

## Loss of British lives exploited to destroy liberties

If the architects of European political integration cannot build on a foundation of achievement - and judged from a British perspective there are few, if any, achievements on which to build - they will find lesser foundations. Crises, which come in a variety of forms, are the next best thing since they provide the opportunity to say to the public: things will get even worse unless we proceed at a faster pace along the integrationist path.

In the wake of September 11th the federalists exploited public fears by moving ahead with a range of integrationist measures which it was claimed would enhance public safety. There is no evidence that they have done so but history is now repeating itself: the loss of British lives on the 7th July is being used for the same ends and to the further detriment of British liberties. This is happening without the Home Secretary or the Prime Minister having made a coherent case that such measures are necessary to combat terrorism.

The first reaction of Charles Clarke was to call for European-wide measures to defeat terrorism. As was quickly apparent the London bombers were home-grown and home reared. Effective cooperation with other national police forces - in Europe and elsewhere - is obviously desirable in dealing with terrorism and was in any case forthcoming. But the assumption that the solution must be a *European* solution is doubtful, to say the least.

Experience and common sense suggest that the most effective means of fighting terrorism is a combination of diligence and high quality

intelligence. Both appear to have been lacking. The reality is that British cities - and especially London - have become havens for Islamic fanatics, and that there have been serious intelligence failures. For two decades or more there have been warnings from foreign intelligence services and from analysts that the presence of radical *imams* funded from outside the UK was discouraging the process of assimilation among Muslim immigrants.

### Shamefully Weak

Mr Blair may have won credit for his dignity in reacting to the bombing, but British measures to deal with the problem have been shamefully weak and ineffective, partly as a result of the prevailing tide of political correctness. Further measures of EU integration in the area of policing and security jeopardise the flow of information from the US which is understandably reluctant to trust all of Britain's EU partners.

Past laxness explains the hyperactivism now. In such circumstances the pressure on ministers to be *seen* to be doing something is intense. Better by far a Home Secretary willing to learn from past errors, to acknowledge these and to examine carefully and systematically what measures might be taken under existing UK laws.

In addition to an ill-considered religious hatred bill and the legislation to introduce identity cards (neither of which would have prevented the London bombing) Mr Clarke is pursuing a range of anti-

terrorism measures of questionable value. Among his more dubious 'achievements' has been the decision of the EU Justice and Home Affairs Council on 13th July to back the mandatory retention of all data communication by service providers including telephone calls for a period of at least one year. The system provides for the storage of data on *all* communications of *everyone* in the EU, suspects and non-suspects alike. There are no data protection provisions. The proposals, which appear to clash with EU law, have been rightly criticised because of their infringement of civil liberties and their sheer impracticality. According to one committee of MEPs, the total volume of stored data would be the equivalent of four stacks of files each reaching from the earth to the moon. Accessing useful information would be problematic. According to the Committee a single search using existing technology would take fifty to one hundred years!

No sensible person would argue against the proposition that the vigorous prosecution of terrorists *might* involve some infringement of civil liberties. But the case for such infringements must be justified in every instance.

In this connection we are grateful to the excellent European Referendum Blog run by Richard North and Helen Szamuely for reminding us of William Pitt the Younger's criticism of the East India Bill in 1783: "Necessity is the plea for every infringement of human freedom. It is the argument of tyrants, it is the creed of slaves."

# Carry on regardless!

## *Farce rather than reform has characterised the opening chapter of Britain's presidency of the European Union*

The British Government promised that the UK presidency would bring reform, but instead it has brought farce. Indeed, it is regrettable that so many of the actors who featured in the quintessentially British *Carry On* series are not available to star in a unique film record of how the EU system worked at a supposedly crucial moment in its history.

Prior to 1st July ministers told journalists that with the French President massively damaged and the German Chancellor staring electoral humiliation in the face this was finally the moment when Britain would seize leadership of the EU to bring about change. Never mind that a succession of once in a lifetime opportunities for change had come and gone: this was the real thing. A spate of bad economic news from the Eurozone strengthened the British hand while the dignity and calm of Londoners following the tragedy of 7th July - in contrast to the public reaction to bomb outrages elsewhere - appeared to add further to Britain's authority. In Paris and Bonn Europe's political elites expressed fears that there would be no stopping Britain now.

In his foreword to *Prospects for the EU in 2005: The UK Presidency of the European Union* (Cm 6611) the Foreign Secretary Jack Straw certainly gave the impression that he was up for it: "*The United Kingdom has benefited hugely from [EU] membership. But all organisations have to adapt just to survive: for the European Union the need to change is especially profound and urgent*".

In the run up to 1st July and the G-8 meeting at Edinburgh the Prime Minister and the Foreign Secretary made it clear what kind of profound and urgent change they were seeking.

In return for surrendering the 4.6 bn British rebate - which both had previously declared to be sacrosanct - there would be fundamental reform of the CAP. True, the British Government had backed "reforms" in 2002 which had effectively frozen spending at the current level and some ministers had even praised them. But real change was now vitally necessary not only to ensure that EU funds were used more intelligently, but also to help rescue Africa from a spiral of poverty and despair. Indeed, the phasing out of CAP export subsidies and the scrapping of tariffs was one of three measures - the others being debt relief and an increase in aid - which were necessary to save that continent. Morality, common humanity as well as economic common sense demanded no less.

### Very hostile

Well, reform requires a coherent plan but this Government is better at the politics of gesture than strategic thought. Indeed when Mrs Beckett, the UK Secretary for the Environment Food and Rural Affairs was invited to put her case to MEPS on the EU Agricultural Committee in Brussels on 12th July it was evident that she possessed no such plan. She insisted that there must be reform, but she didn't say how and she didn't say when. During the debate that followed members criticised her vagueness, lack of detail and evasiveness. Five MEPs registered a protest by walking out before she had even finished speaking.

According to Ireland East MEP Mairead McGuinness: "*The reaction to her presentation was very hostile. MEPs asked very specific questions which she could not answer. Margaret*

*Beckett spoke of the need for clarity and yet she caused confusion*".

Thus instead of winning support the British position aroused suspicion, even among those who might have been sympathetic. The Lithuanian budgetary commissioner Dalia Grybauskaite criticised the British position for its lack of substance and suggested that Britain simply intended to "*seduce new members into joining the British camp*".

Mariann Fisher Boel, the Agricultural Commissioner wondered out loud whether the British approach was "*just a gimmick*".

One way of responding to the criticisms would have been for Mrs Beckett to have later circulated a paper setting out detailed proposals for change together with an ambitious timetable. Instead Mrs Beckett apologised for her vagueness and lack of detail in her remarks to the MEPs. Worse still, she later told Bloomberg News, the independent on-line news service, that **she was not expecting a major reform of the CAP until 2014-2020** (*Financial Times* 14th July.)

When Mrs Beckett addressed the MEPs did she truly believe in the possibility of early reform? Or was she forced into pretending that she did in order to avoid revealing that her boss has simply been posturing? We suspect the latter. One consequence of that posturing is that sub-Saharan Africa will remain immersed in poverty. Another is that while the CAP is no longer on the EU negotiating table the British rebate most certainly is. Thus began the British Presidency.

## Better off out, say 76 per cent

Asked by the left-wing weekly *Tribune* whether Britain would be better off outside the EU 76 per cent of readers said yes and 24 per cent no in an online survey of opinion published in the journal's 1st July issue. This finding is all the more striking given that most of the journalists who write for *Tribune* are pro-EU.

# Well, how much does it cost Britain to belong to the EU?

Two analysts using different data sources and different methods have come to remarkably similar conclusions about the huge current and future net costs of British membership of the EU. The first is Ian Milne, the founder of *eurofacts* and Director of Global Britain, who has put the cost of membership at 26 per cent

of GDP. The second is Patrick Minford, Professor of Economics at Cardiff Business School who suggests that the figure should be a shade lower at 24.5 per cent. Are estimates of this magnitude credible? A recent report from the New York Fed estimates that if the same levels of competition existed in the Eurozone as

in the USA, Eurozone output would be 12.4 per cent higher than it actually is, suggesting that large magnitudes are indeed conceivable.

The figures, which are likely to play a prominent role in future discussion about British membership are set out below.

Type of Cost	Milne#	Minford*	Difference: Milne less Minford
CURRENT NET (ongoing, annual)			
Regulation (Milne), Manufr. trade costs (Minford)	2.0	2.8	(0.8)
CAP	1.5	0.3	1.2
EU Budget	0.5	0.4	0.1
Single Market	zero		
Inward Invest.	zero		
Total excl. Opp Cost	4.0	3.5	0.5
Opportunity Cost	6.0		6.0
Total Current inc Opp Cost	10.0	3.5	6.5
ADDITIONAL NET FUTURE COSTS			
Combined Milne excl. Opp. Cost	10.0 min		10.0
Harmonisation (Minford)		15.5	(15.5)
Pensions (Minford)		5.5	(5.5)
Joining Euro (Minford)		Macro volatility x 2	
Additional Opp Cost (Milne)	6.0		6.0
Total Future Costs	16.0	21.0	(5.0)
<b>All Current &amp; Future Costs</b>	<b>26.0</b>	<b>24.5</b>	<b>1.5</b>
#Milne Most Likely			
*Minford Mid-Point Estimates			
Sources: Minford: <i>Should Britain Leave the EU? An Economic Analysis of a Troubled Relationship</i> : Minford/Mahambare/Nowell, 2005, IEA/Edward Elgar, ISBN 1-84542-3798. See especially p.14  Milne: <i>A Cost Too Far? An analysis of the net economic costs and benefits for the UK of EU membership</i> : Milne, 2004, Civitas, ISBN 1-903-386-37-3			

## Paris deep in the red - again

Despite assurances from the French Government, the French public sector deficit will again breach the Eurozone target of three per cent of gross domestic product during 2005, according to *Le*

*Monde*.

An article in the 6th July issue of the newspaper says that a confidential study by the French Treasury points to a deficit of 3.5 - 3.6 per cent in 2005 and 3.5 in 2006. The French Government had

previously said that during the present year the deficit would not exceed 2.9 per cent and would be 2.7 per cent in 2006. If the *Le Monde* report turns out to be accurate it will breach the limit for the fourth and fifth consecutive years.

# US alerted to dangers of EU integration

By Ian Milne

An all-day conference took place in Washington on 28th June 2005 on the theme "Is the European Union in the interest of the United States of America?". It was held at the Heritage Foundation, one of the most powerful and prestigious think-tanks in America, and sponsored by Heritage, the Hudson Institute, the Discovery Institute (all American) and London-based Global Britain.

Since its birth in the 1950s, the project of European integration has enjoyed the unquestioning support of successive US administrations. The emerging EU was seen as good for peace and convenient for international diplomacy. However, questions as to the EU's present usefulness and future direction have been raised by recent events - the Iraq war, the EU's wish to end the Chinese arms embargo, its ambitions in space and the "no" votes in France and the Netherlands. The aim of the conference was to examine those

questions in unprecedented depth, so that US policymakers can travel the road ahead with their eyes open.

The idea for the conference came from Lord Pearson of Rannoch, who led the British team, which included the Rt Hon David Heathcoat-Amory MP, Shadow Minister for Work and Pensions, a former Minister for Europe and the Conservative delegate to the Convention which produced the now-moribund EU Constitution; Daniel Hannan MEP (Conservative), columnist on *The Sunday* and *Daily Telegraph* and *Die Welt*; Christopher Booker, the author and journalist; Ruth Lea, Director of the Centre for Policy Studies and prolific author; Andrew Cowgill, Deputy Director of the British Management Data Foundation; and Ian Milne, Director of Global Britain and chairman of *eurofacts*.

The US speakers included a serving Senator, The Honourable Gordon Smith, a former Chairman of the

Senate Foreign Relations Committee on the EU (Republican, Oregon); several former ministers in US administrations and many of the leading figures in the sponsoring think-tanks. Sessions were held on:

- The EU: "The Nature of the Beast".
- The Atlantic Alliance and National Security.
- The EU's Impact on US Business.
- The View from "New" Europe".
- European Courts Establishing Precedent in the US Supreme Court.

At the end of the final session Edwin Meese III, who served in Ronald Reagan's Cabinet, brilliantly summed up the proceedings and concluded that the answer to the question posed in the conference title was a clear "No".

## OECD warns Europe: Protectionism is a blind alley

The three biggest Eurozone countries - France, Germany and Italy - are expected to post the lowest economic growth in the region during the next two years according to a study by the Organisation for Economic Cooperation and Development (OECD) published on 28th June. Growth in those countries is likely to range from 1.1 to 2 per cent while unemployment is likely to remain between 8-10 per cent.

The OECD's annual Employment Outlook predicts that 14.8 million people will be out of a job in the EU's original '15' with the average jobless rate dipping only slightly - from 8.2 per

cent to 8 per cent during this period while unemployment in the UK is expected to remain under 5 per cent.

Job losses are an "inevitable accompaniment" to globalisation, the report says but also criticises those who blame poor economic performance on world factors when in fact the source of the problem is closer to home.

"Only a fraction of job losses recorded in OECD countries is likely to be directly attributable to trade and investment liberalisation", the report states. Claims that globalisation is the main cause of labour market problems experienced by OECD countries are

exaggerated.

Following French calls for protection and the maintenance of subsidies, John Martin the OECD's director for employment warns against the tempting allure of protectionism:

"Past experience shows that protectionist policies are a blind alley: countries that have been more open to trade have also tended to experience higher economic growth than less open economies." But the report also acknowledges that failure to implement much needed labour market reforms could compound present difficulties and erode public support for free trade.

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*The next issue of eurofacts will be published on 9th September 2005.  
We wish our readers a restful summer break.*

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# Why the European Union is vulnerable to the power of ideas

By John Mills

As the reverberations of the “No” votes on the Constitution in France and Holland slowly die down, it is becoming apparent that a seismic shift in opinion is taking place on how the EU managed to get to where it is now, where it might go in future and the role which Britain might or might not play in the future as a Member State.

For far too long, most people in the UK have assumed that there was nothing much that could be done about our terms of membership of the EU. They might not like our large net contributions to the budget, the Common Agricultural Policy, the decimation of our fisheries and the flood of unnecessary regulations from Brussels. The more thoughtful might be increasingly concerned about the erosion of democratic control over the way we are governed, the undermining of our longstanding legal system and the erosion of our national sovereignty. Radical changes to any of these apparently immovable facts of life, nevertheless, seemed, to most people, to be off the practical agenda.

Now cracks in this façade are beginning to appear in earnest. Many of those who only a few weeks ago expected that the Constitution would almost certainly be adopted, and who were therefore only too willing fulsomely to extol its supposed virtues, are only too happy to rubbish it now that it has been rejected in two major referendums. The mood is changing. The social and economic model which the EU exemplifies has clearly forfeited the trust of major swathes of its electorate. The prospect of radical change is now substantially greater than it was.

This presents the Eurosceptic movement with an unparalleled opportunity. We have very largely won the battle on the euro. The Constitution is dead, although there is still a vital rearguard action to be fought against piecemeal implementation of some parts of it. A policy vacuum has been

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## Alarming Drum: Britain's European Dilemma

By Peter Morgan

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created, which we need to fill. The question is whether we can muster the facts and the arguments to persuade the electorate and then Parliament that there is a much better future for Britain if we can disentangle ourselves from the EU political class's obsessions.

This is why all concerned with playing a part in this battle of ideas ought to read *Alarming Drum*. The Eurosceptic movement has always been good at marshalling facts and arguments to support its case, based on careful research and accurate quantitative analysis. *Alarming Drum* breaks new ground by adopting this approach on an even more thorough and extensive basis than most of the other contributions which have been made.

It tackles the record of the European Union and Britain's involvement in the EU from every angle. It traces its origins, noting the extent to which its objectives were always shrouded from exposure to ordinary people. It calls in question whether the creation of a United States of Europe ever made any sense, bearing in mind the impossibility of replacing the nation state as the building block for all successful polities. It chronicles the reasons why the proposed Constitution took the form it did and, although *Alarming Drum* was published before the French and Dutch referendum results, it conveys only too accurately the reasons why it got rejected.

Nor does *Alarming Drum* just concentrate on the past. It also looks ahead to explain with painful clarity why the future of the EU is all too likely to exemplify the same relative decline as we have seen over the last quarter of a century. Its institutional structure and the policies its leaders pursue are simply not orientated to dealing with the challenges that globalisation and the rise of the Pacific Rim nations mean that it needs to confront. The demographics of much of the EU, combined with inappropriate economic policies, particularly the Single Currency, present an alarming prospect of stagnant living standards, continuing unemployment and lack of social solidarity.

Perceptions of this sort are not new. What is outstanding about *Alarming Drum* is the thoroughness of its analytical approach and the statistical detail with which all these trends are tackled. This book is a mine of facts and data which are likely to be used by everyone writing or speaking about the EU for a long time to come.

The reality, of course, is that if there is going to be a radical change of policy towards the EU in Britain, this is only going to happen if there is a majority in Parliament in favour of voting for it. This state of affairs, in turn, is only going to materialise if enough people are persuaded of the case for a change of heart to enable the force of electoral opinion to make this happen. Persuasion, however, is generally a slow and iterative process. It requires the steady accumulation of sufficient arguments and facts to cause political tectonic plates to shift. In the end, it is the power of clearly expressed and convincing ideas which will carry the day. We are all indebted to Peter Morgan for his new book which makes an important contribution to this process.

*John Mills is Secretary of the Labour Euro-Safeguards Campaign*

# Brussels ‘a bureaucratic nightmare’

Are you horrified and mystified by the actions of the EU Commission? Do you regard the EU as being in a state of permanent crisis? If so, you could not be more right according to a former senior EU official.

In a letter to the *Financial Times* on 1st July Mr Jim Dougal, head of the EU's Belfast office from 1997 to 2002 and head of its UK representation from 2002 to 2004 said that he had quit his job in disgust last year:

*“What I found horrified and mystified me ...It became intolerable to work within what had come to seem like a bureaucratic nightmare”*, he said.

*“The crisis into which the EU has fallen since the French and Dutch referendums is not new. The Union and the Commission in particular have been in permanent crisis for at least 10*

*years...*

*“It is not just that the Commission fails to explain what the EU is for - difficult enough in the absence of a shared view. Its modus operandi displays an outrageous lack of common sense.”*

Compared to the EU Commission Whitehall appears “a model of simple efficiency”, he adds.

According to Mr Dougal the Commission doesn't understand Britain or how to sell itself to the British: *“The UK was seen as a particular challenge - a eurosceptic nation that needed to be brought into line. The approach was decided in Brussels by those who understood neither the nation or its media. The rules impeded communication and stifled initiative”*.

While few eurosceptics will quarrel with Mr Dougal's account of the

Brussels machine they will not necessarily agree with his remedy which, predictably, is “more leadership”. To the extent that a huge gulf has opened up between the citizens and the elites it is arguable that there has been too much leadership.

More curious is his sense of surprise that the Commission should behave as it does. Being unaccountable it is able to pursue its own interests. To outsiders its behaviour may seem ludicrous or irrational - especially when initiating absurd or unnecessary regulations - but once its motivation is understood - it can be seen that there is nothing irrational about it. It is no less rational than the ruthless treatment that it hands out to whistle-blowers - as Mr Dougal would have been forcefully reminded had he been rash enough to voice his criticisms before getting out.

## Compromise à la Française

The French Government may cling to the CAP like grim death but we cannot help be impressed by the fact that when it comes to defending vital national interests its members stick to their guns and maintain a common position - quite unlike their British counterparts (see page two).

Here is the French President, Jacques Chirac dealing with questions about the future of the CAP at a Press Conference on 10th June:

Q. - You've talked about honouring commitments, stressing that these commitments concern the Common Agricultural Policy. But wasn't the British rebate also a commitment and would you be ready to move on the Common Agricultural Policy - which, incidentally, doesn't seem to be that satisfactory to French farmers since a large majority of them voted “no” - in exchange for a movement on the

British side as well?

The President: *I'm ready for France to make her contribution, like the others, to a solution to the problems we're facing, but I claim the right to choose that contribution and I'm not prepared to compromise on the unanimous agreement concluded in 2002 on the Common Agricultural Policy. It's a point I'm not prepared to reconsider.*

Q. - All these questions are to an extent linked, which proves their pivotal importance: it doesn't seem very convincing to ask the British, in particular, to make an effort, while saying that our benefits are untouchable?

The President: *I have already answered the question.*

And here's Mme Catherine Colonna, Minister Delegate for European Affairs, answering reporters at a press

conference in Luxembourg two days later:

Q. - How serious does the European crisis have to get for France to agree to review the CAP agreement?

Mme Collona: *There will be no review of the CAP agreement. It was concluded in 2002 for the period up until 2013 and the efforts made, including the discipline, were made in agriculture before other areas. Now, it would be desirable to have the same discipline in other areas. Similarly, the necessary CAP reforms have already been undertaken. So the CAP isn't behind the times, it's ahead of them.*

Q. - So there's no need to reform the CAP?

Mme Colonna: *There's no need, the reform was carried out in 2003. There's no reform on the agenda.*

## EU agricultural protection twice US level

*“Farming in the EU is protected by an equivalent tariff barrier of 60 per cent, against a tariff equivalent of 30*

*per cent in the USA, according to OECD estimates verified by the European Commission.”* Patrick

Messierlin, Professor of Economics at Sciences-Po in Paris, in *Le Figaro*, 4th July.

# No legal redress for whistle-blower who was intimidated

*The European justice system has been used to help crush a critic of the Commission instead of compensating her for the damage done to her health and career*

This story, instalments of which have appeared in previous issues of *eurofacts*, reveals as much about the nature of the EU institutions as any set of economic data. For that reason it deserves to be told in full.

The story concerns Dorte Schmidt-Brown, a Danish economist who joined Eurostat in 1993 as a project manager and was later promoted to head of a section compiling industrial statistics. As such it was not her formal responsibility to ensure that the contracts she dealt with were above suspicion, but in 2001 she expressed deep concern about a number of contracts that had passed across her desk. Given the treatment handed out to other whistle-blowers this took considerable courage on the part of Mrs Schmidt-Brown.

Her concerns involved a company called Eurogramme which according to Mrs Schmidt-Brown had won contracts under false pretences since it lacked the resources to fulfil them. She also alleged that the company had subsequently delivered work of poor quality, half a year late.

## Corruption Allegations

At first her allegations were ignored but she was then transferred to another department which had no dealings with the company. The company continued to receive EU business. She then wrote a series of letters to Neil Kinnock, the EU-vice president who had promised a policy of 'zero-tolerance' following the resignation of the previous Commission, of which he was a member, following corruption allegations.

The following year Neil (now Lord) Kinnock wrote to Mrs Schmidt-Brown saying that her claims were "unfounded". Mrs Schmidt-Brown who has seldom spoken to the press told *Accountancy Age* in November 2003 that she had felt badly let down

by Kinnock whose job was to root out corruption and felt that she had been "hung out to dry". "I have sacrificed nearly four years of my life to this and suffered psychologically and physically as a result".

Following the complaints to Mr Kinnock Mrs Schmidt-Brown says she was subjected to a campaign of threats and harassment. She said that she had been treated as an outcast "and it got to the point where I was unable to enter my own place of work without my legs physically shaking. People often ask me if it has been worth it and from a personal point of view I have to say, on reflection, that no it hasn't but if you ask, if I would do it again, I wouldn't hesitate to state that I would."

## Nervous Breakdown

Following a nervous breakdown she returned home to Denmark on sick leave. She now lives on a 35,000 (£24,140) a year invalidity pension.

Her claims led to an investigation which revealed "a vast enterprise of looting" involving around £3mn in EU funds.

Despite his earlier dismissal of her claims as being without foundation Lord Kinnock later acknowledged that she had been treated "disgracefully" and sent her a personal note of apology.

However, all of those accused of wrong doing continue to work for the EU or have retired on handsome pensions. The only individuals who have suffered are the whistle-blower herself and Hans Martin Tillick, the German journalist who broke the story and who was later arrested on trumped-up charges.

The latest instalment of this story came on the 5th July of this year. Mrs Schmidt-Brown's claim for redress was refused by the European Court of First Instance which also ordered her to pay her own costs which run into thousands of euros, despite the fact that

her claims have turned out to be correct in every detail.

What conclusions can be drawn from this story? First, that the policy of zero-tolerance is not merely a sham, but the exact opposite of what occurs. The only thing that will not be tolerated is the 'unauthorised' exposure of wrongdoing. Second, that the duty of care that employers owe their employees will be withdrawn in the case of EU staff who are not prepared to cover-up the criminal activity of their colleagues. Third, that the EU judicial system, far from protecting individuals who risk their careers and their health by exposing fraud or other wrong doing, may be used to help crush them rather than to dispense justice. Fourth, that all EU staff now know what awaits them if they speak out to expose fraud and will consequently need even more courage than Mrs Schmidt-Brown to do so.

## No Protection

As might have been expected there was no comment on the Court's refusal to compensate Mrs Schmidt-Brown from Lord Kinnock, the man to whom Mrs Schmidt-Brown looked in vain for protection.

Mrs Schmidt-Brown is still unable to work and lives on a pension representing a fraction of what a qualified senior economist might expect to earn. Neil Kinnock, who was created a peer in January 2005 (despite his declared life-long contempt for the House of Lords) is receiving an EU pay-off of about £277,000 over the next three years followed by an annual pension of £63,900 a year for life. This is in addition to the pension he receives from his 25 years as an MP at Westminster.

## Peers debate the French No vote

**Lord Waddington:** The real risk is not so much that the constitution will be implemented by the back door; it is that the Commission and others will just go on behaving as if nothing whatever has happened. We are told ...that the Fundamental Rights Agency is being set up in Vienna, even though without the constitution it has no legal status. We are told that John Bruton is in Washington acting as if he were the EU ambassador; and that Mr Solana is comporting himself as though already he was the European Minister for Foreign Affairs. The Government have the power to just say "No" to that sort of nonsense, and we are entitled to an assurance that they will.

Without the constitution in force, the EU has no legal authority whatever during a period of reflection to do any of those things. It is the Government's job to see that the EU does not act without proper legal authority...

I have another concern that the Government will pick out of the constitution superficially attractive bits and promote them on the assumption that no one could possibly object because they are really awfully good things. Might I therefore also have an assurance that the paltry provision giving one third of national Parliaments the right to require the Commission to review a proposal and then carry on as if nothing has happened will not be picked out and presented as a great reform? ... We need real, not fake, proposals to enhance the role of national Parliaments.

**Lord Stevens of Ludgate:** We must face the realities of the situation. Brussels is in chaos. If I had a company whose accounts had not been fully approved for 10 years, I would probably be in jail by now. What happens in Brussels? The whistle-blower gets sacked. The Parliament is so indecisive that it cannot decide whether to meet in Brussels or Strasbourg at huge expense and inefficiency. Our new EC Commissioner, Mr Mandelson, is now

giving the UK Government public advice on how to deal with EU problems - a somewhat inappropriate position to be in. Since the Government do not appear to know what to do, perhaps that is no bad thing....

The Euro-sceptics or xenophobes - Conservative Central Office denounced UKIP as gadflies, but perhaps "gadflies" would be more appropriate now - have a case, and are prepared to back it up with rather more than a vague comment about nationhood. I shall not bore the House by giving many reasons, but let me repeat one. Why should we become fully integrated into an EU with a rapidly ageing and declining population? For example, 50 per cent of the German federal budget will be spent on old age pensioners if nothing is changed by 2050. Do we really want to be held back by that?

The EU should be a free trade area in goods, services and capital. It should not seek to harmonise taxes, social policy, working hours, retirement ages and many other things. It should not protect its domestic industries. The best way for the EU to foster growth is to do less, not more. Abolishing CAP should be a start, as it keeps the exports of developing countries out of the EU while encouraging fraud. The World Bank estimates the cost of CAP to the developing world at \$20 billion a year. Why not deal with third world debt that way rather than cancelling it? Feed the poor, scrap the CAP.

**Lord Willoughby de Broke:** Why did we ever agree to allow the European Commission to have the sole prerogative of framing EU laws, which now cover more than 60 per cent of all our legislation? Why are we so spineless about that? Why do we let these unelected political retreads tell us how to hold a ladder, what we should do with our land, how many fish we can catch, how many hours we can work? How did we ever agree to make it a crime to sell vegetables, fruit and meat in pounds? It is astonishing. But I

remind your Lordships that it was not the people of this country who agreed to that. They were never asked. They have been let down by their political leaders and their inability to tell the truth about where the European project has been leading and how much power we have been giving away.

If the EU is to continue at all ...it should be more of an inter-governmental organisation, whereby sovereign governments, with the agreement and authority of their people, could co-operate on a range of policies agreed between themselves. I do not believe that we would need the European Commission at all, unless it was a very slimmed down version called something like the secretariat, to oversee the implementation of intergovernmental regulations. The European Parliament would, of course, be redundant and would be abolished. All the Euro-paraphernalia, such as flags and anthem, and all the supranational trappings and accretions of power that the European Union has gathered to itself in the *acquis* should go. The Government and the Prime Minister really ought to welcome this sort of reform and they should fight for it. Many speakers today have said this and I support them.

Above all - this is an extremely important point - Westminster would regain respect through more inter-governmentalism. I am sorry to say that, in parliamentary terms, we have become political eunuchs. Parliament is largely nothing more than a rubber stamp for European directives and regulations. We cannot change them. If we do, we risk fines in the European Court of Justice. It is time that we became, once again, a representative body that is accountable to its electors. As a by-product of being a sovereign parliament, we might even see an increased interest in politics and the political process.

HANSARD -

**House of Lords 21st June 2005**

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# EU Budget:

## No one knows where the money goes

The last issue of *eurofacts* (on page 3, 8th July 2005) contained an article "Contributions to Brussels", written just before the Government published its annual report on the matter\*. *The eurofacts* Data Sheet No 10 distributed with this edition, using the just-published Treasury data, tabulates the most recent figures for EU countries' net receipts and net contributions to the EU Budget.

On page 19 of the Treasury report the Government confirms that the EU Court of Auditors is unable to audit an

almost unbelievable 94 (ninety-four!) per cent of EU expenditure (see the front-page article in the last issue of *eurofacts*).

The Treasury report also states, in the pie-chart on page 6, that 46.2 per cent of the "2005 EC Budget" will be spent on "Agriculture Policy" - an even higher percentage than the Prime Minister has been quoting recently.

For those who are interested, the Treasury's 43-page report contains a wealth of other information about the workings of the infamous EU Budget.

Worth getting hold of (details below).

*\*European Community Finances: Statement on the 2005 EC Budget and measures to counter fraud and financial mismanagement:* HM Treasury: Cm 6580: June 2005. [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

Enquiries to: Correspondence and Enquiry Unit, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ: Tel: 020 7270 4558; email: [public.enquiries@hm-treasury.gov.uk](mailto:public.enquiries@hm-treasury.gov.uk)

## Votes cast in General Elections

At the last General Election the number of registered voters was 44,110,782. UKIP, the Lib-Dems and Conservatives increased the number of votes cast compared with 2001. Labour's votes shrank. The figures:

<i><b>UKIP votes in General Elections</b></i>			
	1997	2001	2005
Votes ('000)	106	391	603
Per cent of vote	0.3%	1.5%	2.2%
Candidates	193	428	496
<i><b>Other parties' votes in General Elections</b></i>			
	1997	2001	2005
Votes (millions)			
Labour	13.5	10.7	9.5
Conservative	9.6	8.4	8.8
Lib-Dem	5.2	5.8	6.0
<i>Source: House of Commons Library Research Paper 05/33</i>			

## Just fancy that...

Remember how the Maastricht Treaty said (at Article 109[4]) joining the single currency was "irrevocable"?

It turns out that it isn't after all. On 4th July 2005 the former deputy

president of the European Central Bank, Christian Noyer, who's now Governor of the Bank of France and presumably knows what he's talking about, was asked by a French parliamentary committee whether a

country could leave the Eurozone. "Yes", said Noyer, "countries remain sovereign".

Interesting that such questions are now being asked, in all seriousness, in, of all places, the French parliament.

## Ten countries against the Constitution

Following the no vote in France and Holland polling data suggests that there is now a majority against the European Constitution in at least ten

countries. Apart from France and Holland there is a majority against ratification in Austria, the Czech republic, Denmark, Estonia, Germany,

Greece, Ireland and the United Kingdom. The full polling data is set out on the European No Campaign website : [www.europeancampaign.com](http://www.europeancampaign.com)

# LETTERS

Tel: 08456 12 12 65 Fax: 08456 12 12 75 email: [eurofacts@junepress.com](mailto:eurofacts@junepress.com)

## Democracy Movement goes on the Offensive

Dear Sir,

As a consequence of the recent referendum results in France and Holland and the indefinite postponement of the attempt to ratify the EU Constitution here, the Democracy Movement is shifting gear. We are now going onto the offensive against the whole EU project rather than continuing the defensive action we have been engaged in for the past 8 years.

Until now, we have been pre-occupied with sustaining a broad-based coalition to try and prevent a succession of actual and proposed transfers of powers from our Parliament to Brussels: the single currency, the Amsterdam treaty, the Nice treaty and the Constitution. In the light of the extraordinary referendum results, together with the crisis over the EU budget, Britain's £3billion rebate and conflict over the CAP, the centre of political gravity has finally shifted in our direction. Now it is the supporters of the status quo who are under pressure and the assumptions underlying the very existence of the EU are being questioned for the first time by a much wider circle of people than has been the case hitherto.

The Democracy Movement is capitalising on this moment to launch a new campaign called Vision Europe: Moving Beyond the Outdated EU. Our first leaflet in what we hope will be a rolling series of initiatives linked to this drive puts forward a positive new proposal: the creation of a new successor body to the EU called Europe of Democracies. This organisation would effectively fuse the already existing European Free Trade Area and the Council of Europe. It would facilitate co-operation in a whole range of areas between European governments but, unlike the EU, would have no law-making powers and no central budget. The national

parliaments would become legally supreme once again. No government could be obliged to implement policies they objected to.

Vision Europe is designed to provoke a debate across the country. We believe that once the alternative proposal we are advocating is communicated through the distribution of literature, the organising of debates, letters to the local press and other media interventions, an intellectual forest fire will start raging. The British public is now much better informed about the EU and potentially receptive to arguments positing an alternative future for Britain because of recent events. Now is the time for us to strike out in this new, positive direction.

Not until public opinion really starts to shift in an alternative direction will the mainstream political parties, national media, major trades unions and business organisations start to question the automatic assumption that 'there is no alternative to the European Union'.

MARC GLENDENING  
Campaign Director  
Democracy Movement  
London

## What is going on behind our backs?

Dear Sir,

The headline, "Why cherry-picking is a very bad idea" (*eurofacts*, 24th June) prompts me to tell you of a recent experience.

On 3rd June I attended a meeting of our local branch of the North Oxon. Conservative Party at which James Elles MEP was present to respond to a Q&A session. I asked the following question:

*"It appears that certain clauses in the now defunct Constitution are being, or intended to be, enacted ultra vires. Can you assure us that none of these measures will be so enacted as to do so would be in flagrant breach of basic democratic*

*principles?"*

Mr Elles's reply was to the effect that none would be so enacted unless 'unanimously agreed by members of the EU Council'. As examples, he cited "Changes to the Voting System" and "Reference to the Charter of Fundamental Rights". He did not demur when I suggested that the issues of the EU Foreign Minister and Diplomatic Service were being similarly processed. I was not allowed more time to expand or follow the issue through to some conclusion.

The question arose in my mind was not so much why referenda had ever been mooted; but why parliamentary ratification had had to be sought! From Mr Elles's words, it seems that the Council of Ministers could have passed the whole Constitution at a sitting.

This whole experience has turned my earlier concern about the Constitution to a feeling of anxiety over exactly what is going on behind our backs. Are we all going to wake up one morning to find that it has been legalised without even parliamentary discussion? This is an area, I feel, that merits close and continuous scrutiny.

MARTIN ROWE  
Oxon

## Will the EU share Yugoslavia's fate?

Dear Sir,

Gerald Frost reviews Paul Belien's book "A Throne in Brussels" (*eurofacts*, 24th June 2005), in which the author compares the EU to the kingdom of Belgium.

It could also be compared to Tito's Yugoslavia, a multi-ethnic, multi-everything country cobbled together from communities riven with ancient hatreds. It even had, like the EU, a rotating presidency. Will the EU suffer Yugoslavia's fate?

GEORGE SASSOON  
Wiltshire

# MEETINGS

**Gresham College**  
020-7831 0575

Tuesday **20th Sept. 2005**, 6.00 pm

“Alternative Electoral Systems”  
**Professor Vernon Bogdanor FBA**  
CBE, *Gresham Professor of Law*

PUBLIC MEETING  
Barnard's Inn Hall, Holburn, London  
**Admission Free**

**Gresham College**  
020-7831 0575

Wednesday **28th Sept. 2005**, 6.00 pm

“Leadership and Change:  
Prime Ministers in the Post-War World”  
**Professor Vernon Bogdanor FBA**  
CBE, *Gresham Professor of Law*  
**Response, Philip Ziegler**

PUBLIC MEETING  
Staple Inn Hall, High Holburn, London  
**Admission Free**

## FRINGE MEETINGS

**Conservative Conference. Blackpool**

**The Freedom Association**  
01746 861267

Tuesday **4th October 2005**,  
1.00 pm

“The welfare state we're in”  
**James Bartholomew, Author and**  
*journalist*

The Regency Suite  
The Ruskin Hotel, Albert Road  
**Admission Free**

**The Freedom Association**  
01746 861267

Wednesday **5th October 2005**,  
1.00 pm

“Why we should leave the European  
Union”  
**Philip Davies MP, Shipley**  
**Christopher Gill, Hon Chairman, TFA**

The Regency Suite  
The Ruskin Hotel, Albert Road  
**Admission Free**

## USEFUL WEB SITES

**British Declaration of Independence**

[www.bdicampaign.org](http://www.bdicampaign.org)

**British Democracy Campaign**

[www.britishdemocracycampaign.co.uk](http://www.britishdemocracycampaign.co.uk)

**British Weights & Measures Assoc.**

[www.bwmaOnline.com](http://www.bwmaOnline.com)

**Bruges Group**

[www.brugesgroup.com](http://www.brugesgroup.com)

**Campaign Against Euro-Federalism**

[www.caef.org.uk](http://www.caef.org.uk)

**Campaign for an Independent Britain**

[www.cibhq.co.uk](http://www.cibhq.co.uk)

**Congress for Democracy**

[congressfordemocracy.org](http://congressfordemocracy.org)

**Democracy Movement**

[www.democracymovement.org.uk](http://www.democracymovement.org.uk)

**Democratic Nations in Danger**

[freenations.freeuk.com](http://freenations.freeuk.com)

**EU Observer**

[www.euobserver.com](http://www.euobserver.com)

**EU Referendum**

[http://euroreferendum.blogspot.com](http://http://euroreferendum.blogspot.com)

**European Commission (London)**

[www.cec.org.uk](http://www.cec.org.uk)

**European Foundation**

[www.europeanfoundation.org](http://www.europeanfoundation.org)

**European No Campaign**

[www.europeannocampaign.com](http://www.europeannocampaign.com)

**Facts, Figures & Phantasies**

[www.eufactsfigures.com](http://www.eufactsfigures.com)

**Foreign Affairs**

[www.foreignaffairs.org](http://www.foreignaffairs.org)

**Freedom Association**

[www.tfa.net](http://www.tfa.net)

**Freedom UK**

[www.taylor.co.uk/eu/](http://www.taylor.co.uk/eu/)

**Global Britain**

[www.globalbritain.org](http://www.globalbritain.org)

**June Press (Publications)**

[www.junepress.com](http://www.junepress.com)

**Labour Euro-Safeguards Campaign**

[www.lesc.org.uk](http://www.lesc.org.uk)

**New Alliance**

[www.newalliance.org.uk](http://www.newalliance.org.uk)

**Regional Assemblies**

[www.regionalassemblies.co.uk](http://www.regionalassemblies.co.uk)

**Save Britain's Fish**

[www.savebritfish.org.uk](http://www.savebritfish.org.uk)

**Sovereignty**

[www.sovereignty.org.uk](http://www.sovereignty.org.uk)

**Statewatch**

[www.statewatch.org](http://www.statewatch.org)

**The People's "No" Campaign**

[www.thepeoplesnocampaign.co.uk](http://www.thepeoplesnocampaign.co.uk)

**Trade Unionists against the EU**

**Constitution**

[www.tuaeuc.org.uk](http://www.tuaeuc.org.uk)

**United Kingdom Independence Party**

[www.ukip.org](http://www.ukip.org)

**Vote No**

[www.vote-no.com](http://www.vote-no.com)

## DIARY OF EVENTS

### 2005

German **Mid-September**  
Parliamentary Elections  
(to be confirmed)

Liberal Democrats **17-22nd September**  
Party Conference

Labour Party **25-29th September**  
Conference

Danish referendum **27th September**  
on European Constitution

Conservative Party **3-6th October**  
Conference

United Kingdom **7-8th October**  
Independence Party  
Conference

UK Parliamentary **10th October**  
Recess Ends

ECOFIN meeting **11th October**

GAERC meeting **14-15th October**

ECOFIN meeting **8th November**

GAERC meeting **21-22nd November**

ECOFIN meeting **24th November**

ECOFIN meeting **6th December**

GAERC meeting **12-13th December**

Portugal referendum **December**  
on the European Constitution  
(to be confirmed)

### 2006

Austria takes over **1st January**  
EU presidency

Finland takes over **1st July**  
EU presidency

European Constitution **31st October**  
(Final date for ratification)

**Britain and the European Union:  
Alternative Futures**

by Mark Baimbridge, Brian Burkitt and Philip Whyman. **£7.50**

A critical analysis of UK membership, with credible alternative options.

**A Throne in Brussels**

by Paul Belien. *Hdbk* **£25.00**

A penetrating historical analysis which warns that the EU is heading the way of Belgium.

**The Case for Commonwealth Free Trade**

by Brent Cameron. **£11.26**

The Canadian author explores at length the pros, cons and practicalities of a Commonwealth Free Trade.

**The Great Abdication**

by Alexander Deane. **£8.95**

The strap line explains all. "Why Britain's decline is the fault of the middle class".

**Guide To The European Union**

by Revd. Philip Foster. **£1.50**

The EU and the Constitution in detail.

**The ECB and the Euro:**

**The First Five Years**

by Otmar Issing. **£10.00**

An upbeat assessment of the euro by a member of the European Central Bank.

**The Missing Heart of Europe**

Does Britain hold the key to the future of the Continent?

by Thomas Kremer. **£11.99**

Can nation states flourish in an integrated Greater Europe? A European businessman's view of the likely impact of divergent national cultures.

**The New Case for Europe:**

The Crisis in British pro-Europeanism and How to Overcome it

by Roger Liddle. **£6.95**

Roger Liddle was the Prime Minister's policy adviser on Europe 1997-2004.

**Who's Afraid of a European Constitution?**

by Neil MacCormick. **£8.95**

This book by a member of the European Convention on the Future of Europe and former MEP describes the nature and purpose of the European Convention.

**Should Britain Leave The EU**

by Patrick Minford, Vidya Mahabare and Eric Nowell **£15.95**

An economic analysis of the relationship.

**Alarming Drum**

**Britain's European Dilemma**

by Peter Morgan. *Hdbk* **£19.95**

An analysis of Britain's relationship with the EU, Director-General of the IoD (1989-1994) proposes alternatives to current failing EU.

**Plan B For Europe - Lost Opportunities in the EU Constitution**

Edited by Lee Rotherham **£7.00**

A collection of key Eurocritical papers and speeches, which mark the path to an alternative Treaty for Europe.

**A Guide to the Treaty Establishing a Constitution for Europe**

by Stuart Sexton. **£5.00**

A layman's guide explains in simple language the essentials of the Treaty.

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**EEC Entry Campaign 1970-72**

by Independent compiler **£2.00**

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