No, Nee, Non!

Dirk van Heck

David Heathcoat-Amory, MP • Ross Cowling
Sir Oliver Wright, gcmg, gcvo, dsc • Nick Faith
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Elizabeth Oakes • Oliver Crawley
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For well over a decade there has been the voice of those arguing consistently for democratic and economic reform in Europe and for political co-operation between sovereign nation states. Against this there has been the conventional wisdom of the British and European Establishment, including that of all major political parties. These have mostly pressed for more political integration and less sovereignty for the nation states or have been reluctant to embrace sufficiently deep-rooted reversals of the structure, assumption and policies of the failed European project and existing Treaties.

The time has come for the reversal of the burden of proof on the existing Treaties and as to what will work. This opportunity will enable a positive and constructive analysis, based in reality, to be conducted. A new arrangement can then be devised based on public approval, not assertion, and to which the failed political elite will have to respond. Since the referendums in France and the Netherlands, Europe is now truly at a crossroads.

Having signed and argued passionately for the most integrationist Treaty of all, establishing a Constitution for Europe and which has now failed, the Prime Minister is now, following the collapse of the Summit in Brussels, arguing for his version of European modernisation – another doomed Third Way. It is clear he is not prepared properly to examine the real causes of the failure of the European project. These are embedded in the undemocratic structure and architecture of the existing European Treaties. These Treaties are obsolete and are encouraging instability and social tension with low growth and high unemployment. They were conceived to deal with the aftermath of World War II and are unsuitable for the global and domestic challenges of Europe in the 21st century.

The Prime Minister, Gordon Brown, and Peter Mandelson, in recent speeches, all argued with breathtaking nerve for a Europe based on competitiveness and the social agenda. They blithely ignored the fact that the vast accumulation of Treaty obligations and social regulations and directives prevent competitiveness. They cannot have it both ways and the social agenda and the European legislation that flows from it will either have to be repealed by agreement between all the 25 Member States (which is to say the least unlikely) or by unilateral change via the Parliamentary sovereignty at Westminster and the other Member States who agree. This would be the basis for a different kind of Europe based on associate status à la carte, with a number of Member States congregating around associate status structure. This would be back to the drawing board and would be somewhat less than the Single European Act and a bit more than the Common Market.

The European Reform Forum (ERF) has been assembled to address these issues during the UK Presidency. The Forum includes 17 members whose longstanding public contributions over the past years on European matters have been proved by recent events, including former Home Secretary The Rt Hon. Lord Waddington, GCVO, DL, QC, as its Chair.

The ERF will conduct an evidence-based inquiry in public into the operation of the existing EU Treaties, in the manner of a parliamentary select committee, cross-examining witnesses from (amongst others) politicians, businessmen, economists, lawyers, historians, academics and administrators from all sides of the debate in the UK, in Europe and internationally.

The Forum is seeking the submission of papers and evidence from all interested bodies and individuals. One of the most encouraging aspects about the Forum to date is that it has had a very good response from persons from across the political spectrum who wish to give evidence.

It will produce a series of interim reports on the different aspects of the EU Treaties, including:

- Economic, Commercial and Trade Policy and Competitiveness
- Social, Employment, Environmental and Health and Safety Policies
- Justice and Home Affairs, Fundamental Rights and Citizenship of the Union
- The Common Foreign Security and Defence Policy
- The Objectives of the Union
- The Legal and Institutional Structure of the Union

A full report and conclusions will be issued before the close of the UK Presidency of the EU in December. All transcripts, press releases and reports will be available on the Forum’s website: www.european-reform.org

In the first plenary session entitled “Democracy and Accountability in the European Union Since 1945”, held on 14 July in Westminster, evidence was given by Frederick Forsyth, Charles Grant, Lord Howell of Guildford, and Lord Wallace of Saltaire. (Full transcripts will be available on the ERF website.) More information on the Forum and its activities is available from the European Foundation.
A Europe of Democracies

by David Heathcoat-Amory, MP

As I watched the French referendum results come in on television, my mind went back to the Convention on the Future of Europe where the wretched Constitution was drawn up. I was a member of a small group of dissidents called the Democracy Forum. We were treated with derision or contempt by Giscard d’Estaing, and most other members of the Convention. Suddenly our predictions were coming true.

The Democracy Forum was a mixed bunch, from seven countries, from left and right, but united in our belief that European countries must be free to express their varied and diverse political choices, free of the cramping uniformity of a European Constitution. We tabled hundreds of amendments, none of which were voted on, and we held an ‘alternative press conference’ at the end of each session. We refused to sign the draft Constitution and, instead, nine of us submitted a minority report calling for a Europe of Democracies. It was ignored, and Giscard declared that his Constitution had been adopted, “by consensus”. Such is the ruthlessness and mendacity of the European project.

My official party group, the EPP, was hopelessly compromised as part of the Brussels establishment; indeed its own draft Constitution was even worse than the one that Giscard proposed. I soon left the EPP group; my resignation letter was not even acknowledged.

The huge ‘No’ votes in France and Holland show that British Euroscepticism is not some weird and isolated heresy. Rather our concerns are widely shared by people on the continent. It is Brussels that is isolated and inward looking.

But although wounded, the European Constitution is not yet dead. No bureaucracy ever gives up power voluntarily. Already plans are being laid to implement parts of the Constitution deemed ‘uncontroversial’. This includes the arrangements whereby majority voting is extended to 63 new policy areas, including criminal justice and immigration.

They justify majority voting on grounds of ‘efficiency’ because the EU has expanded to 25 countries. ‘Efficiency’ is Eurospeak for more laws and regulations. Yet it is the unrelenting torrent of EU directives which has created the problem in the first place. The last thing people want is more such EU ‘efficiency’. What they want is real reform of the waste and corruption in the EU institutions, but that sort of efficiency was never on the agenda.

Tony Blair is now reinventing himself as a European reformer but it is an unconvincing performance. During the 15 months of the European Convention he showed no interest in using it as a vehicle for reform. He signed the Constitution and promised to campaign for it vigorously. And it is still Labour policy to join the euro despite the misery it has caused.

The row over the EU budget and the British rebate is a diversion. There is plenty of scope for compromise, particularly as Blair has signalled that the rebate is now negotiable (despite all previous promises). The new budget does not even start until 2007.

The real question will not be asked: why do we have an EU budget at all? The auditors have refused to sign it off for the past ten years. If the EU was a public company, it would long ago have been liquidated or taken over, and its directors would be in prison.

If the French Government wants to run a generous agricultural support system, that is a perfectly valid use of French taxpayers’ money. If they wish to defy the forces of globalisation and have a high level of social protection, that too should be a matter for them. Indeed, it enriches Europe to have a variety of economic models on offer, each competing for popular approval.

The fatal mistake was to impose a single centralised model on a diverse continent. This model is not only fantastically inefficient, with its inbuilt tendency to aggrandisement and regulation, but it also creates discord. Rows often start with neighbours when we get too close to them. I regard my continental neighbours as important, friendly countries from whom we can learn a lot and do much together. But we cannot be governed in the same way, and share the same bank account. The current rows over the Constitution and the EU budget are a consequence of too much Europe, not too little.

Our minority report, A Europe of Democracies, proposed a simple treaty relationship between self-governing countries coming together for certain common purposes such as dismantling trade barriers or tackling cross-border problems. It brought together Socialists and Conservatives, Greens and free traders, Nordics and Latins, because it respected national democracy and then worked upwards to expand the powers of those Parliaments through international cooperation.

The European Commission should be reformed as a secretariat, serving the wishes of national Parliaments, but without any power of initiative. I suggest they relocate to Helsinki, a pleasant city with cheaper office accommodation than Brussels.

Those who designed the present EU, and live off it, will do almost anything to preserve it. If forced to abandon the Constitution, they will claim that the existing EU Treaties are still valid. But they are not. European heads of government launched the Convention process at Laeken in 2001 by declaring that the EU was too intrusive, bureaucratic and remote. They called for a democratic Europe, ‘closer to its citizens’. That demand has now become deafening.

The Europe of Democracies was a start, but it was necessarily short and incomplete. Work must now be carried forward for a radically different form of European cooperation. Then let the British people be given the final choice in a referendum which has been postponed, but cannot be denied.

David Heathcoat-Amory is the Conservative Member of Parliament for Wells and a member of the European Foundation’s UK Advisory Board.
The French President’s arrogant narcissism has become clear for all to see in the weeks since his countrymen stood up against the European elites and rejected the Constitution. He thinks that he can just ride straight over this wholesale rejection by changing the subject. Well I’m afraid to say, Monsieur le Président, you’ve chosen the wrong country to pick a fight with. As Lady Thatcher demonstrated in the early 1980s, the British people, including on some occasions Tony Blair, don’t just lie down and roll over that easily. Perhaps M. Chirac should take a look a bit closer to home before daring to call the United Kingdom “pathetic and tragic” over its stance on the “Chèque Britannique,” as our Gallic neighbours call the British rebate.

The decision of the failed European Council meeting to kick the EU’s budget into touch until a later date can only be a good thing for Britain. By the time the UK hands the rotating presidency over to Austria, Germany will have a new government, most likely headed by the CDU’s Angela Merkel, who is much more disposed to Britain’s way of thinking and has recently come out in support of the British position over the rebate. In France, too, the situation will have changed, with M. Chirac on the media back burner, attention having swung towards his bête noire Nicholas Sarkozy, who, as with Frau Merkel, is likely to support Britain’s position and allow a fundamental rethink of both the EU’s budget, and its future purpose and direction.

This year welcomes the 200th anniversary of the Battle of Trafalgar where the British Fleet under Admiral Lord Nelson set in motion the series of defeats that halted the French imperial ambitions to take over the continent of Europe. How fitting, then, that this will also be the year when the French federalist ambitions to take over the continent of Europe shall be defeated, not by Britain, but by the people of France themselves. The European project has reached the brink of failure, as the leaders of ‘Old Europe’ bicker amongst themselves; it is now the time for Britain to seriously consider using the question of her continued membership of this outdated and undemocratic cartel to gain the necessary changes to the existing Treaties. After all, even when the rebate is taken into account, Britain is still giving Europe £2.5 billion more than we get back, so at the moment Europe needs the United Kingdom more than the United Kingdom needs Europe. As other countries (very wealthy countries in fact, such as Norway and Switzerland) have demonstrated, one does not need to be a member of the EU to enjoy good trading relationships with the Member States of the EU. A Europe based on an associate status structure, as advocated by the European Foundation, may prove to be a much more beneficial arrangement for the United Kingdom.

Ross Cowling is studying Economics at the University of Kent and is a research assistant at the European Foundation.

Surrender the Rebate? No Thank EU
by Ross Cowling
Two founder members of the European project have now rejected the European Constitution by popular vote. 55 per cent of the 70 per cent of the French electorate who voted said ‘No’. In the Dutch referendum, 62 per cent rejected the Treaty on a 63 per cent turnout. These are the verdicts of a sceptical and engaged electorate.

There have been predictable mutterings that the Constitution was not what people were voting on. No doubt in France there was an element of Chirac aversion about the ‘No’ vote, as evidenced by the movement in the polls against the ‘Yes’ camp when the President spoke on its behalf. In the Netherlands, Dutch Prime Minister Jan-Peter Balkenende, rather than going out among his people and canvassing for a ‘Yes’, waited until two weeks before the referendum (by which time the ‘No’ campaign had developed an irresistible momentum) to start campaigning, telling the voters that he would look a fool if they voted ‘No’. “How could I resist making him look a fool?”, one Dutchman was quoted as saying. Doubtless he spoke for many.

The French and Dutch were not simply out to give their leaders a bloody nose, however. Many polls and countless interviews in the course of the campaigns helped to establish what was uppermost in voters’ minds. French concerns included: the free market elements of the Constitution; the prospect of Turkish entry to the EU; lack of influence in the EU, post-enlargement; and persistent low growth and high unemployment. Meanwhile, the main worries of the Dutch were: their heavy contribution to the EU budget; the threat that the Constitution could pose to socially liberal Dutch laws; the fear of further immigration; lack of influence in the EU for its smaller Member States; and price rises and unemployment, along with two recessions in which the euro and the Maastricht Criteria have been factors.

Much of the British media tended to characterise the French ‘Non’ as a vote against France’s ruling class and against globalisation and the Dutch ‘Nee’ as a vote for legal prostitution and coffee shops selling drugs. Report-writing on the basis of national stereotypes may help to disguise the writer’s ignorance and appeal to the reader’s prejudices, but it fails to address the important political realities of the situation. The French and Dutch in fact had many concerns in common. They were both concerned about Turkish entry to the EU because of the prospect of further Muslim immigration, on top of the considerable Muslim minorities already residing in France and Holland, and the social and economic consequences that this might have. (The Dutch have also had trouble tightening their asylum policies in response to surging public concern, due to the Common European Asylum Policy.) Both electorates were concerned about the lack of influence their respective countries would have under the new voting arrangements as set out in the Constitution. Both nations thought they were getting an increasingly raw deal from the EU, with the Dutch paying in more per capita to the EU budget than any other Member State and the French concerned that their tradition of economic protection was under threat from a trend towards economic liberalisation at EU level (despite the fact that the Constitution enshrines the Common Agricultural Policy). Both feared that the increasing accumulation of power at EU level would threaten their countries’ distinctive laws: the French their economic policy and industrial relations; the Dutch
their position on social issues such as abortion, euthanasia and gay marriage. And voters in both countries were registering their displeasure at the economic consequences of the euro.

None of the concerns listed above has been created by the Constitution specifically. They have been created by EU enlargement; the accretion of power over justice and home affairs at EU level; and the euro, which includes the Stability and Growth Pact, uniform interest rates across the eurozone and the attendant macro-economic policies enshrined in the Maastricht Criteria. But apart from the French vote on the Maastricht Treaty, which included the euro, neither electorate had had the chance to vote on any of these things — not on EU enlargement or on the transfer of national powers over ever-increasing areas of domestic policy in sensitive areas such as criminal justice, immigration and asylum. The French petit oui to Maastricht was a marginal vote of faith in the promises of the European elite. The experience of the euro has taken away French confidence in this elite, just as the experience of the ERM debacle took away the British electorate’s confidence in the Conservative Party.

A vote against the Constitution is justified because the Constitution locks in all of the unpopular transfers of power hitherto made and the policies consequently imposed at EU level, as well as promising the peoples of Europe more of the same in the future. But, commentators fret, if different countries have different objections to the recent and proposed direction of the European project, what will happen now? Jacques Chirac and Tony Blair have been presented as being engaged in an Olympian battle for Europe’s soul. The traditional French corporatist model is now ranged against a modern agenda for further trade liberalisation and economic efficiency. Who will win over the other? The answer is neither. European integration has proceeded so far now that people cannot help but notice the impact of the project on their daily lives. If that impact is perceived as being negative, people will want to change this for the better; but the French and British will never agree on how to do this. The prevailing view in Britain is that France’s current malaise owes much to its being part of the eurozone and that it has not undergone necessary free market economic reforms in the way that the UK has. In France, however, the prevailing view is that it is the advance of the Anglo–Saxon economic agenda at EU level that is undermining the French economy and ultimately French society.

The European summit on 16 June showed that the UK/France dichotomy was a gross over-simplification of the tangle of competing national interests that had been obscured by the false unity imposed by the conclusion of negotiations on the Constitution. Gerhard Schröder, the German Chancellor, insisted that the summit “can give advice, but it cannot break off the ratification processes or rule in what form, in what time frames they should take place.” This was despite a phone-in poll in the national daily Das Bild showing that 96.9 per cent of respondents were opposed to the Treaty Establishing a Constitution for Europe. Thus Herr Schröder, like his fellow lame duck and ally Jacques Chirac, succeeded in demonstrating the European political elite’s unresponsiveness to democratic signals. For his part, the last EU president, Jean-Claude Juncker of Luxembourg, agreed with the Commission President Jose Manuel Barroso that the process of ratifying the Treaty Establishing a Constitution should continue. And continue it has, with Latvia’s Parliament ratifying it just hours after the Dutch ‘No’ vote, and the public voting 56 per cent in favour of the Constitution in the national referendum held in Luxembourg on 10 July. The tactic of the pro-Constitution political elite, presumably, was to force the naysayers into a corner, so that they had either to re-run their referendum or negotiate concessions whilst accepting the lion’s share of the Constitution. The British Government for one, however, would not allow that. After all, a ‘No’ vote would have been a near certainty in the UK and there is a lot of legislation that Tony Blair wants to get onto the statute book before he retires as Prime Minister. The UK, though, was far from being the sole motive force at the 16 June summit for putting the Constitution on ice. President Kwasniewski of Poland said his country would decide how and when to ratify the Constitution after the meeting; he has since announced the indefinite postponement of his country’s referendum on the Constitution. In the Czech Republic, Prime Minister Jiri Paroubek has done the same.

The end result of the summit’s first day was that the existing timetable for ratification was shelved; it was to be reviewed next year, but Member States would be allowed to decide whether to go ahead with planned referendums. All the leaders of Member States that have yet to hold a referendum would be well advised to abandon the ratification process, lest the French and Dutch results should be only the start of a ‘rolling No’, a process that would prove a waste of both their time and political capital. (Prime Minister Juncker of Luxembourg pressed ahead with a popular vote in his country, and, as it turned out, achieved a ‘Yes’ vote. It needs to be stressed, though, that Luxembourg is not only the smallest of the small EU Member States and a geopolitical minnow even in the context of Benelux, but has typically been avidly Europhile, receiving as it does more money per head from the EU than any other Member State, and is a country where virtually the entire political and media elite is in favour of the Constitution.)

More realistically, therefore, the Constitution will now be quietly dropped and its new provisions will continue to be implemented piecemeal and without fanfare under the current Treaties, as witness the EU Armaments Agency that was set up last year, the EU diplomatic corps for which preparations have begun and the broad new raft of EU criminal justice proposals that have been introduced. What will require a fresh Treaty is the majority of the new institutional arrangements under the Constitution, but these can be treated as a technical matter, of little public interest and not worthy of a popular vote. In other words, the EU will return to its traditional modus operandi of integration by stealth.

It is up to the peoples of Europe to prevent this from happening. A ‘rolling No’, irrespective of what would almost certainly come to be seen as the anomalous ‘Yes’ vote in Luxembourg, would generate the kind of political momentum needed for the Euro-sceptic movement to start to set the agenda, reflecting the sea change in public opinion in the political process, which is exactly why the political classes of Europe will wish to avoid it at all costs. The greatest strategic advantage that the integrationists have historically possessed is that they have a grand plan, on which they are all agreed. It is more difficult for Eurosceptics to agree, since they are by their nature reacting to the European project from different national perspectives. Only once Eurosceptics have developed their policy platforms on a national basis will they be in a position to
negotiate a common position and any such common position would inevitably not be a *grand projet* like the European Union, but a more flexible and reduced vision of Europe, probably a series of individually negotiated association agreements, based on the Single Market.

Whatever form a new Europe is to take, it is in need of being built up from the grass roots exposed by the French and Dutch referenda. Both these countries lack a major Eurosceptic political party – the ‘No’ campaigns were ramshackle coalitions with populist leaders from outside the political establishment. In the UK, the ‘No’ campaign has been well-organised and funded, but now that the referendum has been cancelled, it has lost its *raison d’etre*. This will leave the British Eurosceptic movement, the leading Eurosceptic movement in Europe, once again divided. On the left, several of the big trade unions have expressed their antipathy to the Constitution, along with a number of conscientious Labour MPs, but the Party leadership has already shown that it will not recant the europhile spin that it has been putting out for the last 10 years, even if the overall tone of the rhetoric has shifted. Meanwhile, its modest proposals for reform of the EU lack the necessary political will behind them to overcome the obstructionism of France and Germany (which will largely remain even if the leaders of both countries change in the near future). On the right, the growing parties UKIP and Veritas will continue to campaign for British withdrawal, whilst the Conservatives are left with vague talk of “flexibility” and a fluctuating shopping list of powers for repatriation, masking a lack of unity and vision.

Europe does indeed now need British leadership, but not the leadership of Tony Blair; a mealy-mouthed politician whose greatest achievement in office has been survival. Europe needs its leading Eurosceptic Member State, the UK, to have a major political party that will articulate a coherent vision for a new Europe. The vision of the Conservative Party will not be adopted in all the other Member States of the EU, as indeed it should not be, in the light of the very different political cultures that exist across the Union, but the Party’s achievement and its leadership role will be in creating a coherent and realistic Eurosceptic politics. This will involve making enemies: with the notion of a superpower Europe at stake, not to mention the euro and perhaps even the Single Market, some will have a great deal of money and power to lose from any changes to the script of European integration. But if the Conservative Party takes up the challenge, it will have it within its power to avert a crisis for democracy in Europe and to lead those countries that will follow into a new era of peace, prosperity and freedom. If it does not, however, then it can no longer claim to be a national party in the sense of Disraeli and will face the fate of all vanities and chasings after the wind.

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

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**Advertisement for**

*Britain and the European Union: Alternative Futures*

by Brian Burkitt, Mark Baimbridge and Philip Whyman
The EU and the Revolt of the Plebs

by Sir Oliver Wright, GCMG, GCVO, DSC

One of the most useful of the laws of politics is the Law of Unintended Consequences. An example of its beneficial effects in recent times was Gorbachev’s attempt, through glasnost and perestroika, to reform the communist system. He succeeded only in promoting the dissolution of the old Union of Soviet Socialist Republics into its 15 component parts, each an independent nation state: a much better outcome for the world than he intended.

It rather looks as if we may be witnessing this beneficial law working itself out as a result of Giscard’s flawed Constitutional Treaty. What was intended as a strait-jacket for a Federal Europe Union shows all the signs of coming apart at the seams. In both cases an artificial political construct eventually caused a revolt of the plebs, in Gorbachev’s case in Leipzig and elsewhere, in Giscard’s case in Paris and elsewhere. In both cases the causes of the revolts are to be found in the democratic deficit. Ordinary people have rejected a future dictated by the élite, like ducks to water and revel in the task of exercising their undoubted intellectual powers in the permanent negotiation that is the Brussels way of life. The snag is that those best brains enjoy only the institutions of the nation states, as their re-negotiation of the terms of entry for a Federal European Union shows all the attributes of a rogue ideology. The European attitude, he writes, has many of the attributes of a rogue ideology. The European attitude, he writes, has many of the attributes of a rogue ideology. The European attitude, he writes, has many of the attributes of a rogue ideology. The European attitude, he writes, has many of the attributes of a rogue ideology.

The forecast has now become fact. The revolt of the plebs is now part of the real life of Europe. A leaked document from Berlin and a voice from Rome cast doubt on the value to Germany and Italy of the euro. The Law of Unintended Consequences extends its beneficial influence. Europe, with high unemployment and low growth, is clearly not working. For interest rates, one size does not fit all.

So what to do about it? As the wise man said: if you are in a hole, the first thing to do is stop digging. Our Prime Minister has the opportunity during his presidency, if he is brave enough to take it, of getting the relations between the nation states of Europe back on track. His negotiating brief is a strong one: rebate reform to CAP reform. Europe is not wholly bad; far from it. The Common Market itself, which the
British public thought was all it was joining when its opinion was last sought, is without question the most successful of the EU’s policies. Conquest advises: “the closer nations come together, the looser the ties that bind them must be.” Wise words. The elites will, of course, fight back, for their failed idea.

But the Prime Minister can really earn his place in history by espousing the cause of a Europe of cooperating nation states pursuing good neighbour policies towards each other. In that he would have, as his distinguished predecessor Harold Wilson had, the full-hearted consent of the British people. If he flunks that test, he may well join the list of those whose political careers, according to the late Enoch Powell, end in failure. The auguries are not good.

Sir Oliver Wright is a former British Ambassador to Germany and the USA and is a member of the European Foundation’s UK Advisory Board.

**Referendum Review**

**Focus on France and The Netherlands**

_by Nick Faith_

In the end, the ‘Non’ camp won a resounding victory in the vote on the ratification of the European Constitution. 55 per cent of French voters, whatever their reasons, chose to turn their backs on the European project and in doing so significantly embarrassed President Chirac. Whilst France opposed the European Defence Community (EDC) in 1954, this was the first time that the people directly voiced their objections to greater European integration.

Chirac reacted by selecting a new, slimmed-down Government in the hope of salvaging both the end of his term and his personal legacy. The Libération newspaper described his decision as, “the final plastering over of a Chirac era that is near death.” Chirac’s appointment of his faithful lieutenant Dominique de Villepin as his Prime Minister, successor to Jean-Pierre Raffarin, is the last chance to salvage his political legacy after the disastrous defeat of the European Constitution. By appointing de Villepin, Chirac risks conveying the message that it is business as usual. The fact that the new Prime Minister is a technocrat who has never once run for elected office does nothing for the President’s credibility. He is the obvious choice to carry Chirac’s mantle in a 2007 presidential election bid. However Chirac has also included the ambitious head of his Union for a Popular Majority (UMP) party, Nicolas Sarkozy, in his new Government, appointing him to the post of Interior Minister. The move is seen as a clever way of capitalising on Sarkozy’s popularity whilst at the same time neutralizing the President’s most outspoken critic. This arrangement could only be temporary as Sarkozy is certain to run for the presidency in 2007.

With most of the voters telling pollsters that they were motivated by fear of unemployment, the President is expected to order a more ‘social’ direction on policy. Chirac’s calculation is that unemployment – now above 10 per cent – will start falling over the next year. Much hope is vested in a new ‘social cohesion’ bill which aims to open half a million jobs in the service sector.

Having called for a referendum on the Constitution rather than pushing the Treaty through Parliament, where it would certainly have been approved, Chirac is now left with egg on his face. He is only the second French leader to lose a referendum. Unlike 1969, however, when de Gaulle resigned following his defeat at the ballot box, Chirac remains in the Elysée Palace. Following his defeats in the regional and European elections over the last few years, the President has the support of only 24 per cent of the population.

The French media and especially the Canal+ programme, Les Guignols, (France’s version of ‘Spitting Image’), portray Chirac as a broken leader who is out of touch with his people. The decision to hold a referendum and the consequent ‘No’ vote only confirms this image of a leader clinging on to the last vestiges of power.

Subsequently Chirac met his German counterpart, Gerhard Schröder (in Berlin on 4 June). The two proponents of ‘Old Europe’ agreed to demand that the rest of Europe press ahead with ratification regardless of the results in France and the Netherlands. It seems as though Chirac is trying to avoid his humiliating defeat by challenging Blair over his decision to postpone the British referendum, whilst at the same time demanding that the £3 billion annual rebate that Britain enjoys be scrapped.

Whilst Chirac and his UMP Party are at an all time low in the polls, the main opposition party is unable to exploit this due to a rift within its own ranks. On 4 June the leaders of the PS (Socialist Party) decided to remove Laurent Fabius from his position as Deputy Leader. Fabius had, from the start of the referendum campaign, advocated against ratifying the Constitution, in direct opposition to the party line. The results of the vote to oust Fabius (167 to 122) reflects the split in the PS caused by the vote on the Constitution. This split is likely to leave the party scarred, and with the presidential and parliamentary elections just two years away, the Socialist are going to have to find a common ground if they foster any hope of a return to government.

The European Journal Up Front

June/July 2005
Just like his French counterpart he has refused to step down.

Balkenende leads a centre-right, three party coalition Government which has been in power since 2003. The popularity of the Government is at an all time low of 19 per cent, much of which can be explained by the country having been taken into the longest economic recession since 1945. The Netherlands suffers from one of the fastest rising unemployment rates in the EU. According to Dominique Reynie, a researcher at the Institut des Sciences Politiques in Paris, the Dutch were starting to feel lost in the vast EU system: “There’s a fear of foreigners, a fear of losing one’s identity in a Europe that has moved from a close relationship of six to a more distant relationship of 25 and soon 27.” Balkenende, who was recently compared by the Belgian Foreign Minister to Harry Potter, will have to attend a few more wizardry courses at Hogwarts if he wants to be re-elected in 2007.

The result of the first Dutch national referendum is a slap in the face for the Government that will have huge consequen-
ces, stalling further European integration and possibly sending the euro, a symbol of European unification, into a downward spiral. Balkenende agrees with President Chirac that the ratification process should continue as planned in other countries.

... in the other Member States

by Ross Cowling and Robert Broadhurst

AUSTRIA

In the lower house of the Austrian Parliament there was only a single vote cast against the Constitution when it was approved on 11 May. When the Constitution proceeded to the upper house of Parliament on 25 May, only 3 Federal Councillors dissented against its passage. The ratification process was completed on 14 June with the signature of President Heinz Fischer.

BELGIUM

After receiving the assent of the Belgian Parliament on 19 May, in a vote that went 118 for and 18 against, the Constitution is now awaiting full ratification once it receives a green light from the various regional Governments that make up Belgium’s system of local governance. Prime Minister Guy Verhofstadt told the Parliament that approval of the Constitution was an “expression of our faith in the need for greater European integration.”

CYPRUS

The Cypriot Parliament ratified the Constitution on 30 June, despite opposition from the communist AKEL, the largest parliamentary party. AKEL objected to what it called a “militaristic” and “neo-conservative” charter. The Cypriot Foreign Minister George Iacovou, on the other hand, said on the day of ratification, “It’s a great day for Cyprus and a very important day for Europe.”

CZECH REPUBLIC

On 19 June, Czech President Vaclav Klaus rubbish the idea of a Czech referendum on the Constitution, as he said the Treaty “effectively does not exist today,” following the French and Dutch rejections. However, the Czech Prime Minister, Jiri Paroubek, said on 18 June that a referendum could be held, albeit not for 18 to 20 months.

DENMARK

A Danish referendum on the Constitution had been scheduled for 27 September of this year, but in the wake of the French and Dutch rejections the Danish Prime Minister, Anders Fogh Rasmussen, has said his country’s referendum has been postponed, something confirmed by all the major pro-Constitution parties in Denmark on 21 June. It is thought, depending on what the future holds for the Constitution, that a referendum may be rescheduled for sometime in 2006.

ESTONIA

The Estonian Government announced on 17 June that it will press on with its ratification process. However, approval via a parliamentary vote – which had been expected to take place before the end of July – has been delayed until a report by an expert constitutional parliamentary committee is published. “We need the expert opinion and we hope we will ratify it in the autumn,” said the Estonian Parliament’s speaker, Ene Ergma.

FINLAND

In light of the French ‘No’ and Dutch ‘Nee’, and with around 47 per cent of the Finnish population saying they oppose the Constitution in recent polls (against 33 per cent who approve of it), the Finnish Government has indefinitely postponed its parliamentary ratification process. The Finnish Prime Minister Matti Vanhanen told the Finnish news agency STT-FNB, “None of the EU leaders has questioned the need for a Constitution. But it also became clear that further ‘no’ decisions are not needed.”

GERMANY

On 27 May, in the final stage of the German ratification process, the Bundesrat, Parliament’s upper house, voted in favour of the European Constitution by 66 votes to 3. Joschka Fischer, German Vice-Chancellor and Foreign Minister, told the house that if the Constitution was rejected it would make Europe “weaker”. President Horst Kohler has said that he will not sign the bill, however, until the Federal Constitutional Court has ruled on the issue. Earlier in the year, centre-right MP Peter Gauweiler brought a complaint to Germany’s highest court asserting that the German Bundestag cannot give more rights to the EU than it has itself.

LATVIA

In what seemed like only moments after voters in France and the Netherlands rejected the EU Constitution, the Latvian Parliament ratified the severely injured treaty on 2 June. 71 out of 100 members voted in favour of the Constitution in a vote that was brought forward by Prime Minister Aigars Kalvitis as a response to the French ‘No’ vote. There were only 5 votes against, along with 6 abstentions and 24 members who were absent. Foreign Minister Artis Pabriks said the vote was a signal to the other Member States to continue with the ratification process.

LUXEMBOURG

The people of Luxembourg approved the Constitution in a referendum on 10 July by a margin of 56 per cent to 44 per cent. This approval by the traditionally Europhile
nation was by a smaller margin than predicted and is highly unlikely to resurrect the ailing Constitution. Charles Grant, director of the Centre for European Reform, told the Guardian newspaper, “I am afraid that Luxembourg really changes nothing.”

MALTA
The Parliament of the island nation of Malta ratified the Constitution on 6 July, in a unanimous vote of the 65 deputies. The Maltese Prime Minister, Lawrence Gonzi, said in a statement to Parliament, “Malta has a right and a duty to express its authentic view on the European Constitution, mindful of the national interest and the interest of the EU as a whole.”

POLAND
Following much internal debate within his country, the Polish President, Aleksander Kwasniewski, announced on 21 June that the scheduled Polish referendum this October is “unrealistic”; the plebiscite has been postponed indefinitely. He did, however, indicate that he preferred the idea of a popular referendum rather than parliamentary ratification. Mr Kwasniewski, who is set to leave office later this year, also said that it would be up to his successor when to hold the referendum.

SPAIN
Spain was the first country to pass the Constitution in a referendum, the one other being Luxembourg following its 10 July plebiscite. On 18 May, 225 members of the Spanish Senate voted in favour of the document; only 6 voted against, concluding the Spanish ratification process.

SWEDEN
A poll conducted by Sifo following the French ‘No’ vote found that a majority of Swedes want a referendum on the EU Constitution. According to the poll, 65 per cent want a popular vote, with only 27 per cent feeling a parliamentary vote is sufficient. 41 per cent of those polled in the survey said they would vote against the Constitution if given the chance; 23 per cent would vote ‘Yes’ and 36 per cent were undecided. Despite this, on 17 June Swedish Prime Minister, Goeran Persson, announced the indefinite postponement of the Swedish referendum.

UNITED KINGDOM
On 6 June, the UK Foreign Secretary, Jack Straw, announced to the House of Commons that the plans to hold a referendum on the Constitution in the United Kingdom had been shelved. However, he did not rule out holding a referendum later on in 2006.

### Ratified

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### Ratification through Referendum

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Ross Cowling is studying Economics at the University of Kent and is a research assistant at the European Foundation.

Robert Broadhurst is studying Politics with Law at the University of Durham and is a research assistant at the European Foundation.
S peculation continues to abound about why French and Dutch voters so over-whelmingly rejected the draft European Constitution in their respective national referendums recently. Of course, it is a fact that voters love to vote against their governments when they can (especially when they don’t have to vote them out altogether). There is little doubt that a lack of structural economic reform, combined with slow growth and high unemployment, left French and Dutch voters with a bad domestic taste in their mouths.

But this is too simplistic an explanation for such a vehement rejection of the EU Constitutional Treaty – and also deepening patronising. The EU would love us to believe that these voters weren’t really voting against further European integration, but rather having a whine about their nationally elected leaders. Or that French and Dutch voters didn’t really fully understand what the Constitution was all about. Indeed, it suits the purpose of Europe’s elites to believe this – just as they did with Ireland over the Nice Treaty when they told the electorate to go away and vote again until they got the right answer.

But ordinary voters have a habit of being excruciatingly honest at the ballot box. It is unreasonable, not to mention sinister, to see these ‘No’ votes as anything other than a complete repudiation of further European integration at this time. Whether they believed that the EU was taking too globalised a road (France) or that the EU has failed to address fundamental questions of economic reform (Holland), voters made no mistake on 29 May and 1 June respectively – they want no more of this relentless European project. (It is worth noting here that every time it gets a ‘Yes’ vote in a referendum – no matter how close the result – the EU is seemingly unconcerned then that voters may have made a mistake!)

The fundamental question of how much sovereign power individual nation states are willing to pool has arguably been the biggest question among the American public policy community in the wake of these referendums. Quite simply, Americans are intuitively suspicious of supranational institutions. They are naturally wary of institutions that seek to centralise decision-making into the hands of people they haven’t elected and can’t boot out at the next election. It is paradoxical that the US and the EU should hold such divergent views of what federalism actually means. Whereas Americans hold it as a sacrosanct check on the balance of power, EU elites view it as a centralising, power-grabbing mechanism that inevitably concentrates decision-making into ever-fewer hands. Of course, the EU introduced the highly promoted concept of subsidiarity into the Maastricht Treaty, but time has shown it to be largely cosmetic and greatly under-applied. There can be no doubt whatsoever that the Constitution would have taken power further away from nation states and, therefore, further from “the people”.

It is this concept that Americans just can’t understand. For the US, there is no question that power has to be as close to its people as possible. Indeed, you can visit the National Archives in Washington D.C. on any given day and stand in line with hundreds of ordinary Americans to peruse the US Constitution, displayed in three small cases. To these people, the US Constitution has more than a proud history; it has meaning. It guarantees their rights in relation to the state; it affords them power over their elected leaders; it means that the government governs at their hands. And this is no idle concept. One of the primary reasons given at Laeken for a European Constitution was to try and bring the EU closer to “its” people. On all accounts, it failed to do that – and it has failed miserably.

For a start, you’d need several hundred archive rooms to display the EU Constitution. It is difficult to see how its Byzantine prescriptions and vaguely-worded articles could bring it closer to anyone, except the lawyers who would inevitably end up bringing thousands of cases a year to argue some extraordinary human right contained in the unwieldy Charter of Fundamental Rights.

This concept of exhaustive rights being afforded to EU citizens is another thing that America has failed to grasp. Surely, a Constitution should grant rights to its citizens – but the right to strike, the right to paid leave at work, the right to “dignity” – where does it end? The US Constitution is as deliberate as it is firm that it is the right of every American to be treated freely and fairly vis-à-vis the state. What it does not do is guarantee rights at the expense of any other citizen, let alone guarantee them a job (another infamous right that every European would have under the Charter – regardless of how bad Europe has actually been of late at creating any jobs).

The possibility of extensive judicial activism in the wake of such a complex Constitution has been of concern to American commentators. Perhaps because it synergises with similar concerns here in the US about legislating courts, American public policy analysts were less concerned with the threats posed to the transatlantic defence alliance by the Treaty (largely because they were sceptical that Europe will ever pay for its own defence), and much more concerned with the prospect of unelected judges in Brussels making widely-reshaping decisions on both social and economic issues – perhaps because European ‘policy’ is increasingly being exported over here, both in the House and through the back door of international agreements.

The Precautionary Principle is the perfect example. Creeping into a cacophony of international standards, it is being used to export a whole host of European-backed ideas to subvert federal law making, not least of all the infamous Kyoto Protocol. While President Bush took a principled and sensible decision not to sign up to it, it hasn’t stopped the environmentalists using the precautionary principle to get it on the statute books at the state level here in the US – a fact which surely pleases the technocrats running environmental policy in Brussels. America is right to be concerned by a Europe which legislates more and allows appointed judges to adjudicate on those laws, since globalisation exports bad ideas as well as everything else.

In conclusion, the ‘Non-Nee’ votes of the French and the Dutch have finally opened the door to debate about the European project and where it is going – and that is indeed to be welcomed. Better still, that debate is not restricted to the EU alone. The American public policy community is increasingly asking exactly what the EU is now for and where it is going in relation to the transatlantic alliance. It is absolutely a fact that successive US administrations have supported further European integration as a vehicle for peace, stability and even prosperity – originally in Western Europe,

We the People …

by Sally McNamara
Aalmost immediately after the re-occupation of Estonia in 1944, the USSR cut Estonian territory almost by one-fifth: the whole county of Petserimaa and all Estonian trans-Narva territories were incorporated into the Russian Federation. Ironically enough, this was done by the breach of the Soviet Stalinist Constitution of 1936; instead of the formal vote by the puppet-Parliaments, the act of the transition of the territories was done by the executive offices. But it was perfectly logical that the same totalitarian regimes (in Russia and Estonia) did not bother themselves with the mere legal technicalities and no legal, nor even public, actions were taken.

Thus in 1991, after the restoration and the recognition of her independence, Estonia found herself in a new and strange situation of having a ‘territorial dispute’ with Russia. The actual Estonian interests in the case were not, as a matter of fact, related to the actual restoration of the legal border, as it had been established ‘forever’ by the Tartu Peace Treaty of 1920. The territories now under dispute had an ethnically mixed population, and severely depressed economy (that would simply over-burden the balanced Estonian budget and damage Estonia’s economic stability and growth). Thus the truly important issue for Estonia was not the territorial gain, but rather the recognition by Russia of the Tartu Peace Treaty. It was this Treaty in which Russia had promised eternal and unconditional recognition of Estonian independence and, ergo, now had to come the condemnation of the genocide and occupation of Estonia by Russia.

The legal recognition of the Estonian Republic as established in 1918, and recognised by Russia in 1920, was amongst the most important considerations of Estonia’s declared foreign policy to join the EU. Although it had agreed upon the technical solution of the issue (to sign the protocol recognising the Soviet-designed border and to have it separated from the Tartu Peace Treaty), Russia never formally resolved it, in the hope that the unsolved border dispute between the two countries would create an obstacle to Estonia’s joining NATO and the EU. Estonia and Russia were both wrong. The EU extended its membership to Estonia (after NATO had done it earlier), neglecting Russian complaints, and Estonia did not get its Tartu Peace Treaty issues resolved with the help of the EU. Thus, even now that it is a member of the EU, Estonia still remains a country whose independence has not be formally and finally recognised by its neighbour, Russia. (Russian–Estonian Treaties since 1991 deal with Estonia as a new country that has never been occupied by Russia. In official Moscow vocabulary, Estonia is still considered to be ’the near abroad’, i.e. the area where Russia reserves itself special interests and rights.)

In this sense, EU membership has changed nothing for Estonia. The Russian rush in 2005 to sign the ages-old ‘technical border-agreement’ has been motivated by Russia’s interest in proceeding with its relations with France and Germany, and not by the EU’s non-existing interest in helping or supporting its minor new members. The EU’s approach toward Austria (i.e. non-recognition of its democratic elections) as well as Chirac’s doctrine (people of the ‘New Europe’ do not have the right even to express their national interests, let alone act upon them) proves that the Common Foreign Policy, as dictated by European heavyweights, need not coincide with the national interests of smaller countries.

Whilst sharing basic values with the ‘Big EU’, Estonia has to keep in mind, for instance, the economic circumstances in ‘Old Europe’, which are losing competition with the US, and EU core countries’ dependance upon Russian resources (more in the future than today), combined with anti-democratic developments in Russia, may precipitate EU foreign policies that need not coincide with the national interests of the border countries of the EU. Franco–German opposition to US policies and alliances with Russia differ from the national interests of most of the formerly Soviet-dominated countries.

Thus while speaking about the common foreign policies of the EU (especially regarding Russia and the US) it has to be asked – what is the community whose interests we are talking about? Until ‘New Europe’ has found understanding in the UK and the EU is centred much less on the West of our continent, it might be a bit too early to surrender to the idea of a single foreign policy for the EU as a whole.

Actually, on 27 June, the Estonian Parliament ratified the Border Treaty with Russia unconditionally, as had been promised. But as the preamble of the Treaty makes natural but very distant references on the earlier Estonian–Russian documents of the early 1990s, Russia continues its propagandistic campaign and the Russian Government has refused even to send the text to the Duma for ratification. Two evident facts now remain: Russia is definitely not interested in ‘solving’ the non-existing border-issue – neither with Estonia nor with the EU. Secondly, undeveloped Russian political consciousness is, even 50 years later, unable to absorb its own history – the history of occupation of countries, genocide, Stalinist crimes, etc.. This second aspect is even more important: Russia is unable to issue apologies for the wrongs of the past, thus it can’t be guaranteed Russia will not repeat them in the future. As the saying goes, those who are not able wave goodbye to the past bear the risk to relive it once again.

Ivor Gräzin is a Professor of Law at Nord University and a member of the board of Research Centre Free Europe (UKVE), Tallinn.
The Working Time Directive is one piece of EC legislation that gives the lie to the Gallic fear that the European project has been body-snatched by les Anglo-Saxons. It imposes restrictions on working hours, including a maximum 48-hour working week for employees, and the European Parliament recently voted to end Member States’ right to allow their workers to opt out of it. This is a piece of dirigeisme par excellence.

The passage of the original Directive in 1993 was highly contentious. The UK sought to have it annulled on the basis that it should properly have been adopted under either Article 100 (now Article 94) or Article 235 (now Article 308) TEC, either of which would have allowed the UK to use its veto against the proposal. Instead, the Directive was adopted by qualified majority voting, under Article 118a, on health and safety. The European Court of Justice disagreed with the UK’s contention and affirmed the Directive’s validity in Case C-84/94, United Kingdom v Council [1996] ECR I-5755.

As originally implemented, the Working Time Directive did not apply to all employees in all sectors. This changed when, in 2000, the Road Transport Directive, the Aviation Directive and the Seafarers’ Directive were supplemented by the Horizontal Amending Directive (HAD) (2000/34/EC), which extended the provisions of the Working Time Directive to: all non-mobile workers in road, sea and inland waterways transport and sea fishing; the activities of junior doctors; those aviation workers not covered by the Aviation Directive; and all workers in the rail and offshore sectors.

Even following the implementation of the sector-specific Directives and the HAD, the UK’s flexible labour market was safeguarded by the exercise of an opt-out which allowed UK employees to sign away their right when accepting a job to have their hours capped by European legislation. Following EU enlargement in 2004, however, Malta began to take advantage of the opt-out. Luxembourg has applied it to its hotel and catering sectors. And even Germany, France and Spain decided to make use of it in relation to health care workers after the ECJ ruled, in the cases of SIMAP in 2000 and Jaeger in 2003, that time spent on call should be classified as working time even if the worker on call had his or her nose to the pillow, rather than the grindstone.

The outcome of the vote was a victory for the trade unions. Whilst they presented the EP’s amendments as a sensible compromise, the putative element of compromise was the extension of the reference period for the operation of the Directive to 12 months, as proposed by the employers’ representatives, to take into account temporary fluctuations in the business cycle. When putting their case to the Commission, however, the trade union representatives had noted that the annualisation of the reference period was already possible within the current legislative framework. The Commission Proposal maintained the standard reference period of 4 months but allowed for its extension to 12 by individual Member States.

Labour MEPs voted with other members of the EU-wide Party of European Socialists to support the amendments to the Proposal. In doing so, they acted against the wishes of Tony Blair, who, along with the leaders of Germany, Poland, Slovakia, Latvia and Malta and the EU Employment Commissioner, Vladimir Spidla, opposes scrapping the opt-out. Gary Titley, the leader of the Labour MEPs, said that they had backed the amendments on the grounds of supporting a good “work-life balance” for families. Whilst this may be taken as an admission that the passage of the amendments constitutes another round of voting on social/employment legislation dressed up as a health and safety measure, at least Titley was not so pathetic as to imply, as some of his European colleagues did, that the downtrodden European worker cannot physically cope with spending more than 48 hours per week at work.

The European Parliament’s amendments to the Working Time Directive have now been defeated in the Council of Ministers. What the episode has made clear, however, is that old habits of regulating against competitive practices such as increasing labour market flexibility are proving hard to break, even as the eurozone economies prove increasingly incapable of withstanding such regulation. As the Polish MEP Konrad Szymanski said of the EP’s vote; “it imposes the worst legacy of the French and German economies on those countries which do not want that.” Plus ça change…

Dirk van Heck is Head of Research at the European Foundation.
Sweetening EU Trade Policy

by Dan Hamilton

Sugar. On the face of it, the issue of its import, export and consumption is not a major political issue. Sugar, however, has the potential to become totemic of the European Union’s anti-free trade and protectionist policies and significant of the challenges ahead as the UK enters into the post-French referendum soul-searching about the future of the European Union.

On a humanitarian level, the European Union is singularly responsible for holding back the economies of scores of developing countries via a Molotov cocktail of vast agricultural subsidies and trade barriers designed to maintain a form of artificial affluence in dying European agricultural and industrial sectors and protect the market from more competitive imports from outside the EU.

I offer you the example of the European Union’s recent dealings with the Mauritian sugar industry. Sugar is not merely a commodity, but a vital part of the social fabric of the island in preventing poverty and promoting positive economic growth.

Pronouncements by the likes of the Chairman of the European Parliament’s Foreign Affairs Committee, Elmar Brok, who brazenly admitted that his vote in the Parliament to restrict the entry of non-EU sugar into the EEC area was simply to protect the uncompetitive and state-subsidised farming sector in his own constituency, is indicative of the fundamentally anti-free trade and protectionist policies which lie at the heart of the European Union. This attitude to international trade lies entirely contrary to the statement by Edward Heath when he claimed that British entry to the then EEC was simply a beneficial “free trade agreement”.

Sticking with the issue of sugar, the recent ruling by the World Trade Organisation that favoured Brazil’s right to import their product into the European Union without vast and highly detrimental import tariffs can only be welcomed by anyone who holds dear the principle of free trade and competition. According to an Oxfam estimate, sugar subsidies alone total around $250 billion a year, the same in real terms as they were in 1986 despite the global grandstanding of Western politicians who speak of opening markets and aiding the developing world, yet continue to maintain an agricultural subsidies regime akin to that of the Cuban Government. Brazil heads the so-called G20 group of poorer states that, backed by richer agricultural exporters like Australia, has pressed the EU, United States and others to lift agricultural import barriers and open their markets to genuine competition.

A recent World Trade Organisation ruling that decreed that the European Union must cut its sugar subsidies by 42 per cent over a three year period is, of course, a welcome step on the road to achieving a more dynamic and competitive market, but it also indicates yet another problem with the attitude of the EU towards free trade. The European Union simply cannot be applauded for their actions as they come as a matter of compulsion rather than enthusiasm or good will.

The European Union’s gross intrusiveness over the issue of reform of their international trade policies to promote free trade with Less Economically Developed Countries (LEDGs), despite pressure from international summits and internal pressure, threatens the latest round of WTO talks that began in Doha in 2001, at which it was estimated that world incomes could be boosted by in excess of $500 billion per year with basic revision to EU trade tariffs and import taxes.

The Common Agricultural Policy is one such policy which needs widespread reform, if not complete abolition. Figures from 2000 suggest that, in amongst the €45 billion cost of the policy, €10.8 billion of that sum went on market price support. To add insult to injury the World Development Bank Human Development Report 2003 estimated that each cow in the European Union received $913 of subsidies a year. The entire policy cost European Union consumers €48 billion in increased food costs.

In 2002, trade with the South American Mercosur trade block represented 2.44 per cent of total EU imports. The EU’s own figures suggest this is a mere €4.4 billion or 1.29 per cent of the word total import flow. When one contrasts this with the 2000 total cost of €45 billion, it makes for a sobering comparison.

Reforming the European Union’s vast regime of agricultural subsidies and trade barriers is not just about improving the quality of life in the Third World, but has as much to do with the British national interest in terms of decreased taxation and living costs as well as the wider availability of high quality goods as determined by the market. By taking a lead on this issue, the ability for Britain to engage in mutually beneficial trading partnerships with the market economies of Africa, Asia and South America outside the European Union is immense. Britain’s trading relations should no longer be based upon the forced compulsion to buy goods of any sort from the European Union area as a result of trade barriers that block out other viable imports; it should instead be based upon the basic economic principle of supply and demand.

It is only via a dose of textbook free market economics that the economies of developing countries and the economy of the United Kingdom can be allowed to spread their wings and fly. Edward Heath, not a common recipient of my praise, had the sense to declare even in 1975 that “protectionism is the institutionalisation of economic failure”.

British Governments, both Labour and Conservative, despite espousing the benefits of free trade and the market economy, have singularly failed to push for the genuine reforms required to liberalise both the internal and external trade mechanisms of the European Union, instead focussing almost entirely upon the equally noble cause of fighting corruption inside the European institutions.

When campaigning against EMU in 1992, the Danish ’No’ campaign used the slogan, “Europe is not big enough for us.” They were right. If Britain wants to secure its place in a modern, dynamic world economy that can compete with the industrial and agricultural might of China, we must look to the rest of the world, not rest on our swiftly decaying, European laurels.

It’s time the British Government cast aside the European Union’s dogmatic and damaging approach to trade. As Britain now holds the Presidency of both the G8 and European Council, this is a golden opportunity for us to seize the baton of free international trade and run with it into the 21st Century.

Dan Hamilton is Assistant to Nirj Deva, MEP for the London Region.
China
and the EU Arms Embargo

by Drew McFadzean

THERE WAS A NOTE OF CONSISTENCY between the two most recent and confused European Union failures. The unsuccessful Dutch and French ‘Yes’ campaigns share clear similarities with the less than deftly handled campaign to abolish the EU embargo on the sale of armaments to China.

The justifications behind the drafting of the Constitution are legion. An expanding EU required a decision-making apparatus appropriate to a 25-member Union. Euro-federalists identified the Constitutional Treaty as an important plank in the construction of a more centralised, state-like entity. A fresh Treaty would facilitate the inclusion of new initiatives, such as the creation of a permanent presidency, foreign minister and diplomatic corps. Member States negotiated largely according to national interest, allowing leaders to trumpet the Treaty provisions most amenable to their respective publics. More sinister Anglo-Saxon or Franco-German motives were discerned by some.

The fragmented interpretation of the Constitution owes itself partly to the vagaries of Member State political cultures and electoral exigencies. But the consensus-based drafting process produced a document with something for everyone, forcing political leaders to highlight the most preferable aspects. The Treaty lacked a core, unifying rationale. Ask voters in various signatory countries why the Constitution is either necessary or abhorrent and you are liable to get diametrically opposed answers. Hence, the Constitutional Treaty was alternatively sold as a tidying up exercise (Jack Straw), the last defence against a reversion to genocide (Peter Balkenende) and a bulwark against American hegemony (Jacques Chirac).

The drive to scrap the arms embargo, imposed after the Tiananmen Square massacre in 1989, has displayed a similar lack of cohesion. The inability, or unwillingness, of proponents to adequately publicise the immediate strategic need to sell weaponry to China is troubling. A pragmatic case can be made for, and against, the lifting of the arms embargo. But as with attempts to sell the Constitutional Treaty, the ostensibly unanimous European Council is delivering a mixed message.

France, Germany, Belgium, Spain and Italy are the prime movers of the policy. It has caused consternation in the Netherlands, Ireland and the Scandinavian countries. Britain, as ever, is attempting to bridge the divide, as the United States is plainly dismayed to observe.

Proponents have voiced four key motives but remained suspiciously silent over the most significant strategic benefits.

Human rights are better respected in China since 1989

The embargo was imposed as a punitive measure against Chinese repression of pro-democracy protestors in 1989. Following the massacre of some 2,600 people and the detention or exile of tens of thousands, the European Community released a statement, from which the following declaration is culled.

“The European Council ... strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.”

Thus, it is logical to assume that a movement to scrap the embargo is guided by, or at least implies, a significant improvement in human rights. Sweden, Austria and Denmark, most notably, have questioned the wisdom of rewarding Beijing when executions continue and autocracy remains. Such pressure likely forced EU leaders to address the issue more directly in the past six months, with decidedly mixed results.

Speaking in Beijing on 11 May, EU Commissioner of External Affairs, Benito-Ferrero Waldner, admitted that no explicit demands regarding human rights were made before the ban was lifted. Now that implementation of the decision has been postponed until June (and beyond), EU leaders are literally begging China for a tangible concession. As Waldner explicitly stated, “we need to help persuade our public that China is making concrete steps to improve human rights.”

Beijing has given no indication that its acceptance of the UN International Covenant on Civil and Political Rights is forthcoming. Nor have the Chinese shown any willingness to release those imprisoned following the Tiananmen Square crackdown, as Waldner and Luxembourg’s Foreign Minister have both suggested. In fact, Chinese Foreign Minister, Li Zhaoxing, baldly asserted that, “linking the lifting of the arms embargo to human rights is unreasonable and unhelpful.” By demanding that other countries live up to European standards on human rights, the EU was “itsfelf floating human rights,” Li added.

Should China’s new regime be given a fresh start? Some arms ban opponents believe so. A new generation of leaders has indeed replaced the old guard, but troubling tendencies persist. China, by all accounts, still carries out arbitrary execution and institutionalised torture. Egregiously, as Amnesty International has amply documented, China executes more prisoners than every other country combined, often on the basis of very questionable trials. The Red Cross does not receive access to Chinese prisons.

Beijing has taken steps to improve the plight of Chinese citizens, but has it done so to a level deserving of international acclaim? I am inclined to agree with Bruce Gilley, author of China’s Democratic Future and a veteran China correspondent. He writes, “Beijing imagines the European Union as a Western Bloc without all the human rights hang-ups of the United States.” He adds that France, for example, has at times fulfilled that role, but that a number of European states determinedly maintain the same normative concerns as the United States. The embargo dispute has simply propelled the intra-Europe dispute into the open.

The lifting of the embargo will strengthen the restrictions on arms trading

By this logic, employed predominantly by Jacques Chirac, the embargo is not currently legally binding so it must be lifted and replaced with a strict code of conduct. There is some merit to this position. While Russia and Israel supply much of China’s
low-technology military needs, many other nations have sold conventional weapons to Beijing. However, China is still unable to acquire lethal, high technology weaponry, so the embargo has been largely effective in this sense.

The EU has repeatedly promised that a more transparent and legally binding regime would replace the anarchonic embargo. The code of conduct would require an analysis of the human rights record of the purchaser and assess whether the weaponry could be used for internal repression. On these criteria, China is highly unlikely to qualify as a buyer under the stricter European weapons control regulations. Given the current unwillingness of any EU member to sell arms to China under the current agreement, the tightening of the embargo is not a pressing matter.

The embargo unfairly groups China with international pariahs like Myanmar, Congo, Somalia and Zimbabwe

As a member of the pro-China camp, I have sympathy with this argument. I am fully supportive of intense engagement with Beijing, and am equally keen to see Europe assisting China in trying to lift its massive population out of poverty. Though China is considerably less rebellious than the states listed above, the arms issue must be judged separately.

Indeed, China was a pariah in 1989, but sheer strategic and commercial potential, rather than a reduction in anti-democratic repression, has eroded that designation. Consider the House of Saud – strategically significant, stoutly anti-liberal and possibly deserving of an arms embargo, but equally undeserving of a comparison with the Myanmar junta.

Former French Prime Minister, Jean-Pierre Raffarin, on a recent visit to China, is quoted by the Xinhua news agency labelling the embargo "anachronistic, wrongfully discriminatory and in complete contradiction of the current state of the strategic partnership between Europe and China." I suspect, quite strongly, that if M. Raffarin was to make a similar claim to a group of French voters, he would face serious criticism. Citizens across Europe are surely united in their opposition to government-sanctioned arms sales to dictatorships. China is not Zimbabwe; but nor is it New Zealand. Europeans are likely to view the sale of arms to any authoritarian regime as anarchonic, regardless of burgeoning strategic partnerships.

Selling European-developed weapons to Beijing will dramatically slow Chinese arms development

Charles Grant, a British supporter of lifting the embargo, wrote in the Guardian on 25 May 2005, that the Europeans have been dutifully assuring allies that "the removal of the embargo was not about selling weapons." This is likely to be true; at least the notion of European leaders assuring the public that lifting an arms embargo is unrelated to the sale of arms. As with the Constitutional Treaty, there is a varying interpretation across the Channel.

In a 15 February interview with the Financial Times, French Defence Minister, Michele Alliot-Marie, made the case that the transfer of hi-tech armaments will advance non-proliferation efforts in the long-term: "The lifting of the embargo could be a better protection for us than maintaining it... China is rapidly developing its industry, and today our experts say that in five years China could make exactly the same arms that we have today. And they will do it if they cannot import. So maybe if we can sell them the arms, they will not make them. And in five years' time, they will not have the technology to make them."

Leaving aside the nonsensical logic employed by Alliot-Marie, her core premise – that China is five years behind technologically – is in dispute. David Shambaugh of the Washington-based Brookings Institution suggests the Chinese military-industrial complex is between 10 and 20 years behind the West.

Key questions remain. How will lifting the embargo advance the European Union's strategic posture? Why is it in European interests to modernise the People's Liberation Army? Are the main regional actors in support of the lifting of the arms embargo? As Charles Grant admitted in his Guardian op-ed, Beijing "also believe(s) that China and the EU share a common commitment to multilateral and rules-based global governance and a common interest in preventing US hegemony."

A debate concerning US power and the Atlantic Alliance is beyond the scope of this article. But the sense that the EU is expressly seeking to advance multipolarity at the expense of American hegemony is inescapable. Europe undeniably has much to gain from warmer relations with a rising China; the US could learn from the European policy of engagement currently being employed in numerous areas. However, for the Americans, the arms issue symbolizes a definitive European tilt toward Beijing.

The inclusion of China as a partner in the European project to establish Galileo, an alternative to the American-built GPS satellite system, raised US ire. Europe does not have a stake in the maintenance of Asian-Pacific security, and the EU's unilateral decision to assist Chinese military modernisation displays a profound indifference to the US, as American power is the putative guarantor of Pacific stability.

US leaders are loyal to their legal obligation to defend Taiwan from a Chinese attack. The threat of a Sino–Taiwan conflict is real, as is the threat to American global leadership should the US renge on a pledge to defend Taiwan. The recent passage by China of an Anti-Secession law that preemptively authorises military action against a recalcitrant Taiwan underscores the tenuous cross-Strait balance. On his initial visit to Brussels, newly promoted US Deputy Secretary of State, Robert Zoellick, elucidated American unease. He stated that if "European equipment helped kill American men and women in conflict that would not be good for the relationship." Senator Richard Lugar, the Republican Chairman of the Senate Foreign Relations Committee and an internationalist in the George H.W. Bush vein, warned that the lifting of the ban could provoke "a prohibition on a great number of technical skills and materials, or products, being available to Europeans." Multipolarity comes with a cost.

Human rights in China have not improved sufficiently to warrant a substantial European reward. Beijing seems unlikely to provide something, anything, that EU leaders can use to convince a sceptical public that China is making progress on individual or group liberty. Restricting the sale of arms resonates with Western citizens. It would be a great irony should Europe strike down a measure designed to protest against the repression of democracy elsewhere, given that an April vote in the elected European Parliament advocated maintaining the embargo by a 431 to 85 count. Providing hi-tech weapons to China in the hope that Beijing will then refrain from developing its own capability is patently absurd. As is the contention that the retraction of an arms ban is not about
the selling of arms. China-EU relations are robust and growing closer, with or without the sale of arms. The embargo could certainly be tightened to restrict dual-use technology, but undeniably the flow of lethal weapons from Europe to China under the existing ban is negligent.

Some months ago, the Financial Times columnist Quinten Peel voiced the ultimate motivation underpinning the move to end the embargo; Europe is a continent of shop-keepers. European armament firms want access to the Chinese market. Estimates of annual Chinese military expenditure range from US $30 to $80 billion, with growth a certainty. Additionally, EU leaders recognise the commercial possibilities for civilian manufacturers, most notably in the aviation sector. Cynical? Absolutely. Pragmatic? Certainly.

The incoherent campaigns to scrap the embargo and enact the Constitutional Treaty should provide succour to Euro-realists. The clumsy, scattered nature of each initiative reveals plainly that the EU is still run by 25 distinct nation states.

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The Attwood Report: the euro
by Matthew Attwood

From the inception of New Labour, taking Britain into the euro was one of Tony Blair's greatest ambitions. So ardent has been his desire for us to participate wholeheartedly in the EU's vanguard that it is easy to forget Labour's antipathy to the European project during the Thatcher years, a hostility endorsed by the young barrister who began his parliamentary career as the member for Sedgefield in 1983. That early aberration aside, his enthusiasm for EMU has been enduring and intense, which makes his current pessimism about the project's chances of success remarkable. Though he's no stranger to back-tracking where Europe is concerned, his recent admission that Labour will still be redistributing pounds rather than euros by the end of its third consecutive term is also an acknowledgement that a key personal goal will remain unfulfilled when he steps down.

Mr Blair made his comments during an interview with Sky News a week before the General Election. Asked if a referendum would be held on the euro in the event of a Labour victory on 5 May, he replied that, "it doesn't look very likely." The Liberal Democrats were quick to condemn him for pre-judging the euro's ongoing evaluation against Gordon Brown's five tests, but the Prime Minister's position was a sensible one. Given the currency's consistently poor performance and the recent mutilation of the Stability and Growth Pact (SGP) supposedly underpinning it, the economics, as he said, are most certainly not "in the right place" to justify British entry.

This shouldn't surprise anyone. The debate on British participation in the EU has moved on to the Constitution and Mr Blair's ambition for us to join EMU has long been tempered by the Chancellor's wish to preserve his reputation for economic prudence. A more illuminating comment came later, when the Prime Minister told a Labour news conference that, "politically the case for going in is strong – economically we have to meet the tests." Quite what the political case could be without the five tests being met remained unexplained, but Mr Blair's attempt to depict his earlier comments in a euro-positive light were an unwitting hint at how the eurozone countries have come to find themselves on the brink of a potential economic disaster. From the earliest planning stages, the significance of EMU for its proponents was as an essential precursor to further political union between participants. This devotion to the euro as something more than an economic innovation in its own right has, ever since the future eurozone states were struggling to meet the 'convergence' criteria for entry, not only damaged their economies but also placed a question mark over the currency's long-term viability.

T he SGP was agreed by European finance ministers in 1996 and endorsed at a Council meeting the following year, but its central stipulations that EMU participants' national debt and budget deficit figures should not exceed 60 per cent and 3 per cent of GDP respectively first appeared as convergence criteria at Maastricht in 1992. Given that convergence for countries hoping to join EMU in 1999 was to be measured against performance in 1997, this gave them five years to make necessary economic changes. Despite this opportunity to prepare, and although some states were quick off the economic reform mark, the 1 January 1999 start date for the euro often looked optimistic as the decade progressed. Problems abounded across the future eurozone, most significantly in its Franco–German core, the traditional powerhouse of EU innovation. But as the briefest overview of the French and German experience will attest, practicalities were not permitted to interfere with even the timetable of the single currency's introduction.

In France, regular industrial action protesting the Government's deficit-reducing spending cuts was a fact of life from the mid-1990s. Indeed, a situation akin to a more recent disagreement over Europe between the French political elite and the French demos might be inferred from the demise of President Chirac's centre-right coalition in the election he called eight months early in spring 1997. The new socialist Prime Minister, Lionel Jospin, took office on a job-creation ticket, providing a clear indication that French sympathies lay not with preparing for the euro but with reducing the country's 12.8 per cent unemployment figure. The people of France were, however, to be disappointed in their choice of champion. By the summer, not only was Jospin stalling on the tax cuts he'd pledged, he was also forced to exhume an old plan to sell French Telecom. Derided across Europe the year before as a blatant attempt to artificially reduce France's deficit, the scheme's abandonment had been a condition of Jospin's electoral deal with the Communist Party. Many in France questioned why the new Prime Minister went to the polls promising to lessen the social effects of preparation for the euro, only to perpetuate them when in office.

France's European partners were of course used to the ongoing Gallic economic drama by summer 1997, but the German Government's announcement of a DM 19 billion 'hole' in its budget for that year threw EMU into even greater jeopardy. Despite an unemployment record rivalling that of France, Germany had until this point been the robust centre of the EMU project – the stern voice insisting on the SGP and not above enjoying public schadenfreude as her
partners struggled with the burden of the Maastricht criteria. Yet even this shock and the resulting debasement of German convergence policy to the level of French-style chicanery was not enough to derail or even delay EMU, despite suggestions across the Union that the January 1999 start date be pushed back to give the currency a more stable foundation. When Finance Minister Theo Waigel’s proposal to plug the budget gap with funds generated by a revaluation of German gold and currency reserves was blocked by the Bundesbank, he was left with no option but to announce a painful exercise in economic juggling. Tax rises were to be coupled with cuts in social spending and a seven billion Deutsch Mark reduction in contributions to the EU budget.

More spectacular fudges than those of France and Germany were committed elsewhere in Europe during this crucial preparatory stage of EMU’s development. Italy’s one-off euro tax, to take one instance out of many, was an unrepeatable measure designed to achieve compliance with the Maastricht criteria. But the attitude of the putative eurozone’s two biggest economies to convergence gave the rest of Europe a definitively bad example. Abetted by the Maastricht Treaty’s loose drafting – the national debt standard, for example, could be accounted achieved if a nation’s ratio was “sufficiently diminishing” – France and Germany rushed to accomplish convergence so the euro could become a reality, not to provide the currency with a firm base. With unemployment measured in the millions, neither country was able to contain its deficit long-term; even before the eurozone’s exchange rates were linked on 1 January 1999, sustainable compliance with Maastricht was unattainable.

The indecent rush to establish the euro regardless of Europe’s economic preparedness guaranteed that problems would arise. In 2000, Portugal was the first country to breach the deficit rule, and has since been followed by France, Germany and Greece. Italy is likely to follow suit this year. As Elizabeth Oakes explained in the April edition of the European Journal, the body responsible for imposing sanctions on recalcitrant countries, the Council of Economic and Finance Ministers (ECOFIN), operates via qualified majority voting. Its processes not only permit the emergence of blocking minorities intent on obstructing disciplinary procedures but are also doomed to reflect the political will of Member States. With four European economies in breach of the SGP and a fifth likely to follow, ECOFIN has never been likely to act with resolve.

The SGP met with some success in the early years, with countries such as Holland making painful efforts to conform to its strictures, but the absence of genuine compliance with Maastricht in 1999 made its eventual breach inevitable. A second factor, the traditional dominance exercised over the EU by France and Germany, is at the heart of the Pact’s recent dilution. Just as Germany insisted on the SGP to insulate herself from profligate spending by Club Med, she has used her clout to insist on its re-negotiation. The terms of the ‘new’ Pact reflect this dynamic: France does not have to declare military and aid expenditure, while Germany can write off spending associated with re-unification, fifteen years after the Berlin Wall came down. Other Member States prepared to observe the rules may complain, but will meet the same refusal to conform faced by the Commission after its successful legal action in 2003 to combat breaches in the deficit ceiling.

Anyone who studies EMU in depth will quickly notice a theme running through its history: long-term stability sacrificed in pursuit of short-term political goals. The SGP’s mauling has secured Franco-German objectives on monetary policy, but at the expense of moral unity across the eurozone and of international confidence in the euro as a global reserve currency. A central objective for EMU was the creation of a rival to the dollar, as part of the Union’s hubristic aim to counterbalance the USA. But the eurozone’s inability to submit to economic discipline put paid to that ambition even before resurgent continental Euroscepticism emerged to damage the euro’s image among currency market analysts.

Before we discuss the euro’s future in a ‘post-political’ EU, it is worth taking a brief look at the situation emerging in Italy. Prime Minister Silvio Berlusconi recently risked fomenting incipient Italian Euroscepticism by linking Italy’s economic decline with “destructive” policies at the European Central Bank. With the economy in free-fall, export share down a third since EMU’s introduction and a widening differential in wage inflation with the rest of Europe, Italy desperately needs to devalue as a fillip to growth. As wages are squeezed ever further because this is no longer possible, Italy might become the first eurozone nut to crack under the pressure of public opinion.

Mr Berlusconi’s complaint may have been intended as a piece of ‘hard diplomacy’ with the ECB, but the comments of two of his colleagues in Government expressed more fundamental objections to EMU. Welfare Minister Roberto Moroni and Reform Minister Roberto Calderoli, both members of the Northern League, have called for Italy to withdraw from the euro, Mr Calderoli describing the currency as “the plaything of madmen.” Mr Moroni, condemning EMU as a “disaster”, raised the spectre of Argentina, a reasonable hint that Italy, too, may eventually default on its public debt. While these views have to be seen in the context of the League’s ‘regionalist’ agenda – the party wishes to establish a Northern Italian currency – other observers are pessimistic about Italy’s future in the eurozone.

Stanford University currency expert Professor Ronald McKinnon told an ECB conference this month that “there is some credence to the view” that Italy should secede, while Charles Dumas of Lombard Street Research described the country as “odds on favourite to fall out of monetary union.” Competitiveness, he said, could be impossible to restore from within EMU, predicting a crisis in the bond markets. Bond yield spread within the eurozone still doesn’t match that between some American states, but with the ECB itself registering concern about “divergences” and the Northern League garnering wide support for its call for a vote on the euro, the first stress fractures in monetary union could be appearing in Italy.

Plébiscites in France and Holland on the Constitution have engulfed the European project in crisis. Very different considerations lay behind the verdicts delivered by these founder members of the Union, but both have the same implications for future integration and, by extension, the single currency. The precipitate and undiscriminating adoption of monetary union was motivated by political ambitions for the EU’s future held within both Member States and the Commission. In 1999 German Foreign Minister, Joschka Fischer, welcomed the “new political dimension” brought to Europe by EMU and predicted that calls for a Constitution would
increase in volume. The following year, Commission President Romano Prodi described money as “identity”, a further demonstration of the single currency’s true significance for its proponents. Yet the process of integration has been stalled and the euro left, for the time being at least, a political orphan. While it is never wise to expect Europe’s political elite to take no for an answer for long, the Union has, as the cliché has it, reached a crossroads.

The EU has undergone great change since plans for EMU were formulated in the early 1990s. Its boundaries have expanded to include 25 members, with more accessions scheduled for later in the decade. The twelve eurozone economies have experienced the brutal effects of asymmetric shock and the inability to take fiscal decisions solely for their own benefit, phenomena certain to be even more pronounced in an expanded EMU catchment area. If accession states choose, like the UK and Sweden, to retain their old currencies, a two-speed Europe would inevitably emerge bringing with it the possibility that an expanded Union could consign the euro to obsolescence. Across Europe, attitudes to integration appear to be cooling. Former Eastern Bloc countries, protective of their independence after decades under the Communist yoke, are inclined to be critical of anything lending weight to Mikhail Gorbachev’s view of the EU as a “European Soviet”. There are signs of disillusionment even within the eurozone. People in all twelve countries complain of mark-ups in retail prices following the euro’s introduction and one of the biggest spurs for the Dutch ‘No’ was belief that the guilder was undervalued when exchange rates were linked in 1999.

The French referendum threw up further grounds for pessimism regarding the euro’s long-term viability. For all the achievements of the nationalist Philippe de Villiers, who recently graced these pages, the French ‘No’ was secured by agitation on the left, who opposed the Constitution’s supposedly Anglo-Saxon complexion. The French verdict exposed a tension that threatens to divide the EU between the statist old guard of social democracy and more liberal-minded countries in the north and east of the Union. French intransigence in this area, most notably expressed in the Services Directive fiasco (more than three decades after the British people ratified UK participation in a Common Market that has yet to become reality), is swiftly bringing the argument on economic reform to a head and to the detriment of chances for greater European integration. If the Union’s members find themselves unable to agree on the question of what kind of Europe they want, the single currency will increasingly appear as an eccentric attempt to deny political realities imposing a natural break on harmonisation.

Of course, the emergence of dissatisfaction with the currency’s management or any other aspect of EU governance would by no means make the euro’s demise inevitable. There is no exit process for unhappy members of the eurozone, and any withdrawal would entail mountains of bureaucracy for the nation concerned. What is true is that the SGP’s failure and the EU’s current crisis of identity have made the single currency’s future seem much less assured than before. The euro benefited from immense goodwill (even in the UK: we may not have signed up to the currency but Gordon Brown converted half of Britain’s gold reserves to euros when poor management had not yet destroyed the ECB’s ambition to rival the dollar), which now appears to be tailing off. Morgan Stanley’s European analyst Joachim Fels has, in a series of research papers published since February 2005, suggested that EMU’s break-up could be attendant on the abandonment of plans for political union in an expanded EU. This view is persuasive. EMU was established in the expectation that political union would consequently occur. The irony is that a currency inspired and maintained by ideology rather than economic discernment could founder on a failure of political will. History may judge that the Union overreached itself with monetary union and the euro could yet turn out to be the high water mark of European integration. The waters might recede, but Europe would be cleaning up after its experiment for generations to come.

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The European Foundation would like to extend its heartfelt sympathies to all those touched by the terrorist atrocity that occurred in London on Thursday, 7 July. The memory of those fallen shall not be extinguished. The bombs may evilly take mortal lives, but cannot touch the British people’s spirit of solidarity and defiance, which has shone through in these dark times.
Advertisement for

*Should Britain Leave The EU*

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## FACTS

**by Ross Cowling**

### 1. Commission signals an end to enlargement

The EU External Relations Commissioner Benita Ferrero-Waldner has spoken out and said that she thinks that the EU should now reflect on last year’s enlargement, and that candidate countries should only be allowed to join if they can “completely fulfil the strict accession conditions”. Speaking in Germany’s Bild am Sonntag newspaper (12 June) she said that the recent eastward expansion of the EU had brought “many positive results – politically and economically” but that “people need time to digest this big enlargement.”

[euobserver.com 13 June 2005]

### 2. Irish allowed to speak

The national language of Ireland has just been recognised for the first time by the European Union as a ‘working language’. The language, which is often translated as Gaelic in English, is spoken by 1.4 million of the Republic of Ireland’s 4 million population according to the 2002 census. Sinn Fein MEP Bairbre de Brun said that this new official recognition was a “victory for campaigners from all over Ireland and further afield [sic] who continue to campaign for equality for the language.”

[bbc.co.uk 13 June 2005]

### 3. Franco–German unification?

In his inauguration speech to the French Parliament the new technocrat Prime Minister Dominique de Villepin announced his vision of a union between France and Germany. M. de Villepin said, “let’s open new perspectives, such as fiscal harmonisation or a union with Germany in some areas we would have chosen together.” The new French premier also stated that France still remained in its dominant position in Europe despite recent setbacks on the domestic front.

[euobserver.com 9 June 2005]

### 4. Lithuania to consult people on the euro

In the shadow of the Italian Foreign Minister’s calls for his country to drop the euro, the Government of Lithuania is to hold a referendum asking whether or not the Baltic state’s people want to adopt the currency. Lithuania, whose Parliament voted last November to ratify the European Constitution, joined the EU last May along with nine other Eastern European countries. The Liberal Democrat opposition gathered enough MP’s signatures to force a vote in Parliament within one month of the motion on the euro being lodged.

[eubusiness.com 9 June 2005]

### 5. Shake up of MEPs’ pay

Under the present formula for determining the pay of Members of the European Parliament, an MEP’s salary is the same as the salary of a Member of Parliament in that Member’s home state. This results in the current situation where an Italian MEP receives €12,000 per month, whereas their Hungarian counterpart receives just €761. This state of affairs is due to be shaken up under plans before the European Parliament at the moment. The new scheme would give MEPs a standard salary of €7000 per month. This change will lead to a slight reduction in the salary of British MEPs, but a massive increase in the salary of the MEPs from Eastern European countries like Hungary, Poland, and Slovenia.

[The Times 7 June 2005]

### 6. Mitterrand to sell wine collection

Daniele Mitterrand, the widow of former French President François Mitterrand, has been forced to sell part of her late husband’s extensive wine collection. Mme Mitterrand is rumoured to be selling bottles of the famous Château d’Yquem 1986 and several magnums of Château Cheval Blanc 1970 in order to pay the legal fees of her son Jean-Christophe, 59. M. Mitterrand is faced with allegations of involvement in arms deals in Africa. Most of the wine was given to the late President Mitterrand when he was in the Elysée Palace by people including his friend former Chancellor Kohl of Germany.

[The Independent 14 June 2005]

### 7. French to rip up vineyards

Some of the top wine-growing regions of France are set to rip up 18,000 hectares of their most prestigious vines. Faced with strong competition from New World wines from California and Australia and global over-production, France’s wine industry has taken the brunt of the crisis. The European Commission is to pay for part of the cost of uprooting the vines and for converting the large ‘wine lakes’ into ethanol to be used by power stations. French wine producers who rip up their vines will receive €15,000 per hectare. The resultant cost to the EU taxpayer will be €145 million. A Commission spokesman said, “The system is absolutely ridiculous. It’s no way to run a market, and we’re going to stop it.”

[The Telegraph 11 June 2005]

### 8. EU elites cut down to size by bloggers

A French law teacher was so angered by the proposed EU Constitution that he set up a blog (web log) on the internet to explain why he would be voting ‘Non’. In the period before the vote, he was getting 25,000 hits a day, and his anti-Constitution literature was being spread across France. Etienne Chouard became a hero for the ‘No’ campaign and there have even been calls for a statue to be erected of him in his native Marseilles.

[bbc.co.uk 6 June 2005]

Ross Cowling is studying Economics at the University of Kent and is a research assistant at the European Foundation.
BOOK REVIEWS

The European Union Constitution Questions & Answers: A Plain Man’s Guide


Reviewed by Nick Faith

The European Constitution now seems to be committed to the morgue. However, it may have been only cryogenically frozen, to be thawed out at a later date. There are also legitimate fears that the Euro elites have plans to push specific aspects of the Treaty through, such as the European diplomatic service, the creation of a European President and Foreign Minister, etc.

Graham Wood’s Plain Man’s Guide is exactly that – a simple guide to the complex European Constitution written specifically for those with little or no knowledge of EU matters in general and the Constitution in particular. Although written before this ‘Constitution crisis’, Wood’s work is still worth a read, especially if bits and pieces of the Constitution may be sneaked in by the ‘back door’.

Wood explains the concept of the European Constitution, what is contained in it and what the consequences of accepting it would be for the people of Great Britain. Numerous articles have been written on this particular topic, but Wood manages to put his message across clearly and concisely, breaking the issues down into 14 specific subheadings.

Simplicity and clarity – these two words summarise this guide. By adopting an almost teacher-like tone to his prose, Wood’s work comes across as educational, whilst at the same time condescending; his subtitled questions such as “What is a Constitution?” or “Don’t we already have a Constitution in the UK?” would not look out of place in a GCSE textbook. However, by breaking down the Constitution into its basic elements, Wood gives the reader the opportunity to understand clearly the various problems associated with the Treaty.

Wood’s fear of supra-nationalism is present throughout his text. His argument against the Constitution centres around two principal themes: adopting the Constitution would end Britain’s status as a self-governing nation; and that this would lead to the abolition of national self-determination. Wood is concerned about the ramifications of replacing the ‘unwritten’ British Constitution with a Treaty, “devised by foreign politicians, composed by foreign bureaucrats and sealed in foreign countries.” Overall, Wood’s 22-page pamphlet makes for much more enjoyable bedtime reading than the EU’s proposal of, “a constitution for Europe that consists of over 400 pages … couched in obscure language which is by general consent, extremely difficult to understand.” Whilst this convoluted document may be frozen for the time being, the threats its contents still pose to the citizens of the EU are real and must not be ignored. Nor must works like this pamphlet, which attempt to explain the dangers of the deepening of European integration.

Copies of this guide are available for 50p each (or £3 for 10) from the Campaign to Reject the European Constitution, 32 Station Road, Poppleton, York YO26 6PY, Tel: 01904 795204. Please make cheques payable to CREC.

Website: www.european-constitution.org.uk

Nick Faith recently received a joint honours degree in French and History at the University of Leeds and is a research assistant at the European Foundation.

The European Dream: How Europe’s Vision of the Future is Quietly Eclipsing the American Dream,


Reviewed by Elizabeth Oakes

In a well-researched, detailed account, Jeremy Rifkin offers his readers a glance into the future. This is a future of dense and complex communication networks, blurred national borders, and universal human rights. More importantly, this world is steered not by the world’s only superpower, the United States, but rather the nebulous concept that is Europe. In a one-sentence summary, Rifkin argues that the American Dream is dying, and that the European Dream is the rising pattern of interaction that the world seeks to emulate.

Prior to any further review, it must be stated that Mr Rifkin is an excellent writer, capable of weaving strands of narrative from many fields of thought. His book includes arguments from political philosophy, theology, economics, sociology, and public policy, to name just a few of the disciplines he draws on. His ideas are clearly established and well-supported. It is a pleasing book in many ways, and I am sure that it has a large following on the European continent as well as among those Americans who acknowledge the perils of over-consumption, deficit spending, and long working weeks.

The problem, however, is that his argument fails to soar. It does not convince even this fellow Atlantic pond-hopping, liberal American. I wish it did, in many ways, but the Europe of The European Dream is just that: a dream. The political realities of this post-Cold War era are far from captured; the following are a few examples of the shortcomings of Rifkin’s arguments.

Let’s begin with the American-versus-European Dreams. The American Dream emphasises individual autonomy, success through competition, and a society of self-
entitled consumers. The American Dream is a dying concept; this type of selfishness is unsustainable in this new age of globalisation. The European Dream is a much more accurate portrayal of the new world order, one that is “focused not on amassing wealth but, rather, on elevating the human spirit.” If this were true, why then is the most successful project within the European Union – the euro – focused on wealth accumulation? Yes, war-weary politicians came together at the end of the Second World War to create a continent of peace, but the tool of their successors was monetary integration. Pooling financial resources was a way to create interdependence and to remain competitive in the global economy, not to elevate the human spirit.

Secondly, the glossy veneer painted over the European Union does nothing to aid mutual understanding on either side of the Atlantic. “Twenty-five nations, representing 455 million people, have joined together to create a ‘United States of Europe. Like the United States of America, this vast political entity has its own empowering myth.” Undergraduate Political Science students will be the first to tell you that comparing the European Union does nothing to aid mutual understanding on either side of the Atlantic. “Twenty-five nations, representing 455 million people, have joined together to create a ‘United States of Europe.’ Like the United States of America, this vast political entity has its own empowering myth.” Undergraduate Political Science students will be the first to tell you that comparing the European Union does nothing to aid mutual understanding on either side of the Atlantic. “Twenty-five nations, representing 455 million people, have joined together to create a ‘United States of Europe.’ Like the United States of America, this vast political entity has its own empowering myth.” Undergraduate Political Science students will be the first to tell you that comparing

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EUSSR: The Soviet Roots of European Integration

Vladimir Bukovsky and Pavel Stroilov, Sovereignty Publications, 2005, pp 44, ISBN 0 9540231 1 0, £4.95

Reviewed by Oliver Crawley

EUSSR is not a definitive appraisal of EU policy towards Russia, nor is it an examination of the potential success a Moscow application to join the EU may be, both of which are perfectly reasonable prophecies given the title. It is, on the other hand, a collection of thought provoking chapters looking at, in albeit skeletal fashion in 44-pages, the similarities between the EU and the USSR.

Bukovsky and Stroilov are both informed and persuasive in their arguments. They sway one into thinking European socialism imposed by covert methods is the end goal of the committed Europhile. Naturally, as the title suggests, each point is then paralleled with similar goings on in the former USSR. The monstrous Constitution or grossbuch (big book) is considered as unintelligible and as lengthy as Karl Marx’s Das Kapital. This particular comparison seems to have thrown the authors into a rant: “why don’t they say, here is a roadmap to

by direct ballot those who govern us. The authors equate this to the phenomenon whereby “we do not elect those People’s Commissars who govern the EU.” The “sinister” Europol is also attacked, with its European Arrest Warrant, its diplomatic immunity and the “power to prosecute the ill-defined ‘crimes’ of ‘racism’ and ‘xenophobia’.” The authors speculate as to how many former East German Stasi officers will end up working there: “judging by the example of the latest Commission, which has seven former communist apparatchiks out of 25 Commissioners, we might have up to one-third of them!”

Although light-hearted in parts, I found myself often won over by the constant comparisons with the darker forces behind the USSR. Has there been a KGB style ‘enforcement’ agency covertly operating from Brussels tasked with weeding out non-believers? It is also suggested that the Left had failed in their many years of struggle for
power in independent European countries. The only thing left to do, so the authors’ argument goes, was to try to seize control over the whole of Europe at once, and the EEC was the best instrument with which to do this.

If there is to be a criticism of EUSSR, it is that it almost leaves you with more unanswered questions than it answers; but what else can you expect from a 44-page A5 pamphlet? Expect to find arguments erred at, but not overtly sounded, and ideas muted, but never fully explored. This can lead to a sense of frustration, as one’s curiosities are not sated. If, however, you allow yourself to be inspired to explore these ideas through other media and sources, then EUSSR may well be for you.

LETTERS TO THE EDITOR

From Mr Colin Merton
Dear Sir,
John Massey’s article on the role of the Advocate General (European Journal, May 2005) would have been even more interesting if he had given an outline of each legal case he cited. I had heard of Marks & Spencer v Commissioners of Customs and Excise but was hazy about A & Ors, Cowan, van Gend and Faccini Dori.
Yours sincerely,
Colin R. Merton

From Mr Colin Smith
Dear Sir,
Peter Dul stood for UKIP in Twickenham. CAFE was abolished by IDS in 2001 – the first of IDS’s many bizarre and ridiculous actions as Tory leader.
Regards,
Allan Robertson

From Mr Allan Robertson
Dear Madam,
Mr Usherwood (European Journal, April 2005) missed out the LONDON SWINTON CIRCLE as being one of the Conservative Eurosceptic groups who should have appeared in his diagram in his otherwise very good article. Your founder Bill Cash has addressed us as have many other Eurosceptic parliamentarians since I first joined in 1990 after moving from Scotland to London. I am not certain that I would agree that the Anti-Common Market league is a Conservative faction as its Chairman

From Mr Paul Henri Cadier
Dear Ms Rainwater,
In the days leading up to the referendum I have been wearing my lucky anti-EU T-shirt everywhere. Acquired during the victorious 1992 Danish vote against Maastricht, depicting the circle of yellow stars defaced with a diagonal red line. I cut quite a dash. On Friday I was driving through Apt and stopped to let an elderly lady cross the road (a rare event in France). Sure enough the startled woman approached my open window, and, seeing the logo on my blue shirt, broke into an impish smile and said “It’s too late, too late!” To my horror as I looked down, I noticed my EU regulation ‘cross-my-heart’ seat belt had neatly obscured the critical red line. I had been unwittingly driving round town posing as a recruiting sergeant for the “forces of Oui”. I was lucky not to be lynched. Apt voted 58.34% ‘No’ on Sunday. Vaucluse 63.25% ‘No’. My attempts to convert locals to the ‘No’ side have been futile; I have not met anyone who admits to voting ‘Yes’.

Cordially,
Paul Henri Cadier

Barroso criticises Blair
The President of the European Commission, José Manuel Barroso, has attacked Tony Blair for his “nationalist rhetoric” over the budget rebate which, he says, will make a compromise on the 2007-2013 budget very difficult. Barroso said that such nationalist rhetoric would “get Europe nowhere”. Most European leaders, indeed, think that there is not much chance of an agreement being struck on the budget during the British presidency. “The atmosphere has been poisoned,” said one EU diplomat, and most European officials hold Blair responsible for the failure to reach an agreement. The diplomat told Die Welt that Britain’s rejection of the deal proposed at the Brussels summit had reduced “to almost zero” the willingness of the small and new Member States to compromise. Britain wants not only to find an agreement on the budget, but also to liberalise the service sector and to open negotiations with Turkey on 3rd October. Both these measures are extremely unpopular with the French electorate, and they go some way to explaining why the Constitution was rejected.

[Katja Riddersbusch, Die Welt, 4th July 2005]

… nwes in brief

Israel refuses extradition
Poland has announced that it will give up its attempts to extradite an 87-year-old man living in Israel who is accused of committing genocide against German prisoners in 1945. The Polish Justice Minister, Andrzej Kalwas, has said there is no chance of trying Salomon Morel, who was the commandant of a prison camp for Germans. Morel’s family was killed by Polish Nazi collaborators and he then took command of the Swietochlowice camp in Upper Silesia. Some 1500 people died there, nearly all Germans, from typhus and ill treatment. The events in the camp were documented in a book by John Sack, An Eye for an Eye. The Israeli authorities have justified their refusal to extradite Morel by saying that the statements of Germans cannot be trusted “in a time of rising anti-Semitism”. In 2000, the Polish authorities prosecuted the Polish commandant of another camp, Lambinowice (Lamsdorf) for murdering 48 Germans. [Die Welt, 7th July 2005]
"Narrow cobblestone streets and an orgy of Baroque: almost like a Jesuit city somewhere in the middle of Latin America," wrote the author Czesław Milosz of pre-war Vilnius. Soviet-era satellite suburbs aside, it’s a description which still rings true today. Despite being the capital of the medieval Lithuanian state, Vilnius was occupied by Poland between the two world wars and was inhabited mainly by Poles and Jews, who played such a prominent role in the city’s life that it was known as the ‘Northern Jerusalem’. Vilnius is still a cosmopolitan place – around twenty per cent of its population is Polish and another twenty per cent is Russian – though with just 543,000 inhabitants it has an almost village-like atmosphere, making it an easy place to get to know.

It may not be the centre of the universe, or the centre of culture, but you might be surprised to learn that Lithuania is in fact the heart of Europe. Some argue that quite near to Vilnius is the precise ‘geographical centre’ of Europe. The city is situated in southeastern Lithuania at the confluence of the River Vilnia (Vilnele) and the River Neris. This non-central location can be attributed to the changing shape of the nation’s borders throughout past centuries.

The city was first mentioned in written sources in 1323. The original centre of Vilnius at that time was the wooden castle built by Gediminas, a Lithuanian Duke. The city became better known after Gediminas wrote a letter of invitation to the principal Hansa towns in 1325, offering free access into his domains to men of every order and profession. The city began to rapidly develop, attracting migrants from both East and West including Poles, Lithuanians, Belarusians, Jews, Russians, Germans, Karaims, and Ruthenians.

After the Third Partition of Poland in 1795, Vilnius was annexed by Russia. In 1812 the city was seized by Napoleon on his push towards Moscow. After the failure of the campaign, the Grande Armée retreated to the area where thousands of French soldiers died and were buried in the trenches they had built months earlier. During the January Uprising in 1863 heavy city fights occurred, but were brutally pacified by Mikhail Muravyov (nicknamed The Hanger by the population because of the number of executions he organised). After the failure of the uprising all liberties were curtailed and the Lithuanian, Polish, and Belarusian languages were banned.

Vilnius suffered greatly during the Second World War. In June 1941 the city was seized by Germany. In the old town centre, two ghettos were set up for the large Jewish population, the smaller one of which was ‘liquidated’ in October 1941. The second ghetto lasted until 1943, though its population was systematically decimated in the so-called Aktionen. About 95 per cent of the local Jewish population was murdered. Many of them were among the 100,000 victims of the mass executions in Ponary, about 10 km west of the old town centre. Most of the remaining 30,000 victims of the massacre were Poles.

In June 1944, the city was recaptured by the Soviets who decided to expel the Polish population from Lithuania and Belarus. This decision was implemented by the Soviet and Polish Communist governments. Despite the fact that the repatriation was claimed to be voluntary, and though parts of the Polish population remained where they had lived, it was very questionable from the point of view of humanity and justice. Many old inhabitants left Vilnius, in what is still seen by many people as a misfortune, especially due to its negative effect on the city’s community and its traditions.

These events, coupled with the migration of Lithuanian rural populations and Russians from other Soviet Republics during post-war years, had a critical influence on the demographic situation of the city. However, the growth of the cities in Lithuania during this period and the decrease in the rural population caused a rapid population upsurge in Vilnius after 1960.

Beginning in 1987, there were massive demonstrations against Soviet rule in the country, which led to the Soviet Union finally recognizing Lithuanian independence in August 1991. Since then Lithuania has transformed itself from a Soviet to a European state by joining the EU and NATO.

Today Vilnius is a cosmopolitan city with diverse architecture. There are more than 40 churches to see in Vilnius. Restaurants, hotels and museums have sprouted since Lithuania declared independence, and young Vilnius residents are providing the city with a reputation for being among the most hospitable in the world.

The Old Town, historical centre of Vilnius, is one of the largest in Europe; most historic and cultural sites are concentrated here. The buildings in the old town were built over several centuries, creating a splendid blend of architectural styles. Although Vilnius is often called a baroque city, here you will find some buildings of gothic, renaissance and other styles.

Nick Faith recently received a joint honours degree in French and History at the University of Leeds and is a research assistant at the European Foundation.
**SIGHTS**

**Vilnius Cathedral**
Maironio St 10, Tel. +370 5 2609 292
At the bottom of the hill beneath Gediminas Castle is the cathedral, built in the 13th Century to mark Lithuania's conversion to Catholicism. It was burnt down and rebuilt numerous times; the church that stands today is an 18th Century classical structure which houses artwork and ornamental grave-stones of historic families. The 12th Century cellars under the cathedral are mysterious and worth a look.

**Gediminas Castle**
Arsenalo St 5, Tel. + 3702 617 453
Gediminas Castle, situated in the heart of the city, is one of Vilnius's first Gothic buildings. The original castle was made of wood, but was rebuilt in the 14th Century out of brick and stone. The current Gediminas Castle is the remnant of the brick castle built by Vytautas Magnus, who was the Duke of Lithuania from 1392-1430. There are some fragments of the old castle, which are now restored based upon archeological researches on the Gediminas Hill. From the tower, one can enjoy breathtaking panoramic views across the city.

**Vilnius University**
Universiteto St 3, Tel. + 3705 2611 795
The Vilnius University is one of the oldest and most famous universities in Eastern Europe. For more than four centuries it has been the leading cultural and scientific centre in Lithuania. The date of the University foundation is considered to be 1579 when the Jesuit College, established in 1570, was transformed into the University. Its library contains the richest collection of books and manuscripts, dating from the 13th to the 16th Centuries, in Eastern Europe.

**GOING OUT**

**Lele Puppet Theatre**
Arkliu 5, Tel. +262 86 78, Open daily 10:00am-4pm (except Monday Closed)
This puppet theatre for children of all ages has been charming audiences in Vilnius since the company was founded back in 1958.

**Alternatyvaus Meno Centras**
Uupio 2, Tel. +262 00 83.
This art gallery, a brightly painted, tumbledown house on the riverbank with a few works in the garden, is 100 per cent wacky. There are no working hours, no telephone and usually no one there, making it a unique experience indeed. The place screams the word 'hippy' as you walk by, and the large rock/washing machine by the river is a real beauty.

**EATING**

**Èili Kaimas**
Vokieèiø 8, Tel. +231 25 36
The extremely successful Lithuanian restaurant chain's latest spin-off focuses on traditional dishes in a fun atmosphere for good prices. Although it may be a bit too cliché for some, it comes highly recommended all the same.

**Les Amis**
Savieèius 9-1, Tel. +212 37 38.
Open:10am-11pm.
By all accounts, this restaurant is a much welcome addition to Vilnius’ French restaurant scene. Although it is a rather humble-looking bistro, it is full of culinary surprises all exquisitely stage-managed by an extremely hands-on French owner.
The European Journal

And Finally… June/July

The Botswana Ambassador to the Union at this point stood up and apologised for being in the wrong room, asking if anyone knew where the Standing Committee on Zootechnics was supposed to be meeting.

The Czech Premier took advantage of this lull to speak up in favour of a continuation of the referendum process. Every country, he said, needed to be given a chance to consult its people on the direction of Europe. It is not clear whether he heard an aside from the Irish suggesting that his having a General Election on the same day, and an opportunity to bring over foreign support to his campaign, might not have something to do with his position.

The British Prime Minister was now invited to speak. The EU Constitution, or rather Treaty, he said, had been a brave task. One of which we could be proud. The whole of Europe is in a state of shock and mourning. He personally was utterly devastated. The Constitution was a wonderful, warm and compassionate thing which people, not just in Britain, but throughout the world, loved and will mourn as a friend. Our thoughts and prayers are with her founders, (ii) elements of the socialist camp were failing at being communautaire (a perceived dig at the British rebate) (iii) the people who had run the Convention had neglected their duties to 'soften up' the public. France, he indicated, was like an oak. Robust. Reaching out to the sky. From earthy roots. Although struck by lightning, it would endure.

At this point the Chair interjected and allowed the Germans to continue with a prepared statement to avoid a surfeit of Corneille. The Chancellor, more precisely, concluded that under Article IV 443 (4) and Declaration 30, the Constitution had foreseen that there would be difficulties and authorised the continuation of the ratification process.

At this point the new Estonian representative intervened and underlined that the said clauses allowed for a meeting after 80 per cent of states had ratified. What would therefore happen if by the end of the procedure, six states (of the 25) rejected the Constitution? Would there now be a new 'gold rush' by campaigners to move against this target, so that the fight would be on whether anti-constitutionalists could get six countries to reject the text?

Owing to an ongoing shortage of translators from the Maltese, two-thirds of the room failed to understand him. The Latvian delegation therefore took the opportunity to congratulate themselves on not having any referendum at all, and indicated that the five parliamentary dissenters who voted against would soon find themselves 'Helmerised'. This visibly put the Spanish Prime Minister off his lunch.

Since thoughts were clearly now turning to nuncheon, the Chair indicated that, under the Community Principle, a consensus had therefore been reached in favour of the continuation of the ratification procedure. A decision should now be made on the mechanism to win the remaining referenda. The Greek representative called for more involvement by (carefully selected elements of) civil society. The Irish delegation called for a role for the Church and COMECE, particularly in their own country and in Poland. The German Chancellor, however, observed that the Vatican was now run by a Bavarian and that, from his own experience and historically that of his country, both plebiscites and former residents of Munich were to be avoided. Concurring, the Slovaks appealed for a 'slush fund' in the form of an ostensibly unbiased information campaign, under the guidance of relevant national Commissioners. This brought widespread approval across the table. Additional transfers from other budget lines, the Chair noted, could be arranged within days, provided the (normally docile) MEPs' Committee did not object. Referendums would be held in strong 'Yes' countries first, to rebuild the domino chain, and allow people time to forget 'l'orgueil populaire'.

Before drawing the meeting to a close for lunch, the Danish Premier asked if, given previous commitments to put on hold its own plebiscite, the UK Government would now find itself legally able to restart the ratification process. The Prime Minister responded by indicating that it was something he was sure his successor would be able to accommodate. But also that he was certain his colleagues around the table would recall this conversation when the nominations for the new post of Council President were being weighed.

The meeting closed for lunch at 12:47.

Dr Lee Rotherham was Conservative candidate for St Helens South in 2001 and Rotherham in 2005.
MISSION STATEMENT: The aims and objectives listed below are summed up in The Foundation’s overall policy of ‘yes to European trade, no to European government’. We believe that greater democracy can only be achieved among the various peoples of Europe by the fundamental renegotiation of the treaties of Maastricht, Amsterdam and Nice. The Foundation does not advocate withdrawal from the European Union, rather its thoroughgoing reform.

Objectives

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

Activities

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

The Foundation’s History: The Great College Street Group was formed in October 1992 in order to oppose the Maastricht Treaty. The Group, consisting of politicians, academics, businessmen, lawyers, and economists, provided comprehensive briefs in the campaign to win the arguments both in Parliament and in the country. The European Foundation was created by Bill Cash after the Maastricht debates. It exists to conduct a vigorous campaign in the UK and across Europe to reform the EC/EU into a community of free-trading, sovereign states. The Foundation continues to establish links with like-minded organisations across Europe and the world.

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