UN weapons inspection team. Other approaches – diplomatic, deterrent policy, the use of threat to get compliance – have not been exhausted.*” After twelve years of these kinds of threats, the word ‘appeasement’ does not seem wildly inappropriate.

There are a younger generation of ardent Atlanticists – including Cameron and Fox – who are trying to do the intellectual hard work that they have watched the American Neo-conservatives accomplish, through their plethora of little magazines and think tanks, as a necessary predicate to the election of Ronald Reagan and George W. Bush.⁹ In the United Kingdom mainstream Euro-sceptic Atlanticists have to make do with the European Foundation, the Institute for Economic Affairs, the Centre for Policy Studies and little else. There is a chronic paucity of ‘little magazines’, no *journals de combat*, apart from *The European Journal* and few others.¹⁰ Domestic pro-Western Atlanticists simply lack the intellectual firepower and the public forums of our American cousins. However, the optimum correlation of forces for those opposed to *le projet européen* is a Eurorealist government and a Euro-sceptic opposition – the bloody crossroads where New Labour and Euro-scepticism meet. Since Labour does not look like it is about to loose power in the near to middle term, the alliances to be fought for are between Labour Eurorealism and an intellectually self-confident Euro-sceptic Tory Party. Particularly, since there are an increasing number of Blairite backbenchers embarrassed by the slow dawning realisation that in reality the eurozone embodies something other than the prospect of Tuscany, via the Gare du Nord.

The ubiquitous Alan Clark, characteristically once remarked, that, “*There are no true friends in politics. We are all sharks circling, and waiting, for traces of blood in the water.*” The trouble with Ken Clarke was that he had become a bloated predator, visibly slowing in his darting movements and too intellectually infirm to strike. At Blackpool it was all too easy to spot his dorsal fin meandering aimlessly off the Pleasure

Beach. Clark now cuts a slightly forlorn figure, though it is easy to forget how ruthless the Major/Heseltine/Clarke clique were when they held the seals of office, even if political primacy was beyond their grasp. Their demonisation of Euroscepticism is a useful reminder of what a Clarke led Conservative Party would have looked like had it not been mugged – while its collective back was turned – by the post Euro-reality. In Enoch Powell's famous truism, stated in the epilogue to the life of Joseph Chamberlain, "*All political lives, unless they are cut off midstream at a happy juncture, end in failure, because that is the nature of politics and human affairs*". It is perhaps Clarke's peculiar tragedy that, in the old twist of Pope's, that he is already faint with damned praise.

1 Constituency Association Chairmen and Peers were 'consulted' on the first ballot; but, to confuse matters further, it was only on the final ballot of MPs that this unique alliance, between

Clarke and John Redwood, emerged. Some commentators, doubtless hyperbolically, dubbed it the Ribbentrop-Molotov Pact. In any case, the parliamentary party voted: William Hague 92, Clarke 70. In 2001 leadership election, the Constituency Associations voted 155,933 votes for Iain Duncan Smith, to Clarke's 100,864.

2 *The Daily Telegraph*, 28 August 2005.

3 Jonathan Freedland, 'In the Tory leadership race, the loser is Gordon Brown', *The Guardian*, 19 October 2005, p 31.

4 Incidentally, Mosley, the former leader of the British Union of Fascists, was the long-time publisher of a journal entitled, *The European*.

5 His isolated refusal to contribute to the 'Leadership Special' symposium in the Conference Edition of *The European Journal* (October, 2005) on Britain's relationship with the European Union is all too typical.

6 Douglas Jay, *The Socialist Case*, Faber and Faber, London, 1937, p. 317

7 BBC News, 7 October 2005.

8 Government White Paper, June 1971.

9 A, by no means exhaustive, list of 'little magazines' includes *Commentary*, *The Weekly*

Standard, *The New Criterion*, *The National Interest*, *First Things*, the newly launched *The American Interest* and the late, lamented *Partisan Review* and *The Public Interest*. The think tanks include the American Enterprise Institute, Freedom House, the Heritage Foundation, the Project for the New American Century, the Center for Popular Culture, *ad infinitum*. I do not expect the European Director of this Foundation to agree with me that the influence of these institutions is wholly benign.

10 Apart from the hopelessly paleo-conservative quarterly, *The Salisbury Review*, and the police bulletin of the liberal elite, *Prospect* (whose readers overwhelmingly believe, on the evidence of a recent poll, that Noam Chomsky is the world's leading public intellectual) there are no political journals of any consequence.

David Wilson is a Neoconservative member of the Labour Party. He is a frequent contributor to the European Journal and is writing a book on the Congress for Cultural Freedom and the Cultural Cold War.

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INTELLIGENCE DIGEST

by John Laughland

Gas war between Ukraine and Russia

Russia's gas producer, Gazprom, cut off gas supplies to Ukraine on 1 January, thereby making good its threat in the war of words which had escalated between the two countries over a price hike for the gas Russia supplies to its Western neighbour. The dispute was resolved on 4 January, when Ukraine agreed to pay the asking price for Russian gas. The issue has caused a major diplomatic rift between the two countries, with the Russian authorities accusing the Ukrainians of stealing gas from them. Gazprom's spokesman said that in the first 24 hours since Russia cut off supplies to Ukraine itself, Ukraine had stolen some 100 million cubic metres of gas transiting across Ukrainian territory and intended for the West European market.

A statement by the German gas importer, Ruhrgas, on 3 January, corroborated the Russian claims. [*Itar-Tass*, 4 January 2005] Alexander Medvedev, Deputy Chairman of Gazprom, said that the value of the stolen gas amounted to some \$25 million. [*Itar-Tass*, 2 January 2006] The Ukrainian fuel minister, Ivan Plachkov, immediately rejected these allegations. [*ForUm*, 2 January 2006] Eastern European countries like Hungary, Slovakia and Austria immediately reported a drop in their own gas pressure imports, in Austria's case "by around a third". [*Le Monde*, 2 January 2006] Germany's biggest gas importer had also reported an immediate drop in pressure. [*Handelsblatt*, 2 January 2005] Western officials and governments (including Washington) were quick to condemn Russia's behaviour, the former British Foreign Secretary Geoffrey Howe being wheeled out to say that Moscow had to show the rest of the world that it was a "responsible" power as it assumed the presidency of the G8 group of industrialised countries.

These attacks persisted in spite of the fact that Ukraine did announce that it had the right to seize a large quantity of Russian transit gas as its 'fee' for allowing it to cross Ukrainian territory: the Ukrainian prime minister said that his country reserved the right to help itself to 15 per cent of the gas in the pipes. More generally, even before the gas war started, there had been numerous articles in the press, indeed, attacking Russia as it prepares to take over the chairmanship of this organisation, all of them accusing the Russian government of clamping down on democracy.

One of the most strikingly hostile editorials was that of the German business daily, the *Handelsblatt*. It attacked the proposed construction of a submarine trans-Baltic gas pipeline which will deliver supplies directly to Germany, bypassing Poland and other transit states. The editorial says that part of this project includes building a branch pipeline which will supply gas to Kaliningrad, the former Königsberg and former capital of East Prussia, now a parcel of Russian territory sandwiched between EU and NATO Member States, Poland and Lithuania. The editorial writes that the purpose of building this branch line is so that Russia will in future be able to switch off the gas supplies to Ukraine and Belarus without disrupting supplies to Kaliningrad. "This is a part of Putin's imperial plans," the editorial says, adding that those like the former German Chancellor, Gerhard Schröder, who has taken a post on the board of the consortium building the pipeline, can no longer ignore the fact that the pipeline is part of a geopolitical project. The editorial concludes with a sinister threat: it says that the construction of the new pipeline is "pure blackmail politics" which "could eventually turn against those who are helping Russia today with its construction." Mr Schröder, you have been warned. [*Handelsblatt*, 2 January 2006]

More generally, these attacks against Russia came against a background of negative media comment about how the Kremlin has re-established control over key sectors of the Russian economy, especially over the companies which control its natural resources. These reports systematically failed to point out that the head of the Ukrainian national gas monopoly is also a political appointee: Oleksiy Ivchenko is a politician who supported Viktor Yushchenko during the Orange Revolution, who was appointed fuel minister after it, and who is now the head of the corporation.

The new anti-Russian orientation of German foreign policy became immediately apparent as the new Social Democrat Economics Minister of Germany, Michael Glos, issued a warning to Russia about the consequences of its actions. It had been one of the main planks of Angela Merkel's election campaign that she would change German foreign policy away from the pro-French and pro-Russian orientation it had adopted during the US attack on Iraq, and back towards a more traditionally Atlanticist and pro-American position.

The only European politician with anything nice to say about Vladimir Putin was the Italian Prime Minister, Silvio Berlusconi. The Italian Prime Minister's office let it be known that the official view was that the Russian President was a responsible politician who did not want to put relations with the EU at risk. Berlusconi has said that Putin is a sincere democrat who is struggling to reform and clean up a bureaucratic system. Berlusconi has said this cannot be done simply by waving a magic wand. [Marco Galluzzo, *Corriere della sera*, 3 January 2006]

Estonia drops charges against former Nazi

The Simon Wiesenthal Centre in Israel has protested strongly against the decision by the government of Estonia not to go ahead with extradition proceedings against Harry Männil, an 86 year old Estonian man living in Venezuela who is accused of war crimes during World War II. The Centre wrote on its web site that this was a "ridiculous whitewashing of an active Nazi collaborator for political reasons". The Estonian Foreign Minister strongly denied, however, that it had received an official protest from the Israeli government. Männil is accused of being a member of the Nazi-controlled Estonian state police during the German occupation of Estonia from 1941 to 1944 and having committed torture and murder against numerous civilians. The Estonian prosecutor decided at the end of December to abandon its proceedings against Männil for lack of evidence. It is estimated that some 5,000 Jews were murdered in Estonia during the German occupation. The head of the Simon Wiesenthal Centre has often accused Estonia of not doing enough to prosecute alleged Nazi war criminals. The Estonian Prime Minister responded to these attacks saying that there were no political trials in Estonia and that he was convinced that the Estonian Prosecutor simply did not have enough evidence to bring a case.

Gerhard Schröder's new job

Many German politicians, especially on the right, have criticised the former Chancellor, Gerhard Schröder, for taking the new job with the pipeline consortium. In the middle of December, a polemic broke out which the Vice President of Gazprom, Alexander Medvedev, said was nothing but an attempt to torpedo the whole project. The Free Democrat

liberals put down a motion in the Bundestag which attacked Schröder for showing disrespect towards his former office, and which said that his decision to take the job was incompatible with the fact that he was still being paid by Germany as a parliamentary deputy. Schröder has rejected the attacks, saying that he accepted the new job without discussing pay, but saying that he expected “the normal rate” for “his costs”. The opposition demanded to know whether Schröder had had any discussions with Gazprom about his new job during his time as Chancellor. The Bavarian Christian Democrats accused Schröder of lying when he said he had been offered the job in a matter of two weeks. [*Die Welt*, 14 December 2005]

There has also been much comment about the fact that Matthias Warnig, the Chairman of the gas pipeline consortium, is a former Stasi agent and informer, and that he was decorated for his services in October 1989 by the head of the Stasi, Erich Mielke. He provided important information and analysis on West German energy policy to the East German government. Reports have also alleged that Warnig was sent back to Dresden when the demonstrations against the GDR leadership started in 1989, in order to work with the KGB, whose official there was Vladimir Putin. [*Die Welt*, 14 December 2005]

Schüssel wants to reduce role of European Court

The new President of the European Council, the Austrian Chancellor, Wolfgang Schüssel, has given a long interview at the beginning of the Austrian presidency, in which he said, among other things, that he wanted to “re-examine” the role of the European Court of Justice: “If the European Court of Justice takes decisions which are retroactive, then that must be revised.” In a previous interview, given on air, Schüssel had also criticised the “undermining of national interests” through rulings by the ECJ. In his interview with the *Süddeutsche Zeitung*, Schüssel said that the ECJ had systematically increased the powers of the European Union, even in areas where there was no community interest. He said that there was “a creeping centralising note in the jurisprudence”. He said it was wrong for the ECJ to take decisions which had retroactive effect. He said that the role and powers of the Court would have to be re-examined, perhaps by the creation of another organ which would “legitimise the attitude of the Court”. Schüssel also repeated his government’s oft-stated position that negotiations with Turkey should be conducted with an open mind as to the outcome, i.e. without them leading necessarily to full EU membership.

The interview started with a reference to *The Sound of Europe*, a big conference in Salzburg which the Austrians are organising to coincide with the 250th anniversary of Mozart’s birth. He also drew attention to the fact that this year is the 150th anniversary of the birth of Sigmund Freud, whose works on “self-reflection, discovery of the unconscious and the super-ego” were also of relevance in Europe’s search for identity.

Schüssel said, “We must be capable of action in those areas in which Europe can get things moving. But we must also be able to allow powers to be given back to nations, regions, communities and civil society. The referenda on the constitution in France and Holland were a very clear signal, a writing on the wall. We must now decipher it.” He said that the text of the Constitution could no longer be revived but that Europe would have to dig deeper. “Not everyone who expresses scepticism is an enemy of Europe,” he said. “Whoever criticises a judgement of the European Court of Justice is not an enemy of the EU.” He went on to say that while Austrian courts had to respect the principle of subsidiarity and proportionality, “In recent years the European Court of Justice has been systematically extending European powers, even in areas where there

is decidedly no community law. Suddenly rulings emerge about the role of women in the German army or about the access to Austrian universities for foreign students which are clearly a matter of national law.” Indeed, the ECJ’s ruling that Austria has to open its universities, which are swamped by Germans, to foreigners on the same terms as Austrians, has proved very unpopular in Austria. Schüssel said that he regretted that the Constitution had said nothing about the role of the ECJ. He did not directly answer the question whether he wanted to proceed with the process of ratifying the Constitution, saying instead that what was needed was “a discussion phase”. He said that Europe should not frighten anyone, and that the French and the Dutch should be reassured that Frankenstein’s monster was not about to be revived. [*Süddeutsche Zeitung*, 31 December 2005]

Austria’s Foreign Minister, Ursula Plassnik, has given an interview along similar lines, during which she admitted that the EU remains deeply unpopular among Austrians. When Austria last held the EU presidency, in 1997, only 31 per cent of Austrians thought EU membership was a good thing. Now the figure stands at 32 per cent. [*Die Welt*, 31 December 2005]

Catholic Church calms anger over Gotovina

The Croatian Prime Minister, Ivo Sanader, has apparently managed to obtain the cooperation of the Catholic clergy in calming the anger of the Croat population at his decision to facilitate the hand-over of General Ante Gotovina to The Hague, an act which has won him accolade in Brussels as it had been the EU’s main pre-condition for agreeing to let Croatia open accession negotiations. Arrested in the Canary Islands on 8 December, Gotovina has received huge moral support from his fellow Croats. His web site, www.antegotovina.com, has had some 2 million visitors, and 80 per cent of Croats think that he is innocent and a national hero. There was a demonstration attended by some 50,000 people in Split, and the European flag was burned during a small demonstration in Zadar. But generally, Gotovina’s arrest has been greeted with resignation by Croats. Commentators say that the relatively muted reaction is thanks to the alliance between the Croat government and the Catholic clergy who otherwise have been strong supporters of Gotovina. The Cardinal-Archbishop of Zagreb, Josip Bozanic, who says he is convinced of Gotovina’s innocence, has attacked The International Criminal Tribunal for the former Yugoslavia as being “politicised and in the pay of the great powers”. But, like Archbishop Marin Barišić of Split, who is also said to be hostile to the EU, Archbishop Bozanic has made several official appeals for people not to demonstrate against the government. One of the reasons why the Croatian clergy may have been co-opted in this way is that the Croatian government has offered the Church a 25 per cent stake in the main insurance company, Osiguranje, which is about to be privatised. This is worth some €65 million. [*Stéphanie Raphanaud, Le Figaro*, 31 December 2005]

Kurdish rights

Honour killings are proliferating in south-east Turkey, although media reports which deal with this ugly phenomenon generally fail to point out that this is a predominantly Kurdish part of Turkey where the EU says the Kurds should be given more autonomy. More than one man in three there is favourable to the practice of killing or torturing women who commit adultery. Recent examples include a 35 year-old woman who was found imprisoned, her hands tied, in the family home, cut off from all contact with the outside world for six years. According to a study conducted by a university, some 37 per cent of men favour execution of women as a punishment for adultery and 21 per cent say their nose and

ears should be cut off. In one recent case, two brothers murdered their sister after she gave birth to a child out of wedlock: they first inflicted serious injuries on her and then, when she was lying in hospital, came to her bed and killed her with a bullet in the head. [Marie-Michèle Martinet, *Le Figaro*, 4 January 2006]

Finnish President says EU is 'a disappointment'

The President of Finland, Mrs Traja Halonen, has said that the EU has been a disappointment for many Finnish citizens. In an interview with an Austrian newspaper, she specifically said that the situation was similar to that in Austria, which joined the EU at the same time as Finland in 1995: "People had hoped that the EU would achieve what it had promised, namely to bring prosperity and security. Finland and Austria are now the most EU-critical countries."

An opinion poll published in Finland has shown that Finns would reject EU membership if they were asked to vote on it now. The survey was conducted by Taloustutkimus, the second largest market research company in Finland, and found that 49 per cent of Finns would vote 'No' to EU membership; only 44 per cent said they would vote 'Yes'. In 1994, when Finns voted on accession, they voted by 56.9 per cent in favour of EU membership.

Greece tries to correct budget deficit

The right-wing government in Greece has adopted a rigorous budget aimed at reducing the budget deficit to 2.6 per cent of GDP. The Commission predicts that Greece, which has always broken the Stability Pact criteria, and whose previous government hid the fact by cooking the national statistics, will have a deficit of 3.8 per cent in 2006. In 2004, Greece's deficit was 6.6 per cent; in 2005 it was 4.3 per cent. State debt is no better: the total state debt in Greece is 107.9 per cent of GDP, whereas the rules say it should be only 60 per cent. The Greek economics minister says it should be reduced to 104.8 per cent by 2006, although, as with other countries, this miracle is strangely achievable even without a budget surplus. Perhaps part of the explanation lies in the fact that in 2006 Greece will receive €11 billion from the EU, or 2.1 per cent of its GDP. In the period 2007-2013 Greece will receive €20.1 billion as a result of the new budget deal. This represents some €3.5 billion a year or 1.8 per cent of GDP. However, the EU Commissar for economics, Joaquín Almunia, has previously been unimpressed by Athens' promise of jam tomorrow. In October, he said, "The situation of the public finances is still worrying and insufficient reforms means that the country is exposed to growing risks connected with the ageing population and globalisation. If adequate reforms are not put in place, spending on pensions which are currently running at 12 per cent of GDP, will reach 22 per cent in 2050. In other words, the public debt will explode." [Didier Kunz, *Le Monde*, 31st December 2005]

Kissinger's role in 1974 Cyprus events revealed

The Greek Cypriot papers have reported on British Cabinet papers, recently declassified, which show the background to the 1974 Turkish military operation which resulted in the occupation of the Northern half of the island. They show that the former Secretary of State, Henry Kissinger, was determined above all not to lose Turkish goodwill. The then Foreign Secretary, James Callaghan, produced a report in 1974 entitled *British Policy on Cyprus: July-September 1974*, gives background to the events. "I had from the first," Callaghan's report says, "been in frequent telephonic communication with Dr Kissinger. Initially, indeed, it appeared that British and US policy was identical and, certainly I and my staff were unstinting in conveying information and opinion to the

Americans. In fact, despite the appearance of confidence our policies and our actions never marched together... Throughout the summer there was doubt about the extent to which the Americans were willing to exert the pressures at their disposal to dissuade the Turks from aggressive action. The Turks themselves concluded early on that American pressure was merely a paper tiger. I was less willing to doubt their assurances to me. The events demonstrated that Dr Kissinger was more concerned with the maintenance of Turkish goodwill as a bulwark between the Soviet Union and the Arab states." The British Ambassador in Washington had lunch with Kissinger on 9 January 1975 after which he sent the following message back to London: "Dr Kissinger said that with all due respect to the special position of the United Kingdom, Cyprus was a peripheral issue from the US perspective, when compared with the importance of Turkey to the security of the eastern Mediterranean. In particular Turkey's role was crucial to US - Soviet relations over the Middle East. If Turkey's security was undermined, there would no longer be any barrier between the Soviet Union and Syria." [Kyriakos Tsioupras, *Cyprus Financial Mirror*, 4 January 2006]

US embassy rejects CIA accusations

The American embassy in Athens has rejected accusations by a Greek Member of the European Parliament who claimed that there was a secret US prison on the island of Crete. "This information is false," the embassy said. The MEP, Giorgos Karatzaferis, had claimed in a letter to the Greek Foreign Ministry that the United States was holding at least twenty terror suspects at the US base in Souda in the West of Crete. Katzaferis said that he had received this information from journalistic sources. The Greek Foreign Ministry said that it had no information about this but the claims were being investigated. [*Die Welt*, 31 December 2005]

French Commissar proposes salvaging parts of Constitution

The French EU Commissar, Jacques Barrot, has proposed that bits of the EU Constitution be retained in a bid to push through ratification of a new institutional system for the European Union. Meanwhile, the Dutch Commissar, Neelie Kroes, has suggested that the number of EU Member States be limited to 27. These remarks contradict the policy of the Commission itself, which officially thinks that the constitution should be preserved in its entirety, and which supports Turkish membership. (An EU of 27 would be the present 25 plus Romania and Bulgaria.) Jacques Barrot told the Austrian daily *Kurier* that the sections on the reform of the EU institutions and the Charter on Fundamental Rights should be removed from the Constitution and the amputated text submitted for ratification. However, Barrot said that he thought the extension of majority voting should be retained, as should the new formula for Member States' voting rights and the new post of an EU Foreign Minister. Mrs Kroes said that 27 Member States was the limit: "You would not even consider putting a 27-member management on a company, in my experience," she said. [*Kurier*, 2 January 2006; Dutch News Agency ANP, 1 January 2006]

The polluter is paid

Following the reform of the Common Agricultural Policy, according to which subsidies are no longer paid proportionally to production alone, French cereal farmers, who for years have lived off the vast profits the CAP generates for them, realise that the game is up. One of them has been quoted saying, - rather melodramatically - "This is the end of our profession: we have no use any more in society." French agriculture will continue to receive some €8 billion in subsidies from the EU every year,

at least until 2013. But the subsidies are no longer paid for production alone. One representative of a farmers' union said, "We are being asked to change our behaviour." Brussels, indeed, wants to reduce production. The average drop in subsidies paid to farmers is only 3 per cent, however, the new rates being calculated according to the average paid over previous years. There will be slightly less money in 2006 (4 per cent less) and 2007 (5 per cent). Some French cereal farmers think that the new system will not last much more, and that it will be abolished under pressure from the British and Nordic countries after 2008. One of them said, "If there are no more subsidies, then I will shut up shop." Organic farmers claim that the new regime is punitive against them, and that the French government has done nothing to help France develop its burgeoning organic sector. An organic farmer said, "We are in the same situation as before, in which the same people go on receiving subsidies, in this case those who pollute the most." [Régis Guyotat, *Le Monde*, 5 January 2006]

Explosion in immigration from Morocco rises

Italy is getting worried: for some time, one illegal immigrant out of three stopped on Italian coasts came from Morocco. The proportion of Moroccans among illegal immigrants has risen from 2.4 to 32.4 per cent in a matter of weeks. The Italian authorities believe that the explanation for this sudden rise lies in the bloody events which occurred on the borders of the Spanish enclaves in Morocco, Ceuta and Melilla, in October 2005. The Italian Minister of the Interior, Beppe Pisanu, has said, "The reinforcement of the double barrier of barbed wire around the two Spanish enclaves has meant that the a part of the traditional flow of clandestine immigration which went from Morocco to Spain has now re-directed itself towards Italy, via Libya." The Moroccan ambassador to Italy was summoned to the Ministry of Foreign Affairs to discuss the situation, and to hear the Italian government's "very serious concerns". The two countries have not been able to sign an agreement on the repatriation of illegal immigrants, despite attempting to do so for six years. Inevitably, this has given rise to calls for a pan-European approach to the problem. The Italian Commissar in Brussels, Franco Frattini, has said that the strategy must be the same across Europe. "Governments must allow us [i.e. the Commission] to coordinate matters both with regard to the agreements with Morocco, Libya and Algeria, and also in organising patrols by naval units in the Mediterranean." In Sicily and on the tiny island of Lampedusa, which lies halfway between Sicily and the coast of North Africa, the situation has gone from bad to worse. The number of illegal immigrants has doubled with respect to 2004. In 2005, some 23,000 illegal immigrants arrived on the coast of Italy. This is 10,000 more than in 2004. These figures might just be the beginning of the larger wave of illegal immigration: the Italian Interior Ministry now fears that hundreds of thousands of immigrants are waiting to come from sub-Saharan Africa. However, the number of immigrants arriving by sea is only 14 per cent of the total: some 29 per cent arrive by train or plane. 67 per cent of illegal immigrants arrive legally in Italy and then stay after their visas have expired. But Italy expels only 10 per cent of the illegal immigrants it catches. [Salvatore Aloïse, *Le Monde*, 5 January 2006]

German state imposes political correctness test

The German state of Baden-Württemberg has introduced a citizenship test for Muslims who wish to acquire a German passport. Questions include, "What would you do if your son was gay?" and "Would you allow your daughter to take swimming lessons?" Another question is "Some people maintain that the Jews are responsible for all the evil in the world

and they insinuate that they are behind the 9-11 attacks in New York. What do you think of opinions of this kind?" These questions are categorised as *Gesinnungsprüfung*, or 'test of a person's convictions'. This test replaces the previous requirement that an applicant for German citizenship sign a statement saying that he accepts the principles of the German Constitution. The answers given during the tests will be kept on file and, if the applicant's subsequent behaviour is inconsistent with the answers given, then this might be grounds for withdrawing the passport and expelling the person from Germany. The initiative for this was taken by Heribert Reich, the police minister of Baden-Württemberg, who has expressed doubt that Muslims are being truthful when they say they respect the German Constitution. His fears were sparked in part by an opinion poll that showed that 47 per cent of immigrants of Turkish origin believed that "We Turks must be very careful not to become completely German."

Other questions on the list are: "Would you allow yourself to be visited by a female doctor (for men) or a male doctor (for women)?" "How do you stand with respect to the claim that all women must obey their husbands and that husbands have the right to beat their wives if they do not obey?" "Do you think it is right for a man to lock his wife or daughter at home in order not to bring shame on the family?" "If your daughter or sister came home and told you she had been sexually molested, what would you do as her father or brother?" "What would you do if one of your children wanted to marry someone of a different religion?" "What would you do if you knew someone who was planning a terrorist attack?" "Who do you think carried out the 9-11 attacks in New York and Madrid?" The questionnaire has been attacked by Muslim organisations in Germany, by secular Turkish community groups, and by the former Minister of Justice, Sabine Leutheusser-Schnarrenberger. Other *Länder* governed by Christian-Democrat governments have also distanced themselves from this decision, with Bavaria for instance saying that it is quite happy with the procedures which have been in place for the last 30 years. [Paolo Valentino, *Corriere della sera*, 5 January 2006]

Human Rights Watch alleges CIA prison in third EU country

Following its claim that the CIA was operating secret prisons in Poland and Romania, Human Rights Watch has now said that there is another secret detention centre in another EU country. Lotte Leicht, the director of the Brussels bureau of Human Rights Watch, told the European Parliament of her group's belief, but refused to say which country they suspect. She said that Human Rights Watch would pay a surprise visit to the presumed detention centre. Both Poland and Romania have denied that they hosted secret CIA prisons; a Greek MEP has alleged that there is a secret prison on Crete. [*Agence France Presse*, 4 January 2005]

Chirac more unpopular than ever

At the beginning of his last full year in office, Jacques Chirac's popularity rating is lower than it has ever been – a mere 21 per cent of people approve of him, according to *Figaro Magazine*. This is 5 per cent fewer than when the last poll was published. 77 per cent of those polled said they were dissatisfied with Chirac's record. Nicolas Sarkozy, the Interior Minister, has dropped 9 per cent to a 45 per cent approval rating and is now only the fourth most popular politician. The most popular is the former Socialist minister, Ségolène Royal: with 49 per cent, she got three more points than the Prime Minister, Dominique de Villepin. Her strong showing means people are now speculating that she might run for the presidency in 2007.

The Relentless March

*Since the end of the Second World War, the European Union and its predecessors, have, to the detriment of the national sovereignty of its Member States, been on a relentless march to a federalist, politically integrated Europe. Here is a look back at some of the major events that have occurred during the month of **January** over the past 60 years.*

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| <p>1948 The custom conventions between Belgium, Luxembourg and the Netherlands enters into force .</p> <p>1949 Belgium, France, Luxembourg, the Netherlands, and United Kingdom decide to set into place a Council of Europe and ask Denmark, Ireland, Italy, Norway and Switzerland to help them prepare the statute of such Council.</p> <p>1953 European Coal and Steel Community (ECSC) levy, the first European tax, comes into force.</p> <p>1956 The ECSC High Authority confirms the principle of free circulation, within the Community, of steel products imported from third countries.</p> <p>1958 The EEC and Euratom come into operation and the Committee of Permanent Representatives (COREPER) established.</p> <p>The Treaties of Rome enter into force and the EEC and Euratom Commissions are set up in Brussels.</p> <p>1960 The Stockholm Convention establishing the European Free Trade Association is signed after its promotion by the United Kingdom.</p> <p>European Free Trade Association (EFTA) Convention signed in Stockholm by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom.</p> <p>1962 Basic features of the Common Agricultural Policy agreed.</p> <p>1963 General de Gaulle announces his veto on the UK's first membership application to join the European Community.</p> <p>1966 EEC enters into the last phase of the transition to the Common Market; the unanimity vote is replaced by the majority system for most of the decisions of the Council. The Luxembourg Compromise is reached after the seven month 'Empty Chair Crisis' (France resumes its place on the Council in return for the retention of the unanimity vote when major interests are at stake).</p> <p>1972 Negotiations between the European Community and four applicant countries (Denmark, Ireland, Norway, and United Kingdom) concluded.</p> <p>1973 Accession of Denmark, Ireland and United Kingdom to the European Community; preferential trade agreement between the EC and most EFTA countries comes into effect.</p> | <p>1974 The Commission addresses the Heads of Government on the state of the Community. The address stresses the need for greater integration, bringing national policies closer into line and by working out common policies. The European Parliament declares that the unity of Europe can only be realised if the Community institutions are enabled to pursue a policy funded on real European solidarity.</p> <p>1977 United Kingdom takes over rotating presidency of the Council of the European Communities for the first time.</p> <p>1981 Greece becomes the 10th Member State of the European Community.</p> <p>1983 Common Fisheries Policy agreed.</p> <p>1984 Free trade area between the EC and EFTA established.</p> <p>1985 First European passports issued in most Member States.</p> <p>1986 Accession of Portugal and Spain to the European Community.</p> <p>1990 The first of three successive stages towards a single currency is implemented according to the Maastricht Treaty, by liberalising the movement of capital in all Member States.</p> <p>1993 The Single European Market enters into force.</p> <p>1994 Second stage of Economic and Monetary Union (EMU) comes into effect and the European Economic Area (EEA) enters into force.</p> <p>1995 Following the European Parliament's vote of approval on 18 January, the representatives of the Governments of the Member States appoint President and Members of the European Commission for a five-year term.</p> <p>1995 Austria, Finland and Sweden become EU members.</p> <p>1996 Czech Republic and Slovenia apply to join the EU and a customs union between the EU and Turkey comes into effect.</p> <p>1998 Cooperation agreement between the EU and the former Yugoslav Republic of Macedonia enters into force.</p> <p>1999 Stage 3 of EMU and the euro come into operation on 1st January.</p> <p>2000 Accession negotiations begin between the EU and Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia.</p> <p>2002 Euro notes and coins enter into circulation in the 12 participating Member States.</p> |
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BOOK REVIEWS

The Case for EFTA

by **Daniel Hannan**, MEP, The Bruges Group, 2005, pp 14, ISBN 0-9547087-3-3, £3.00

Reviewed by Sara Rainwater

DAN HANNAN is one of the brightest minds representing the UK in the European Parliament. He has written numerous books and pamphlets on the European Union, is currently a leader writer for the *Daily Telegraph* and a columnist for *Die Welt* and the *Sunday Telegraph*. All this while expertly maintaining his career as an MEP, a position he has held since the ripe old age of 28.

His latest venture with the Bruges Group, *The Case for EFTA*, is a mere 14 pages long. Despite its succinctness, this pamphlet sets forth a solid case for EFTA membership as a replacement to full EU membership for the United Kingdom. Hannan does this by contrasting the economic prosperity of the four EFTA members (Iceland, Liechtenstein, Norway and Switzerland) with that of the EU25.

Hannan doesn't just rant and rave for 14 pages; he backs up his argument with empirical evidence that is hard to ignore. EFTA's "rude prosperity", he argues, is "embarrassing to the British Euro-sophists". From the outset of the pamphlet, the image you get is that something is clearly going right within EFTA. The first set of numbers Hannan presents show that Iceland, Liechtenstein, Norway and Switzerland all have GDPs significantly higher than the current EU25. Norway's GDP per capita is at 48,400

USD while the EU25 stands at only 21,800. Likewise, the unemployment rate for the EU25 is more than double that of the EFTA countries. The rest of Hannan's empirical evidence follows similar suit, painting the image that maybe, just maybe, the 'Brussels way' isn't the best way.

Hannan also debunks traditional 'EFTA-myths' that have been circulated by Eurocrats for the past 30 years, such as the misconstrued concept of 'fax diplomacy', the idea that Britain would have less control in Europe or in the world if it were outside the EU, or that it would lose millions of jobs if it left. By countering these myths (which were originally intended to convince the public of the economic benefits of EU membership), Hannan easily sells the benefits of EFTA instead.

Strikingly, Hannan's commentary on the absence of free trade agreements between the EU and six Anglosphere countries correlates with the data presented in the lead article of this issue (see page 5). Helmer, Stewart-Brown and Hannan point out that the EU's bias against British trade interests negatively affects British business. As an EFTA member, the UK would be free to negotiate FTAs with the Anglosphere.

The overall theme of the pamphlet: EFTA countries benefit economically from the Four Freedoms of the Single Market while

being free from the bonds of political integration that tie the hands of the EU25. Or in Hannan's words, "countries which participate in the European market without subjecting themselves to the associated costs of membership are wealthier than full EU members." One needn't say much more than that to make the point.

Sara Rainwater is Editor of The European Journal.

The Case for EFTA by Dan Hannan

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The Wrong Side of the Hill: The Secret Realignment of UK Defence Policy with the EU

by **Richard North**, Centre for Policy Studies, 2005, pp 51, ISBN 1 905389 08 6, £10.00

Reviewed by Alistair Tebbit

THE PRIMACY OF EU LAW and the Common Agricultural Policy are perhaps the main *bete noir* for critics of European integration. The development of an EU defence policy, by contrast, has received much less attention from Eurosceptics. This is probably because meaningful integration

in the defence sphere has generally been viewed as unlikely. This view continues to be sustained in the political mainstream, despite the fact that the 1992 Maastricht Treaty created the intergovernmental pillar, which allowed for the formation of a Common Foreign and Security Policy (CFSP),

and that many Member States from 1992 (including the UK from 1999) have earmarked troops for participation in an EU military organisation now called the European Rapid Reaction Force (ERRF).

In any case the possibility of a European army is usually dismissed on the following

grounds: (a) the current treaty structure does not oblige Member States to incorporate their armed forces into a permanent European military capability; (b) for as long as the UK, the biggest military spender in the EU, continues to assert that NATO is the lynchpin of Western defence arrangements and keeps its forces beneath the NATO umbrella, there is little chance of an independent European defence force emerging; and (c) deep divisions among EU Member States over the US-led invasion of Iraq in 2003 have been disastrous for those who desire an independent European military capacity. After all, what chance can there really be that Member States will agree to cede control of their military forces to the EU, thereby allowing them to be directed by an EU foreign policy, when key Member States like the UK and France have been completely at odds over major foreign policy decisions?

These are reasonable points, and in truth there is probably very little chance in the medium term of an integrated European force being developed, but what Richard North argues in *The Wrong Side of the Hill* is that the UK government, by making subtle and yet profoundly important shifts in its defence procurement policy, is effectively tilling the ground for precisely such a move. Essential to this argument is what North claims to be the military application of the European satellite system, Galileo, and the intention of the UK government to purchase military communication equipment compatible with it. Cynics will probably consider North's suggestions to be verging on the paranoid, but his convincing explanation of how warfare will be waged in the near future makes his exposition on the direction of New Labour's defence policy worth reading.

North's thesis is that the needs of 'expeditionary warfare' will determine the sort of military resources that the world's most advanced countries will have in the future. By 'expeditionary' he means that forces will need to be deployable by air to international trouble spots, armed with sufficient firepower to defeat, in a worse case scenario, a well-equipped and organised opponent. However, creating the military capability to do this is problematic for even the resource rich United States. Ground troops deployed by air tend to be lightly armed and lightly protected because even the largest military aircraft do not have the capacity to transport main battle tanks and large artillery pieces. The doctrines dev-

eloped by military planners to deal with this problem relate to what North terms 'net-centric warfare'. In order to give your ground troops protection, it is necessary to use a range of sophisticated detection equipment (e.g. armoured reconnaissance vehicles, unmanned aerial vehicles, high flying surveillance aircraft and ground surveillance satellites) in order to locate the enemy before it comes within range. That information is then relayed from the detection equipment via communication satellites into computer systems at command and control centres where the information is processed. Commanders then use the data to select which enemy units will be destroyed with a mixture of long-range and stand-off weapons.

North argues that the vast upfront expense which the UK would incur if it wanted its armed forces to operate in such a system is greater than a country of our size could afford. We are therefore obliged to cooperate with another party. Satellite technology is crucial to the choice made. In effect, we either have to work with the Americans and invest in communications technology equipment that is compatible with their satellite communication system, Global Positioning System (GPS), or we choose technology that works with the European satellite option, Galileo. North argues that the UK has recently chosen the latter by abandoning its participation in the American-led Future Combat System project. This is a form of communication technology that would have been attached to UK military assets allowing them to connect to the GPS framework. Without such kit it will become very difficult for UK forces to work effectively alongside US troops because effectively British troops will be disconnected from American command and control structures. North also provides examples where the UK government over recent years has bought European defence technology (e.g. trucks, howitzers and rifles) that is often inferior or more expensive than the American manufactured equivalent. This, he argues, is further evidence of the UK government turning its back on the US in favour of a European option.

Interestingly the publication of North's CPS paper coincides with germane news from the recent Iraq war. UK forces have found it difficult to work alongside the Americans precisely because they lack compatible communication technology. Senior British officers have expressed the view that

a lack of 'inter-operability' caused by the technology deficit between US and UK forces was the main reason that in March 2003 British troops were confined to a supportive role in Basra rather than being embedded with American forces during the advance on Baghdad. In some respects the UK's role in Iraq in 2003 mirrors the role of French forces in the 1991 Gulf War. On that occasion, the vast majority of French units were placed on the extreme left wing of the allied invasion forces and given a free run through empty desert. A lack of inter-operability did not really matter because the French were working independently away from the main battle zone.

Whether the UK will be allowed to bridge the technological gap that exists between its own forces and those of the US by purchasing equipment compatible with American systems remains in doubt. There is considerable evidence that the UK's deepening links with the EU has taken some of the trust out of the 'Special Relationship'. Recent UK support for a lift on the EU arms embargo to China has upset many Congressmen and the UK's refusal to impose a ban (at the request of the Americans) on the re-export of US military technology to third countries has also not helped. Leakage of technology secrets to America's strategic rival, China, is clearly a concern for the US. After all, it should be remembered that China is a partner in the Galileo project. As a consequence the Americans are now constructing barriers between the UK's procurement agencies and the US defence industry in order to deny British access to the latest 'net-centric warfare' technology. Congress recently blocked attempts by the UK government to obtain a waiver from the US International Traffic in Arms Regulation which had previously been promised to the British by President Bush. The UK must now go through a very lengthy process in order to get State Department approval before it can purchase US armaments and military technology. Against this unfavourable backdrop a 'European' option for the UK is clearly emerging as Galileo is fully developed. If that step is taken by the UK government then the EU will also have made a big step towards establishing an integrated defence policy.

Alistair Tebbit works for the European Research Group.

Disappearing Britain: The EU and the Death of Local Government

by **Lindsay Jenkins**, Orange State Press, 2005, pp. 215, ISBN 0-9657812-3-2, £14.99

Reviewed by Jocelyne Saunders

DISAPPEARING BRITAIN is Lindsay Jenkins's third book which examines the UK's tumultuous relationship with the European Union. Whilst Ms Jenkins's previous two books, *The Last Days of Britain* (Orange State Press, 2000) and *Britain Held Hostage* (Orange State Press, 1998) look more generally at Britain's entry into the EU and how far Brussels has already absorbed Britain's political, economic and judicial life, *Disappearing Britain* is the first in her series to examine the impact that Britain's membership of the EU is having on the actual governing of Britain itself at a local level. As Jenkins herself states in her opening chapter, "this book is a plea for local democracy and for less government, for the freedom of the British people to run their own lives in their own country."

Jenkins meticulously charts the course of the steady break up of Britain into regions that has been occurring since the 1972 British ratification of the Treaty of Rome. Jenkins also describes with unnerving clarity the steady dissolution of Britain as a sovereign state, as these regions are encouraged to deal bilaterally with Brussels, bypassing our democratically elected national parliament. The eventual outcome as predicted by the author will be that, "all regions both in the UK and across Europe will eventually report to Brussels alone and not to countries. Countries will be reduced to lines on a map, without substance, and of historical interest only."

Considering the range of issues covered, *Disappearing Britain* never seems to drag or lose focus. This is thanks to the book's tight structure, upheld by a succession of short but highly informative chapters, which divides her work into manageable portions. Such an arrangement also allows Jenkins to demonstrate how her wide area of study feeds the central argument. For example, one might be forgiven for wondering how the issue of differing local dialects relates to the process of regionalisation as a whole. But after reading Chapter 18, *Local Languages Exploited to Divide Countries*, the Commission's huge role in reviving virtually extinct dialects such as Manx and Jèrriais in order to build separate regional identities becomes clear.

The way in which Jenkins endeavours to support her arguments with clear, irrefutable evidence demonstrates the levels of both secondary but especially primary research that she has undertaken to produce this book. Indeed, the book is bursting with facts and figures. Personal correspondence, quotations from newspapers, *Hansard*, the European Parliament, the Commission, government White Papers, Committees and even a map of Britain's National Parks all serve to support and promote Jenkins's argument that democracy in Britain is slowly seeping away. Perhaps the most interesting quote comes straight from the horse's mouth, from a regional assembly member who discloses in a letter to the author that, "members receive their massive papers only days before the Assembly meets and they have no real idea of what is happening... It is a charade of democracy." With admissions such as this, it is evident that Jenkins's arguments should not be ignored.

Far from being a standard investigation into the politics of the EU, *Disappearing Britain* is also a historical and geographical study into the regionalisation of Britain. The book offers three clear and concise opening chapters explaining the history of regionalisation. For instance, Jenkins identifies the Treaty of Rome as the legal source of regional government as evidenced by its desire to reduce the "differences existing between the various regions and backwardness of the less favoured regions". She notes that even before Britain became a full member of the EU change was already occurring to bring our regional policy in line with that of the EU's. The book examines the more recent devolution of power to Scotland and Wales, the failed referendum in the North East of England and even the extent to which Poland was obliged to adopt the EU's three-tier system of government in 1999, replacing its 49 provinces with 16 regions to ensure it gained full membership in 2004.

In terms of geographical interest, one must admire the way in which equal attention is paid to all areas of the UK, giving fair coverage of Scotland, Wales, Northern Ireland as well as the English regions. For anyone interested in the history of the UK's counties, there are some

fascinating details of the ways in which 13 Welsh counties were reduced to eight and counties such as Avon and Cumbria were created to satisfy Britain's proposed EEC membership. At the other end of the scale, far from creating new counties, Jenkins goes on to explain the next step in the re-naming of regions according to Brussels' Spatial Plan. Apparently London is now known to Brussels Eurocrats simply as UKI, with outer and inner regions numbered UKI 1 to UKI 23 replacing the well established boroughs. Rural counties have not escaped this re-branding either and, pending the abolition of County Councils, councils such as Dorset and Devon will be referred to as UKK 43 and UKK 22 respectively

For want of a single criticism, coverage of the situation in other EU Member States was slightly lacking. Save for a brief list of 'snapshots of a changing Europe' in Chapter 14, the only other EU Member State that is looked at in any kind of detail is Germany. But then again, the title of the book is *Disappearing Britain*, not *Disappearing Britain, France, Germany, Spain, Greece, etc.*

Of course this review could continue to sing the praises of *Disappearing Britain*. Each chapter introduces yet another angle in which British local government has been destroyed and replaced by the EU's own system of local government. Whilst some sections such as Chapter 8, *Taxpayers Foot a Heavy Bill*, evoke feelings of pure anger that so much of our money is being wasted on projects such as a £120 million building for the London Assembly, other sections conjure up a sense of regret that so much subversive damage has already been done. At times you will feel incredulity at just how many pies the bloated EU bureaucracy has its fingers in and just how deep the EU's control is in the UK, even over seemingly mundane things such as road signs. The only way to appreciate the depth and scope of this book is to go forth and read *Disappearing Britain* for yourself. Remember, in the words of the hymn *Jerusalem*, it is our mountains green and pleasant pastures seen which are at stake.

Jocelyne Saunders is Head of Research at the European Foundation.

>>> INVESTIGATING >>> INVESTIGATING >>> INVESTIGATING >>>

COUNCIL DIRECTIVE 2004/113/EC

Date passed:	13 December 2004
Compliance date:	21 December 2007
Purpose:	To lay down a framework for combating discrimination based on gender in access to and supply of goods and services, particularly in the field of insurance, by putting into effect the principle of equality between men and women.
Scope:	Applies to all persons who provide goods and services, both public and private, that are available to the public.
Covers:	Direct and indirect discrimination; harassment; sexual harassment.
Exclusions:	Does not apply to education; matters of employment and occupation; media and advertising aimed at a particular sex. Also does not apply to goods and/or services offered in private and family life.
Monitoring:	Member States must relay all available information on the application of the Directive to the Commission by 21 December 2009, with follow-up reports every five years thereafter.
Current status:	Member States are currently in the 'transposition' phase, whereby they must enact appropriate legislation and administrative provisions in order properly to implement the Directive within their borders.

Issues surrounding the Directive:

This Directive recently gained media attention because of the specific issue of sex discrimination at golf clubs in the UK.

Clause 16 of the preamble of the directive states:

"Differences in treatment may be accepted only if they are justified by a legitimate aim. A legitimate aim may, for example, be the protection of victims of sex-related violence (in cases such as the establishment of single-sex shelters), reasons of privacy and decency (in cases such as the provision of accommodation by a person in a part of that person's home), the promotion of gender equality or of the interests of men or women (for example single-sex voluntary bodies), the freedom of association (in cases of membership of single-sex private clubs), and the organisation of sporting activities (for example single-sex sports events)."

The Daily Telegraph reported on 5 January that under the directive, differences in treatment can be justified by a 'legitimate aim'. However, this is not the case for a club or organisation that admits both men and women, but treats one sex as second-class members. Such discrimination is now in clear breach of the EU directive.

The phrase *"the freedom of association"* defined as *"in cases of single-sex private clubs"* in Clause 16 of the preamble may be used to keep gentlemen's clubs in the clear. However, there is a dispute as to whether

such a club constitutes a *"legitimate aim"*. In *The Telegraph*, a Commission official pointed out, *"That wording is not in the directive itself."* It would appear that the term 'legitimate aim' is not legally binding. However, Article 4(5) of the directive states, *"This Directive shall not preclude differences in treatment, if the provision of the goods and services exclusively or primarily to members of one sex is justified by a legitimate aim and the means of achieving that aim are appropriate and necessary."* Thus, it is currently unclear how a court would rule should this point be legally challenged.

When Britain enacts national legislation which implements the directive, it is then up to the Commission to examine whether or not it has been appropriately transposed. If for any reason the Commission feels a Member State has not properly implemented the Directive, it may bring infringement proceedings against the state. In this instance, the Commission may feel too many exemptions have been made, such as for single-sex members' clubs, and rule against the Member State.

Discrimination in the insurance and financial arenas (and inconsistencies amongst Member State laws in those areas) was the initial impetus behind the creation of such a directive. Although it has now broadened to other areas, this directive is of particular importance to the insurance industry. Article 5(1), which covers actuarial factors, states, *"Member States shall ensure that in all*

new contracts concluded after 21 December 2007 at the latest, the use of sex as a factor in the calculation of premiums and benefits for the purposes of insurance and related financial services shall not result in differences in individuals' premiums and benefits." All new contracts concluded after the compliance date of 21 December 2007 should be calculated without taking the insured's sex into consideration. The separation of men and women into different pools for the calculation of premiums will be a discriminatory practise after this date. After reading that, it might appear that this could be the end for cheaper car insurance for women. However, Article 5(2) goes on to state that, *"proportionate differences in individuals' premiums and benefits"* may be allowed *"where the use of sex is a determining factor in the assessment of risk based on relevant and accurate actuarial and statistical data"*. It is unclear in this circumstance how each Member State will interpret this clause and whether the Commission will accept its interpretation when it comes under review.

For the full text of COUNCIL DIRECTIVE 2004/113/EC, go to http://www.ei-ie.org/payequity/EN/docs/EU%20Documents/2004_113.pdf

If you have comments or queries regarding this Directive or would like to see a particular Directive investigated, please contact the Editor.

LETTERS TO THE EDITOR

From Dr Bernard Juby

Dear Editor,

Anent my recent article one item in urgent need of addressing is the way in which small businesses are “represented” in the Social Dialogue.

In Brussels we have the equivalent of the tired old triangle of government, the CBI and the TUC. At present what small business representation that exists has to go in under the skirts of the equivalent of the CBI – *but only provided that it doesn't say anything that will upset them!* What sort of true representation is that? The triangle must be squared by an independent micro-small businesses voice. For example E.S.B.A. – the Association of European Small Businesses whose members are, collectively, major employers – could act as the true voice of small businesses. Only then will some of the matters referred to in my article start to be addressed and the damage caused by the Social Chapter halted.

Yours etc.,
Bernard Juby (Dr)

From Mr L.G. Holt

Dear Madam,

All we want to know and learn from the *European Journal*, even the ponderous European Reform (that's a laugh) Forum (enough hot air to float a Zeppelin) is: how soon, and how, can we become Swiss and/or Norwegians, or indeed Icelanders (busy taking over UK companies) – or (one is not fussy) Canadians, Australians, or even Japanese. What is their knack, and how have we lost it? (Answer, essentially: the Conservative Party.)

Clearly there is no “joy” in the new (same old) Conservative Party leadership, who continue to think that Britain is far too feeble for “Aussie-like” independence. Even Mr “In but not run by the EU” is back as Shadow Foreign Secretary! And no good squealing about the Rebate: that was doomed by the Conservative Party's overwhelming enthusiasm for “Enlargement”; well, Mr Cameron, *et al* have that “panacea” for EU reform, and the British taxpayers to go with it – which laps into another Conservative Party problem.

Yours faithfully,
L.G. Holt

From Mr Graham Wood

Dear Editor,

I share entirely the views expressed by Messrs Shaw and Gretton in their letters (Nov/Dec Issue EJ). I too am amazed that at this stage in the evolution of the EU that the fundamental question underlying both letters – ‘what is the EU for?’ – still remains largely unanswered, by the interesting, but largely academic, European Reform Forum, the European Journal, and the current crop of UK politicians. Well may ‘Eurosceptics’, democrats and patriots in the UK seek an answer to the riddle as to what rationale drives our MPs to allow our whole democratic parliamentary system to be inexorably overridden to the extent that over 75% of our laws now emanate from Brussels? This demonstrates a terrible complacency on the part of our political class irrespective of party, which at best can only offer minority representative for the electorate. We can only assume that their silence on this glaring anomaly must indicate assent, and that the historic principle of a democratic self-governing UK has been all but abandoned by them.

The point about unrepresentative government is important as witnessed by the record low turnouts at General Elections as the electorate vote with their feet. But there is a more urgent and pressing point, namely that a largely unrepresented electorate presents a dangerous potential for popular unrest, if not direct civil disobedience, and not without justification. We should not forget the factors that lay behind both the English Civil War and the American War of Independence which were reactions against *unrepresentative governments symbolised by “no taxation without representation”*. In part, could the recent French riots also invite a similar comparison?

The EU membership (£12 billion p.a.) fee, plus the punitive economic cost of its “directives” constitute a replication of this problem and a denial of our own Constitution. The plea by Conservative politicians for “re-negotiation” of the treaties is naive and ruled out entirely by the EU doctrine of *Aquis Communautaire*. Even if such a policy could be implemented it would take years of fudged style negotiation not months.

What is the alternative? Answer: cut the Gordian Knot, campaign to move out of the EU, and opt for a fundamentally different relationship with the EU akin to that of

Norway and Switzerland, and this is what your Journal should be recommending. When a house is ablaze it is of little use for firemen to arrange a meeting to discuss fitting new door locks, or mending roof tiles when the priority is to get the occupants out of the house altogether. When will MPs, and especially our ‘sceptic’ Conservatives recognise that the EU is institutionally unreformable?

Yours sincerely,
Graham Wood

From Mr Steve Lane

Dear Ms Rainwater,

I wholeheartedly agree with your editor's note from the last issue. Mr Gretton and Mr Shaw are fully entitled to their opinions, however, this should not deter from the essential work undertaken by the European Foundation. The journal is a critical medium for the debate over Europe. The articles in the journal are top quality and are an excellent source of information for all parties interested in European Union politics, not just the sceptics. I have been reading the journal for a couple of years now, but wish I had subscribed to it earlier.

On another note, I found the main article by Jocelyne Saunders extremely informative. The tradition of coalition governments so prevalent on the continent has always been a mystery to me, and her article highlights the absurdity of such governmental alliances. How Frau Merkel and her Grand Coalition think they will be able to accomplish anything worthwhile is beyond me. All it seems they will end up doing is appeasing one another to ensure that there are smiles on everyone's faces.

Yours sincerely,
Steve J. Lane

Please address all letters to the editor
to Ms Rainwater
and post or e-mail to:

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FACTS

by Jessica Jerrell

1 Over 100,000 register for '.eu' web domain

The European Union launched its new internet domain on 7 December 2005 and over 100,000 different businesses and public bodies submitted applications for spaces. The office registering new websites on the .eu domain works on a first come, first serve basis; many companies applied in the first 15 minutes for the most popular names like 'tickets.eu' or 'hotels.eu.' For the next four months, trademark holders and public bodies have priority to submit applications for their website names. On 7 April 2006, individual citizens of the EU can submit their requests for .eu websites.

[*EU Observer* 8 December 2005]

2 Phone data must be stored, says EU anti-terror laws

A new draft of anti-terror rules would require telecom companies in the EU to retain information on every mobile phone call, every text message and some internet data from all their customers for up to two years. If the European Parliament adopts this draft as a directive, new laws will be enforced in all 25 Member States. Charles Clarke, Chairman of the EU's Justice and Home Affairs Council under the UK Presidency, argued that this information would be crucial in investigations in organised crime and terrorism. However, a report by the European Parliament's Committee on Civil Liberties said such large amounts of data would take police up to 100 years to analyse.

[*The Times* 2 December 2005]

3 Brussels seeks advice on solving EU obesity problem

The European Commission has launched a three-month consultation with health NGOs, national governments, businesses and consumer groups to find the best approach to tackling the growing obesity problem in the EU. Approximately 14 million Europeans fall into the category of obese; in some Member States the growth rates for obesity are as high as 40 per cent. The Commission is eager to consult the rest of the EU on a number of areas, especially the problematic issue of further regulating the marketing of food within the EU.

[*www.eupolitic.com* 8 December 2005]

4 British Ambassador ridicules EU in 'joke' e-mail

Senior British Ambassador Charles Crawford risked confrontation in the EU after an e-mail ridiculing several Member States was discovered by a British newspaper. Crawford, the Ambassador to Poland, condemned France and Poland for preventing Britain, at the time, from securing a deal on the EU budget. In addition, Crawford also called the Common Agricultural Policy "*the most stupid, immoral state-subsidised policy in human history, Communism aside.*" Mr Crawford, backed by Foreign Secretary Jack Straw, insisted the e-mail was a joke and told the newspaper, "*This was meant to be a bit of light relief. No offence was meant and I hope none is taken.*"

[*Metro* 12 December 2005]

5 France rejects Macedonia

Macedonia has become the first country to fall victim to the growing weariness of EU enlargement as France voted against the country becoming a EU candidate member. French Foreign Minister Philippe Douste-Blazy refused to allow the former Yugoslav republic to have candidate membership status, saying that the EU "*cannot take a decision if the rules are not clear [. . .] How does the EU of 27 or more member states function?*" The decision from France came despite recommendations from a report by the European Commission in November that Macedonia was ready to become a candidate member and begin accession talks.

[*EU Observer* 13 December 2005]

6 Romania making steady progress towards EU entry

Romania has made considerable progress towards its goal to join the EU by 1 January 2007, yet major reforms in the country are still necessary to complete the transition and become a Member State, according to a report by MEP Pierre Moscovici. The report pointed out several areas still in need of reform, such as corruption, border control and food safety. Romanian Ambassador to the EU Lazar Comanescu believes that, despite the reforms that need to be completed in the next year, the European Commission is confident that Romania will make the transition on time.

[*www.eupolitic.com* 14 December 2005]

7 Far-right MEP to stand trial in May

MEP Bruno Gollnisch will face trial in a court at Lyon for his remarks about the crimes against humanity during World War II and the Holocaust. During a news conference in October 2004, Gollnisch said that a debate should take place on the manner in which millions of Europeans died during the Holocaust. Gollnisch did not deny the loss of millions of lives or the existence of the gas chambers. Nonetheless, his comments outraged many anti-racism and Jewish organisations, and the EU voted to remove Gollnisch's diplomatic immunity. The trial is scheduled to start in May 2006.

[*BBC News* 13 December 2005]

8 EU to open Baghdad office sometime in 2006

The EU External Relations Commissioner announced that the EU is planning to open an office in Baghdad as soon as possible in 2006. The goal behind the opening of this office is to show an engagement in the area and to start talks on a trade and cooperation agreement with Iraq. This agreement would encourage Iraq to interact more on an international level and promote trade with EU Member States. Jawad al-Doreky, head of Iraq's envoy to the EU, declared that the opening of an EU office would demonstrate that Iraq is on the right path for building democracy.

[*BBC News* 12 December 2005]

Jessica Jerrell is currently studying International Studies and Journalism at American University in Washington, DC and is a research assistant at the European Foundation.

CHUNNEL VISION**Your Guide to
Who's Who
in the Commission***by Dr Lee Rotherham*

WHOSE BRIGHT IDEA was it in the first place to put a Greek in charge of the environment, someone from the land of the Jorg Haider crisis in charge of external affairs, a national from the people that ran the Belgian Congo in charge of development, and a Finn running enlargement (this from a country that has physically shrunk every time it has fought a war)?

They've been in office for a year now, and you still don't know who they are. Here's our intro to the stars of the Commission.

José Manuel Barroso (Portugal, President)

Mr Barroso is one of the better-known members of the Commission, not least for his regular appearances on S4C's Welsh Question Time, where he first revealed his love of slate. His popularity in Brussels amongst the ordinary folk is enormous, in part because one of his first acts was to reduce the Presidential motorcade from eighteen limos to two, and dispense with the .50 calibre mounted jeep outriders and helicopter gunships. He is often to be seen wandering the streets at night, handing out chouricos from his native land to the many poor and dispossessed who have flocked to Brussels only to find that the streets aren't paid with gold, because that budget has gone to Greece.

Manfred Mann (Germany, Enterprise and Industry)

The efficient Herr Mann runs a tight ship at the Commission, quite literally. His gunboat patrols the Meuse, shelling random villages that fail to comply with ball bearing regulations.

Slerkii Stosbat (Estonia, Administrative Affairs and Fight Against Fraud)

Miss Stosbat holds two degrees in public administration from the University of Leningrad, and was a leading light of pencil reform under the Soviet regime. The fight against fraud has made massive leaps under the Commissioner, and is now scheduled to begin in June 2014.

Luigi Alfresco (Italy, Justice Freedom and Security)

Signor Alfresco is admirably suited to carry through legislation in all parts of his brief,

as he believes in none of them. He is a suspected member of the K2 Masonic Lodge, which meets extremely infrequently and only at 28,000 feet.

Jules Verne (France, Transport)

Monsieur Verne is an enthusiastic proponent of state run transport, including slave galleys, and supports subsidies for comedy hand-propelled railway carts. He has dispensed with an official car and instead flies a Montgolfier into work, which can often be seen tethered outside *Les Aviateurs* during the Strasbourg session.

Ett Brikland (Sweden, Institutional Relations and Communication)

Miss Brikland's first act as Commissioner for Thunk Tanking was to set up a Blog, or as it is known in Sweden, a Blagg. This has been ground breaking in a variety of different ways. It was, for instance, the first in Scandinavia to actually show a herring, previously a dark taboo.

Joe 'Ice' Borg (Malta, Fisheries and Maritime Affairs)

The Maltese are famed for two things: small scale fishing, and torpedoing German shipping. The latter skill set being temporarily unavailable for use within the Brussels set, the Maltese ended up with a Commissioner in the first category. It is rumoured, however, that Maltese trawling barks, or MTBs as they are known in the trade, are remarkably souped up for their length and carry unusual tubular fish storage mounts.

Stavros Cirrhosis (Greece, Environment)

The Environment Commission was first established in the Sixties to absorb personnel arising from the mass unemployment that followed when they stopped filming *Spartacus*. There are still several of the original background cast in the DG. Mischievous diplomatic types have been known to interrupt important speeches on Greenhouse Gas emissions with a whispered "*Im Spartacus*", which is a sure-fire way to trigger a Pavlovian response amongst members of the old crew sitting behind the Commissioner.

Alfonso Momentito (Spain, Economic and Monetary Affairs)

Senor M is, like 38 per cent of the Spanish population, directly related to a conquistador, and likes to spend his spare time wallowing in Aztec gold, or, as they are known today, euros. His office is literally wallpapered with Venn diagrams where circles don't actually meet, with commentaries by ECB economists scrawled in 97 tongues, to keep out the evil spirits that haunt his floor.

Lazlo Goulash (Hungary, Taxation and Customs Union)

An Hungarian was a surprise choice for Tax Commissioner, as several parts of the EU have higher levels of state subsidy. But Lazlo comes from a family that has supplied over twenty generations of accountants to monarchs, emperors, and the Scottish Parliament. He keeps these traditions alive, and the office often echoes to the ceremonial blowing of the Horn of Endor on the third Tuesday after the Feast Day of St Murgatroyd.

Hadolf Itler (Austria, External Affairs)

Mr Itler has an ongoing dispute over office space with several of his colleagues. An amateur painter, he recently donated one of his works (*Venus with Panzerfaust Recumbent*) to a museum in Ostend.

Vlery Dortsmos (Slovakia, Education and Culture)

Commissioner Dortsmos is currently in the headlines for using one hundred million in EU grants to fund the new King Kong movie, as part of his campaign against bushmeat, and taking your work home with you.

Nellie Strapps (Netherlands, Competition)

Madame Strapps accepted the brief only if she could appoint a free market alternate. Her competition as Competition Commissioner is Barry Clark, who runs a chip shop in Wolverhampton.

Peter Mandelson (UK, Trade)

Commissioner Mandelson got his position only because, after his first contretemps with the Press, he managed to hypnotise Tony Blair using a shoelace and a small Number 10 bust of Harold Wilson that was standing nearby. If he says the word 'discombobulate', the Prime Minister gives him a new job, and barks like a dog.

Jugo Datawaj (Slovenia, Development)

Mr Datawaj was a former circus performer under the old regime, and amuses staff at Christmas parties by whipping out his old unicycle and juggling free trade mangos. Sadly, he had to shave off his old trademark moustache, but keeps a special one in the drawer for the occasion, made out of panda.

Luc Ouarme (Luxembourg, Information Society and Media)

Nothing is known about this Commissioner, who is rumoured only to exist in cyberspace, or the village of Erpeldange.

Dr Lee Rotherham is a political advisor and consultant.

THE EUROPEAN FOUNDATION

MISSION STATEMENT: The aims and objectives listed below are summed up in The Foundation's overall policy of 'yes to European trade, no to European government'. We believe that greater democracy can only be achieved among the

various peoples of Europe by the fundamental renegotiation of the treaties of Maastricht, Amsterdam and Nice. The Foundation does not advocate withdrawal from the European Union, rather its thoroughgoing reform.

Objectives

- To further prosperity and democracy in Europe;
- To renegotiate the treaties of Maastricht, Amsterdam and Nice and prevent the ratification of the European Constitution;
- To reform and scale down the *acquis communautaire*;
- To ensure that future member states get a fair deal from EC/EU membership;
- To halt the continuing arrogation of power by the EC/EU;
- To prevent the UK from adopting the euro;
- To contribute as actively as possible to an informed public debate about the future of Europe;
- To liaise with like-minded organisations all over the world;
- To liaise with organisations affected by EC/EU action and policy.

Activities

- Addresses itself to the general public and to politicians, journalists, academics, students, economists, lawyers, businessmen, trade associations and the City;
- Organises meetings and conferences in the UK and in mainland Europe;
- Publishes newsletters, periodicals and other material and participates in radio and television broadcasts;
- Produces policy papers, pamphlets and briefs;
- Monitors EU developments and the evolution of public opinion and its impact on the political process in the EU.

THE FOUNDATION'S HISTORY: The Great College Street Group was formed in October 1992 in order to oppose the Maastricht Treaty. The Group, consisting of politicians, academics, businessmen, lawyers, and economists, provided comprehensive briefs in the campaign to win the arguments both in Parliament and in the country.

The European Foundation was created by Bill Cash after the Maastricht debates. It exists to conduct a vigorous campaign in the UK and across Europe to reform the EC/EU into a community of free-trading, sovereign states. The Foundation continues to establish links with like-minded organisations across Europe and the world.

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