

## All you need to know about the ‘sovereignty Bill’...

*...which is that it does little to protect UK sovereignty from attack by the EU*

The Government has published the much vaunted “sovereignty Bill”, the centrepiece of its promise to stand up to the EU and stop the Brussels juggernaut in its tracks. As many of us suspected, however, the Bill is rather stronger in rhetoric than in substance – indeed, it is so vague and so full of weasel words that under its terms any change in our state of subservience to the EU will be pretty well imperceptible.

Indeed, it looks to us as if the Bill merely serves to solidify the position in which we already find ourselves.

What follows comes directly from the official fact sheet issued to accompany the publication of the Bill.

### **This Bill will not:**

*Weaken the role the UK plays in the EU.*

The Government remains committed to playing a strong, positive and active role in the European Union. We want an open external market, and support the negotiation of EU new Free Trade Agreements with key trading partners such as India, China and Korea. We want to strengthen and expand the single market, including the energy market, in order to deliver growth. We

want to promote a resource efficient, low carbon EU economy. And we want to work through the EU to achieve our international objectives.

*Lead to a referendum on countries wishing to join the EU.*

The accession of a Member State to the EU has no impact on the powers or competences of the EU in relation to the UK.

*Lead to a referendum on the Lisbon Treaty.*

The Lisbon Treaty has already been ratified and has entered into force. The UK Government could not give effect to the result of such a referendum as it would make no difference to the EU status of the Treaties.

*Lead to a referendum on EU membership.*

This Government believes that membership of the EU is in the UK’s national interest. We intend to champion vigorously the interests of the UK and play an active role in the EU. We believe the EU needs to change to do things better, and we are confident in Britain’s ability to move the EU in the right direction.

### **This Bill will:**

*Ensure that if in the future there is a new change to the EU Treaties that*

*moves a power or an area of policy from the UK to the EU, then the Government will have to have the British people’s consent in a national referendum before it can be agreed: the “referendum lock”.*

*Give Parliament more say over important EU decisions. Government will have to pass primary legislation before it can give final agreement to the use of certain key parts of the existing Treaties known as ratchet clauses or “passerelles” (which means “bridging clause”).*

*Make clear that EU law only takes effect in the UK because of the will of Parliament, i.e. that Parliament is sovereign.*

More revealing in terms of the marginal difference this Bill will make are the Government’s responses to the questions it believes people will have:

*How can we be sure that any change involving a transfer of power or competence will trigger a referendum?*

Ministers will have to decide whether any Treaty change would transfer power or competence from the UK to the EU and make a reasoned statement

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explaining their decision. As with all Ministerial decisions this would be open to legal challenge through judicial review. Some changes would always trigger a referendum e.g. a decision to give up a significant veto or to join the euro or to give up our border controls. *What about Treaty changes which don't require a referendum?*

Any Treaty change, however small, will be subject to approval by an Act of Parliament.

*Will this produce lots of costly referendums?*

No. The Coalition Agreement makes clear that there will be no transfers of powers or competence for the duration of this Parliament. And historically Treaty changes which transfer powers or competence from the UK to the EU

have not been frequent.

*What does the Bill say about sovereignty?*

The Bill makes clear that EU law only takes effect in the UK by virtue of Acts of Parliament. This is a declaratory provision and does not change the existing relationship between EU and UK law or the rights and obligations applying to the UK as a Member State of the EU.

*Why are you doing this?*

Setting out categorically that European Union law takes effect in the UK by virtue of the Acts of Parliament puts the matter beyond future speculation and will assist the courts by providing clarity about Parliament's intentions.

*Will this affect the primacy of EU law?*

No. Under EU law, national laws,

including Acts of Parliament, must be interpreted so as to comply with EU rules and where this cannot be done EU law takes precedence. That is what primacy means.

The principle of primacy was established prior to the UK joining the European Communities. By approving UK membership of the European Communities Parliament accepted this. This does not impact on Parliamentary sovereignty.

In view of all the foregoing, we advise readers not to hold their breath waiting for a referendum. There are so many get-out clauses that the subtleties of the Lisbon Treaty will ensure Brussels can continue to behave as it always has – and we already know that we cannot rely on Parliament to say no.

## Payouts for ‘globalisation’ just keep on mounting

The famous European Globalisation Adjustment Fund, which we have already featured three times, continues on its profligate way. The tally is mounting steadily towards the €500 million the EU has set aside for some of the casualties of the over-regulated, inflexible and uncompetitive economies of the Union. As we have pointed out, most of this money is going not to Europe's poorest countries, but to some of the richest.

Last month the Budgets Committee of the European Parliament approved €10.5 million in aid to more than 3,000 people in the Netherlands who lost their printing and publishing sector jobs “because of the economic crisis”.

Quite what that situation has to do with the effects of globalisation is not immediately clear – until we remember that the EU is blaming everybody but itself for the current economic mess

that is costing workers their jobs. Anyway, the aid is intended help them to find new jobs through measures including “recognition of prior experience, training and re-training, job-to-job accompaniment and support for business creation.” Not quite Norman Tebbit's bicycling style, then.

The Budgets Committee went on to approve a payout of €2,247,940 to Slovenia to help 2,554 former workers at the Mura European Fashion Design company to find new jobs and a further €8,308,555 to Germany for 1,181 former workers at the printing machinery plants of the firm Heidelberger Druckmaschinen.

It seems to us that this fund is typical of the way the EU operates, largely by throwing money at any problems it encounters. In this case, globalisation is not exactly a new phenomenon, but, rather than looking at European

economic models, labour markets, pricing and processes to discover why so often they appear to be unable to compete in world markets, and to do something about it, Brussels prefers to compensate countries for their failures – as if it is all someone else's fault.

It is particularly insulting that Germany, Europe's most successful exporter and strongest economy, which obviously is a serious competitor in international trade, should be receiving millions of euros in compensation for some of its companies' inability to adjust to changing market conditions.

The best way to help Europe's workers is to make sure the industries of the continent are fit to face the challenges of a fundamental shift in the world economic order – not to “pay” them for losing their jobs when that comes about as a result of management and systemic inadequacies.

# Waffle, myth and fear: that's the EU

Politicians pretend that Britain belongs in the EU, although its people overwhelmingly distrust it. That belief in turn engenders another belief that trading is widened and that membership underwrites the employments of millions. Both beliefs are myths.

The Common Agricultural Policy dominates expenditure but is seldom discussed. In the 1970s it constituted 90 per cent of a smaller budget and now 40 per cent of a much larger one. It is roughly estimated that consumers are burdened with about £30 per week by this policy.

Richard Cobden explained in the House of Commons during 1844 that import restrictions of corn increased prices above their natural, market level. To measure the effect on agriculture, he distinguished between tenant farmers and farm owners, likening the distinction to that between seamen and ship owners, who had different interests.

Any public subsidy of whatever form has the same effect. The tenant farmer derives no benefit, for that passes to the landowner in the form of increased rent. Thus the CAP supports not agriculture, but landowning. A gigantic fraud is being practised on taxpayer and consumer by pretending that this vast expenditure supports their food by subsidising landowners. Were the CAP

curtailed, agriculture would benefit by a diminution in rent, allowing more people to enter agriculture as entrepreneurs.

The CAP is a complex system open to fraud of many kinds and is expensive to administer. It discourages trade with the agricultural producers of the Third World who live in warmer or different climes. If their foods are barred by external tariffs, the counterpart exports are forgone. The world is riven by the unjust and unnecessary protection that landowners have secured in Europe and the US under the name of agriculture. It matters not that protection here derives from the EU or from domestic protection, as was introduced after the Second World War, for the effects are the same.

It is inferred that this wretched policy is the price paid by the British people for their membership of a large trading group. The Single Market is presented as the jewel in the EU territory that covers a corner of the globe. Free trade cannot be manufactured by politicians negotiating international deals. The phrase means trade free of political interference.

State protectionism was developed by its champion, Jean Colbert, who served as the financial minister of Louis XIV. From the beginning of the 18th century French merchants demanded of government *laissez-faire* (leave trade

alone). By mid-century a number of French writers had developed the classic concept of free trade that demolishes the commercial operation of protectionism and in 1764 the French government introduced free trade in grain. The repeal of the corn campaign in Britain in the 1830s and 1840s followed the same road, until protectionism was restored in 1932.

Nations do not trade. To revert to free trade is not returning to a former age. It would look to the future by removing such unnecessary absurdities as the EU and the World Trade Organisation, both of which are creatures of interfering and ineffective socialism. Historians will wonder why, having mastered the idea of free trade, the French and British adopted its diametric opposite.

It was fear that led to the formation and fear that prevents British people leaving; fear that the EU will block exports produced in Britain. But these are in turn imports by customers in the EU. Europe's power to retaliate against an escapee is limited by the demands of its importers.

To remain a member of the EU, British people need believe political waffle and fear. To leave demands the clear thinking and courage that the EU detests.

**Malcolm Hill**

*THE EUROPEAN COUNCIL has adopted a regulation aimed at ensuring uniform protection of euro coins.*

*The new regulation sets up in legally binding form a common method for verifying that euro coins are authentic and fit for circulation. It follows a regulation requiring credit institutions and other payment service providers to ensure that euro notes and coins they have received and intend to put back into circulation are checked for authenticity. Euro coins must now be authenticated by*

*means of coin processing equipment that has passed a detection test.*

*Member states will also be obliged to remove from circulation not only counterfeits but also those genuine euro coins that have become unfit due to long circulation or accident or any other reason.*

*We say, it's a pity they can't guarantee that the euro is an authentic currency still fit for circulation and definitely not damaged or counterfeit.*

# Why are we throwing money at Ireland?

A number of British politicians and their friends in the media appear to be justifying the throwing of yet more British taxpayers' money at "Europe" on the (spurious) grounds that the British and Irish economies are so closely entwined that a deepening of Ireland's "crisis" would damage the UK.

The facts are as follows:-

- The pound massively devalued against the euro in 2007/8, by around 25 per cent. Throughout calendar 2009 the exchange rate remained at roughly £1 = €1.12. (*currently, £1 = €1.16*)
- In 2009, Ireland was the UK's fourth biggest export market in EU-26, and the UK's fourth biggest supplier of UK imports from EU-26<sup>1</sup>. UK exports<sup>2</sup> to and imports<sup>2</sup> from Germany, France and the Netherlands were bigger than those to and from Ireland.

- In 2009, the UK had a modest trade surplus (£2.7 billion) with Ireland.
- In 2009, UK exports<sup>2</sup> to Ireland, of £28.7 billion, represented 10.3 per cent of all UK exports to EU-26 (£277 billion) and 5 per cent of all UK exports worldwide (£577.3 billion).
- In 2009, UK imports<sup>2</sup> from Ireland, of £26 billion, represented 8.9 per cent of all UK imports<sup>2</sup> from EU-26 (£291.4 billion).

The proportion of the British **economy** involved in exporting to the EU-26 is 10 per cent<sup>3</sup> or less.

Taking the 10 per cent figure, it follows that the proportion of the British economy involved in exporting to Ireland is 1.03 per cent [ $10.0\% \times 10.3\% = 1.03\%$ ].

## Notes and References

1. *The Pink Book 2010*, 31st July 2010, [www.statistics.gov.uk](http://www.statistics.gov.uk) > Economy >

Balance of Payments > The Pink Book 2010, Table 9.1 p 132.

2. *Goods, Services, [receipts of] Income, Transfers*: in other words all credits (or debits) on current account.

3. *Global Britain Briefing Note No. 67*: Less than 10 per cent of the British economy is involved in exporting to the EU [*to be published shortly*]

Ian Milne

UK Exports Worldwide in 2009

1	USA	£104 bn	18%
2	Germany	£46 bn	8%
3	Netherlands	£44 bn	8%
4	France	£36 bn	6%
5	Ireland	£29 bn	5%
6	Spain	£20 bn	3%
7	Switzerland	£18 bn	3%
8	Italy	£17 bn	3%

## Our benefit from the EU – a £260bn trade deficit

The Government has confirmed that, far from UK trade benefitting enormously from membership of the EU, we are running a vast accumulated trade deficit of £260 billion with our European "partners".

The details emerged from a question in the House of Lords by Lord Stoddart of Swindon, who asked the Government for figures showing the UK's trade position with Europe between 2000 and 2009, broken down to cover manufacturing, services and goods and services.

The Government said it would respond by means of a letter from the Office for National Statistics. Lord Stoddart duly received a reply from Stephen Penneck, Director General of the ONS. The letter revealed that:

"The cumulative trade deficit for total goods with the European Union member states over the period 2000 to 2009 was £283.4 billion. [*see table*]

"Within this, the cumulative trade deficit for total manufactured goods

with the European Union member states over the period 2000 to 2009 was £279.7 billion. The cumulative trade surplus for services with the European Union member states over the period 2000 to 2009 was £23.2 billion. The cumulative trade deficit for goods and services with the European Union member states over the period 2000 to 2009 was £260.2 billion."

Lord Stoddart was naturally less than

impressed by these results of EU membership. He said: "These figures speak for themselves and expose the lie that being in the EU brings Britain trade 'benefits'.

"These shocking trade figures, together with the disastrous performance of the euro, for which we are having to pick up the bill, more than ever indicate that it is time for us to pull out of the EU."

£ billion	Goods	Manufactured Goods	Services	Goods & Services
2000	-5.2	-6.5	-1.6	-6.8
2001	-12.6	-13.6	-0.8	-13.4
2002	-22.2	-22.5	-1.4	-23.6
2003	-26.1	-25.6	-1.1	-27.3
2004	-30.9	-29.6	0.5	-30.3
2005	-36.7	-35.5	-0.7	-37.4
2006	-31.4	-32.3	1.8	-29.6
2007	-42.0	-39.9	6.8	-35.2
2008	-39.2	-39.3	10.7	-28.6
2009	-37.2	-34.9	9.2	-28.0
2000-2009	-283.4	-279.7	23.2	-260.2

Source: ONS

## Empty words on EU democracy

**T**he Independent Labour Peer Lord Stoddart of Swindon has poured scorn on a claim by the Government that EU decisions are made “as openly as possible and as closely as possible to the citizen”.

Commenting after a question he asked in the Lords last month about the Lisbon Treaty, Lord Stoddart said: “The EU is fundamentally anti-democratic and the Foreign Office can quote empty words from EU treaties until it is blue in the face but that isn’t going to change one iota”.

*Hansard 15th November 2010*

**Lord Stoddart of Swindon:** *To ask Her Majesty’s Government what is their assessment of the part of the Lisbon treaty which refers to ever*

*closer union.* [HL3467]

**The Minister of State, Foreign and Commonwealth Office (Lord Howell of Guildford):** *References to “ever closer union” have been included in the Rome, Maastricht and Amsterdam treaties. They were not altered by the treaty of Lisbon.*

*In referring to “creating an ever closer union among the peoples of Europe” the same clauses of the treaty on European Union also state “in which decisions are taken as closely as possible to the citizen in accordance with the principle of subsidiarity” and “in which decisions are taken as openly as possible and as closely as possible to the citizen”.*

Afterwards Lord Stoddart commented:

“Lord Howell, who speaks for the Foreign Office, is demonstrating that he and his colleagues do not live in the real world. The EU has time and again demonstrated that it is a top-down organisation run by an unelected political elite that has no interest in the views of ordinary people.

“There can be no better examples of this than the way referendum results are either ignored or nations are bullied into holding the referendum again, if the result isn’t the ‘right one’ for the European Commission.

“We saw this in France and the Netherlands where emphatic ‘no’ votes on the EU Constitution were ignored and then Ireland, after it voted ‘no’ to the Lisbon Treaty, was bullied into holding the referendum again.”

## Where’s Turkey? A lesson in geography, Euro-style

*Hansard 2nd November 2010*

**Lord Stoddart of Swindon:** *To ask Her Majesty’s Government, further to the Written Answer by Lord Howell of Guildford on 20th October concerning the admission of Turkey to the European Union, how they are able to define Turkey as a European state when 90 per cent of its geographical area and its population lies in Asia.* [HL3106]

**The Minister of State, Foreign and Commonwealth Office (Lord**

**Howell of Guildford):** *There is no internationally agreed formal definition of “Europe”. The long-standing decision of successive Governments to avoid agreeing any definition or establishing an official view of what constitutes “Europe” has been deliberate. The decision to leave Europe as a “flexible” definition chimes with realities as the concept of Europe has undergone many permutations. This flexible position is also adopted by the European Union’s*

*institutions and treaties and by the most authoritative UK body on this topic, the Permanent Committee on Geographical Names.*

*There is no fixed definition of a European state in the Treaty on European Union. But in so far as geographical definitions can be made, we and the EU have defined Turkey as a country which could be a member of the European Union and for our purposes Turkey is regarded as a European country.*

THE EUROPEAN Commission has won a victory over member states in the matter of the remuneration of 40,000 EU officials. The Commission had planned to give all functionaries a rise of 3.7 per cent on salaries that range between just over £2,000 and more than £14,000 a month. The

national governments objected to this in a period of financial crisis and widespread austerity measures and told the Commission the pay rise should be limited to 1.85 per cent.

The Commission took the matter to law and last month the European Court ruled in its favour, saying the proposed

pay rise cap was illegal. At a time when possibly hundreds of thousands of people across the EU are suffering pay cuts and reductions in pensions – with many of them at risk of losing their jobs altogether – it seems that there is one law for EU civil servants and none for the rest.

## **Top banker warns of EU rules threat**

**T**he EU's rules on hedge funds, remuneration and rating agencies "not only raise the danger of market fragmentation, but also the danger of damaging the reputation, attractiveness and competitiveness of the European financial market," according to the chief executive of Deutsche Bank, Josef Ackermann, who added: "I regard these developments with concern".

Mr Ackermann said Brussels had taken a "distinctly more rigorous approach than other jurisdictions", with the result that "the G20 consensus on a co-ordinated crisis response is showing signs of weakening, as lawmakers increasingly feel the domestic political pressures and want to be seen as 'doing something'."

As the European Parliament adopted the directive on hedge funds, Mr Ackermann issued a warning when he made a speech in Brussels: "It is often forgotten that Europe's financial markets and its intermediaries will continue to meet stiff competition, not only from the United States but also, and increasingly, from rising powers. It is not by chance that financial centres in emerging markets have been climbing fastest in the global financial centre rankings".

Meanwhile, the Parliament was congratulating itself on having made the Commission's proposals on hedge fund regulation even stricter.

MEPs pushed through chapters on

asset stripping and remuneration principles, as well as strongly influencing the rules on the passport system, depositary (fund holder) liability, capital requirements and the use of leverage. They also forced concessions from member states in a number of areas, supposedly aimed at increasing economic stability and the security of investors.

The legislation now includes pay rules and restrictions on asset stripping, which were initially not in the Commission's original proposal and were strongly resisted by member states. The Parliament also demanded strict liability of fund depositaries, to ensure that damages can always be claimed by investors.

The main elements of the new rules demanded by the Parliament are:

### **Special attention to asset stripping by private equity funds**

The directive now includes a number of provisions relating primarily to limits on distributions and capital reductions within the first two years of a company being taken over by a private equity investor. This is intended to deter private equity investors from attempting to take control of a company solely in order to make a quick profit. Strong information and disclosure requirements are to be imposed on private equity investors, particularly regarding information for shareholders, employees and their

representatives on the planned strategy for the company.

### **Depositary liability**

Depositary liability has been increased in comparison with the initial positions of the Council and the Commission to try to prevent Madoff-style scandals. The directive requires that if a depositary legally delegates its tasks to others, it must provide a contract which allows the fund or the fund manager to claim damages against the entity to which the tasks are delegated. AIF investors concerned must be informed about the potential delegation of liability and the reasons for this.

### **Marketing passport for everyone without a free-for-all culture**

Non-EU AIF managers will now be able to market to investors across the EU without first having to seek permission from each member state and comply with different national laws, despite opposition from member states. The Parliament's "concession" was to stipulate that AIFs will obtain passports only if the non-EU country in which they are located meets minimum regulatory standards and has agreements in place with member states to allow information sharing.

The directive's rules are to take effect by 2013, once the Commission has finalised the details of how it is going to work – that is, if there are still hedge funds based in the EU by then.

*eurofacts wishes its readers the compliments of the season.  
Our next issue will be published on 18th February 2011.*

# A recipe for disorder in Europe

*Foreign policy report reveals 'dysfunctional system' based on an illusion*

The European Union has spent much of the last decade defending a European order that no longer functions, while hoping for a global order that will probably never come. It is true that war between major powers is unlikely, but EU governments know that the existing security institutions were unable to prevent the Kosovo crisis in 1998-99, to slow the arms race in the Caucasus, to prevent cuts to the EU's gas supply in 2008, prevent the Russo-Georgian war or arrest instability in Kyrgyzstan in 2010 – let alone make headway in resolving the continent's other so-called frozen conflicts.

The EU's "unipolar moment" is over. In the 1990s, the EU's grand hope was that American hard power would underpin the spread of European soft power and the integration of all Europe's powers into a liberal order – embodied in NATO and the EU – in which the rule of law, pooled sovereignty and interdependence would gradually replace military conflict, the balance of power and spheres of influence. However, the prospects for this unipolar multilateral European order are fading.

Europeans were quick to hail the rise of a multipolar world, but much slower to spot the parallel emergence of different poles within their own continent. Russia, which was never comfortable with NATO or EU enlargement, is now powerful enough to openly call for new European security architecture. Turkey, frustrated by the short-sighted way some EU member states have blocked accession negotiations, still wants to join the EU but is increasingly pursuing an independent foreign policy and looking for a larger role; unless EU member states show good faith by opening new chapters, this trend will only be strengthened.

Meanwhile the United States – which has its hands full dealing with Afghanistan, Iran and the rise of China – has ceased to be a full-time European power.

However, the EU has spent much of the last decade defending a system that its own governments realise is dysfunctional. Although they are aware of rising instability, member states have still attempted to preserve the status quo. But by taking such a passive approach, EU leaders have

actually made a multipolar Europe more likely.

Because it is almost impossible to work through the formal institutions, the continent's three major powers – the EU, Russia and Turkey – are increasingly working around them. For example, some EU member states recognised the independence of Kosovo despite Russian opposition; Russia recognised the independence of Abkhazia and South Ossetia despite EU opposition; and Turkey co-operated with Brazil in formulating a response to Iran's nuclear threat without consulting NATO. This risks recreating de facto spheres of influence in Europe.

In short, European leaders, by defending an illusion of order, are in danger of making disorder a reality. However, while it is Russia and Turkey that complain about the status quo, it is the EU that has the most to lose in the current state of peaceful disorder.

*Extracted from The Spectre of a Multipolar Europe, by Ivan Krastev & Mark Leonard, with Dimitar Bechev, Jana Kobzova & Andrew Wilson (European Council on Foreign Relations) Copyright © EFCR 2010*

## MEP exposes alternative medicine shambles

*THE EU IS CREATING "a total shambles" in the market for alternative medicines, says East of England MEP Stuart Agnew. After attending a European Parliament meeting to discuss new regulations governing the sale of such products, Mr Agnew said the rules "will result in huge price increases, a black market, unhappy patients and practitioners, and the criminalisation of innocent people, many of whom will suffer the physical consequences of not being able either to obtain or afford the alternative medicines which keep them going".*

*The EU is forcing alternative medicine producers to*

*licence their merchandise via a product-by-product registration payment system with compulsory periodic licence renewal. This payment is, initially, between €50,000 (£42,500) and €150,000 (£127,000) per product.*

*"This product based approach quite clearly penalises small businesses, sole practitioners and both low volume and low cost product lines," Mr Agnew said. The UKIP MEP promised to raise questions with the Commission and do all he can to ensure that British patients are not deprived by unnecessary EU rules of the remedies that they and their practitioners choose.*

# ‘All’s well and going according to plan’

*In a surreal speech, President Van Rompuy claims credibility for the EU as the true voice of Europe – and that the euro is getting stronger*

Last month, we were treated to the first “State of the European Union Address” by our new President, Herman Van Rompuy. It was full of the soaring rhetorical flourishes so beloved of Eurocrats but it was also remarkable for its surrealistic air of optimism, delusion and hubris at a time when the EU faces unprecedented crises that threaten its very survival.

Here are some extracts. We don’t think any commentary is necessary – but we suggest you compare what follows with the view expressed on the opposite page. Over to Mr Van Rompuy:

JUST CONSIDER the two different meanings of “Europe”’: on the one hand our beautiful continent, our rich culture, on the other hand the political object called EU. And now see what happens over time.

When back in the 1950s only six countries grouped together and called themselves “Europe”, this was maybe a bit pretentious, or rather: an allusion to the future. However, this original promise is now coming true!

Thanks to successive enlargements, the European Union grows into the political expression of our continent. After 1989, we start to resemble ourselves, our clothes finally fit us.

When we speak about Europe as the continent of values, then today it is true not for just a small part of Europe, not for the half of Europe – no, today it is true for the continent as a whole! It gives us credibility.

ALL OUR COUNTRIES have to deal with a new diversity. The time of the homogenous nation-state is over. Each

European country has to be open for different cultures. However, we only have one civilization: of democracy, of individual rights, of the rule of law.

Alongside diversity – and diversity is certainly a strength of our societies – we still need, in each of our societies, a sense of unity, of belonging together. This sense of unity can lie in shared values; or in a language, a shared history, a will to live together.

THE EURO IS the most visible and the most palpable sign of our common destiny. It is also our most powerful tool. Sharing a currency means that the decisions of one, affect all. We have seen how! This spring, the crisis of a country of 10 million people became the crisis of 350 million people; in May, it even turned into a global threat.

What happens with pensions or debt in one country, affects the banks and taxpayers in another country. In good times and in bad times. What hurts Athens damages Amsterdam; and if Barcelona flourishes, Berlin prospers. The national and the European interest can no longer be separated; they coincide.

That’s why two weeks ago the European Council took important decisions: we sealed a solid pact to strengthen the euro.

Our decisions – and I am thinking in particular about the recommendations of my Task Force on economic governance – make sure that every Member State feels and understands that its decisions affect all the others and the Union as a whole. One cannot maintain a monetary unity without an economic union. I am very satisfied that the European Council of 29th

October endorsed the end result of the Task Force. It is a huge leap forward.

The euro is now stronger than a few months ago, precisely because we acted with political determination.

WE HAVE TOGETHER to fight the danger of a new Euro-scepticism. This is no longer the monopoly of a few countries. In every Member State, there are people who believe their country can survive alone in the globalised world. It is more than an illusion: it is a lie!

The biggest enemy of Europe today is fear. Fear leads to egoism, egoism leads to nationalism, and nationalism leads to war. Today’s nationalism is often not a positive feeling of pride of one’s own identity, but a negative feeling of apprehension of the others. Fear of ‘enemies’ within our borders and beyond our borders. It is a feeling all over Europe, not of a majority, but everywhere present.

Our Union is born out of a will to cooperate, to reconcile and to act in solidarity. Fear is the source of immobility, of a lack of ambition, or worse, of protectionism.

THE EUROPEAN IDEA has been the most successful and most generous project in the world since 1945. It has united the whole continent and brought us peace and prosperity. And it has given the 500 million men and women in our Union today a foundation on which they can build a better Europe for tomorrow.

# European Union RIP? An American view

When communism collapsed in Moscow, Prague and Belgrade at the end of the Cold War, ethnic nationalism surged to the surface in all three nations and tore them apart into 24 countries.

Economic nationalism is now resurgent across Europe. And it is hard to see how a transnational institution like the European Union, run by faceless bureaucrats, and the 16-nation eurozone it created, can long survive.

Greece and Ireland have been bailed out and all eyes have now turned to Iberia, to Portugal and Spain, where bond prices are sinking and interest rates are rising, and investors are eyeing the exits.

Why cannot a series of bailouts, cobbled together by the EU and International Monetary Fund, contain these serial crises?

Two reasons: populism and a return of economic nationalism.

Consider two telling comments from the Irish about the terms of the bailout of their country.

“Senior bank bondholders are to be protected, while the lowest paid and those most vulnerable people dependent on public provision are to be crucified,” said trade union leader Jack O'Connor.

“I think the government should default on the bonds,” said writer Valerie Wilson. “We are suffering so the bondholders don't suffer. It's capitalism gone mad.”

Translation: Put Irish people first, before any foreigners holding bonds.

Angela Merkel, whose Germany is fronting much of the bailout money, has been demanding that bondholders take a haircut — lose some of the face value of their bonds — in all future bailouts. The EU has agreed to

consider it for all bailouts after 2012. But we may not get there before nervous investors decide to dump their bonds first and the European house of cards comes crashing down.

For if bondholders know they will be among the first victims burned in bailouts in 2013, they may suspect a singeing even before then. This will impel them to start shedding the bonds of any nation with deficit and debt problems, which will deepen those deficit and debt problems.

If Spain is forced into a bailout, and Italy, which has a huge debt, totters, a European panic is on — and a global panic may not be far behind.

Moreover, the Germans, who will have to cough up more euros for any new fund to rescue the governments and banks of nations that are neither as conscientious nor work as hard as they, are fed up with bailing out the La Dolce Vita nations of Club Med. If Merkel does not mirror the mood of her people, her CDU could find itself out in the cold.

These bailouts come with painful conditions. The governments rescued must cut deficits and debt, which translates into cuts in public salaries and services affecting the middle classes, students, the vulnerable and the poor.

Yet though the time of austerity has only just begun, there have been mass protests in Dublin, riots in France, anarchist assaults on Tory Party headquarters in London and lethal violence in Athens. And while austerity may be necessary to restore fiscal and financial health, austerity alone cannot restore prosperity. That will take years.

Which returns us to the character of the people of Europe upon whom these stringencies are being imposed. How

long will Greeks, Irish, Portuguese, Spanish, British, French and others, facing a savaging of social safety nets, accept austerity, without searching for populist candidates and parties who will default on the debt and let banks go under?

Why not break free of the discipline of the euro, restore the old national currency, devalue and stiff the creditors? Argentina did it.

If one or two of these countries, even the smaller ones, default, America may not be directly affected, as we own little of the debt of these countries. But what if the big banks of Europe face wipeouts of capital and equity due to defaults?

Are American banks so well insulated from Europe's that their end of the boat can sink and ours stay afloat?

How long will Germans play the “good Europeans” and use their savings and a solid credit rating earned through years of sacrifice to bail out deadbeat nations whose welfare states are more lavish than their own? After constant repetition, the Three Musketeers' slogan of “all for one, and one for all” can get rather tiresome.

Having seen how the Asian crisis of the 1990s leapt from country to country and continent to continent, it is hard to believe the European debt-default crisis stops with Ireland and Greece.

## Patrick J Buchanan

*Pat Buchanan has been a senior adviser to three presidents, twice a candidate for the Republican presidential nomination and the presidential nominee of the Reform Party in 2000.*

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# LETTERS

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

## Look towards the light

Dear Sir,

I would like to put together two apparently unrelated issues. One is your headline from the 19th November 2010: "How many more reasons do we need to leave the EU?" The next is that it is the season of good cheer.

We need no more reasons to leave the EU, as *eurofacts* readers already know. We have about eight billion of them every year. But the reason to be cheerful is that it is inevitable that we will leave. History and mathematics are on our side.

Firstly, no forced political union lasts, and the EU will be no different. Secondly, the EU is getting ever more unpopular each year. The major parties can pretend that 50 per cent of the population wanting to be out makes no difference but can they ignore 60 or 70 per cent?

Whatever is the figure that makes them wake up, eventually anti-EU sentiment will be such that it cannot be ignored any longer. Then when one party realises that it is in its own best interest to actually offer some sort of vote on getting out. I give the whole thing only about another 20 years.

I would like to see that party be UKIP.

They certainly cannot make a worse job of government that the current incumbents. But it doesn't matter which party it is. As long as we are out and my generation, the one that got us in, at least leaves something of value to our kids and grandkids – a free, out-of-EU country.

Happy Christmas to all, and may I suggest keeping up the good fight as there is light at the end of the tunnel.

R G HEATH  
Surrey

## Finding the exit

Dear Sir,

An undertaking by the coalition to repeal Edward Heath's European Communities Act in order to exit the EU will allow the government off the hook and save the annual cost to the UK of EU membership – an average of about £2,000 for each UK citizen.

EDWIN BATEMAN  
Cumbria

## No more demands?

Dear Sir,

At least an increase of 2.9 per cent in the EU budget, rather than 6 per cent, will leave us with a bit more of our financial "Sudetenland", though it

seems that "Prague" may yet follow. Will there be a handheld "piece of paper", signed by Baroness Ashton, assuring us that Brussels has no more "territorial or other demands"?

At least the fare to and from Brussels is less than from Munich, though there are still the "men" available to go there.

L.G. HOLT  
Kent

## Getting the message over

Dear Sir,

With increasing exposure of Britain's disadvantage in being part of the EU, it may be time to consider how a British referendum could be won. Demonstrations with placards that appear in the media could be an important factor.

A few suggestions for placard messaging:

*Repeal 1972 Euro Treaty*

*Leave EU now*

*£10 billion a year for Britain not EU*

*No more Brit money for EU*

*Freedom for Britain Leave EU now*

And chiming with Irish campaigners:

*Ireland & Britain OUT of EU*

RALPH MADDERN

Warwickshire

## Sliding towards an EU defence policy

At first sight, last month's wide-ranging defence treaty between the UK and France seemed like a positive step – mainly because it had nothing at all to do with Brussels. As so often with the EU, however, examples of bilateral co-operation run the risk of being seen as a model for future sweeping harmonisation.

The ink was hardly dry on the Franco-British treaty when the foreign minister of Finland was praising it as a possible step towards a pan-European defence and security policy. Alexander Stubb told the *Financial Times* it was essential for EU governments to improve co-ordination of defence

policy between themselves at a time when national military budgets were being slashed and the US was beginning to refocus its attention on challenges from China.

Mr Stubb said: "We can't operate in the security field as 27 different entities. After Lisbon, we now have a president, a foreign minister, security guarantees, a legal personality and a diplomatic service. So we have all the instruments there to pool decisions and work more closely. People used to think European security and defence was something that looked nice on paper. Now it is becoming a bit more real."

The words "wedge" and "thin end" come to mind.

# MEETINGS

**Gresham College**  
020 7831 0575

Tuesday **11th January**, 6.00 pm

and also

Tuesday **1st February**, 6.00 pm

“Leadership at a time of transition and turbulence”

A series of conversations/discussions with distinguished leaders, who will examine the challenges of leadership at a time of financial and geo-political dislocation.

**Kenneth Costa**, *Mercer's School Memorial Professor of Commerce at Gresham College*

## PUBLIC MEETING

Barnard's Inn Hall, Holborn, London EC1N 2HH

**Admission Free**

**Conservative Way Forward**  
0207 403 3990

Saturday **15th January**,  
10.30 - 12.00 noon

**Steve Bell**, *CVF Regional Chairman of the South East*

**Daniel Hannan MEP**, *Conservative*

## PUBLIC MEETING

Loxwood Suite, The Gatwick Hotel, London Road, Crawley

**Admission £10**

(includes tea and coffee)

Tickets: [steve.bell@conwayfor.org](mailto:steve.bell@conwayfor.org)  
or Phone 07885 200 985

**Gresham College**  
020 7831 0575

Tuesday **18th January**, 6.00 pm

“Britain in the Twentieth Century: ‘Appeasement’”

**Vernon Bogdanor CBE FBA**, *Emeritus Gresham Professor of Law*

## PUBLIC MEETING

Museum of London, London Wall, London EC2

**Admission Free**

**FREE**

## Advertising Space

Should you be planning a meeting and/or conference dealing with the subject of UK-EU relations we may be able to advertise the event without charge.

## Contact Details

**eurofacts Phone: 08456 12 12 65**

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## DIARY OF EVENTS

### 2010

UK Parliament **21st December**  
Christmas Recess

### 2011

Hungary takes over **1st January**  
EU Council Presidency

UK Parliament **10th January**  
Recess Ends

UK Government **25th March**  
Budget Day

Proposed Date For UK **5th May**  
Referendum on  
Electoral Reform

Poland takes over **1st July**  
EU Council Presidency

### 2012

Denmark takes over **1st January**  
EU Council Presidency

## SELECT COMMITTEES

**House of Lords**  
020-7219 3000

Tuesday **21st December**, 10.40 am  
Evidence will be heard on the *Science and Technology* from witnesses to be confirmed.

*Note:*

*Committee Meetings can  
change from Public to Private  
without warning*

## USEFUL WEB SITES

### British Declaration of Independence

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

### British Gazette

[www.britishgazette.co.uk](http://www.britishgazette.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.euroseptic.org.uk](http://www.euroseptic.org.uk)

### Democracy Movement

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

### EU Observer

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

### EU Truth

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

### European Commission (London)

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

### European Foundation

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

### European No Campaign

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

### EU Referendum Campaign

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

### Freedom Association

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

### Global Britain

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

### Global Vision

[www.global-vision.net](http://www.global-vision.net)

### 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)

### Open Europe

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

### Regional Assemblies

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

### Sovereignty

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

### Statewatch

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

### Team

[www.teameurope.info](http://www.teameurope.info)

### The Taxpayers' Alliance

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

### United Kingdom Independence Party

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

**The Real Global Warming Disaster**  
*by Christopher Booker. Hdbk. £16.99*  
 Is the obsession with 'climate change' turning out to be the most costly scientific blunder in history? Booker concludes that the answer is 'Yes'.

**The End Of The English**  
 The European Superstate  
*by David Brown. £6.99*  
 As an apology to all grandchildren, it analyses how the EU plans for control of the UK have destroyed democracy. Required reading for all those worried in any way about the EU's power over us.

**Minority Verdict**  
 The Conservative Party, the voters and the 2010 election  
*by Michael A. Ashcroft. £10.00*  
 Lord Ashcroft's analysis of the failure of the party to win an overall majority.

**Britain Abolished**  
*by James Carver; George Curtis & Torquil Dick-Erikson. £5.00*  
 The detail is in the sub-title; Democracy Dead, The Rule of Law Exterminated and Your Federal Future.

**A House Divided**  
 Can Parliament serve two masters; the Nation and the European Union?  
*by CIB. £2.50*  
 This short pamphlet's answer is no.

**Bloodless Revolution**  
*by Vernon Coleman. £4.99*  
 Are political parties the cause of our problems? Why we would be better off without them and how to do it one day.

**Fleeced**  
*by David Craig & Matthew Elliott. £8.99*  
 How the corrupt and wasteful European Union is taking control of our lives and costing the UK tax payer a fortune in the process.

**Fighting Bull**  
*by Nigel Farage. £17.99*  
 Farage's engaging book on the ups and downs of his extraordinary life, plus his defence of the UK against the EU.

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 Why the world cannot afford the EU. The cost of running the EU on a daily basis is 387million, for an institution the UK taxpayers' never asked for.

**While the Earth Endures**  
 Creation, Cosmology and Climate Change  
*by Philip Foster. £10.00*  
 A theological look at the earth, and myths associated with global warming with a foreword by David Bellamy.

**Why Did Britain Take The Wrong Path?**  
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 How and why the UK lost its way and ended up with a fear of self-government, resulting in democracy being exchanged for the EU dream of a superstate.

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 Comparing the EU and the US response to climate alarmism  
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 How the EU uses threats to the environment as one way of gaining more power for itself over nations.

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**European Commission** 020 7973 1992  
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### AGAINST "EU"

**Britain Out** 01403 741736  
 British Weights & Measures Assoc.  
 020 8922 0089  
**CIB** 0116 2874 622  
 Democracy Movement 020 7603 7796  
**Freedom Association** 0845 833 9626  
 Labour Euro-Safeguards Campaign  
 020 7691 3800  
**New Alliance** 020 7385 9757  
 Save Britain's Fish 01224 313473

### CROSS PARTY PRESSURE GROUPS

**Congress for Democracy** 01372 453678

### CROSS PARTY THINK TANKS

**Bruges Group** 020 7287 4414  
 Global Britain  
 Email: [globalbritain-1@globalbritain.org](mailto:globalbritain-1@globalbritain.org)  
**Global Vision** [www.global-vision.net](http://www.global-vision.net)  
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### POLITICAL PARTIES

**Conservative** 020 7222 9000  
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**English Democrats** 01277 896000  
 Robin Tilbrook (Chairman)

**Green Party** 020 7272 4474  
 Richard Mallender

**Labour** 020 7783 1000  
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**Liberal** 01562 68361  
 Mr Rob Wheway

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