
The conference began with a presentation by Jim Rollo, Professor at the Sussex European Institute on current economic issues in the EU. He argued that we are now looking forward to new EU members in the Balkans and even Turkey. He was doubtful about Belarus or the Ukraine meeting the necessary pre-conditions. The EU Neighbourhood Policy is about ‘exporting' EU policy. This now meets several challenges: in the short term: a return to 1970s high resource prices and ‘stagflation'; the effects of China; member state pressures on the EU budget. The question of whether the CAP should continue for ever. Structural funds are now only for the very poor. EMU enlargement seems to be only for the richest. The Bundesbank model had proved best for the 1970s recession, helping to maintain low interest rates of only c 6-7%. But now all states have equivalent banks. But inflation may rise [ oil and food]. He is unconvinced that China and India will change the nature of the world economy [and they are beset by rising food and oil prices like other states].

The EU budget has been in 7 year financial frameworks since the Edinburgh summit of 1992. The budget is fixed at 1.23% of Gross national income. The next budget renegotiation is not until 2013. The Regional and Social Funds are in the 40-50% range in the budget, and this seems unlikely to change post 2013.

He was rather sarcastic about the CAP, noting that farmers wanted support whether prices were going up or down. It was a bit like saying population increase in Europe is a problem but now some states see population decline as a problem.

Despite the 1.23% GNI spending limit for the budget, actual spending is 1.1%. Every state wants money back. The 6-8 key contributing states want to keep spending down. CAP continues at a frozen level. He noted the tendency to spend the Structural Fund resources outside the EU 15 (those state which were members in 1995). He concludes there is no real commitment to the Structural Funds in richer states. The budget is becoming a ‘sideshow' in European Integration. Further EMU enlargement has been to very small countries like Cyprus, Slovenia, Slovakia. Poland remains outside. The European Central Bank sets policy but its policies are not necessarily right for any individual state. The same could be said of the Bank of England. The ECB is worried about states sitting outside the Euro Zone.

In the medium term, energy issues and a low carbon future up to 2020 become paramount. Carbon trading, carbon capture and energy efficiency are all on the agenda. Carbon trading is proving problematic but is still really a learning process. We have a market in permits to pollute – an auction in effect. There is a lot of moaning about what are small costs so far, eg the price of petrol. But we do need to get China and India involved. Relations between the EU and these states are critical.

In the long term, China is significant in a world of 9 billion people (est. by 2050). We have an ageing population in the EU with a predicted working population of only 50% of the total EU population by 2050. Fertility changes and migration could alter this. We can look forward to a 500 million population EU or 600 million if the Ukraine and Turkey are added.

He feels that more flexible working lives of greater productivity are needed. But will we
have global rules for a global society?

In discussion, it was noted that Peak Oil affects income per head. He had not made adaptation to climate change explicit but accepted this was to be an issue for all. His argument is that lower growth means less resources to deal with adaptation. (However, redistribution of what is already available is more significant as an immediate issue).

He noted that it is far easier for states to stop things happening than achieve new policies which can be implemented internationally. Citizen involvement in climate change is essential and was a potential vote winner. Technologies will change and will be accompanied by higher prices for carbon.

Nathaniel Capsey presented on the EU and its eastern neighbours: Ukraine, Belarus and Moldova. He argued that their future is linked to the kind of Europe we will get in the future and the question of whether this becomes a ‘wider’ Europe or a ‘deeper’ Europe for those already in the EU. These states are all experiencing ‘shock without therapy’ and all have problematic relations with Russia where there is a resurgence of authoritarianism.

Dealing with the Ukraine first, extreme poverty is demonstrated by a population fall 1992-2007 of 52 million to 46 million. Chernobyl is a factor. [male alcoholism is another] Financial interest groups are dominant in all 3 states. Despite reports, the supposed east-west divide in the state is not significant and considerable progress has been made since 2004.

Belarus has no official relations with the EU. It is Europe’s last dictatorship and is a planned economy with c 51% of employment in the state sector. However, it should be noted its GDP is far higher than that of the Ukraine.

Moldova is dominated by the issue of the breakaway Transnistrian Moldova republic and it is the poorest country in Europe.

Closer integration with the rest of Europe is in our interest in terms of a stable neighbourhood. The EU may project its values but relations with these states are economically insignificant at present. Access of the Ukraine to the Single European Market is a carrot to them. But accession could be as far away as 2020-2025. The European Neighbourhood Policy is essentially a foreign policy to make neighbours more like us. So why is there a decline in moves towards accession?

Explanations appear related to slower economic growth, declining influence of larger EU states, concerns about Turkey and exceptional concern about migration. The Commission is wary as well as states, being concerned about the ‘absorption capacity’ of the EU and favouring inertia. The prognosis is that significant German interest in the Ukraine and a change in the French view recently may be related to the need for more migrant workers as the Central European supply dries up. The EU has moved towards new EU-Neighbourhood Agreements rather than Association Agreements which implied membership of the EU in time. However, it is proposing to create an Association Council which will have some binding powers.

In discussion/questions, it was noted these states are still in the Russian sphere of influence and that Turkey might be easier to absorb. This was answered by noting that the Ukraine has been standing up to Russian pressures and does not want to join the
EU. With regard to Turkey, it may be expected that if the Ukraine is an acceptable entrant then Turkey might be so too.

Hazel Dawe questioned enlargement in principle given the unwieldy institutions created since 2004. The speaker rejected this view, citing success in Poland. [However, Poland – like Eastern Germany – has received massive external Aid which has made its economic circumstances and social development rather easier than has been the case for states not so favoured in Eastern Europe].

Human rights conditionality is a reason why the EU does not have relations with Belarus and this is also a difficult issue with regard to relations with northern African states. This should also be noted as a problem in relations with Russia, despite rising dependence upon the flow of Russian oil and gas.

Paul Taggart, Professor of Politics in the Sussex European Institute, considered the sate of play on the European Treaty. He noted that a ‘permissive consensus’ towards European integration up to 1992 has now dissipated with a rise of referendums. However, after a number of these only Ireland is testing the Lisbon Treaty in a referendum. He offered that there is no single euroscepticism in the EU, since sceptical views are politically varied in origin. But the Lisbon Treaty is in practice not being seriously contested. It is certainly the case that the major parties are reluctant to engage with or contest about the EU.

Claude Moraes MEP (Labour, London) spoke on migration. Migration in practice means migration from Eastern Europe into the rest of the EU at present. This is a big issue with Italy now deporting Romanians back to Romania. Berlusconi wants a temporary suspension for Italy of the Schengen agreement covering a variety of security and migration issues between its signatory states. Getting Roma out of Italy is a major issue, meaning a disruption of the basic principle of free movement of people in the EU. This is illegal and is likely to have legal consequences [meaning action by the European Court of Justice].

In the UK, many migrants are living and working legally. In Germany, where restrictions on some countries apply, many migrants are working illegally. It has proved beneficial for the UK, Sweden and Ireland to allow migrant worker entry to those states who joined the EU from 2004 and subsequently. Crewe has been re-invigorated by the Polish workers who are based there, but not allowed to vote. Pro-Europeans are not mentioning such issues.

There clearly is ‘circular migration’ taking place [return of migrants to country of origin with perhaps new entry to other EU states in the future] and British citizens do work abroad. British people are the largest minority in Spain and the least integrated in terms of not speaking Spanish.

He condemned the recent House of Lords report led by Nigel Lawson which claimed there were no net benefits from migrants, an analysis ‘bought’ by the BBC he suggested. Migration is thus about fear, despite the need to fill vacancies which are at an all time high. The Government is using a points system to exclude non EU migrants. The Mayor of Lewisham is not in possession of statistics on migrants in his Borough, but has to manage anyway. He considers that the worse statistics in Government are those about asylum and immigration. He notes that Philippe Legrain, author of Immigrants: your country needs them, gets hate mail about his book.
A basic problem is that mentioning the social dimension of the EU in the Labour Party is to cause alarm. The Labour MEPs voted for an Information/Consultation Directive against the Labour Government, although it was accepted by Blair later.

Many temporary and agency workers in Crewe [and the rest of the EU] will now acquire rights after a delay caused by blocking efforts initiated by Ireland, Malta and the UK. This held up the legislation for 2 years. He argued that it was necessary for MEPs to go against their Governments as they saw the bigger picture.

In discussion, it was noted that Gordon Brown wants an opt out on the immigration aspects of the Lisbon Treaty. Moraes argues Jack Straw gave the Uk the worst system of PR for Europe possible.

The European Scrutiny Committee of the House of Commons is not a ‘first choice’ committee. They were uninformed on Justice and Home Affairs issues in Moraes’ recent talk to them. Questioned whether we would see co-decision on immigration and impact of migration in the future, Moraes was doubtful and the UK Govt has opted out of many related policy issues except for those concerning Europol. For example, we have no detention time limits for migrants in the UK.

Moraes argued that we will have to create a full Common Immigration and Asylum Policy. The UK’s opt out of the Schengen arrangements means we are outside the discussions on these matters.

I asked him if the Commission is thinking about the implications of climate change for the movement of migrants. He says they are doing so at both Commission and Council levels.

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