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with a foreword by The Rt. Hon Lord Tebbit, CH

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Foreword by The Rt. Hon Lord Tebbit, CH

This is a valuable contribution to the debate on how and whether it might be in the best interests of the United Kingdom to remain a member of a reformed European Union. It explores costs and benefits and possible reforms to an extent which inevitably raises the question of whether a reform of the Treaty would in fact have to amount to a new Treaty for a different kind of Union - or indeed two treaties for two different but associated unions - one embarking on a voyage to a shared nationhood, the other a grouping of sovereign states cooperating in matters of mutual interest.

This is a debate in which only covert Euro-federalists should be afraid to participate.

Introduction

This paper deals with the most important issue facing this country for a generation: on what terms would the United Kingdom need to renegotiate a meaningful co-existence with its European Union partners, so that it regains control over its own destiny, in a framework of European friendship and cooperation.

The European Constitution is a massive missed opportunity in this equation. The Convention on the Future of Europe wilfully misinterpreted the Laeken Mandate, as set out by Heads of Government, which referred obliquely to a

possible constitution at a distant date. Laeken rather authorised the Convention to address the imbalances, and confront public mistrust in the European ‘project’ – as witnessed by ever-falling turnout in European elections and increasing rebuffs at referenda.

The Laeken Mandate contrasts sharply with the EU Constitution. Convention delegate David Heathcoat-Amory, MP has correctly identified many of these failings;

- Laeken describes the Union as **"behaving too bureaucratically". The EU Constitution fails to address the 97,000 pages of the acquis communautaire, and proposes a new legal instrument, the 'Non Legislative Act', whereby the Commission can pass binding laws.**
- **Laeken says "the Union must be brought closer to its citizens".** The transfer of more decision making from member states to the Union, concerning criminal justice matters and new areas of domestic policy, will make the Union more remote.
- Laeken adds that **"the division of competences be made more transparent"**. But the new category of 'shared competences' gives no assurance about how power is to be shared, particularly as member states will be forbidden to legislate in these areas if the Union decides to act.
- Laeken highlights the importance of national parliaments, and the Nice Treaty **"stressed the need to examine their role in European integration"**. National Parliaments lose influence relative to the Commission and the European Parliament. Their proposed new role in 'ensuring' compliance with the subsidiarity principle is in reality no more than a request that the Commission can ignore.
- Laeken emphasises simplification: **"If we are to have greater transparency, simplification is essential"**. The EU Constitution runs to over 300 pages. The institutional provisions are the result of contorted compromises. It is hardly a document of clarity and inspiration.

The concept of the Treaties as an intergovernmental construct being transformed into a monument for European ambition was rapidly seized upon, but without any study of either the alternatives on offer or the long-term consequences of such an act.

There were radical attempts within the Convention to challenge these imbalances. Unfortunately, the prospect of more powers, more QMV, and more jobs for politicians proved more alluring.

Consequently, it falls to an incoming government to address these grievances, and demand as the price for our continuing participation, a major reversal of the ratchet of ‘ever closer union’.

This paper assesses which competences require repatriation to national control, and which Union structures require fixing in the process, to restore faith in the association by our free nation state.[1]

A new relationship with the EU should be built, with five guiding principles in mind:

1. The recognition of individual freedom,
2. The encouragement of prosperity,
3. The respect of the rule of national parliaments,
4. The creation of a flexible European Association,
5. The establishment of a relationship with the EU that allows Britain to be open to the wider world.

Currently, EU law operates as a ratchet. Any area in which the EU has once legislated becomes known as an 'Occupied Field'. The consequence, of course, is that the Communities treaties steadily drift towards the creation of a single European government.

This might have seemed distant and unattainable a half century ago, when the drift was far off, but the objective is now in sight.

Background

Movie buffs will be aware of John Nash through the biopic Hollywood blockbuster *A Beautiful Mind*. Nash's Nobel-winning theorem on Games Theory Equilibrium centred on the notion that win-win scenarios were better for everybody than everybody aiming for himself to win alone. Supporters of the EU approach to treaty making like to think of treaties in a similar light. While one country may have won QMV in an area where it wants legislation, it has had to concede where another country wants a new EU competence elsewhere.

In fact, Nash's theory (as with many norms) does not apply to the European Union. Here, the overriding premise is that of the *acquis communautaire*. Competences and powers, once acquired by the Communities, are not restored to national control. They are gone for good.

Therefore, from an outside viewpoint, each power surrendered is a loss; each power not surrendered, is only a temporary win. The same competence comes up for review with the next treaty, and has to be retained by bartering away something else.

This is how the European Economic Community became the European Community, has become the European Union, and will now gain itself a constitution.

The problem has been known for some time. A number of Conservative MPs have long identified key policy areas where the problems lie. The marker list drawn up in 1996 by Conservatives Against a Federal Europe is close to

current party policy. It covered fisheries, the CAP and all of Development Aid to be restored to national control, with Common Defence and participation in the Euro permanently ruled out, and parliamentary powers restored over decisions by the ECJ. However, that list is today outdated. It was drawn up ten years ago, literally on the back of a packet of Belga cigarettes (not unlike the Chancellor's Five Tests). It delineated the frontier areas which, once surrendered to Brussels, would most clearly mark the end of the nation state – tax, currency, defence and so on. But as a grassroots campaign group's set of themes, it (quite correctly) did not address a number of the deeper and more complex imbalances, many of which indeed have emerged in the decade since. The list has simply been overtaken by three successive EU treaties (Amsterdam, Nice, and the Constitution), in which Blair has surrendered over 100 vetoes, that is to say more than all of his predecessors combined.

Parliament's powers are simultaneously being eroded via the ECJ through competence creep. The Social Chapter/Health and Safety is one well-known combination of legislation being forced through the back door by an ambitious Commission. Other ways are through proactive court rulings under, for instance, nominal Single Market provisions. At the same time, in areas of 'complementary' competence, powers are shared between governments and the Commission only so far as a field has not been 'reserved' by the Commission having camped upon it; thus national freedom of movement diminishes over time.

Meanwhile, with the growth of the European Parliament's powers, lobbying is now endemic at Brussels, so that it is increasingly difficult to find legislation that has passed through that chamber which has not been 'gold plated with good intentions', but at ill-considered costs to business.

Consequently, serious consideration is needed as to what powers need to be repatriated to make our membership of the EU work. While Fisheries may be critical for the survival of the industry, and International Development is being misspent and also used as a tool for EU corporate identity, and the Social Chapter is a caltrop to business, we need to undertake a much fuller critique of how competences held in part or fully by Brussels play with our ability to run this country, through our parliament, and well.

Such is the purpose of the lists which follow. The first section assesses what competences Brussels does not need unless it seeks to become a country called Europe. The second part covers those institutions which a renegotiating government should put on the table, as playing a destructive part in national democracy. We close with reforms that can be achieved unilaterally within the Westminster system.

Powers at Westminster

The following is a list of competences that should be on the table, as key elements to our self-determination.

Common Agricultural Policy

The CAP has historically added somewhere in the region of twenty pounds per week to the food bill of the average family. Consumers have paid twice; once to subsidise the farmer, and again to subsidise the price level: for this year, the cost to the EU budget runs at €48 billion.

According to Oxfam,

"The CAP costs UK taxpayers £3.9bn a year, before taking into account the £1.5bn that they pay to clean up the environmental damage caused by intensive agriculture. Consumers also pay in the form of higher food prices: the annual food bill for an average family of four is £800 higher than it would be without the CAP.

"Because CAP subsidies are based on land area, they artificially inflate the value of land, the price of rents. This is bad for tenant farmers, a group that includes some of the poorest in the UK; but it is a financial boon for landowners.

"Millions of farmers in developing countries lose because CAP-sponsored export dumping destroys the markets in which they operate. Under the reformed CAP the EU will continue to export large volumes of sugar, cereals, dairy and livestock at prices that do not reflect production costs. This will lower the international and domestic market prices for the agricultural goods produced by developing countries."[2]

Reforms at Berlin in April 1999, aimed at fractionally reducing costs, were pathetically hailed by the Labour Government as a 'triumph'. Far better would be to scrap the CAP (thereby in a stroke reducing the EU budget by half). It is unlikely that the French Government, with its powerful agricultural lobby, would accept in itself any serious reform. But if national governments were allowed under Single Market agreements to maintain CAP-style subsidies paid for out of the national exchequer, then real reforms could be undertaken on a national basis over time, with the treasury ministers clearly having an incentive to put agriculture on a decent but cost-effective long-term footing.

Having renationalised the CAP, the UK should aim to swiftly reduce tariffs and quotas on all food imports, in a spirit of trading reciprocity over our own exports. Subsidised dumped produce would continue to be banned or subject to high tariffs. We recognise there may be occasional exceptions, such as the Caribbean banana market, where special arrangements may need to be maintained to preserve local economies. But the Italian tobacco market, as a classic example of vastly subsidised low-grade produce, would not.

Common Fisheries Policy

The CFP has been a total disaster. Considerable credit is due to successive Conservative front bench spokesmen for getting to the root of the problem and thinking what was then unthinkable: that the policy can best be managed in close association with those who are affected by it. We endorse local community (as opposed to regional) management, with Ministers in an oversight role.

Social Chapter

This Maastricht opt-out was gained only by conceding elsewhere in negotiations. Doug Henderson, as Europe Minister, shamefully surrendered it within days of the Blair 1997 victory. He gained nothing in return. What he also clearly didn't know was its history: namely, that it was based on a French proposal from 1956 that was blocked by her Messina Conference counterparts, because they saw it as importing French business costs. The Social Chapter opt-out needs to be permanently restored. The entire competence of Employment should also be removed from the treaties, and ideally Social Affairs with it. As British industrial history demonstrates, we can quite competently cripple our industry by ourselves if we want to. This way, we can also reform our way out of it too.

International Development

The EU's efforts here are made a nonsense of by its trade policies, and especially the CAP.

International Development has long been used by Community officials to support the EU brand overseas. MEPs connected with the possible award of monies are sped from airports in limousines with motorcycle outriders. Commission Representations have sprung up across the globe to assist in the paperwork, becoming proto-embassies along the way. French officialdom has reportedly been very engaged in the process, using it as an arm of its own national policies. Repeatedly, the auditors have criticised the projects themselves. Money here can be better spent through national governments under effective parliamentary scrutiny. We recommend that **all** overseas aid is repatriated to national control. This would be part of a bigger package of reform. Aid would be firmly linked to basic ethical conditions (rather than convoluted politically-correct ones) involving good governance and lack of corruption. Far better than blanket aid is free trade, with Europe showing less obstructionism and protectionism towards developing economies.

Defence and International Affairs

These are patently areas of intergovernmentalism. All measures to introduce them by the back door into the EU structure should be expunged. The European Armaments Agency should be removed from the treaties and depoliticised; Commission overseas representations should be slashed; if we are to keep it at all, then the WEU and its associated elements currently within

the EU Constitution should be put in a different treaty, outside of the EU orbit, so that other European NATO states can properly participate. Furthermore, EU funding for Galileo should be pulled. If the Chinese and French want to develop an ability to fight the Americans in space, they should do it with their own budgetary resources. It is not in our own defence interests to assist them in this, not least because of increasing Pentagon concerns on the end-source transfer of technology when US businesses cooperate with UK firms.

Regional Policy and Aid

Regional aid was actually developed in the 1970's for several reasons: as a means to redirect finances back into the UK in return for accepting the status quo on the CAP; as a sop to Scottish devolution; as a recognition of the employment problems specifically of Merseyside; and to assist the Italian South over the long-term to deal with membership of the 'Snake' and whatever methods of monetary coordination might follow. It has since become a tool for decentralisers to undermine national sovereignty (with the aid of federalist Europe-builders) by appealing to a higher, supra-national power. Consequently, EU regional policy and grants are not in the national interest. They are not even economically sensible, as numerous instances prove of the costs actually incurred by businesses, organisations and institutions - especially universities - in order to apply for such a possible, uncertain grant. It is not as if the system needs to be maintained for the benefit of the German Lander or Spanish regions, for instance; both have strong voices domestically, while in Scotland's case their ministers can actually take the lead in key issues affecting them. EU Regional policy is therefore a dead duck, whose festering miasma lingers unwholesomely over the body politic.

Third Party Agreements

However, it is not just the Third World which is being damaged by the EU's trade policies. Professor Patrick Minford, a member of the Bruges Group's Academic Advisory Council, produced a report in September 2004 that warned that the UK is paying prices for its manufactured imports varying between some 20% - 80% above world levels because of anti-dumping penalties on outsiders who try to sell their goods in the EU for less than the official market price. A prime example is the cost of computers which are 50% higher inside the EU's customs union than out.

The United Kingdom should have more latitude in reaching trade deals with third parties, and should be capable of joining NAFTA if it so chooses. Any problems with the re-export of imported goods from NAFTA countries is a fair negotiating point for Brussels. Ideally, a broad trans-Atlantic trading zone should be the objective. We commend the far-sighted Howard-Redwood proposals from 1999 in this area.

NAFTA would not be the only free trade association in which Britain could partake. NAFTA seems set to be expanded to become the Free Trade Association of the Americas (FTAA). This will be a market of 800 million

people whose population will increase - already double the scale of the declining European market.

Joining a successor to the FTAA is an option that Britain should be free to explore, rather than have our trade potential stymied by the protectionist demands of our partners in the EU's customs union. We note with interest the special trading deals won by countries such as Mexico, which permit "economic partnership, political coordination and cooperation" in a vast number of areas also falling under the Communities treaties, but without the actual surrender of sovereignty. Additionally, the highly important Article I-57 of the EU Constitution itself recognises special arrangements can be made for European states operating outside of full EU membership. This article could be the hinge of the UK's future status, and deserves more recognition and study. In any event, it is clear that negotiated agreements allowing increased trading freedom are already technically possible.

Taxation

Tax harmonisation in Brussels means pushing upwards and setting minimums. The whole notion of Communities competence here needs to be reconsidered, otherwise we reward countries that historically have burdened their economy through recklessness and inefficiency. We recommend therefore that the competence is put on the table, with the minimum objective of halting further harmonisation, and permitting states to reverse the ratchet when they judge economic conditions permit. This could begin with reversing VAT on church roof repairs and spiking the trend towards VAT on food, clothing and print. The so-called 'level playing field' never existed in international trade: what we need is an ability to field our first team. At the same time, it needs to be made clear that unfunded pensions liabilities are the business of individual member states, at the very least as far as non-Eurozone nations are concerned.

Education, Culture, and Research and Development

The cost of the EU's activities in Research and Development, in Education, and Culture represents an estimated volume of UK national funding of more than €1.5 billion per year controlled by the EU.

R&D emerged under Davignon in the 1980's as an area where the Commission saw it could provide a statist helping hand in strategic sectors. We consider this funding to instead be one that should be business-driven, privately funded and competition-led.

Education and Culture have no place within the EU, and should be transferred (with the budgets) to the less politically-charged Council of Europe. There is a lot of good that can be done in these areas (for instance, in preserving sites of cultural importance, like Pompeii, and in facilitating people exchanges). But trust needs to be restored that actions are being undertaken for humanitarian rather than political reasons.

Health and Consumer Protection

Bruges Group research has already demonstrated that Health is increasingly becoming an active EU policy through the back door (see our paper with its foreword by Tim Yeo).[3] The ECJ and the Commission are extending their remit under the Single Market clauses to cover any other competence where anything is bought and sold. Consumer Protection will inevitably go the same way, because in any transaction there is a consumer, and we are seeing an unwelcome increase in the often spurious use of litigation. We propose that in any conflict of interpretation over a treaty base, the assumption is made in favour of that treaty article which is least restrictive to the powers of the nation state. By the same token, this would limit the ability of the Commission to drive Social Chapter-style legislation through Health and Safety legislation. This assumes that there is a logic to these competences being retained, which is doubtful.

Justice and Home Affairs

Like Defence, JHA (including immigration and asylum) also has no place within the EU legislative machine. Items could better be agreed in wider for a, certainly including non-EU countries on the continent, but perhaps even including Western countries further afield. If terrorism and international criminality crosses borders, then it obviously crosses borders with non-EU states too. Aside from the EEA countries, why not include the USA, Canada, Australia, New Zealand, Turkey, Israel and Japan? Such broader engagement also carries less threat to our civil liberties.

Strict Application of the Treaties

The ‘rubber articles’ 94, 95 and 308 TEC are currently being widely used to bring in EU legislation where no legal basis actually exists. Such enabling paragraphs should be turned into a ‘Martian Clause’ (so named as it would permit legislation only for the direst of unforeseen emergencies), of limited duration and automatic repeal. As such, it would operate after a fashion like the Notwithstanding Clause of the Canadian constitution.

Restoration of the Veto

There are a number of competences where activity at EU level is dubious, at best. There may be an argument for retaining them in the treaties, but only if the veto is secured, to prevent abuse. These competences specifically include Energy, Transport, and the Environment. We hold that the veto is the best guarantor of stability, preventing ordinary people from feeling outrage as alien laws are passed over them against their interests and their will. The simplest way back to this procedure in the immediate term would be to acknowledge the Luxembourg Compromise, which provided for a veto where a state indicated a vital national interest was at stake.

Westminster must be able of itself in future to use the British veto in any area of EU competence that it sees fit. Even today, the primacy of British law over

Community law is a matter of conjecture for many judges. Expressing it clearly will allow for Edward Heath's promise to the British people to be fulfilled;

"There are some in this country who fear that in going into Europe we shall in some way sacrifice independence and sovereignty. These fears, I need hardly say, are completely unjustified."[4]

Reworking the Institutions

The following is a list of European actions and institutions that require serious reform. Failure to do so will mean the re-emergence of treaty creep; increasing public disenchantment with distant and failed systems of management; and continued waste of public money best spent elsewhere.

Protecting the Whistleblowers

There have been far too many cases where staff, of all grades, across the EU institutions, have encountered wrong doing and have been stone walled when they tried to do something about it. Whether the issue is fraud, mismanagement, or simple breach of treaty stipulations, the failings have been suppressed. Reforms undertaken by Kinnock et al have been a joke. This problem was addressed but once in the whole of the EU Convention, and it was ignored. We support the recommendations made in that report, which was based on the experiences of six whistleblowers. To summarise, it rejects the European Public Prosecutor and calls instead for an external accounting system, with more national appointments and a role for national parliaments; budget lines to be 'sealed' unless signed off; transparency for staff affiliations; a Communities Whistleblower clause in the treaties setting out where they can legitimately air their grievances when suppressed (including the EP Budget Committee and national select committees); and the appointment of a Fraud Czar.[5]

European Anti-Fraud Office

OLAF has failed to remove the taints of its predecessor, UCLAF. It needs to be seriously shaken up, particularly at the higher levels. It might be healthier to remove it from the Brussels-based 'orbat' (schematic plan) of the EU and introduce more temporary secondees from national institutions. Legal consideration could be given to allowing home authorities a greater say in indicting their own nationals for Community fraud where the Belgian authorities are lapse or immunities are abused.

Press and Communication

Journalists are being bought in Brussels and Strasbourg. Investigative journalism is destroyed by a system of favours, quasi-bribery, junkets and indoctrination. Therefore, EU expense accounts should be vastly curtailed; institutions such as the European Journalism Centre should have all EU funding withdrawn; and the Commission press office should be downsized

and split up, so that each DG mirrors civil service departments, with a reduction in resources. A proactive agency is consequently replaced by a responsive official attached to a Commissioner.

Propaganda

The Bruges Group has published a detailed breakdown of how the EU staggeringly spends hundreds of millions of pounds annually in support of its brand and as justification for its activities.[6] Most seriously, children and the vulnerable are specifically targeted as "opinion multipliers" for European integration. These activities should be ended, and the money returned to national governments. No funds at all should go to support political correctness, and political campaigning by NGOs, where NGOs are funded by the Commission to lobby the Commission on pet projects: the centralising culture of "Brussels talking to Brussels".

The Economic and Social Committee

The sole purpose of the EESC is to offer opinions. These are ignored, unless the Commission has already decided to act in such a way, in which case the EESC document is used to justify Commission activity. A measure of its general uselessness lies in the fact that, although a Communities institution, HMG declines to answer PQs on its documents. It costs €102 million gross to run for 2004-5, money better spent elsewhere. It should be shut down as a colossal white elephant.

Committee of the Regions

The same holds equally true of the CoR, which this year costs the EU an additional €60 million gross. It is a junket for councillors and local politicians.

Court of Auditors

More national secondees are needed at the Court of Auditors. It should also have the authority to freeze EU budget lines where it detects corruption, to instruct OLAF to begin investigations where fraud is suspected, and to automatically notify Belgian and national authorities where evidence against individuals exists.

European Investment Bank

We question whether the EIB is really needed. Its powers have been increased under the EU Constitution (Article III-394). Passing over the scandal of its office building, there have been reports that its activities are too politicised, despite its nominal independence, and that vast amounts of investments have been squandered. We suspect that other mechanisms can better be used, for starters by excluding involvement by the Commission, and involving the wider Europe. We call for a proper assessment by City experts as to how the independence of the EIB can be properly guaranteed, and

credit for its actions not misappropriated by federalists as justification for their policies.

European Parliament (Assembly)

If it has to be kept at all, there is a strong case for a reversion to the pre-1979 system whereby MPs would be sent to the rue Belliard. The obvious candidates would be from the European scrutiny committees. This would restore a more direct link with both parliament and the constituent. Peers would also participate for linkage with the second chamber. Naturally, there would be constraints on the time available for members to attend sessions. This would by default bring the additional bonus of limiting the amount of legislation that would be put before them, as well as providing early warning for the Houses of issues of likely contention. Furthermore, we suspect MPs would be less likely to gold plate legislation than MEPs, who have to justify their existence to their selectorates and the media.

Reform at Home

In addition to the above areas, there are improvements that can be made within the UK system itself. These reforms would add to transparency, help democratic accountability, and restore confidence in the legislative process.

The Supremacy of Parliament

Subsidiarity has long been a challenge to define. We prefer to consider it as 'the right of parliaments to say No'.[7] Much work has already gone into the legal possibilities of asserting the supremacy of Parliamentary law over European law, importantly including case law. The Constitution will muddy the waters considerably here. But at least for the present, it is clear that any Act passed "notwithstanding the European Communities Act 1972" supersedes EU legislation. We propose that we follow the examples of the French legislature and the German Constitutional Court, and pass a short Act clarifying the legal situation, so that UK judges have a clear instruction when interpreting the muddle. The basis for this should be William Cash's *Sovereignty of Parliament Bill*.

Review of the *Acquis Communautaire*

The *acquis* is not sacrosanct in this equation. If Westminster is to have control over its own destiny, clearly the *acquis* can, if necessary, be repealed or modified. At the same time, we recognise that our European partners should be informed under free trade rules, and arbitration permitted in case of trade conflict.

End Gold Plating

All legislation agreed in Brussels must be incorporated into UK law in legislation worded appropriately. MPs should have readily identified for them,

changes from the original directive that have been made by our civil servants. Sunset clauses should be applied as a matter of course.

Establish a Commission on Costs of Membership

There have been studies of the costs and benefits of EU membership. Professor Patrick Minford undertook one in 1996, backed by a number of business leaders who called for openness in the subject: this also carried an assessment by a Japanese economist on inward investment. In summary, it identified the scales as finely balanced, but set to tip. This was confirmed later in that year by a parallel study by Hindley and Howe. In March 2000, the IoD also conducted an in-depth analysis, which was by now demonstrating a net loss, and one set to worsen further. Lately, the recent Milne study has confirmed these findings; a further Minford report is due in the coming weeks. The nearest the Government got to a cost-benefit analysis was when a number of Treasury officials were discovered by Brown to be conducting their own research; this was quickly stamped on, and the work disclaimed as being a part-time exercise by 'middle ranking officials'. In other words, the report was suppressed, because the sums were looking bad. But suppression of the truth does not brook confidence in our continued membership of the EU. If we are losing out financially, we need to know, so we can make an informed decision as to where our national interests lie; on the other hand, if the sums prove balanced, it would dissipate many concerns about the obvious costs of our membership. We therefore propose that a Commission is established to produce an **authoritative and fair** cost-benefit analysis of our membership of the European Union, looking into **economic and well as democratic and social costs and gains**. Any deficit discovered would be a powerful tool to assist us in repatriating powers.

All Options are Possible

We must be honest with the result of our Commission. If our EU partners refuse to acknowledge any bad deal we are getting and do not cooperate with our moves to repatriate powers, we must be quite clear that we are not prepared to pay such costs. We have more mettle than Harold Wilson in 1975. Withdrawal is a legitimate aspiration in such circumstances. There is a possible world outside the EU for the world's fourth largest economy. If a sovereign Canada can thrive 'sleeping with the elephant', we can survive while 'nestling with the sprout'.

Parliamentary Working Practices

A number of *modi operandi* can be immediately changed to increase transparency. As a result of a coordinated barrage of PQs put down in the summer of 1999, the agenda of forthcoming Council meetings in Brussels should today, as a matter of course, be deposited in advance in the Library. Similarly, following a further barrage three years later, the agenda of EU working groups should also now be available on the internet. Shadow Front Bench teams ought to monitor these documents as a matter of course.

Secondly, all legislation before Parliament that has Brussels as its source should be printed on different coloured paper to identify its provenance. As a side effect, this measure will also make members more aware of the quantity of EU material on a daily basis. Anonymity breeds dangerous complacency.

To cater for this volume of legislation, we recommend that the number of European Scrutiny Committees be tripled. If the Commission is correct in its estimate that 70% of national legislation comes from the EU, this needs to be properly reviewed. That is why we also support changes which would make it easier for MPs to pull items from these committees for debate before the Floor of the House.

At the same time, a Parliamentary Scrutiny Reserve should be placed on all items agreed in Brussels. The onus must be on Westminster to agree to legislation, rather than the assumption that regardless of its position, the legislation has already been agreed by ministers and will pass into law. This reserve would clearly need to apply to all legislative items, including Statutory Instruments. All SIs sourced from Brussels would correspondingly be subject to review and possible blocking at Westminster.

To achieve this, we support an increase in the required scrutiny time. Under the treaties, six weeks are allowed for this. In practice, this is rarely granted; sometimes the review time allowed is ludicrous. On occasion, contentious legislation is even agreed in Council during Recess. Pending change in the treaties, we recommend that the House authorities insist on interpreting this period to refer specifically from the moment when a properly-translated text is deposited with the clerks while the House is in session.

Grants and the Fontainebleau Rebate

Far too often, grants are not applied for, because under the terms of the rebate, around two thirds of the sum would effectively come from the Treasury. We hold that this is short sighted, and that if the Rebate cannot be renegotiated as a net reduction to the UK contribution, Treasury practice must change. It should consider the one third reclaimed rather than the two thirds spent. Of course, white elephant projects would be excluded from this rule. Departmental ministers could elect not to fund a project: just because a project is receiving EU money does not mean to say a government may not on consideration think public money would be wasted.

Conclusion - The Bottom Line

Britain currently has a raw deal with the EU. One of two things will happen. Either the democratic and economic deficit will be fixed within the next eighteen months, or the momentum for the United Kingdom to leave will become unstoppable.

But that reform, if it is to be credible, has to be bold and meaningful. It has to bring back all those powers which define us as a sovereign nation state; and it

has to guarantee that future power grabs by Brussels can never come to fruition.

Half-measures may buy us a brief respite, but they will only act as a temporary setback for a motor of integration that has been running for 48 years.

Our timing is fortuitous. In a season of referenda, the EU Constitution will fall. Ironically, the device intended to “bring Europe closer to its citizens” will drive them further apart. Brussels will then fall into apoplectic shock.

This provides those of us, who have a different vision of how Europe must function, a rare moment to take the lead. But the window of opportunity will be brief.

This is Europe’s last chance.

Executive Summary

Competences

- Repatriate CAP to national control. Reforms to be undertaken at national level.
- Repatriate CFP. Local community management.
- Restore Social Chapter opt-out.
- Remove Employment and Social Affairs from the treaties.
- Repatriate all of International Development, and link with good governance.
- Remove Defence and intergovernmental affairs from treaties; cut Commission representation; cut UK funding for Galileo; remove WEU from EU treaties.
- End regional aid: budget saved to be restored to exchequers.
- Cut R&D funding or withdraw from UK participation and funding.
- UK to represent itself internationally unless requests otherwise. Option to join NAFTA subject only to anti-dumping talks with EU.
- Tax harmonisation to end. Countries allowed to set own tax rates, including ending VAT.
- Education and Culture to go to Council of Europe, with budget line.
- Health and Consumer Protection to be scaled back vastly.
- End legal activism of ECJ and the Commission.
- Justice and Home Affairs to be taken away from the EU and discussed at a broader level of intergovernmentalism.
- All remaining competences to see the restoration of the veto.

Institutions

- Whistleblower Clause introduced to the treaty.
- Shake up of anti-fraud unit.
- Press offices slimmed down and broken up.

- Propaganda material (ie matter that is pro-Brussels policy and ideal) ended.
- Shut down Economic and Social Committee, Committee of the Regions, European Investment Bank. Failing this, withdraw participation and funding requirements.
- Reform Court of Auditors.
- Restore MP link via European Assembly.

Domestic

- Affirm the Primacy of Parliament over Community law.
- Review the acquis communautaire.
- End gold plating by UK civil servants.
- Establish a Commission on the costs of membership.
- Acknowledge withdrawal is an honest and legitimate option if circumstances dictate.
- Change parliamentary working practices.
- More readiness to apply for grants subject to Rebate procedures.

Footnotes

1. Notably, the issue was one area of agreement, held to be of critical and immediate opportunity and importance, in the paper *Common Ground*, http://www.bowgroup.org (Tebbit/Bercow/Rotherham, 2004)
2. *Spotlight on Subsidies*, Oxfam Briefing Paper 55
3. http://www.brugesgroup.com/mediacentre/index.live?article=202
4. PM's television broadcast on Britain's entry into the Common Market, January 1973
5. http://register.consilium.eu.int/pdf/en/03/cv00/cv00844en03.pdf
6. http://www.brugesgroup.com/mediacentre/index.live?article=79
7. Each No should be a veto. The 'Yellow flag' in the EU Constitution requires the impossible task of mustering outrage at a proposal in 1/3 of national parliaments, and even then the Commission can legally ignore them. Attempts by DHA to stiffen the parliamentary right of veto were, needless to say, not supported by the Labour Government.