

TACKLING THE EU EMPIRE

Basic critical facts on the EU/Eurozone

A handbook for Europe's democrats, whether on the political Right, Left or Centre

"Sometimes I like to compare the EU as a creation to the organization of empire. We have the dimension of empire." – EU Commission President Jose Manuel Barroso, 2007

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THE EU'S MYTH OF ORIGIN: All States and aspiring States have their "myth of origin" – that is, a story, true or false, of how they came into being. The myth of origin of the European Union is that it is essentially a peace project to prevent wars between Germany and France, as if a collective tendency to go to war were somehow genetically inherited. In reality the EU's origins lie in war preparations – at the start of the Cold War which followed the end of World War 2 and the possibility of that developing into a "hot war", a real military conflict between the two victorious post-war superpowers, the USA and USSR.

These two had been allies in defeating German Nazism and Italian Fascism but became bitter rivals after the World War ended in 1945. Europe was then divided between East and West. As fear of communism internally and externally stalked war-ravaged Europe, American policy was to push the continent's former imperial powers towards closer economic and political integration with one another, pressurising them at the same time to abandon their colonies. US interests could then move in on these.

In 1947 the two Houses of the US Congress passed a resolution that "*Congress favours the creation of a United States of Europe*". That same year US economic aid to revive Western Europe under the Marshall Plan was premised on the recipients supporting economic and political integration. In 1948 the American Committee on United Europe was established. For years this body channelled CIA (Central Intelligence Agency) money to the European Movement. That Movement's national sections in each country became the main non-governmental propagandists for ever further EU integration and have remained so to this day.

In 1949 the USA wanted a rearmed West Germany inside NATO on that military alliance's foundation. This greatly alarmed France, which had been occupied by the Germans just five years before. Jean Monnet, who was America's man in the affair, came up with the solution. He and other technocrats had been pushing schemes of federal-style supranationalism for Europe since the end of World War 1. These had had no effect in preventing World War 2, but in the new situation post-1945, with the USA now supporting Euro-federalism as a bulwark against communism in Europe, Monnet and his colleagues saw their opportunity. To assuage France's fears of German rearmament Monnet drafted the Schuman Declaration, called after France's Foreign Minister, proposing to put the coal and steel industries of France, Germany and Benelux under a supranational High Authority as "*the first step in the federation of Europe*". This led to the European Coal and Steel Community Treaty of 1951.

A federation is a State, so the political aim of establishing a European State or quasi-superstate under Franco-German hegemony has been there from the start. The preamble to the German Constitution, adopted in 1949, speaks of Germany as "*an equal partner in a united Europe*". Far from European integration being a peace project, therefore, the truth is that the first step towards supranationalism in Europe, the European Coal and Steel Community of 1951, was advocated and supported by the USA to facilitate German rearmament in the early years of the Cold War, and to reconcile France to that fact.

The EU celebrates 9 May 1950, the date of this Schuman Declaration, as "Europe Day" each year. Jean Monnet became secretary of the supranational High Authority which ran the Coal and Steel Community. This was the predecessor of today's Brussels Commission.

Following the Coal and Steel Community Treaty and against the background of the Korean War, the French Government, again pushed by the Americans, produced an ambitious plan for a European Defence Community (EDC). As Monnet put it in his Memoirs,¹ "*Now the federation of Europe would have to become an immediate objective. The army, its weapons and basic production, would all have to be placed simultaneously under joint sovereignty. We could no*

longer wait, as we had once planned, for political Europe to be the culminating point of a gradual process, since its joint defence was inconceivable without a joint political authority from the start." This proposed Defence Community was to have a European Army, a European Defence Minister, a Council of Ministers, a common budget and common arms procurement under the overall aegis of a European Political Community. The treaty establishing the EDC was ratified by the German Bundestag, but it caused a political storm on both Right and Left in France and the French National Assembly narrowly rejected it.

Alerted by this setback the Euro-federalists decided henceforth to play down their ultimate goal of political integration and from then on to stress economic integration as the supposed route to prosperity. From 1954 onward "building Europe" was to be presented to Europe's peoples as essentially a matter of economic growth and jobs. This would make political supranationalism more easily sellable to the different national publics. Supranationalism is the essence of the EU's ideology.

EU IDEOLOGY: SUPRANATIONALISM VERSUS INTERNATIONALISM: Supranationalism - from Latin *supra*, "above" - is where Nation States surrender their authority to a superior entity which rules them and has legal primacy over them, at least in the policy areas surrendered. An example is a multinational Federal State where sovereignty is divided between a superior federal level and inferior national or regional states. Such contemporary Federations as India, Pakistan, Russia or Nigeria are instances. Or it can refer to imperial arrangements like the Austro-Hungarian Empire, once known as a "prison-house of nations", where different countries are ruled by a centralized bureaucracy in a far-away imperial capital.

The EU has features of both these forms of supranationalism. Supranationalism is the opposite of internationalism, which is a benign and progressive concept. Internationalism – from Latin *inter*, "between" - implies the pre-existence of sovereign Nation States. It refers to relations of co-operation between the States that constitute the international community, but with each controlling and deciding its own domestic and external affairs in accordance with the wishes of its people. Recognition of States based on the right to self-determination of nations and peoples is a basic principle of modern democracy and international law.

Supranationalism, in contrast to internationalism, implies a hierarchy, with the supranational level on top. Internationalism implies legal and political equality between the parties. Properly understood, internationalism is opposed to all forms of chauvinism and xenophobia. It implies coexistence among progressive "nationalisms" – that is, broad nationalisms rather than narrow, using the positive rather than the negative sense of that word in English. It implies patriotism and love of country, combined with respect for the many national communities into which humanity is divided and admiration for their varied cultural and other achievements.

Internationalism delights in the diversity of nations. Supranationalism seeks to erode national differences, either because they threaten the dominance of a particular ruling power or they make it more difficult for transnational Big Business to establish a world of homogenized consumers and employees. Supranationalism seeks the erosion of State sovereignty. Internationalism seeks to establish and maintain it.

The glory of European civilisation has been the diversity of its national components – in culture, science, political institutions, economic actors, legal systems, education systems, tax codes, fashion. In classical Europe emulation and competition between nations, communities and individuals spurred creativity and innovation. The peak of Europe's cultural achievements occurred when its political units were numerous and small - in Athenian Greece, Renaissance Italy, 17th century Netherlands, 18th century Germany. This classical Europe, which is

synonymous with much of what is best in human civilization, is the opposite of the centralised "Europe" of the Brussels bureaucracy, with its mania for imposing uniformity and "harmonization" by means of its supranational laws.

Supranationalism means rule by technocrats, supposed experts who are not elected, without democratic control. The EU Commission is a good example. Supranationalism leaves ordinary people cold. In the EU it means "*Brussels talking to Brussels*" as the elite groups concerned get ever more removed from citizens and voters in the different national communities they come from. It means the governments of the bigger Member States using the EU's supranational institutions to impose their hegemony on the smaller, while at the same time seeking to leverage the EU bloc as a whole into becoming a world power through which the government of each Big State hopes to wield more influence externally than it can ever do on its own. Lust for world power is the mainspring of EU supranationalism. National democracy is to be sacrificed to that end, while economic *laissez-faire* is made a constitutional imperative everywhere in the interest of powerful national economic elites, particularly those of the big countries. Supranationalism and internationalism offer quite opposite visions of different ideal "Europes".

The historical and moral guilt of those pushing the European "project" is great. They work to subvert the democracy and national independence of their own peoples and to transfer control of their societies to supranational elites with whom they identify and who reward them generously. Their own peoples meanwhile become disillusioned and depoliticized, while the economic prosperity they have been promised if they shift to supranationalism proves a mirage for many.

The European Union is the ghost of the real Europe. When it calls itself "Europe" and believes it is Europe it is acting out a fiction which future historians will surely compare to the fiction of the Holy Roman Empire, the ghost of imperial Rome, which the French philosopher Voltaire once said was neither holy, Roman nor an empire, and which for centuries spoke German and was ruled from Vienna.

Three years after the abortive European Defence Community of 1954 came the 1957 Treaty of Rome. This established the European Economic Community (EEC), popularly referred to at the time as the "Common Market". In the preamble to the Rome Treaty the six original signatories - France, Germany, Italy, Belgium, Holland and Luxembourg - stated their determination "*to lay the foundations of an ever closer union among the peoples of Europe*". There is no legal or political limit to ever closer union, so the words imply a commitment to indefinite further integration.

The European Economic Community existed side by side with the original 1951 Coal and Steel Community, as well as the Atomic Energy Community, based on the European Atomic Energy Treaty (Euratom), which was signed in 1957 at the same time as the Treaty of Rome. The Euratom Treaty coordinated nuclear energy production and distribution amongst the EU States. The institutions of these three supranational communities - Coal and Steel, Atomic Energy and Economic (EEC) - were amalgamated in the 1965 Merger Treaty. The name "European Community" was used thereafter to cover the combined three communities, of which the Economic Community (EEC) had the widest remit.

In 1963 France and Germany signed the Elysée Treaty with one another. This provided for regular meetings of the French President and German Chancellor, and their respective Foreign Ministers, as well as monthly meetings of officials from each side and the embedding of civil servants from each country in the government ministries of the other for long periods.

Although this was - and is - a bilateral treaty outside of and independent of what is now the European Union, it underpins Franco-German cooperation in exercising hegemony over the EU. The main change since 1963 is that Germany has replaced France as the politically and economically stronger of the two.

A half-century passed following the rejection of the 1954 European Defence Community Treaty before European Political Union and all-out Euro-federalism were openly talked about again. This happened in 2004 when the EU States, led by Germany and France, proposed to establish the European Union on the basis of its own Constitution, *The Treaty Establishing a Constitution for Europe*, just as the American Union, the USA, had been set up in 1776. After some ratification hiccups, the new supranational European Union based on that Constitution replaced the previous European Community and was brought legally into being by the *Treaty of Lisbon* in 2009.

A SPIN-OFF OF THE COLD WAR: Historically therefore the EU is a spin-off of the Cold War, which was pushed by the USA and its allies in the 1950s and subsequently to provide an economic underpinning in Europe for the NATO military alliance. Following the 1956 Suez debacle, when the USA foiled the attempt of the British, French and Israelis to overthrow the Egyptian government by force, the Americans urged British Conservative Prime Minister Harold Macmillan's government to apply to join the EEC. By doing that Britain would regain America's favour, as well as obtain from America the guided missiles which alone would enable her continue as the world's third thermonuclear power. Britain had detonated her first H-bomb in 1957, but had no independent means of delivering atomic weapons to possible targets.

Pressed by the Americans, Britain applied to join the EEC in 1961. Ireland and Denmark applied to join simultaneously because of their dependence at the time on British trade. As a major food exporter France wanted the Common Agricultural Policy to be fully in place, with its big subsidies for French farmers, before admitting food-importing Britain, which would want lower food prices, not higher ones. This led French President Charles de Gaulle to veto British membership of the EEC in 1963 and again in 1967. Britain did not finally join the EEC, together with Ireland and Denmark, until 1973. American proponents of Euro-federalism also advocated a European monetary union from an early date. In 1965 a US State Department memo advised the then Commission Vice-President Robert Marjolin to pursue a common European currency by stealth. It recommended suppressing debate until the point at which "*adoption of such proposals would become virtually inescapable*".

In those years of the Cold War between the West and Russia "Euro-federalism" became the creed of a host of intellectuals on Right and Left across the continent, disillusioned with the failed ideologies of the 20th century. On the political Right fear of communism made people comply with American advocacy of integration. On the Left traditional antagonism to "nationalism", identifying that with imperialism and chauvinism, provided the rationale for theories which proclaimed capitalist supranationalism to be the forerunner of supranational socialism. In the meantime there were lucrative careers to be made in pushing the integration "project".

Ideologues from these different backgrounds populate the EU institutions. They provide arguments in support of the assault on all things national. They blame historical conflict between Europe's States on the separate existence of those States themselves, rather than on the character of their governments and the elites that run them. Their fundamental dogma is that Europe's wars can be prevented by putting the continent's national democracies, with their different peoples, languages and cultures, under the control of a supranational high authority of non-elected technocrats - namely themselves, or people like themselves - while

trying to merge their peoples in a kind of jelly-bowl of nations. Their hope is that in time this will become a Big Power in the world.

These europhiles ignore the fact that most wars are civil wars, not wars between sovereign States. They fail to recognise that the wars accompanying the breakup of Yugoslavia in the 1990s and the East Ukrainian conflict in 2014 were significantly stoked by EU interference in those areas at the behest of the larger EU States. They see national sovereignty and the nation State as their ideological enemy. Patriotism and love of country they regard as irrational and out of date. They embrace supranationalism with quasi-religious fervour. Criticism of the integration "project" is akin to heresy in their eyes, which was, and is, unacceptable.

Europeanist ideologues on Left and Right have developed the doctrine that by "pooling sovereignty" small States will increase their influence over larger ones, whereas in reality it is the big States that dominate such arrangements. The classical definition of sovereignty is that a State is the sole author of the laws operative on its territory and that it alone determines its relations with other States. This has nothing to do with autarchy or self-sufficiency. It is analogous to the freedom and autonomy of the individual in personal relations. Good relations between human beings, however different they may be in capacity and resources, are best maintained on the basis of equality and mutual respect, neither dominance nor submission between the parties. It is the same between States. Good fences make good neighbours. That is internationalism.

In a democratic State the people are sovereign because it is they who decide through their elected representatives the laws they are willing to obey and how their State relates with other States through the Government they elect. For Member States of the EU however most laws come nowadays from Brussels. Over most areas of policy the EU now decides for them collectively. If an individual EU State does not obey an EU law it is liable to have heavy and repeated fines imposed on it. EU members no longer decide their international relations independently. Talk of "pooling sovereignty" is like speaking of a woman as being half-pregnant. Sovereignty "pooled" is effectively sovereignty surrendered.

THE EURO AS A RESPONSE TO GERMAN REUNIFICATION: Forty years after the 1951 Coal and Steel Community and the 1957 Treaty of Rome setting up the European Economic Community (EEC) which followed, another major shift occurred in Franco-German power. This was Germany's reunification as a side-effect of the collapse of the USSR in 1991. It led these two countries to establish EU Economic and Monetary Union (EMU) and its single currency, the euro. Eurofederalist circles had for years been canvassing a currency union to give the EU bloc this essential features of statehood. West Germany's absorption of East Germany and the establishment of a unified German State now gave the political opportunity.

The increase in Germany's territory and population consequent on its reunification greatly alarmed France. But France possessed nuclear weapons, which Germany is precluded from having under its reunification treaties. The deal between the two of them, set out in the 1992 Maastricht Treaty, was EU Monetary Union for Political Union, or, put crudely, the Deutschemark for the Euro-bomb. Germany would give up its national currency, the symbol of its post-war economic achievement, and share the running of a new supranational currency with France, while France agreed to work jointly with Germany towards a supranational EU political union, with its own common foreign, security and defence policy, and in time a common European army.

This would give Germany a central role in running a potential EU world power, with its finger eventually on a European nuclear trigger. France in turn hoped that the euro would give it a

political lock on Germany. A Franco-German army brigade with joint officers and a joint command was simultaneously established as symbol and prototype of the European army of the future. Belgium, Luxembourg and Spain have since joined this common "Eurocorps". American support for German reunification was contingent on the reunified Germany remaining a member of NATO, even though NATO's counterpart, the communist-bloc Warsaw Pact, had vanished with the dissolution of the USSR and the end of the Cold War. America's involvement in European affairs was thus continued through NATO, as was its support for further EU integration. The US pushed NATO military bases into the former Warsaw Pact countries.

EU propagandists call their new polity "Europe", even though such ancient European countries as Russia, Switzerland, Norway and Iceland are outside it. It is often said that France and Germany share a common interest in being joint motors of the EU "project". As French President Charles De Gaulle once remarked: *"Europe is France and Germany. The rest is just the trimmings."* The conventional wisdom is that if Germany and France stay together they can push through the Brussels institutions whatever policy suits their interests, while between them they are strong enough to prevent any other group of EU States adopting policies they do not like.

This narrative suits various parties, especially France, but it is hard to imagine that Germany could have failed to see the benefit to itself of much of the continent using a common currency which would, in effect, be under German control because of its population size and economic weight. German Chancellor Helmut Kohl, who pushed through the euro in face of a reluctant German public opinion, acknowledged this in 1996: *"The future will belong to the Germans when we have built the House of Europe. In the next two years we will make the process of European integration irreversible. This is a really big battle, but it is worth the fight."*²

Germany's post-war political elite saw economic success as the way back to great powerdom. The Eurozone allows Germany free rein to pursue a mercantilist strategy of seeking export domination (*Export Weltmeister Deutschland*) by enjoying a significantly lower currency exchange rate with the euro than it could enjoy on its own were it to revert to the Deutschemark. This is a consequence of the internal imbalances within the Eurozone, whereby a country like Germany, with its persistent trade surpluses, can avoid an upward currency revaluation and thus enjoy a stimulus to its domestic economy, while a country like Italy, with persistent trade deficits, cannot enjoy a downward currency devaluation and is therefore condemned to loss of competitiveness and economic stagnation domestically.

If the euro-currency lasts - although that is unlikely, at least for all its current members - the long-term effects are likely to be similar to those which occurred internally in Italy after its 1860s reunification, with Southern Italy falling behind North Italy, or in the Southern States of the USA, which fell economically behind the North in the decades following the American civil war.

THE INTOXICATION OF BIG POWERDOM: That political realist Germany's 19th century chancellor Otto Von Bismarck once remarked: *"I have always found the word 'Europe' on the lips of those powers which wanted something from others that they dared not demand in their own names."*³ The rhetoric of Euro-federalism, talk of "the European ideal", the requirements of "the EU project", the supposed "necessity" of Europe's unification and the like, is at bottom political cover for the national interests of the States concerned, as mediated by their political, economic and media elites.

Norwegian sociologist Johan Galtung succinctly described the political thrust behind EU

integration: *"One formula for understanding European integration is this: Take five broken empires – Germany, France, Italy, Holland and Belgium – add a sixth one later, Great Britain, and try to make one grand neo-colonial empire out of it all."*⁴

The founding members of the original European Economic Community (EEC), apart from Luxembourg, had been imperial powers, in some cases for centuries, possessing colonies on several continents. They were all defeated, ravaged and occupied during World War 2. After 1945 they found themselves in a world dominated by the two military superpowers, the USA and USSR. Their governmental elites, which were used to thinking in imperial terms, said to themselves in effect: if we cannot be Big Powers in the world on our own any longer, let us try to be a Big Power collectively. Jean Monnet put the Euro-federalist perspective in his Memoirs: *"Our countries have become too small for the present-day world, for the scale of modern technology and of America and Russia today, or China and India tomorrow. The union of Europe's peoples in the United States of Europe is the way to raise their standard of living and preserve peace."*

For Germany in particular EU integration offered a way back to political respectability following the frenzy of the Hitler period. German reunification in 1990 opened a path for that country to become a world power again, but under an EU flag, with France seeking desperately to keep up with her in the process. Germany's reunification, its economic dynamism and the fact that its population is 82 million compared to France's 64 million, tilted the Franco-German power-balance in Germany's direction. Following German reunification France wanted the EU to expand around the Mediterranean, with herself as hegemon over her former African colonies. Germany blocked France in this and pushed the EU instead to expand into Eastern Europe. In responding to the post-2008 financial crisis France would like some kind of EU transfer union, with Germany subsidising France and permitting her to maintain her statist traditions. Germany by contrast insists on "ordo-liberalism", competition on the basis of EU-imposed rules, without cross-national financial transfers or at most minimal ones, and with Germany setting the EU's strategic priorities. There is thus continual tension between the two, while at the same time they have a joint interest in agreeing a common policy which they can impose on the rest through the EU.

Germany's power-elites envisage a federal or quasi-federal "Europe" being united under German hegemony in steps similar to those which Prussia took to bring a federal Germany into being in the 19th century – first a customs union, then a common currency, then a political union, and then a common army. As a consequence anti-German feeling is now spreading across Europe. Not for the first time in their country's tragic history, Germany's rulers are failing to foster a national patriotism and a legitimate concern for maintaining their country's sovereignty which is not a threat to the rest of Europe. Will the German people allow themselves to be misled again?

This is not the whole story of the European Union (EU), but it is the most fundamental part of the story.

BRITAIN AND THE EU...“BREXIT”: Other EU countries had their own motives for embracing supranationalism. While America pushed Britain into applying to join the then EEC, island Britain has traditionally sought to prevent one power dominating the continental mainland. In the era of the Common Market British governments did not want to see the continent under the hegemony of the Franco-Germans. Their ambition has been either to prise France and Germany apart or else be co-opted by them in a triumvirate of equals that would jointly run an ever more integrating and powerful EU bloc. Both aims have proved illusory. This is the root of much British Euro-scepticism, which is at bottom largely an expression of English

nationalism.⁵

Britain's leaving the EU as a result of Prime Minister David Cameron's 2016 referendum would be a shattering blow to the integration project, for other EU countries would almost certainly follow. By insisting on such a step Britain's democrats would have restored their self-government and rejected a Europe dominated by Germany. As in 1940, Britain would once again have saved herself by her exertions and saved Europe by her example. Even if that does not happen on this occasion, it is inevitable that it will happen eventually as the EU-critical movement in Britain and elsewhere continues to grow stronger.

Spain, Portugal and Greece saw EU membership as guaranteeing democracy following long periods of dictatorship. Spain and Portugal too had been imperial and colonial powers. Their elites likewise were nostalgic for Big Powerdom. The East Europeans saw the EU as a way of moving out of Russia's sphere of influence. Their representatives in the EU bureaucracy, the European Parliament, Court of Justice, Central Bank etc. are paid salaries that typically are large multiples of what they could earn at home. Brussels offers especially attractive career prospects to their national elites.

For these, as for politicians, senior bureaucrats, media figures and social science academics in the smaller EU States generally, there is the sense of importance of having wider fields to conquer or play a part in, side by side with representatives of Europe's bigger countries. Many are lured by the intoxication of helping to build a superpower. *"It is nicer to be running Europe than running Slovakia,"* as one of them put it.

In 2004 and 2007 the EU expanded to include the former communist countries of Eastern Europe and enlarged from 15 to 27 members, and then to 28 in 2013 with the accession of Croatia. During the Cold War decades from the 1940s to the 1980s, when the East Europeans were client States of the USSR and linked to Russia in the communist economic bloc COMECON, the Russians never insisted that they should replace their national currencies with the rouble. The EU by contrast insists that all applicant countries commit themselves to abolishing their national currencies and adopting the euro before they can join the EU. This is further evidence of the bloc's neo-imperial character.

Although the EU post-Lisbon has the formal constitutional structure of a supranational Federation, in reality it is a highly centralized power bloc which is increasingly dominated by the State interests of Germany, with France in a supporting role. This is far from the "partnership of equals" its official statements claim it to be. In power-political terms the EU is an entity that is divided into three groups of States. The big States, primarily Germany and France, take the strategic policy decisions, interacting with Britain, Italy, Spain and Poland. Then come the smaller creditor countries of the Eurozone – Austria, Finland and Benelux. They tend to support Germany as the biggest creditor country. Then come the debtor countries of the EU periphery as well as the former communist countries. Their relation with Brussels and Berlin is virtually a neo-colonial one.

The elites of countries in this third group are happy to be on first-name terms with the ministers of the big countries in the EU Council of Ministers, but for their citizens it is the underlying power relations that really matter. They have lost their national democracy and find themselves fundamentally subordinate.

Power relations are not everything of course. A genuine, if naïve, idealism animates many across Europe who support the "integration project". They take refuge in the EU's foundation myth of it being essentially about peace and overcoming the legacy of Europe's wars –

ignoring the EU's calamitous interventions in Yugoslavia and Ukraine. Transcending the bloody legacy of World Wars 1 and 2 was undoubtedly a consideration of the EU's "founding fathers", mingled with less idealistic motives. But reasons of State and *real-politik* have come to predominate over the years as the EU has grown more powerful and more centralized, and Germany has been reunified.

Other believers in the EU/Eurozone are disillusioned with aspects of national politics or with the inadequacies of their national politicians and think that supranational ones would be better. They fail to notice that it is these same national politicians who are often the principal pushers of EU integration and they do not ask themselves why this should be so. The political and economic forces which the more naïve among euromphiles identify with are far from altruistic, as became ever clearer as the post-2008 euro-currency crisis unfolded, spreading disillusionment amongst many.

Norway, Switzerland and Iceland are three West European countries that have not joined the EU because they valued their independence. The Norwegian people rejected EU membership in referendums in 1972 and 1994. Norway and the EU are members of the European Economic Area (EEA), as are Iceland and Lichtenstein. Norway has free trade with the EU and voluntarily adopts most EU laws relating to the free movement of goods, services, capital and labour, but generally not in other areas. Switzerland rejected membership of the EEA in a 1992 referendum. The Swiss have bilateral relations with the EU and adopt EU laws in some economic areas.

THE ECONOMIC BASIS OF THE EU: The economic deal between France and Germany as set out in the 1957 Treaty of Rome offered import protection for French farmers, who were much more numerous and politically influential then than they are today, in return for free trade for German industry. For decades the Common Agricultural Policy (CAP) kept European food prices high by excluding cheap food imports from the rest of the world. As CAP supports were tied to volume of farm production, this benefited big farmers most, French and Irish ones particularly. At the same time it made food dearer for housewives and raised labour costs across the EU.

On the free trade side, the EU Treaties make it illegal under European supranational law for national governments to put obstacles in the way of the unimpeded movement of goods, services, capital and labour amongst the 28 Member States. EU law forbids Governments from discriminating in favour of their own citizens or business firms by adopting any such measures, whether liberal or restrictive, although the possibility of doing this in the interest of a particular people's economic welfare is one of the reasons why countries want to have their own governments in the first place.

It is normal for private businesses to desire minimal interference by the State with their profit-making activity. EU law drastically limits the possibility of such interference. Membership of the EU means that any national law that seeks to enforce a national "common good" in the economic sphere must give way to supranational EU law in all areas covered by the Treaties. Unsurprisingly, EU-based transnational capital, business firms with branches in different EU countries, are the principal lobbyists for ever further integration. US headquartered businesses in Europe have a similar interest. They influence politicians and media through bodies like the European Roundtable of Industrialists, the European Banking Federation and Business Europe. The latter body links the industrial and employers' confederations of the EU and numerous business federations and business-financed think-tanks. These finance the European Movement and other federalist lobby-groups and have been powerful pushers of successive EU treaties. They in turn interact with secretive bodies like the Bilderberg Group and the Trilateral

Commission, political networks that have been longtime backers of the integration project.

Most court cases before the European Court of Justice (ECJ) are concerned with enforcing the EU's foundational "four freedoms" – free movement of goods, services, capital and labour. These erect the basic principles of classical *laissez-faire* into constitutional imperatives. No government or elected parliament may legally violate or change them, regardless of the wishes of their voters. The Constitution of the EU, the Treaty of Rome and its amending treaties, is in reality the first State or quasi-State Constitution in modern history to be drawn up without the slightest democratic element, entirely in the interest of Big Business. The EU Treaties provide justification nowadays for almost any intervention by Brussels in the domestic legal system of the EU member countries. It is hard to find a sphere of human life that is unaffected by EU law.

Each successive EU Treaty was sold to the different peoples across Europe as a modest incremental step towards obtaining more jobs, growth and higher living standards. Yet each took powers away from national parliaments and governments and the citizens who elect these. The Treaties gradually reduced these national institutions to shadows of their former selves, especially in the EU's smaller States. Europe's Nation States were thus effectively turned into EU provinces or regions, with their traditional national democracy eroded and their citizens subjected to the rule of a supranational political and economic elite that runs an EU system whose complex workings most people poorly understand. At the same time the prosperity which the EU, and particularly the euro-currency, promised has proved an illusion. Nearly one-third of young people in the EU today cannot find employment.

This is "*The Great Deception*" of the EU project, to use the title of probably the best book in English on its history (see information sources below). The EU's history has been a constitutional revolution by stealth. Unsurprisingly, those responsible find it hard to acknowledge the enormity of their mistake, or the dire consequences for millions which their europhilia has been responsible for. At a personal level they can avoid facing up to the social carnage they have caused because they are themselves usually comfortable materially. That is why the euro-currency experiment has not yet been abandoned. The technical challenges to doing this are serious, but are not as difficult as they are portrayed, or as they will be psychologically in due time for the EU's elites.

THE SUCCESSION OF EU TREATIES: THE 1957 TREATY OF ROME: The 1957 Treaty of Rome established the European Economic Community (EEC) to complement the supranational Coal and Steel Community of 1951. This EU foundation treaty established the four supranational institutions, the European Commission, Council, Court and Parliament - to enforce free movement of goods, services, capital and labour amongst the original six Member States and establish a Customs' Union with a common external tariff vis-à-vis outsiders.

Giving up the right to impose national controls on the movement of goods, services, capital and labour between countries and agreeing to obey supranational decision-making in these policy areas was an unprecedented surrender of State sovereignty by the governments concerned. The politicians who agreed to it were doing something constitutionally unprecedented. They were depriving their own people of the right to make laws and decide policy over huge areas of government – a right which in some cases had been struggled for for generations. And they were depriving future generations of that right.

Cross-national free movement of goods, services, capital and labour are not unqualified positives at all times and everywhere, as EU spokesmen imply. Free movement of goods is fine for countries at similar levels of economic development, but it can inhibit industrialization for

less developed countries or for poorer regions within countries. Historically, the advanced economies of the EU launched their own industrialization on the basis of trade protection. They became free traders only when they had become economically strong. Free movement of services can lead to a lowering of labour, health, environmental and other standards if the countless regulations enforcing such standards nationally are harmonized downward rather than upward, as tends to happen in the EU. Free movement of capital deprives countries of control over their national savings. It can lead to a State or area becoming deindustrialized or afflicted with asset bubbles, depending on whether there is a net outward or net inward movement of capital. Free movement of labour can lead to unwelcome migration flows, a brain drain from poor countries and the undermining of labour standards and community cohesion in rich ones.

The Common Commercial Policy governing movement of goods means that EU Member States no longer negotiate their own trade treaties. The Brussels Commission now does this for them collectively. This gives the EU great power externally. Obtaining access to the EU market often requires non-EU States to conform to common EU technical, health and safety and environmental standards. This puts them under pressure to enforce EU rules outlawing State aids, nationally preferential public procurement and export subsidies in their domestic economies.

The Lisbon Treaty (Art.207 TFEU) extends the Common Commercial Policy to cover trade in services, commercial aspects of intellectual property and investment agreements with States outside the EU. Bilateral and multilateral trade and investment treaties, which EU Member States previously negotiated with countries around the world, are now negotiated on their behalf by the Brussels Commission. Unsurprisingly, the interests of the Big States tend to prevail in these negotiations. These commercial treaties open the way for EU-based business corporations to take legal action against entire States abroad whose domestic regulations on health, labour or environmental standards are regarded as "barriers" to trade or affect corporate profitability.

Collective trade pacts negotiated by the EU, such as the proposed **Transatlantic Trade and Investment Partnership (TTIP)** with the USA, and its Canadian and Pacific area counterparts, expand the role and powers of such private corporations through their ability to access sympathetic international arbitration tribunals. Under previous World Trade Organisation (WTO) rules only governments had the standing to take actions of this kind. That is no longer the case. Transnational companies have already used such lawsuits across the globe to reduce competition or threats to their profits by, for example, launching legal actions against national green energy and medicine policies, anti-smoking legislation, bans on harmful chemicals, environmental restrictions on mining, controls on genetically modified foods, health insurance policies and measures to improve the economic position of minorities. Even the threat of such litigation can cause governments to shelve socially progressive policies.

TTIP proposes a scheme of "permanent regulatory cooperation" between the EU and USA. The imposition of laws and regulations is the most fundamental function of government. In democratic States regulation on social or economic grounds should be the result of open discussion and decision by the elected representatives of the People. What powerful business interests want is minimum regulation and "equivalence" between EU and US standards at the lowest possible level. This proposal would institute a permanent behind-the-scenes negotiation between EU bureaucrats, American ones and corporate lobby-groups on both sides of the Atlantic long after the TTIP treaty has been signed and ratified, when public interest has waned. It would amount to a takeover of fundamental powers of government by the representatives of corporate capital, interacting with the EU bureaucracy. This is a result of

trade agreements having become an “exclusive EU competence” under the treaties. In political terms TTIP has the aim of tying the European States economically to the USA and resisting giving developing countries such as China, Russia and India any real say in setting international trade and investment rules

The EU gains power by these means to influence domestic economic policy in non-EU countries, particularly poor and less developed ones, which goes far beyond enforcing free trade and restraining traditional trade protectionism. The TTIP, if agreed by Brussels and Washington, would be practically irreversible. The treaty would be enforced in all 28 Member States as a matter of EU law and could only be amended or revoked on the European side by all 28 agreeing, which is impossible to see happening.

The Rome Treaty also introduced the protectionist Common Agricultural Policy, which has led to higher food prices for Europe’s consumers and higher labour costs for Europe’s industry. It established the Common Fisheries Policy, whereby the territorial waters of the Member States are fished in common. This has been disastrous for fish conservation in the North Atlantic. That in turn has led to the ravaging of coastal fishing communities off Africa, to where European fishing fleets have moved.

In the 60 years following the 1957 Treaty of Rome membership of the EU went from the original six founding members to nine (with the UK, Ireland and Denmark in 1973), then ten (with Greece in 1981), then 12 (with Spain and Portugal in 1986), then 15 (with Austria, Finland and Sweden in 1995), then 25 (with Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia in 2004), then 27 (with Romania and Bulgaria in 2007), and then 28 (with Croatia in 2013). In 2015 the EU recognizes Albania, Macedonia, Montenegro, Serbia and Turkey as formal candidates for joining it in the future. Thirty years after the Treaty of Rome came the next big push to Euro-federalism, the treaty called the Single European Act.

THE 1987 SINGLE EUROPEAN ACT (SEA): The Rome Treaty had removed tariff barriers to trade between the EU Member States and established a free trade area and customs’ union among the original six Member States. The Single European Act made non-tariff barriers to trade illegal under EU law and set up the so-called “single” or “internal” market throughout the free trade area. Non-tariff barriers range from State aids to public purchasing, to different national standards for goods and services, to differential health and safety measures at national level, different veterinary standards, labour standards and the like. The SEA led to a host of harmonization directives and regulations aimed at ironing out these national differences. The Single Market is essentially a single regulatory zone. To enforce these rules by means of a huge programme of EU legislation, unanimity was replaced by weighted or qualified majority voting (QMV) in deciding policy across most economic areas of the EU, with the bigger Member States being allocated most votes. Member States thereby lost most of their veto powers. Yet the ability to say No is the essence of State sovereignty.

Qualified majority voting is the system by which EU laws pre-2014 had to have approximately two-thirds of all Council votes to be adopted, with the Big States having three to four times the votes of the smaller. See below for the new population-based system post-2014 that was introduced by the Treaty of Lisbon. That treaty increased the relative voting weight of the Big States even more, Germany’s in particular, compared with the original Treaty of Rome.

The “single market” doctrine deriving from the SEA, which the Court of Justice (ECJ) through its judgements has pushed to the limit, shifts a wide range of what are essentially domestic matters to the supranational level, where they can be imposed on some 500 million people by

means of qualified majority voting in the EU Council of Ministers. The ECJ has decided that the EU has exclusive competence to negotiate international treaties externally for any policy area where it has exclusive competence internally. This has led to the EU becoming a major economic actor internationally.

Brussels regards all sorts of unrelated issues as "single market" ones, which it must decide under EU law - for example the length of working hours, emissions trading, work safety regulations, veterinary standards, driving tests, vitamin supplements, the size of lorries, the dimensions of vegetables sold in supermarkets etc.

The cost to national economies of EU harmonization measures can be high. For example the EU law permitting 50-ton lorries throughout the Member States requires governments to make costly adaptations to roads and bridges, which national taxpayers must finance. EU rules on maximum working hours bear most heavily on employers in poorer member countries, where hours of work are typically longer than in rich ones. EU regulations of one kind or another impose different economic costs on the different Member States. Europhile economists tend to ignore these indirect costs when working out whether an EU country is a net contributor to or a net beneficiary of the EU. They often just subtract the flows of funds between national exchequers and Brussels, which gives quite a misleading impression.

Taking account of the regulatory burden of the *acquis communautaire* - that is, the totality of supranational EU law and policies "acquired" by Brussels to date - greatly changes the calculation of the costs of EU membership for individual countries. Many EU rules reduce the competitiveness of small countries and of small firms vis-a-vis big ones. They tend to benefit the big States and the more monopolized sections of transnational business, for these are better able to bear EU regulatory costs. Such regulation weighs heaviest on small and medium-sized enterprises. New EU Members are required to adopt every single one of this vast superstructure of rules, set out in over 100,000 pages of legal text. The only issue in EU accession negotiations is how many years they will be given in which to do this.

The Single European Act also made the first moves towards Europeanising foreign policy, as well as decisions on human rights matters. These were greatly expanded in the treaties that followed.

THE 1992 MAASTRICHT TREATY ON EUROPEAN UNION: This required all EU Members with the exception of Britain and Denmark to abolish their national currencies and adopt a single EU currency, the euro. So far 19 of the 28 have done this. The internal "price" of a currency is the rate of interest - how much one has to pay to borrow money. Its external "price" is its rate of exchange with other currencies - how much of one's currency one must pay to acquire the currencies of other countries. Thus by joining the Eurozone the 19 States concerned abandoned national control of their interest rates and their exchange rates. By doing this their governments abandoned vital economic tools for influencing the supply of credit internally and their economic competitiveness externally in the interest of the common good of their own peoples.

The European Central Bank (ECB) has the exclusive right to issue euro banknotes. Its primary objective under the treaty is "*to maintain price stability*" (Protocol No.4 on the Statute of the ECB). This means keeping the general level of price rises in the Eurozone - the 19 Member States that have adopted the euro - at or close to 2% a year. The ECB controls the money supply and credit conditions of the Eurozone as a whole. In practice this means what mainly suits Germany and France, for between them these two contain half the Eurozone's population. The ECB was modelled on the pre-euro German Bundesbank and is independent of democratic

control. Art.130 TFEU states that it shall not seek or take instructions from any government or from any EU institution. It is run by an Executive Board of six full-time persons decided by the European Council of Prime Ministers and Presidents, voting by qualified majority, and a Governing Council consisting of the governors of the national Central Banks. The QMV provision ensures that the Big States normally get the nominees they favour on the Executive Board. From 2015 the voting rules changed so that only 15 of the 19 Eurozone States have votes at any one time on the Governing Council, which sets interest rates and decides monetary policy for the Eurozone as a whole. The five biggest Eurozone economies share four voting rights and the fourteen smaller ones share 11 voting rights, each on a rotating basis. This gives the bigger States greater influence on Eurozone monetary and banking policy.

The ECB and national central banks operating on its behalf are forbidden from offering overdrafts or other credit facilities to Member States, including the purchase of public debt instruments (Art.125 TFEU). This makes the ECB different from traditional central banks, in that it does not have a single State Government it is responsible to, which can force it to inflate the currency and alleviate debt by printing money. This is to prevent the ECB, as a supposedly independent central bank, financing the borrowing of Member States. That would breach the principle on which Germany and others agreed to Economic and Monetary Union in the first place, namely that weaker Eurozone States would not impose fiscal obligations on the stronger. The ECB has sought to finesse this ban on bailouts during the post-2008 financial crisis. Its "quantitative easing" or money-printing programme, introduced in 2015, enables it to provide money without limit to the banks of the Eurozone States. Many legal authorities consider these measures to be in breach of the EU treaties, but the Court of Justice has stood over them in various judgements for political reasons.

On the constitutional side the Maastricht Treaty introduced the term "European Union" for the first time, as encompassing at once the supranational relations of the Member States of the "European Community" and their "intergovernmental" relations in the areas of foreign affairs and crime and justice policy. In the latter areas States retained their traditional sovereignty for some years after Maastricht. Unlike the European Community, this embryonic or notional European Union did not as yet have full legal personality. Hence the Maastricht Treaty was titled a treaty "*on*" European union rather than "*of*" union.

A treaty actually establishing a real Federal-style Union would have to wait until the EU Constitution was embodied in the Treaty of Lisbon 17 years later, by which time people had got used to the name "European Union". The legal transformation into a full supranational union covering virtually all areas of government policy could then be made without people noticing the change or realising that a real federal entity was being established. This is a further illustration of the deception that has marked the constitutional evolution of the integration "project" from its start.

THE 1998 AMSTERDAM TREATY extended qualified majority voting to a number of new areas. It gave the EU the power to decide human rights. It gave it its own external border and immigration policy, a harmonised approach to civil and criminal law across the EU and its own foreign and security policy. Under this treaty the European Arrest Warrant removed many of the traditional safeguards in the extradition process. If a court in one EU State issues a warrant for a person's arrest and extradition in another, courts and police in that other country must act on it even if the offence alleged is not an offence in the State whose citizen's extradition is requested. This is a serious threat to civil liberties.

THE 2001 NICE TREATY increased the relative voting weight of the Big States in making EU

laws. It abolished the national veto and extended qualified majority voting in a further range of non-economic areas. It allowed sub-groups of Member States to integrate more closely among themselves, using the EU institutions for that purpose and presenting the remainder with policy *faits accomplis*. This is called "enhanced cooperation" in EU jargon. This development provided a legal route for the Big States to move away from the original concept of the EU as, at least in theory, a partnership of legal equals, and to concentrate on integration instead for the countries that had adopted the single currency, the Eurozone.

THE 2009 LISBON TREATY, THE EU'S CONSTITUTION: This treaty incorporated most of the provisions of the *Treaty Establishing a Constitution for Europe* of 2004, which sought to establish the European Union *directly* on the basis of its own Constitution, just as with any State. In 2005 French and Dutch voters rejected this constitutional treaty in referendums, following which its ratification process had to cease. Showing complete contempt for French and Dutch voters, the Member State Governments repackaged the provisions of the EU Constitution virtually unchanged three years later in the Treaty of Lisbon and adopted them *indirectly* in the form of amendments to the existing treaties. Former French President Valéry Giscard d'Estaing, who chaired the convention which drew up the original Constitution, said of Lisbon: "*All of the earlier proposals will be in the new text but will be hidden or disguised in some way.*" The Lisbon Treaty dropped the actual word "Constitution", while the reality of a federal-style Constitution was pushed through. The legal effects of the two treaties were 99% the same, apart from a few minor details. For example the provision giving the EU flag and anthem a formal basis in EU law was dropped. The flag and anthem still have no treaty base, although they continue to be used throughout the EU.

When it came to the EU Constitution as embodied in the Treaty of Lisbon, however, the French and Dutch were denied a second referendum vote. Ireland was the only country to be allowed that. In 2008, on a turnout of over half of Irish voters, the majority of them voted No to the Lisbon Treaty. The Irish people were then told that they must vote again on exactly the same treaty, as any change would require the whole ratification process to begin anew. They were promised that some of their concerns over Lisbon would be taken into account in a Protocol to the next EU Treaty, which would be Croatia's Treaty of Accession, although Lisbon itself would not be changed. In Ireland's second referendum on the Lisbon Treaty in 2009 the Brussels Commission and the German and French Governments weighed in in a big way. Yes-side spending outweighed No-side by a factor of ten to one. Bullying and threats reached unprecedented levels. In this way Irish voters' No to Lisbon of 2008 was turned into a Yes to the same treaty sixteen months later.

The Lisbon Treaty provided for the abolition of the European Community, which had been the legal repository of supranational powers up to then, and its replacement by a constitutionally new European Union with full legal personality separate from and superior to that of its Member States for the first time. This gave the EU and its institutions the constitutional character of a Federation – the political goal that had been first mooted in the 1950 Schuman Declaration. It abolished the formal distinction between the supranational and the intergovernmental areas of public policy and established the EU with a unified constitutional structure, just as in any State.

Thus the areas of justice and home affairs and of foreign, security and defence policy, which were previously "intergovernmental", became Union powers for the first time. This meant that following a transition period of five years ending in 2014, the Commission is now able to make proposals for EU laws in relation to justice, policing and crime, and the Court of Justice has the power to rule on those laws. The UK and Ireland got a legal opt-out from EU measures in relation to crime and justice, with the right to exercise a case-by-case opt-in (Protocol No. 21).

Denmark already had such an opt-out since Maastricht (Protocol No.22). The post-Lisbon EU can now negotiate international treaties on behalf of its Member States in virtually every policy area of government (Art.216 TFEU). By making these changes the Lisbon Treaty brought about a shift from unanimity to qualified majority voting in some 45 new policy areas.

Lisbon made citizens of the different Member States into real citizens of this new federal-style Union for the first time also. One can only be a citizen of a State, and Lisbon gave the citizens of each Member State a real second citizenship at European level. Before Lisbon, citizenship of the then embryonic EU was stated to "*complement*" national citizenship. It was an essentially notional or honorary concept. The Lisbon Treaty (Art.20 TFEU) provided that EU citizenship should be "*in addition to*" one's national citizenship, just as citizens of regional or provincial states such as California, Massachusetts, Bavaria or Brandenburg have two citizenships, for they are citizens also of their respective Federal States in the case of the USA and Germany. EU legislation gives to every citizen of the 28 Member States the right to move to and reside in the territory of any of them, just as in any Federation. It confers a wide range of other rights - and corresponding obligations.

EU law has primacy over national law and the claims of EU citizenship have primacy over the claims of national citizenship in any cases of conflict between the two (Declaration No.17, Art. 263 TFEU). The Lisbon Treaty was effectively therefore the Treaty **of** European Union, the Constitution or foundation treaty of a constitutionally new Union. Using the same name, European Union, before and after Lisbon disguised the reality of this profound constitutional change. Most people were - and are - unaware that Lisbon made them real citizens of this new entity, with all the obligations and rights of citizenship. The EU's media seems equally unaware.

EU POWERS AND NATIONAL POWERS: The Lisbon Treaty brought virtually all areas of government within the ambit of the new Union. It set out a catalogue of governmental powers or competences for the post-Lisbon Union (Title 1 TFEU).

First there are the EU's "**exclusive competences**" or powers, where only the EU can make laws and decide policy. These are the customs union, competition policy for the internal market, monetary policy for the Eurozone, conservation under the common fisheries policy and the common commercial policy governing trade (Arts.3 and 207 TFEU).

Then there are the "**shared competences**" which cover most other public policy areas, where policy-making is divided between the Union and the Member States. To establish clear EU legal primacy in these areas the Treaty lays down that: "*The Member States shall exercise their competence to the extent that the Union has not exercised its competence*" (Art.2 TFEU). Lisbon also gave the EU a **coordinating competence in relation to the economic and employment policies of Member States**. In addition it has a **supporting, supplementing and coordinating competence in relation to any other agreed policy area**. And it has its own **foreign policy, security and defence competence**.

Lisbon made the EU Charter of Fundamental Rights legally binding (see section on the Charter below). It also turned the "European Council" of national Prime Ministers and Presidents into a formal EU institution for the first time. This brought that previously "intergovernmental" grouping within the ambit of the treaties and made it the constitutional driving force for ever further integration, especially for the 19 Member States of the Eurozone, to which the six founding members of the original EEC/EC all belong.

New in Lisbon also was the "self-amending clause" (Art.48.6-7 TEU) whereby the European

Council can amend most areas of the Treaty, excluding military matters, and move policy areas from unanimity to qualified majority voting, as long as they take such a decision unanimously amongst themselves and National Parliaments do not object. The EU Treaty retains the "flexibility clause" (Art.352 TFEU) whereby the Council of Ministers, acting unanimously, may take action or adopt new policies not already provided for in the Treaties if these are considered necessary to attain one of the Treaties' wide objectives – excluding foreign policy. These Treaty articles are known colloquially as the "rubber clauses", they are so flexible. They enable the EU Commission and Council to expand the EU's powers significantly without the inconvenience of having to call an intergovernmental conference to draw up a new treaty, which would then have to be ratified unanimously by the Parliaments or Peoples of the Member States.

THE DOCTRINE OF THE OCCUPIED FIELD ... SUBSIDIARITY: Once a national power has been surrendered to Brussels, it never comes back. It becomes part of the *acquis communautaire*, the totality of laws and powers that have been "acquired" by the EU and that are binding on all EU members. This is sometimes referred to as "the doctrine of the occupied field". Once a field of policy has been occupied by Brussels, it stays occupied. The treaties do not allow for an EU *a la carte*. In the sixty years since the Treaty of Rome there is not a single example of a national power that has passed from the Member States to the European Community, now the European Union, reverting back to the national level.

Sometimes people talk of the desirability of an EU of different speeds, but the movement since the beginning has always been in the one direction, from the national to the supranational, towards ever more centralization, more rule by Brussels, "more Europe", as Germany's Chancellor Merkel likes to call it. The provisions on "enhanced cooperation" of the 2001 Treaty of Nice, which permit sub-groups of Member States to integrate further among themselves, imply that those States not initially joining such arrangements will eventually do so.

Similarly with reference to an EU of "variable geometry", of different "concentric circles" and the like, which theoretically could recognize different degrees of integration. The treaties do not provide for it, apart from the right of the UK and Denmark to opt out of the euro-currency and the right of the same two, plus Ireland, to opt out of the crime and justice provisions and opt into them if they wish. Supranational integration, ever closer unity on the path to eventual supranational political union, is the core value of the treaties. All 28 Member States are fully bound by their provisions and objectives. There is no provision for repatriation of powers from Brussels back to the Member States. Neither do the treaties provide for any kind of EU "associate membership". Any future provision for such an arrangement would require unanimous agreement in a new treaty among all 28 States and would not affect the existing treaty provisions binding all 28 unless these were specifically amended.

Concern about ever more centralization in the EU led to the insertion of a reference to the "principle of subsidiarity" into the 1992 Maastricht Treaty (now Art.5.3 TEU and Protocol No. 2). This says that in policy areas where the EU does not have exclusive competence it shall act only when particular policy objectives can be "*better achieved at Union level*". That is a matter of political judgement or opinion. The accompanying "principle of proportionality" says that Union action shall not exceed what is necessary to achieve the objectives of the Treaties. If one-third of National Parliaments object to an EU law proposal on those grounds, the Commission, which has the monopoly of proposing all EU laws, must review its proposal but need not necessarily abandon it. The Court of Justice may judge whether these principles have been breached if National Parliaments bring a case before it. Neither of these principles have had any significant effect in impeding ever more centralization of power at EU level. They are essentially window dressing, aimed at mollifying criticism of the EU on democratic grounds.

MORE VOTING POWER FOR THE BIG STATES UNDER THE LISBON TREATY: The most important power-political change made by the Treaty of Lisbon is that it provided that from 2014 law-making in the EU would be based on population size/number of citizens, just as in any State. From that year a qualified majority on the Council of Ministers for the purpose of making EU laws consists of 55% of the States – that is, 15 out of the then 28 - as long as that 15 comprise 65% of the total EU population of some 500 million.

As Germany and France between them have one-third of the EU's population and half the population of the Eurozone, this gives these two States a blocking minority on any issue if they can get one or two smaller allies. It also gives them a powerful say in pushing through whatever measures they want.

As Germany is the most populous EU State this Lisbon Treaty provision means that since 2014 Germany's voting weight in making EU laws has doubled from its pre-Lisbon 8% of Council votes – formerly 29 votes for each of the four biggest States (Germany, France, Italy and Britain) out of a total of 345 votes in all - to 16%, because this is Germany's proportion of the EU's total population of some 500 million. Having a shareholding of 16% in a company of 28 shareholders can be close to a controlling interest.

Under this Lisbon Treaty change the voting weights of France, Italy and Britain rose from their pre-Lisbon 8% each to 12% each. The votes of middle-sized and smaller States fell - for example Denmark's and Ireland's from 2% to 1% each. Under Lisbon the six largest EU States increased their combined share of Council votes from 49% to over 70%, while the combined voting share of the 22 smallest States fell from 51% to less than 30%. The Treaty of Lisbon was clearly a power-grab by the bigger EU States to increase their weight in the post-Lisbon Union. If the EU were really a partnership of equals, as its official rhetoric claims, its Member States would have equal votes in deciding its laws and policies.

HOW THE EU IS RUN: THE BRUSSELS COMMISSION: Since the 18th century days of Locke and Montesquieu the separation of governmental powers and functions between the Executive (Government), Legislature (Parliament) and Judiciary has been acknowledged as the necessary constitutional basis of democratic States and as fundamental to maintaining the liberty of citizens. This principle does not exist in the running of the EU.

There the exclusive power of proposing new supranational laws rests with the EU's non-elected Executive, the Commission in Brussels. The Commission is more a Government than a Commission. Prior to the Lisbon Treaty each Member State had the right to "propose" its own Commissioner. Under Lisbon the list of Commissioners is decided by qualified majority of the European Council on the basis of the "suggestions" of national governments. Commissioners are appointed for five years. On appointment they swear an oath not to seek or take instructions from any Member Government. They are not delegates or representatives. Their allegiance is to the EU, not to their own countries. Nonetheless the Big States usually get the more important Commissionerships. In practice it is assumed that their nominees will take Big State interests into account when necessary. Portfolios are distributed by the Commission President, who is decided by the European Council of Prime Ministers and Presidents voting by QMV.

In choosing the Commission President the Prime Ministers and Presidents are supposed to "*take into account*" the result of the elections to the European Parliament. They did this in 2014 by choosing Luxembourg's Jean-Claude Juncker, the candidate who was supported by the largest political bloc in the European Parliament following the elections of that year, despite

Britain's objections. This made Juncker more politically dependent on the Parliament for his actions, which is an important development.

The Commission President can shuffle, move and sack individual Commissioners. Juncker put various Commission Vice-Presidents in charge of broad policy areas, supervising groupings of their fellow-Commissioners. This pointed towards the time when the number of Commissioners would be fewer than the number of Member States, as provided for in Art.244 TFEU. When and if that happens Commissioners are likely to be chosen on the basis of the major party blocs in the European Parliament. That would fulfil the desire of Euro-federalists to turn the Commission into a European Executive or Government based on a supranational Parliament, just as national governments are based on national parliaments.

Each Commissioner is supported by a Cabinet of officials. Even though Commissioners are not supposed to be national representatives, interest groups seeking to influence the Commission commonly go first to their national Commissioner or to a member of his or her Cabinet to get a sympathetic hearing for their point of view. If each Member State did not have a Commissioner this possibility would disappear.

The Commission is a legislative machine, continually churning out new draft directives and regulations, which are passed to the Council of Ministers and European Parliament for final decision. Each individual Commissioner seeks to make his or her mark during their five-year period in office by proposing new laws for the portfolio area they cover. Thus a condition for supranational legislation in the EU is that draft laws cannot be proposed by elected representatives. French President Charles De Gaulle described the Commission as "*a conclave of technocrats without a country, responsible to nobody*". At Member State level the production of draft laws by ministers is subject to all sorts of politico-bureaucratic checks and balances to make sure that foolish proposals are quashed early on. There is nothing comparable at Brussels level, so that all sorts of unsuitable measures get passed into law supranationally, as long as they are legally valid under the Treaties.

The non-elected Commission can make some laws on its own account. The Lisbon Treaty (Art 290 TFEU) empowers the Commission to make certain regulations and decisions as long as the power to do so has been delegated to it by legislative act of the Council of Ministers, deciding by QMV, with the support of an absolute majority of the European Parliament. These "delegated acts" allow the Commission "*to supplement or amend certain non-essential elements of the legislative act*" without further recourse to either Council or Parliament. What is deemed "non-essential" can cover wide policy areas. The number of delegated acts of this kind has greatly increased since the Lisbon Treaty/EU Constitution came into force in 2009.

In addition to administering the existing EU rules and having the monopoly of proposing new ones, the Commission has quasi-judicial powers. It can adjudicate on competition cases in the single market and impose fines on EU members. Even though parties can appeal to the Court of Justice, the Commission acts as if it were a lower court. It draws up and administers its own budget, with minimal democratic control. It is supported by some 3000 "secret" working groups, whose members are not publicly known. It is at this level that most Commission decisions are actually made and corporate lobbyists wield their influence. There are estimated to be some 15,000 such lobbyists in Brussels. They interact continually with the Commissioners, their Cabinets, their Directors-General and their civil servants. Only some 2% of all Commission decisions actually come up at meetings of the full Commission. The vast majority are decided behind the scenes or lower down, where corporate lobbyists mainly operate.

Two important advisory bodies which spread the Commission's influence are the **Economic**

and Social Committee and the **Committee of the Regions**. These must be consulted on various issues laid down in the Treaties and in all cases where the EU institutions think it appropriate. The former consists of representative of business, trade unions, farmers, consumers and professions, the latter of representatives of sub-national authorities, regions, provinces, municipalities and cities. Each committee has 353 members, nominated by the Member States. They play an important role in encouraging key domestic lobby groups to look to Brussels rather than to their own Member States if they wish to influence policy. They help to instil a supranational mind-set and erode national loyalties.

Advised by these Committees, the Commission disburses an annual budget of hundreds of millions of euros to endow a host of national lobby-groups and interest groups and encourage them to look to Brussels for funding, by-passing their national governments. In this way journalists, women's groups, youth groups, trade unions, pro-EU think-tanks, anti-poverty lobbyists, the disabled, university researchers, environmentalists, regionalists, minority-language advocates, the Christian churches and other religions are offered access to Commission funds of one kind or another. Their representatives are dined and wined on expenses-paid trips to Brussels. This effectively amounts to the Commission paying lobbyists to lobby itself to do what it wants to do in the first place, which is invariably to produce policies that seek to move things from the national to the supranational level. A wide range of interests and lobby-groups are encouraged in this way to subscribe to the Euro-federalist ideology and disseminate it to their members and clients back home using EU money.

The Commission's influence is also spread through the work of some 40 international agencies set up under European law and sited in the different Member States to harmonise and coordinate standards, run various EU-wide programmes, bring together different interest groups and provide services and information to the public. Examples are the European Environment Agency, the European Medicines Agency, the European Food Safety Authority, the European Banking Authority, the European Securities and Markets Authority, the European Chemicals Agency, the European Police College, the European Fundamental Rights Agency, the European Institute of Gender Equality, the European Institute of Innovation and Technology, the European Centre for the Development of Vocational Training, the European Foundation for the Improvement of Living and Working Conditions, the Trans-European Transport Executive Agency, the European Education, Audiovisual and Culture Executive Agency etc. There is no democratic supervision of these bodies at national level, and very little at EU level.

The Commission is ideologically active in the **Bologna Process**, which aims to harmonise university and higher education qualifications across Europe. States inside and outside the EU now form part of the European Higher Education Area. This is not based on treaties but on cross-national agreements among third-level administrators and ministerial bureaucracies, encouraged by the Commission. The general thrust of the Bologna process is to commodify higher education services, cut down their costs, replace humanistic values with managerial ones on American lines, standardize courses cross-nationally so that they contribute more to economic competitiveness, and erode democratic political control over higher education at national level.

THE COUNCIL OF MINISTERS is called a Council, but it makes laws just like a Parliament on the basis of the Commission's proposals. It makes these laws in secret, often in the form of package-deals between its member governments, and it takes some executive decisions. Approximately 85% of EU directives and regulations are agreed privately in some 300 committees of civil servants from the EU Member States which service the Council of Ministers. The most important of these is **COREPER**, the Committee of Permanent Representatives of the Member States in Brussels, consisting of ambassador-level officials.

Most of what these committees agree on is nodded through without debate at Council meetings. Only some 15% of EU laws are actually discussed or negotiated at that level. The formal adoption of EU laws now takes place in public, which means the TV cameras can film them being signed, although the negotiations leading up to them are private. Most EU laws are agreed by consensus among Ministers on the Council, but a process of “shadow-voting” takes place all the time, whereby Ministers look round to see whether a qualified majority or a blocking minority exists for any proposal. Small countries rarely push matters to a vote if they see that the big countries are agreed on something, for they know it would be pointless.

The Council of Ministers, the primary EU legislature, is responsible collectively to nobody. It is irremovable as a group, although individual Ministers may be criticised or removed from office at national level.

THE EUROPEAN COUNCIL, which is distinct from the Council of Ministers, is the quarterly “summit” meeting of the Heads of State and Government, the national Prime Ministers and Presidents. It gives overall political direction to the EU and decides its policy priorities. Unlike the Council of Ministers it does not make EU laws directly, but as the Prime Ministers and Presidents appoint Government Ministers at national level, they influence indirectly what the Council of Ministers does.

Before the EU Constitution was embodied in the Lisbon Treaty, national Prime Ministers and Presidents would meet on an *ad hoc* basis outside the Treaties. The Lisbon Treaty completed the constitutionally Federalist structure of the Union by turning the European Council into a formal EU institution whose actions or failures to act are therefore, at least in principle, subject to legal review by the Court of Justice, although that has not so far happened. The European Council elects its President by qualified majority vote for a term of two and a half years, renewable once. The European Council President thus gives continuity of EU policy at supranational level for up to five years, while national Prime Ministers and Presidents come and go during that time.

THE EUROPEAN PARLIAMENT is more a Council than a Parliament.⁶ It cannot initiate any EU law, although it can amend draft laws that come to it from the Commission and Council of Ministers as long as the Commission agrees. If the Commission disagrees, all 28 Member States must be in agreement to allow an amendment by the Parliament to be adopted. If the Parliament by an absolute majority of its 751 members opposes a draft directive from the Commission, it cannot become law. This rarely happens as the Commission and Parliament, both supranational bodies, tend to work hand in glove vis-à-vis the Council of Ministers representing the Member States. Parliament and Commission want ever more supranational legislation, not less. The Parliament continually presses the Commission to produce proposals for new EU laws.

Since the Lisbon Treaty came into force in 2009 so-called **Triologue Meetings** between representatives of the Commission, the Council and the Parliament work out whatever compromises may be needed to get new EU laws agreed. This is where most EU laws are actually decided these days, although these meetings are not mentioned in the Treaty, where the formal law-making procedure is set out (Art.294 TFEU). In 2013 there were some 700 such meetings, and 80% of proposed laws were agreed at such first readings. No further legislative steps were then necessary beyond their formal adoption by the Council of Ministers. At these Triologue meetings the Commission representatives tend to have most knowledge of the issues at stake, which puts them in the strongest negotiating position.

The Parliament has the final say over the EU budget except for agriculture. If it vetoes new

budget proposals, the previous year's EU budget is repeated.

The Lisbon Treaty made Members of the European Parliament, who under the previous treaties were *"representatives of the peoples of the States brought together in the Community"* into *"representatives of the Union's citizens"* (Art.14.2 TEU). This reflects the constitutional shift from the pre-Lisbon European Union of States and peoples to the post-Lisbon Federal Union of European citizens and their national States - the latter being henceforth reduced constitutionally and legally to quasi-provincial or regional status within the post-Lisbon Union.

To copy the party structures that one finds in normal parliaments, encourage people to think "European" and further weaken national allegiances, the Commission provides funds to finance cross-national parties seeking election to the European Parliament. Most MEPs belong to these cross-national "political families" - Conservatives (European People's Party), Socialists, Liberals, Greens, Eurocritics and so on. Most national citizens across the EU are indifferent to the European Parliament, as is shown by low voter turnout in successive five-yearly elections and the fact that turnout keeps falling each time. Euro-Parliament elections are generally fought on national rather than EU-related issues, with much attention usually being given to MEPs' lavish pay and perks. The EU's "citizens" think nationally, not supranationally. They do not consider the European Parliament as "their" Parliament in any real, heartfelt sense.

THE COURT OF JUSTICE (ECJ) AS A CONSTITUTION MAKER: The ECJ is not just a court but is a constitution-maker. It has powers similar to what some Parliaments have. Its judges are appointed by the governments, not the judges, of their home countries. They do not need to have practical judicial experience before their appointment and many of them do not. As they depend on the goodwill of their home governments for reappointment they are not politically independent. The result is a highly political Court, *"a court with a mission"*, to use the self-description of one of its judges. That mission is continually to interpret the treaties in such a way as to extend the legal powers of the EU to the utmost.

Various judgements of the ECJ have moved the EU in directions that were never envisaged by the people who originally drew up the treaties. The Court follows the continental legal tradition of interpreting laws by reference to the assumed purposes of the legislators or treaty-makers, as gauged from preambles, statements of policy intention and lists of objectives. This contrasts with the Anglo-Saxon tradition of basing court judgements on what laws actually say in the present tense. As an *"ever closer union"* was the overriding objective of the original Treaty of Rome, the ECJ regards this objective as justifying all sorts of supranational legal activism towards that end. The ECJ has had a revolutionary role in the development of the EU, as the following judgements show:-

- **Van Gend en Loos**, C-26/62: EU Treaty rules have direct effect inside Member States; *"Member States' courts...were bound to apply Community Law. It could not be overridden by domestic legal provisions however framed without being deprived of its character as Community Law"*;

- **Costa v. Enel**, C-6/64: EU law has primacy over national law, a principle reaffirmed in the Lisbon Treaty (Declaration 17); *"The transfer by the States from their domestic legal system to the Community legal system of the rights and obligations arising under the Treaty carries with it a permanent limitation of their sovereign rights ... against which a subsequent act incompatible with the concept of the Community cannot prevail"*;

- **Internationale Handelgesellschaft**, C-11/70 and **Simmenthal**, C-106/77: EU law has primacy over national Constitutions;

- **AETR**, C-22/70: the EU may enter into common international agreements instead of Member States in areas where EU powers are internally exercised, bolstering the EU's external powers;

- **Van Duyn**, C-41/74: EU directives have direct effect inside Member States and national courts must enforce them;
- **Dassonville**, C-8/74 and **Cassis de Dijon**, C-120/78: the lowest national standards for product standards can apply throughout the EU, a principle widely applied post-1987 in implementing the rules of the Internal Market by means of qualified majority voting;
- **Hauer**, C-44/79: Fundamental human rights form part of the supranational EU legal order;
- **Les Verts**, C-294/83: the EU Treaties have the character of a Constitution;
- **Frankovich**, C-6/90: Member States are financially liable for violations of EU law within their borders;
- **Kohll**, C-158/96: Internal market rules entitle national citizens to get medical treatment in other Member States and be reimbursed on the same basis as nationals of those States;
- **Environment verdict**, C-176/03: The EU may decide on criminal sanctions for breaches of EU law;
- **Laval**, C-341/05, **Viking**, C438/05 and **Luxembourg**, C-319/06 limit the scope of trade unions to defend national labour standards in the case of foreign workers posted to their national territory;
- **Melloni**, C-399/11, because of the primacy of EU law over national law, the provisions of the Charter of Fundamental Rights prevail over the human rights provisions of national Constitutions even where the latter provide a higher standard of human rights protection;
- **Pringle**, C-370/12: The establishment of a permanent bailout fund for the Eurozone, the European Stability Mechanism, did not violate the ban on government and bank bailouts in the EU Treaties. In this highly political judgement the ECJ implied that the 28 EU Member States, their Parliaments and Governments, which had come together to amend the EU Treaties to permit the establishment of a permanent bailout fund for the euro, had essentially been wasting their time.⁷ They had been amending the Treaties "for fun", as it were, because the presumed permission of all 28 was not legally required at all. The Court ruled that the Eurozone sub-group of States had the right to make such a treaty among themselves anyway. This was despite the fact that the whole thrust of the Court's previous treaty interpretation had been to regard the Monetary Union as an integral part of the 28-Member EU and subject at all times to its institutions, rather than as primarily a matter for the Eurozone.

The Pringle ruling on the "intergovernmental" character of the ESM Treaty for the Eurozone opened the way for a whole series of further treaties for the countries using the euro, which do not require unanimity as EU treaties do. They can therefore be pushed through by the bigger Eurozone States regardless of objections from the smaller. This opens the prospect of the permanent division of the EU between Eurozone and non-Eurozone countries, something that is likely to have major implications for the future development of both.

EU Member States are constitutionally required to implement EU law in their domestic legislation. Failure to do so makes them liable to fines which can run into hundreds of millions of euros - typically between €25,000 to €300,000 a day - so long as they are in breach. These are imposed by the ECJ in cases which the Commission or other parties bring before it. Being liable to such fines is a vivid expression of the loss of sovereignty of Member States.

The above outline of the EU supranational institutions shows that the executive, legislative and judicial functions of government are inextricably intertwined at EU level. There is none of the separation of powers which characterizes national parliamentary democracies. That makes the EU institutions profoundly undemocratic. Moreover, the supranational institutions, the Commission, Parliament and Court, share a common interest in having ever more powers shifted from the national to the European level, where the three bodies can work together in exercising them.

THE EU CHARTER OF FUNDAMENTAL RIGHTS: All States have codes setting out the human and civil rights of their citizens. The EU Federation-in-the-making has its Charter of

Fundamental Rights. This contains over 50 rights in all, which the Lisbon Treaty makes legally binding. Article 6 TEU (Treaty on European Union) provides that the Charter "*shall have the same legal value as the Treaties*". This embodies the concept that EU citizens have rights and responsibilities defined by the EU itself which transcend those attaching to their national citizenships. It implies that the EU determines and is guarantor of European citizens' rights across national boundaries. In the 2011 Melloni case the Court ruled that the provisions of the Charter prevail over the human rights provisions of national Constitutions even where the latter provide a higher standard of rights.

The Charter sets out the fundamental rights of EU citizens in areas where the EU has currently no competence, for example outlawing the death penalty or asserting citizens' rights in criminal proceedings. The Lisbon Treaty also provided that the EU itself, like all European States and like its own individual members, should accede to the European Convention on Human Rights of the Council of Europe, a body which up to then had no connection with the EU, and its Court of Human Rights in Strasbourg. Some 47 European States have voluntarily agreed to be bound by the Human Rights Convention. The EU's accession to the Convention is further recognition of the increasingly State-like character of the EU. The EU Charter of Fundamental Rights sets out a much wider range of human and civil rights than those in the European Convention on Human Rights. This points to the EU's ambition to expand its powers into quite new human rights areas.

In the post-Lisbon Treaty Union it is only realistic to expect that the EU Commission will in time come to propose European laws to ensure the uniform implementation and guarantee of the EU citizens' rights provisions of the Charter throughout the Member States. EU citizens or lobby groups purporting to act on their behalf are bound to demand no less.

A basic objection to the conferral of a human rights competence on the EU, whatever one's view as to the content of human rights, is that such a development is quite unnecessary as all the Member States are already bound by the provisions of the European Convention on Human Rights, which they acceded to well before the EU Charter of Fundamental Rights was thought of. Moreover, there are already human rights provisions in the national Constitutions of each Member State. The only reason for the EU arrogating to itself a human rights competence would seem to be the desire to build itself up further as a quasi-federal State. The historical experience of both national and multinational Federations has been that common human rights standards, enforced by a central legislative body and a federal Supreme Court, can be a powerful weapon in subordinating national courts and Constitutions to central rule. The constitutional history of the USA provides ample evidence of the radical "federalizing" potential of the fundamental rights jurisdiction of that country's Supreme Court.

The supposition in the EU Treaty that Member States already share a common value system is moreover a disingenuous fiction. The principles of "*liberty, democracy, respect for human rights and fundamental freedoms and the rule of law*", which are stated in Article 2 TEU to be the foundation of the EU, are not unequivocal concepts. There is no Union-wide consensus on what constitutes a higher or lower standard of protection of rights. There is no consensus on the source of human rights, such as the theory of natural law, whether secularly or religiously based, which would permit a rational analysis and evaluation of conflicting positions. In practice there tends to be a *de facto* reliance on the judgements of the European Court of Human Rights, which must invent its own standards in default of any other criterion.

Historically, the Member States of the EU have evolved quite distinct positions on a wide range of human rights matters – for example in relation to the requirements of natural

justice, the rule of law, due legal process, trial by jury, what constitutes marriage, family law, the right to life in relation to euthanasia and abortion, the right to privacy, the rights of the underprivileged and the treatment of refugees, the sale and use of drugs, environmental protection, neutrality and nuclear weapons. The post-Lisbon Treaty EU offers wide scope for harmonizing EU Court judgements and legislation over time in these nationally sensitive areas. Meanwhile a stultifying political correctness on human rights matters spreads from Brussels and Luxembourg, affecting discourse on them at national level.

The Treaties also provide that the Council of Ministers may by qualified majority suspend the rights of a Member State, including its voting rights, if it is judged to be in breach of the EU's "values". EU sanctions were applied against Austria in 2000 when a right-wing party was included in its government.

THE EXTENT OF EU LAWS: It is hard to think of a single area of national life nowadays that is not affected by EU law. In most years the majority of laws and statutory instruments that are put through the national Parliaments of the Member States come from Brussels, although most citizens at national level are not aware of this. In 2015 Eur-lex⁸ indicated that there were over 134,000 EU rules, international agreements and legal acts binding on or affecting citizens across the EU. These included 1842 EU Directives; 11,547 Regulations; 18,545 Decisions; 15,023 EU Court verdicts and 62,397 international standards from such bodies as CEN, Cenelec, Etsi and the Codex Alimentarius which the EU has signed up to and which are therefore binding on all EU members.

An EU Directive is binding on Member States as to its objective, but its mode of implementation is left to national governments. A Regulation is directly binding on Member States and their citizens from the date of its coming into force. A Decision is binding on whom it is addressed to, but not on all.

The EU Treaties prevent voters at national level, their Parliaments and Governments from amending or abolishing a single one of these legal measures. Any move entailing changes to the Treaties requires the unanimous agreement of the Governments of all 28 Member States and any change to these other rules requires either unanimity or a qualified majority vote. This is the practical problem facing those who contend that "*another Europe is possible*" by reforming the EU at supranational level in the hope of making it more democratic, or who think that the EU can be transformed into a so-called "Social Europe". Those calling for such reforms show no practical way of achieving them. At the same time most of them balk at calling for the repatriation of powers back to the Member States.

The translation of supranational EU laws into national laws is usually done by the 28 Member State Parliaments without debate, for EU law, because it has primacy, cannot be altered at national level. In the case of EU Directives, where it is left to national Governments to decide how an EU law is to be implemented, Parliaments sometimes consider the mode of implementation. Directives become national law by means of statutory instruments proposed by ministers and are usually automatically approved. Most National Parliaments have European Scrutiny Committees which discuss or issue reports on the more important EU laws, but which cannot change or amend these. Denmark's Scrutiny Committee can discuss EU law proposals *before* they are decided in Brussels and can thereby influence the stand of Danish Government ministers before the EU law is made. But this is an exception. The European Committees of National Parliaments are mostly forms of democratic tokenism, discussing the more important EU laws after they have been made, when it is too late to make any changes. Only a small fraction of EU laws are discussed or noticed in this way, the annual flood of supranational legislation is so great.

HOW THE EU IS FINANCED: The annual EU budget for 2014 was some €143 billion – a large sum in absolute terms but not meant to exceed 1.24% of the EU's collective gross product. By contrast, national governments typically spend between one-third and one-half of their national products. The EU does not as yet impose its own taxes. This is the principal difference between the EU Federation-in-the-making and normal States. However, much national taxation is now raised and national spending takes place under rules laid down by the EU. Two-thirds of the EU budget is financed by a contribution from each Member State equivalent to 0.73% of its national income. This is supplemented by customs duties on imports from outside the EU and a fraction of 1% of each country's harmonized Value Added Tax (VAT) revenue. These funds are collected by the Member States and passed to the EU.

The Lisbon Treaty imposes the new obligation on the Union to *"provide itself with the means necessary to attain its objectives and carry through its policies"* (Art. 311 TFEU). This licenses the EU to raise its *"own resources"* to finance these policies and may be regarded as conferring on the post-Lisbon Union wide taxation and revenue-raising powers. The relevant Article empowers the EU to *"establish new categories of own resources or abolish an existing category"*. This allows the EU to endow itself by means of any tax, so long as the Council of Ministers agrees that unanimously and it is approved by National Parliaments if that is constitutionally required by the Member State concerned. No further treaties or national referendums are now required to permit the post-Lisbon EU to impose its own taxes.

One-third of the EU budget goes on the Common Agricultural Policy and one-third on various regional funds. The Commission has proposed the introduction of an **EU tax on financial transactions** such as the purchase and sale of company shares and bonds, and currency exchanges. It has proposed a **Common Corporate Tax Base** for taxing company profits. This would give EU-based transnational companies substantial freedom to decide in which EU country they would pay tax.

The EU budget is riddled with waste and has given rise to many scandals. In most years the EU Court of Auditors, which is responsible for ensuring that EU money is properly spent, has declined to sign off on the EU's annual accounts. The two biggest areas of the budget, agriculture and regional spending, are particular offenders.

WHY NATIONAL POLITICIANS SURRENDER POWERS TO THE EU: Every time that successive EU treaties abolish further national vetoes and shift law-making for new policy areas from the national to the supranational level, national Parliaments and citizens lose power correspondingly, for they no longer had the final say in the areas concerned. Simultaneously, individual Government Ministers, who are members of the executive arm of government at national level and must have a national parliamentary majority behind them for their policies, are turned into legislators for 500 million Europeans as members of the 28-person Council of Ministers which makes EU laws and rules. The Council of Ministers thus constitutes a committee of legislators, which is the classical definition of an oligarchy.

By their country joining the EU national politicians obtain in this way an intoxicating increase of personal power for themselves at the expense of their national Parliaments and voters, even though they are open to being outvoted by a qualified majority on the EU Council. This is a key reason why Government Ministers at national level tend to be so europhile. It is why they cooperate so willingly in denuding their own Parliaments and peoples of power and subverting the national democracy of their own countries. Government Ministers from smaller EU States are particularly susceptible to the appeal of seeing themselves as "running Europe".

The more policy areas shift from the national level to Brussels, the more power shifts simultaneously from national legislatures to national executives, and the more the personal

power of individual Ministers and bureaucrats increases. Keeping on good terms with their fellow members of the exclusive Council of Ministers "club" of EU lawmakers becomes personally more important for national Ministers at EU level than being awkward in defence of their own peoples' interests. National Government Ministers increasingly come to see their function vis-a-vis one another at EU level as delivering their national electorates in support of further integration. Their mind-sets change when they go to Brussels. Most become converts to the secular religion of "Europeanism".

THE EU'S ASSAULT ON NATIONAL DEMOCRACY: A Member State on its own cannot decide a single European law. Its people, parliament and government may be opposed to an EU law, its government representatives on the Council of Ministers may vote against it, but they must obey it nonetheless once it is adopted by qualified majority Council vote. This devalues the vote of every individual citizen. Each policy area that is transferred from the national level to the supranational devalues it further. This reduces the political ability of citizens to decide what is the national common good. It deprives them of the most fundamental rights of membership of a democracy, the right to make their own laws, to elect their representatives to make them, and to change those representatives if they dislike the laws they make. The 19th century English historian Lord Acton foreshadowed the EU's subversion of national democracy when he wrote: *"If the distribution of power among the several parts of the State is the most efficient restraint on monarchy, the distribution of power among several States is the best check on democracy."*

European integration is therefore not just a process of depriving Europe's Nation States and peoples of their national democracy and independence. Within each Member State it represents a gradual coup by government executives against legislatures and by politicians against the citizens who elect them. It turns what were national politics into provincial politics. Citizens more and more sense this and that depoliticizes them in turn.

This "European project" has been pushed through for decades with ruthless contempt for democratic norms. For instance the decision in 1999 to abolish national currencies, an essential pillar of all sovereign States, and replace them with the supranational euro, was taken by a tiny number of politicians and technocrats. Only four countries – Denmark, Sweden, Ireland and France – had referendums on the matter. Denmark and Sweden voted No and opted out of it. When it came to the EU Constitution the French and Dutch peoples rejected the original constitutional treaty in their 2005 referendums, but they were not allowed a referendum on its successor, the Lisbon Treaty, even though that was 99% the same. When the Irish people voted No to the Nice Treaty in 2001 and the Lisbon Treaty in 2008 they were made re-run their referendums on exactly the same treaties to obtain a different result. During the euro-currency crisis in 2012 the Eurozone elite pressurized Italy and Greece to replace their democratically elected leaders with more Eurozone-compliant technocrats. When the Greek people voted No to a Eurozone bailout programme in a referendum in 2015, the European Central Bank and the Euro Group of Ministers cut off lending to Greek Banks, which led to daily limits on ATM withdrawals and the imposition of capital controls to bring the Greek Government to heel.

The EU has hollowed out Europe's Nation States. It leaves their traditional governmental institutions formally in place, with the accompanying salaries, pensions and other perks of office for those running them, but with most of their important functions transferred outside, to the external supranational EU level. It turns the State itself into an enemy of its own people, while clamping a form of financial feudalism on Europe.

EU JUSTICE, "HOME AFFAIRS" AND CRIME; MIGRATION, SCHENGEN: The EU's abolition of border controls between its Member States and the conferring of a European

federal-style citizenship on the EU's 500 million inhabitants in addition to their national citizenships, opened the way for the Brussels Commission and the Court of Justice to develop an EU justice policy and a pan-European civil and criminal code that differs in significant ways from national codes. The Lisbon Treaty (Art.67 TFEU) says that the Union "*shall constitute an area of freedom, security and justice*" and shall frame a common asylum, immigration and external border control policy. Brussels officialdom calls this the area of European "Home Affairs" - another term indicating their State-building aspirations. The Treaty now enables the Commission, Council of Ministers, Parliament and Court of Justice to operate in the area of justice, policing and crime just as they do on economic matters, with treaty opt-outs and flexible opt-ins to specific measures provided for in the case of Britain, Ireland and Denmark.

Articles 81 and 82 of the *Treaty on the Functioning of the EU* provide for judicial cooperation in civil and criminal matters having cross-border implications, including mutual recognition of legal judgements, harmonising legal and court procedures and the rights of individuals as between the different Member States. Article 83 TFEU allows the EU to decide what constitutes criminal offences cross-nationally and to lay down minimum penalties for terrorism, drugs and arms trafficking, corruption, computer crime, insider financial trading and "*organised crime*", penalties which Member States must then enforce domestically.

The **European Arrest Warrant** replaces normal extradition procedures between EU States. An arrest warrant issued in one State requires authorities in another State to arrest and transfer a criminal suspect to the issuing State. People surrendered under this Arrest Warrant have sometimes had to spend months or even years in detention in the EU States they have been surrendered to before they can appear in court to establish their innocence. **Eurojust** coordinates the handling of serious cross-border and organised crime among agencies of the Member States. Article 86 TFEU permits the establishment of a **European Public Prosecutor's Office** to combat crimes affecting the financial interests of the EU or having a cross-border dimension. The Commission has proposed that this be done. Article 88 provides for action by **Europol** to prevent and combat cross-border crime, and terrorism in particular.

The EU's common asylum and immigration policy comes under "Home Affairs". The **Frontex** agency assists national border authorities patrol the EU's borders. It is a classic feature of sovereign States that they have the right to decide who can settle in their territories, whether to preserve the social cohesion of national communities or to prevent migrants undercutting domestic wages. At the same time the human rights principle holds that once people are admitted to a country they should be treated the same as everybody else within it. The former power has been surrendered to the EU, with the result that tensions over immigration have risen across Europe.

In 2015 the mass influx of refugees and economic migrants from Africa and the Middle East into the EU, and especially to Germany, threatened the **Schengen passport-free area** between the continental EU countries. The policies of the big EU States themselves were largely responsible for this migration crisis. They had supported the USA in overthrowing the secular dictators in Afghanistan and Iraq who had kept Sunni/Shia religious tensions under control in these countries, and in Iraq's case protected its ancient Christian community. The Anglo-French bombing of Libya in 2011 turned that country into a failed State, which precipitated mass migration across the Mediterranean. The big EU States backed Saudi Arabia in financing rebel efforts to overthrow the secular Assad regime in Syria, which sent refugees pouring from that country. Germany's Chancellor Merkel announced that Syrian refugees, mainly middle-class and educated, would be welcome in Germany. This made nonsense of the existing EU rule that asylum-seekers should be processed in the first EU country they came to. Germany's own arms exports had contributed significantly to the civil wars from which the

migrants were fleeing. German arms exports in the first half of 2015 alone were worth €6 billion. Its arms exports to Arab States and North Africa, from where the mass of migrants came, more than doubled to €1000 million in that year compared to the year before.

When German public opinion grew alarmed at the high levels of immigration, Germany and France pushed through a vote on the Council of Ministers imposing mandatory quotas for the allocation of 120,000 asylum-seekers around the EU, against the objections of Hungary, Romania, the Czech Republic and Slovakia. For the Franco-German duo, supported by the Brussels Commission, this sudden mass migration was to be another "beneficial crisis" which could be used to shift powers from Member States to the EU level, where their voting weight would enable them impose their policy on the others. France proposed beefing up the EU's Frontex agency to provide a supranational EU border guard. Ministers proposed mass deportation of economic migrants, as distinct from refugees, back to their countries of origin or to other countries designated as "safe", such as Turkey. Some urged the reimposition of the State frontier controls which the Schengen Agreement had abolished amongst the continental EU States.

The EU Treaty provisions on "Home Affairs" have led to the mass gathering of e-mail use, mobile phone calls (including location) and internet usage on the 500 million inhabitants of the EU. The 2006 EU Data Retention Directive required internet service providers to retain all such data, to be available to State agencies in the 28 Member States. The Court of Justice struck down this directive as excessive in 2014, but the laws transposing these requirements into national law in the 28 Member States which had implemented this still remained. The Court did not rule that mass data retention at EU level was illegal as such. A less radical directive was expected to appear in time.

An EU **regulation on passports** requires the taking of fingerprints from all citizens applying for one, which will then be centralised at EU level. EU **laws on driving licenses** have been harmonized so that licenses have to be renewed every ten years, whereas previously in the UK and Ireland one could automatically drive a vehicle until age 70 after passing one's first driving test. Renewing a driving license every 10 years means that the microchip and the data on it can be regularly updated and adapted by the EU authorities.

The thrust of EU policy in this "Home Affairs" area is to move from harmonizing civil and criminal law at national level to standardizing police and judicial training, equipment and information technology between Member States, to the establishment of EU-wide surveillance agencies and the organization of administrative and operational co-operation at supranational level. A permanent standing committee of the Council of Ministers, the **Committee on Internal Security**, supervises and promotes these arrangements (Art.71 TFEU).

Ostensibly aimed at fighting crime and terrorism, these measures constitute an EU "Surveillance State" in the making, in which citizens' privacy is truncated, personal liberty and freedom of expression eroded and the EU becomes an Orwellian "Big Brother". Most citizens are unaware of these developments or of the Treaty provisions that permit them. These provisions are turned into laws or policies in supranational committees behind closed doors with minimal public discussion. Unsurprisingly, all this alarms bodies which seek to defend civil liberties, as well as lawyers, journalists, doctors, social workers and professionals concerned with client confidentiality.

The Anglo-Saxon common law tradition, which is shared to varying degrees between Britain, Ireland, Malta and Cyprus among EU States, differs from the Napoleonic-based continental codes in significant respects. It enshrines such principles as the presumption of innocence, trial

by jury and an emphasis on free speech. These principles are open to clashes with EU harmonization policy in the area of criminal justice.

THE COMMON FOREIGN AND SECURITY POLICY: EU MILITARIZATION: Traditionally foreign policy and military matters were conducted on an "intergovernmental" basis between the Member States of what used to be called the "European Community" countries. Then successive treaties made them gradually Union functions, paralleling the development of economic supranationalism and culminating in the EU Constitution, the Treaty of Lisbon. This treaty obliges Member States to support the Union's foreign and security policy "*actively and unreservedly in a spirit of loyalty and mutual solidarity*" (Art.24.3 TEU). The word "*loyalty*" points up the subordinate constitutional position this implies for the Member States.

Among other things Lisbon established a *de facto* **EU Foreign Minister**, called the "High Representative for the Common Foreign and Security Policy". The High Representative puts the EU position on any issue that is before the United Nations Security Council, when such a position has been worked out, at the request of the EU members that are on the Council. The High Representative leads the EU diplomatic corps, the **European External Action Service**, with **EU ambassadors** in different countries. Only States have ambassadors. Decisions on foreign policy positions or actions require unanimity in the EU Foreign Affairs Council, but once adopted their implementation may be by qualified majority vote. Commission President J.M.Barroso said in 2007: "*Sometimes I like to compare the EU as a creation to the organization of empire. We have the dimension of empire.*"

In practice EU foreign policy is what the Big States, primarily Germany, France and Britain, agree on. If they disagree – as for instance on the 2003 Iraq war to overthrow the secular dictator Saddam Hussein, or the 2011 Anglo-French intervention to overthrow the Gaddafi regime in Libya - there is no common EU foreign policy.

EU foreign policy coordinated the position of the Member States on the break-up of Yugoslavia. In 1991 the recently reunified Germany made clear that it was going to recognize Croatia and Slovenia as new sovereign States within their internal-Yugoslav administrative boundaries, without any attempt to redraw these to take account of dissenting national minorities or the views of neighbouring States, as international law required. France and Britain were disquieted, but went along to maintain EU unity with Germany. This significantly aggravated the Yugoslav civil war. The then German Foreign Minister Herbert Genscher wrote in his memoirs that the break-up of Yugoslavia was "*a great victory for Germany foreign policy*". Referring to the dissolution of both Yugoslavia and Czechoslovakia, he remarked: "*We have liquidated the heritage of World War 1.*" EU foreign policy later coordinated recognition of Kosovo as an independent State carved out of Serbia in 2008. These were the first revisions of State boundaries in Europe under external pressure since the end of World War 2. There have been several EU military interventions in support of French Government policy in the former French colonies of Central Africa.

The EU can go to war. There is no Treaty requirement that it obtain a United Nations mandate first. Smaller States may "constructively abstain" if they do not wish to stand in the way of the big States or to take part in what they decide. The **Political and Security Committee** monitors the international situation and the implementation of agreed policies. This is made up of national representatives at senior ambassadorial level. **Association Agreements** and **Economic Partnership Agreements** between the EU and individual countries are used to give collective weight to the foreign policy objectives of the bigger EU States.

An EU economic partnership with Ukraine, part of the EU's **European Neighbourhood Policy**, was initiated in 2013 when Germany and Poland, supported by the rest of the EU and

backed by the USA, sought to move the Ukraine out of Russia's sphere of influence and link that country with the EU and NATO. The Ukraine now has an Association Agreement with the EU. This shattered the unity of Ukraine, precipitated a civil war in that country and led to Crimea rejoining Russia. That in turn led to the imposition of retaliatory economic sanctions on Russia by the USA and EU, without the United Nations mandate that is normally required to legitimate such action under international law.⁹ These damaged the economies of both Russia and the EU countries, while giving America new justification for maintaining a military presence in Europe through the NATO alliance.

These developments headed off the temptation for Germany to do a geo-political deal with Russia, which some Germans have advocated since their country's reunification. In the years of the Cold War between "the West" and the USSR the witticism used be that the purpose of NATO was "*to keep Russia out, America in and Germany down*". A German-Russian rapprochement would have the effect of "bringing Russia in, putting America out and building Germany up" – desirably a Germany that would interact constructively with its neighbours in a Europe in which internationalism had replaced supranationalism and the EU/Eurozone was dissolved. Such a development may well happen in time, although the USA will do what it can to prevent it. But with the Cold War over, does NATO any longer have a real rationale? Why should the USA seek to intervene in the politics of Europe or Asia, any more than European or Asian States have a right to intervene in the Americas? A multipolar world of 200 or more States, probably heading towards 300 or over in the course of the present century, needs to put the legacy of World Wars 1 and 2 behind it at this stage of history.

The Cotonou Agreement between the EU and the African, Caribbean and Pacific group of States (ACP countries) enables the former European powers to present a common economic front to their former colonies. This weakens the bargaining power of the latter and prevents them from playing one European State off against another as they could do before they came together in the EU.

The Lisbon Treaty contains a **mutual defence clause** (Art.42.7 TEU), an obligation on Member States to give aid and assistance by all means in their power to any other Member State that is the victim of armed aggression. This commitment to an EU "*mutual defence*" is to be distinguished from an obligation to participate in an EU "*common defence*"; i.e.. **a common European army**, which remains an EU objective. Art.42.2 refers to the latter as follows: "*The common security and defence policy shall include the progressive framing of a common Union defence policy. This will lead to a common defence when the European Council, acting unanimously, so decides.*" The Article goes on: "*Member States shall make civilian and military capabilities available to the Union for the implementation of the common security and defence policy ... Member States shall undertake progressively to improve their military capabilities.*" This last provision is a commitment to **a continual arms buildup**.

The Lisbon Treaty establishes the **European Defence Agency** (EDA), which "*shall identify operational requirements, shall promote measures to satisfy those requirements and...shall participate in defining a European capabilities and armaments policy...*" (Arts.42.3 and 45 TEU). This body is the focus of continual lobbying by Europe's arms manufacturers. Their profits depend on wars and war preparations and they are among the most influential EU industrial interests. They continually push cross-national integration and the common security and defence policy. The Lisbon Treaty explicitly recognizes the NATO alliance, to which 25 of the 28 Member States belong, as the prime forum for the collective defence of its members. It sees EU military policy as complementary to but separate from NATO's (Art.42.7 TEU and Protocol No.10). Some 18 **EU Battlegroups** have been set up, each able to deploy 1500 men speedily from different Member States on a rotating basis.

EU military interventions in Africa, the Balkans and the Middle East are titled "peace-making" or "peace-keeping". Troops wear EU uniforms on these missions. Their actions are supported by the European Defence Agency, the EU Satellite Centre and the **EU Military Committee** (EUMC). The latter is chaired by a four-star General or senior Admiral and oversees the **EU Military Staff** (EUMS) in Brussels.

Overall military spending in the EU countries totals some €200 billion. For decades Greece has been the principal EU military spender relative to its size. Germany, France and Britain are the EU's biggest arms manufacturers. While Germany and France insisted on harsh cuts in the social budgets of Greece, Portugal and Spain to pay back debts during the Eurozone financial crisis, they were much less supportive of cuts in military spending, which would threaten arms sales to these Mediterranean countries.

THE EURO: FROM EU TO EUROZONE FEDERALISM: All sovereign States have their own currencies and all currencies belong to sovereign States. The EU Treaties require all the EU Member States, with the exception of Britain and Denmark, which have got legal opt-outs, to abolish their national currencies and join the Eurozone.

The problems of the euro are rooted in the fact that it is the only currency in the world without a fully-formed State to back it. It is a currency in search of a State. Governments of normal States need never default on their debts, for they can always meet these by printing their own money even if that depreciates the value of their currency in terms of other currencies – this in turn being reflected in changes in their exchange rates. Having one's own currency and the ability to maintain it is thus one of the most essential features of State sovereignty. It is why for example the US Government and its Federal Reserve Bank can guarantee the credit of America's 50 local states and ensure that the dollars they use are equally acceptable throughout the USA. All sovereign States have currencies like that.

There is, as yet, no comparable lender of last resort in the Eurozone. Article 125 of the Treaty on the Functioning of the EU (TFEU) forbids the European Central Bank (ECB) from undertaking this role by printing money and lending it directly to Eurozone governments. In the post-2008 financial crisis the Euro-integrationists sought to save the euro by running a legal coach-and-horses through the EU treaties in order to get round this Treaty ban on bailouts and to push the Eurozone rather than the EU as a whole towards a banking, fiscal and political union.

The euro-currency was established primarily for political reasons, to reconcile France to German reunification after 1991, using economic means that were quite unsuited to that purpose. Nineteen of the current 28 EU Member States have adopted the euro. Nine EU States retain their national currencies. The Eurozone rather than the larger EU is now the main terrain of Franco-German ambitions to establish a European superpower with themselves in the driving seat, although, as mentioned earlier, Germany is the real driver, with France sometimes helping with the steering. Their leaders have been frank in stating their ambitions:-

Here is Germany's Chancellor Merkel on the post-2008 debt crisis: *"We have a shared currency but no real economic or political union. This must change. If we were to achieve this, therein lies the opportunity of the crisis ... And beyond the economic, after the shared currency, we will perhaps dare to take further steps, for example for a European army."* (Charlemagne-prize speech, May 2010)

Here is France's President Sarkozy in 2011: *"By the end of the summer Angela Merkel and I will be making joint proposals on economic government in the Eurozone. We will give a clearer*

vision of the way we see the Eurozone evolving. Our ambition is to seize the Greek crisis to make a quantum leap in Eurozone government...The very word was once taboo. [Now] it has entered the European vocabulary." (22 July 2011)

And Sarkozy again in November 2011: *"There are 27 of us. Clearly, down the line, we will have to include the Balkans. There will be 32, 33 or 34 of us. No one thinks that federalism, total integration, will be possible with 33, 34 or 35 states. Clearly there will be a two-speed Europe: one speed that moves towards a Federation for the Eurozone and one speed for a Confederation within the European Union."*

Chancellor Merkel backed him up the same month: *"The debt crisis is a decisive moment, a chance to go a new way. The time and opportunity is there for a breakthrough to a new Europe ... That will mean more Europe, not less Europe."* (9 November 2011)

"The two pillars of the Nation State are the sword and the currency," Commission President Romano Prodi exulted when the euro was first launched in 1999, *"and we have changed that."*

The post-2008 world financial crisis has been aggravated in Europe by the existence of the euro-currency. It has prevented most Eurozone States from adopting economic policies that are geared to the best interests of their own peoples. The creators of the single currency assumed unrealistically that the different EU countries, with their diverse political cultures and economies, would follow similar policies as regards budgets, public spending, credit control, bank rules and competitiveness once they had adopted the euro. This naturally did not happen. Critics said at the time that it was like expecting the Eurozone countries to run separate national economies while using a foreign currency.

When the euro was established its initial interest rate was low to suit Germany and France which were then in semi-recession. Other Eurozone members – Portugal, Ireland, Italy, Greece and Spain, the so-called "PIIGS" countries – took advantage of this low interest regime to blow up property bubbles or run big public deficits financed by easy borrowing. The European Central Bank in Frankfurt, Germany, which issues the euro looked on benignly while this happened. When these bubbles burst in 2008 major banks in these countries found themselves insolvent or virtually so, with their Governments no longer able to borrow on international bond markets except at very high interest rates.

Irresponsible lending is the counterpart of irresponsible borrowing. Germany and other North European countries have big balance of payments surpluses and large reserves of foreign currencies. Instead of recycling these surpluses in the form of demand for imports and buying goods and services from other EU countries, they recycled them as capital. By the end of 2009 German banks had lent some €600 billion to the Mediterranean countries and Ireland. In the post-2008 financial crisis those Eurozone members - Germany, Benelux, Austria and Finland - which had recycled their balance of payments surpluses in cheap bank loans to the PIIGS countries, insisted on imposing an austerity regime on the latter to ensure they got their money back. The ECB ordained that creditors should be repaid at whatever costs to debtors, regardless of how irresponsible creditors' lending policy had been. Eurozone banks, however insolvent and stuffed with bad loans they might be, must on no account be let fail. Eurozone policy was to shift the burden of repaying private bank debts on to national tax-payers and the public purses of the PIIGS countries. The USA backed the Eurozone in this. Financial firms in America, which had insured bank loans in the EU through credit default swaps, would have been badly hit if European banks defaulted.

Membership of the Eurozone thus ensured that what was at bottom a bank crisis arising from failures in private financial markets was turned into the sovereign debt crisis of the PIIGS

countries. The solution to this Brussels, Frankfurt and Berlin ordained was an austerity regime to be imposed by their own national governments. In America this was called "*Wall Street's triumph over Main Street*". Finance Capital must be looked after as against all other forms of capital. To enforce the required regime of public spending cuts and tax rises a Troika of the European Central Bank, the Brussels Commission and the IMF (International Monetary Fund) took over the day-to-day economic management of Greece, Ireland, Portugal and Cyprus between 2010 and 2013 as a condition of their receiving emergency "bailout" loans.

The inflexibility of the euro-currency has caused economists to compare it with the classical gold standard. Tying the currencies of different countries to gold at a fixed price led to low rates of growth in the late 19th century and aggravated the depression of the 1920s and 1930s. With the gold standard, however, countries at least kept their own currencies and could adopt floating exchange rates if they went off gold. By abolishing national currencies altogether membership of the Eurozone blocks that way back to economic growth and away from austerity.

The "curse of the euro" is that its value or "price", the rate of interest, is the wrong rate at some time or other for every Eurozone State. It is at once too high for the PIIGS countries with their balance of payments deficits and too low for Germany, Austria, Finland and Benelux with their payments surpluses. Its flaws are inherent in its very existence. With it the Eurocrats created a financial doomsday-machine. Some writers have suggested that the creators of the euro knew this from the beginning. They knew that the euro as it was established would cause endless problems, which would justify them calling for deeper Eurozone integration years later to make it work better. This would be in accordance with the so-called "Monnet method", creating "facts on the ground" that point to ever further integration, while perpetrating a deception on citizens regarding the objective of a supranational political union, which is what the single currency is really all about.

The economic affairs of the Eurozone are effectively run by the **Eurogroup** of 19 Finance Ministers, plus representatives of the European Central Bank and the Commission (Protocol No 14 on the Euro Group). The Eurogroup has a President elected for two and a half years by simple majority of its Member States. It is not responsible to any elected body, has no written rules of procedure and no minutes are kept of its meetings. During the crisis with Greece's Syriza Government over the third Greek bailout in 2015 some finance ministers complained that the real decisions for the Eurozone were being taken behind the scenes by German Finance Minister Schauble, by Draghi, the President of the ECB, and by Juncker, the Commission President, with the other EU finance ministers rubber-stamping what they decided. This small group effectively ran the third largest economy in the world at a time of acute crisis.

TWO TREATIES FOR THE EUROZONE: THE FISCAL COMPACT AND THE ESM TREATY:

Germany seized the opportunity of Chancellor Merkel's "beneficial crisis" to make a grab for overall control of Eurozone countries' budgets. In March 2011 it pushed for the **Euro Plus Pact**, which provided that the EU Commission would gain oversight of national budgets before National Parliaments saw them. This called for schemes of harmonized company taxes, pension ages, public pay and labour market policies across the Eurozone. A so-called **Six-Pack** and **Two-Pack** of EU regulations now govern national budgets for the EU and the Eurozone respectively. EU Member States align their national budgetary and economic policies with the objectives and rules agreed at EU level through the **European Semester** from January to July each year. Outline national budgets must be submitted to the Commission every October.

In 2009 the German Parliament made balanced budgets constitutionally mandatory in Germany. The German Government then decided that they must be made mandatory for

everyone else as well. In 2012 Germany induced the other Eurozone countries and the non-Eurozone EU States apart from Britain and the Czech Republic to adopt the **Fiscal Compact** or **Fiscal Stability Treaty**. The full title of this is the *Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union*. Its critics called it the "Permanent Austerity Treaty". It laid down that EU Member States should each year run balanced budgets or budgets that are in surplus. If a country has total debt greater than 60% of its GDP, as was the case for all the PIIGS countries, the maximum gap between public revenue and public spending, excluding debt interest, which a Government is permitted in any one year is 0.5% of GDP. The treaty provides for a "debt-brake" which requires total national debt to be brought down to this 60% level by regular annual steps. The Commission and ECJ may impose fines and other sanctions to ensure that this is done. This is a scheme for German austerity rules without a commitment of German money. It forbids Keynesian-style economic stimulus policy by treaty.

In the same year, 2012, the Eurozone States adopted the **European Stability Mechanism (ESM) Treaty**. This set up a permanent bailout fund for the euro-currency countries to which all Eurozone members must contribute "*irreversibly and unconditionally*" in proportion to their GDPs. Under this treaty the Board of Governors and agents of the ESM have great power, are beyond democratic control and enjoy complete judicial immunity for their actions. Access to this ESM fund requires prior adoption of the earlier Fiscal Compact or Fiscal Stability Treaty.

Being treaties for the 19 countries using the euro, not the EU 28, these two treaties were not Union treaties and so did not require unanimity for their adoption. They came into force once the bigger Eurozone Members making the largest capital contributions had ratified them. They are essentially instruments for imposing a permanent austerity regime, beggar-my-neighbour competitive "internal devaluations", on the PIIGS countries. This was in lieu of the external currency devaluation which would restore these countries' lost economic competitiveness but which they cannot implement because they no longer have their own currencies. The political and economic consequences of this austerity regime threaten to tear the Eurozone apart. It must cause continual tension between its members as long as the euro-currency endures.

In 2014 the head of the Commission's in-house economic think-tank, Philippe Legrain, quit that body and accused the EU's executive body of embracing Germany's austerity-focused response to the Eurozone debt crisis in a strategic bid to enhance its own powers. The "Six-Pack", the "Two-Pack" and the European Semester gave the Commission more say over national budgetary and economic policies and a more influential role for itself, but helped split the EU into opposing blocs. He wrote: "*Rather than being sidelined, the Commission chose to strategically align itself with Germany ... The EU is now riven between creditors and debtors and the EU institutions have become an instrument for creditors to impose their will on debtors*" (*Financial Times*, 8 April 2014).

The 1992 Maastricht Treaty had banned bailouts for the euro-using countries. Such a ban was consistent with the treaty provisions that no Eurozone State should run a deficit of more than 3% of its GDP or have a total public debt of more than 60% of GDP, and the sanctions laid down for violating those provisions. If these rules had been enforced in the early years of the euro the big fiscal deficits of the PIIGS countries could not have happened. The rules were let lapse in 2003 however when Germany and France broke them. It was not politically possible to impose fines on the Franco-German duo.

Four years into the financial crisis, in a step of questionable legality under the treaties, the ESM Treaty for the Eurozone allowed the new ESM fund to lend directly to Eurozone governments. As well, the European Central Bank lent massively to the Eurozone banks in the expectation

that they would lend to governments in turn and make a profit in so doing. In 2012 the head of the ECB, Italy's Mario Draghi, announced the ECB's willingness to buy unlimited amounts of the short-term government debt of crisis-ridden countries on the secondary bond market, in so-called **Outright Monetary Transactions (OMTs)**. This would be side by side with the new permanent ESM bailout fund buying such bonds on the primary market. OMTs effectively allow the ECB to decide interest rates in the secondary market, thereby putting a floor to the price at which bonds can be sold in the primary market and determining indirectly the rate at which governments can borrow there. Thus the Treaty ban on monetary financing of government debt was finessed despite the objections of Germany's Bundesbank.

These steps pointed to the possible inflation of the euro-currency if the ECB should decide that "saving the euro" required printing money to buy government bonds without limit in so-called **Quantitative Easing**. What has happened to date may be summed up as the ECB lending money cheaply to bust banks, which then lends that money at higher interest rates to bust governments, making profits for themselves in so doing, while the real economy of the PIIGS countries suffers a credit crunch as banks give priority to repairing their balance sheets.

In 2014 the German Constitutional Court ruled that the ECB's bond-buying programme "*does not appear to be covered by the mandate of the European Central Bank. There are important reasons to assume that it exceeds the ECB's monetary policy mandate and thus infringes the powers of the Member States, and that it violates the prohibition on monetary financing of the budget.*" The ECB naturally disagreed. The German Court referred the matter to the EU Court of Justice, the first such referral in German legal history. In 2015 the EU Court gave the green light to the ECB's government bond-buying programme.

In 2014 the Eurozone States took another step to save the euro by agreeing to establish an **EU Banking Union**. This would shift the task of imposing controls on private banks from the national to the supranational level, where the ECB would exercise it. Such a step would be a further reduction in traditional State sovereignty for the countries concerned. It would make it impossible for them to require their banking systems to pursue any notion of a national "common good" in the financial sphere. It would mean governments would no longer have final say in how banks deal, for example, with unsustainable house mortgages. It would foster even bigger "too-big-to-fail" banks in the EU and strengthen neo-liberalism in financial services. Germany baulked at the Banking Union providing a deposit insurance scheme cross-nationally, for that would savour too much of the "transfer union" it opposes.

In the plans for Banking Union what Germany's media has styled Chancellor Angela Merkel's "salami-tactics" came once more into play. The Chancellor had agreed to the ESM Treaty setting up a permanent Eurozone bailout fund only when the Eurozone States first inserted a permanent balanced budget provision in their national Constitutions by means of the Stability Treaty. She said Yes to the concept of banks being given direct loans from the ESM fund only if a **Single Supervisory Mechanism** and **Single Resolution Mechanism** for the Eurozone's banks were set up first. The first of these "mechanisms" allows the ECB to close down insolvent banks at national level. The second provides for "bail-ins" by investors and depositors who would have to lose some of their money if banks needed saving, and establishes a special fund for that purpose.

Germany also proposed that any cross-national funding to bail out banks at the expense of Europe's taxpayers would get German support only if countries looking for money agreed to so-called **Reform Contracts**. These refer to legally binding agreements which would commit Eurozone States to policies Germany approved of, with penalties attached for failure to fulfil them. They would be analogous to a service contract between master and servant or employer

and employee, except that it is States that would be contractually bound.

Most authorities on EU law accept that these schemes go well beyond what is legally permissible under the existing EU Treaties. But the politically accommodating judgement of the Court of Justice in Ireland's 2012 Pringle case cleared the way for them to be implemented "intergovernmentally" for just the 19 Eurozone countries. In the Eurozone Germany can lay down the law to the others in a whole series of new treaties which smaller States must comply with because, being outside the supranational EU "legal order", they have no power of veto over them. Germany has also mooted **EU treaty change post-Lisbon** with the aim of copper-fastening further integration in the Eurozone. The French and other EU Governments balk at this, for fear their citizens might vote No in referendums.

A fundamental problem for the Eurozone is that Germany and its other Northern members refuse to expand their own economies so as to encourage imports from the Southern PIIGS countries and thus stimulate the economies of the latter. This is what would normally happen between surplus and deficit areas inside a nationally based monetary union. Nationally people are citizens of one State, regard themselves as one people and share a common national solidarity that can underpin such policies. It is quite otherwise as between the different countries of the EU/Eurozone. The rules of the Eurozone put pressure on deficit countries to cut their deficits, but there is no corresponding obligation on surplus countries to cut their surpluses.

NO EUROPEAN PEOPLE OR "DEMOS" TO PROVIDE A BASIS FOR AN EU DEMOCRACY: There is no example in history of a *lasting* monetary union that was not part of one State and was therefore also a political and a fiscal union. There are however many examples of multinational States that were at once monetary unions, fiscal unions and political unions, which existed for long periods of time but which have disappeared into history. Where now is the USSR rouble, the Czechoslovak crown, the Yugoslav dinar or the Austro-Hungarian thaler? Some 60 monetary unions dissolved during the 20th century.

A fiscal union means that a State has common taxes and public spending programmes throughout its territory. By these means the richer areas and social groups within that State transfer resources automatically to the poorer areas and groups out of a sense of shared citizenship, mutual national identification and the solidarities stemming from that. Thus in the USA if there is a decline in local state-level income of \$100 because of some economic shock, it is offset by an average of around \$30 in reduced taxation and higher social spending by the US Federal Government to benefit the afflicted state. This does not compensate for the full shock, but it helps. In the Eurozone analogous transfers in face of such shocks are virtually non-existent, less than 1% at most, as against America's 30%.

Because the Eurozone is a monetary but not a fiscal union it has no income-transfer system between its member countries comparable to that which exists between different regions inside national States. Nor is there any mechanism for recycling balance of payments surpluses from Eurozone members that have them to members that are running deficits. There are big gaps in living standards, government deficits, balance of payments positions and competitiveness levels between the North European members of the Eurozone and the "PIIGS" countries. It was folly from the start to have one interest rate and one exchange rate for such different national economies, with their diverse political cultures and institutional traditions, but that is what EU State-building required.

As there is no underlying EU or Eurozone people or "*demos*", there is no sense among voters of a common or collective European "We", comparable to an American "We" or to any national

State "We", which would make citizens in the richer Eurozone countries willing to pay higher taxes to finance resource transfers to poorer countries in the name of a cross-EU or pan-Eurozone solidarity. The mutual identification and fellow-feeling among citizens which exist at national level and give democratic legitimacy to Europe's Nation States does not exist supranationally. Democratising the EU in the absence of a European people or "*demos*" is therefore impossible. And a people cannot be created by artificial top-down fiat.

This has always been the fundamental flaw in the integration "project". A related flaw is the contradiction between the larger Member States seeking to increase their effective power by means of the EU, while acting to protect their national interests at the same time. Not that these flaws inhibit the EU elite, and particularly Germany, France, the Brussels bureaucracy and their acolytes in the different Member States, from seeking to induce the peoples of the Eurozone countries to give up what is left of their democracy at national level in order to "save" the euro-currency. Hence the schemes for direct EU supervision of national budgets. Hence the calls for a Eurozone Banking Union, Fiscal Union, Tax Union and Political Union - to use the post-2008 financial crisis as an excuse for centralising ever more power in Brussels, Frankfurt and Berlin.

These efforts at deeper integration for the Eurozone build on the decades-old attempts of the Euro-federalists to foster a "Europe of Regions", which would link areas in different countries across their national boundaries and foster at once a regional and a "European" consciousness, while eroding a national one. This is the rationale for the EU's **Committee of the Regions** and a host of subsidy schemes whose aim is to encourage domestic regional authorities and civil society groups to look to Brussels for funding, by-passing national Governments and States, and helping to diminish peoples' allegiance to the latter.

In 1984 the Council of Ministers went beyond what was permissible under the Treaties at the time by commissioning the **Addonino Report** on "*A People's Europe*". This was to try to counter the apathy towards "Europe" shown by the poor turnout in EU Parliament elections. This Report proposed a series of social engineering steps which have been implemented since with a view to developing a sense of "European" identity amongst the public. They include cross-EU radio and TV programmes and attempts to introduce a "European dimension" into every aspect of the school curriculum, from history and geography to cookery lessons and counting games for under-fives to be played with chocolate euros.

The Brussels Commission spends large sums of money each year trying to develop this sense of "European-ness". It stigmatizes national sovereignty and patriotism as out of date, while at the same time it adopts such traditional symbols of national statehood as a flag, an anthem, a passport, car number plates, EU sports events, a youth orchestra, a common EU history book for schools, European film sponsorship and an annual "Europe Day" corresponding to a national day. These are seen as supports for a common European citizenship, the EU Constitution and its Charter of Fundamental Rights. The Commission funds hundreds of **Jean Monnet professorships** with a view to populating University social science departments with ideological missionaries for "Europeanism". It funds chairs and courses in such subjects as "integration studies". It consciously uses EU-financed research programmes in attempts to purchase the loyalty of the scientific intelligentsia in the different Member States.

These are all so many doomed attempts to manufacture a European "*demos*" artificially, to make people think of "*Europe one country*" and identify with it as a bogus Fatherland or Motherland. They leave the ordinary peoples of Europe indifferent, whose allegiance remains to their own nations and Nation States.

The more European integration is pushed ahead and the more the national democracy of the EU member states is undermined in the process, the more the EU loses legitimacy and authority in the eyes of people everywhere. Consequently the greater and more certain the eventual popular reaction against it. To align oneself with such a misguided, inevitably doomed project is to be out of tune with history. It is to side with a supranational elite against the democracy of one's own people, to spurn genuine internationalism for the heady illusion of building a superpower.

HOW THE EUROZONE PREVENTS THE "PIIGS" COUNTRIES OVERCOMING THE ECONOMIC CRISIS: Economic growth in the western world has weakened since the early 1990s as a result of various factors. One is "globalization", essentially free movement of capital, which is a constitutional principle of the EU Treaties and which has seen substantial work that would in the past have been done in the West being now done by cheaper labour in the East. Other factors are demographic decline and weakening productivity growth. Before the era of free movement of capital and light-touch bank regulation came into being in the 1980s, financial crises were rare and seldom deep. Since then they have become frequent, and the post-2008 one is catastrophic.

The domestic political threat which low economic growth linked to globalization poses for governments has been compounded by falls in the wage share of national income and by growing domestic inequality. The arrival of ultra-cheap interest rates for the peripheral EU countries, courtesy of Eurozone membership, provided welcome relief from these factors in the early 2000s. It permitted domestic credit-financed booms to compensate for weakening external competitiveness. The credit-boom was not permanent however. When it burst in 2008 the citizens of the EU periphery found themselves burdened with huge government, corporate and private debts, which together amounted in some cases to three or four times their annual national incomes.

Logically there are only three ways of dealing with the debts of Portugal, Italy, Ireland, Greece and Spain: (a) to pay them off out of real economic growth; (b) to forgive them or remit them or "restructure" them wholly or in part - which means reducing them at the expense of creditors; or (c) to inflate them away by printing money and depreciating the currency in which creditors are repaid. The most practical course is a mixture of all three, but Eurozone membership is an obstacle to each one.

The austerity measures insisted on by the ECB, Germany, Austria, Finland and Holland are causing recession throughout the Eurozone, so that there is little economic growth in most of its member countries. Debt forgiveness means that Governments and taxpayers in the creditor countries would have to pay some or all of the bills of the PIIGS countries, but the cross-EU fellow-feeling and solidarity this would call for does not exist. Inflating the euro-currency would require the ECB to do the opposite of what it is charged with doing under the EU Treaties and would outrage public opinion in Germany and other creditor countries. So membership of the Eurozone blocks all rational ways out.

Exchange rates are always fixed for political reasons and they can never be more fixed than in a monetary union like the Eurozone. Here the different national exchange rates which prevailed when the union was first set up are locked together supposedly for ever, and the real economies they once reflected must adapt permanently thereafter to the new euro exchange rate. Eurozone membership prevents the PIIGS countries from restoring their economic competitiveness and balancing their national payments at high levels of output and low levels of unemployment by devaluing their currencies. The balance of payments deficits of these countries have greatly increased during their years of euro-membership. At the same time

Eurozone membership confers an economic advantage on the export firms of Germany, Austria, Finland and the Netherlands by enabling them to operate with a currency, the euro, which is implicitly under-valued for them while being implicitly over-valued for the PIIGS countries' exporters.

In 2015 when the Greek people voted in a referendum against the harsh terms attaching to a Eurozone bailout, the Euro Group of countries led by Germany and the ECB reacted with fury by cutting liquidity to Greece's banks, thus limiting the amount of money Greek citizens could withdraw from their ATM machines. This led to controls on capital movements in Greece. The Syriza-led Greek Government, which had expected a more sympathetic response from its creditors among the Eurozone Governments and was ideologically unprepared to return to the drachma, collapsed in face of German-orchestrated pressure. Doing a volte-face on the electoral programme that had brought it to power, it accepted even harsher terms than had been previously mooted by the Eurozone creditor countries and took on even more debt with which to repay the latter.

Few people expected this third Greek bailout to work, for its provisions meant that Greece would have less economic growth from which to repay its debts. But the Euro Group of countries, led by Germany, was making an example of dissenters. The mask of EU partnership slipped while the international community looked on incredulously at the overt bullying of Greece. At the same time an economic study from Germany's Leibniz Institute for Economic Research showed that *"the German public sector balance benefited significantly from the European/Greek debt crisis because of lower interest payments on public sector debt."*¹⁰ This study estimated that Germany saved more than €100 billion in interest payments between 2010 and 2015, which was more than the €90 billion it had lent to Greece. This was because investors sought safe havens in Germany during the various phases of the euro crisis, which bid down German interest rates. It was also due to ECB interest rate policy being especially favourable to Germany post-2008.

In July 2015 German philosopher Jurgen Habermas, a longtime theorist of supranationalism, said that Germany, by its bullying of Greece, had *"unashamedly revealed itself as Europe's chief disciplinarian and for the first time openly made a claim for German hegemony in Europe."*

Three factors are primarily responsible for the Eurozone mess. Firstly, what many call the "European ideal" has become an object of quasi-religious faith in a manner similar to the adoption of Fascist and Communist ideologies at earlier stages of Europe's history. The almost cultic belief which many members of national elites have in the EU impedes a proper reaction to EU policy errors. Secondly, Germany's large manufacturers who benefit from being able to sell their exports abroad at cheaper prices than would be possible if Germany still operated with the Deutschemark, have a strong interest in keeping things as they are. And thirdly, creditor interests such as banks, their shareholders and depositors have a powerful interest in avoiding a break-up of the euro, which would hit them financially as debt write-downs would then be unavoidable.

The euro-currency crisis also has clear class aspects, affecting income distribution. Strong currencies and over-valued exchange rates entail a transfer of income from poorer people to richer. Property owners like strong currencies as it makes their property more valuable. Bureaucrats and people working in sheltered service sectors of an economy like them because they get paid in a currency which makes consumer imports cheaper, and their own incomes do not depend on export earnings. The EU elite likes a strong currency because they are disproportionately members of such groups. They also see the euro as the currency of the EU

superpower which they imagine themselves as running in time.

When a weak country adopts a strong currency, it is made weaker, not stronger. Germany's modern mercantilists stigmatise trade and budget deficits and acclaim trade and budget surpluses, just as creditors disdain debtors even though they are counterparts of one another. The problems of one cannot be solved without the other, unless there is a flexible currency exchange rate between them that can take the strain by automatically rebalancing their differences. But membership of the Eurozone removes that.

THE BENEFITS OF RESTORING NATIONAL CURRENCIES: The resulting prospect is one of years of stagnation ahead for the PIIGS countries as long as the Eurozone holds together with its present members. For France the experience of euro-membership has turned its payments surplus into a deficit, something that has contributed to France's relative decline vis-à-vis Germany since the euro was established. Moreover, Germany's payments surpluses reduce economic demand outside the EU and contribute to continued global recession.

The dissolution of the euro would benefit most Germans. Outside EMU the German Mark would rise, while the peripheral countries' currencies would fall. Dissolving the euro would hit German exporters but would advantage German consumers by enabling them buy cheaper imports. By reducing the profits of German exporters it would give them greater incentives to increase German productivity, the growth rate of which is now half what it was a decade ago. A new and strong Deutschemark would enable Germans enjoy bargain holidays abroad and buy foreign assets more cheaply. German and North European business would invest in the PIIGS countries if they had their competitiveness restored, so evening out the imbalances between core and periphery which are at the root of the euro-currency's problems and which the continuance of the PIIGS countries inside the Eurozone can only worsen.

The EU Treaties provide no legal means of leaving the Eurozone, apart from leaving the EU itself, as provided for under Art.50 TEU. The assumption has been hitherto that the Eurozone is for ever and that all EU countries must eventually adopt the euro, apart from Britain and Denmark with their legal opt-outs. Reality will override the Treaties however. The Swedish people voted No to joining the Eurozone in 2003 even though their government was, and is, legally obliged to join it. The nine EU Members that are outside the Eurozone are happy they are not in it, it is such an obvious disaster. Political reality as well as treaty legalities will in time have to accommodate States restoring their national currencies.

How are things likely to turn out? One possibility is that Germany will succeed in imposing such austerity and pain on the PIIGS countries through the Eurozone institutions that some of them will prefer to default on their debts, abandon the euro and re-establish their national currencies, thus escaping from a Eurozone-wide deflationary regime. The other is that Germany and the smaller northern Eurozone countries will abandon the euro because their citizens revolt against financing transfers indefinitely to the PIIGS countries if such transfers come to be seen by governments as the only way to "save" the euro.¹¹

The only lasting way in which the PIIGS countries can regain their lost economic competitiveness is by reverting to their national currencies, devaluing them and using them to stimulate demand in their depressed economies to encourage growth and create jobs. That way they can repay their foreign debts out of real economic growth. They can then also forgive or inflate away their domestic debts if desired - the classic remedy for debt-burdened countries. Such a course would not be painless, but it would be less painful than trying to reach German levels of competitiveness inside the Eurozone by cutting pay, profits and pensions for years on end, with small prospect of long-term success.

In the meantime people face years of futile attempts to make the euro-currency work and keep the "integration project" on the road, marked by continual financial crisis and tension between Eurozone members. Economies stagnate, debts grow, zombie banks seek further bailouts, while social misery spreads. The Eurocrats place their hopes in what Nobel economics prizewinner Paul Krugman calls the "confidence fairy": austerity will restore confidence to markets; this confidence will then encourage investment and produce prosperity out of depression as if by magic.

In some PIIGS countries the public debt has now grown so high that annual interest payments on it are greater than the increase in government revenue needed to finance them, so the debt inexorably rises. This is the dreaded debt deflation. The EU, which purported to unite Europe, is now dividing it in an unprecedented way. Showing their contempt for ordinary people and buoyed by their faith in their great "project", the eurocrats and their ideological acolytes in the Member States have worked for decades to deprive their fellow citizens of their democracy, in the process creating a euro-currency monstrosity that is proving a catastrophe for our continent.

CONTRAST ICELAND: Contrast Iceland, a small nation which the PIIGS countries could usefully take as a model for escaping the travails of the Eurozone. Iceland post-2008 shows what a country that refused to abandon its national independence can do to deal with its economic problems.

When the 2008 crisis broke, Iceland's debt level in proportion to its population was much worse than Greece's, Ireland's, Portugal's or Cyprus's, each of which came under a Eurozone "bailout" programme, with its economic government in the hands of an ECB/EU Commission/IMF Troika.

In the early 2000s Iceland's banks had borrowed much more abroad, relative to Iceland's size, than had the banks of the PIIGS countries. In response to the 2008 crisis the Icelandic Government let its insolvent banks go bust. It set up new "clean" banks to keep credit flowing. These good new banks wrote down residential mortgage debts to 110% of the current market value of houses to prevent an intolerable burden being imposed on Iceland's citizens and to encourage them to spend and maintain domestic demand. It introduced a two-year bankruptcy law and there was widespread domestic debt forgiveness. The Government forced its foreign creditors to take a €60 billion loss on their improvident loans and came to an agreement with them on longterm repayment of the remainder. It made intelligent use of the power of issuing its own currency and restored its economic competitiveness by allowing its exchange rate to fall, imposing capital controls to help in that.

Since 2008 Iceland has entered and exited an IMF lending programme and been able to return to borrowing on the international bond markets. Instead of the Icelandic State taking on private bank losses and imposing them on local taxpayers, as the ECB pushed Ireland into doing, foreign investors see Iceland as facing the future rather than the past and the Icelandic State as being in a much better position to repay future borrowings. Iceland returned to economic growth in 2012. In 2015 its unemployment rate was 4%, compared to a Eurozone average of 11% - much higher for the peripheral Eurozone countries. The OECD judges Iceland to be the European country with least risk of poverty and social exclusion.

When the initial panic struck in 2008 Iceland's Government applied to join the EU in the hope of finding an external saviour, but Icelandic public opinion soon turned against that. A new Government elected in 2013 decided not to pursue Iceland's EU membership application. In 2008 the joke in Dublin used to be that the only difference between Ireland and Iceland was

one letter and six months! That joke was soon on the Irish. The economic experts who predicted doom for Iceland and salvation for the PIIGS countries by following their very different policy courses, have proved utterly wrong.

OPPOSING THE EU LEVIATHAN: The EU Treaties shift power away from citizen voters in all EU countries and from small and middle-sized Member States to the larger ones. The post-Lisbon European Union has its own government, with a legislative, executive and judicial arm, its own political President, its own citizens and citizenship, its own human and civil rights code, its own currency, economic policy and revenue, its own international treaty-making powers, foreign policy, foreign minister, diplomatic corps and United Nations voice, its own crime and justice code and Public Prosecutor's office. It already possesses such State symbols as its own flag, anthem, motto and annual official holiday, Europe Day. As Danish MEP Jens-Peter Bonde put it: *"From the inside it looks like an arrangement based on Treaties between States; from the outside it looks like a State itself."*

As regards the "State authority" of the post-Lisbon EU, this is embodied in the Union's own executive, legislative and judicial institutions: the European Council, Council of Ministers, Commission, Parliament and Court of Justice. It is embodied also in the Member States and their authorities as they implement and apply EU law and interpret and apply national law in conformity with Union law. This they are constitutionally required to do under the Lisbon Treaty, just as in any Federal State. Thus EU "State authorities" as represented by EU soldiers and policemen patrolling Europe's streets in EU uniforms, are not needed as such. Their absence makes it all the easier to hide from ordinary citizens the reality of Europe's hollowed-out Nation States and the failure of their own mainstream politicians to defend their national democracies.

Although the EU has most of the formal features of a State and Euro-federalists aspire to it becoming a United States of Europe comparable to the USA, outsiders hesitate to regard it as a State in its own right. They think that if it were such it must surely have its own people who would identify with it and insist on endowing it with some meaningful democratic life. But such a people does not exist. The EU is most accurately seen as a supranational anti-democratic system which deprives Europe's actual diverse peoples of their democracy, while serving the interests of its Big State members as mediated through their ruling politico/economic elites, interacting with the Brussels bureaucracy.

The idea of an integrated Europe appeals to intellectual and economic elites who move easily across Europe's frontiers and cultures. EU rules on immigration guarantee these people access to cheap labour. But for the mass of people in each Member State EU integration combines national powerlessness with international powerlessness, resulting from a profound betrayal by their own national political classes. The mass of people in every country owe the EU no loyalty and come increasingly to hold it in contempt or even hatred. It is inevitable in these circumstances that they look to new political forces to find a way out.

The project of EU/Eurozone integration is at bottom an attempt to overturn across much of Europe the democratic heritage of the French Revolution: the right of nations to self-determination, national independence and national democracy. The international community now numbers nearly 200 States, some national, some multinational, and between them they manage some 180 national currencies. The number of States in the world has more than trebled since 1945 and many more new States are likely to come into being during this century. The collective right to self-determination of nations and peoples so that they can decide their relations with one another independently, is now a basic principle of international law. As a principle it has its philosophical roots in the 18th century American Revolution and France's Declaration of the Rights of Man of 1789. This right to national self-determination is

the foundational value of all modern democracies and of democratic politics within them. But it is anathema to the EU elites.

As the financial crisis continues, the rhetoric of solidarity and "partnership" which the EU-integrationists used for so long to justify their course is being replaced by panic-stricken pleas for stronger German leadership. The Europhile elites in the different Member countries resemble ever more closely the collaborators of World War 2, extolling a German-dominated EU as the new superpower and implementing German-sponsored policies in their countries. Most of them are too deeply committed to reverse course. Instead they call for "more Europe", which means more power for themselves and their likes. In January 2014 Commission Vice-President Viviane Reding, an unelected technocrat, expressed the Commission's ambition: "*We need to build a United States of Europe with the Commission as government,*" she said. Two months later German Finance Minister Wolfgang Schauble added his coda to her statement: "*We have moved sovereignty to the European level*" (*Financial Times*, 28 March 2014).

The central illusion of the EU elite is that the peoples of the Eurozone will consent to abandon their national independence and democracy, reversing centuries of European history in so doing, in order to save the ill-starred euro-currency. They will thereby "unite Europe" at last, a project which Charlemagne, the Hapsburgs, Napoleon and Hitler tried and failed to do in their day.

But assuming that the objective of that United Europe were attained, what happens then? Does history stop? Would the hypothetical European Army of Chancellor Merkel's Charlemagne-prize speech hold the resultant rickety edifice together? Can anyone seriously imagine that the peoples of the different European countries would consent to live indefinitely in national States where they can no longer make most of their own laws and consent to be ruled instead by non-elected committees in Brussels, Frankfurt and Berlin? Or that the PIIGS countries would rest content with being turned indefinitely into the collective Mezzogiorno of a federalized Eurozone?

The German and French peoples are themselves increasingly unhappy with the EU "project". The euro-currency lowers German living standards by raising the price of consumer imports. It makes Germany unpopular across Europe by reviving anew fears of German domination. It inhibits France from restoring its economic competitiveness, while it turns that country into the junior partner in the Franco-German duo – a triumph for France's Vichyist as opposed to its Gaullist tradition. The ruling elites of Germany and France may be indifferent to these developments, but their peoples are not. At the same people everywhere resent being told that as "good Europeans" they must embrace multiculturalism rather than cherish and foster their own national cultures.

For other, more longterm, reasons it is foolish of countries to identify their future with the EU. By 2050 there will be some nine billion people in the world. The EU will then account for just 6% of the world's population, as against 20% before 1950. The EU's share of the world's gross product will have shrunk to some 10% by 2050 as against 30% in 1950. In the coming decades most growth in GDP, market size and investment returns will tend to occur outside continental Europe. Most EU countries will have shrinking and ageing populations. The EU overall is likely to decline economically, politically and culturally relative to the rest of the world, and in particular Asia, where the bulk of mankind lives. As American power declines from its post-World War 2 zenith there will be growing resistance to those who see the EU as a collective junior partner of the USA in world politics. European States that seek to advance the best interests of their peoples will seek to develop economic and political relations with the international community as a whole. They will look to the wide world to play a part in rather

than subsume themselves in an inward-looking out-of-date bureaucratic bloc whose post-World War 2 *raison d'être* has long passed into history.

DEMOCRATS ON CENTRE, LEFT AND RIGHT FOR NATIONAL INDEPENDENCE AND DEMOCRACY: Successive EU enlargements have had the effect of reducing the relative influence of each smaller Member State in making EU laws, while increasing the relative weight of the Franco-German duo because of their continual joint positioning under the Elysée Treaty. People sense this, so that the more the EU-elites and EU bureaucrats push ahead with the integration "project", the more national voters everywhere dislike it and resent it. The more hostile will be popular reactions against its champions when it eventually implodes, as inevitably it must. The growing numbers of opponents of EU-integration across Europe, on the political Centre, Right and Left, now constitute an international movement in defence of national democracy, and the Nation State as the locus of democracy.

EU integration has altered the whole basis of European politics as it has been for centuries. It has made the classical "national question", the issue of national democracy and independence, of who makes the laws and rules of a society and who decides what is its common good, the central political issue of our time in our part of the world. This is true even for countries such as France, Germany, Holland, Britain, Spain etc. which were themselves imperial powers in their day, with centuries of history behind them in which they dominated and laid down the law for others.

Just as it often takes a bout of sickness to make people appreciate good health, people often come to realise the value of national democracy only when they have lost it and they must set about the long struggle to win it back again. The euro-currency crisis and the manner in which the EU's governments cooperated in turning a private bank crisis into a public debt crisis is discrediting Europe's political class more thoroughly than at any time since the 1930s. Across the continent a new generation that is committed to re-establishing national democracy and independence, the basis of all genuine internationalism, waits in the wings to displace it.

That is why democrats in every European country who wish to advance the common good of their own people need to oppose all steps towards further EU/Eurozone integration and to make the central objective of politics the winning back of the State powers their national governing elites have surrendered. This holds regardless of whether people are on the political Centre, Left or Right on domestic issues.

Europe's mainstream Right, whether conservative or liberal, has consented to the subordination of the interests of national capital to transnational capital, and of both forms of capital to banking and financial interests that are relatively indifferent to the "real economy" of manufacturing and providing services, making and exchanging things and employing citizens in doing so. Finance Capital is mainly interested in maintaining so-called "globalization" and sustaining its right to invest in whatever part of the world it hopes to make most money in, even if that means deindustrialization and economic decline in the countries it comes from. The EU Treaties make Finance Capital supreme over all other forms of capital.

Europe's political Left, unlike its counterparts in Latin America and Asia, has traditionally been "anti-national", counterposing democratic demands to leftwing ones as opposites rather than complementary, and supporting one governmental imperial project after another, of which the collective imperialism of the EU is the latest. In Britain, Ireland and some other EU countries many on the Left originally opposed EU integration as essentially a Right-wing project. In 1988 Commission President Jacques Delors, a former French socialist finance minister, wooed the top trade union leaders in Britain, Ireland and elsewhere by promising that the Commission

would introduce pro-labour legislation in a "Social Europe". Trade unions would thus achieve supranationally what they were too weak to achieve nationally. This illusory prospectus appealed to leftists who had little feeling for national democracy and independence. Many of them were happy to become political missionaries for the EU, using the rhetoric of "Social Europe". Mainstream European social democracy, with honourable exceptions, thus largely abandoned internationalism and became an ideological pillar of supranationalism. The post-2008 financial crisis is in turn causing many on the Left to re-discover the importance of national independence as a necessary pre-condition of obtaining the government policies they want.

The EU "project" thus challenges democrats on Right and Left in different ways. In political science terms it means that in the various EU countries the struggle for national democracy and to re-establish the classical powers of sovereign independent States needs nowadays to take precedence over the aspiration of people on the Right for conservatism or economic liberalism, and the aspiration of people on the Left for social democracy or socialism. Democrats on Centre, Right and Left need therefore to work together, or if not together at least in parallel, to achieve that common end as the necessary political base for achieving the economic policies they favour. This should now be the guiding principle of worthwhile national and international politics for our time in every EU country.

CONCLUSION...EUROPE'S FUTURE: At the same time, people will support the repatriation of powers from the EU only if the advantages of doing that and the drawbacks of EU membership are patiently explained to them. This is especially true of calls to leave the Eurozone. People value the money they have in their pockets. Most have little knowledge of economics. They fear a return to national currencies will make them lose financially. Many are so disoriented by years of EU/Eurozone membership that they require a long period of political education and organisation before they can grasp at the advantage of being free citizens again. This challenges the EU-critical movement in every EU Member State.

People need to free themselves from the fear that they will be isolated, with no one in Europe to trade with, if they should leave the EU. Leaving the EU means returning to being a normal self-governing democracy, like over 150 other States around the world. People need to realize that for a State to be in the EU is strictly **abnormal**. After all, to trade with China we do not need to be part of China. To trade with Japan we do not need to be part of Japan. To trade with the US we do not need to be part of the US. Yet according to EU supporters to trade with "Europe" we need to be part of the EU and accept EU laws, policies, institutions, passports, flag, anthem, diplomatic service, parliament and Court of Justice. This is a ridiculous claim. It is up to EU supporters to explain why trade with the EU should necessitate any of this. After all America, China, Japan and most of the rest of the world can trade with the EU without being members and do not seem to suffer as a result.¹³

It is natural to speculate on what kind of Europe will succeed the EU/Eurozone. The alternative to supranationalism is internationalism. Recognition of the independence of others and mutual respect based upon that is as much the basis of cooperation and friendly relations between States as it is between individuals. As Charles De Gaulle said: *"Europe is a Europe of the States and the Nations or it is nothing."* The alternative to the misguided supranationalism of the Europe of Brussels and Frankfurt is a Europe of the balance of power between States and in the world - establishing and maintaining which has classically been the foundation of wise statecraft. The balance of power is fine as long as it stays balanced. It becomes problematic only when that balance is disturbed.

By eroding national democracy, removing peoples' rights to make their own laws and subordinating them to the rule of non-elected committees in Brussels, with dire economic

consequences for millions, the EU/Eurozone project is ever more obviously an historical disaster. Some people use stronger language. Dr K.M.Bonnici, former Prime Minister of Malta, called the EU "a monster".¹⁴ British economist Bernard Connolly, who was dismissed from his job as senior monetary policy official with the Brussels Commission for writing a book criticizing the euro-currency at its start, wrote the following about it: "For no one who has observed the way in which the malignant lunacy of the Exchange Rate Mechanism and monetary union has destroyed jobs, destroyed companies, destroyed savings, destroyed financial systems, destroyed lives, destroyed societies and destroyed democracy, all in the name of 'the right of Europe to arise', can doubt for one moment that the endeavour has been, in its effect if not always in its intent, not simply misguided but evil."¹⁵

What will be the ultimate fate of the generation of europhiles and eurofanatics who have imposed such political disillusion and economic misery on their fellow-countrymen by clamping on them the straitjacket of the EU/Eurozone? Repudiation by their fellow citizens as traitors to their countries? Public execration for subverting over decades the democracy of Europe's peoples? Electoral wipeout at the polls? Raised eyebrows among future historians at how hubris, followed by "até", fate, led inevitably to nemesis? Assuredly one or other of those outcomes.

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1. Jean Monnet, *Memoirs*, translated by Richard Mayne (ISBN 0-385-12505-4), Doubleday, New York 1978. Monnet saw the United States of

Europe that he advocated as being built top-down by deals between national elites. While dedicated to Euro-federalism, his approach was wholly technocratic, not democratic. His autobiography conveys no sense that he was aware that there exists no such thing as a European people or *demos*, whose approval would be necessary to legitimize the supranational structures he supported, or that citizen voters at national level would resent having their right to decide and change their country's laws and policies removed from them.

2. Kohl's statement recalls the comment of Charles de Gaulle on Walter Hallstein, the first President of the EEC Commission: *"On the basis of repeated meetings with him and of an attentive observation of his actions, I think that if in his own way W.Hallstein is a sincere 'European', this is only because he is first of all an ambitious German. For the Europe that he would like to see would contain a framework within which his country could find once again and without cost the respectability and equality of rights that Hitler's frenzy and defeat caused it to lose; then acquire the overwhelming weight that will follow from its economic capacity; and, finally, achieve a situation in which its quarrels concerning its boundaries and its unification will be assumed by a powerful coalition."* *Memoirs of Hope*, 1970.

3. Bismarck: *Gesammelte Werke, Diktat*, Varzin, 9 Nov.1876, No.438, pp. 644-5. It is worth noting that a later German Chancellor, Adolf Hitler, used the rhetoric of defending "Europe" against Russian communism in attempts to rally collaborationist forces behind Germany in the latter stages of World War 2. Nazi plans for post-war Europe included a European Economic Community and a German-dominated monetary union. While the present European Union stems from the EEC which the anti-fascists Monnet, Spinelli, Spaak etc. helped to establish, the continuity of German elite aspirations to world power using a Europeanist rhetoric is striking. On this see Laughland, *supra*.

4. Johan Galtung, *The European Community, a Superpower in the Making*, Oslo, 1974.

5. Note the plangent nostalgia for big powerdom of Harold Macmillan, the Conservative Prime Minister who initiated Britain's EEC application in 1961, speaking on his 80th birthday twenty years later: *"We argue about fish, about potatoes, about milk, on the periphery. But what is Europe really for? Because the countries of Europe, none of them anything but second-rate powers by themselves, can, if they get together, be a power in the world, an economic power, a power in foreign policy, a power in defence equal to either of the superpowers. We are in the position of the Greek city states: they fought one another and they fell victim to Alexander the Great and then to the Romans. Europe united could still, by not haggling about the size of lorries but by having a single foreign policy, a single defence policy and a single economic policy, be equal to the great superpowers."* *The Listener*, London, 8 Feb.1979.

6. The European Parliament was called an "Assembly" in the 1957 Rome Treaty, but Euro-federalists referred to it as a "Parliament" for decades before it was legally given that title in the 1986 Single European Act. Similarly the name "European Community" was used for years before the 1992 Maastricht Treaty actually established that Community. Likewise the name "European Union" was introduced in the Maastricht Treaty "on" European Union even though a treaty actually establishing such a union, a

treaty “of” union, did not come until the 2009 Lisbon Treaty. By such techniques the European public was conditioned to accept seemingly innocuously titled supranational institutions, only for them to be filled with substantial constitutional content years later. This gaming with nomenclature was the counterpart at supranational level of what simultaneously happened at national level, as the terms Government, Parliament and Supreme Court were still used for the governmental institutions of each country, while their essential substance was sucked out of them.

7. For a critical discussion of the ECJ’s judgement in the Irish Pringle case see Jonathan Tomkin, “Contradiction, Circumvention and Conceptual Gymnastics: the impact of the adoption of the ESM Treaty on the State of European Democracy”, *German Law Journal*, Vol.14.01, 169-2013.

8. Eur-lex search results 23 March 2015. See entry under “Number of Laws” in EUABC.com for details.

9. This incident and the EU and Germany’s central role in it recalls the notorious September programme of Kaiser Wilhelm’s imperial Chancellor, Theobald Von Bethmann Hollweg, on 9 September 1914, when he declared Germany’s war aims to include: *“Russia must be thrust back as far as possible from Germany’s eastern frontier and her domination over the non-Russian vassal peoples broken . . . We must create a central European economic association through common customs treaties to include France, Belgium, Holland, Denmark, Austria-Hungary, Poland and perhaps Italy, Sweden and Norway. This association will not have any common constitutional supreme authority and all its members will be formally equal but in practice will be under German leadership and must stabilise Germany’s economic dominance over Mitteleuropa.”*

10. Dany, Gropp, Littke and Von Schweinitz, *Germany’s Benefit from the Greek Crisis*, Leibniz Institute for Economic Research, Halle (Saale), 2015.

11. The finalists’ entries for the 2012 Wolfson Economics Prize are relevant to how to deal with the Eurozone crisis. This was a contest for proposals on how the Eurozone could be safely dismantled. The £250,000 prize was won by the Capital Economics Team, led by Roger Bootle, for his entry, *Leaving the euro: a practical guide*. Other finalists with useful entries included economists Jonathan Tepper and Jen Nordvig. Tepper analysed the break-up of various past monetary unions in his entry and in *“A primer on the Euro breakup: default, exit and devaluation as the optimal solution”*. This and the other entries are available on the internet.

12. Points made by Prof. Alan Sked, London School of Economics, in a letter in the *Financial Times*, 17-11-2015.

13. In conversation with the compiler of this Handbook.

14. See Connolly, *supra*, introduction to the 2012 edition.

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November 2015

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