

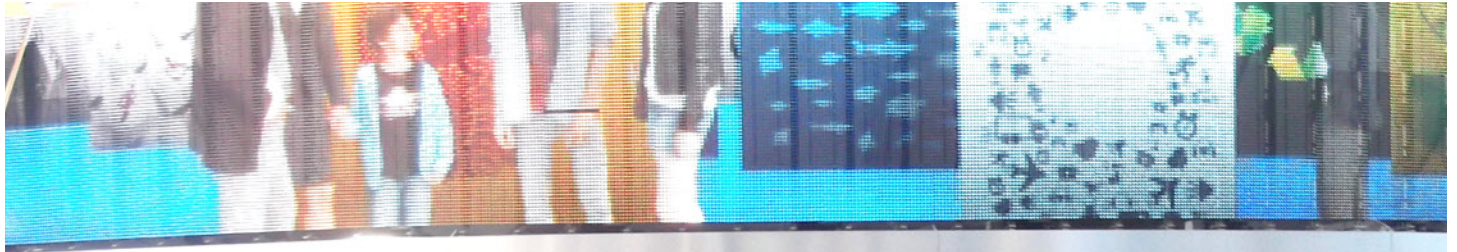
eastern **A**genda



Newsletter from Andrew Duff MEP

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Drop-Out Britain



In Brussels, Andrew Duff greets a Lib Dem visitors' group from the East of England in front of the European Parliament's popular new interactive attraction, the 'Parlamentarium'

The job of Member of the European Parliament has never been uninteresting. Since my election in 1999, the European Union has changed dramatically. Unlike politics in Britain, where change comes slowly and reluctantly, EU politics is edgy. The Union itself is a large experiment – and like all experiments, could still fail.

These last weeks have been turmoil as we have fought to salvage the euro, stabilise the markets and lay the foundations for economic recovery. My own contribution featured the publication in September of a pamphlet, *Federal Union Now*. This laid out the argument that only deeper political integration can save the European Union from sliding apart. I sought to define what is meant by the much-abused term 'federal', and to encourage a more mature debate about federalism. Other articles in this edition of *eastern Agenda* reflect that theme.

I know that for many people, and especially for many British people – even Liberal Democrats – the prospect of a further transfer of national sovereignty to the EU is alarming. 'Better the devil you know' is one of the most beguiling of political sentiments. In times of rapid change, however, conservatism is also the least appropriate reaction. A Europe which fails to continue to be united will be the poorer for it. The end of the euro would trigger a large and long economic depression. As seen from Beijing or Washington or New Delhi, an EU that had stopped developing would cease to be a relevant player in world affairs.



Alliance of Liberals and Democrats for Europe
Alliance des Démocrates et des Libéraux pour l'Europe

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It was inevitable that, faced with the massive euro crisis, the pressure for more integration would pose a real dilemma for the coalition government. While Germany and France took the lead in preparing for a more fiscal union run by a more federal economic government, the UK prepared to wield its veto. The installation of British referenda for EU treaty changes made the crisis unstoppable.

Matters came to a head in the early hours of Friday 9 December, when David Cameron made impossible (and in terms of EU law, illegal) demands on his colleagues in the European Council. The *casus belli* was protection of the City of London.

This was a bad move by Cameron on at least three counts: first, because the UK preaches against protectionism in the single market when it sees it elsewhere; second, because the City is known to be the source of many of the evils which have jeopardised the euro in the first place; and third, because the British economy needs to be adjusted against the hegemony of the City.

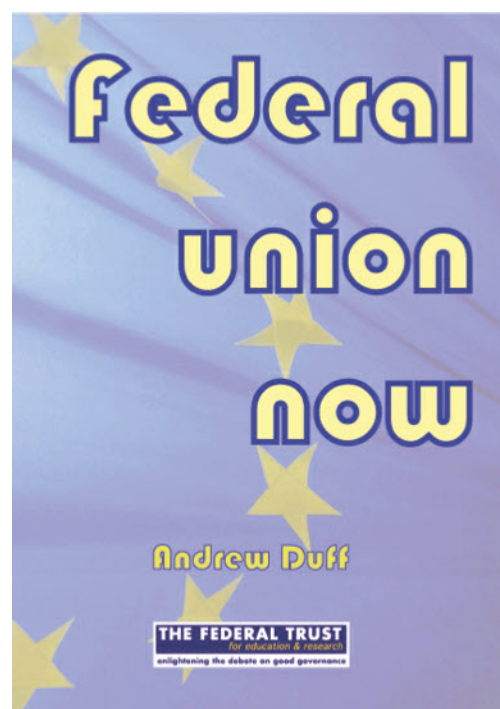
The full effects of the Cameron disaster have yet to be seen, but it is clear that protecting the City of London has not been achieved. Instead, the UK has dropped out of the mainstream of the European Union. In forcing the rest of the Union to negotiate yet another treaty outside the EU framework, Cameron weakened the very institutions - notably the European Commission and Court of Justice - on which he must now rely to safeguard Britain's residual interests as a member of the original EU.

Cameron has weakened the efforts to save the euro. He has made enemies for Britain. The UK is now an isolated minority of one, and the rest of Europe is determined to proceed without it.

Why Liberal Democrat ministers allowed this catastrophe to happen is as yet unclear. We need to find out. And we must see if there is anyway in which the decision can be reversed. Meanwhile, the job of British Members of the European Parliament, never uninteresting, has just become very much more difficult.

So Federal Union Now is worth a read, particularly in Britain. We will send you a copy free of charge; or you can download it from the website www.andrewduff.eu The pamphlet makes a good stocking filler for the discerning Lib Dem, and sobering reading after Christmas festivities.

You can download a copy of 'Federal Union now' by scanning the QR code below into your smart phone or ipad



Julie Smith reflects on being regional chair

The English regions are a strange phenomenon. Unlike their counterparts in other parts of Europe which have federal or devolved administrations, our regions do not enjoy much political significance beyond that of forming the European Parliamentary constituencies. This may be especially true in the East of England where there may be little sense of identity beyond the boundaries of East Anglia. Despite this, the English Liberal Democrats are divided into eleven regions for administration purposes, each with a whole series of offices and committees, of which the East of England is one of the largest, in terms of the number of constituencies and of Lib Dem members.

I took over as Chair in January 2010 in the run-up to the general election. 2009 had been an excellent year for the Lib Dems in county elections across the country and while the European election results were not fantastic, Andrew was elected in a higher place on the European list, so we seemed to be quite well-placed electorally for the 2010 campaign. Acting as cheer-leader and active campaigner across as much of the region as possible seemed the best use of my time. I spent a lot of time in Watford and Norwich and like everyone else was disappointed in the former result, delighted with latter. Waking up on a borrowed sofa after Watford's all-night count, I was extremely surprised, and somewhat perturbed to discover we seemed to have entered discussions with the Tories about forming a government.

Just five days after the election the deed was done and the Lib Dems were in government. The deal looked pretty good. Key issues like tuition fees and Europe looked broadly okay in the document and along with the vast majority of representatives at the special Birmingham conference, I voted for the coalition. Both of those issues were to come back to haunt us – the problems over tuition fees are well-rehearsed, but they clearly had an impact on our poll ratings, and we lost many excellent councillors in our region as elsewhere in the country last May. Clearly, the regional party needs now to win those seats back, and more.

As I write, the European issue is not only live, it is toxic. The EU Act of 2011 sought to give parliament and the British people a greater say over our relationship with the European Union. Minor changes can be dealt with by primary legislation under that Bill; more significant treaty change or other transfers of powers to the EU will trigger a referendum. While the Lib Dems have argued for an 'in-out' referendum at the time of any major treaty reform, the Act goes much further. Tory MPs have been keen to try to bring about a referendum, arguing no-one under the age of 54 has had a chance to vote on our relations with the EU. Well, we have not voted on any other constitutional matters either. So why pick on this issue? Whatever the answer, the EU will now move ahead without Britain to stop the eurozone from collapsing. Where that leaves the UK is unclear.

As I step down as regional chair, I know we all need to do much more to get the Lib Dem voice across. It is more important than ever to get out on the doorstep to remind people who we are and what we stand for. I am committed to continuing that fight. But the time has also come to spend more time on my day job. Oh.... did I not say? My research is on Britain's relations with Europe. I'm expecting to be just a little bit busy in the coming months.



Julie Smith
Outgoing Chair
East of England
Liberal Democrats

Poland and the Future of the European Union



We publish here an extract from a major speech by Radek Sikorski, Foreign Minister of Poland, given in Berlin on 28 November 2011. Here Sikorski greets President Obama.

Let me start with a story. 20 years ago, in 1991, I was a reporter, visiting what was then the Federal Republic of Yugoslavia. I was interviewing the chairman of the Republican Bank of Croatia when he received a phone call with an obscure piece of news. Namely, that the parliament of another Yugoslav republic, Serbia, had just voted to print unauthorized amounts of dinars, the common currency.

Putting down the phone the banker said: 'This is the end of Yugoslavia.' He was right. Yugoslavia collapsed. So did the 'dinar zone'. We know what followed.

Issues of money can be issues of war and peace, the life and death of federations. Today Croatia, Serbia and FYROM each have their own currency. Montenegro and Kosovo are not in the eurozone but simply use the euro. Bosnia and Herzegovina even has the 'Convertible Mark', pegged to the euro.

A striking story. Not of European integration. Of European disintegration. Disintegration with appalling human cost. Only now is the region slowly moving back to the European mainstream. The fate of Yugoslavia reminds us that money, as well as being a technical device, a 'means of exchange', symbolises unity – or disunity.

Why is this? Money exists because communities exist. A community in which people live and trade – they *exchange* freely – creates value. Their money symbolises that value. This moral significance of money intrigued Immanuel Kant, who wrote that the entire practice of lending money presupposed at least the

honest intention to repay. If this condition were universally ignored, the very idea of lending and sharing wealth would be undermined.

For Kant, honesty and responsibility were categorical imperatives: the foundation of any moral order. For the European Union, likewise, these are the cornerstones. I would point to the two fundamental values: Responsibility and Solidarity. Our responsibility for decisions and processes. And Solidarity when it comes to bearing the burdens ...

[The] eurozone's failings are not the exception but, rather, are typical of the way we have constructed the EU. We have a Europe with a dominant currency but no single Treasury to enforce it. We have joint borders without a common migration policy. We are supposed to have a common foreign policy, but it is divorced from real instruments of power and often weakened by member states cutting their own deals ...

Most of our institutions and procedures depend on the goodwill and sense of propriety of member states. It works tolerably well when the going is good. But then a wave of migrants shows up on the EU's border, or a civil war blows up in our neighbourhood, or markets panic. And then, what do we habitually do? We run for cover in the familiar framework of the nation state.

The eurozone crisis is a more dramatic manifestation of the European malaise because its founders created a system in which each of its members has the capacity to bring it down, with appalling costs to themselves and the entire neighbourhood.

The break up would be a crisis of apocalyptic proportions beyond our financial system. Once the logic of 'each man for himself' takes hold, can we really trust everyone to act communitarian and resist the temptation to settle scores in other areas, such as trade? Would you really bet the house on the proposition that if the eurozone breaks up, the single market, the cornerstone of the European Union, will definitely survive? After all, messy divorces are more frequent than amicable ones. I have heard of a case in California in which a couple spent \$100,000 disputing custody of the family cat.

If we are not willing to risk a partial dismantling of the EU, then the choice becomes as stark as can be in the lives of federations: deeper integration, or collapse.

We are not unique in facing the fundamental question of the future of our federation over the issue of debt ... So, we also have to decide whether we want to become a proper federation, or not. If renationalization or collapse is unacceptable, then only one way remains: making Europe, as Europe, governable at last, and hence – in due course – more credible.

Politics is often the balancing between the urgent and the important.

What's urgent is that we save the eurozone. What's important is that in so doing we preserve Europe as a democracy that respects the autonomy of its member states. This new European deal will need to balance Responsibility, Solidarity and Democracy as the cornerstones of our political union ...

The more power we give to European institutions, the more democratic legitimacy they need to have. The draconian powers to supervise national budgets should be wielded only by agreement of the European Parliament.

The Parliament needs to stand up for its role and tasks. Euro-sceptics are right when they say that Europe will only work if it becomes a polity, a community in which people place a part of their identity and loyalty. 'Italy is made, we still have to make Italians', as Massimo D'Azeglio said in the first meeting of the parliament of the newly united Italian kingdom. For us in the EU it's easier: we have a united Europe. We have Europeans. What we need to do is to give political expression to the European public opinion. To help it along we could elect some seats in the European Parliament from a pan-European list of candidates. We need more *politische bildung* for citizens and political elite ...

What is crucial is that we maintain coherence between the euro area and the EU as a whole. Community institutions must remain central. The more power and legitimacy we give to federal institutions, the more secure member states should feel that certain prerogatives, everything to do with national identity, culture, religion, lifestyle, public morals, and rates of income, corporate and VAT taxes, should forever remain in the purview of states. Our unity can survive different working hours or different family law in different countries.

Which brings me to the issue of whether an important member, Britain, can support reform. You have given the Union its common language. The Single Market was largely your brilliant idea. A British commissioner runs our diplomacy. You could lead Europe on defence. You are an indispensable link across the Atlantic. On the other hand, eurozone's collapse would hugely harm your economy. Also, your total sovereign, corporate and household debt exceeds 400 per cent of GDP. Are you sure markets will always favour you? We would prefer you in, but if you can't join, please allow us to forge ahead. And please start explaining to your people that European decisions are not Brussels' diktats but results of agreements in which you freely participate ...

When the world is shifting and new competitors arise, standing still is not sufficient. Institutions and procedures that have worked in the past are not enough. Incremental change is not enough. You have to adapt fast enough even to retain your position.

There is nothing inevitable about our decline. Provided we overcome our current malaise, we have sources of excellence and of strength that are the envy of the world.

We are not only by far the world's biggest economy but the largest area of peace, democracy and human rights. Peoples in our neighbourhood – both East and South – look to us for inspiration. If we get our act together we can become a proper superpower. In an equal partnership with the United States, we can preserve the power, prosperity and leadership of the West.

But we are standing on the edge of a precipice. This is the scariest moment of my ministerial life but therefore also the most sublime. Future generations will judge us by what we do, or fail to do. Whether we lay the foundations for decades of greatness, or shirk our responsibility and acquiesce in decline.

Andrew Duff speaks from the floor at the recent ELDR Congress in Palermo





Change to the EU treaty is unavoidable, and so is a UK referendum, writes [Andrew Duff](#)

It has begun. The United Kingdom is embarking on its long, slow withdrawal from full membership of the European Union.

The first fatal step was the passage into law of the EU Act last July, which imposes a referendum on the hapless British public whenever there is a major treaty revision. As major treaty revisions are a fairly regular occurrence - four in the last 20 years - we Brits are not going to have to wait long before we get to vote for or against some complex package of EU primary law which confers competences, shifts powers or codifies jurisprudence. Treaty change is a natural phenomenon of integration. Those ministers who told the Westminster parliament that there was no further prospect of further treaty revision or who complained of 'treaty fatigue' have much to answer for. So do those fine Diplomats who assured Whitehall that Britain's EU partners were sanguine about the terms of the bill as it wound its tortuous way through Parliament.

On the contrary, everyone in Brussels and elsewhere knows that, in current or likely future circumstances, no question with the word 'Europe' in it will induce the answer 'Yes' in a British referendum. So the coalition has effectively installed a UK veto against all constitutional evolution of the EU. The tedious 'red lines' of the Blair and Brown era are to all intents and purposes now entrenched in Britain's feeble constitution. The idea that the EU

Act can simply be repealed by some unforeseen future pro-European government is for the pigeons.

Then along comes the financial and economic crisis, which has tested to destruction the EU treaty arrangements for the euro. Salvaging the euro means accepting a greater degree of fiscal unity than has previously been prescribed. One does not have to be a federalist militant to realise that more sovereign debt has to be shared between the members of the eurozone if Greece and others are to be saved from going bust. Even George Osborne, the UK's finance minister, preaches the "remorseless logic of fiscal union".

Fiscal union needs federal economic government: a streamlined executive taking decisions by majority vote. (Decision-making in a fiscal union, where redistribution is the norm, cannot be done by unanimity.) The European Commission needs powers, including the faculty of a treasury, to coerce errant governments - large and small - into fiscal rectitude, and to protect the interests and advance the reform of the poorer members of the eurozone.

Some of this can be done within the Treaty of Lisbon. But by no means all. So treaty change is unavoidable. Herman Van Rompuy, the president of the European Council, says we will have 'limited treaty change'. I doubt that. The new treaty will have to craft some

complex gearing between the federal core and the outer periphery. The treaty revision will not be technical or minor: it will only be 'limited' in the sense that it will not be 'limitless'.

MEPs will insist on the calling of a constitutional convention to address the problem of the popular legitimacy of the new economic government. That body will have to do two other things. First, it needs to modify the entry into force of provisions so that the new treaty can come into being before all states have ratified it. Second, it should introduce a new category of associate membership of the EU, which may serve the United Kingdom well if it chooses not to take the qualitative leap into the federal future.

This is Europe's federal moment. History will condemn us if we miss it. And all Europe - not excluding Britain - will sink into global irrelevance and a long economic depression.

This article first appeared in 'European Voice' on 27 October under the title 'The UK heads slowly for the exit'

Out and about



Campaigning in Ipswich in the recent St Margaret's by-election where Cathy French (3rd right) gained the seat for the Lib Dems from the Conservatives



Campaigning with Norfolk MPs Simon Wright and Norman Lamb for David Fairburn (centre front) in the recent Norfolk County by-election where the Lib Dem vote rose by 4 per cent since May



Left: At the Royal Palace of Laeken to celebrate the 10th anniversary of the Laeken Declaration, from left, Guy Verhofstadt (ALDE), Costas Simitis (EPP), King Albert II, Andrew and Monica Frassoni (Green)

Below: Andrew Duff supports a petition that has been placed before the European Parliament on horse welfare

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