

# THE EUROPEAN JOURNAL

---

THE JOURNAL OF THE EUROPEAN FOUNDATION



**A EUROREALIST VIEW OF THE EU'S FUTURE**  
**PRESIDENT VÁCLAV KLAUS**



**SARA RAINWATER • JOCELYNE SAUNDERS • ROGER HELMER, MEP**  
**PAUL HAINSWORTH • JOSEPH COOKSON • ALAN MONCKTON**  
**JOHN MEHRZAD • JOHN LAUGHLAND • JOHN MASSEY**  
**DIRK VAN HECK • CELIA SURTEES • DR LEE ROTHERHAM**

# THE EUROPEAN JOURNAL

## THE JOURNAL OF THE EUROPEAN FOUNDATION

### Contents

For reference, numbers on pages are as in the printed copy	Original	PDF
Articles below are hyperlinked – use the hand icon, point and click	Page	Page
<b>SARA RAINWATER: From the Editor</b>	2	3
<b>UP FRONT</b>		
<b>JOCELYNE SAUNDERS: Conscience and Competition: the Future of Europe's Airlines</b>	3	4
<b>VÁCLAV KLAUS: A Eurorealist View of the EU's Future</b>	5	6
<b>IN DEPTH</b>		
<b>ROGER HELMER, MEP: Conservatives and the EU Constitution: Difficult Times Ahead</b>	7	8
<b>PAUL HAINSWORTH: Why the Euro will lead to Strife in Europe</b>	9	10
<b>JOSEPH COOKSON: What the Dutch Need is Courage</b>	10	11
<b>ALAN MONCKTON: MooPoo</b>	11	12
<b>JOHN MEHRZAD: The Impact of British Eurosceptic Groups 1990-97</b>	12	13
<b>INTELLIGENCE DIGEST</b>		
<b>JOHN LAUGHLAND</b>	15	16
<b>AND FINALLY...</b>		
<b>EDITORIAL STAFF: The Relentless March</b>	19	20
<b>LETTERS TO THE EDITOR</b>	20	21
<b>JOHN MASSEY: Reviews <i>Russia's Oil Industry: Current Problems and Future Trends</i> by Vladimir Erochkin and Pavel Erochkin</b>	21	22
<b>Dirk van Heck: Reviews <i>Sleepwalking into an EU Legal System</i> by Lord Blackwell</b>	22	23
<b>CELIA SURTEES: Facts</b>	23	24
<b>DR LEE ROTHERHAM: Chunnel Vision – Still Winning the Battle?</b>	24	25

**Editor: Sara Rainwater**

Publisher: The European Foundation

2nd Floor, Carlyle House, 235 Vauxhall Bridge Road, London SW1V 1EJ

Tel: +44 (0) 20 7630 9700 Fax: +44 (0) 20 7630 9533

E-mail: [euro.foundation@e-f.org.uk](mailto:euro.foundation@e-f.org.uk)

ISSN 1351-6620



Dear reader,  
I'm on a two-week holiday to Morocco, but I hope you enjoy reading the September issue of the *Journal* while I am away.  
It is a shorter issue than normal, but certainly not lacking in quality. Roger Helmer gives his opinion on Cameron's EPP decision on page 7 and Paul Hainsworth argues against the single currency on page 9. Jocelyne Saunders looks at the impact of EU legislation on the airline industry on page 3, Joseph Cookson investigates the current political situation in Holland on page 10 and Alan Monckton discusses the EU's impact on nitrate regulation on page 11.  
But most importantly in this issue, I have the pleasure of including a contribution from one of the most distinguished Eurosceptics and President of the Czech Republic, Václav Klaus, who explains what the future of Europe needs on page 5.  
Wish you were here!

*Sara*

PS – Watch out for next month's Tory Party Conference special edition!



TO: European Journal  
Readers  
United Kingdom



Rhett A. Butler/Mongabay.com



# Conscience and Competition: the Future of Europe's Airlines

by Jocelyne Saunders

AVIATION has become an integral part of modern day society. Whether used for business or pleasure, people or goods, long or short haul, it is undeniable that aviation has opened up a wealth of opportunities, bringing a new meaning to the world being one's 'oyster'.

As many of you return from holidays spent abroad in more convivial climes, you may be unaware of the ongoing war that is being waged by Brussels on the EU's aviation industry. The 'no frills' flight is under siege by numerous pieces of EU legislation which threatens the very competitiveness that allows one to fly to Spain, Sweden or Sicily for as little as £30 return.

The year began on a sour note when in February, the European Parliament voted in favour of adopting a raft of rules recognising passengers' rights in areas such as flight delay, cancellation and overbooking.

Six months on and the true extent of the legislation is just being realised. According to the Air Transport Users Council (AUC), the number of complaints from UK passengers has trebled, with complaints about cancellations increasing sixfold and those relating to delays fivefold. Budget airline Easyjet called the measures *"one of the worst pieces of legislation ever to emerge from Brussels"* as it raised consumer expectations to *"unrealistic levels."*

The Commission is currently considering proposals to amend the allocation of slots for aircrafts throughout EU airports, to include the secondary trading of slots for monetary value. A slot is an entitlement to use the runway capacity of a certain airport on a specific date at a specific time. Primary slot allocation is the distribution of runway slots from an airport to an airline. Secondary slot allocation is the redistribution or trading of slots among airlines. The pricing of slots could mean they will be viewed as a more valuable asset than the actual service provided to a particular destination. Regions and passengers may lose out if an airline wishing to serve a specific route cannot afford to buy a slot which it might have been allocated under the current primary system. The inability to buy a slot may lead to monopolies accumulating over specific routes, thereby pushing up ticket prices and denying passengers choice.

In the most recent example of aviation reforms, the Commission has announced plans to stop airlines from advertising fares that fail to show extra charges and supplements. Under the plans, carriers would be forced to advertise the full cost of a ticket, including credit card fees, government taxes, fuel surcharges and baggage fees, in an attempt to make ticket prices more transparent and thus easily comparable for consumers.

The most controversial piece of proposed EU legislation yet is the plan to bring airlines into the remit of the Emissions Trading Scheme (ETS) and to impose tax on airline fuel in a bid to combat climate change. A recent – all be it non-binding – vote in the European Parliament showed 439 to 74 MEPs to be in favour of the *"immediate introduction"* of a tax on jet fuel as well as a special ETS for the aviation industry, meaning that airlines would be forced to buy permits to cover their output of carbon dioxide.

So what do these and other similar pieces of legislation mean for the aviation industry? As a consumer, should one view them in a positive or negative light? Are they really necessary or would the problems they aim to ameliorate self-regulate if given the time?

The very fact that the AUC recorded a 176 per cent increase in passenger complaints indicates consumers are making the most of their new rights in an area where customer service is notoriously poor. Overbooking especially has long been a frequent occurrence in the budget-flight industry, but has the Commission been too generous with its levels of compensation? Previously passengers could claim between €150 to €300 in compensation; since February this has risen to between €200 to €600.

The European Regions Airline Association (ERAA) argues that while airlines comply with the new rules, the extra costs are passed onto passengers:

*"We reckon it's going to cost European air passengers – not the airlines, the airlines have no money, it has to be paid by passengers – €1.5bn, that's over £1bn a year loaded onto European passengers. That's basically a transfer of money from passengers whose journeys are not disrupted to passengers whose journeys are disrupted."*

A similar argument could be made when looking at secondary slot trading. It could easily be the case that pointless regulations imposed on airline carriers by the EU are eventually paid for by the consumer rather than the airline. In order to fund schemes such the pricing of slots, airlines will be forced to charge consumers more in order to cover their costs.

Admittedly, it is frustrating to be sold a £0.19 flight to Valencia only to find it is actually £19 on payment. Rather than immediately imposing hefty regulation, this is one area where the Commission could put pressure on the aviation industry to resolve itself. If one large airline was encouraged to use more open pricing then it would be rewarded with more custom and the market would be likely to self regulate accordingly.

In terms of taxes on airline fuel and aviation being included in the ETS, it is more difficult to criticise the EU's intervention due to the proven and far reaching impact aviation is having on climate change. Whilst VAT on fuel will increase ticket prices (although estimates on this vary greatly) and the current ETS has been strongly criticised for its very apparent shortcomings, it is clear the attraction of cheap flights will continue to lure people to Portugal for the weekend or Prague for that stag-do. In this sense perhaps the Commission is right to take the early initiative whilst the public weighs up how often they want to fly against their concerns about global warming.

In general, *"The impact of deliberate acts of regulation, sometimes with consequences not anticipated by those who are making the regulations, is the most significant factor that affects the intra-European air transport industry today"* (from the ERAA's *Vision for European Air Transport*). Whilst we as consumers should be critical of the EU's poor law making which is affecting the competitiveness of Europe's aviation industry, we should book flights with an acute awareness of the irreversible environmental damage that airlines are having on climate change.

Jocelyne Saunders is Head of Research at the European Foundation.

## **Advertisement for CFL**

# A Eurorealist View of the EU's Future

by Václav Klaus



**B**OOTH IN THE UNITED STATES and in Europe, the past 50 years of the European integration process is usually considered to be a success. To express a different view is politically incorrect, but – I am more than convinced – we must be ‘correct politically’. The way of looking at the European integration process must be sharper and more serious than before, especially now, when we are at the crossroad and have to interrupt the creeping unification, socialisation and bureaucratisation of the European continent.

Recent developments need a change. By accepting ten new Member States, mostly former communist countries in Central and Eastern Europe, the EU has been considerably enlarged. This increased the economic disparities and the transaction costs of the EU functioning, ruling and decision-making, as well as the difficulty of complying with unnecessarily ‘harmonised’ rules and decisions in many countries. It also increased the EU’s democratic deficit.

At the same time the EU has continued – at an accelerated speed – to expand the number of pages of its legislation, which now deals with almost every aspect of human life and human activities. In one of

the recent issues of the *European Journal*, I was informed that of the 22,000 pieces of legislation in the EU, about 12,000 were introduced between 1997 and 2005, compared to 10,000 during the 40 years from 1957 to 1997. The massive increase of legislation means less personal freedom as well as the fact that the role of Member States and of national Parliaments has been radically diminished.

**T**HERE IS NO END TO IT. The ambitious attempt to accelerate the unification and de-democratisation process by the European Union Constitutional Treaty has been – to my great satisfaction – rejected, but creeping unification goes on as if nothing happened.

The economic stagnation (or very sluggish economic growth) persists. The European common currency – the euro – was successfully launched but I do not agree with the interpretation that the launching itself was convincing proof of the positive contribution of this monetary arrangement to the economic development and to – however defined – social welfare in the Euro-area. The costs – demonstrated by the statistically visible economic growth slow-

down since its introduction – have not been recognised. It has been unacceptable to even suggest such a link.

I have many doubts about that development and disagree with the fashionable intention to solve the existing problems by creating an ‘ever-closer Europe’. I am against the adjective ‘ever-closer’ as well as against the noun ‘Europe’. We should not speak about Europe, criticise Europe, build Europe or expand Europe, because Europe existed, exists and will exist independently of our ambitions to organise ourselves within it, to unite or divide ourselves or to make friends or enemies within it. The Czech Republic recently entered not Europe, but the European Union.

The political project – to do certain things together – regardless of the existing historical, political, economic, cultural or religious differences was a rational idea. But it must be rationally implemented. The question is, what does it mean to do certain things together? When I look back at the last half a century, I see two different integration models in Europe. The first one can be called ‘the liberalisation model’. It was characterised by inter-European opening-up, by the overall liberalisation of human



activities, by the removal of barriers at the borders of countries as regards the movement of goods and services, of labour and capital, and of ideas and cultural patterns. Its main feature was the removal of barriers and its basis was intergovernmentalism.

The second stage, which I call 'the interventionist and harmonisation model', is characterised by centralisation, regulation, harmonisation of all kinds of 'parameters' of political, economic and social systems, by standardisation of conditions of production and consumption, by homogenisation of human life. Its main features are regulation and harmonisation orchestrated from above, and the birth of supranationalism.

I am – as is well known – in favour of the first model, not of the second. I am convinced that the unification of decision-making at the EU level and the overall harmonisation of societal 'parameters' went much further than was necessary and more than is rational and economically advantageous. As an economist, I am aware of 'externalities', of 'spillover effects' and of 'continental-wide public goods'. These phenomena undoubtedly existed and exist and should be properly reflected in European institutions and legislation. However, they do not dominate. The second stage of the European integration process has been based on the false idea that they do dominate.

I consider it wrong. I suggest, therefore, redefining the whole concept of the

European Union, not just to make cosmetic changes. I suggest going back to the intergovernmental model of European integration. I suggest going back to the original concept of attempting to remove all kinds of barriers, going back to the consistent liberalisation and opening-up of all markets (not just economic ones). I suggest minimising political intervention in human activities and where intervention is inevitable it should be done close to the citizens (which means at the level of municipalities, regions and states), not in Brussels.

- Europe must be free, democratic and prosperous. It will not be achieved by democratic deficit, supranationalism, statism, or an increase in legislating, monitoring, and regulating.

- Europe needs a system of ideas which must be based on freedom, personal responsibility, individualism, natural caring for others and a genuinely moral conduct of life.

- Europe needs a political system which must not be destroyed by a post-modern interpretation of human rights (with its emphasis on positive rights, with its dominance of group rights and entitlements over individual rights and responsibilities and with its denationalisation of citizenship), by the weakening of democratic institutions which have irreplaceable roots exclusively

in the territory of the states, by the 'multiculturality' brought about by the loss of a needed coherence inside countries, and by the continental-wide rent-seeking of various NGOs.

- Europe needs an economic system which must not be damaged by excessive government regulation, by fiscal deficits, by heavy bureaucratic control, by attempts to perfect markets by means of constructing 'optimal' market structures, by huge subsidies to privileged or protected industries and firms, and by heavy labour market legislation.

- Europe needs a social system which must not be wrecked by all imaginable kinds of disincentives, by more than generous welfare payments, by large-scale income redistribution, by all other forms of government paternalism.

- Europe needs a system of relations and relationships of individual countries which must not be based on false internationalism, on supranational organisations and on a misunderstanding of globalisation and of externalities, but on the good neighbourliness of free, sovereign countries and on international pacts and agreements.

*Vaclav Klaus is President of the Czech Republic.*

## Change of Address

*Please note that as from the 1st August 2006, our address will be:*

The European Foundation  
2nd Floor, Carlyle House  
235 Vauxhall Bridge Road, London SW1V 1EJ

Telephone: 020 7630 9700 Fax: 020 7630 9533

# Conservatives and the EU Constitution: Difficult Times Ahead

by Roger Helmer, MEP

DAVID CAMERON'S DECISION to extend the link between Tory MEPs and the ultra-federalist EPP group until 2009 will have a profound and damaging impact on the Party's ability to oppose the EU Constitution.

It is becoming increasingly clear that a key objective of Germany's six-month EU presidency (starting January 2007), will be to seek implementation of the Constitution. By then, it is likely that the German Christian Democrat MEP Hans-Gert Poettering, currently leader of the EPP group, will be President of the Parliament. We cannot be sure who the new EPP leader will be, but we can be sure it will be a passionate and committed federalist.

Of course as everyone knows, there is simply no way that a British Conservative MEP could ever lead the EPP group, and as Charles Tannock, MEP, has repeatedly argued, it is difficult to justify membership of a group where, although the second largest delegation, we could never hope to lead.

The conjunction of the German presidency with Poettering's presidency of the Parliament, and the new EPP leader, could form a powerful and dangerous alignment of pro-Constitution forces.

In key debates on the Constitution, a federalist EPP leader will speak on behalf of British Conservative MEPs. Conservatives will speak well down the pecking order, if at all. And when they do, the remarks of delegation leader Timothy Kirkhope, MEP, will no doubt be so nuanced, for fear of giving offence to his EPP comrades, that only a cryptologist will understand them. Conservative opposition to the Constitution will be lost in the background noise.

So we see why the EPP is desperate to keep the Tories on board, and why senior EPP leaders, including Angela Merkel, have brought huge pressure to bear on potential partners, like the Czech ODS, to deter them from joining us in a new group. It is not just that they want the £½ million of funding that we bring, or the 27 member addition to the head-count. It is above all because they want to preserve their federalist monopoly and to prevent the creation of a genuine opposition to their integrationist project for political union, which Germany sees as in its own national interest.

Now that Cameron has abandoned his commitment to get us out of the EPP in "*months, not years*," we remain in baulk, unable to rally effective opposition to the greatest concentration of power in the EU's history.

So what should Kirkhope do? As leader of the second-largest delegation in the EPP, he should be demanding a deal with the EPP under which British Conservatives would get a share of the group-leader speaking time. We were, after all, promised "*respect for our distinctive position on constitutional matters within the EPP*." This is not without precedent. For example, in the ID group, the leadership speaking time is shared between Danish MEP Jens-Peter Bonde, and UKIP leader Nigel Farage. So we frequently see the humiliating sight of Farage, leading ten MEPs, speaking ahead of Kirkhope, who leads 27. Indeed even I, as an independent member, found that I was able to speak ahead of Kirkhope in several high-profile debates during the British presidency (July-December 2005).

Conservative membership of the EPP means, above all, that we are buried in the bowels of the beast and unable to use our voice effectively for Conservative principles and values.

It is worth reviewing the troubled history of our relationship with the EPP. I was first elected in 1999. Within a month, William Hague had negotiated the 'Malaga Agreement', which set up the European Democrats (ED) sub-group within the EPP. According to the CCO press release, we had won 90 per cent of what we wanted. The ED was to be, for all practical purposes, an independent group, merely linked to the EPP under a nominal administrative umbrella.

So you can imagine my shock at our first delegation meeting when our then leader Edward McMillan-Scott said, in effect, "*Phew! We got away with that one. Business as usual.*" It was the first time I got angry in a delegation meeting (though by no means the last!). The so-called ED was a mere fig leaf, a virtual group that existed only in CCO press releases.

After the 2001 general election, Iain Duncan Smith replaced Hague, and made a clear and principled decision to leave the

EPP. He even sent the letter giving notice. But he made the vast tactical error of postponing implementation for three years, until the end of that Parliament in 2004. This was a mistake: first, because it guaranteed a poisonous relationship with the EPP in the interim period; second, because it would have denied the new group the opportunity to jockey for position and for key committee posts in the run-up to the 2004 election; but most of all because it could be, and indeed was, overtaken by events. Come 2004, IDS was gone, and his letter forgotten.

There is a precise and uncanny parallel between IDS's decision in 2001 and Cameron's decision in 2006. Both decided to put off the break for three years, until the next Euro-election. And Cameron's decision is wrong for exactly the same three reasons as IDS's decision was wrong. They say that those who forget the lessons of history are condemned to repeat them, but surely five years is too short a period for amnesia to set in?

We move on to Michael Howard's leadership. He too addressed the problem, and his preferred solution was to try to give real substance to the ED sub-group. It was to have its own resources and staffing, and create a real voice for change. In exchange for the EPP's agreement with his ED plans, Howard agreed that we should stay with the EPP until 2009, and this became a notorious commitment in our 2004 manifesto. (Incidentally, the EPP's total and cynical failure to deliver any part of their pledge surely voids the 2004 manifesto commitment, which is relied on by reactionary MEPs in the delegation to justify retaining the *status quo*).

In the event, Howard had no more success with the ED than Hague had had. It remains a fiction, with no meetings, no budget, no staff, no officers, no policies, no objectives, nothing but a couple of half-hearted leaflets and a logo. It once requested funding from the EPP for a conference in Prague, but the EPP predictably refused, and the idea sank without trace. The ED was left to wither on the vine, as both the EPP and our delegation leadership intended it should.

Now, in a fourth attempt to move the



agenda forward, Cameron offers us a 'Forum for European Reform' (and he has caused great offence to our key potential partners, the Polish Law & Justice Party, by failing to invite them to join the Forum as founder members).

On paper, the Forum looks even flakier than the ED. It will not form part of a recognised parliamentary group. It will not be a transnational party (which could have attracted EU political funding). It remains to be seen whether it will have more real infrastructure than the zero-level of the ED. And presumably a key player in the Forum will be Timothy Kirkhope himself – a man who stood for election as delegation leader on an explicit commitment to frustrate Cameron's (then) EPP policy.

Here we come to the heart of the Party's repeated failure to solve the EPP problem. On balance, Tory MEPs are much more

favourable to the EU project than are Party members, or activists, or MPs (and arguably than the British people). They have therefore repeatedly and successfully thwarted attempts to form a new, anti-integrationist group. At every attempt, Party leaders have worked with representatives of the delegation leadership who have deliberately set out to sabotage each initiative. We have had Anthony Teasdale (an EPP staffer), and successive leaders Edward McMillan-Scott, Jonathan Evans and most recently Timothy Kirkhope in this role.

Our potential partners are not naïve. They sense the vibes. If they see our Party leader proposing a deal, while the delegation leader covertly resists it, the whole proposal looks suspect. A man like Kirkhope, whose election platform was to stay with the EPP, is hardly an effective or credible advocate for a new group.

One Tory MEP, Caroline Jackson, has already expressed the view that if Cameron couldn't deliver a new group in six months, he is unlikely to do so in three years. I fear she may be right.

For years now, the Conservative Party has failed to rise to the challenge of Europe, failed to provide a clear and compelling voice for the independence and self-determination of our country. The Cameron leadership is clearly determined to keep the EPP off the agenda, and for the fourth time in nine years has failed to resolve the challenge of the EPP. It is a profoundly disappointing record.

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

## Advertisement for IBL

# Why the Euro will lead to Strife in Europe

by Paul Hainsworth

THE ONLY UNQUESTIONABLE FUNCTION of government is to do for its citizens what they cannot do for themselves. We look to government to protect the liberty and property of the subject by maintaining armed forces for our defence and the police and courts for the maintenance of law and order. Not even the most enthusiastic right-wing policy wonk can be heard to advocate that we should contract out these functions to the private sector.

Nor is it controversial that we should look to government to create the circumstances in which industry and commerce can flourish. (The controversial bit is the extent to which the government should meddle in the economy either because it believes, as a matter of dogma, that governments manage economies better than markets, or with the object of redistributing the wealth created, in the furtherance of socio-political objectives).

The levers available to any government for the creation of an optimal economic environment are, in principle, interest rates, exchange rates, the money supply and the level of government spending. Let us suppose that the economy of 'Dystopia' is in recession: there is high unemployment, a trade gap, rising inflation and a budget deficit. To cut the budget deficit the government raises taxes, which further dampens domestic demand and adds to unemployment; or it borrows more. Higher unemployment means higher social security payments and lower tax receipts, which means a higher budget deficit, and round we go again.

The classic escape from such a downward spiral is to pull the economic levers marked 'exchange rates', 'interest rates' and 'money supply'. If the government of Dystopia gives the rate of exchange of the Dystopian dollar a downward push by increasing the money supply and reducing interest rates, then as its exports become more expensive in local currency terms, the depreciation of the Dystopian dollar against other currencies will make its exports more affordable abroad. Government action to cut interest rates<sup>†</sup> will give a boost to economic activity, enabling business ventures that would not have been viable at higher interest rates.

None of these levers is available to the governments of any country locked into the euro. They have handed them over to the commissars of the European Central Bank

in Frankfurt. Nobody elected them and they are not accountable.<sup>‡</sup> What are the consequences of this? We do not need to guess: we can look to experience.

Let us consider the consequences of the fact that the London pound exchanges at the rate of 1 for 1 with, say, the Liverpool pound. If the London and Liverpool economies were in equilibrium, there would be no discernable consequences, as there are no or negligible consequences of the parity between the pounds of Berkshire and Surrey. But when the London economy is buoyant and the Liverpool economy is in relatively poor shape, the artificiality of the parity of their respective exchange rates manifests itself in other ways: higher unemployment in Liverpool, higher property prices in London, more obvious poverty in Liverpool and prosperity in London being the most conspicuous manifestations. Given the chance, Liverpool's 'government' would want to lower interest rates in Liverpool to encourage economic activity locally and would want to let the Liverpool pound depreciate against the London pound to make its less productive labour competitive in the South East.

This option is not open to Liverpool. It is bound into the UK pound just as tightly as Italy and Eire are bound into the euro. Within the UK, the citizens of London are bound to the citizens of Liverpool by ties of history, language, and geography. We are one people. When Liverpool bleeds, London suffers. So we are content, those of us who live in the prosperous South East, that our government takes action to bridge the prosperity gap between London and Liverpool. Taxes raised in London are spent in Liverpool; government jobs are moved out of London into Liverpool. It is for the common good; there is no complaint. These measures reduce the obvious disparity of prosperity – they don't remove it, but without them the consequences of the artificial parity of exchange rates would be much more marked.

Now, for London lets substitute Eire or Spain and for Liverpool, lets say Italy or Holland. The latter countries are in recession; they want lower interest rates than those that prevail in the eurozone and the opportunity to let their currencies depreciate against those of their trading partners in the eurozone. But they can't have them. The

former countries have fast growing economies and are more likely to need higher interest rates to dampen them down and prevent overheating. But they can't have them. So, despite EU schemes to transfer vast sums from one part of the EU to another by way of public works and subsidies, the economies of countries in the eurozone continue to diverge, because of increasing unemployment which they will be all but powerless to do anything about. The mandarins of the ECB could, but they would damage the Eires and Spains of the EU if they did so. They will continue to steer a middle course, which damages every country in the eurozone, albeit in different ways, thus exacerbating the divergence of economies.

If I'm a resident of Liverpool and I'm unhappy about the measures taken by the government in Westminster to alleviate the adverse effects for Liverpool of the fixed exchange rate between Liverpool and London, I can vote for change. If I'm a resident of London and I think that too much of taxes, or indeed not enough, has been deployed for the benefit of Liverpool, I can vote for change.

But if I'm an unemployed factory worker in Turin, who would benefit from lower interest rates than in the rest of the eurozone and a flexible exchange rate with the rest of the eurozone, and the Italian government (which I can change at the ballot box) can't deliver and the ECB (which I can't change) won't deliver, then what recourse have I?

I could migrate. A Liverpoolian is a 2 hour train journey away from the employment opportunities in the South East. Internal migration does much to offset the effect of the artificial parity of the London and Liverpool pounds. But barriers of distance, language, culture and social security regimes separate the unemployed Torinese from the opportunities in Spain or Eire.

Or I take to the streets.

<sup>†</sup> In the UK, of course, the Bank of England now has control over the setting of interest rates.

<sup>‡</sup> The six members of the Executive Board of the ECB were appointed by 'common accord' of the governments of participating Member States.

*Paul Hainsworth is retired after a lifelong career as a chartered accountant. In retirement, he has qualified as a barrister.*

# What the Dutch Need is Courage

*Joseph Cookson investigates what the recent collapse of the government of the Netherlands will mean for the country's European relations and how they could exploit such an opportunity.*

WHEN one thinks of the Netherlands it is often windmills, clogs, bicycles or tulips which spring to mind. But recently more serious political manoeuvrings have been afoot after first the rejection of the European Union Constitutional Treaty in June of last year, and then, just over a year later, the collapse of the government under Prime Minister Jan Peter Balkenende. For those who missed the crisis, which is eminently understandable due to the void in coverage, it arose from the refusal of the Immigration and Integration Minister to resign. Rita Verdonk had attempted to strip a former member of the Dutch House of Representatives (*Tweede Kamer*) of her nationality sparking fury amongst a small governing coalition partner.

These social liberals, *Democraten 66* (D66), held only six parliamentary seats, four per cent of the total, and had just three Ministers, but when they withdrew their support from the ruling grouping on 29 June it triggered governmental paralysis. The timing of the event was unexpected, but, as three Dutch executives have collapsed in the last four years amid a growing tide of racial disharmony, the events themselves were not. Balkenende's first Cabinet, back in 2002, was forced to resign after just 87 days in office. The elections, which were scheduled for May 2007, will now be held in late November of this year, with profound consequences for EU affairs in what has recently proven a nation divided between weighty anti-integrationism and fluffy federalism.

Hostility towards the European Union in mainland Western Europe has been fuelled by a lack of representation for those discontented with the fundamental direction in which the Union is travelling. In the Netherlands, this situation is coupled with weak political parties, which result in fragile governments which can transform overnight. Indeed, the centre-right coalition between Christian Democrats (CDA), Free Democrats (VVD) and D66 had a majority of just two in the *Tweede Kamer*. The Netherlands has become increasingly unstable, and volatility has marked recent political debate. One would think, therefore, that the political elite would take notice of

the concerns of the people, but it has taken considerable time for the Dutch establishment to adopt any coherent European policy, in opposition to that of unblinking servitude exercised in the past.

In many respects, the Netherlands has been a state symptomatic of the problems which have shrouded European governance in the era of European expansion. It has been characterised by a lack of responsiveness, flexibility and cultural cohesion, which has been coupled with an increase in bureaucratic institutions and overt social liberalism. It is therefore little wonder that the Dutch people have been divided over what the future should hold, divided by their class, by their age and by their race. This division is only beginning to be represented by political movements across the country, but amongst the main parties several potentially attention-grabbing policies lurk. A number of these could affect changes in European relations.

The leader of the opposition Labour Party (PVDA), Wouter Bos, currently ahead in the opinion polls, has been highly critical of recent government conduct, promising a fresh referendum "*on anything that slightly resembles*" the rejected Constitution. He has also commented on the fact that citizens will have "*no say*" over the Commission gaining new powers in the future. The populist and somewhat nationalistic language coming out of the main Dutch opposition has challenged the parties of the governing coalition and the hard right *List Pim Fortuyn* (LPF) to come up with concrete ways in which the Dutch can rekindle their passion for 'ever closer union'. It also has potentially profound consequences for the decaying relationship between The Hague and Brussels. Mr Bos has strongly criticised recent European Commission plans in the sensitive area of criminal justice, commenting on the removal of national vetoes and the movement of law and order powers from a national to a European level as "*the least desirable option*" for his country. Should the PVDA triumph in the elections and form a practical centre-left coalition, it seems as though a fascinating few months of internal wrangling and international negotiations are ahead.

The Christian Democrats have been caught flat-footed by the agenda-setting policies of the PVDA, with their leader Balkenende asserting his opposition to another referendum, along with other liberals in the former governing coalition. The toppled centre-right government has also cautiously welcomed the justice proposals from the European Commission, guaranteed to be deeply unpopular in the current climate. The three groups of the former coalition have all concurred that a revised or rekindled Constitutional Treaty needs only to be ratified by their national Parliament and that giving the people a further opportunity to express their displeasure is eminently avoidable. Whatever the justification behind such an apparently unsustainable strategy, it seems the centrist parties have become electorally suicidal, their pledges not reflecting the expectations that now reside with the Dutch population. The prospects for the coalition certainly look poor after a Labour-induced thrashing in the municipal elections earlier this year.

In contrast to the fairly moderate reform espoused by both the PVDA and CDA, the VVD already advocates closed borders in the Netherlands, having recently adopted right-wing policies on migration and integration, even though they sit with the 'Alliance of Liberals and Democrats for Europe' in the European Parliament. Coupled with the radical LPF, they helped to change the electoral landscape and challenge the political status quo back in 2002, championing a form of social conservatism that was a breath of fresh air to the Netherlands. The public, at present, seem to be generally receptive to messages from the right, which were silenced until recent rows over multiculturalism. Were the VVD to win the election outright, relations with the European Union would unquestionably become strained. Although they maintain a level of support for European institutions akin to that of the Liberal Democrats, the VVD possess policies that some on the continent may find inflammatory.

The upcoming election represents a turning point, as it has become imperative for major parties in Holland to have a distinct-

ive European policy, as opposed to the blind faith in integrationist thinking they have illustrated in the past. The future of Europe as an issue has risen higher on the agenda than it has even achieved in the United Kingdom, becoming key electorally as

Dutchmen wake up to the debate surrounding the topics of national sovereignty and democracy. Dutch politics has reached a landmark stage, the likes of the Maastricht debates. Optimistically, Eurorealists must aspire for such a state of affairs to occur

across a continent where scepticism towards drum-banging federalists is becoming rife.

*Joseph Cookson is a Politics student from North Yorkshire who will be attending University in the autumn.*

## MooPoo

by Alan Monckton

ISN'T THE EU FLAG A WONDERFUL THING? A ring of stars, depicting the never-ending succession of bureaucratic cover-ups of bureaucratic bungles. Let me explain by mentioning that end of a cow which doesn't eat – its product (see this title) will not form part of this article except to mention one of its constituent parts: nitrate. I won't write anything defecatory about cows (though I'm not so sensitive about Eurocrats and DEFRA officials.)

Since the EEC began, Eurocrats assumed, and therefore believed, that nitrate was harmful to human health and the environment and thus must be controlled by them, reduced in water and vegetables such as lettuces, and regulated. They ignored the warning from the UK Chief Medical Officer in 1985 that research on nitrate was incomplete and dubious, and they enforced that all water supplies, including rainwater, should have nitrate removed down to an artificial level (they chose 50mg/litre – a nice, round, bureaucratically tidy figure.)

It was once believed that nitrate caused Blue Baby Syndrome; the only reason the World Health Organization offered to those who wished to create the optional 50mg/l nitrate limit in water. Since 1998 there has been medical proof that this is impossible. It is hardly a pandemic; there have been no cases of it in the UK for over 30 years.

From 1991 to date, all water companies (there were 29 in the UK then) have had to install and run denitrification plants. Each plant cost about £80 million to install and £5 million per annum to run. Total cost to water companies to date: £4,000 million plus in the UK alone – in Europe a total perhaps 10 or 20 times that (but no figures have been published yet). What it has cost us farmers, they have no idea.

What has this achieved? Well, a waste of resources, of course – but then the Eurocrats don't pay, so don't care, do they? There are no human health benefits of denitrification. What about the environment? Let us see what happens with cows, as an example.

All water is denitrified – over 98 per cent of it is not used for human consumption; it is used for WCs, in industry, for car washes, in agriculture and so on. Cows drink about 30,000 litres each year. They don't care if it is denitrified or not, it tastes OK to them. It reappears sometime later as moopoo. This gets used by us as fertilizer; some 2 per cent of the nitrate may leach into the substrata, and up to 40 years later some of it may be pumped up by a waterworks. Some, from yard washings and natural mixture with rainfall, will end up in local rivers, from where some may be pumped into the waterworks to be denitrified; and so the system goes round and round.

When in the river, the nitrate is carried down to the sea. It does no harm to anything in the river on the way there, as research has proved. There is still unfinished research on 18 large lakes, where the harm believed to be caused by high nitrate levels is being examined, to see if that harm occurs when phosphate levels are low (i.e. does nitrate cause that harm, or is it merely a fertilizer which increases it when started by phosphates?)

Once in the seawater, the harm attributed to nitrate has now been shown to be caused by phosphates. Indeed, higher nitrate levels *help* fish breeding.

All this research has been known to DEFRA for years – they have most of it on their website.

So what good does water denitrification do? None; but it harms the environment. This is because, to denitrify water, phosphate is added. Phosphate has been proved to cause the environmental harm, particularly in estuaries, formerly believed to be caused by nitrate. Nitrate is harmless to health at any ingestible level; but lower than natural nitrate may cause illness – research at Aberdeen showed this.

So why not cancel water denitrification, thus saving huge sums of money and reducing bureaucratic costs? Why not cancel the 50mg/l limit? Why not cancel Nitrate Vulnerable Zones (which cover half

of England) except upstream of those 18 lakes?

DEFRA won't vote to reduce their staff; indeed they have already suggested that they will increase NVZ areas to cover all of England, fibbing that it is “to prevent pollution” when actually it is to secure their jobs. They know that their Minister hasn't a clue so won't argue with them.

If you think DEFRA are competent in this field, consider this. In 1993, their Minister wrote to me to say that he did not know that Water Framework Directive 2000 (WFD) had been passed, or what was in it. WFD subsumed the Nitrate Directive 1991 (ND) and altered its terms and he was the Minister in charge of administering this.

Ever since then, DEFRA have used ND 1991 for their regulations, even when they conflict with WFD 2000.

Here is one example of the nonsense they have created by doing this. Under ND 1991 you could choose where your drain sample was taken, so that the dilution factor (i.e. its effect downstream) could be used to show no pollution was being caused. Under WFD 2000, the sample must be taken out of the drain outfall; any other sampling point is illegal. Yet the regulations are exclusively stated to be under ND 1991.

The principle of proportionality is a (good) EU invention. Why then should the bureaucrats regard 1 mg of rainfall or sewage in 100 million litres of water to be a poison? Why waste precious financial resources on taking nitrate out of rainfall and rivers? And on paying useless bureaucrats to police pointless NVZ rules?

*Alan Monckton is a Chartered Surveyor and, together with a French colleague, has been leading the fight to have the Nitrate Regulations deleted.*



# The Impact of British Eurosceptic Groups 1990-97

*In the second of a 3-part series, John Mehrzad investigates the major players in British Euroscepticism.*

OCTOBER 1992  
to  
DECEMBER 1994

"It is about time you stopped having this debate run by a handful of people who are fundamentally opposed to Europe and who seem to turn every part of the debate against what is happening in Europe."

*John Major, 1994<sup>1</sup>*

WITH FOUNDATIONS LAID and networks built, the 1992-94 stretch of Major's premiership was marked by a period of cultivation and exploitation by Eurosceptic groups. With the shock of 'Black Wednesday' behind him, the Prime Minister may have believed the worst had passed. This proved wishful to say the least, as splits soon became even more factional.

The 1992 Tory Party Conference brought with it an unheralded level of opposition to Europe. It was "one of the most remarkable conferences since the 1963 resignation of Harold Macmillan."<sup>2</sup> In Brighton, Eurosceptic organisations and their vehicles played a behind-the-scenes role while popular members took to the platform. The *Spectator's* Editor, Charles Moore, held a well-attended party while group supporters proposed no fewer than 235 motions on Europe. On stage, Conservative Way Forward (CWF) Vice-President and Bruges Group associate, Norman Tebbit, launched a scathing attack on Major's European policy by stating, "a great tide of opinion had begun to flow against the federalists, not just here but in Denmark and in France and in Germany, too. This conference wants policies for Britain first, Britain second and Britain third."<sup>3</sup>

Further media coverage of the Eurosceptic cause, in consequence, came thick and fast. The following day, Mathew Parris reported the scenes of hostility in *The Times*.<sup>4</sup> The *European* published Thatcher's view that, "Maastricht will hand over more power to unelected bureaucrats and erode the freedom of ordinary men and women."<sup>5</sup> The Conservative press had now enmeshed itself closely with the 'sceptic' cause. "Chance' meetings [took place] on the

Commons terrace, at Spectator lunches and Telegraph dinners, in Wilton's restaurant or at Royal Ascot, in shooting lodges of Scotland and the BBC studios in Westminster."<sup>6</sup> With networks in place, attention was turned to Parliament safe in the knowledge that the press would be waiting for the next story.

Before the year was out, a sufficiently well organised structure was in place for the Maastricht Paving Debate to pass by only three votes. 'Major's House of Horrors',<sup>7</sup> as the press had labelled the Great College Street Group (GCSG), was the most instrumental sceptic organisation involved. It acquired the services of one of the best young barristers, Martin Howe, economists and business advisors. Charles Moore, by now at the *Daily Telegraph*, Andrew Alexander of the *Daily Mail* and the *Spectator's* Paul Johnson were regular visitors. Diplomats and trade association members were also in occasional attendance.<sup>8</sup> Such was the level of organisation that David Heathcoat-Amory, the then Deputy-Chief Whip, accepted that "the Government was increasingly concerned by their actions."<sup>9</sup>

Inter-Eurosceptic group links had also been strengthened such that it was often difficult to differentiate members of one from another. Effectively Great College Street became the offices of Fresh Start with the same leading protagonists (Bill Cash, Teresa Gorman, George Gardiner, Tony Marlow, Teddy Taylor) managing both. Links would soon be established with the presently 'dormant' Bruges Group while its Chairman, Lord Harris, became a well-connected sceptic advocate in the Lords. No Turning Back (NTB), though, with members in the Cabinet (John Redwood, Peter Lilley and Michael Portillo), "had to stick to the party line and, in Parliament, they kept their distance from the Eurosceptics." In the tearrooms, at private dinners and in the bars, however, they lent encouragement.<sup>10</sup>

International networks were also further cultivated. Following the Edinburgh European Council Summit of 11-12 December 1992 (which set a new referendum date for Denmark), Fresh Start, GCSG and some Labour MPs, including Austin Mitchell and Peter Shore, raised funds to help the 'No' campaign. Margaret Thatcher, David Alton and Bryan Gould also used the Edinburgh decision as a reason to invite Britons to telephone their votes for or against a

referendum. Bill Cash launched a petition for the same aim, which attracted 250,000 signatures. None of these three initiatives, though, met with success.<sup>11</sup> While attempts so far to drive the government to adopt a more Eurosceptic approach had failed, "from 1993 divisions over Europe were also to encompass challenges to Major's leadership itself."<sup>12</sup>

The Prime Minister was not helped by catastrophic by-election defeats in two safe Tory seats. The Anti-Federalist League (AFL) put up Sked in both Newbury (6 May 1993) and Christchurch (29 July 1993). The Party's impact was virtually negligible, with only 1 per cent and 1.6 per cent of the vote respectively, even if the AFL claimed fourth place in both contests.<sup>13</sup> Within a year, the AFL had reinvented itself as the United Kingdom Independence Party (UKIP) under Sked's leadership. Nevertheless, barely a year after the general election victory, the Tories saw their percentage of the vote halved or more.

Over the interim period between Edinburgh and Christchurch, activity within Parliament exacerbated polarisation of Conservative views on Europe. Before legislation brought the government within a hair's breadth of resignation, the Cabinet had to purge itself of remaining links with 'Black Wednesday'. Sackings, however, only strengthened sceptic ranks, with bitter former Ministers happy to join EC-critical groups. Norman Lamont, the Chancellor of the Exchequer on 16 September 1992, was the most high-profile victim of the 27 May 1993 reshuffle (even if technically he resigned). It was an indication of how times had changed that it was now the resignation speech of a Eurosceptic that caused a Tory Prime Minister to wince on the benches below.<sup>14</sup> His words, "we give the impression of being in office but not in power", nevertheless, accurately resumed the situation.<sup>15</sup> Lamont immediately joined all Eurosceptic groups although many viewed him "with suspicion".<sup>16</sup>

The sceptic groups were concerned with whom Major was surrounding himself. With the sacking of the junior Minister at the DTI, Edward Leigh, NTB saw 'one of us' removed from the Cabinet even if Redwood, Lilley and Portillo remained.<sup>17</sup> To fill vacant seats around the Cabinet table, members of the Euro-enthusiast Blue

Chips<sup>18</sup> appeared to be fast-tracked to top posts. This group, set up in 1979 while William Waldegrave, Chris Patten, John Patten, Tristen Garel-Jones and Richard Needham shared an office in Dean's Yard, was out of sympathy with Thatcherism and in favour of European integration. Major also became a member. Once Prime Minister, he assigned most of his close group to posts at Ministries, the Whips' Office or in Hong Kong.<sup>19</sup>

Apparent favouritism only served to make matters more heated in Parliament. The third reading of the Maastricht Bill passed on 20 May 1993, with 46 Tories voting against, but it was an 'anti-climatic' occasion as a Labour Amendment tied final ratification to the acceptance of the Social Chapter.<sup>20</sup> Despite being free-marketeers and believers in the flexibility of labour, Tory Eurosceptics saw the 22 July Social Chapter vote as an opportunistic moment to strike down the Treaty by voting with Labour. The result would show whether the balance of ultimate control remained in the hands of the government Whips or had moved into the offices of sceptic ginger groups.

The final Maastricht debate almost did not proceed when Lord Rees-Mogg, the former Editor of *The Times* and Bruges Group associate, launched a High Court challenge to the Treaty backed financially by Goldsmith.<sup>21</sup> Nevertheless, the level of preparatory work done by groups was astounding. James Cran, the Fresh Start 'Whip', held talks with the Labour Deputy-Chief Whip, Donald Dickson, on how to orchestrate the intended result.<sup>22</sup> The parliamentary sceptics offered to fly a helicopter to Scotland to bring down the seriously ill Bill Walker for the vote. When he did arrive, he was hidden out of sight at Great College Street.<sup>23</sup> Threats of recriminations on Fresh Start members by the Whips did not achieve more than the temporary defections of Michael Lord, John Carlisle and Nicolas Winterton.<sup>24</sup> Major's Commons statement that he foresaw "*sinner's returning home*" fell on deaf-ears and the government lost the second vote by eight votes.<sup>25</sup>

The creation of a 'party within a party' was, as Gorman put it, "*the price we had to pay for defeating the Treaty*."<sup>26</sup> The new campaign director of The Bruges Group, Jonathan Collett, saw the future of "*the country as being more important than the Party*."<sup>27</sup> Lamont "*understood this attitude*"<sup>28</sup> while even Heathcoat-Amory, then at the Foreign Office, admitted his "*loyalty*

*was stretched*" on the issue.<sup>29</sup> The next day, 23 July, Major linked the Maastricht Treaty into a confidence motion in the government. If Eurosceptics were prepared to play dirty, the Government clearly knew some tricks of its own.

The government, therefore, got to the finish line but only by going through the cut-throat repercharges. Rupert Allason, a Fresh Start member, was the only Tory to vote against and duly lost the Party Whip. The Maastricht Bill had passed but "*such divisions had not been seen in the Conservative Party since the days of Tariff Reform (or a better illustration, of Munich) – if then.*"<sup>30</sup>

While the involvement of Eurosceptic groups was clear, it has remained uncertain whether these organisations were voting-blocs instructing MPs or whether they were simple meeting points for like-minded individuals. The latter was certainly the case by the early 90s. Previously, The Bruges Group had invited 'enthusiast' speakers, like Michael Heseltine and Leon Brittan,<sup>31</sup> but from this point forward they only attended meetings to plead for Party unity. A hard-core of 25 "*usual ones would vote as a bloc*"<sup>32</sup> but 'rebels' far exceeded this figure at times. Lamont has accepted that groups were "*a mechanism*" behind certain votes, but no more.<sup>33</sup> The Bruges Group's impact in the parliamentary process was "*indirect rather than direct.*"<sup>34</sup> Their aim was to "*turn the country Eurosceptic*" by winning the battle of ideas, as then Parliament would have to listen. However, MPs were sent briefings, pamphlets and were made aware of arguments.<sup>35</sup> At meetings, they would be asked, "*why aren't you voting with us?*"<sup>36</sup> It does, however, seem reasonable that only a parliamentary group could effectively command a voting bloc in the House. Fresh Start's Teddy Taylor has admitted that they "*would consider the government's business and decide how we were going to vote.*"<sup>37</sup> This group, however, contained many members who had been long-term 'sceptics' so Clark's inside-information is illuminating on the matter:

*"The nearest thing to a bloc was the '92 Group; some eighty strong, of whom up to sixty would probably follow the recommendation of their Chairman, Sir George Gardiner."*<sup>38</sup>

In a stronger direct sense than imagined, therefore, Eurosceptic groups impacted on votes in Parliament. A form of organised chaos had, thus, installed itself on the Tory backbenches.

Now that firm and resilient parliamentary networks had been established, the GCSG evolved into more of a public role. In October, Cash expanded and renamed it the European Foundation with financial input from Goldsmith. It was now a non-partisan think tank, which advocated a fundamental renegotiation of the consolidated EU Treaties and included David Davis, Peter Tapsell, Iain Duncan Smith, Bernard Jenkin, David Heathcoat-Amory (after his resignation from the Cabinet in July 1996) and Austin Mitchell as members.<sup>39</sup> At the October Tory Conference, the Foundation's launch party was "*hugely well-attended.*"<sup>40</sup> Such was the depth of organisation against Europe that even 'enthusiast' commentators have accepted that "*by 1994, Euroscepticism was ... the factor the Conservative leadership had to reckon with.*"<sup>41</sup>

Major was in an unenviable predicament. On the one hand, he was viewed with increasing contempt by 'sceptics' who saw him pandering to "*Clarke, Heseltine, Hurd and a tranche of other careerists*"<sup>42</sup> on Europe while, on the other, his authority would be reduced by realigning himself with those who had so obviously undermined him in the House and in the press. With options running out, 1994 marked the beginning of an attempted compromise.<sup>43</sup> In April, Major told *Der Spiegel* that the conditions necessary for Britain's adoption of the single currency were "*not going to happen.*"<sup>44</sup> In September, at a speech in The Netherlands, he repeated that, "*the introduction of a common currency without proper prior economic convergence would be a disaster*" and the European Parliament's future as a democratic focus of the EU was "*a flawed ambition.*"<sup>45</sup> Olive branches were not enough for groups, however. Instead, they wanted Major to wholeheartedly accept their views "*as they seemed so utterly reasonable and logical.*"<sup>46</sup>

Developments in Parliaments, both at home and abroad, also allowed Major no time for rest. In June, Goldsmith began his direct involvement against 'the European project'. He was elected French MEP for *Majorité pour l'autre Europe* and became leader of the sceptic Europe of Nations Group in the European Parliament. It would not be long before he would turn his attention to Britain. In the same elections, the Tories gained only 18 of 87 seats on 29 per cent of the national vote.<sup>47</sup> At home in July, Tony Blair became Labour leader after the sudden death of John Smith. It took him little time to exploit divisions in the Tories



while offering little in alternative on Europe. Blair's one-liner "*I lead my party, [you] follow yours*", as Lamont had done less than a year previously, summarised reality succinctly.<sup>48</sup>

The annual Party Conference had, by now, become a well-planned occasion for sceptic fringe-meetings and motion proposals. The gathering at Blackpool in October was no different. Whereas the so-called 'pro-Europeans' would hold meetings with 50-60 people, The Bruges Group attracted five times that number with guest speakers of the calibre of Goldsmith, Duncan Smith and Frederick Forsyth.<sup>49</sup> There were also 217 Europe motions tabled.<sup>50</sup> Critics were also becoming more vehement in their views. Lamont began to unveil the case for exit at a fringe meeting by stating:

*"I do not suggest that Britain should today unilaterally withdraw from Europe but the issue may well return to the agenda."*<sup>51</sup>

Scraps over Europe were now taking place in public with the phrase 'towing the party line' now redundant. On 28 November, eight members of Fresh Start (Taylor, Gorman, Gill, Marlow, Michael Carttiss, Richard Shepherd, John Wilkinson, Nicolas Budgen) abstained in the vote over EU budget contribution increases. As the Finance Bill had, like Maastricht, been linked into a vote of confidence in the government, the Whip was withdrawn from all dissenters. Richard Body later resigned the whip in protest. The impact of this decision served only to increase publicity of the Eurosceptic cause and division amongst the Tories.

The 'Whipless nine' immediately became subjects of a media frenzy. All members assumed the 'air of martyrs' when appearing on outlets like the *Today Programme* or *BBC Breakfast*.<sup>52</sup> Major viewed them like "*a travelling circus, promoting Euroscepticism wherever they went*."<sup>53</sup> Gill and Gorman even published a pamphlet *Not a Penny More* justifying their opposition to the Bill.<sup>54</sup> Within the parliamentary Party, the Prime Minister "*came under increasing pressure to bring them back from sympathisers in the Cabinet and on the back benches, including members of the 1922 Committee executive, not least Marcus Fox, its chairman*."<sup>55</sup> The real damage was, however, done in the lobbies. Without a majority, votes were lost and the government "*could never be sure of getting ... business through*."<sup>56</sup> For example, the imposition of VAT on fuel and power was defeated by yet another rebellion in November.

Eurosceptic groups had become the

gatekeepers to government legislation, particularly "*on anything related to Europe*."<sup>57</sup> The Prime Minister, despite the warnings of the Chief Whip, Richard Ryder, had publicly retaliated to sceptic action by splitting his Party.<sup>58</sup> The consequences of this decision proved irrevocable as the Conservatives now often had to "*rely on Labour, the Liberal Democrats and Ulster Unionists*" to pass laws.<sup>59</sup> At the same time, the arrival at the front-line of British politics of a financial-heavyweight was imminent.

James Goldsmith formed his own political party on 27 November 1994. The Referendum Party was initially established "*to terrorise Major into guaranteeing a referendum*" on Britain's relationship with Europe. Goldsmith had already cut his teeth in politics in France, at the European Parliament and in financing Eurosceptic groups in the UK. While travelling, he had met the equally trilingual, former Bruges Group campaign director, Patrick Robertson, and had been persuaded to turn his attention to Britain and to create a party.

All other groups did not necessarily welcome this development. Sked saw the involvement of his former colleague as a deliberate attempt "*to kill UKIP*."<sup>60</sup> It also placed predominantly Conservative groups in a dilemma. They could not endorse Goldsmith without undermining the Tories and their own futures as MPs. The European Foundation cut all financial ties with Goldsmith, although Thatcher contributed a compensation package in response.<sup>61</sup> The Tory Press too saw the Referendum Party as taking much-needed voters away from the Conservatives. The *Daily Telegraph*, the *Daily Mail* and the *Spectator* all attacked the businessman.<sup>62</sup> Overall, despite mixed feelings, there was another and even financially stronger sceptic organisation on the political scene. After the events of the past, Major could not afford to ignore this potential threat in the future.

1 Major to businessmen at the Ritz Hotel, 7 December 1994.

2 Martin Holmes, *John Major and Europe: the failure of a policy 1990-7*, London, The Bruges Group, Paper no.28, p. 163.

3 *Ibid*, p. 100.

4 *The Times*, 8 October 1992.

5 Thatcher in the *European*, 9 October 1992.

6 John Major, *The Autobiography*, London, HarperCollins, 2000, p.359.

7 Teresa Gorman, *The Bastards*, London, Pan, 1993, p. 198.

8 *Ibid*, pp.86-7.

9 David Heathcoat-Amory, interview.

10 *Op. cit.* Gorman, p. 13.

11 *Ibid*, p. 164-5.

12 John Turner, *The Tories and Europe*, Manchester, Manchester University Press, 2000 p. 167.

13 House of Commons Information Office, *By-Election Results of the 1992-1997 Parliament*, No. 64, Social and General Statistics Section of the House of Commons Library, March 1988.

14 Lamont claims always to have been a Eurosceptic. Lamont, interview.

15 Lamont's resignation speech, *Hansard*, 9 June 1993.

16 Lamont, interview.

17 *Op. cit.* Gorman, pp. 166-8.

18 The Whips, owing to the number of Etonians, Earls and Marquises involved, coined this term.

19 *Op. cit.* Gorman, pp.13-5.

20 *Op. cit.* Major, pp. 375-6.

21 *Op. cit.* Gorman, p. 184.

22 Heathcoat-Amory recalls seeing them openly discussing matters in the Commons. Heathcoat-Amory, interview.

23 *Op. cit.* Gorman, p. 184.

24 *Ibid*, pp. 184-5, 191.

25 *Hansard*, Debates for 22 July 1993.

26 Teresa Gorman, *No, Prime Minister*, London, John Blake, 2001, p. 247.

27 Collett, interview.

28 Lamont, interview.

29 Heathcoat-Amory, interview.

30 Alan Clark, *The Tories*, London, Phoenix, 1998, p. 505.

31 Bertrand Lapaire, *Le Groupe de Bruges, maîtrise d'histoire*, Université de Paris IV, Sorbonne, 1992-3, supervisor – François Crouzet, list of guest speakers, annexes.

32 Heathcoat-Amory, interview.

33 Lamont, interview.

34 Both Collett and Holmes used this analogy, Collett and Holmes interviews.

35 Collett, interview.

36 Sked, interview.

37 Teddy Taylor speaking on *The Major Years*, part 3, BBC 1, 25 October 1999.

38 Alan Clark, *The Tories*, London, Phoenix, 1998, p. 518.

39 Britain in Europe website.

40 Collett, interview.

41 Hugo Young, *This Blessed Plot*, London, Macmillan, 1999, p. 397.

42 Collett, interview.

43 Holmes, *op. cit.* pp. 15-24

44 Major in *Der Spiegel*, 25 April 1994.

45 Major, extract from speech delivered at Leiden, 7 September 1994.

46 Sked, interview.

47 *Op. cit.* Turner, p. 178.

48 Major believed this to be "*the best one-liner ever used against me*". *Op. cit.* Major, pp. 606-7.

49 Collett, interview. See also foreword to Martin Ball, *The Conservative Conference & Eurosceptical Motions 1992-95*, The Bruges Group, Paper No. 23, pp. ii-iii.

50 *Op. cit.* Ball, p. 11.

51 Lamont to The Selsdon Group (free-marketeers), 11 October 1994.

52 *Op. cit.* Major, p. 603. See also Gorman, p. 232.

53 *Op. cit.* Major, p. 603.

54 *Ibid*.

55 Michael Heseltine, *Life in the Jungle*, London, Coronet, 2000, p. 475.

56 *Op. cit.* Major, p. 603.

57 *Ibid*.

58 *Op. cit.* Heseltine, p. 603.

59 Martin Holmes (Chairman of the Bruges Group, February 1993 – June 2001), interview.

60 *Ibid*.

61 Britain in Europe, website.

62 Glendening singled out the *Spectator's* Paul Johnson and Bruce Anderson as the main critics. Glendening, interview.

*John Mehrzad was awarded a distinction for a Masters in modern European political history at Keble College, Oxford. He is now a barrister of England and Wales and an occasional speaker for Youth for a Free Europe.*

# INTELLIGENCE DIGEST

by John Laughland

## The Padua wall

The authorities in the Northern Italian town of Padua have taken an unusual step in order to crack down on illegal immigration and criminal activity: they have surrounded a particularly bad estate with a 3 m high fence and police regularly check the papers of those going in and out. As a result of these checks, 25 illegal immigrants were expelled from the country on 15 August. The surprising measure of erecting a wall has been taken following a long period of tension between the inhabitants of the block and other residents nearby: it is believed to be a haven for drug traffickers and other criminals. The situation is indeed very dangerous there: when two carabinieri tried to arrest a cocaine dealer, they had to call for reinforcements as they found themselves surrounded by about 30 Tunisians who were trying to free their compatriot. The local residents say that the wall has not helped much, however: they say that the drug traffickers have simply moved down the road. They also say that the fence is too low and should have barbed wire. For them, the problems started when rival Nigerian and Tunisian gangs started to engage in turf wars over the drugs market. [Salvatore Aloïse, *Le Monde*, 17 August 2006]

## Boat people continue to arrive in Canaries and Sicily

Immigrants from Senegal and Mauritania are continuing to land in their thousands on the beaches of the Canary Islands in small boats which people-traffickers use to take them into the territory of the European Union. One of the beaches has now been nicknamed 'Solidarity Beach' because the tourists there often interrupt their sunbathing to help the Africans ashore. It takes about 10 days for the little boats to make the 1,200 km journey from the West coast of Africa. In this year alone some 16,000 people have made this perilous crossing and consequently the reception centres in the Canary Islands are "at their absolute limit," according to the regional president, Adán Martín.

A patrol boat has now been sent by the new European border protection agency, Frontex, whose offices are in Warsaw and which is run by a Finn. The Spanish police complain that this is not enough (but it is not clear why they do not think that it is Spain's duty to protect her own borders). The conservative opposition in Madrid blames the government for the crisis, especially Prime Minister José Luis Zapatero's decision to legalise 700,000 illegal immigrants last year. The leader of the Partido Popular, Mariano Roy, says that Spain has become "the favourite country for the international Mafia and for gangs of people traffickers and the government is doing absolutely nothing about it." Typically the illegal immigrants are taken to major urban centres in mainland Spain and given menial work for a few euros an hour. Others do a bunk and beg in the streets. But few, it seems, cross the Pyrenees because they fear strict police controls in France. In the first week of August, 160 such boat people were repatriated to Mali but the operation was carried out in secret on the request of the government of Mali. Spain has been trying to reach an agreement with Senegal, where the vast majority of the immigrants come from, but the Senegalese president has named his price: he wants Spain to pay for various infrastructure projects to improve the country's water supply but the Spanish fear that any money paid for such projects will be stolen. The European Parliament estimates that some 80,000 Africans would like to come into the EU, while non-governmental organisations claim that some 1,500 have died this year

while crossing. Boats full of dead people have been found off the coast of the Canaries; one of them drifted all the way across the Atlantic and was picked up in Barbados. [Ute Müller, *Die Welt*, 18 August 2006]

Similar problems are affecting the tiny Italian island of Lampedusa. In the early hours of 21 August, seven immigrants died and 22 disappeared while trying to cross from North Africa to Italian territory in a rubber boat. The tragedy occurred just 36 hours after at least ten people died in a previous crossing: on that occasion, some 70 survivors were fished out of the sea by the Italian navy but one of them said the 10 metre long boat had been carrying 120 people, which would mean that 40 are still unaccounted for. On 29 July, moreover, 13 people were found dead of thirst and hunger after having spent 20 days at sea between Libya and Italy. The 14 survivors were hospitalised in a serious condition. Lampedusa is 300km from the Libyan coast. Between 1 January and 31 July 2006, 10,414 persons on 178 boats have arrived in Lampedusa. This compares to 6,901 persons for the same period in 2005. The boats in which they travel are getting smaller and smaller and cannot always reach Sicily, 200km from Lampedusa. [*Corriere della sera*, 21 August 2006]

## Honour killing in Brescia

Italy is in shock after a 20 year-old woman of Pakistani origin, who lived in Brescia and worked in a pizzeria, was murdered with a kitchen knife by her own father who disapproved of her cohabiting with an Italian divorcé after she had been 'promised' to a cousin back in Pakistan. Admitting the honour killing, the father said, "I did not want her to become a whore like the others." The alert was given by her boyfriend when she disappeared one evening after going to see her father on his request: the body was later found buried in the garden, her head facing Mecca. Police are also seeking an uncle of the dead woman and a brother-in-law: they are suspected of participating in the killing, as custom requires. The mother and the six siblings of the murdered woman had left for Pakistan a few days previously. This honour killing has naturally caused a new argument to erupt about the integration of immigrants into European society, and it comes just as the left-wing government of Romano Prodi is trying to introduce a law which would reduce from ten to five years the residence period required for obtaining Italian nationality: the father had an Italian passport and their most recent child had been born in Italy. [*Corriere della sera*, 14 August 2006]

## Dutch police investigate children trafficking

The Dutch have an acronym – AMA – for children asylum seekers. A number of Nigerian children aged under 15 have disappeared from the reception centres where they had been staying following their arrival in the Netherlands. Now, the Dutch authorities assume that they were transported to the country by people traffickers in the first place. The children had said they were orphans but, according to a Dutch police inspector, while this is sometimes true, there are also cases in which children are sent to the Netherlands by the people traffickers, either in order to bring their family into the country later or for more sinister purposes. There seems little doubt that they are brought by traffickers: they have all always 'lost' their tickets, passports and boarding cards. This is to prevent the person who accompanied them onto the plane from being identified. Around a dozen Nigerians and about ten Chinese or Indian children have disappeared in this way from their reception centres. UNICEF fears

that these children end up working in sweatshops or as prostitutes. The Dutch government has tried to crack down on illegal immigration and it seems to have had some success. In 2000, 3,800 child asylum seekers arrived in the Netherlands but the number had fallen to 424 in 2005. Indeed, the overall figures for asylum seekers in the Netherlands have fallen from 34,000 in 2000 to 5,400 in 2005, thanks in part to the policies of the immigration minister, Rita Verdonk. Theoretically the children should be expelled immediately but if they say they are orphans this can be done only if a family or an orphanage in their country of origin is prepared to take them. Consequently, most of them stay in the country until they become adults. [Jean-Pierre Stroobants, *Le Monde*, 17 August 2006]

### **Russia seeks to repatriate Russians from Latvia**

Although Latvia belongs to the European Union and NATO, it practises heavy discrimination against its huge Russian minority. Some 40 per cent of the Latvian population is Russian and yet ever since the collapse of the Soviet Union the Latvian authorities have done all they can to make life difficult for the numerous Russians who live in the country (many of whom were born there, Latvia having always been part of Russia except for a brief interlude between the wars). The worst aspect of this discrimination lies in the refusal of the Latvian authorities to give their Russian citizens passports, i.e. the refusal to recognise them as citizens at all. The country has introduced a very difficult language and history test for Russian speakers and many Russians who were born in Latvia regard the test as insulting. Latvia has forced Russian language schools to teach 60 per cent of the course in Latvian; and there are hundreds of thousands of Russians living in Latvia who do not have citizenship. Latvia gives them only an 'alien's passport' which does not allow them to travel anywhere outside the Baltic States and Denmark. Since the collapse of the USSR, Russia has generally done little or nothing to help its compatriots in the Baltic States or elsewhere in former Soviet republics. Now, however, the Putin administration is seeking to encourage ethnic Russians from the Baltic States to move to Russia itself instead. A package of incentives was approved in June, inspired no doubt in part by the fact that Russia, like many European countries, is experiencing a demographic collapse and needs more people. The incentives include cash and social benefits but many ethnic Russians, in Latvia as in the other Baltic States, are sceptical about the programme. [Claire Bigg, *Radio Free Europe*, 15 August 2006]

### **Merkel's popularity collapses**

The opinion poll ratings of the new German Chancellor, Angela Merkel, elected by a whisker last September have collapsed. In January, more than half of the German population (55 per cent) was said to support her but now her rating is a mere 37 per cent. This is the first time that her rating has dropped below 40 per cent. The head of the Social Democrats, who govern in a 'grand coalition' with the Christian Democrats, is faring little better: Kurt Beck's rating is 28 per cent. The CDU/CSU are at 33.3 per cent while the SPD are at 29.3 per cent. Voices are being raised within the Christian Democrats saying that the party must develop a strategy for leaving the coalition. There is resentment at the excessively free-market nature of the Chancellor's current policies, and it has been expressed by the Deputy leader of the CDU, Jürgen Rüttgers. Party activists felt that the 2005 election campaign laid far too little emphasis on social issues, and that this was the reason why the party failed to win a decisive lead. Commentators say that the atmosphere in the 'grand coalition' is bad and that Christian Democrats will soon start to think of forming an alliance with the Greens and the FDP Liberals. [*Die Welt*, 16 August 2006]

### **Haider calls for referendum on EU membership**

On 14 August, the Austrian politician, Jörg Haider, proposed a national referendum on Austria's continuing membership of the EU. Hostility to both the EU in general and the euro in particular are strong in Austria. "*The Austrians should have a new chance to decide whether they really want to be in the EU,*" said Haider, "*or become a neutral and sovereign state again.*" Haider called for this referendum to be held before any referendum on the European Constitution, whose rejection by voters in France and the Netherlands he in any case welcomed. Haider's suggestion was rapidly dismissed by the Christian Democrat Chancellor, Wolfgang Schüssel. A general election is to be held in Austria on 1 October. At the end of 1999, the party Haider then led, the Freedom Party, was included in the national governing coalition (with the Christian Democrat Austrian People's Party) but Haider resigned the leadership following massive pressure from the EU. The Freedom Party then scored badly in the 2002 elections, which were held early, and Haider then led a breakaway faction called the Alliance for the Future of Austria which now gets about 3 per cent or 4 per cent in the opinion polls, as opposed to 5 per cent or 6 per cent for the Freedom Party. However, in a country in which only 34 per cent of the electorate is happy with the EU, Haider's euroscepticism may resonate with the electorate. [*Le Monde*, 14 August 2006]

### **Polish-German relations reach new low**

Following the admission by the German novelist, Günter Grass that he served in the SS, Polish-German relations, already bad, have plunged to a new low. Lech Walesa, the former leader of Solidarity and later President of Poland, has demanded that Grass renounce his honorary citizenship of Gdansk (Danzig) where Grass was born: Grass has declined to do this but has said he would respect any decision taken by the town authorities. Walesa has said that if the Gdansk city council does not rescind Grass' honorary citizenship then he would renounce his own. Other Poles have stuck up for Grass, however. The influential journalist, Adam Michnik, editor of *Gazeta Wyborcza*, has said that Poland had had no better friend than Grass and that his youthful mistakes should be pardoned. The Chairman of the Foreign Affairs Committee in the Polish parliament, Pawel Zalewski, blamed Germany for the new crisis in their relations. He said the Germans were trying to re-write history. Oil was poured on to the flames when Erika Steinbach, the head of the German Expellees association, who is a hate figure in Poland, said that Grass should give the proceeds from his latest book (which has received massive publicity as a result of his admission that he joined the SS in 1944 and hid the fact until now, spending the intervening sixty years as a preachy left-wing moralist) to Polish victims of the Nazis: many Poles think of Steinbach as little better than a Nazi herself. [Oliver Hinz, *Die Welt*, 19 August 2006]

### **Anger at German expellees' exhibition**

Things have been made only worse by a new exhibition organised in Berlin by the German Federation of Expellees (*Bund der Vertriebenen*). It deals with the history of expulsion of people in the 20th Century and has aroused the ire of Czech and Polish politicians because of course it details the expulsion of millions of Germans after the Second World War as a result of the Potsdam agreement between the Allies. The mass expulsion resulted in the deaths of hundreds of thousands of people. The BdV says that some 80-100 million people were driven from their homes during the last century, from Armenians and Greeks to Karelians and Germans. The Poles are furious, because the exhibition is intended to form the kernel of a



permanent "Centre on Expulsions" which the BdV wants to set up in the German capital. The Polish Prime Minister, Jaroslaw Kaczynski, has attacked the exhibition as "*an attempt to relativise the history of the Second World War.*" The Mayor of Warsaw, Kazimierz Marcinkiewicz, has cancelled a planned visit to Berlin in protest. Many people confuse the BdV with organisations which campaign for compensation from the Polish state for the property lost by Germans sixty years ago but the BdV president, Erika Steinbach, says that this is not her organisation's position. [*Süddeutsche Zeitung*, 12 August 2006]

### Poland largest recipient of structural funds

In the coming seven years, Poland is to receive nearly €60 billion from the EU's structural funds. These figures have recently been confirmed by the European Commission. This makes Poland by far the greatest recipient of EU structural funds, which are aimed at promoting economic development. The second largest recipient will be Spain with €31.5 billion, although this is more than €23 billion less than Spain received in the period 2000-2006. Spain has therefore turned out to be the biggest loser following enlargement of the EU in May 2004. In 2007-2013 Germany will receive €23.5 billion, €5 billion less than in the previous budget period: the cuts will be almost exclusively in the former East Germany, whose *Länder* will have to do without €4 billion less than before. EU Member States agreed to limit the total spending on structural funds to €308 billion; it had been €231 billion in 2000-2006 but then the EU had only 15 Member States for most of that time. The Czech Republic and Hungary will receive more than €20 billion. Romania will get €17.5 billion when it joins the EU next year. [*Frankfurter Allgemeine Zeitung*, 25 July 2006]

### Eurozone inflation down

Prices in the eurozone fell by 0.1 per cent in July 2006, bringing the yearly rate to 2.4 per cent. The annual rate by June had been 2.5 per cent. This slight drop has surprised many economists, who expected rising energy prices to push the price index up. The European Central Bank thinks that inflation will continue to be above 2 per cent and for this reason it is expected that euro interest rates will rise in December. Since December 2005 the ECB has raised rates by 100 points, i.e. 1 per cent. The key ECB rate is now 3 per cent. 'Price stability', to which the ECB is constitutionally committed, is said to mean inflation of not more than 2 per cent. Spain has the highest inflation rate in the eurozone, 4 per cent, followed by Greece (3.9 per cent) and Luxembourg (3.4 per cent). The lowest rate is in Finland (1.5 per cent). Germany's inflation rate is 2.1 per cent. [*Handelsblatt*, 17 August 2006]

### Gerhard Schröder adopts another Russian child

The former German Chancellor, Gerhard Schröder, 62, and his wife, Doris Schröder-Kopf, 43, have adopted a Russian baby boy from St Petersburg. In the summer of 2004, they adopted a girl, also from St Petersburg, whom they have called Victoria. She is now five years old. Mrs Schröder-Kopf also has a 15 year-old daughter from a previous marriage, while the former Chancellor has no children by any of his four wives including Doris. Like the adoption of Victoria, the arrival of the baby boy was top secret, with even the Schröder's bodyguards being kept in the dark until the last minute. Following the adoption of Victoria there was some controversy in the German press because it would be very difficult in Germany for a man as old as the former Chancellor to adopt a child. It later turned out that Schröder had spoken to President Putin about his adoption plans. The speculation was then that Putin had helped Schröder out, using his contacts in his original political fiefdom of St. Petersburg. Victoria had previously lived in an orphanage there. Doris Schröder-Kopf does a lot of

charitable work connected with children: she has worked with UNICEF and for drug-addicted children in Albania. She has even published her own children's book, entitled 'The Chancellor lives in a swimming pool.' [*Die Welt*, 17 August 2006]

### Orange revolution comes to an end

Following four months of political deadlock, the Ukrainian president, Viktor Yushchenko, has appointed Viktor Yanukovich as Prime Minister. Yanukovich thereby becomes the most powerful man in Ukraine, the Prime Minister having been given most of the governmental powers by constitutional changes urged on Ukraine by the West during the 'orange revolution' of 2004-5. On that occasion, indeed, Yushchenko beat Yanukovich in the presidential race following weeks of protests and allegations of electoral fraud. Yanukovich has now had the last laugh, however, especially since there have been no charges against him for electoral fraud since the events around Christmas 2004. There have also been no charges made over the alleged 'poisoning' of Viktor Yushchenko, which suggests that, like electoral fraud, the poisoning may have been an invention of political campaign managers rather than a real event.

Under two weeks after his appointment as head of the Ukrainian government on 4 August, Yanukovich made his first visit abroad, to Russia on 16 August. He is usually described in the Western media as 'pro-Russian' but negotiations are continuing between Moscow and Kiev over gas deliveries, a bone of contention which led to a brief interruption in gas supplies in January. Yanukovich went to see President Putin in the Black Sea resort of Sochi, where he was able to meet the heads of state of the Eurasian Economic Community (Russia, Belarus, Kazakhstan, Tajikistan, Uzbekistan) at which Ukraine has observer status. This seemed to contrast with Viktor Yushchenko's determination to make Ukraine a member of the EU and NATO. Yanukovich also had meetings with his Russian opposite, the Prime Minister Mikhail Fradkov. Following this meeting, Yanukovich said that he was confident that there would be no sudden rise in the price of Russian gas in 2007. Fradkov, for his part, said that he would not put any pressure on Ukraine but that Russia wanted "*a higher level of integration*" between the states of the former USSR, based on the Eurasian Economic Community. [*Le Monde*, 16 August 2006]

In a further indication of geopolitical reorientation, Kiev has also announced that it wants to increase its trade and political cooperation with neighbouring Belarus. The Ukrainian First Deputy Prime Minister and Finance Minister, Mykola Azarov, told the Belarusian ambassador in Kiev that Ukraine wants 'constructive dialogue' with Belarus. A key priority for Ukraine is to increase cooperation with its northern neighbour. [*Radio Free Europe Newsline*, 16 August 2006]

The Belarusian president, Alexander Lukashenko, said that he was happy with the outcome of the Sochi mini-summit. He said, "*We have finally come to a conclusion that we have to establish a customs union. Three states — Belarus, Russia, and Kazakhstan — appear to have achieved more progress in this respect. However, Tajikistan is not lagging behind us in terms of the effort to harmonize regulations, we just don't have a shared border.*" [*Radio Free Europe Newsline*, 17 August 2006]

### Kosovo Albanians welcome new UNMIK chief

The Albanians in Kosovo have generally welcomed the appointment of the German diplomat, Joachim Rucker, as the new international governor of Kosovo, the province of Southern Serbia which has been administered by the United Nations and occupied by the West since NATO attacked Yugoslavia in 1999. Various leading Kosovo Albanian politicians called Rucker's appointment "*the right choice*" and "*the best*

*solution*". The Serbs, meanwhile, were less positive. Marko Jakšić, a member of Belgrade's negotiating team for the final status of Kosovo, said that Serbs were generally disappointed with Rücker's appointment but added that, in any case, it was the not head of UNMIK who will decide what happens in Kosovo but the government of the United States of America. *"But our experience tells us that the UNMIK chiefs are just figureheads,"* said Jakšić, *"and that their deputies usually make the most important moves from the shadows, and they are regularly Americans."* [Radio Free Europe Newswire, 16 August 2006]

A London based non-governmental organisation, Minority Rights Group, has said that the situation of minorities in Kosovo (mainly Serbs and gypsies) is *"the worst in Europe"*. [Report dated 7 August 2006, www.minorityrights.org] This is in spite of the fact that the West attacked Yugoslavia and then occupied Kosovo in the name of minority rights, and in spite of the fact that the province has been administered directly by the international community since 1999. Instead of promoting tolerance and ethnic harmony, the international community has instead looked the other way as new paramilitary groups are formed which campaign for an ethnically pure Albanian Kosovo and, thereby, for a 'Greater Albania.' [Profile of paramilitary leader Albin Kurti by Wolf Oschlies, www.eurasischesmagazin.de]

### **Bosnian Serbs want own police force**

Bosnia-Herzegovina, meanwhile, has, like Kosovo, been administered by the international community since the fighting there ended in 1995. (The war in Kosovo ended in 1999.) In spite of more than a decade of international government and multi-culturalism on paper, Bosnia-Herzegovina remains as artificial a state as it ever was, its two halves (the Bosnian Serb half and the Muslim-Croat federation) agreeing to coexist only on the basis that they are not actually governed by the institutions of the Bosnian state at all. The latest attempts of the international authorities to force integration of Bosnia's three peoples concerns the police force, which the High Representative and the EU want to unify. Currently each entity has its own police. The Bosnian Serb Prime Minister, Milorad Dodik, said on 15 August that he would not give up the police force of Republika Srpska. The EU has laid down police reform as a condition for signing the Stabilisation and Association Agreement. [Radio Free Europe Newswire, 16 August 2006]

### **Primakov on Middle East**

The former Russian Prime Minister, Yevgeny Primakov, who is well known as an expert on the Middle East, said that he thinks that Israel had planned its attack on Lebanon *"for a very long time ... to bring about the collapse of Lebanon and a possible civil war."* Primakov claimed that Israel's calculation was that elements in Lebanon would rally against Hezbollah and destroy its power. He added that Israel was preparing to bomb Syria and Iran if they became involved in the conflict. Primakov said that the plan had gone badly wrong for Israel, that it had suffered a defeat and that there was now little prospect of any further conflict in the Middle East since the American government had no interest in one in the run-up to the November mid-term elections. He expressed the hope that Washington had realised that it was unwise *"to export democracy and revolution around the world"* because *"the Trotskyites have already shown that this is a hopeless task."* [Izvestia, 17 August 2006]

### **Marko Milošević accuses ICTY**

Marko Milošević, the son of the former president of Yugoslavia, Slobodan Milošević, has written a long open letter to a judge at the International Criminal Tribunal for the former Yugoslavia, which he has copied to the Security Council of the United Nations and other

international bodies, criticising the report authored by judge, Kevin Parker, Vice-President of the Tribunal, on his father's death in custody at The Hague in March. The tone of the letter is firm and bitter. He accuses the ICTY of murdering his father by refusing him medical attention and says that the report into allegations of poisoning were a device to distract attention from the judges' culpability. He denies that either he or any of his family ever maintained that the late former president had been murdered and says that he specifically told the ICTY not to lend credence to this theory by 'investigating' it and then denying it. He also alleges that it was quite wrong for the ICTY to monopolise the autopsy, especially when it was itself being accused of neglect. *"Should I mention the fact that the autopsy was conducted without the presence of the independent expert team sent by our family, even though we insisted on it? Or that the Russian doctors were denied the access to the body and the tissue samples? Or that we have been denied his blood samples? Now it happens that the Dutch medical institutions and doctors, which have already been gravely compromised in the eyes of the public through their involvement with the ICTY Prosecution in numerous manipulations with my father's health, medical treatment, and respective diagnosis, were the only ones to manage the toxicology tests and announce their results?!"* Marko concludes, *"I understand that you have set-up this straw-man accusation of poisoning, and now by finding that there was no poisoning you assert that the ICTY has been relieved of all responsibility for my father's death. Nevertheless, an unquestionable truth remains before the public, the image of my father addressing your so-called "trial chamber" and asking to be allowed medical treatment, and the "presiding judge" responding that he will not listen to him. The question isn't whether or not my father was murdered or poisoned. The point is that a former head of state, being held in UN custody, was gravely ill and constantly complaining of his medical condition. His health condition was assessed many times by medical experts as to be dire. He was denied adequate (if any) medical treatment, and then he died. At the same time those who denied him treatment were undeniably aware of what the consequences would be... The Tribunal, and everyone in charge, has committed a deliberate murder. They condemned him to death on 24 February when they rejected his request for provisional release, ignoring everything: his health condition, his rights, and the warnings of his doctors, which unlike the jail physician hired by the ICTY, had both unquestionable competence and expertise, as well as his confidence... The ruling handed down on 24 February came into effect on 11 March."* [i.e. when Milošević died] [Letter dated 17 July 2006]

### **Izetbegovic tomb blown up**

The tomb of the former Muslim president of Bosnia-Herzegovina has been blown up in Sarajevo on 11 August at 3 a.m. The cemetery, called 'Martyrs' Cemetery', also contained the graves of numerous fighters from the Bosnian civil war. Naturally the finger is being pointed at those who might want to destabilise the situation in Bosnia-Herzegovina and much Muslim commentary says it was the Serbs. Elections are being held in Bosnia-Herzegovina on 1 October, just as the independence of Kosovo is being discussed, and the internal political situation in Bosnia is very difficult. The explosion also comes shortly after the mysterious release of yet another video which, aired on Radio-Television Serbia, purportedly showing war crimes being committed against Serbs by a Bosnian Muslim general, Atif Dudakovic. Serbia has called for him to be prosecuted and the airing of the video has naturally reopened old wounds and grievances (which in any case all sides have been nursing since 1995). [Can Karpat, www.axisglobe.com, 14 August 2006]

# 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 mapping out the road to a federalist, politically integrated organisation. Here is a look back at some of the major events that occurred during the month of **September** over the past 60 years.*

- 1946 In a speech at Zurich University, Winston Churchill calls for "a kind of United States of Europe."
- 1950 The European Union of Payments is created.
- 1959 Greece and Turkey begin association negotiations with the EEC.
- 1960 The European Social Fund Regulation enters into force.
- 1961 The first regulation on the free movement of workers comes into force.
- 1963 Death of Robert Schuman.  
The Council reaches an agreement in principle regarding the Merger of Executives.
- 1964 The Council reaches an agreement regarding the composition of the single Commission that will ultimately have nine members.
- 1965 The Commission recommends that Member States avoid creating barriers to intra-community trade when they adopt laws and regulations.
- 1967 The Commission renders an opinion on the applications for EC membership of the UK, Denmark, Norway and Ireland.
- 1972 Agreements on preferential trade with Egypt, Lebanon and Cyprus are signed.  
A majority of the Norwegian electorate votes against joining the EC.
- 1974 The Council formally approves directives for the negotiation of comprehensive agreements with Spain, Israel, Algeria, Morocco and Tunisia to cover cooperation and agriculture.
- 1975 Official relations are established between China and the EC.
- 1976 The instruments concerning the election of the European Parliament by direct universal suffrage are signed.
- 1977 At the 32nd Session of the UN General Assembly, the President of the European Council outlines the EC's external policy.
- 1978 The Council adopts cooperation agreements with Algeria, Morocco, Tunisia, Egypt, Syria, Jordan and Lebanon and additional financial protocols with Israel, Portugal and Malta.
- 1979 At the 34th Session of the UN General Assembly, the Council President stresses the importance of direct elections to the European Parliament and the importance of the European Monetary System (EMS).  
The Community and its Member States sign a Council of Europe Convention on Conservation of European Wildlife and Natural Habitats.
- 1982 The 30th anniversary of the first sitting of the ECSC Assembly is celebrated in the EP.
- 1983 The European Deputy Altiero Spinelli presents a draft treaty establishing the European Union to the European Parliament.
- 1985 The first meeting of the Intergovernmental Conference is attended by Foreign Ministers of the ten Member States as well as Spain and Portugal.
- 1987 The Ministers for Economic and Financial Affairs adopt measures to strengthen the European Monetary System (EMS).
- 1988 The European Council adopts a declaration regarding the American law on trade and competitiveness (the 'Trade Act'). It expresses its preoccupations about the protectionist potential of the law.
- 1989 The trade, commercial and economic cooperation agreement between the EC and Poland signed in Warsaw.
- 1991 The fourth Lomé Convention on the development of the relations between the EC and the ACP states enters into force.
- 1992 A referendum is held in France on the Maastricht Treaty and the people vote in favour of ratification.
- 1993 The Commission adopts a Green Paper on the European dimension of education.
- 1995 The Member States adopt a list of non-member countries whose nationals must be in possession of a visa to enter the EU.
- 1996 The 15 Member States sign a convention on extradition and a protocol on protection of the European Union's financial interests. The Council adopts the corresponding acts.
- 1998 Luxembourg deposits the instruments of ratification of the Treaty of Amsterdam.
- 2000 A strong majority of the Danish electorate rejects the euro in a referendum.
- 2001 A special European Council is held in Brussels to assess the international situation in the wake of the terrorist attacks on 11 September in New York and Washington and to set the guidelines for the response of the EU.
- 2002 EU-China and EU-Republic of Korea summits are held in Copenhagen.
- 2003 A strong majority of the Swedish electorate rejects the euro in a referendum.  
A majority of the Latvian electorate votes in favour of joining the EU.
- 2005 EU-Iraq joint declaration on political dialogue is signed in New York.



## LETTERS TO THE EDITOR

**From Lord Deramore**

Dear Ms Rainwater,

Eurosceptic Conservatives will be delighted by the news that Roger Helmer, MEP, has been awarded the accolade of Parliamentarian of the year, receiving more votes than David Cameron, Michael Howard or William Hague. They will be encouraged by the eight Tory MPs who have had the bravery to join 'Better Off Out' (BOO) despite Cameron's declarations that this will exclude them from any place on the front bench.

David Cameron is determined to change the Conservative Party, but he is strangely reluctant to abandon his predecessor's delusion that it is possible to be in the EU and not be 'run by it'. Presumably, Kenneth Clarke, Michael Heseltine and Francis Maude (who signed the Maastricht Treaty) have persuaded him that 105,000 items of EU legislation have not been imposed on Britain and that the £3.5 billion a year poured into the EU is money well spent.

Since 86 per cent of Britons are opposed to the EU Constitution and a vast number of voters, regardless of Party, want Britain to withdraw from the EU, Cameron would be wise to change his Party's policy on the EU if he hopes to win a general election.

Yours sincerely,  
Lord Deramore

**From Mr Walter J. Ablett**

Dear Ms Rainwater,

You kindly published my letter (May 2006) which prompted others to agree on the need to educate David Cameron on further EU facts and Bill Cash, Lord Tebbit, Lord Stoddart and Lord Pearson are fully capable to do this. Cameron publicly stated (his own policy?) to withdraw Conservative MEPs from the federalist EPP Group in the European Parliament, as he confirmed in a letter. He now states he has deferred this until 2009, so he has misled us.

Does he know it was the Maastricht Treaty that surrendered our borders, so that anyone could enter Britain? Millions of immigrants have arrived in Britain, including illegals and terrorists, occupying houses, contributing to the housing shortage, increasing costs also creating demands on infrastructure and the NHS, costing taxpayers dearly. Prescott aims to build five million houses.

*Hansard* 20 May 1993 records names of MPs who voted on the Treaty. Ken Clarke publicly stated he had not read it. Incredibly, it records he voted for it! *The Times* (17 July 2006) records that Cameron and Chris Grayling, Shadow

Transport Secretary, think that the rail break-up, splitting operations between trains and track, was a fundamental error by the Conservatives.

Clearly, they are unaware that the Railway Regulation Act 1992, issued under the European Communities Act, was to bring Britain into compliance with EC Directive 91/440. It stipulated that track ownership must be separated from operational companies. Idiots in Brussels imposed this daft scheme. I was a Senior professional engineer with BR. My colleagues and I were aware of the problems and did not oppose privatisation on ideological grounds. Japan had successfully privatised its railways, considered to be among the world's safest.

If Cameron and Grayling wish to achieve their objectives, they must repeal the EC Directive 91/440. Will they do this? Does Cameron know it was published that UK taxpayers pay £12 billion gross a year for EU membership. If we had that money, we could afford to build fifty new 800 bed hospitals, without increasing taxation. A conservative policy?

Yours sincerely,  
Walter J. Ablett, C. Eng.

**Advertisemnt for  
direct-democracy.co.uk**

# BOOK REVIEWS

## Russia's Oil Industry: Current Problems and Future Trends

by **Vladimir Erochkin** and **Pavel Erochkin**,

Centre for Global Studies, 2006, ISBN 0 9546430 1 1, 110 pp, £19.99

*Reviewed by John Massey*

WHEN PETER THE GREAT LAID THE cornerstone of the Constantine Palace on the shores of the Gulf of Finland in 1720, he was seeking to represent Russia's increasing involvement in European trade and diplomacy. Some 300 years later, the restored and expanded complex was again in use as a 'diplomatic window' on the West as President Putin's symbolic choice for the 2006 G8 summit, the first to be held on Russian soil.

**President Putin seemed to savour the role of host, mischievously exploiting, with ill-disguised *schadenfreude*, the political discomfiture of his British and American guests**

President Putin seemed to savour the role of host, mischievously exploiting, with ill-disguised *schadenfreude*, the political discomfiture of his British and American guests. The West's problems in Iraq, its diplomatic inertia over Lebanon and the possibility of Tony Blair's involvement in a criminal scandal all served to imbue Putin with a cocky determination to resist any attempt to turn the summit into a critical commentary on Russia's purported social and economic inadequacies.

The summit headlines, concerning the slightly anodyne resolutions regarding terrorism and nuclear non-proliferation, served to confirm Russia's required involvement in these global matters. Yet, if Putin's Russia can be said to be emulating that of Peter the Great in terms of its diplomatic status, its position in respect of

international trade is slightly less secure.

Despite its accession to the G8 in 1998, Russia is still excluded from the normative club of global commerce, the World Trade Organization. The G8 summit witnessed protracted negotiations in this regard, with the US, in particular, seeming to blow hot and cold on Russia's prospects of admission. Both the US and the EU are in firm agreement that a major impediment to Russia's becoming the 150th member of the WTO is presented by the urgent issue of Russian energy reform.

The manner of Russia's exploitation of its colossal oil reserves is the subject of the Erochkins' new study. The authors identify a split in G8 energy policy, contrasting American 'unilateralism' with a European concern for common security of supply. This difference, they argue, stems from European reluctance to follow the increasingly interventionist American path in the Middle East (upon whose reserves Europe is far more heavily dependent than is the USA), preferring in the medium term to establish a diversified supply chain away from OPEC and towards the oilfields of the steppe.

The problems associated with such a move could not have been more clearly evidenced than in Russia's peremptory decision to suspend gas supplies to Ukraine in the midst of last winter. (This was not the first such suspension of supply to a former Soviet state; Belarus was similarly affected in 2004.) It was perceived that Russia was punishing Ukraine for the pro-EU stance of its new 'Orange Revolution' leadership, prompting Dick Cheney to describe Russia's energy policy as "*as tool of blackmail and intimidation*". Whilst the diplomatic *froid-eur* between Moscow and Kiev undoubtedly exacerbated the dispute, the origins of the interruption to Ukraine's supply lay in a massive rise in gas prices, as Russia moved to eliminate the energy subsidy which was a legacy of the Soviet era.

## 'Security of supply' is the current catchphrase of EU energy policy

By removing this subsidy, Russia was in fact engaging in the very energy market liberalisation which the West has long identified as a pre-requisite of WTO membership. What alarmed the world was not the price rise itself, but Russia's subsequent erratic exercise in statism. 'Security of supply' is the current catchphrase of EU energy policy and Russia's actions could hardly have done more to dissuade Member States from increasing their reliance on Russia's resources. The EU has responded by seeking to stimulate reform of the Russian energy sector with the carrot of a free trade agreement, distinct from that of the WTO, if Russia grants EU businesses competitive access to its natural resources.

Russia has taken steps to meet such demands, although it has so far resisted G8 pressure to sign the proposed Energy Charter to this end. The apparently successful flotation of oil giant Rosneft was a practical and symbolic move towards greater liberalisation, even if there remain grave doubts over the means by which Rosneft 'acquired' the substantial assets of its rival Yukos, following the imprisonment of Mikhail Khodorkovsky.

The Erochkins' work steers away from lurid tales about the oligarchs, confining itself to a recommendation that, in the interests of legal and commercial certainty, the proprietary rights acquired (however dubiously) in the 'cowboy capitalism' of the early 1990s be fully legitimised. Rather, this concise analysis, liberally illustrated with technical data, is meticulous in its economic and commercial approach. As such, it will perhaps be best appreciated by economists and oil sector analysts. The text, however, is lucid and pleasingly jargon-free and it provides the layman with a highly accessible account of the geopolitical strength which Russia derives from its natural resources. Its authors present cogent proposals for Russia's exploitation of this strength, advocating reforms which would simultaneously galvanise the global oil trade and help to awaken the sleeping bear in its own, hitherto halting, economic development.

*John Massey is a legal researcher and writer.*

# Sleepwalking into an EU Legal System: How the Charter of Fundamental Rights is being Incorporated into British Law

Lord Blackwell, Centre for Policy Studies, March 2006, ISBN 1 905389 24 8, 12 pp, £5.00

*Reviewed by Dirk van Heck*

KEY to Norman Blackwell's analysis of the creeping incorporation into UK law of a document famously described by a member of HM Government as of no more legal consequence than *The Beano* is the constitutional drift which is going on in Britain today and which has gathered pace since New Labour came to power in 1997. Traditionally, the laws of the United Kingdom have been created by Parliament: they have received the Royal Assent and been brought into force, whereupon they have become binding upon the UK's courts, which have then interpreted them literally. Increasingly, however, the effect of Britain's laws is being determined by a more subtle process of political 'steer', whether via a public pronouncement by the Home Secretary or a Communication of the European Commission. Competing bases of interpretation and political signals are becoming more important than the letter of the law and the rule of law in Britain is consequently collapsing into a Derridian mire of subjectivity and confusion.

This is the backdrop to the insidious absorption of the European Union's Charter of Fundamental Rights (CFR) into UK law and perhaps explains why the British government has been willing to change its view of the document to accept that incorporating it formally via the European Constitution would make little difference: the constitutional mechanisms have become a formality, such is the extent to which political signals have superseded due process in lawmaking.

In this pamphlet, Lord Blackwell picks an excerpt from a House of Lords' European Union Committee report which illustrates the point very well: *"the precise status of the Charter may be debated, but two things are clear. The Charter is a document of major political significance. The European Parliament, the Council and the Commission cannot, whether acting in legislative, administrative or policy making role, ignore the Charter: it is a document they have unanimously approved and solemnly proclaimed. Second, the Charter is not legally binding ... [but] the Community courts will,*

*in practice, have regard to the Charter when determining those fundamental rights that form an integral part of the general principles of law."*

Lord Blackwell appears to agree with the UK government's major policy-based objection to the CFR: that it risks forcing the UK to conform to continental employment and industrial relations laws. The relevant Articles of the CFR, however, appear to the writer to do little more than reflect changes to employment law that have already been brought about – mainly as a result of initiatives at EU level and often with the eager collaboration of the present government – and indeed one of the points that has often been made about the CFR is that it is a statement of existing rights, intended to remind EU citizens of what the EU has done for them. 'Protection against unlawful dismissal' and 'limitation of maximum working hours', for example (which seem to exercise Lord Blackwell), are certainly nothing new. He is on better ground when he mentions the rights to have access to continued training and to pursue a freely chosen or accepted occupation – 'rights' which could compromise the public finances and which are obvious nonsense in the context of a global, market economy.

Returning to the theme of the opening paragraph of this review, how is it that the CFR has become an influential legal document in the absence of the ratification that could lead to its Articles having direct or indirect effect in Member States' courts and give rise to Member State liability? Lord Blackwell points out that the Commission took the lead here by issuing a Communication in April 2005 entitled *Compliance with the Charter of Fundamental Rights in Commission Legislative Proposals: methodology for systematic and rigorous monitoring*. In practice, the CFR already forms a constitutional framework for all new EU legislation. It has also been used as a reference document by Advocates General in the European Court of Justice and thus acts as guidance on the interpretation of existing EU law. It is also (as the Commission-funded, JUSTICE-run CFR website,

www.eucharter.org, points out) referred to by judges in the UK, and quite properly, since: *"the Charter is part of UK law, although it is not directly enforceable by the UK courts. Instead the courts are able to refer to it as a guide to interpretation when considering rights and duties under EU rules, as they have on several occasions. If and when the Constitutional Treaty is ratified, the UK courts will be able to apply the Charter to UK cases involving the application of EU law. In the meantime, its effect is likely to become increasingly persuasive as an indication of the principles to be observed."*

The CFR is in reality both a statement of existing rights and, as Blackwell puts it, a 'manifesto' of political aspirations. It is designed to strengthen and reinforce the 'social market economy' which was the happy social and economic backdrop to the development of the European project, but which today threatens to jeopardise Europe's future. It is becoming part of UK law and, if it were ratified as part of the European Constitution or by another mechanism, this process would be accelerated, despite the supposed 'safeguards' naively or mendaciously negotiated by the UK government. Lord Blackwell argues that this process provides the UK with another reason to renegotiate the terms of its membership with the EU to one that allows it *"to opt out of the legal and institutional processes of political integration."* Opting out is not enough, however, if the next Prime Minister is to avoid the fate of his two immediate predecessors of being 'in government, but not in power'. The UK doesn't just need a new Bill of Rights (based on continuing deference to the European Convention on Human Rights); it needs a new constitutional settlement, and the terms of the UK's future relationship with the EU should defer to the principal aims of that settlement. The CFR is a small part of a very large problem. This pamphlet is as good a short exposition of that small part as one could hope to find.

*Dirk van Heck is a barrister and former Head of Research at the European Foundation.*

# FACTS

by Celia Surtees

## 1 Daytime Headlights for all EU cars...

It may soon be mandatory for all cars in EU Member States to have daytime running headlights (DRLs). These have been standard on all Swedish cars since 1967. Countries such as the US and Canada also have laws concerning the compulsory use of DRLs. Fourteen of the 25 EU Member States already have rules on the use of DRLs and the European Commission says they reduce deaths by 3 to 5 per cent which is equivalent to 1,200 to 2,000 fatalities across the EU. It is likely, however, to spark a debate as to whether the safety benefits outweigh potential damage to the environment. [EU Observer 11 August 2006]

## 2 Smoker discrimination declared legal...

European Commissioner for Employment and Equal Opportunities, Vladimir Spidla, has announced European companies have the right to refuse employment to smokers. The issue arose after Scottish MEP Catherine Stihler reported a job advert by Irish company Dotcom Directories to the Commission. The company had recently advertised for a worker but had stated that smokers need not apply. In a letter to Stihler, Spidla stated whilst the EU has legislation for preventing discrimination on a number of grounds including race, age and sexual orientation, smoking did not seem to fall under any of the prohibited grounds. Simon Clark, director of British pro smoking group Forest described it as so overt that was depressing. Said Mr Clark "[This] shows that smokers are fair game."

[EU Observer 7 August 2006]

## 3 Commission calls for EU wide Alcohol laws...

The Commission is calling for warnings similar to those already seen on cigarette packets to be put on alcoholic beverage containers. These would alert the public to dangers such as drink driving and drinking whilst pregnant. The proposals, which are aimed at reversing a growing trend toward alcohol misuse in Europe, are also believed to include legislation to limit the number of 'booze cruises' to France and to limit pub-licensing hours. Max Hastings of the British Beer and Pub Association said whilst he recognised there was a problem he did not believe that the same alcohol policy could work across all the different EU countries. Mr Hastings said, "Even if it were possible to devise a pan-European policy, these proposals from Brussels would not work. Indeed, they could do more harm than good."

[Telegraph 13 August 2006]

## 4 India under pressure to reduce Whisky tax...

After an eight-month investigation the Commission has decided to refer India to the WTO unless Delhi decides to end excessive tariffs on Scotch whisky. The Commission concluded the 550 per cent tax burden on Scotch whisky

amounted to a blatant violation of WTO rules and unfairly distorted competition. It also accused Delhi of failing to cooperate with the investigation. EU Trade Commissioner Peter Mandelson urged Delhi to consider the report. He says that he is "keen to work with them to bring their practices in to line with WTO standards."

[Theparliament.com 8 August 2006]

## 5 Compulsory EU lessons for British Children...

British Minister for Europe, Geoff Hoon has called on Education Secretary Alan Johnson to make lessons on the EU part of the National Curriculum. Mr Hoon believes that compulsory lessons on the history and the workings of the EU will improve its image and help it to get a better standing in Britain. The structure of the EU and other international bodies is currently taught in citizenship classes. Mr Hoon wants a revised curriculum highlighting the advantages of EU membership. However his office has stressed they will aim to steer clear of anything that looks like propaganda. The National Union of Teachers has said there is currently no space in the timetable for extra EU lessons.

[The Times 1 August 2006]

## 6 Shoe tariffs facing opposition...

The Commission has been forced to abandon plans to impose punitive tariffs on leather footwear imported from China and Vietnam after a majority of EU Member States rejected the proposed tariffs. A primary vote was lodged by 13 EU countries including Britain, against the proposals, which would impose anti-dumping tariffs of 16 and 10 per cent respectively on Chinese and Vietnamese shoe imports. A previous proposal was also rejected and EU Trade Commissioner, Peter Mandelson is under pressure to find a solution before a formal vote at the end of the month. Retailers are hopeful that the time constraints mean tariffs will not be imposed.

[The Times 4 August 2006]

## 7 Building bridges with Fiji...

Europe's ambassador to Fiji has expressed disappointment with the government's decision not to name the newly built Rewa Bridge after its major donor the EU. The EU donated 23.5 million Fijian dollars to the project and had hoped the bridge would be named the Rewa Europa Bridge as an acknowledgment of the EU's support. However, due to the fact that the bridge has been built as a direct replacement to the old Rewa Bridge – which stands just downstream – the government has decided that a change in name would cause too much confusion to the local communities who rely on it. NGO Fiji Forum of non-state actors has said that this can be considered a slap in the face to the EU. However EU ambassador Dr Robert Ridolfi said that diplomatic relations would not be harmed.

[Reuters 16 August 2006]

*Celia Surtees is a research assistant at the European Foundation and is currently studying American Studies at the University of Winchester*



## CHUNNEL VISION

Still Winning  
the Battle?

by Dr Lee Rotherham

SOME PEOPLE NEVER LEARN. In a letter to the *Financial Times*, that bastion of unfettered thinking on the EU, Lord Hurd, confounds us with his customary wisdom:

*"The tide of opinion in the European Union,"* quoth he, *"including part of the European Commission, has swung in favour of liberal reform. (This has been clear to some of us for 15 years)."*

He continues that on current Conservative policy, *"Gone are the unrealistic proposals to uproot this or that essential part of the structure. What is now said comes as a breath of fresh air to those of us who believe that a Conservative Party firmly rooted in the EU is needed for these modern tasks which, if we are serious, we have to tackle as Europeans – energy, enlargement, completing the Single Market, climate change and a foreign policy based on partnership with the US."*

Rarely has the public been able to witness such quantities of tripe outside a Bolton butchers.

We leave to one side the astounding interpretation of the attempted Brussels grab of North Sea oil. But what we are witnessing in these lines is a key aid for a scholar to interpret why certain people support the European project.

It boils down to three key principles: ignorance; delusion; and investment.

Ignorance in that clearly the protectionist wing remains extremely strong within Brussels, as countless instances demonstrate of WTO blockages, clothing and shoe bans, and endorsed state funding for countries that pull the right levers behind the scenes.

Delusion, in that the trend remains one of ever closer union, since the Commission continues to propose legislation that removes powers and authority from the nation states. Meanwhile the European Parliament, with its inbuilt integrationist majority, continues to knock the process up a gear, and national Parliaments remain powerless with national civil servants complicit.

And investment, because the authors of such ridiculous claims about winning the argument have been shown to be such intellectual charlatans that to renounce

their claims of yesteryear (as some bravely do, to their credit) would be to announce their failure while in office.

Perhaps indeed the statement would carry more weight if it hailed from the lips of someone who was not Foreign Secretary during the time of the Bosnia debacle, the Pergau Dam scandal, and the Rwanda genocide. (Or is that below the belt?)

So let's get some facts straight.

Douglas Hurd said when he was Foreign Secretary that Britain was *"winning the argument"* in the EU. This indeed was later echoed by Blair. For that statement to hold any credibility, we need to review how the EU has changed over ten years on from that bold declaration.

Is the EU more open to trade? Arguably to a small degree. Also arguably more due to the WTO. But it has also endlessly foisted more regulations and legislation onto business in the process, so that the benefits for the EU exporter have been smothered for the nine-tenths of business that goes somewhere else. Result: NET LOSS.

Has the EU followed the principles of subsidiarity, which was after all one of the Hurd triumphs? When challenged in the Lords recently, Ministers have utterly failed to name one single regulation where the principle has worked. NET LOSS.

Has the ECJ been reigned in, to stop endorsing backdoor power grabs by the Commission? Has it thump. NET LOSS.

Has the EU rooted out fraud? The Court of Auditors continues to refuse to sign off the books every year, while whistleblowers are suppressed and crushed. NET LOSS.

Has the process of 'ever closer union' been halted, or even better, reversed? Since coming to power, under Blair alone national governments have signed up to the Treaties of Amsterdam, Nice, and the EU Constitution. The total number of vetoes surrendered in these provisions exceeds one hundred. NET LOSS.

Has the EU sorted out its disastrous policies, such as the CAP, CFP, or skewed development programmes. Nope. A decade more of money down the tubes. NET LOSS.

Has the UK clawed back its budgetary imbalance? We all know the answer to that one. NET LOSS.

All told, the price of UK membership of the European Union has increased, while the net benefits remain elusive. No wonder Ministers remain fearful of the results of any officially sanctioned cost-benefit analysis of membership. Lord Hurd's claims thus seem to be the stereotypical

revisionism of an Eastern Bloc mindset; do not question what had to be done, all is well, debate is useless, dissent is to be crushed.

In reality, such an aversion to actually recognising the issues lies at the heart of the problem. The key to making the EU work – if it can ever work – is to stop it being a monolithic structure, and turn it into a series of rooms, each with a round table where willing parties can go and sort out problems that concern them, and where they feel a partnership of necessity.

Sir Richard Body's latest book, *A Democratic Europe: An Alternative to the European Union*, therefore comes at a timely moment, when the leaders and thinkers of the 25 are supposed to be engaged in some blue sky thinking about what should constitute Plan D. French speakers will no doubt think that *Système D* is a more appropriate metaphor. But I recall a conversation with a Romanian diplomat a decade ago, where it was clear that there was sympathy for a 'Europe of Many Circles'. The problem was, no one near government was advocating it. It remained off the agenda simply because it was off the agenda, a ridiculous vacuum that did the Major government and its Foreign Minister no good. The same thought void operates today, with the UKREP table empty of alternatives that should be being pushed.

This all means to say that only radical action can save the EU. You don't rescue a fading patient with an alkaseltzer, and a *"There, there, you'll be all right."* You address the problem. If he needs it, you perform heart surgery.

That means repatriating powers.

That means restoring parliamentary accountability.

That means cutting the Commission down to size, and in size.

That means restoring the veto as the norm rather than the exception.

But first and foremost, that means standing up and arguing for these things. With vim, with determination, and with the resolve to walk if they don't get fixed.

These are the policies a future Conservative government should be pursuing. Platitudes, like errant school children, just won't wash.

*Dr Lee Rotherham is currently working on a website on Red Ken. Annoyed London residents wishing to contribute can contact him via this journal. Sir Richard Body's book A Democratic Europe is published by NEP, 14-16, Carroun Road, London SW8 1JT.*

# 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.

---

## Subscription Rates & Donations

UK: Minimum £30; UK Senior Citizens & Students: £20.00; Europe excl. UK: £34; Rest of World: £38

**Donations and subscriptions should be made payable to "The European Foundation".**

---

I enclose my annual subscription of £ \_\_\_\_\_ (minimum £30, Senior Citizens & Students £20.00)  
plus postage: UK nil, Europe £4, Outside Europe £8 made payable to "The European Foundation".



Name (in capitals): \_\_\_\_\_ Title: \_\_\_\_\_  
Address (in capitals): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Postcode: \_\_\_\_\_  
Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ e-mail: \_\_\_\_\_

Please enclose your cheque made out to "The European Foundation" and return this form to:  
Subscriptions, The European Foundation, 2nd Floor, Carlyle House, 235 Vauxhall Bridge Road, London SW1V 1EJ  
Tel: 020 7630 9700 Fax: 020 7630 9533 E-mail: [euro.foundation@e-f.org.uk](mailto:euro.foundation@e-f.org.uk) Web: [www.europeanfoundation.org](http://www.europeanfoundation.org)