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EUROPE BRIEFING BOOK FOR STUDENTS

MICHAEL SODARO

BRIEFING BOOK:

EUROPE

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EU IN THE US: <www.eurunion.org>

US MISSION TO THE EU, BRUSSELS: <www.useu.be>

**AMERICAN CONSORTIUM ON EU STUDIES (ACES) IN DC:
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WOMEN IN INTERNATIONAL TRADE (WIIT): www.wiit.org

CENTRE FOR EUROPEAN REFORM: www.cer.org

EUROPEAN POLICY CENTRE: www.epc.eu

CENTRE FOR EUROPEAN POLICY STUDIES: www.ceps.be

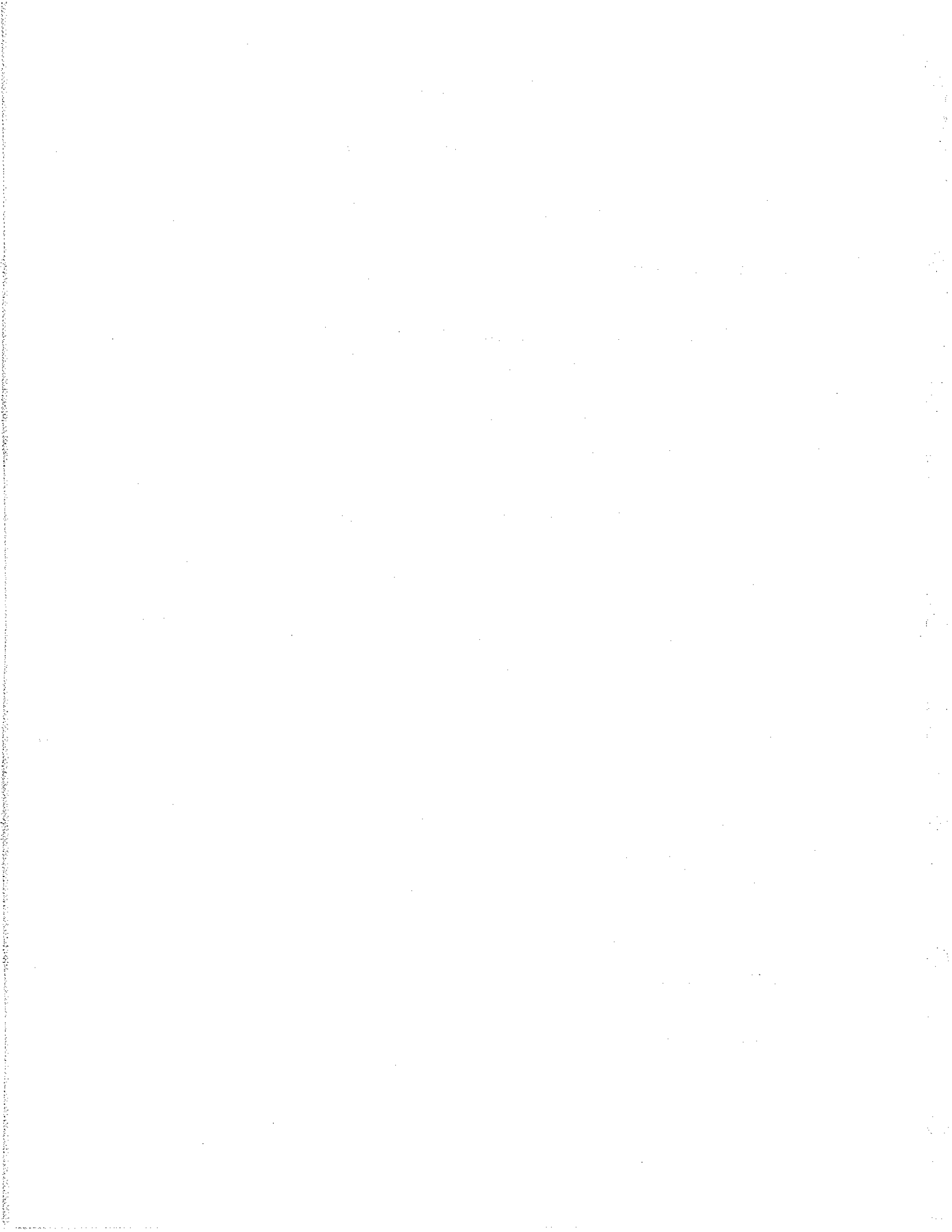
EUROPEAN COUNCIL ON FOREIGN RELATIONS: ecfr.eu

EU-RUSSIA CENTRE: www.eu-russiacentre.org

NÔTRE EUROPE: www.notre-europe.eu

**SWEDISH INSTITUTE FOR EUROPEAN POLICY STUDIES:
www.sieps.se**

INTERNATIONAL CRISIS GROUP: www.crisisgroup.org



EU-Related Web Sites

Editor's note: The following URLs and annotations have been updated as of April 2003. The EUSA is not responsible for the content or availability of any Web site noted below. All Web addresses are preceded by http:// (omitted here for brevity). Copyright © 2003 European Union Studies Association.

Library and bibliographic sources

www.eblida.org

The European Bureau of Library, Information and Documentation Associations represents national library and information associations and institutions in Europe, on issues of copyright, culture, Central and Eastern Europe, information society, and technology. www.library.pitt.edu/subject_guides/westeuropean/wwwes/ The West European Studies Virtual Library is an excellent World Wide Web resource from the University of Pittsburgh on West Europe (primarily post-1945) and the EU in general.

library.byu.edu/~rdh/eurodocs/ec.html

The History of Europe as a Supranational Region, lists and links to every key historical document in European integration beginning with the 1957 Treaty of Rome and to the present.

www.lib.berkeley.edu/GSSI/eu.html

The University of California at Berkeley Library has an extensive electronic catalog devoted to scores of EU-related sources called European Union Internet Resources.

europa.eu.int/eclas

Register to become a user of the European Commission Libraries Catalogue (ECLAS). Site in French and English.

www.mun.ca/ceuep/EU-bib.html

The European Union: A Bibliography is a very thorough compilation of EU resources, regularly updated.

Official European Union sources

europa.eu.int

Europa is the official server of the EU and is the primary resource on its institutions, goals and policies, documents, news, and treaty texts. Europa has many searchable databases and Web portals. ue.eu.int

The Council of the European Union has a Web site with information about past and current Presidencies, the major treaties and other documents, the Intergovernmental Conferences, and so on.

europa.eu.int/eur-lex

Eur-Lex is the EU's "portal to EU law," with an electronic archive of legal and juridical texts from all the institutions, the Official Journal, background information on EU legislation in force, links to white papers, and more.

www.europarl.eu.int

The official site of the European Parliament, with full details of the current MEPs and their committees, Parliamentary sessions, hearings, conferences, documents issued, and more.

www.curia.eu.int

The Curia site focuses on the Court of Justice and the Court of First Instance, providing documents on recent case-law (full texts), pending cases, and cases removed from the register.

www.echr.coe.int

The European Court of Human Rights site has information on the current composition and history of the Court, pending cases, judgments and decisions, and basic texts, inter alia.

www.ecb.int

The European Central Bank's Web site (in the 11 official EU languages) is the definitive site on the European System of Central Banks, the monetary policy and framework of the Eurosystem, texts of the relevant legal documents, and more.

europa.eu.int/comm/dg10/epo

The Eurobarometer site has downloadable reports (in PDF format) with qualitative and quantitative data as recent as the current month from EU member states and candidate countries.

www.eurunion.org

The European Union in the U.S. is the Web site for all official EU activities in the U.S., with links to their U.S.-based missions.

U.S. Government sources

www.useu.be

The United States Mission to the European Union in Brussels maintains a Web presence with a valuable list of the key documents of the U.S.-EU relationship, current news, and more.

www.state.gov/www/regions/eur/eureconindex.html

The U.S. Department of State has a Web presence (archived) focusing specifically on U.S.-EU diplomatic relations.

www.sce.doc.gov

The U.S. Department of Commerce maintains a Showcase Europe site on doing business in the EU, including country-specific commercial guides, links on the EU and EBRD, and more.

EU-related NGOs (and quasi-NGOs)

www.eumap.org

The EU Accession Monitoring Program, run by the Open Society Institute, monitors human rights and the rule of law in ten CEECs (EU candidates) and the five largest EU member states.

www.tabd.com

The TransAtlantic Business Dialogue Web site fully documents this government-business initiative to lower trade and investment barriers across the Atlantic.

www.tacd.org

The TransAtlantic Consumer Dialogue is a forum of U.S. and EU consumer organizations which makes joint consumer policy recommendations to the U.S. government and European Union to promote consumer interests in EU and U.S. policy making.

EU external relations sources

www.cires-ricerca.it

The Interuniversity Research Centre on Southern Europe studies the impact of Europeanization on southern European countries and the Euro-Mediterranean area. Their bilingual Web site has working papers, a bibliography, hyperlinks, and other resources.

www.ue-acp.org

Actors and Processes in EU-ACP Cooperation (see next entry)

www.acpsec.org

Secretariat of the African, Caribbean, and Pacific States

Resources on the Lomé Convention, renegotiations, and related topics. The first site, above, hosts all historical documents on the EU-ACP Forum; the second site (in English and French), has summit documents, texts of treaties and agreements, etc.

www.ul.ie/eac

The University of Limerick's Euro-Asia Centre investigates Asian and European business, sociocultural, and technical relations, and the trade/competition problems facing Europe and Asia.
www.abhaber.com/english_nt.htm

Ab Haber is devoted to EU-Turkey relations, particularly news and current developments, in both Turkish and English.

www.europaveien.no

In Norwegian, this site/portal is the gateway to EU information for Nordic and Scandinavian researchers, officials, businesses, and others. It provides searchable EU news sources, inter alia.

www.canada-europe.org

Site (in French and English) of the Canada Europe Round Table for Business, a forum on major trade and investment matters among Canadian and European business and government leaders.

www.recalnet.org

Recal is a policy-oriented network of research centres in the EU and Latin America who further bi-regional relations through joint study and reflection and the program "Latin America 2020."

EU skeptics sources

www.euroseptic.com

In English (and French in parts), this site focuses primarily, but not exclusively, on the campaign for an independent Britain.

www.teameurope.info

The European Alliance of EU Critical Movements "connects over 40 EU-critical organizations and parties in 14 European countries," groups such as the Green Party, The Bruges Group, the Democracy Movement, and the Norwegian "No to the EU."

On-line archives and publications

aei.pitt.edu

The newly launched Archive of European Integration is an electronic repository for research materials on the topic of European integration and unification. It is fully searchable, and searches of it will also include both EIoP and ERPA (see below).

eiop.or.at/eiop

The European Community Studies Association of Austria publishes a bilingual (German and English), peer-reviewed, interdisciplinary e-journal, European Integration online Papers.

eiop.or.at/erpa/

The European Research Papers Archive is a portal to (currently) nine on-line papers series in the field of European integration studies, primarily, but not exclusively, from European institutions.

www.jeanmonnetprogram.org/papers/index.html

The Jean Monnet Working Papers series (a joint project of the Academy of European Law, European University Institute, and New York University School of Law) covers many issues related to the EU and law, and papers can be downloaded from the site.

uw-madison-ces.org/papers.htm

The Center for European Studies at the University of Wisconsin Madison has an on-line European Studies Working Papers series, focused primarily on EU and European integration topics. As of press time, latest addition is Volume 4: 1, 2001.

www.theepc.be/challenge/top.asp?SEC=challenge

Challenge Europe is an on-line journal subtitled, "Shaping the Debate," and published by the European Policy Centre, a Brussels think tank that bridges government, business, and civil society.

The European Journal of International Law site provides a fully searchable database of all book reviews published to date, a forum for discussion, and the table of contents as well as a full text version of the lead article in each recent issue.

Other EU sources

www.eustudies.org

The European Union Studies Association (EUSA) is the primary academic and professional association, worldwide, devoted to study of the EU and the European integration project. EUSA's Web site describes its programs, publications, and interest sections, and features the main articles from the *EUSA Review*.

www.notre-europe.asso.fr

Led by Jacques Delors, Notre Europe is a research and policy group on European integration; its papers and reports are posted on the Web site in French and English.

www.rome-convention.org

All the case law, searchable (by country, e.g.), and a bibliography.

www.ecsanet.org

An interactive communication network for academics working in the field of European integration studies, the European Community Studies Association is organized and funded by the Commission's DG for Education and Culture.

www.fedtrust.co.uk

The Federal Trust for Education and Research, a British think tank focusing on "good governance," provides a forum to explore issues of governance at national, continental and global levels. The Federal Trust helped establish TEPSA (see below).

www.tepsa.be

The Trans-European Policy Studies Association (TEPSA) promotes international research on European integration and discussion on public policies and political options for Europe. TEPSA is an association of 20+ think tanks in all EU member states and several of the candidate countries.

www.etsg.org

The site of the European Trade Study Group is a forum of research economists for academic exchange on international trade. Includes downloadable working papers and current trade news.

www.ceps.be

The Centre for European Policy Studies is an independent, international think tank of business, government, interest group and academic members, based in Brussels.

www.sosisig.ac.uk/eurostudies

Part of the Social Science Information Gateway, EuroStudies is an expanded index of Europe-related Web sites. Fully searchable, it includes site descriptions, contact information, etc.

www.tiesweb.org

The Transatlantic Information Exchange Service (also known as TIES or TIESWeb) promotes transatlantic dialogue at the people-to-people level; their lively, interactive Web site features provocative op-ed pieces, news, and more on EU-U.S. relations.

www.euractiv.com

Euractiv is a Belgium-based information source focused on "EU news, policy positions, and EU actors," including European politics, broadly defined, with daily news and information on the EU, governments, parliaments, parties, NGOs, and more.

EUROPEAN UNION MEMBERS (27)

AUSTRIA	BELGIUM	BULGARIA**
CYPRUS*	CZECH REP.*	DENMARK
ESTONIA*	FINLAND	FRANCE
GERMANY	GREECE	HUNGARY*
IRELAND	ITALY	LATVIA*
LITHUANIA*	LUXEMBOURG	MALTA*
NETHERLANDS	POLAND*	PORTUGAL
ROMANIA**	SLOVAKIA	SLOVENIA
SPAIN	SWEDEN	UK

***JOINED IN 2004 **JOINED IN 2007**

***EU CANDIDATE COUNTRIES:* CROATIA (SINCE 2004); ICELAND (2010); MACEDONIA (2005); MONTENEGRO (2010); SERBIA (2012); TURKEY (2004)**

***POTENTIAL CANDIDATES:* ALBANIA; BOSNIA-HERZEGOVINA; KOSOVO**

EUROZONE

AUSTRIA	BELGIUM	CYPRUS	ESTONIA
FINLAND	FRANCE	GERMANY	GREECE
IRELAND	ITALY	LUXEM.	MALTA
NETH.	PORTUGAL	SLOVAKIA	SLOVENIA
SPAIN			

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- EURO IS USED BY ANDORRA, HOLY SEE, KOSOVO, MONACO, MONTENEGRO AND SAN MARINO**

EUROPEAN FREE TRADE ASSOCIATION (EFTA)

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GERMANY	GREECE	HUNGARY*
ICELAND	ITALY	LATVIA**
LITHUANIA**	LUXEMBOURG	NETHERLANDS
NORWAY	POLAND*	PORTUGAL
ROMANIA**	SLOVAKIA**	SLOVENIA**
SPAIN	TURKEY	UK

UNITED STATES

***JOINED IN 1999 **2004 ***2009**

COMMONWEALTH OF INDEPENDENT STATES (CIS)

ARMENIA	AZERBAIJAN	BELARUS
GEORGIA	KAZAKHSTAN	KYRGYZSTAN
MOLDOVA	RUSSIA	TAJIKISTAN
TURKMENISTAN*	UZBEKISTAN	

***ASSOCIATE MEMBER (SINCE 2005); UKRAINE IS A CO-FOUNDER OF CIS BUT IS NOT A MEMBER**

REMAINING EUROPEAN COUNTRIES

**ANDORRA HOLY SEE (VATICAN) LIECHTENSTEIN
SAN MARINO**

QUICKIE COMPARATIVE POLITICS

None of the countries examined in this course (and in the "Country Profiles" that follow) model their political institutions on the United States. The tripartite separation of powers familiar to Americans -- with its system of checks and balances between the president, the Congress and the Supreme Court -- has no exact duplicate in Europe, nor is there a carbon copy of the U.S. variant of federalism. Whereas the president of the United States is both *head of state* and *head of government*, most European countries tend to split these two roles into separate offices, usually occupied by different individuals. In most European countries, the *head of government* is the chief decision-making executive and is typically called the *prime minister*. (In Germany and Austria, the head of government is the *chancellor*). In some cases the *head of state* has little or no real decision-making power and performs largely symbolic or ceremonial functions. For example, Belgium, Denmark, Luxembourg, the Netherlands, Norway, Sweden, Spain and the UK are *constitutional monarchies*: they combine a monarch who has mostly ceremonial authority as head of state with a parliamentary system as described below. Germany, Italy, the Czech Republic and other countries in the region have an elected *president* who serves as a *ceremonial* head of state. The main political function of a ceremonial head of state is to invite a political leader to form a government whenever necessary, such as after parliamentary elections. Otherwise, ceremonial chiefs of state are expected to stand above the political fray and represent the unity of the nation. In a few countries the head of state is endowed with real decision-making power and shares power with the prime minister (e.g., the presidents of Finland, France, Russia, Ukraine and others). The president of Cyprus is both head of government and of state; there is no prime minister.

Most European democracies employ some variant of *parliamentary government*, the system used in the UK. But France, Russia, Romania, Ukraine and a few other countries employ variants of the *presidential-parliamentary* system. (Both systems are described below.) Some countries have largely *unitary* political systems, with decision-making power concentrated in the national government; others have *federal* systems, in which the central government shares power with regional and/or local governments. Some countries have a *bicameral legislature*, consisting of a *lower house* and an *upper house*; others have a *unicameral legislature* (one chamber). Electoral systems for both legislative and presidential elections also vary. Britain employs the *single member district/plurality* method for elections to the House of Commons, using a system similar to the one used for the U.S. House of Representatives. France and other countries use different variants of this SMD/plurality method. By contrast, other countries use some variant or another of *proportional representation (PR)* in legislative elections (e.g., the Scandinavian countries, Italy, Russia and others). Still others use combinations of SMD/plurality and PR (e.g., Germany).

No European country employs a U.S.-style electoral college in presidential elections. Presidents with largely ceremonial functions are elected in some countries by the national parliament or a special assembly (Germany, Italy, Estonia, Turkey and others) or by the people in other countries (Greece, Poland, Slovakia and others). The presidents of Cyprus, Finland, France, Russia and Ukraine -- who have real decision-making power -- are elected directly by the voters.

Keep in mind that *no two countries are exactly alike* in their institutional and electoral arrangements; all of these institutions and electoral systems are capable of being modified and adapted to suit national peculiarities and preferences.

Parliamentary Government

The essence of the parliamentary system of government consists of the following features: (1) the people do not elect the head of government directly; rather, the people elect the parliament; (2) the party – or a coalition of parties – that controls a majority of the seats of the lower house of the national parliament (or that controls a unicameral legislature) usually forms the *government*. (The *government* means the head of government plus the rest of the cabinet). After the elections, the head of state typically invites the leader of the largest party to form a government.

For example, in 2001 the Labour Party under Tony Blair's leadership won 413 out of 659 seats in the UK's House of Commons (62.7%). In a ritualistic ceremony, the queen invited Blair to form a government. Blair thereupon became prime minister (PM) and once again formed a cabinet consisting exclusively of Labour Party members. (Blair formed his first Labour government in 1997, when the Labour Party won 419 seats.) In 2005 Labour won 356 out of 693 seats (51.4%).

When *no* party has an absolute majority (more than half) of the seats, a *hung parliament* is said to exist. When this happens, a *coalition government* may be necessary to build a legislative majority capable of passing bills into law. In a *coalition government*, two or more parties agree to share cabinet seats and formulate government policies jointly. For example, in the elections to the German Bundestag held in 1998, the Social Democrats (SPD) under Gerhard Schroeder won 44.5% of the seats, and the Greens, led by Joschka Fischer, won 7%. Germany's president, Johannes Rau, formally invited Schroeder to form a government. After negotiations, the two parties -- which together had a 10-seat voting majority -- agreed to form a coalition government. Schroeder became chancellor and Fischer became foreign minister; Social Democrats and Greens held the remaining cabinet posts. In the 2002 elections, the Social Democrats won 41.6% of the Bundestag seats and the Greens won 9.1%. The two parties formed a new Schroeder-Fischer government, but with a slimmer voting majority (306 seats out of 603, with 302 constituting the majority). In the 2005 elections, the Social Democrats and the Greens lost their majority of seats, but the Christian Democrats and their allies, the Free Democrats, also fell short of a majority. The only politically viable majority was a "Grand Coalition" between the center-left Social Democrats and their arch-rivals on the center-right, the Christian Democrats. After protracted negotiations, a Grand Coalition government was formed with Angela Merkel, a Christian Democrat, as chancellor and the SPD's chief as foreign minister. Following the 2009 elections, a center-right coalition was formed by the Christian Democrats and the Free Democratic Party; Merkel remained chancellor. In 2010, British voters returned a hung Parliament. The result was a coalition government consisting of the Conservatives, led by David Cameron, and the Liberal Democrats, led by Nick Clegg. Cameron became PM and Clegg Deputy PM. This was Britain's first coalition government since the "unity government" of World War II.

In some cases, no coalition government commanding a majority of the legislature can be formed. As a result, a *minority government* may have to be formed: that is, a government consisting of one or more parties that are not backed by a majority of the legislators. Following the 2002 elections in Sweden, the Social Democrats under Göran Persson emerged as the largest party, winning 41.3% of the seats in the unicameral Riksdag in 2002. Persson formed a minority government consisting entirely of Social Democrats. To pass its bills into law, Persson's party formed a *parliamentary alliance* with other parties. A *parliamentary alliance* is an agreement between two or more parties to vote together in the legislature, without sharing cabinet posts in a coalition government. As bills came up for a vote, Persson had to cobble together a voting majority (50% plus 1 vote) with his parliamentary allies to pass them into law. A new governing coalition of parties with a collective majority in the Riksdag was elected in 2006.

Most parliamentary systems feature *party discipline*: all members of a party's legislative delegation must vote together as a bloc when so instructed by the party leadership. Legislators who defy their leadership and vote against the party line can be disciplined. Party discipline is far more common in Europe than in the U.S. Congress.

Presidential-Parliamentary System

This system combines a *president* who has real decision-making powers and a *prime minister* who must be approved by the majority of the members of the lower house. It is therefore a *dual-executive* system: the president and the prime minister share power. The president is typically elected directly by the voters. The prime minister (PM) may be appointed by the president, but he or she must usually win and maintain the support of the legislative majority. This system works most smoothly when the president, the prime minister and the legislative majority are all members of the same party -- or at least share a common ideology (whether conservative, social democratic or the like). In these cases, the president tends to play the dominant role in domestic and foreign policy while the PM implements the president's policies. But if the president's opponents control the legislature, the president may be compelled to appoint a PM who leads one of the opposing parties. The French call this situation "cohabitation": it is their equivalent of what Americans call "divided government" (i.e., a president of one party and control of one or both houses of Congress in the hands of the other party). France has had a presidential-parliamentary system since 1958/59, when Charles de Gaulle returned to power and presided over the drafting of the constitution of the Vth Republic. (France's IVth Republic, which existed from 1946 to 1958, was a British-style parliamentary system.) Russia's presidential-parliamentary system was shaped by President Boris Yeltsin and his advisors in 1993. After their new constitution was approved in a national referendum in December 1993, it took effect in January 1994.

Presidential elections in this system typically provide for two rounds of voting. In the first round, any number of candidates may run, subject to certain conditions for qualifying. If one of candidates wins an absolute majority of popular votes (50% plus 1 vote), that person is declared the winner. Russia's Vladimir Putin won the 2000 presidential elections in the first round with 53.4% of the vote. If no one wins an absolute majority, a second round is held, usually two weeks later. The second round is a runoff between the top two finishers of round one. Since 1965, every French presidential election has gone to the second round. Jacques Chirac, the leader of the

neo-Gaullist party, bested Socialist Party chief Lionel Jospin in 1995. But in the legislative elections held in 1997, Jospin's Socialists and their allies on the left wrested control of the lower house from Chirac's followers. Because the legislature's majority could reject Chirac's nominations for prime minister, President Chirac had no choice but to appoint a PM who would be acceptable to the leftist majority. Accordingly, he named his arch-rival Jospin as PM, thereby launching France's third instance of left-right "cohabitation." (The first case occurred in 1986-88, when Chirac served as PM under President Francois Mitterrand, a Socialist; the second was in 1993-95, when the Gaullist Edouard Balladur served as PM under Mitterrand.)

In the 2002 presidential elections, 16 candidates vied in round 1, with Chirac finishing first (with 19.9% of the vote) and Jean-Marie Le Pen, the far-right National Front candidate, finishing second (16.9%). In a stunning upset, Le Pen beat out Jospin, who finished third with 16.2%. Chirac clobbered Le Pen in round 2, winning 82.2% of the vote. In parliamentary elections held weeks later, Chirac's followers won a convincing majority, enabling Chirac to put an end to cohabitation by securing parliamentary approval for his fellow neo-Gaullist, Jean-Pierre Raffarin, as PM. The French president used to serve a 7-year term but now serves 5 years; Russia's president may serve two 4-year terms but may not run for a third consecutive term. In May 2005, Nicolas Sarkozy of the UMP (Chirac's party) won a 2nd-round victory over Ségolène Royal of the Socialist Party. Legislative elections held in June of the same year returned a large UMP majority, enabling Sarkozy to win quick parliamentary approval of his choice for prime minister, François Fillon (UMP).

The presidents of France and Russia both wield significant powers. They have the authority to nominate the prime minister (subject to the approval of the lower house); they may dissolve the lower house and call new elections; they may even declare a state of emergency and effectively rule by decree. (De Gaulle declared France's only state of emergency in 1961; no Russian president has done so.) Both presidents take the leading role in formulating foreign policy and most domestic policies as well. In France, the PM tends to play second fiddle to the president except in periods of cohabitation, when the PM assumes a more prominent policy-making role. In Russia, President Yeltsin relied heavily on his PMs because of his prolonged illnesses, but President Putin overshadowed his PMs. Putin stage-managed the 2008 presidential election in which his ally, Dmitry Medvedev, won a decisive first-round vote. By pre-arrangement, Pres. Medvedev appointed Putin prime minister; Putin was quickly approved by the Duma. It is evident that Putin is still Russia's primary decision-maker, thus proving that the realities of political power do not always follow constitutional formalities.

Because of their important decision-making powers, the presidents of Cyprus, Finland and France are members of the European Union's *European Council*, which consists of the heads of government of all EU countries (prime ministers and chancellors) and these three heads of state (plus the president of the EU's *Commission*).

Legislative Electoral Systems

Single member district/plurality. In this system, the country is divided into electoral districts for elections to the lower house. (In the U.S., there are 435 districts for the House of Representatives; in the UK there are 659 districts for the House of Commons; in France there are 577 districts for the National Assembly.) One person (i.e., a *single member*) is elected to represent each district. In the U.S. and the UK, whoever wins the most votes wins the seat. When there are three or more candidates, a plurality (the most votes) is sufficient to win; it is not necessary to win an absolute majority (50% plus 1 vote). One advantage of this system is that voters have an opportunity to know their candidates and representatives by name. (However, surveys in the U.S. show that most voters cannot identify the main candidates or even their Representative). Another advantage is that the “winner-take-all” principle appears to be a fair way of deciding an election outcome.

Although this electoral system appears to be fair within each district, it may result in an unfair distribution of seats in the national legislature. For example, if Democratic Party candidates win 49% of the vote in each of the 435 House districts, and Republicans win 51% in each district, the Republicans will end up with 100% of the seats in the House and the Democrats will win none, in spite of having won almost half the national vote. While this example is an extreme one, the discrepancy between a *party's share of the vote nationwide* and its *share of the seats in the legislature* can in fact be quite glaring. For example, Labour Party candidates all together won 40.7% of the popular vote in 2001; but they won enough votes to carry 413 of the country's 659 districts, thereby gaining a whopping 62.7% of the seats in the House of Commons. By contrast, Britain's Liberal Democrats won 18% of the total vote nationwide, but their candidates won only 52 districts, thus ending up with only 7.9% of the seats. Such wide disparities between votes and seats are quite common in British elections.

France has a 2-round SMD/plurality voting system for the National Assembly. In the first round, any number of candidates may run, subject to various qualifications. In the second round, held two weeks later, only those candidates who garnered at least 12.5% of the registered voters in their district may compete. In most cases the second round is a runoff between the top two finishers in round one.

Proportional representation. Under PR, a party's percentage of the seats it gets in the legislature is in roughly equal proportion to its percentage of the popular vote nationwide. Thus, if a party wins 35% of the national vote, it gets roughly 35% of the legislative seats. Various statistical formulas are used to ensure these results. In PR systems, the voters tend to vote for a *party* rather than for a candidate listed by name. Although it may be more impersonal than the SMD/plurality system, proportional representation may be a fairer way of distributing legislative seats: it does not lead to the wide disparities that can – and sometimes do – occur in SMD systems.

There are several variants of PR. One of them is called the *party list* system. In this variant, each party draws up a list of its candidates for the legislature, rank-ordered in terms of their political prominence. (The party leader tops the list, followed by the second most important party personage, and so on.) If there are 500 seats in the legislature, a large party may draw up a list of

500 candidates. If it wins 300 seats, the first 300 people on its list go to the legislature. The lists are usually drawn up by the party leadership and by party members who vote at party meetings.

One of the disadvantages of the PR system is that it tends to multiply the number of parties that manage to win parliamentary seats. A small party that wins only 2% of the national vote is entitled to approximately 2% of the seats. PR thus encourages the proliferation of very small parties, while the largest party often falls far short of winning half the seats. When this happens, the legislature may be so fractionated into a multiplicity of parties that it becomes very difficult to form a stable government. Multiparty coalition governments – with five or more parties sharing the cabinet – become the rule. The more parties there are in government, the harder it is for them to agree on common policies. Gridlock and paralysis may result. Small parties may effectively blackmail their coalition partners by threatening to withdraw from the government unless they get certain concessions (such as plum cabinet posts, or more benefits for their constituents, etc.). If a coalition partner pulls out of the government, a new government that commands a voting majority must usually be stitched together; this can be an arduous process involving lengthy negotiations and a considerable amount of horse-trading. In order to prevent such an outcome, some countries combine a PR electoral system with a *hurdle*: a party must win a minimum percentage of votes nationwide in order to win *any* seats in the legislature. Germany has a 5% hurdle, Sweden 4%, and so on. Since 2006, Italy has had a 2% hurdle. Poland's nascent democracy started out with a PR system that produced 29 parties in the Sejm, the lower house. After a hurdle law was enacted, the number of parties and multi-party blocs in the Sejm fell to seven.

Mixed systems. Some countries seek to combine the advantages of both the SMD/plurality and PR systems. In Germany, half the Bundestag is elected by SMD/plurality, the other half by PR. A statistical formula sees to it that the final result comes close to proportional representation. Until the 1990s, Italy's PR system produced highly fractionated legislatures and unstable, multiparty coalition governments that were often mired in corruption. The voters' disgust at corruption scandals forced a change in the electoral system in the 1990s. Between 1996 and 2006, 75% of the Italian legislature was elected under SMD/plurality rules, the rest under PR. A new 4% hurdle was put in place to keep out mini-parties. In 2005, however, a new electoral law restored PR, but with a 2% hurdle and a bonus of at least 340 seats for the winning coalition to assure a governing majority. In 2009, PM Berlusconi convinced a majority of Italians voting in a referendum to approve a reform that would give the bonus seats to the leading *party* in an electoral coalition rather than spreading them out among all the parties in the coalition. The reform benefitted Berlusconi's party. Several other countries in the region also have mixed electoral systems.

Anticipated (Snap) Elections

Unlike the United States, most European democracies provide for *anticipated* (or *snap*) elections. These are *elections that take place before the expiration of a legislature's statutory term*. For example, the British House of Commons has a statutory term of 5 years: by law, elections to the Commons must take place at least every 5 years. However, the prime minister may call for elections *before* the end of the 5-year period. (In accordance with the rituals of British politics, the PM formally asks the queen to order new elections, but the monarch must comply with the request.) Since World War II, most British PMs have called anticipated elections. Tony Blair's Labour Party,

which won the 1997 elections, did not have to face the voters again until 2002; but Blair called national elections in 2001, one year ahead of schedule. (After snap elections, a new full 5-year House of Commons term begins.) In 2005 Blair once again called snap elections one year ahead of schedule. Labour won a diminished majority.

Why would a government want snap elections? In some cases, its leaders want to seize on favorable public opinion polls that predict another victory. Every politician knows how fickle voters can be. In 2001, Tony Blair's high ratings prompted him to call early elections. His timing was impeccable, as Labour's unprecedented repeat of its 1997 landslide proved. Polls can be deceiving, however. In 1970, Prime Minister Harold Wilson, whose Labour government was elected in 1966, called snap elections in 1970 with every expectation of winning a new term. But the voters trumped the polls and elected the rival Conservative Party to office. Wilson had to move out of No. 10 Downing Street the next day and make way for its next occupant, Conservative leader Edward Heath. Four years later, the tables were turned on Heath. Convinced that the polls assured the Conservatives another victory, he called snap elections in 1974, only to be voted out of power.

Another reason to call snap elections is to arrest a perceived decline in voter support. With his popularity dwindling because of his support for the Iraq war, Blair decided on snap elections in 2005 as polls predicted a narrow victory; Blair feared that Labour might be defeated if he waited until 2006. Labour lost a large number of seats in 2005 but retained its majority in the Commons. In 1997, French President Jacques Chirac and his prime minister, fellow Gaullist Alain Juppé, came under intense criticism for proposing reductions in the rise of future welfare payments. The polls nevertheless predicted that, if elections were held soon, the Gaullists and their allies would lose some seats but would still retain control of the National Assembly. Once again, the polls were wrong: Chirac's opponents, the Socialists and their allies, took control of the Assembly and forced Chirac to appoint Jospin, the Socialist leader, as prime minister.

A third reason for snap elections is to respond to public pressures for a change of government. When Italy was rocked by political scandals in the 1990s, a wellspring of public antipathy towards elected officials, especially those accused of malfeasance, convinced the governing coalition that only a newly elected government was capable of restoring the electorate's confidence in Italian democracy. In 1994 quite a few established political figures were voted out of office.

Anticipated elections may also be called if a coalition government breaks up. If one or more parties involved in the coalition decides to pull out of the government, the remaining parties may not command a majority of seats in the legislature. If a new majority coalition cannot be formed, it may be necessary to ask the voters to elect a new parliament in hopes that a stable government can be formed. Snap elections were called for this reason in Belgium and the Netherlands in 2010.

An additional reason for snap elections is to break a deadlock in the parliament. If the legislature is divided into a bunch of parties and no stable government can be formed (whether a coalition government or a minority government), the politicians may call on the voters to resolve the issue. A snap election called under these circumstances may not necessarily resolve things, however, as the voters may return a parliament just as fractionated as the one it replaced.

Alternatively, a government may lose a *vote of confidence*, which is a showdown vote in the legislature (usually the lower house) to determine whether the government has the confidence (support) of a majority of legislators. If the government loses the vote, either a new government must be formed or snap elections must be called. In 1979, the British minority government led by PM James Callaghan (Labour) lost a vote of confidence by one vote. Snap elections were held, and the Conservatives under Margaret Thatcher won a large majority in the House of Commons. The Tories governed for the next 18 years.

Left and Right

Most European countries have three or more political parties actively involved in the political fray; none have the pure 2-party system that we find in the United States. Most countries have three moderate parties whose views differ slightly but not dramatically. Virtually all of them support the EU and the western alliance (whether or not their country is in NATO).

- *Center-left* parties tend to be rooted in the labor movement but they also capture middle-class voters. Examples include Britain's Labour Party and a large number of *social democratic* (or *socialist*) parties. Most of these parties have moved closer to the center in recent years in an effort to balance budgets, reduce taxes and promote the private sector, but most also have a left wing that favors a well-funded welfare state and tends toward pacifism (e.g., Britain's Labour party has Blair and Brown's moderate 'New Labour' wing and the 'Labour left'). Many of these parties are joined in the Progressive Alliance of Socialists and Democrats (S&D) in the European Parliament (EP).
- *Center-right* parties tend to appeal to the business community, the middle class and Catholics (or, in the UK, Anglicans) – but many of them also get working-class votes and support the welfare state (though they also tend to want to cut taxes and keep welfare costs and budget deficits contained). Examples include Britain's Conservative Party, France's UMP (Chirac and Sarkozy), Spain's Popular Party, Italy's Forza Italia (Berlusconi) and a large number of *Christian Democratic* parties throughout Europe. Many of them are joined in the European People's Party and European Democrats group (EPP) in the EP. However, in 2009 Britain's more euroskeptic Conservative Party joined with like-minded parties in Poland and the Czech Republic to form their own EP group, the European Conservatives and Reformists.
- *Centrist* (or *liberal*) parties are located in between center-right and center-left parties. Most of them appeal to the business community and the middle class; they tend to support the market economy, tax reductions and balanced budgets. They also tend to favor a federalist EU and the euro. Most of these parties tend to attract only about 10-15% of the popular vote; consequently, most are willing to form coalition govts with either center-right or center-left parties. Examples include Britain's Liberal Democrat party, Germany's Free Democratic Party, France's Democratic Movement and a host of parties typically called "Liberal" or "Center" parties. In 2004, many of these parties reconstituted the centrist grouping in the EP under a new name, the Alliance of Liberals and Democrats for Europe (ALDE).

Most European countries also have a *Green* party, so called because of their commitment to a green environment. Most of these parties got started in the early 1980s and were initially fairly radical in their orientations. In these early years they favored stringent anti-pollution controls and opposed nuclear power plants. They were also strongly pacifist, opposing both nuclear weapons and NATO. Their voters tended to be under 30, well educated and middle class. (Thus the Greens have never been classic working-class oriented social-democratic parties.) With these views, most Green parties opposed forming coalition govts with other parties in this formative decade. Over time most of these parties mellowed and split into two wings: moderates became willing to make compromises in order to govern in coalition with other parties (mostly center-left parties), while “fundamentalists” remained faithful to their parties’ original stringent environmentalist and pacifist views. With moderates now in control, most Green parties may be categorized as *center-left* parties. The first and most successful of these parties has been Germany’s Green party. The Greens are organized in the EP as the Greens/European Free Alliance (EFA) group.

Far-left (or *extreme-left*) parties are rare nowadays. During the Cold War they tended to be Communist Parties (such as the large French and Italian CPs). They tended to be rooted in the most militant segments of the working class; most were firmly against capitalism, the EU and NATO (though the Italian and Spanish CPs were more moderate). Most of these parties broke up and split into new parties after the Cold War, adopting pro-EU and pro-NATO positions. The same is true of the descendants of most East European CP’s that governed under Soviet aegis during the Cold War. Most former ruling CPs of Poland, Hungary and elsewhere are now moderate center-left parties that have changed their names and favor the EU, NATO and private enterprise. However, France’s CP is still quite radical. Other far-left parties are even more pronouncedly anti-capitalist and anti-NATO, such as several small Trotskyite parties in France. (Leon Trotsky -- a hero of Russia’s Bolshevik Revolution -- was persecuted by Stalin and advocated “permanent revolution” around the world.) Several moderate leftist parties form the European United Left/Nordic Green Left in the EP.

Far-right (or *extreme-right*) parties tend to be highly nationalistic. In the past, the far right in both Western and East-Central Europe was dominated by fascists and by advocates of monarchy or some form of military rule (such as Franco’s regime in Spain and the Greek colonels). Today’s far-right parties are mainly anti-immigrant parties (e.g., France’s National Front and similar parties in Austria, Denmark, the Netherlands and elsewhere) or anti-EU parties favoring state sovereignty. The UK Independence Party (UKIP), wants full withdrawal from the EU. Other parties are euroskeptic: they favor remaining in the EU but want less power for Brussels and more for their national government. Separatist parties like Italy’s Northern League and the Basque Fatherland and Liberty Party (ETA) are also far-right parties. In 2008 there was one far-right grouping in the European Parliament: the Independence and Democracy Group. A second far-right grouping, the Identity, Tradition and Sovereignty Group, broke up in 2007. In 2009 a new group called Europe of Freedom and Democracy replaced Independence and Democracy; it included UKIP, Lega Nord, the Movement for France, the Danish People’s Party, True Finns and others. Parties that tend to be even more pronouncedly nationalistic, populist and anti-immigrant, such as the National Front, Flemish Interests (Belgium), the Freedom Party (Austria), the Greater Romania Party and others, currently have no organized group in the EP.

Other parties. Some parties are difficult to pin down on the left-right spectrum. Such parties often espouse a combination of nationalism (traditionally associated with the right) and anti-capitalism or resistance to market reforms (traditionally associated with the left). Most -- but not all -- hybrid parties of this type are the successors of Cold War-era communist parties in the former Soviet Union or communist-dominated Central and Eastern Europe. A few such hybrid parties can be found in Western Europe. In addition, some parties can be categorized mainly as pro- (or anti-) democracy parties, or as pro- (or anti-) EU parties, without having a clearly identifiable left-right profile. Turkey's governing party, the Justice and Development Party (AKP), is a pro-democracy Islamist party whose leaders consider it a center-right party. Finally, a few parties in this *Briefing Book* are identified simply as "centrist" (rather than as center-left or center-right).

Coalition governments in Europe display a variety of patterns, such as rightist coalitions (e.g., Italy under PM Berlusconi, 2001-06 and since 2008); leftist coalitions (e.g., Germany's 'red-green' govt, 1998-2005); center-right/liberal coalitions (e.g., Germany, 1982-98 and since 2009; UK since 2010); and center-left/liberal coalitions (e.g., Germany, 1969-82). In some cases there is a "grand coalition" that unites the main center-left and center-right parties (e.g., Germany, 1966-69 and 2005-09; Austria since 2007).

Keep in mind that the party orientations just described are general tendencies. In actual practice, most political parties in Europe have internal divisions (between moderates and hardliners, for example) and many combine left (welfarist) and right (pro-business) tendencies. All of these parties also reflect the particularities of their own history and the history of their home countries.

COUNTRY PROFILES

EU MEMBER STATES

A USTRIA The Republic of A.'s population of 8.45 million (2012) is 74% Catholic, 5% Protestant, and 17% Muslim/other. A. was a charter member of the European Free Trade Association in 1959/60. It remained in EFTA until it joined the EU on 1 July 1995. Until the 1990s, political life was dominated by the center-left Social Democratic Party of Austria (SPÖ) and the center-right Austrian People's Party (PVÖ), which is akin to Germany's Christian Democrats. The rising influx of "economic refugees" from Asia and Africa, combined with growing unemployment, produced a popular backlash, resulting in asylum restrictions and the rise of the extreme right-wing, anti-immigrant Freedom Party of Austria (FPÖ) under Joerg Haider. An outspoken opponent of the EU's Economic and Monetary Union (EMU), Haider was widely viewed as a racist: he denounced rivals inside and outside his party in anti-Semitic terms. In the 1996 elections to the European Parliament, the FP won an astonishing 27.6%; the center-left Social Democrats and the center-right People's Party won slightly more than 29% each. In the 1999 elections to the lower house of A.'s national parliament (the National Council), the Social Democrats won one-third of the votes; the Freedom Party and People's Party each won 27%. After negotiations between the Social Democrats and the People's Party failed to form a left-right Grand Coalition govt, the People's Party and the FP formed a right-of-center coalition govt under Chancellor Wolfgang Schuessel (leader of the People's Party) in Feb 2000. To limit controversy, Haider refrained from entering the cabinet and resigned as chief of the FP. But the other 14 EU govts each cut off bilateral diplomatic ties (as did the U.S. and Israel). The EU sanctions failed to topple the govt and were later lifted after an EU panel reported that A.'s treatment of immigrants was better than that of some other EU countries. In fact, the new govt imposed only minor restrictions on immigrants. In Feb 2002, Haider visited Saddam Hussein, whom he had visited several times previously. In Sept, in a bid to reaffirm his control of the FP and prevent it from becoming moderate, Haider ousted its figurehead leader (who was the govt's vice chancellor) and others who were in the cabinet. Schuessel then terminated his coalition govt with the FP and called snap elections. In elections held in Nov 2002, Schuessel's People's Party scored a major triumph, winning 43% of the vote and 25 additional seats. It became the largest party in the National Council with 79 seats out of 183 (43.2%). Haider's Freedom Party sank to 10% of the vote and fell from 52 seats to 19 – a disaster. The Social Democrats won 36.6% and gained 4 additional seats, but were outpolled by the People's Party for the first time since 1966. The Greens won 8.2% of the vote, less than expected. After months of negotiations with the Social Democrats and Greens on a left-right coalition govt came to naught, Schuessel re-formed his center-right/far-right coalition govt with the Freedom Party in March 2003. Haider tried unsuccessfully to regain the leadership of his party.

A. has a parliamentary system with a ceremonial president, who is elected by the people to a 6-year term. In presidential elections held in April 2004, veteran Social Democrat Heinz Fischer won 52.4%, defeating Schuessel's hand-picked People's Party candidate, Benita Ferrero-Waldner. Fischer benefitted from a large backlash vote against Schuessel's coalition with the Freedom Party. Haider's open endorsement of Ms. Ferrero-Waldner cost her the votes of many Austrian moderates. Ferrero-Waldner joined the EU Commission in 2004 as A.'s member. In 2004, Heinz-Christian Strache became the new chief of the Freedom Party; he espoused a more blatant extreme-right ideology than Haider's. By 2005, Haider had changed his tone considerably, embracing more moderate views that included support for Turkey's admission into the EU and less hostile attitudes on immigration. In an effort to concentrate on power rather than on his former xenophobic ideology, Haider in April 2005 deserted the Freedom Party and launched a new, more moderate right-wing party, the Alliance for Austria's Future. (BZÖ). All of the Freedom Party cabinet

ministers in Schuessel's govt joined the new grouping, which thereupon replaced the FP as Schuessel's coalition partner. Most of the FP's 18 members of parliament also joined the Alliance. But many grassroots activists were sticking with the FP and its nationalist orientation. In the parliamentary elections held on 1 October 2006, the Social Democrats won 35.3% of the vote and 68 seats (a loss of 1 seat) under Alfred Gusenbauer, a career politician with no prior govt experience. Gusenbauer called for more govt spending for pensioners and the less well off. The People's Party won 34.4% of the vote and 66 seats (a loss of 13). The Greens gained 4 seats, and Haider's relatively moderate Alliance for the Future of Austria (now led by Peter Westenthaler) cleared the 4% hurdle, winning 7 seats. The Freedom Party, now a pronouncedly far-right party with neo-Nazi tendencies and a platform opposed to immigrants as well as to Turkey's admission to the EU, won 21 seats, a gain of 3 seats. The governing coalition partners -- the People's Party and the Alliance for the Future of Austria -- lost their parliamentary majority. After several months of negotiations, a Grand Coalition govt was formed in Jan 2007 by the Social Democrats and the People's Party, with Gusenbauer as chancellor. In the face of heavy criticism within his own party for failing to govern effectively, Gusenbauer stepped down as chancellor and as chief of the Social Democrats in June 2008. His successor in both positions was **Werner Faymann**.

In July the People's Party, under the leadership of Wilhelm Molterer, pulled out of the governing coalition and demanded snap parliamentary elections, which took place on 28 Sept 2008. The two large mainstream parties made their worst electoral showing since 1945: the Social Democrats lost 11 seats, garnering little more than 29% of the vote, while the People's Party lost 15 seats, winning only 26% of the vote. The far-right parties both gained: the Freedom Party won 17.5% of the vote and 13 new seats, and the Alliance for Austria's Future (Haider's party) won 10.7% of the vote and 14 new seats. Haider was killed in an auto crash in October 2008. After two months of negotiations, a new grand coalition government consisting of the Social Democrats and the People's Party was sworn in on 2 December; Faymann remained chancellor. Together the coalition partners commanded 59% of the 183 seats in the lower house. In 2010 Heinz Fischer (SPÖ) was reelected as A.'s ceremonial president, winning 79% of the popular vote.

A.'s parliament ratified the EU Constitution in May 2005 and the Lisbon Treaty in April 2008. In 2007 the voting age was lowered to 16; citizens may now run for any office except the presidency at age 18. A. held the EU Council Presidency in the first half of 2006. A. has been a neutral country since WWII, but is a member of NATO's Partnership for Peace.

BELGIUM Created in 1831, the Kingdom of B. is a constitutional monarchy. Albert II has been King of the Belgians and head of state since 1993. B. is divided mainly between Dutch-speaking Flemings, who comprise 58% of its 10.84 million people (2010), and French-speaking Walloons (31%). About 10% have a mixed, bilingual identity and there is a small community of German speakers (1%). These ethnolinguistic differences permeate the country's political system. They are compounded by economic differences: the Flemish north is more prosperous than the French-speaking south, whose economy has declined in recent decades. Many Flemings are reluctant to subsidize the Walloon economy through their tax payments to the central government. Recent polls show that more than half of the Flemings favor independence, while some Walloon politicians favor a union with France. Constitutional amendments in 1993 established a loose federation consisting of three language-based regions: Flanders (the Flemish area in the north), Wallonia (the French area in the south) and the multilingual capital city of Brussels. A small German-speaking area has cultural autonomy. There are separate Flemish and Walloon branches of each of the main political parties (the Socialists, the Christian Democrats and the Liberals), and they engage in continual haggling over budgetary allocations and other controversies. Scandals involving child pornography, poultry contamination and the alleged illegal sale of EU visas by the foreign minister in the 1990s exacerbated these frictions. The 1999 legislative elections produced a center-left coalition government of Socialists, Liberals and Greens under PM Guy Verhofstadt, a Flemish Liberal. ("Liberals"

in Europe are mostly pro-business centrists, located in between conservatives and Christian Democrats on their right and Social Dems and Greens on their left.) Municipal elections in 2000 saw the rise of an extreme right-wing Flemish nationalist party, the Vlaams Bloc, in Flanders. The party won a third of the vote in Antwerp and a fifth of the vote elsewhere. It favors the secession of Flanders from B. and the establishment of an independent state, as well as the deportation of all non-European nationals to their countries of origin. Parliamentary elections to the 40-seat Senate and the 150-seat Chamber of Deputies took place on 18 May 2003. Verhofstadt reassembled his 4-party center-left coalition govt consisting of his Flemish Liberal Democrats, a Walloon (Francophone) liberal party, and Flemish and Walloon Social Democratic parties. Verhofstadt was a market-oriented liberal who managed to balance the budget, but his coalition also pursued some center-left policies, such as the legalization of gay marriage and euthanasia. The Vlaams Blok raised its share of the vote in Flanders from 15% in 1999 to 18%, winning 18 seats in the Chamber. As its popularity grew -- especially in Antwerp, where frictions between Muslim immigrants and the European working class are serious -- the mainstream parties refused to cooperate with it. In 2004, the courts banned the Vlaams Blok for racism. In 2005, the party changed its name to Vlaams Belang (Flemish Interest). A more moderate, center-right Flemish nationalist party, the New Flanders Alliance (N-VA), recently formed an electoral alliance with the Flemish Christian Democratic party.

The 2007 parliamentary elections held on June 10 produced a more closely divided Chamber of Deputies. The four parties that had formed Verhofstadt's center-left government all lost seats, and Verhofstadt promptly resigned as PM. Verhofstadt's centrist Open Flemish Liberals and Democrats and their French liberal counterparts (the Reformist Movement, MR) together retained the largest bloc of seats (41). But they were challenged by the center-right bloc consisting of the Flemish Christian democrats (CD&V) and their electoral allies, the New Flanders Alliance (N-VA), plus a center-right French Christian democratic party (Humanist Democratic Center, or dcH); the latter three center-right parties each made gains in 2007 and together won 40 seats. The center-left socialist parties lost 14 seats, and the far-right Vlaams Belang came out with 17 seats, a loss of 1 seat. With the parliament divided, King Albert played a pivotal role in exercising his main constitutional function, that of naming a *formateur* to form a coalition govt. The first two *formateurs* failed. The king consulted 13 ministers of state, but no new coalition govt could be formed until the end of the year. Differences between French and Flemish parties over constitutional reform issues complicated the govt formation process. Finally, a deal was reached that permitted the formation of a new interim center-left/center-right coalition govt under Verhofstadt on 21 December 2007 -- 196 days after the elections. The coalition included Verhofstadt's party; the Flemish Christian democrats under Yves Leterme (Verhofstadt's main rivals in the 2007 elections) and their electoral partners, the separatist New Flemish Alliance; the Francophone socialists; the Francophone liberals; and the Francophone Christian democrats. The deal provided that Verhofstadt would remain PM until 23 March 2008, at which time Leterme took over as PM of the same 5-party coalition govt. In July Leterme resigned after failing to broker an agreement to reform B.'s regional autonomy and financial arrangements. King Albert refused to accept the resignation and Leterme remained in office until December 2008, when he resigned again. Leterme and two other officials were accused of improperly influencing Belgian courts in a case involving the sale of the Fortis bank. Herman Van Rompuy, a Flemish Christian democrat (center-right), reluctantly agreed to become PM. He took office on 2 Jan 2009 and retained the same center-left/center-right coalition of Flemish and Walloon parties as his predecessor. But Van Rompuy resigned in Nov 2009 on being named president of the European Council and was replaced by former PM Leterme.

In April 2010 the govt collapsed upon the withdrawal of Verhofstadt's party over a dispute concerning the Brussels-area electoral district, Brussels-Halle-Vilvoorde (BHV). The city of Brussels is officially bilingual; both French and Dutch parties compete there. H-V, which surrounds Brussels, is in Flanders and is officially Dutch-speaking; but French speakers in HV may vote for French parties in municipalities where they form a majority. Dutch speakers, by contrast, have no opportunity to vote for Dutch parties in these Walloon municipalities, a situation Flemings consider unfair. Flemings wanted to divide BHV into two separate electoral districts -- bilingual Brussels and Dutch-speaking HV -- thereby depriving French-speaking voters in HV of their 'extra-territorial' right to vote for French parties. Walloons

were divided on the issue. Some wanted to leave things as they are, or split BHV while retaining special voting privileges for French speakers. Other French speakers were willing to accept the split without retaining these privileges. The Constitutional Court called for a resolution of the dispute before the next parliamentary elections, set for 2011.

With no solution in sight, Verhofstadt's Flemish liberals withdrew from the govt. Snap elections were held on 13 June 2010. A new Flemish right-wing nationalist party, the New Flemish Alliance (N-VA), emerged as the largest party, winning 17.4% of the vote and 27 seats in the 150-seat Chamber. Formed in 2001, the N-VA had split off from Leterme's party in 2008; it favored the gradual secession of Flanders from Belgium. It was slightly less right-wing than Vlaams Belang. Its leader was Bart De Wever. The Francophone Socialist Party under Elio Di Rupo finished second (13.7%; 26 seats). The distribution of seats was as follows:

New Flemish Alliance (N-VA; right-wing Flemish; De Wever):	27 (all new)
Socialist Party (PS; Walloon social democrats; Di Rupo):	26 (+6)
Reform Movement (MR; French liberals)	18 (-5)
Christian Democrat and Flemish (CD&V; Leterme):	17 (same)
Different Socialist Party (sp.a; Flemish social dems):	13 (-1)
Open Flemish Liberals & Democrats (Open Vld; Verhofstadt):	13 (-5)
Flemish Interests (Vlaams Belang; Flemish far right)	12 (-5)
Humanist Democratic Center (cdH; Walloon Christian dems):	9 (-1)
Ecolo (Walloon green):	8 (same)
Green! (Flemish green)	5 (+1)
2 other parties:	1 each

King Albert appointed De Wever to form a new coalition govt, but he failed. On 9 July the king appointed Di Rupo to try his luck; he failed as well. In addition to the BHV controversy, the main disputes centered around Flemish demands for more political and financial autonomy and Walloon demands for compensation from the national budget. Leterme remained PM, presiding over a caretaker mixed-coalition govt. consisting of Flemish and Walloon parties of the center-left and center-right. He offered his resignation in April 2010 after a Flemish party withdrew its support, but the king declined to accept it. In July 2011 Di Rupo presented a 111-page note with proposals for a new govt. After the rightist N-VA rejected it, the Flemish CD&V party (PM Leterme's party) agreed to negotiate the formation of a new govt without the N-VA. However, CD&V insisted that BHV be divided into two electoral districts as a precondition.

At long last, after a record 541 days of deadlock following the June 2010 elections, a new govt was formed on 6 Dec 2011. In Oct, eight parties (viz., Walloon and Flemish Christian democrats, social democrats, liberals and greens) agreed on a constitutional reform of the Belgian state. Flanders and Wallonia were granted more authority to raise their own taxes; the Senate would be reorganized along linguistic lines starting in 2014; and the BHV district would be divided into three electoral districts (Brussels-Capital, Walloon Brabant and Flemish Brabant), with six peripheral communes united into an electoral canton in which voters could choose to vote either for the Brussels-Capital list of parties or the Flemish Brabant list. Other reforms were also agreed to. After Standard & Poor's downgraded B.'s credit rating in Nov, and the EU Commission warned of sanctions if the deficit were not reduced, six parties involved in the talks (with the two Green parties excluded) agreed on the 2012 budget, aimed at lowering the deficit to 2.8% of GDP. With these highly contentious constitutional and fiscal issues resolved – without the participation of De Wever's New Flemish Alliance, the country's largest party – Di Rupo (the leader of Wallonia's Socialist Party) took office as prime minister on 6 Dec.. He led a 6-party, linguistically mixed center-right/center-left coalition govt consisting of the negotiating parties listed above: the Walloon Christian democrats (Humanist Democratic Center, or cdH), social democrats (Socialist Party) and liberals (Reformist Movement, or MR), plus the Flemish Christian democrats (Christian Democratic and Flemish, or CD&V), social democrats (Different Socialist Party, or sp.a) and liberals (Open Flemish Liberals and Democrats, or Open Vld). At the request of the Flemish liberals, the Greens were excluded from the govt; but the Greens agreed to support

the govt parties in parliament to form a two-thirds majority on votes of confidence and constitutional reform. Di Rupo is the son of Italian immigrants and the first openly gay male PM; he described himself as “atheist, rationalist and Freemason.” He speaks French, Italian and English and was taking classes to improve his limited Dutch. He was B.’s first Walloon PM since 1974. Former PM Yves Leterme became deputy director of the Organization for Economic Cooperation in Europe (OECD).

B.’s parliament and regional legislatures ratified the Lisbon Treaty in the spring and summer of 2008. Despite its internal disarray, B. held the EU Council presidency in the second half of 2010.

B BULGARIA The Republic of B.’s population of 7.36 million (2011) is 83% Bulgarian; Turks -- traditionally an oppressed minority -- make up 9.4% of the population, and Roma (Gypsies), another oppressed minority, make up 4.7%. The EU has called on the government to enact anti-discrimination legislation to protect the country’s Roma community. One of the poorest countries in Central & Eastern Europe, B. had one of the most repressive communist regimes in the region. Todor Zhivkov became the chief of the Bulgarian Communist Party in 1954, and he did not let go of the reins of power until Soviet party chief Mikhail Gorbachev pushed him out in 1989. As a consequence, B.’s transition to democracy and private enterprise was slow and half-hearted. Unlike Poland, where an illegal anti-communist trade union movement called Solidarity created mass opposition to the communist regime 10 years before the actual collapse of communist rule, B. did not have a developed civil society or an organized alternative to the Communist Party. Nor did it have well-known anti-communist dissidents, like Czechoslovakia’s Vaclav Havel, who could serve as an immediate democratic replacement for a failed communist regime. And unlike Hungary’s communist leadership, which took the initiative in introducing a multiparty democratic system, B.’s communists were not ready for democracy in 1989 and 1990 – not even the reformers Gorbachev installed when he decided it was time for the aging Zhivkov to go. Nevertheless, pressures for real democracy grew and elections were held in 1991. The elections were won by a coalition of pro-democracy parties, the Union of Democratic Forces. Reform-oriented communists committed to democracy regrouped themselves as the Socialist Party. The tasks of economic transformation from a state-run planned economy to a mixed economy have proved difficult. The initial UDF govt failed to stabilize the economy, and in 1994 the Socialists were voted back into office. But the reform process languished and the economic situation grew even worse. In the elections of 1997 the UDF regained power. The EU and the IMF have provided assistance, and the UDF managed to privatize and restructure most of the economy; but high unemployment and low living standards, along with corruption, drained the UDF of its popular support. In 2001 B.’s last king from the pre-communist era, Simeon Saxe-Coburg-Gotha, formed a new political movement promising more effective reform. Simeon II had been expelled from B. by the communists in 1946 at the age of 9; until shortly before the elections he was a businessman living in Madrid. The National Movement for Simeon II, a center-right grouping, won half the seats in parliament in 2001, and Simeon became prime minister. (He did not serve as king; the monarchy was abolished under the communists and he does not wish to reclaim it.) In Nov 2002 Bulgarian voters elected a Socialist (center-left), Georgi Parvanov, as the country’s president, spurning Simeon’s preferred candidate, outgoing president Peter Stoyanov of the center-right. Parvanov’s victory was attributed to the voters’ frustration with corruption and poverty. (The Bulgarian presidency is largely ceremonial; real power is in the hands of the PM.) In parliamentary elections held for the 240-seat National Assembly in June 2005, Simeon’s National Movement won only 20% of the vote and lost more than half its seats, falling from 120 to 53. The center-left Coalition for Bulgaria -- which was dominated by the Bulgarian Socialist Party, led by Sergei Stanishev -- won 31% of the vote and raised its number of seats from 48 to 82. An ethnic Turkish party, the Movement for Rights and Freedoms, finished third with 13% of the vote and 34 seats, and an anti-Roma coalition, Attack, won 8% of the vote and 21 seats. Three other parties (or party groupings) won the remaining seats. The elections represented a repudiation of Simeon’s govt, even though it had succeeded in reducing unemployment and

attracting foreign investment. Elderly voters deserted the governing party because of a deteriorating health system, low pensions and poor conditions in rural areas, while Simeon's efforts to root out corruption were perceived by some voters as only partially successful. Because no party won an absolute majority, prolonged negotiations were necessary to form a coalition govt. In August 2005 a new govt was formed with the Socialist Stanishev as PM; Simeon's National Movement and the ethnic Turkish party joined the Socialists in the governing center-left/center-right coalition. In presidential elections held in Oct 2006, Parvanov garnered 64% of the vote in the first round. But voter turnout was less than 50%; as a result, a second round was held in which Parvanov won 76% of the vote against his opponent, a nationalist from the Attack party. In 1999 the EU invited B. to commence accession talks. B. joined NATO in 2004. B. was not considered ready to join the EU in the enlargement wave of 2004. The EU signed an accession treaty with B. in 2005 and called for more effective judicial reforms. In 2006 the EU cleared B. for accession, which took place on 1 Jan 2007. However, admission to the EU was conditional upon a Cooperation and Verification Mechanism (CVM), which allowed the EU's Commission to monitor B.'s progress on judicial reform and anti-corruption efforts through 2010. The CVM was subsequently extended to 2011 and 2012. B. Was not admitted into the EU's passport-free Schengen area, with a decision on that question relegated to the future. B.'s National Assembly ratified the Lisbon treaty in March 2008.

Parliamentary elections held in July 2009 resulted in a big success for a new center-right party, Citizens for the European Development of Bulgaria (GERB), led by its de facto chief **Boyko Borisov**, the mayor of Sofia. Under a new electoral system providing for a combination of proportional representation and directly elected seats, GERB emerged as the largest party, garnering nearly 40% of the popular vote and 116 seats (out of 240). A large plurality of Bulgarians decisively rejected the center-left/center-right coalition govt. The center-left Coalition for Bulgaria, led by PM Stanishev and his Socialist Party, finished second but ended up with only 40 seats, a loss of 42 seats. Former PM Simeon Saxe-Coburg-Gotha's party, renamed the National Movement for Stability and Progress, took a drubbing, losing all of its 53 seats; Simeon promptly resigned as the party's chief. The Turkish party, the Movement for Rights and Freedoms, won 4 seats, raising its total to 38; and the extreme-right, anti-Roma party, now known as National Union Attack, retained its 21 seats. Two other conservative parties won 15 and 10 seats, respectively. No other parties surmounted the 4% hurdle. Turnout was 60%. The legislature elected Borisov PM on 27 July. Formerly a member of Simeon's National Movement and the Chief Secretary of the Interior Minister (2001-05), Borisov led a center-right (GERB) minority govt that was initially supported in parliament by the far-right National Union Attack and by a small group of center-right parties known as the Blue Coalition. Subsequently, 17 members of parliament deserted their respective parties and became independents supporting the govt. Borisov has been accused of anti-Turkish and anti-Roma sentiments, charges he denies. He occasionally plays soccer on a professional Bulgarian team. He has been accused of authoritarian tendencies and media manipulation. Bulgaria has the lowest ranking of any EU country in Freedom House's evaluation of media freedom around the world. Though he has tackled corruption in B.'s public administration, he has been accused of ties with organized crime figures.

In Oct 2011, two rounds of voting for B.'s ceremonial presidency took place. After 18 candidates vied in the first round, the winner of the second round was Rosen Plevneliev, who defeated Ivaylo Kalfin of the Bulgarian Socialist Party (52.6% to 47.4%). Plevneliev, a cabinet minister, was a wealthy businessman and was not a member of GERB; he was visibly reluctant to engage in debates. His opponents accused him of being a puppet of Borisov, who had nominated him for the presidency. Opposition parties said that GERB engaged in vote-buying, beatings and other forms of manipulation during the elections.

At a meeting of the EU's General Affairs Council (foreign ministers) in Feb 2012, the Netherlands vetoed B.'s immediate entry into the EU's passport-free Schengen area. B. was given a 'roadmap' to Schengen, pending reconsideration of the issue in Sept 2012. In July 2012 the Commission issued a report on B.'s judicial reforms and anti-corruption activities. The report resulted from the Commission's on-going monitoring of B. and Romania in accordance with the Cooperation and Verification Mechanism (CVM) that was put in place when the two countries entered the EU in 2007. While the report noted continuing problems

in both countries, Romania was criticized far more severely than B., which won praise for being “on its way” to meeting the CVM’s goals.

CYPRUS The Republic of C.’s population of about 840,000 (2011) is 77% Greek (and Greek Orthodox) and 18% Turkish (and Muslim). The island was part of the Ottoman Empire from the 1571 to 1878, when the Congress of Berlin transferred it to British administration. Britain formerly annexed it in 1914 and made it a crown colony in 1925. During the 1950s, Greek Cypriots who favored uniting the island with Greece fought a 10-year guerilla campaign; communal clashes between Greeks and the Turkish minority took place in 1954-55. Following a bloody conflict that pitted Greek and Turkish Cypriots against British rule in the 1950s, the UK granted C. its full independence in 1960. The terms of the independence treaties stipulated that the island would remain independent and unified: there would be no union (*enosis*) with Greece, and no partition into separate Greek and Turkish communities. The terms also provided that C. would not join any international organization of which the UK, Greece and Turkey were not already members. Today, the Turkish govt refers to that stipulation when stating its objections to the admission of C. into the EU before Turkey is admitted. In 1964, violence erupted between Greeks and Turks on the island when the president of C., the Greek Archbishop Makarios, tried to change the constitution in favor of the Greek majority. The U.S. intervened diplomatically and a UN peacekeeping force was dispatched to C. to impose calm. In 1967 the Greek military staged a coup d’etat on Greece (with CIA backing) and took over its government. (Greece remained in NATO, but its participation in its military component was suspended.) In July 1974, members of the Greek Cypriot national guard, supported by the military govt in Greece, staged a coup on C. and ousted Makarios. Their aim was to unite C. with Greece. The surprise coup prompted a quick response from Turkey (also a NATO member). Five days later, Turkish troops invaded the island. Cease-fire talks collapsed the following month, and the Turkish forces announced the partition of C. and the creation of a new state in the Turkish area in the northern part of the island, the Turkish Federated State of Cyprus, with Rauf Denktaş [Denk-TASH] as its president. Ever since then, the so-called “Green Line” has divided the two parts of C. as well as its capital city of Nicosia. A UN peacekeeping force of 1,200 troops patrols the Green Line buffer zone. The Turks expelled some 200,000 Greeks from their territory, which comprises about 37% of the island. In 1982 the Turkish Cypriots declared their independence and renamed their entity the “Turkish Republic of Northern Cyprus” (TRNC). Turkey is the only state that recognizes the regime. It has more than 35,000 troops in the Turkish area and funnels about \$200 million a year in aid to the Turkish Cypriots. More than 100,000 settlers from Turkey have been brought to Northern Cyprus by the Turkish govt. The govt of C. is regarded by the UN as the sole legitimate govt of all of C., but it has de facto control only over the Greek sector. Greek Cypriots refer to Turkish-held northern Cyprus as “the occupied territories.”

Makarios returned as president and governed until his death in 1977. His first successor was followed by Glafcos Clerides in 1993. C. signed an association agreement with the European Community in 1972 that established the basis for a customs union over the next ten years. The Turkish invasion of 1974 delayed its implementation, but subsequently the Greek part of the island experienced considerable economic growth. By contrast, the Turkish sector has languished, with living standards only about a third of the Greek part of the island. Turkish Cyprus is dependent on the Greek side for its electricity, which is free but inadequate; power outages are common. Many Cypriot Turks take advantage of a thriving black market. In 1990 the govt of C. formally applied to the EU for membership. In 1997 the EU agreed to open accession talks with C., in hopes that the Greek and Turkish communities would settle their differences. But the EU’s refusal to acknowledge Turkey’s candidacy in 1997 created ill feelings in Ankara. Tensions between Greece and Turkey over long-standing territorial claims in the Aegean flared up in 1998, and both states beefed up their air forces on the island. When President Clerides placed an order with Russia for the purchase of anti-aircraft missiles, the U.S. pressured him to cancel the deal; U.S. diplomacy narrowly averted war in the

Aegean. Tempers cooled, and in 1999 and 2000 there were major improvements in relations between Greece and Turkey, resulting in agreements on the environment, tourism and immigration. Greece even came around to supporting Turkey's bid for full EU membership. In 1999, the EU acknowledged Turkey as a candidate, but still refrained from setting a date for the start of accession talks. At the end of 2001, Clerides and Denktas held their first face-to-face meeting in four years. In this and subsequent meetings they agreed to resolve their disputes surrounding C.'s division. But Greek Cypriots have called for a federation combining a strong central govt with local autonomy and free movement, while Denktas has favored a confederation of two independent states, along with some common institutions having limited powers. The question of the eventual return of Greeks expelled from the Turkish part of C., and the restitution of their property, are among several outstanding issues that need to be resolved.

At their Dec 2002 summit in Copenhagen, EU leaders agreed to admit C. as a full member in 2004. Although the EU preferred to admit the entire island on a unified basis, it was prepared to admit just the Greek part if no agreement could be reached to end the partition. In 2002 UN Sec Gen Kofi Annan proposed reconstituting C. as a federation consisting of Greek & Turkish parts under one central govt. The EU and Turkey agreed that a unified C. will be demilitarized: Turkish troops (now numbering 40,000) and Greek troops (6,000) on the island would be reduced to no more than 1,600 by 2018. They also agreed that a unified C. will not join NATO or its Partnership for Peace. Turkey initially opposed the admission of C. before its own admission into the EU, but its new moderate Islamic govt elected in 2002 nudged Denktas to accept the UN settlement proposal. But Denktas refused to come to terms, steadfastly refusing to cede the territory -- 9% of the island -- that would go to the Greeks under the UN proposal. The EU voted in 2003 to admit (Greek) C. in 2004 if there was no agreement on unifying the island.

Greek Cyprus has a presidential system of government: the president, elected by popular vote to a 5-year term, is both head of state and head of govt. Executive power resides in the hands of the president; there is no prime minister. (The position of vice-president, reserved for a Turkish Cypriot under the 1960 constitution, has been vacant since 1964.) The president appoints the government ministers, who do not require legislative approval to take office. Legislative power is the hands of the House of Representatives, which has 59 members with 5-year terms (56 are elected by proportional representation; the remaining 3 represent the Maronite, Roman Catholic and Armenian communities, respectively). The House has no power to approve or dismiss government ministers but it passes legislation into law by majority vote. Hence the president has an incentive to appoint a government whose ministers represent parties that hold the majority of seats. Coalition govts are not uncommon.

In elections to the House held in 2002, the reformed communist party of C., known as Akel, won a plurality (34.7%). The communists favored the reunification of C.'s divided parts and its entry into the EU. In presidential elections held in (Greek) Cyprus in Feb 2003, the 83-year-old Clerides was defeated in his reelection bid by Tassos Papadopoulos, the leader of the center-right Democratic Party. Papadopoulos criticized Clerides for making too many concessions to the Turks in an effort to achieve national unity. Papadopoulos won an outright victory in the first round of balloting with 51.5% of the vote, thanks to the support of the communists, the Socialists and Greens on the left. The communists joined him in forming a center-right/center-left coalition govt. In elections to the House of Representatives held in May 2006, Papadopoulos's Democratic Party picked up 2 seats, reflecting the popularity of his position against the island's reunification without substantial concessions by the Turks. The pro-EU European Party gained 3 seats, a sign of the divisions among Greek Cypriots. (Several hundred Turks registered to vote in these elections.) The campaign revolved around economic issues rather than the island's unification, and the govts of Greece and Turkey avoided overtly interfering in the election campaign. The center-right/center-left coalition govt remained in office.

Turkish Cyprus (the TRNC), which is not in the European Union, has its own multiparty democracy. The president is head of state and possesses significant decision-making powers. Rauf Denktas won a fourth consecutive 5-year term as president of the Turkish Republic of Northern Cyprus in April 2000. As president he had effective control over the region's foreign policy and was the key player in its political life. Denktas, who turned 80 in 2004, consistently stood in the way of an agreement on C.'s unification. But in July 2001,

6,000 Turkish Cypriots – most of them born in Cyprus – held a demonstration in favor of joining the EU; in Dec 2002, some 30,000 Turkish Cypriots held a similar demonstration. Tensions between the Cyprus-born Turkish Cypriots and the settlers from Turkey were mounting. In elections to the 50-seat Northern Cyprus legislature in December 2003 in which 120,000 Turkish Cypriots took part, a group of opposition parties that favor the UN partition plan and early accession to the EU won half the seats. Turks voting for these opposition parties – led by the pro-EU Republican Turkish Party (CTP) – apparently feared that if Greek Cyprus joined the EU in May 2004 without them, Turkish Cypriots might lose out on the benefits of the UN plan. (Among other things, the plan would allow only 70,000 settlers from Turkey to remain.) The result represented a setback for the two nationalist parties that backed Denktaş. Later, Turkey's PM Tayyip Erdoğan, the leader of the pro-EU moderate Islamic party, pressured the Turkish Cypriots into forming a coalition govt between Denktaş's faction (led by his son, Serdar) and a leftist faction led by Mehmet Ali Talat, who favored the Annan partition plan.

Referendums on Kofi Annan's UN partition plan were held in Greek and Turkish Cyprus in April 2004. Pres. Papadopoulos led the opposition to the plan's acceptance in Greek Cyprus; as a result, 76% of Greek Cypriots voted against the plan. Many of them objected to the plan's limitations on the number of Greek Cypriots who would be allowed to return to their former homes in Northern Cyprus and to its provisions allowing 70,000 Turkish settlers to stay. But in Northern C., a decisive majority of Turkish Cypriots (65%) voted in favor the UN plan, defying Pres. Rauf Denktaş's vocal opposition to it. Denktaş was visibly relieved that Greek Cyprus had voted no, calling the Annan plan "completely dead." Papadopoulos called on the UN to come up with new plans for uniting the island, but UN officials were bitterly disappointed in his opposition to the Annan partition plan. In March 2005, a new TRNC coalition govt was formed between the pro-EU Republican Turkish Party (CTP), which has 24 out of 50 seats in the National Assembly, and the Democrat Party, which has 5 seats and is led by Serdar Denktaş, Rauf's son. The CTP's Ferdi Sabit Soyer became PM and Serdar Denktash became deputy PM and foreign minister. In presidential elections held in April 2005, Mehmet Ali Talat, leader of the CTP, was elected president of the Turkish Republic of Northern Cyprus, replacing Rauf Denktaş. Talat campaigned in favor of the Annan settlement plan and EU membership, both vigorously opposed by Rauf Denktaş.

In May 2004, Greek Cyprus formally joined the EU. It ratified the Lisbon Treaty in July 2008. The Turkish Republic of Northern Cyprus is not in the EU.

Two rounds of presidential elections were held in Greek Cyprus in Feb 2008. President Papadopoulos finished third in round one with 31.8% of the vote and was eliminated. Round two was contested between Yiannakis Kassoulidis of the center-right Democratic Rally (DISY; 33.5% in round one) and Demetris Christofias, chief of the center-left Cyprus Communist Party, AKEL (33.3% in round one). Christofias won with 53.4% of the vote. The Moscow-educated Christofias is a pro-democracy populist who heads a party that endorses Marxism-Leninism but accepts the country's bustling business sector. Once a euroskeptic, now embraced the EU and favored a resumption of UN-sponsored talks on reunification. After being elected president, Christofias formed a center-left govt consisting of ministers representing AKEL and the centrist Democratic Party (DIKO). (Together AKEL and DIKO had a majority of seats in the House of Representatives.) In March 2008, the new president met with Pres. Talat in the first of a series of meetings.

Snap parliamentary elections held in northern Cyprus (TRNC) in April 2009 complicated matters as the right-wing National Unity Party (UBP) emerged victorious, winning 44% of the vote and 26 seats in the National Assembly out of 50, a gain of 7 seats. Pres. Talat's Republican Turkish Party (CTP) won 29% of the vote and came away with only 15 seats, a loss of 9 seats. The UBP's chairman, **Derviş Eroğlu**, became PM of northern Cyprus. His party favors a two-state solution rather than federation, and he hailed Turkey as "our main native country." In April 2010, Eroğlu was elected president, defeating Talat by 50.4% to 42.9%. Pres. Eroğlu vowed to continue talks on C.'s reunification. Irsen Küçük (UBP) succeeded Eroğlu as PM. (NB The TRNC is not in the EU.)

Elections to the House of Representatives in Greek Cyprus took place on schedule in May 2011. AKEL (the Communist Party led by Pres. Christofias) won 19 seats (+1), but its govt coalition partner,

DIKO, lost 2 seats, falling to 9 seats. The center-right Democratic Rally (DISY) became the largest party, with 20 seats (+2). Christofias initially maintained the center-left govt consisting of AKEL and DIKO; together they had 28 seats. But in July 2011 the AKEL-DIKO govt resigned, two days after Moody's downgraded Cyprus's creditworthiness to just three notches above junk status. Moody's action reflected the credit-rating company's conclusion that the govt's austerity program, consisting of budget cuts and the privatization of some state-owned companies, had not gone far enough. Moody was also concerned about C.'s financial status following the explosion of a cargo of deteriorating weapons confiscated from Iran; the blast destroyed Cyprus's largest power station, further compromising the economy. Public disaffection over these events – and the economy's first recession in thirty years – pressured Christofias to appoint a new cabinet. The crisis worsened when DIKO withdrew from the govt on 3 Aug. DIKO's leaders opposed Christofias's proposal to create a rotating Greek-Turkish presidency for a reunified Cyprus. Pres. Christofias appointed a new cabinet on 5 Aug. The 11 ministers came mostly from the center-left AKEL party; the new govt's de facto leader was Kikis Kazamias of AKEL, an economist and former cabinet minister under Pres. Papadopoulos. Though Christofias did not need the approval of the House for his new govt, he was expected to have difficulty passing govt proposals into law without DIKO's votes. (NB Cyprus does not have a prime minister; Pres. Christofias is simultaneously head of state and govt.)

In Sept 2011 the govt of C. permitted gas drilling, prompting Turkey to dispatch naval vessels to the region. Turkey claimed that any gas discovered in C. would belong to all Cypriots. In March 2012 Turkey's minister for European affairs suggested that Turkey might annex Northern Cyprus if the leaders of the two parts of the island fail to reach accord on either reunification or a two-state partition.

Just days before assuming the EU presidency on 1 July, C. asked the EU for emergency bailout funds. The requested amount would cover €1.8 billion to recapitalize Cyprus Popular Bank, plus funds to help cover the govt's budget deficit. Fitch had just reduced C.'s credit rating to BB+. Cypriot banks took major losses on Greek bonds. In 2011 C. got a €2.5 billion loan from Russia in 2011 and has sought more loans from Russia and China to avoid EU requirements. Govt spokesmen said that C. would its reunification negotiations on hold during its EU presidency.

CZECH REPUBLIC The C.R.'s population of 10.5 million (2012) is 94% Czech and Moravian, 3.1% Slovak, and 3% Polish. Some 59% are atheists, 27% are Catholic, 2.1% are Protestant. There is also a small Roma minority that suffers discrimination. Czechoslovakia was created after WWI, following the collapse of the Austro-Hungarian Empire; its constitution was drafted by exiles in Pittsburgh. During the inter-war period it was the most democratic country in Central and Eastern Europe. The country was dismembered at the Munich conference of 1938; German occupation followed during WWII. After the war the Soviet Union permitted multiparty coalition governments until 1948, when it engineered the country's takeover by hardline local communists. Repressive communist rule ensued until 1968, when the reformer Alexander Dubcek became chief of the ruling Communist Party. Seeking to create "socialism with a human face," Dubcek permitted an unprecedented degree of freedom of expression. Criticism of communist doctrine -- and of the Soviet Union itself -- became increasingly open, and for about eight months it appeared that the Czechoslovak party leadership would succeed in establishing the most liberal one-party state in the region. But in August Soviet troops, joined by forces from allied Warsaw Pact states, invaded Czechoslovakia and reimposed stringent communist rule on the population. The heady reform period known as the "Prague Spring" was over. Dubcek was arrested and demoted to menial jobs. A few proponents of democracy surfaced in subsequent years, like the "Charter 77" group; most were subjected to harassment and arrest, including the playwright Vaclav Havel, whose courageous dissent and internationally acclaimed writings brought him wide recognition around the world. Some of these dissidents were economists who believed that the communist state planning system was beyond repair and that private enterprise was necessary. In December 1989 the shockwaves emanating from democratization processes in the USSR, Poland and Hungary, and from the unexpected opening of the Berlin Wall the previous month, hit Czechoslovakia with a jolt. A million people spontaneously took to the streets of Prague to demand the ouster of the communist leadership. As Gorbachev refused to intervene, the hardline party leaders surrendered power to Havel and pro-democracy dissidents. Czechoslovakia thus had a "pacted transition": the transition from communism to democracy resulted from a pact between the outgoing communists and well-known pro-democracy dissidents who were in a position to negotiate the transfer of power. Havel's special notoriety and popular support gave him a unique legitimacy in the eyes of the Czechoslovak people. These particular features of Czechoslovakia's transition provided a firmer basis for democracy and economic reform than was the case in certain other states in the region like Bulgaria and Romania. Elections held in 1990 completed the "Velvet Revolution" with the triumph of pro-democracy parties and Havel's election as president.

Democracy soon led to the "Velvet Divorce" as the Slovak portion of the country, under the nationalistic leadership of Vladimir Meciar, a former communist bureaucrat, went its own way. The division of Czechoslovakia into the Czech Republic and Slovakia took effect on 1 Jan 1993. Elections in 1996 in the C.R. produced a center-right coalition government under PM Vaclav Klaus and his Civic Democratic Party. During the communist period, Klaus was an economist who favored a radical overhaul of the state-run economy. His full-tilt approach to economic reform, spearheaded by a vigorous privatization program, was very close to the "shock therapy" program advocated by many western economists and the International Monetary Fund. (The "shock therapy" recipe called for the privatization of state-owned companies; the liberalization of prices to reflect actual supply and demand instead of bureaucratic decisions; steep budget cuts to reduce deficits and prevent inflation; and the convertibility of the national currency into other currencies — all to be undertaken rapidly and simultaneously.) Initially the reforms produced positive results, but an economic downturn in 1997 forced Klaus to impose austerity measures. Klaus resigned later in the year following disclosures that he had violated campaign finance regulations. Elections in 1998 resulted in a minority govt headed by the center-left Social Democrats under PM Milos Zeman. The economy at first continued to sputter, with unemployment over 9% and flagging economic growth; but by 2002 there were signs of recovery. Both of the main parties — the Civic Democrats and the Social Democrats — have tried to whittle down President Havel's powers. Havel has won worldwide acclaim for his philosophy of grounding political action in moral principles, but his interventions in policy making are not always

appreciated by professional politicians. His attempts to enforce a proportional representation electoral system that would permit smaller parties to win more parliamentary seats were fiercely resisted by the largest parties.

The Czech Rep. has a parliamentary system with a ceremonial president. The lower house is the Chamber of Deputies (200 seats); the upper house is the Senate (81 seats). The Chamber elections of June 2002 resulted in another fragmented parliament, but the Social Democrats forged a new center-left coalition govt under PM Vladimir Spidla. The two coalition partners -- the Social Democrats and the centrist Coalition bloc -- together had only 101 seats in the 200-member legislature. Klaus's Civic Democrats won 58 seats, a loss of 5. The hardline Communist party did surprisingly well, finishing third behind the Social Democrats (who got 70 seats) and the Civic Democrats. The Communists won 18.5% of the popular vote and 41 seats. Voter turnout was fairly low by Czech standards: at 58%, it signaled rising disappointment in the leading parties and in the results of economic reform. Following a poor performance by the Social Democrats in the European Parliament elections of June 2004 (8.8%), Spidla resigned as PM; he subsequently became the Czech Rep.'s member on the EU Commission. (The Communists -- who favor withdrawing from NATO and are ambivalent about EU membership -- finished second, winning 20% of the vote.) A new center-left govt was formed in July 2004, consisting of the Social Democrats and their original coalition partners, the Freedom Union and the Christian Democrats. Stanislav Gross, a 34-year-old Social Democrat, became PM, having secured the support of 101 members of parliament -- a 1-vote majority. He was later replaced by another Social Democrat, Jiri Paroubek. As President Havel's second term approached its end, the bicameral Czech legislature failed twice to elect his successor in January 2002. (To be elected, the victorious candidate must win a majority in each house.) In a third ballot held in February, former PM Vaclav Klaus won the presidency and took office in March 2002. The 2-round 2006 parliamentary elections resulted in a prolonged stalemate that was not resolved until January 2007. The campaign was dominated by a scandal emanating from accusations by an official crime investigator that Gross and Paroubek had ties to organized crime; the prime minister was also accused of indirect involvement in a murder and of being a pedophile. Paroubek accused the Civic Democrats of concocting the accusations to avoid an electoral defeat. The hung parliament was evenly divided: a potential coalition between the center-right Civic Democrats and Christian Democrats with the Greens represented 100 seats; and a potential left-wing alliance between the Social Democrats and the hardline Communists also represented 100 seats. (A slight change in the PR electoral system prior to the 2006 elections led to this result; under the previous system, the right would have had a 3-4 seat majority.) Mirek Topolaneck, the leader of the Civic Democrats, initially formed a center-right govt, but it was toppled in a vote of confidence in October. The intense confrontation between the Civic Democrats and the Social Democrats, exacerbated by personal animosities between the party leaders, precluded a "grand coalition" govt consisting of the two parties. After more than six months without a functioning govt, Topolaneck formed a new center-right govt in Jan 2007, thanks to the absence of two renegade Social Democrats when the vote was taken in parliament to approve the govt. (The renegades did not promise consistent support for the new govt, however.) The govt consisted of Topolaneck's Civic Union, the Greens and the Christian Democratic Union-Czechoslovak People's Party. Though the economy was growing at about 4% a year, it faced serious problems stemming from a prospective rise in pension obligations, public services need to be reformed, and budget deficits exceeding 4% of GDP will delay adoption of the euro. Topolaneck, a former businessman, also faced opposition within his own party; his opponents include Klaus's faction.

In Feb 2008 Pres Klaus was reelected by the 281-seat parliament with 141 votes over Jan Svejnar (Independent). In the first round of voting, Klaus had fallen one vote short of the 140 votes needed to win.

In 1997 the EU agreed to include the C.R. in its first wave of new applicants. In a referendum held in June 2003, 77.3% voted in favor of joining the EU, but turnout was only 55.2% of the eligible electorate. The C.R. joined the EU in 2004, having already joined NATO in 1999. The C.R. did not hold a parliamentary vote on the EU Constitutional Treaty after its compatibility with the CR's constitution was challenged in the country's constitutional court. At the EU summit in June 2008, CR leaders declined to

pledge support for the Lisbon Treaty: PM Topolánek said that he would not force the parliament to vote for the Treaty. Pres Klaus, a euroskeptic, emphatically opposed the Lisbon Treaty, calling it "dead." Klaus refused to fly the EU flag on public buildings, earning a rebuke by French Pres. Sarkozy. But Topolánek favored ratification. Control of both houses of the legislature by the Civic Democratic Party (ODS), the party of Klaus and Topolánek, effectively blocked ratification until elections to the Senate (upper house) in Oct 2008 saw the ODS lose 6 seats. In Nov the Constitutional Court ruled that the Lisbon Treaty was compatible with the constitution, removing a legal hurdle to ratification. In Dec the confrontation between Klaus and Topolánek came to a head as an ODS leadership election was held to select Klaus's successor as party chairman. Klaus supported Topolánek's opponent, openly challenging the party's official position in favor of the Lisbon Treaty. Topolánek won the contest and Klaus resigned from the party. In Jan 2009 the Czech Rep. assumed the EU presidency as the only EU country that had not yet voted on the Lisbon Treaty. The Chamber of Deputies ratified the Lisbon Treaty in Feb 2009. In March the Topolánek govt lost a confidence vote in the lower house and collapsed. A govt of technocrats (i.e., politically neutral experts) was quickly established under PM Jan Fischer, an independent who had previously headed the country's Statistical Office. In May the Senate ratified the Lisbon Treaty, but Pres. Klaus refused to sign it into law until after the Irish re-vote on the Treaty on 2 October. After the Irish approved the treaty, Klaus reluctantly signed off on 3 Nov. Pres. Obama visited Prague in April 2009 and affirmed his support for a missile shield radar base in the CR, as originally proposed by the Bush administration and strongly favored by Pres. Klaus.

After prolonged wrangling, the parties agreed to hold elections in May 2010, as originally scheduled. Topolánek resigned as leader of the Civic Democrats prior to the vote and was succeeded by Petr Nečas, a former deputy PM. The Social Democrats polled the most votes but lost 18 seats. The Civic Democrats lost 28 seats but ended up with more seats (81) than the Social Democrats (74). Nečas then formed a center-right coalition govt with two new conservative parties, Tradition Responsibility Prosperity 09 (TOP 09), which won 41 seats, and Public Affairs (24). The parties agreed to cut spending. Nečas was sworn in as PM on 28 June. In Oct 2010, elections were held for one-third of the 81 seats in the Senate (the upper house). The center-left Social Democratic Party was the victor: it won 12 out of the 27 seats up for grabs, giving it a total of 41 seats. The party favors delaying the center-right govt's austerity measures and opposes the expansion of Czech troops in Afghanistan. The Civic Democrats – the party of Pres. Klaus and PM Nečas – lost 11 seats, and TOP lost 5 seats. Although the Senate election reflected anti-govt public sentiment, it had no bearing on the govt, which is formed by the lower house.

Legislative elections are set to take place in Oct 2012.s

DENMARK A constitutional monarchy, the Kingdom of D. boasts Europe's oldest line of monarchs. Queen Margrethe II has been head of state since 1972. Its population of 5.58 million (2012) has turned out to be fiercely independent when it comes to defending national sovereignty against EU encroachments. D. was a charter member of the European Free Trade Association in 1959/60. It did not join the European Community until Jan 1973 (along with the UK and Ireland). D.'s constitution requires EU treaties to be approved by the voters in referendums. (Ireland has a similar provision.) In June 1992 a majority voted against ratification of the Maastricht Treaty, the treaty that transformed the European Community into the European Union and that laid the groundwork for the euro. The vote dealt an embarrassing blow to the Danish govt. Only after the treaty was renegotiated to allow D. to opt out of its provisions concerning European citizenship, joint police forces, judicial cooperation and a common defense policy did it win approval in a second referendum, held in May 1993. In Sept 2000 the Danes struck another blow at supranationalism, rejecting the adoption of the euro. This time the majority not only ignored the advice of the govt; their "no" vote also defied the pro-euro recommendations of the country's leading opposition parties, business firms, trade unions and economists. What accounts for these anti-EU sentiments? Many Danes feel threatened by the dominance of the larger countries in the EU. Some believe that the EU's attempts to pressure Austria into changing its govt when Haider's Freedom Party joined

it constituted an unacceptable level of interference in a sovereign country's domestic affairs. Many Danes feel that adopting the euro might compel them to adopt stringent budgetary measures that may compromise their popular welfare system. Danes pay as much as 70% of their income on taxes in order to pay for their cherished welfare benefits. Nevertheless, the krone is pegged to the euro, and in 2003-04 it experienced problems associated with the euro's rising value against the dollar. Widespread pacifism promotes opposition to the EU's attempts to develop common security initiatives. As a consequence, D. has opted out of the emerging European Security and Defense Policy. When D. held the EU presidency in the second half of 2002, it delegated its responsibility for chairing discussions relating to ESDP to Greece, the next EU president. (D. remains in NATO, however.)

The primary issue dividing the main parties in the Nov 2001 snap elections to the Folketing, D.'s 179-seat unicameral legislature, centered on immigration. (In 1990, only 4% of Danish voters considered immigration a problem; by 2001, the figure was 20%.) For the first time in more than 80 years, the center-right Liberal Party, which campaigned on the need for tighter restrictions on immigration, won more votes than the center-left Social Democrats, whose government had recently enacted some controls on immigrants but who were reluctant to take still tougher measures. The Liberals formed a minority coalition govt with the like-minded Conservative People's Party and quickly adopted the new immigration control legislation under PM Anders Fogh Rasmussen. (He is not to be confused with Poul Nyrup Rasmussen, the outgoing Social Democratic PM.) The new govt soon claimed that D. had the tightest immigration restrictions in the EU. But some voters wanted even more radical measures against immigration and the EU. The extreme right-wing Danish People's Party (DPP), led by the ultranationalist Pia Kjaersgaard, almost doubled its 1998 score and won 12% of the vote in 2001, gaining an equivalent share of seats in parliament. The DPP feared that D. would lose its identity unless the govt opposed immigration and EU supranationalism more vigorously than the mainstream parties were prepared to do. In 2004, Rasmussen's govt cut a deal with the DPP and imposed even tougher immigration restrictions, provoking criticism by the UN High Commissioner for Refugees and the Council of Europe. Though not part of the coalition govt, the DPP supported the minority govt with its votes in the legislature, forming a "parliamentary alliance" with the govt. PM Rasmussen's popularity declined after he sent troops to Iraq in support of the US. He was accused of concealing intelligence information indicating no evidence of weapons of mass destruction in Iraq prior to the invasion. (D. had about 550 troops in Iraq in 2004 and 2005.) Despite these problems, Rasmussen led the Liberal Party to another victory in parliamentary elections held in February 2005. Although the Liberals fell from 56 seats to 52, their arch-rivals, the Social Democrats, fell from 52 seats to 47. Rasmussen's coalition partners, the Conservative People's Party, gained 2 seats. Kjaersgaard -- who was openly critical of Islam -- led her Danish People's Party to another triumph as D.'s third largest party. The DPP raised its share from 22 seats to 24 and was ready to support the govt with its parliamentary votes once again. Most voters believed that Rasmussen had kept his promises to cut taxes and impose a tax cap, fire bureaucrats, slash foreign aid, crack down on crime, keep unemployment low and reduce immigration (asylum applications fell 71% from 2001 to 2002). They also felt assured that Rasmussen -- despite his center-right orientation -- would not dismantle the main benefits of their welfare state. (His govt had lengthened maternity leave and reduced hospital waiting lists.) He was also credited with doing a good job managing Denmark's EU presidency in 2002. In 2005 a Danish newspaper published political cartoons that mocked Muhammad. Rasmussen refused to meet with the ambassadors of Muslim-majority countries to discuss the cartoons and stated that he could not offer an apology on the newspaper's behalf, citing freedom of the press. When the cartoons were reprinted in other European newspapers, demonstrations and riots took place throughout the Muslim world in early 2006. Libya and Saudi Arabia recalled their envoys, Danish embassies in Muslim countries were attacked, and Muslims around the world boycotted Danish goods. A binding referendum on the EU Constitution, set for Sept 2005, was postponed after French and Dutch voters rejected it.

In Oct 2007 Rasmussen called snap parliamentary elections, which were held in Nov (the elections did not have to be held until Feb 2009). His motive was to win a new majority for welfare reforms and other policies. Rasmussen's Liberal Party won 46 seats (a loss of 6), and his govt coalition partners, the Conservatives, retained their 18 seats. This center-right coalition, a minority govt, retained the votes in

parliament of the right-wing Danish People's Party under Kjaersgaard, which won 25 seats (a gain of 1 seat). With the addition of another critical vote in the 179-seat legislature, Rasmussen's center-right Liberal-Conservative govt narrowly secured its reelection: together the two governing parties and their parliamentary allies had 90 seats. Rasmussen remained PM. Den's parliament ratified the Lisbon Treaty in May 2008. In April 2009 Anders Fogh Rasmussen stepped down as PM after being named Secretary General of NATO. His successor was Lars Løkke Rasmussen, the acting leader of the center-right Liberal Party and a cabinet minister since 2001. Thus Denmark had three successive prime ministers named Rasmussen, all unrelated.

Elections to the 179-seat Folketing took place on 15 September 2011. PM Rasmussen's Liberal Party emerged as the largest, with 47 seats (+1). But the Conservative People's Party (the Liberals' coalition partner) lost 10 seats, while three center-left opposition parties together won 43% of the seats. In early October **Helle Thorning-Schmidt**, the leader of the Social Democratic Party (44 seats; -1) became D.'s first female PM upon forming a center-left minority government that included the Social Democrats, the Social Liberal Party (17, +8) and the Socialist People's Party (a green party; 16, -7). The govt formed a parliamentary alliance with the Red-Green Alliance. As a consequence, it could count on 89 votes out of 175 in the legislature. The far-right, anti-immigrant Danish People's Party got 12.3% of the popular vote (down from 13.9% in 2007) and lost 3 seats (22). Despite a relatively low unemployment rate of 6.2% (the EU average was 11.1% in 2012), the govt saw its popularity dwindle owing to low growth (0.4%) and cuts in social welfare benefits in order to reduce the budget deficit to 1.8%. In June 2012 the govt made a deal with the center-right on tax reform. The deal prompted the Red-Green Alliance to withdraw its support for the govt in parliament. As a result, snap elections may be called later in the year.

D.'s parliament ratified the Lisbon treaty in April 2008. D. assumed the 6-month EU Council presidency in Jan 2012. Though it is not a eurozone country, it placed the economic crisis at the top of its agenda, along with negotiations on the EU's long-term budget for 2014-20. D. wants to end the UK CAP rebate and breaks for other rich countries; failing that, it wants its own rebate. D. promised an austere presidency, allotting only €35 million to it (compared to €171 million spent by France, €115 million by Poland and €70-75 million by Hungary).

ESTONIA The Republic of E.'s population of 1.29 million (2012) is 68.6% Estonian, 25.7% Russian, 2.1% Ukrainian. One of the three Baltic states (with Latvia and Lithuania), E. was an independent country between 1920 and WWII. In accordance with the Nazi-Soviet Pact of Aug 1939, Hitler's Germany allowed the USSR to take the Baltic states after Germany's invasion of Poland in September. The Germans retook the three states in 1941, but were driven out by the USSR in 1944. Stalin's govt incorporated all three Baltic states into the USSR and resumed its earlier efforts to impose communism with brutal methods; 10% of the population was deported or incarcerated. During the Soviet period, large numbers of ethnic Russians moved to Estonia to work or serve in the military. Many stayed because of its relatively high standard of living, but most Russians never learned Estonian. Gorbachev's democratization reforms awakened long-dormant national sentiments among the Estonians, who boldly held free elections in March 1990. When the new govt announced plans to secede from the USSR -- a move supported even by many Estonian Communist Party officials -- Gorbachev imposed economic sanctions and sent in troops in Jan 1991. After the attempt by Soviet hardliners to oust Gorbachev in a coup failed in the summer of 1991, the entire Soviet system was shaken. In Sept 1991, Gorbachev's weakened Soviet govt recognized E.'s independence. As the USSR disintegrated in Dec 1991, E. refused to participate in the newly created Commonwealth of Independent States (CIS), the loose organization of former Soviet republics that replaced the Soviet Union. (Lithuania and Latvia have also refused to join the CIS.) New pro-democracy parties of the center-right, center-left and center sprang into existence and fresh elections were held in 1992. A center-right govt was formed out of a divided parliament, but it quickly got down to the business of building democratic institutions and reforming the economy. Privatization took place rapidly and economic progress was evident, but the elderly and the rural population were hit hard. E. has a parliamentary system. Over the course of the 1990s, a succession of center-right, center-left and leftist coalition govts alternated in power. Even the former Communists, reorganized as the pro-democracy Coalition Party, headed a govt. All these govts were determined to qualify E. for eventual membership in the EU.

The country's chief political problem has been its large Russian minority (28.1%) Laws enacted in 1992 conferred Estonian citizenship only on those who were already Estonian citizens in 1940 and on their descendants. These measures effectively denied citizenship rights to the ethnic Russians. Russian President Boris Yeltsin exerted continual pressure on E. to accord equal rights to the Russians living there, occasionally hinting at military action. (Soviet-era troops were still present in E.) The U.S. and the EU also urged E. to amend its citizenship laws. The laws were altered in 1994 to permit Russians to qualify for Estonian citizenship; subsequently Russia removed its remaining forces. Additional reforms to the citizenship laws in 2001 eased language requirements for people running for national or local office, thus permitting the use of Russian. Noncitizens may vote in local elections but not in national elections. Today about 1 million are registered as Estonian citizens; more than 100,000 have obtained citizenship since 1992.

Estonia's largely ceremonial president is elected to a 5-year term by a two-thirds vote of its 101-seat unicameral parliament, the State Council (Riigikogu). When the parliament failed to elect a successor to Pres. Lennart Meri in 2001, a special Electors' Assembly was convened. It elected Arnold Ruutel, a former pro-independence Communist Party official now on the center-left, as president in October. During his presidency, the center-left Ruutel sought to mitigate the harsh effects of rapid economic change on the less well off; he was broadly popular. But public misstatements, attributable perhaps to his age (he was 78 when his term ended), made him vulnerable when he ran for reelection in 2006. Ruutel insisted on being reelected by the Electors' Assembly; his supporters in the Center Party and the People's Union therefore boycotted the parliamentary vote, shifting the election to the Assembly. But Ruutel was defeated by Toomas Hendrik Ilves, who was backed by the Reform Party, the Social Democrats, and the Pro Patria Union. Pres. Ilves pledged to align E. with centrist parties in the EU.

At the start of 2002, frictions between the governing coalition parties resulting in a new govt under PM Siim Kallas, an economic conservative, whose Reform Party formed a centrist coalition govt with the Center Party, led by Edgar Savisaar, the mayor of Tallinn and former central bank chief. Parliamentary elections held on 2 March 2003 unseated this govt. In a surprise result, the newly formed center-right Res

Publica party, led by Juhan Parts, pulled even with the Center Party; each won 28 seats. The Center and Reform parties had assumed that widespread dissatisfaction with E.'s transformation from a Soviet-style welfare state to a capitalist economy would return them to power, but Parts welded together a new govt under his center-right party and became PM in April 2003. The ruling center-right parties fell behind a center-left opposition party in the June 2004 elections to the European Parliament. In 2005 Parts resigned after his justice minister lost a vote of confidence in parliament. His successor as PM was **Andrus Ansip** of the centrist-liberal Reform Party. Ansip and his party formed a new center-left/center-right coalition govt with the Center Party (a socially liberal party) and the rural-oriented Peoples Party.

In the parliamentary elections of March 2007, Ansip's centrist-liberal Reform Party won 27% of the vote and raised its representation from 19 to 31 seats. The popular Ansip thereupon formed a kind of "grand coalition" consisting of his own party (the center-right Estonian Reform Party), the center-right Union of Pro Patria and Res Publica (IRL), and the center-left Social Democratic Party. E.'s 2007 elections were the world's first national elections to feature Internet voting; more than 30,000 voters (3.4%) voted on line. In May 2009 the Social Democrats withdrew from the coalition govt., leaving a center-right govt in power.

Parliamentary elections held on 6 March 2011 (with e-voting taking place from 24 Feb to 2 March) resulted in the reelection of the incumbent center-right coalition govt of the Estonian Reform Party and IRL (the Union of Pro Patria and Res Publica). Both parties gained seats, ending up with 33 and 23, respectively. The Social Democrats also gained seats, while the slightly center-left Center Party lost seats. Ansip remained prime minister. On 29 Aug 2011 Pres. Ilves, a Social Democrat, was reelected to the ceremonial presidency on the first ballot, winning 73 out of 101 votes in the unicameral legislature.

In 1997, the EU invited E. to start talks on accession. (The other two Baltic states were not invited to start talks until 1999.) At the Copenhagen EU summit in Dec 2002, E. was invited to join the EU in 2004. In its referendum on EU membership on 14 Sept 2003, two-thirds of the voters approved accession.; turnout was 64%. E. formally joined both the EU and NATO in 2004. In 2004, former PM Kallas became E.'s member on the EU Commission. The Estonian parliament ratified the Lisbon Treaty in June 2008. Although E.'s growth rate of 7.9% in 2007 secured its reputation as 'the Baltic tiger,' the global economic crisis combined with domestic problems to reduce GDP growth to near zero in 2009 and 2010. Inflation in 2009 topped 10%. Nevertheless, in 2009 E.'s budget deficit was only 1.7% of GDP, one of the lowest in the EU; its debt-to-GDP ratio of 7.2%, was by far the lowest in the EU. Consequently, on 1 Jan 2011, E. became the 17th EU member state to adopt the euro (though it is the poorest member of the eurozone).

FINLAND The Republic of F.'s population is 5.4 million (2012) is 93% Finnish and 6% Swedish, with Lapp and Gypsy minorities. Recent immigrants from the Middle East and elsewhere have raised concerns. Between 1809 and 1917 it was a Grand Duchy in the Russian Empire, with autonomy. In 1907 F. became the world's first modern democracy with the introduction of universal suffrage, proportional representation, equal rights for women and other reforms; 16 women were elected to the unicameral legislature that year. F. achieved its independence after the communist takeover of Russia and a local civil war, but in 1939 it was attacked by the Soviet Union and forced to yield territory. The USSR and Germany fought for control over F. during WWII, devastating the country. The USSR imposed a costly armistice on F. in 1944, taking more of its territory. Throughout the Cold War, the Soviets allowed F. to have a western-style democracy and economic system, but compelled it to remain neutral. F. became an associate member of the European Free Trade Association (EFTA) – the British-led alternative to the EC – in 1961, and a full member in 1985. The EU accepted F. as a full member in 1995. F. belongs to NATO's Partnership for Peace, but the majority of Finns do not want F. to become a full NATO member, preferring instead to remain neutral so as not to antagonize Russia.

The president (head of state) is elected by the voters to a 6-year term. The presidency used to have extensive decision-making powers, but in 2000 the office was reduced to a largely ceremonial presidency. Further curtailments of presidential power were enacted in 2011. The president remains Commander-in-Chief but shares foreign policy formulation with the cabinet and retains little domestic authority. The prime minister (head of govt) and cabinet have the main executive powers; they are responsible to the unicameral legislature. The prime minister is mainly responsible for EU affairs, though some constitutional controversies remain on this matter. In 2000, Tarja Halonen was elected F.'s first woman president. A radical leftist in her younger years, Halonen is a center-left Social Democrat who opposed NATO membership (in part because it would expose F. to terrorism and in part out of pacifism), but favors retaining the president's foreign policy powers. Her competence, down-to-earth manner and independence (she married her common law partner only after being elected president) won her broad popularity: she had an 88% approval rating at the end of 2003 and 74% at the start of 2006. In 2006 Halonen won reelection in the second round of voting, winning 51.8% of the popular vote. She won notoriety in F. and the U.S. for her uncanny resemblance to Conan O'Brien, who visited her and appeared in mock campaign ads.

In elections to the 200-seat unicameral parliament, the Eduskunta, held on 16 March 2003, the opposition Center Party, a largely rural-based party led by Anneli Jäätteenmaki, won 55 seats (a gain of 8 seats), narrowly outdistancing Prime Minister Paavo Tapio Lipponen's Social Democrats, who held steady at 53 seats. The anti-immigrant True Finns Party won 3 seats. Jäätteenmaki became F.'s first female PM in April after forming a center-left coalition govt with the Social Democrats and the small Swedish People's Party (8 seats). Shockingly, Jäätteenmaki was forced to resign after only two months in office owing to a scandal that became known as "Iraqgate." During the election campaign, Jäätteenmaki used information from leaked memos to attack PM Lipponen for going too far in supporting Pres. Bush's Iraq policies. Lipponen insisted that the memos on his meeting with Bush were state secrets and claimed that Jäätteenmaki had distorted his stance. Initially Jäätteenmaki claimed that she had not seen the memos but had only been informed of their contents, but she later informed the parliament that she had made "elusive statements" that resulted in an "incoherent picture" of the matter. She asserted that she had not requested the documents but had received them by surprise. (The alleged source of the leaks, an aide to Pres. Halonen, denied this claim.) The PM's Social Democratic coalition partners were not satisfied by her statement and insisted on her resignation. On 24 June, Matti Vanhanen, the vice-chairman of the Center Party, was named PM. A low-key Center Party professional, Vanhanen had little governmental experience but served as F.'s representative to the EU Convention. In affirming his commitment to the 3-party center-left coalition govt, he pledged to repair the damage caused by Iraqgate.

In the parliamentary elections of 2007 – held on the 100th anniversary of the historic 1907 elections – PM Vanhanen's Center Party and its coalition partners, the Social Democrats, lost seats. The Social Democrats were stung by strong reactions against their negative campaign commercials that bashed

capitalism and the conservatives. The labor-oriented parties in general had their worst showing in 100 years. The main center-right party, the National Coalition, won a major victory, winning 25% of the seats (a gain of 10 seats) after campaigning in favor of income tax reduction. Vanhanen formed a new center-right "blue-green" coalition government consisting of his Center Party and the National Coalition (the blue parties), plus the Greens and the Swedish People's Party (the green parties). Together the governing parties control 62.5% of the seats. The True Finns party – a populist party that combined leftist, pro-welfare state economic policies with right-wing anti-immigrant nationalism – won 5 seats, a gain of 2 seats. Women raised their representation from 75 to 84 seats (42% of the total). F.'s high-growth economy is expected to provide additional funding for welfare spending. In June 2010, PM Vanhanen resigned as the leader of the Center Party and as PM. The Center Party elected Mari Kiviniemi as its new leader. In the same month she was elected PM in parliament by a wide majority and took charge of the 4-party center-right govt.

Parliamentary elections were held in April 2011 in an atmosphere of considerable controversy. Anti-incumbent sentiment had been rising since 2009, when it was revealed that numerous members of the parliament had violated campaign financing laws. Opposition to the govt swelled on the eve of the elections as 60% of Finns opposed Finnish participation in an EU bailout for Portugal. Portugal had applied for EU assistance just as advance voting started in Finland. All four govt coalition parties favored the bailout, but the four main opposition parties opposed it. Timo Soini, the leader of the far-right True Finns, emerged as the bailout's most vocal opponent. The populist, anti-immigrant True Finns also opposed F.'s adoption of the euro as well as govt proposals for a new constitution that would affirm F.'s membership in the European Union. In addition, they favored reducing social welfare benefits for immigrants. The final results were a disaster for PM Kiviniemi's Center Party, which lost 16 seats and moved into the opposition. The Center Party's coalition partner, the center-right National Coalition, lost 6 seats but emerged as the largest party in the parliament (44 seats). Finishing second was the center-left (and pro-EU) Social Democratic Party, with 42 seats (a loss of 3). Astonishingly, the True Finns finished third with 39 seats, a gain of 34 seats and nearly 450,000 new voters. Soini won the most individual votes of any candidate. The Left Alliance won 14 seats; the Green League 10; the Swedish People's Party 9 and the Christian Democrats 10. **Jyrki Katainen**, the leader of the National Coalition Party and finance minister in the out-going government, was asked by Pres. Halonen to try to form a govt. The True Finns refused to join any govt that favored the Portuguese bailout. Katainen's efforts to form a 6-party center-right/center-left govt initially failed due to differences over economic policies, but he did not wish to form a minority govt. His second attempt succeeded, and the 6-party mixed coalition govt was formed. It included two center-right parties (the National Coalition Party and the Christian Democrats); three center-left parties (the Social Democrats, the Left Alliance and the Green League), and the Swedish People's Party, which is mainly concerned with F.'s Swedish minority. Parliament elected Katainen prime minister on 22 June. Polls taken later in 2010 suggested that the True Finns were the most popular party in the country, supported by about 22% of the voters. A poll taken by F.'s leading newspaper revealed that two-thirds of Finns see F. as a racist country, with negative attitudes directed at Somalians, Muslims and Roma. Nevertheless, despite having to contribute €12.6 billion to the EU's bailout funds, most Finns still favor the euro. F. is currently one of only four eurozone countries with an AAA credit rating.

Two rounds of popular elections to the ceremonial presidency were held in Jan 2012. (Pres. Halonen had served the maximum of two terms.) Eight parties fielded candidates in the first round; no one got a majority. In the second round, Sauli Niinistö of the center-right National Coalition Party (PM Katainen's party) was elected president with 62.6% of the vote. He defeated Pekka Havisto of the Green Party (37.4%).

The parliament ratified the Lisbon Treaty in June 2008. F. held the EU Council presidency in the second half of 2006, with a focus on enlargement, energy policy, competition policy, climate change, the Middle East and cooperation between the EU and Russia. F. is not a member of NATO.

FRANCE The French Republic's population of 65.35 million (2012) is mostly Celtic-Latin in origin; there are N. African, Indochinese, Basque and Slavic minorities, among others. About 90% are Roman Catholic, 7.5% Muslim (mostly North Africans who have streamed in since the 1960s), 2% Protestant, 1% Jewish. The number of Muslims in France today is estimated at 5 to 6 million. (French law forbids the publication of official population statistics based on religion.) France was a charter member of NATO (1949), of the European Coal and Steel Community (1952) and of the EU's precursor, the European Economic Community (1957/58). In the Suez crisis of 1956, France joined with Britain and Israel in attacking Egypt following the Nasser govt's nationalization of the Suez Canal. The Eisenhower administration's strong objections to the operation forced the British and French to withdraw their troops, a humiliation that is still remembered in London and Paris. (Germany's chancellor, Konrad Adenauer, told the French prime minister, "Europe will be your revenge.") Under President Charles de Gaulle (1958-69), an outspoken French nationalist, F. pulled out of NATO's unified military command but remained in the North Atlantic Council and various other NATO organs. De Gaulle twice vetoed Britain's entry into the EEC and insisted on preserving as much national sovereignty as possible, advocating a loose "Europe of states" as opposed to a federal Europe with greater supranational decision making. This vision clashed directly with the supranationalist views of another prominent Frenchman, Jean Monnet, the founding father of European integration. De Gaulle's successors departed from his legacy somewhat by promoting a larger and more active European entity, one with considerably more supranationalism than de Gaulle would have tolerated. At the same time, they have derived substantial gains for F. through the Common Agricultural Policy and other European programs, while retaining national sovereignty in a variety of areas. De Gaulle's 1963 treaty of cooperation with the Federal Republic of Germany failed in its objective to lure the FRG away from U.S. influence, but it established a precedent for close Franco-German cooperation in European affairs. French presidents of both the center-right, such as Georges Pompidou (1969-74), Valery Giscard d'Estaing (1974-81) and Jacques Chirac (1995-2007), and the center-left (Francois Mitterrand, 1981-95) worked with a succession of German leaders to make the Franco-German partnership the motor force in the development of European integration. Mitterrand cooperated with German Chancellor Helmut Kohl to bring about the Maastricht Treaty (1992), which laid the foundations for the euro. By a vote of 51% to 49%, French voters narrowly approved the Maastricht Treaty in a non-binding referendum in Sept 1992.

Cooperation between French forces and NATO gradually increased after de Gaulle's presidency. After the end of the Cold War, F. sought to forge a European security policy based on military forces that would be at the EU's disposal and separate from NATO. But opposition to the idea from most other EU countries compelled F. to accept a European defense identity *within* NATO, with the EU acting independently of NATO only when the U.S. does not wish to engage its military forces. French forces have participated in "peacemaking" (i.e., war fighting) in Bosnia, Kosovo and Afghanistan, as well as in post-war "peacekeeping" activities. After Sept 11, 2001, F. joined with the other NATO allies of the U.S. in invoking Article 5 of the NATO treaty. (Art. 5 stipulates that an attack on any NATO member shall be regarded as an attack upon all.) In April 2009 France under Pres. Nicolas Sarkozy rejoined NATO's unified command. F. has engaged its forces in rescue and humanitarian missions in Africa (e.g., in the Côte d'Ivoire), and it is actively engaged in anti-terrorism activities at home.

F.'s political landscape has undergone significant changes since Chirac's first election as president in 1995. A former junior cabinet official under de Gaulle, Chirac is the chief heir to de Gaulle's legacy and the head of the large center-right neo-Gaullist party (which has undergone several name changes). When first elected to F.'s politically powerful presidency, Chirac inherited a large center-right parliamentary majority dominated by his own party. He appointed Alain Juppé as PM, an aloof conservative who announced a program of cuts in the growth of welfare spending in an effort to bring F.'s budget deficit down to the levels required for the euro. Juppé's proposals triggered a wave of demonstrations and strikes that forced him to backtrack. Concerned about his party's declining popularity, Chirac called snap legislative elections in 1997, one year ahead of schedule, in hopes of preserving a favorable majority in the National Assembly. But the Socialist Party headed by Lionel Jospin, Mitterrand's successor as party leader, won a surprise victory.

Chirac was forced to appoint Jospin as the new PM, ushering in a new period of "cohabitation" (which occurs when the president belongs to one political orientation and the PM belongs to the opposing side). The French constitution requires the president and PM to share power. Chirac and Jospin managed to get along reasonably well, despite their differences. They agreed on the use of force in Kosovo and Afghanistan, and Jospin pursued the privatization of a number of F. state-owned companies -- a policy Chirac endorsed -- even more vigorously than previous conservative govts. Chirac opposed the Jospin govt's bill establishing a 35-hour work week for most of the country's employees, who were to be paid for 40 hours, but he lacked the authority to block the measure.

The tables turned in the spring of 2002, when Chirac's 7-year first term expired. (Starting in 2002, the presidential term was reduced to 5 years.) In a stunning upset in the first round of voting in April, Jospin won only 16.2% of the vote, finishing in third place behind Chirac (19.9%) and the arch right-wing National Front leader, Jean-Marie Le Pen (16.9%). A combination of other left-wing candidates, including a Communist and three Trotskyites, among others, received more than 26% of the vote. Thus the Socialist Party standard bearer was knocked out of the decisive second round, which is a runoff between the top two first-round finishers. Mortified, Jospin promptly retired from political life. Le Pen has for decades been F.'s most outspoken anti-immigrant and anti-EU tribune; in previous years he had called for the deportation of virtually all non-European immigrants from F. (though he backed off from this position in 2002). Chirac easily triumphed over Le Pen in round two, capturing 82.2% of the vote. Le Pen's share of 17.8% represented 5.6 million voters. Turnout reached an all-time low in both rounds, and a majority of French people felt disgraced at Le Pen's showing. Leftist voters -- approximately half the electorate -- felt effectively disenfranchised in the second round and voted for Chirac only as the lesser of two evils. In June, F. held two rounds of voting for the lower house, the National Assembly. Chirac reorganized his supporters into a new party, the Union for the Presidential Majority. (In November 2002 the name was changed to the Union for a Popular Movement.) Campaigning against a return of cohabitation, Chirac's followers won a decisive victory, garnering 69% of the seats. The rudderless Socialists under interim chief Francois Hollande were routed, as were the Communists and the Greens. Several important cabinet ministers in Jospin's govt lost their parliamentary seats. Chirac capitalized on his party's victory by appointing Jean-Pierre Raffarin as PM. Raffarin was a Chirac party loyalist from the provinces who was not very well known in the Paris political establishment.

Buoyed by his triumphs at home, Chirac defied the EU Commission and the European Central Bank in 2002 by refusing to bring F.'s budget deficit into line with the requirements of the EU's Economic and Monetary Union, which is the basis of the euro. The Commission threatened to impose hefty fines on F., but Chirac remained unfazed. In early 2003 the EU Commission warned F. and Germany to reduce their deficits, but no fines were imposed. Chirac got German Chancellor Gerhard Schroeder to agree in October to postpone any reform of the Common Agricultural Policy (CAP) until 2006. F. is the CAP's main beneficiary, while Germany provides the largest share of its funding. A compromise deal on CAP reform was negotiated in the summer of 2003, resulting in a partial "decoupling" of EU subsidies to farmers and farm productivity. Chirac won concessions for French beef and cereal producers, along with other compromises by countries in favor of more extensive decoupling. F. and Germany also came out against beginning accession talks with Turkey at this time. F. applied considerable pressure on the Bush administration to get a UN Security Council resolution on the resumption of weapons inspections in Iraq before going to war. After several weeks of negotiations, the U.S. and F. came to terms on the resolution's wording; the resolution passed in the UN Security Council in Nov 2002. But Chirac wanted a second UN resolution before going to war. At a special meeting of the European Council on 17 February 2003, Chirac reaffirmed his opposition to war and roundly criticized the incoming EU members from Central and Eastern Europe for backing the United States, asserting that they should have "shut up." He also threatened to veto their admission into the EU. A compromise statement was issued that included wording that reflected Chirac's (and Schroeder's) anti-war position as well as the British-led pro-war position. Joining with Schroeder and Russia's President Putin in opposing the Bush war policy, Chirac stated that his aim was "to create a multipolar world" in which "the EU becomes a major pole of the global balance." Chirac applauded

Saddam Hussein's capture in Dec 2003, but at the June 2004 NATO summit he reiterated his opposition to sending French troops to Iraq, once again opposing a joint NATO military operation there.

In Dec 2003, Chirac accepted the recommendations of an advisory panel and called for a ban on the wearing of Muslim headscarves, yarmulkes and large crosses in F.'s public grade schools and high schools. (Discretely worn religious jewelry would be permitted.) He justified his action as a defense of French secularism. The measures passed both houses of parliament by wide margins in 2004. The Muslim community was divided in its reactions, with some voicing opposition to the ban and others calling for Muslim understanding of French traditions.

Chirac's popularity declined in 2004. In Jan, Juppé was convicted of engaging in corruption during his years as an official in Paris when Chirac was mayor. Barred for running for office for 10 years, Juppé stepped down as chief of the UMP. In March, the Socialists staged a rebound in regional elections, winning control of 20 out of 22 regional governments. Chirac then reshuffled his cabinet: Raffarin remained as PM, but Michel Barnier replaced Dominique de Villepin as foreign minister, and Nicolas Sarkozy – the UMP's rising star – was moved from interior minister to finance minister. Sarkozy, whose father emigrated from Hungary and whose French mother has Jewish roots, favored market mechanisms and the privatization of several F. state-owned companies, but he avoided the hard-charging approach to liberalization that got Juppé into political trouble in the 1990s. Upon taking office, Sarkozy sponsored legislation making F.'s main electric utility company a state-owned institution, thereby depriving the company's Communist-dominated trade union of its previous influence in co-managing the utility. In Nov 2004, Sarkozy was overwhelmingly elected to the presidency of the UMP, thereby positioning himself to run for the presidency in 2007. Chirac required Sarkozy to resign from the cabinet on becoming UMP chief. Raffarin's popularity also declined. Although he secured the passage of legislation reforming health care insurance and the civil service, these and other reforms were unpopular. Raffarin's approval rating fell from 64% in 2002 to 26% in 2004, but he survived a vote of confidence in the National Assembly. By the end of 2004 there were major strikes and demonstrations against his budget-cutting measures. In June 2004, Chirac's UMP suffered another blow: in elections to the European Parliament, it garnered only 16% of the vote, compared to 29% for the Socialists. (Le Pen's National Front won 10% on a platform criticizing the EU.) Chirac's influence in Europe was also waning. He failed to win approval for his preferred candidate for the Commission's new president (Belgium's Guy Verhofstadt), with opposition coming from Blair, Berlusconi and several new member states that still felt slighted by Chirac's haughty opposition to their support for the war in Iraq. Chirac also failed to get the more federalist EU Constitution that he wanted, and was forced to compromise with Britain and other members that wished to retain national controls over taxes, immigration and other hot-button issues. In a shocking rebuff to Chirac, French voters rejected the EU Constitution in the referendum held on 29 May 2005: 54.7% voted no and only 45.3% voted yes. Turnout was 69.3%. Many who voted against the Constitution were apparently voting against the Chirac govt's economic record; polls also showed that a small percentage voted to express opposition to Turkey's admission to the EU. (Chirac had promised another referendum when Turkey was ready for accession.) But most no-voters appeared to fear that the EU's economic trends threatened the French welfare state and tilted too heavily in the direction of private enterprise and competition in accordance with 'Anglo-Saxon' (US/UK) economic models. Leaders of the main parties were divided on these questions. While Chirac favored both the Constitution and Turkish membership, Sarkozy backed the former but opposed the latter. A majority of Socialist Party members voted in a party poll to support the Constitution, and party chief François Hollande also favored Turkey's eventual accession; but former Socialist PM Laurent Fabius openly opposed both the Constitution and Turkish accession. Shortly after the referendum, Chirac reshuffled the cabinet and replaced Raffarin with Dominique de Villepin as PM. Fabius and Hollande later agreed on a strongly anti-capitalist economic program.

In the fall of 2005, riots lasting several weeks occurred in largely Muslim areas around Paris and other cities following the death of two Muslim youths who were electrocuted inadvertently when they jumped onto electric power cables while fleeing police in a town outside Paris. The disturbances were largely a reaction to discrimination and the economic and social marginalization of France's Muslims, especially younger ones whose unemployment rates reach 40%. Interior Minister Sarkozy initially

denounced the rioters as “scum” and “riffraff,” and de Villepin appeared ineffective in controlling the situation. The prime minister’s hopes for a presidential bid suffered further damage in 2006 after he proposed a law that would permit employers to fire newly hired employees under the age of 26 during a 2-year probation period. The measure was aimed at encouraging businesses to hire more young people. F.’s economy continues to suffer from a chronic 10% unemployment rate (23% for those 25 and under). But millions of French citizens – especially younger ones – saw the move as a recipe for more job insecurity. A wave of protests involving as many as 15 million people rocked France for several months; the Socialists and other opposition parties opposed the plan, as did key figures in de Villepin’s own government. Humiliated, de Villepin withdrew the plan from legislative consideration in April 2006. In Jan 2007, Sarkozy won the UMP’s presidential nomination with little opposition in a ballot among party members.

The first round of the 2007 presidential elections took place on April 22. Sarkozy finished first among the 12 candidates, winning 31%. Ségolène Royal, who had won the Socialist Party’s nomination in an intra-party ballot, finished second with 26%. François Bayrou, the leader of the centrist Union for French Democracy (UDF), came in third with 19%, and Le Pen was fourth with 10%. Extreme left candidates (e.g., Communists and Trotskyites) won less than 5% each. Turnout (84.6%) was the highest since the Fifth Republic’s first popular presidential election in 1965 (84.8%). In the second-round runoff on May 6, Sarkozy defeated Royal by 53% to 47%. Sarkozy won heavily among traditional center-right voters, basing his campaign on appeals for a revision of the 35-hour law to permit more overtime work, tax cuts, reductions in the costs of the civil service, tougher sentences for criminals and an emphasis on limiting immigration to applicants qualified for work. Hinting at a closer relationship with the United States than previous French presidents favored, he announced his support for a new European constitution (with an EU foreign minister) that would be ratified by the parliament, not the population. He also confirmed his opposition to EU membership for Turkey and called for a revaluation of the euro. Royal won the center-left vote by favoring an increase in the minimum wage, generous compensation for the unemployed, a govt-funded job or training for unemployed youth, a massive increase in public housing and a life-long right to housing. She was somewhat less pro-Washington than Sarkozy,. She called for a referendum on a new EU constitution and for efforts by the EU to safeguard social welfare benefits and stimulate employment by limiting the ECB’s authority to control inflation. Bayrou refused to back either candidate: the UDF split into two new parties: the Democratic Movement (MoDem), which he headed, and the New Center, which supported Sarkozy.

The first round of the 2007 legislative elections for the National Assembly took place on June 10, followed by the second round on June 17. Sarkozy’s UMP retained a comfortable majority (54.2% of the 577 seats), though it lost 44 seats. This was the first time since 1978 that the majority party in the National Assembly retained its majority from one election to the next. The Socialists gained 46 seats (40 of them coming at the expense of UMP incumbents), ending up with 32.2% of the seats. Bayrou’s “MoDem” won only 3 seats while the pro-Sarkozy New Center came away with 22 seats, emerging as the third largest party in the Assembly. The Communists lost 6 seats and Le Pen’s National Front won no seats (as in 2002). Most voters opted for the mainstream parties; only one second-round race was a “triangular” between three candidates. Sarkozy selected François Fillon (UMP) as prime minister, and he quickly won parliamentary approval. Though UMP members got most of the cabinet positions, New Center was given three posts and Bernard Kouchner, co-founder of Doctors Without Borders and a former Socialist cabinet minister, was named minister of foreign and European affairs. In July 2008 the French parliament narrowly approved Sarkozy’s constitutional reforms, which enlarged parliamentary powers in various areas without significantly limiting presidential powers. The new law imposes a limit of two 5-year terms on the president. It also permits the president to ask parliament to decide on the admission of new EU member states without a referendum. Sarkozy played a central role in efforts by key EU states to revise the proposed Constitution in 2007, resulting in the Lisbon Treaty. In Feb 2008 the two houses of the legislature ratified the Lisbon Treaty and Sarkozy signed his assent. In June 2009 Sarkozy declared his opposition to the wearing of the body-covering burqua by Muslim women in France, describing it as a “sign of subservience ,, [and] debasement.”

In the same speech, Sarkozy admitted that the French model of social integration was producing only "inequality" and "resentment" instead of cohesion.

On 24 June 2009 Sarkozy reshuffled his cabinet. Another cabinet reshuffle came in Nov 2010: Fillon remained PM, but Kouchner and the New Center left as Sarkozy shifted the govt's orientation to the right following his earlier attempts to deport Roma immigrants from Romania and Bulgaria, a policy criticized by the EU Commission. The new govt was dominated by the UMP. In Sept 2011 the Socialist Party and its leftist allies – the Communists and the Greens – won a majority of the French Senate, F.'s upper chamber; it was the first leftist Senate majority in more than 50 years. The Senate has diminished powers and may only block or delay legislation. Half of the 348 seats were contested in this election, with a mostly rural electorate of about 72,000 voters. The results were interpreted as a blow to Sarkozy.

Pres. Sarkozy played a leading role in addressing the sovereign debt crisis afflicting Greece and other EU states, as well as in shoring up the euro, in 2010 and 2011. Though he had differences with Germany's Chancellor Angela Merkel on particulars (Sarkozy tended to favor intergovernmental agreements as opposed to more supranational authority for the Commission), the two forged a series of compromises, earning the joint moniker "Merkozy." Sarkozy's approval ratings dipped to below 30% in 2010 as the French economy soured, but rose to 34% by Nov 2011 (with 38% approving his handling of the EU economic crisis). F.'s budget deficit was 7.5% of GDP in 2009 and 7% in 2010, and its debt-to-GDP rate rose to 81.7% in 2010. Unemployment stood at 9.9% in Sept 2011, with growth expected to remain below 2%. On 13 Jan 2012, Standard & Poor's reduced F.'s AAA bond rating by one notch to AA+.

Presidential elections were scheduled to be held on 22 April and 6 May 2012, to be followed by legislative elections. Initially it was expected that Sarkozy's chief opponent would be Dominique Strauss-Kahn, the head of the IMF and the leading contender for the Socialist Party's nomination for the presidency. But after Strauss-Kahn was accused of attacking a maid in a New York City hotel, the Socialists in Oct 2011 elected veteran party leader François Hollande (Ségolène Royal's former partner) as their official candidate (though the charges against Strauss-Kahn were eventually dropped).. Hollande outpolled challenger Martine Aubry in the second round of balloting. The Socialist elections were open to anyone who paid the party 1 euro and signed a charter affirming "left-wing values"; some 2.5 million voters participated. In Dec Hollande said he would renegotiate the agreement just reached on the euro, calling for more intervention by the European Central Bank, the issuance of euro-bonds and the creation of an emergency bailout fund. Polls in Nov 2011 indicated that Hollande would get 31.5% of the vote in the first round, against 26% for Sarkozy. In the runoff, Hollande was projected to win 57%. A danger for Sarkozy was that he might not finish among the top two in round one. In Dec 2011 polls showed him only slightly ahead of Marine Le Pen, the charismatic National Front candidate, who called for F.'s withdrawal from the eurozone and tighter border controls. Sarkozy's old rival in the UMP, Dominique Villepin, announced in Dec that he would run as an independent, potentially siphoning votes away from Sarkozy.

In Dec 2011 former President Chirac was found guilty of breach of trust and misuse of public funds while serving as mayor of Paris. The 79-year-old ex-president was given a 2-year suspended sentence.

Two rounds of presidential elections were held in the spring of 2012. Ten candidates vied in the first round on 22 April. **François Hollande** represented the center-left combination of the Socialist Party and the Radical Left Party. Hollande won the parties' nomination in a two-round primary election conducted in 2011 by the two parties and open to all voters who signed a pledge affirming the parties' left-of-center values. He bested Martine Aubry in the second round. Hollande's nomination was facilitated by a scandal involving his main rival in the Socialist Party, Dominique Strauss-Kahn. Strauss-Kahn's hopes for the party's nomination collapsed after a hotel maid in New York alleged that he had raped her. He was arrested and then confined to private quarters before New York prosecutors dropped the charges and allowed Strauss-Kahn to return to France. In the first round of the presidential elections, Hollande led his nine opponents with 28.63% of the vote. He focused his campaign mainly on the economy, blaming Pres. Sarkozy for the F.'s lackluster performance and high debts. (F. had zero growth in the first half of 2012. The unemployment rate had risen from 9.1% in 2011 to 10.2% in April.)) He called for a revision of the EU bailout agreements,

which he criticized for favoring austerity over growth. Sarkozy finished a close second, winning 27.18%. Sarkozy tilted his campaign pronouncedly to the right, striking nationalist themes and calling for a 50% reduction in new legal immigrants and for stricter EU border controls than those currently observed under the Schengen Agreement. He also opposed gay marriage, which Hollande favored. Marine Le Pen of the far-right National Front came in third with 17.9%. While veering away from the rabidly chauvinist and anti-Semitic views of her father, she called for a 95% reduction in legal immigration and a “national preference” for French workers over immigrants in the job market. She also favored reinstating the death penalty and called for F.’s withdrawal from the euro. Jean-Luc Mélenchon of the Left Front (consisting mainly of the French Communist Party and the candidate’s Left Party) finished fourth with 11.1% of the vote. Mélenchon favored raising the minimum wage for workers, stiff new laws limiting executive salaries (including a 100% tax rate for incomes above €360,000), along with a “green rule” and other regulations to be imposed on private businesses. The perennial centrist candidate François Bayrou of the Democratic Movement received 9.13%. Eva Joly, the candidate representing Europe Ecology-The Greens, came next with 2.31%. Nicolas Dupont-Aignan, the candidate of Arise the Republic, won 1.79%. Defining himself as an “anti-euro souverainist” and “Gaullist,” he advocated F.’s withdrawal from the euro and from the EU. Two far-left candidates – Philippe Poutou of the NewAnticapitalist Party (Olivier Besancenot’s successor) and Nathalie Arthaud of the Trotskyite party, Workers’ Struggle (Arlette Laguiller’s successor) won 1.15% and 0.56%, respectively. Jacques Cheminade of Solidarity and Progress, a branch of the movement founded by Lyndon LaRouche, the American conspiracy theorist, finished last with 0.25%. After a nationally televised debate, Hollande beat Sarkozy in the runoff election on 6 May, 51.64% to 48.36%. Hollande assumed office as president on 15 May. It was his first national office: he had never before served in the National Assembly or the cabinet. The next day he appointed Jean-Marc Ayrault (pronounced “a ro”), the Socialist Party’s leader in the General Assembly since 1997, as prime minister. Ayrault announced his cabinet on the same day. It was a center-left coalition govt consisting of the Socialist Party (30 cabinet members), the Greens (2) and the Radical Left Party (2). Former PM Laurent Fabius, who had opposed the EU Constitutional Treaty in 2005, was named foreign minister. However, Hollande’s chief advisor on EU affairs was staunchly pro-European. Following the presidential elections a number of prominent UMP leaders criticized the party’s tilt to the right under Sarkozy. A contest for the party’s leadership and orientation appeared to be shaping up, but Jean-François Copé remained the UMP’s Secretary General, a post he acquired in 2010.

Legislative elections to the General Assembly (the lower house) soon followed the presidential elections. The first round was held on 10 June; the second round on 17 June. The final result was a large majority for the center-left parties backing Pres. Hollande and a harsh blow to the UMP. Hollande’s Socialist Party won 280 seats, a gain of 94 over the 2007 elections. The Socialists’ partners, the Radical Left Party (a center-left party despite its name), won 12 seats (+5). Together with the Europe Ecology-The Greens (17 seats) and other center-leftists supporting Hollande (22 seats), the new president’s parliamentary group held 331 out of 577 seats (57.7%), a comfortable majority. By contrast, Sarkozy’s UMP won 194 seats, a loss of 119. Smaller parties aligned with the UMP won a total of 35 seats, all of them losing seats as compared with 2007. Together the UMP and its center-right allies held 229 seats, 39.7% of the total. All but 35 electoral districts were 2-candidate races in round 2; of these 35 *triangulaires* – involving three candidates – 29 included a candidate from the National Front. But the National Front ended up with only two seats (as compared with none in 2007). Party leader Marine Le Pen lost her bid for a seat; but her niece, Marion Maréchal-Le Pen, won a seat. One additional far-right candidate also won a seat, bringing the far-right’s total to 3 seats. The far-left Left Front won 10 seats (-8). No other far-left candidates won seats. François Bayrou lost his contest against a Socialist; his Democratic Movement – which aspired to provide a centrist alternative to the UMP and the Socialists – fell from 3 seats to 2. Ségolène Royal, the 2007 Socialist presidential candidate and former partner of Hollande, lost her seat to a dissident Socialist.

Hollande got right down to business, flying to Berlin on the day after his inauguration to meet with Chancellor Merkel, who had refused to meet with him during the campaign. Though both leaders pledged Franco-German unity, clear differences were apparent. Hollande reiterated his call for a renegotiation of the

EU fiscal pact negotiated at the Dec 2011 EU summit and signed on 2 March 2012. He also favored the immediate introduction of Eurobonds to pool the debts of EU members. Merkel opposed both ideas. She also had "slightly different perceptions" from Hollande on ways to promote growth. Hollande met with all the EU leaders at a one-day mini-summit on 14 May. On 14 June Hollande met with Italian PM Mario Monti in Rome to garner support for his views. Hollande called for a "European growth pact" amounting to €120 billion. On 22 June he traveled to Rome again to meet with Monti, Merkel and Spanish PM Mariano Rajoy to discuss the upcoming EU summit; agreement was reached on the European growth pact. At the EU summit of 28-29 June, EU leaders agreed on the €120 billion European growth pact. In Aug F.'s constitutional court ruled that the EU fiscal pact did not necessitate a revision of the constitution, thus permitting the legislature to ratify it by a simple majority. Hollande favored ratification. At home, Hollande planned to reduce the deficit – 5.2% of GDP in 2011 – through tax increases and spending cuts, but resistance to more cuts was strong. He kept a campaign pledge by lowering the retirement age from 62 to 60 for certain categories of workers.

GERMANY With the liquidation of the German Democratic Republic – the former communist East Germany – in 1990, the population of the Federal Republic of Germany (FRG) rose; in 2011 it was 81.9 million. It is by far the most populous state in the EU. Approximately 92% are German; 2.4% are Turks (about 2 million), many of them the descendants of “guest workers” who arrived in the 1960s. About 6% (nearly 5 million) come from a variety of other non-German ethnic groups, many of them workers, asylum seekers and refugees from the Balkans, Eastern Europe, the former USSR and the developing world. Approximately 7.3% of the population is foreign-born. This mosaic makes G.’s population one of the most ethnically diverse in Europe. About 38% are Protestant, 34% Roman Catholic, 3.6% Muslim and about 25% are unaffiliated. Changes in G.’s citizenship laws in the late 1990s eased restrictions on the right of non-Germans to obtain citizenship. G.’s low birth rate will require it to invite 40-50,000 workers from abroad over the next decade; most will be needed in technology industries. In 2003, legislation was passed making it easier for highly skilled foreigners to work in G. with the equivalent of a U.S.-style green card. But in 2004 legislation was passed permitting qualified foreigners to move to G. only if they have already signed a job contract.

The FRG was originally constituted in 1949 and was confined to West Germany – the area occupied by U.S., British and French authorities after WWII. It was a charter member of the European Coal and Steel Community in 1952. It entered NATO in 1955 and was a charter member of the European Economic Community in 1957/58.

Ever since the founding of the FRG, the largest mainstream parties have been the center-right Christian Democrats, who are divided into the CDU (Christian Democratic Union) and the somewhat more conservative CSU (Christian Social Union), which operates only in Bavaria; the center-left Social Democratic Party of Germany (SPD); and the centrist Free Democratic Party (FDP). The center-left Green Party was established in 1979. In 1993 the Greens merged with Alliance 90, a former East German pro-democracy group. Every cabinet in the FRG’s history has been a coalition government consisting of some combination of these parties.

Decades of Cold War confrontation came to an abrupt and largely unanticipated end starting on the night of Nov 9, 1989, when East Germany’s communist authorities unexpectedly announced that the population now had the right to travel to West Berlin. The dreaded Berlin Wall, which had divided the western and communist sectors of the city since 1961, was suddenly open. Border checkpoints up and down the heavily fortified barriers separating West Germany and East Germany along their Elbe River boundary were also opened by the East German regime. Over the next few weeks, hundreds of thousands of East Germans crossed these borders into the western parts of G., many of them for the first time. The result was a political avalanche. Pent-up demands for democracy in East Germany compelled the communist regime to permit free elections and the establishment of non-communist political parties. The Soviet leadership under Mikhail Gorbachev did nothing to stop these revolutionary developments. In the elections held in March 1990, 75% of East German voters cast their ballots for one of the three parties associated with West Germany’s “big three”: the Christian Democrats, the Social Democrats and the Free Democrats. All three parties favored the immediate unification of East Germany with the FRG, an event that formally took place on 3 October 1990. Ever since then, the German economy has been absorbed in the costly effort to raise eastern Germany up to the levels of western Germany. Hundreds of billions of dollars in public funds and private investment have been spent on this task. Virtually the entire infrastructure of the east German economy had to be rebuilt: roads, communications networks, office buildings, housing and the like. Most of the region’s factories and other enterprises had been owned by the communist state, and none of them came up to western standards. Although more than 12,000 of these state-owned properties were auctioned off to private bidders for modernization, about 3,500 had to be shut down. The result was a spurt of unemployment in eastern G. that persists to this day. As in France, a fairly rigid labor market exacerbates unemployment in the FRG, along with the recent slowdown in the world economy. In addition, workers who do find employment in eastern Germany generally earn less than their counterparts in west Germany, a source of discontent in the east.

Germany has a parliamentary system of gov't. The chancellor is head of gov't and the ceremonial president, who is elected by a special electoral assembly, is head of state. The bicameral parliament consists of the Bundestag (the lower house) and the Bundesrat, a powerful upper chamber that represents state gov'ts in G.'s 16 states. (Each state is a *Land* with its own local legislature and executive.) In most cases, a majority in each house of the federal legislature is necessary to pass a bill into law.

In the fall of 1998, the Social Democrats and the Greens secured enough seats in the Bundestag -- the lower house of the German legislature -- to form a coalition gov't. The new "red-green" gov't under Chancellor Gerhard Schroeder (SPD) put an end to the 16-year reign of Chancellor Helmut Kohl, whose center-right Christian Democrats had governed in a coalition with the Free Democrats since 1982. (After leaving office, Kohl admitted to maintaining an illegal CDU campaign slush fund while in power and was fined. He never divulged the source of the funds, but the scandal tarnished his reputation as the "chancellor of German unity.") The leader of the Greens, Joschka Fischer, became foreign minister. Schroeder announced on taking office that his goal was to bring unemployment below 3 million within four years. He told the voters that if he failed at this task, he should not be reelected. But by the time the 2002 election campaign rolled around, economic growth was still sluggish and unemployment topped 4 million. Under trade union pressure, Schroeder backed away from a plan to loosen Germany's rigid labor market that was proposed by a commission Schroeder himself had appointed. The Christian Democrats had meanwhile won control of several state legislatures and gov'ts, gaining parity with the Social Dems in the Bundesrat. As a consequence, Schroeder had to make compromises with the Christian Dems in order to get much of his legislation passed into law. With only about a month left before the elections, the Christian Democrats' leader, Edmund Stoiber, appeared poised to replace Schroeder as the next chancellor. Stoiber, the chief of the CSU, had achieved considerable success in guiding the Bavarian economy in his capacity as Bavaria's governor.

Right from its origins as the West German state in 1949, the FRG closely attached itself to the U.S. and its allies in Europe. While the U.S. was the main guarantor of West Germany's security during the Cold War, West German leaders starting with the country's first chancellor, Konrad Adenauer (CDU, 1949-63), have maintained close relations with France, Britain and other West European countries. The Franco-German connection has been the motor force behind Europe's integration, a relationship fostered by such pairs as de Gaulle and Adenauer, Giscard d'Estaing and Helmut Schmidt (who was chancellor from 1974 to 1982), and Francois Mitterrand and Helmut Kohl (1982-98). (Britain did not join the European Community until 1973.) Schroeder's ties with Chirac were not as warm as these previous relationships, but the two leaders still cooperated. Though Merkel and French President Nicolas Sarkozy are both conservatives, their relationship has reflected both the bonds and the disagreements that stem from their countries' respective national interests.

With the end of the Cold War, G. hoped to reap a substantial "peace dividend" by substantially cutting its military expenditures. Military spending has fallen from about 3% of GDP in the 1980s to less than 2%. Pacifist sentiment has remained strong in postwar G., a reaction to the barbarous Hitler years and to the long tradition of German militarism that preceded them. As a consequence, G. has had both emotional and legal impediments to sending troops into battle. When the Balkan wars broke out in the 1990s, the U.S. pressured G. to get involved militarily. It took a decision by the FRG's constitutional court to permit the deployment of German troops to the post-Dayton peacekeeping force in Bosnia. The Greens took a pronounced pacifist stand when they emerged as a party in the late 1970s. In the 1980s, however, the party split into a "realist" wing that accepted NATO and a more adamantly pacifist "fundamentalist" wing. Foreign Minister Joschka Fischer, a realist, was personally opposed to engaging German troops in the Balkans until he visited mass grave sites in Bosnia; at that point he came out in favor of the use of force for humanitarian purposes ever since. When the U.S., Britain and France decided that the entire NATO alliance should support the use of force against Yugoslavia in order to stop the Milosevic gov't's depredations in Kosovo in 1999, Fischer and Schroeder backed the policy. After Milosevic gave up following a massive air campaign waged by the U.S., France and Britain, German troops joined the NATO-led peacekeeping force in Kosovo. The Schroeder-Fischer gov't also decided after Sept 11 to send 4,000 troops to Afghanistan, a decision that

proved so controversial that the govt barely survived a vote of confidence in the Bundestag in Nov 2001 (the vote was 336-330). Starting in Jan 2003, G. and the Netherlands took charge of the international peacekeeping force in Afghanistan for the next six months.

U.S.-FRG relations hit an all-time low in Sept 2002 as Schroeder changed the focus of his flagging reelection campaign away from the economy, an issue more favorable to Stoiber, and shifted his attention to Iraq. As the Bush administration turned up the pressure for military action against Saddam Hussein, Schroeder announced that his govt opposed such an "adventure" and would not take part in any military action, not even if it was supported by the UN Security Council. A cabinet minister compared Bush to Hitler: both men, she said, engaged in war in order to divert attention from problems at home. Bush administration figures said that these remarks had "poisoned" the U.S.-FRG relationship, an unusually strong admonition. (Apparently, Schroeder had promised Bush earlier that he would not openly criticize his Iraq policy.) Schroeder's stance proved popular at home, however; even Stoiber said that he would not commit troops to a war in Iraq. Schroeder also won plaudits for his vigorous response to mass flooding that damaged several German cities in the summer. In the Bundestag elections of 22 Sept 2002, the Social Democrats and Christian Democrats finished almost even in the popular vote. But the FRG's complicated electoral system conferred victory on the Social Democrats and the Greens, who were able to reconstitute their coalition govt by a slim majority (306 seats out of 603, a majority of only 4 votes). Shortly after the elections, Schroeder announced new tax increases that sent his popularity plummeting. Public opinion remained hostile to Pres. Bush, and most Germans (54%) regarded France as their "best friend," with only 15% naming the US.

In May 2004, the presidential electoral assembly, dominated by Christian Democrats and Free Democrats, elected Horst Koehler as G.'s ceremonial president. Koehler (CDU), an economist who previously headed the IMF, succeeded Johannes Rau, a Social Democrat. In the same year, a neo-Nazi party won 9.2% of the vote in elections to the state legislature (Landtag) of Saxony, located in the former GDR.

Schroeder's popularity continued to wane in 2004. His budget-cutting measures remained unpopular, and surveys revealed a widespread malaise and fears of economic decline. They also revealed considerable public ignorance about economics and state finances (69% could not explain supply and demand). Unemployment remained stuck at a national average of nearly 10%, with 4.4 million unemployed. In the former E. Germany, unemployment averaged 18.5%, with joblessness running as high as 30% in some areas. In an effort to concentrate on governing, Schroeder in 2004 gave up his post as chief of the SPD, handing the job over to Franz Muentefering. In the June 2004 elections to the European Parliament, the SPD won only 21.5% of the vote – its worst showing in postwar Germany.

In May 2005, the SPD lost control of North Rhine-Westphalia, G.'s most populous state and Schroeder's home base, in Landtag (upper house) elections. The defeat solidified the Christian Democrats' hold on the Bundesrat, requiring Schroeder to make continuing concessions in order to legislate. Schroeder subsequently called snap elections to the Bundestag, one year ahead of schedule. Polls forecast a substantial CDU/CSU plurality, but the results of the 18 Sept 2005 elections were inconclusive. CDU leader **Angela Merkel** proved a lackluster campaigner who conveyed confusing signals on economic reform. The CDU/CSU won 36.8% of the Bundestag seats, about 6% less than predicted. The SPD won 36.2%. The Left Party, a new party consisting of the Party of Democratic Socialism (the remnants of E. Germany's ruling communist party) and disaffected Social Democrats led by Oskar Lafontaine, won nearly 9% of the seats, having campaigned against welfare-state cutbacks. The Free Democrats, the potential coalition partner of the Christian Democrats, won about 10%; the Greens and their allies won 8.3%. With no alternative possible, the CDU/CSU and SPD agreed to form a center-right/center-left "Grand Coalition" govt under Merkel, G.'s first woman chancellor. On immigration, Merkel expressed agreement with the notion that Germany "is not a country of immigration." She opposed full EU membership for Turkey, favoring a "privileged partnership" instead. Merkel managed to retain a measure of popularity as she emerged as a respected world leader and piloted G. through the turbulent economic crisis of 2008-09. (G. held the EU presidency in the first half of 2007 and chaired the G8 summit in the same year.) In May 2009 the Christian Democrats reelected Horst Koehler to his second 5-year term as the country's ceremonial president. Koehler's 613 votes constituted

only 50.08% of the total vote in the electoral assembly, but they were enough to defeat the SPD's candidate, Gesine Schwan (503 votes) and challengers from the Left Party (91 votes) and a far-right party (4 votes). The Social Democrats proved difficult partners in the Grand Coalition government, changing their own leadership several times in the process. Matthias Platzeck replaced Muentefering from 2005 to 2006, and then ceded place to Kurt Beck from 2006 to 2008. Infighting within the SPD resulted in Beck's replacement as party chief by Frank-Walter Steinmeier, the foreign minister, in September 2008. A month later Steinmeier was designated the SPD's candidate for chancellor in the Bundestag elections slated for 27 September 2009. Unemployment was roughly 7.7% in May 2009 (lower than the EU average of 8.9%) and GDP was growing at about 1.3%. The Bundestag ratified the Lisbon Treaty in April 2008; the Bundesrat followed suit in May.

In the Sept 2009 Bundestag elections, the Christian Dems (CDU/CSU) registered their lowest vote percentage in 60 years (about 30%); but they gained 17 new seats, winning 239 out of 622 (38.4%). The Free Democrats picked up 32 new seats, winning 93 overall (14.6%). The Social Democrats lost 76 seats; some of them went to the Left Party (76 seats, a gain of 22) and some to the Alliance 90/Greens (68 seats, a gain of 17). With 53% of the Bundestag seats, the CDU/CSU and FDP formed a new center-right govt. Merkel remained chancellor. Guido Westerwelle, the outspokenly pro-market and anti-trade union head of the FDP, became deputy chancellor and foreign minister. Steinmeier resigned as head of the SPD and was succeeded in Nov 2009 by Sigmar Gabriel. In June 2010 Koehler resigned as G.'s ceremonial president following criticism of his remarks suggesting that G. needed to participate in international military operations in order to protect "trade, jobs and income." He was accused of advocating "gunboat diplomacy." The special electoral assembly, with a large CDU/CSU/FDP majority, elected Christian Wulff (CDU), premier of Lower Saxony, as the new president. In May 2011, following disastrous FDP showings in several Landtag elections, Westerwelle resigned as party chief and deputy chancellor, but remained foreign minister. Openly gay, Westerwelle and his partner legally registered their "life partnership" in 2010.

Chancellor Merkel took the lead in galvanizing the EU's response to the worsening sovereign debt crisis in eurozone countries such as Greece, Portugal, Ireland, Italy and Spain. She had to walk a fine line between saving the euro and appeasing German public opinion. Merkel recognized that only a massive commitment of funds would suffice to prop up the eurozone's faltering economies. As the EU's most successful economy – with a growth rate of 3.6% in 2010, unemployment at 5.5% in late 2011, and a deficit that was only 3% of GDP in 2010 – G. inevitably made the largest contribution to the European Financial Stability Facility (27.1%) that was set up by 15 eurozone countries in May 2010 with an initial capitalization of €440 billion. G. also contributed the lion's share of EU bailout packages for Greece, Ireland and Portugal. But public opposition to the Greek bailout ran as high as 90% in 2010; opposition to subsequent expenditures to rescue the euro were over 60% in 2011. Merkel's popularity dipped into the 45% range. In March 2011, the CDU and its coalition partner, the FDP, lost control of the Baden-Württemberg state (*Land*) legislature and government to a coalition of the Social Democrats and Greens. CDU and FDP candidates lost ground in other state elections as well during the year. In Sept 2011 G.'s highest court upheld the constitutionality of the govt's contributions to the various eurozone bailout and rescue funds, but decreed that the legislature would have to play a larger role in approving future contributions. As Greece's financial situation worsened in 2011, and with Italy and Spain teetering on the brink of disaster, Merkel in Oct won the Bundestag's approval to negotiate additional rescue measures with G.'s partners in the EU and the eurozone. Describing the situation as Europe's worst crisis since World War II, Merkel starkly told the Bundestag: "The world is watching Germany and Europe to see if we are ready and able to take responsibility. If the euro fails, Europe fails." With the opposition Social Democratic Party joining with the governing parties (the CDU/CSU and the FDP), 503 out of 596 Bundestag members voted their approval; but 15 Christian Democrats deserted Merkel and voted against the measure.

Merkel took the lead at the EU summit of 26-27 Oct 2011 that resulted in several agreements intended to shore up the Greek economy and head off problems in other eurozone countries. While forging close ties with Pres. Sarkozy on key issues, Merkel personally pressured European banks to write off half of Greece's €200 billion debt owed to them. The two leaders, dubbed "Merkozy" by the press, pressured Greek PM Papandreou to call off his proposed referendum on the deal; shortly thereafter, Papandreou,

resigned in favor of a technocratic govt under a new PM (Lucas Papademos). They made no secret of their frustrations with Italian PM Silvio Berlusconi. (Berlusconi's crude characterization of Merkel was widely publicized.) Behind closed doors, they pressured Berlusconi to win parliamentary approval of stronger austerity measures, and they were no doubt pleased when he resigned, setting the stage for a technocratic govt under Mario Monti. At the all-night EU summit held in Dec 2011, Merkel called for revisions of the the expenEU's treaties to create a "fiscal union" and to grant greater authority to the Commission in enforcing the Stability and Growth Pact, along with new rules requiring balanced budgets. She joined with Pres. Sarkozy in favoring a transaction tax on financial institutions, in rejecting the creation of eurobonds and in opposing the transformation of the European Central Bank into the lender of last resort to eurozone govts. But Sarkozy preferred intergovernmental agreements to more supranationalism. When British PM David Cameron insisted on exemptions to the proposed rules for British financial institutions, thus scuttling an EU-wide treaty revision, Merkel settled for intergovernmental agreements among the eurozone countries in addressing the next phases of the financial crisis. Critics – including leading economists – accused Merkel of failing to support greater amounts of funding to stave off a major credit crunch in Europe and to calm financial markets, arguing that the German govt's (and the Bundesbank's) obsession with potential inflation was misplaced and insistence on stringent austerity measures would stifle growth prospects in Greece and other struggling eurozone countries. The Dec agreements were signed by 25 EU states on 2 March (the Czech Republic and the UK did not sign).

In Feb 2012 Merkel suffered a rebuke by the Christian Democrats' coalition partners, the Free Democrats. When G.'s ceremonial president, Christian Wulff, abruptly resigned under a cloud of suspicion over charges that he had received illegal favors the Free Democrats announced their support for Joachim Gauck, a widely respected former pastor in East Germany and a leader of the anti-communist civil rights movement there. The Social Democrats and Greens also backed gauck. Merkel had initially opposed Gauck for the presidency in 2010 and was not inclined to support him in 2012. But she was forced to abandon her opposition the face of broad support for Gauck. Gauck won 991 out of 1228 votes cast by members of the special Federal Convention that elects the country's president.

Merkel's policies on the euro had domestic consequences. The costly bailout of Greece and other EU countries remained highly unpopular – though the main parties viewed it as an unwelcome necessity. In the same month the Bundestag approved the latest Greek bailout funds by 496-90, with the Social Democrats joining the govt in supporting the measure. However, 26 Bundestag members in the governing parties voted against the bailout. Mounting opposition to Merkel was reflected in regional (*Land*) election the populous state of North Rhine-Westphalia. The Christian Democrats were voted out, having won only 26.3% of the vote (a loss of nearly 9%)– their worst showing in the state. The Social Democrats, who campaigned against Merkel's austerity policies at home, won 38.9%. In June G.'s constitutional court ruled that Merkel's govt had failed to provide the Bundestag with adequate information about the ESM. But the court postponed its ruling on the constitutionality of the ESM and other bailout measures until Sept 2012. Members of the Left Party and others had petitioned the court to determine the ESM's compatibility with the constitution. Though both houses of the German parliament approved the ESM and related measures at the end of June, Pres. Gauck declined to sign the legislation into law until the constitutional court makes its ruling.

Under pressure from French Pres. Hollande, Italian PM Monti and Spanish PM Rajoy, Merkel softened her stance against allowing EU govts to use bailout funds (the European Financial Stability Facility and the ESM) to recapitalize troubled banks. Merkel had previously opposed this procedure. At the 28-29 June EU summit, she eased her opposition to funds for new growth measures in the EU by accepting Hollande's proposal for a €120 billion 'European growth pact'. However, she reiterated her call for a "fiscal union" and maintained her opposition to the creation of Eurobonds, at least for the present. She also reiterated her support for a European tax on financial transactions by banks, a tax strongly opposed by the UK's PM Cameron.

Though G.'s economy was strong compared to most of the rest of the EU, growth slowed to 0.3% in the third quarter of 2012, reflecting Europe's economic woes.

GREECE The Hellenic Republic's population of 10.8 million (2011) is 98% Greek. G. entered NATO in 1952, along with Turkey. In 1961, G. became an associate member of the EU. In 1967 a group of colonels staged a military coup and established a dictatorship in place of the country's constitutional monarchy. King Constantine fled abroad. As a result of the coup, NATO partially suspended G. from the military component of the alliance and G.'s relations with Western Europe deteriorated. The military regime collapsed after its invasion of Cyprus in 1974, which was intended to unify the island with G., provoked Turkey into sending forces to Cyprus to protect the Turkish population. The U.S. and Western Europe opposed the Greek military gov't's actions. In 1975, following the military's replacement by civilian leaders, the voters approved a new constitution replacing the old constitutional monarchy with a republic. NATO restored G. to full membership. In 1976, the Commission of the European Community reported that Greece was not yet ready for accession; but this recommendation was rejected by the Council of Ministers (thanks largely to French President Giscard D'Estaing, who favored G.'s membership), and accession negotiations began. G. became a full member of the European Community in 1981. It has been a net recipient of EC/EU money and a beneficiary of regional funds. However, it is the second poorest West European EU member (after Portugal); 20% of its labor force is in agriculture (compared with about 6% in Italy, 4% in France and less than 3% in Germany).

Greece has a parliamentary system with a unicameral legislature and a ceremonial president. In 1981 a gov't under Andreas Papandreou, the leader of the left-of-center Pan-Hellenic Socialist Movement (PASOK), became PM. His strident anti-American and anti-NATO rhetoric was counterbalanced by a reluctance to leave the alliance completely and by a vigorous rivalry with the Greek Communist Party. (Earlier, Papandreou had been a professor at the University of California at Berkeley.) Papandreou's gov't was replaced by the center-right New Democracy party in 1990, but PASOK returned to power in 1993. In 1996 Papandreou resigned as PM because of illness. His successor was Costas Simitis, the leader of PASOK's moderate wing. Simitis adopted a more conservative economic policy, pushing the privatization of gov't-owned companies and setting G. on a course to qualify for the euro. The EU declared in 1998 that G. was not yet ready to meet the requirements for Economic and Monetary Union. But the austerity program pursued by Simitis won the EU's approval and G. adopted the euro in Jan 2001. It was subsequently revealed that, in 2002, the Greek gov't concluded secret currency trade and credit deals with Goldman Sachs aimed at concealing the magnitude of G.'s debts. Goldman Sachs was paid some \$300 million in fees, and the gov't pledged to secure the transactions with revenues from its lotteries and the national airport.

Tensions with Turkey over Cyprus and over competing territorial claims in the Aegean threatened to ignite a war in 1998. Vigorous U.S. diplomatic intervention preserved the peace. Since then, Greek-Turkish relations have experienced unprecedented improvements. The Simitis gov't helped Turkey capture the Kurdish rebel Ocalan in Nairobi, an action that provoked an angry backlash among extreme anti-Turkish elements. Over the course of 1999 and 2000 the Greek and Turkish gov'ts assisted each other in earthquake recovery efforts, and their foreign ministries signed a series of agreements on trade, immigration, crime, tourism and the environment. Significantly, G. finally came around to supporting Turkey's eventual admission into the EU. During the Kosovo war in 1999, the Simitis gov't supported the NATO bombing campaign despite widespread public sympathy for the Serbs, with whom the Greeks share the religious traditions of the Eastern Orthodox church and a historic antipathy to the Turks. In April 2000 Simitis led PASOK to its third straight victory in parliamentary elections; with the exception of the 1990-93 period, the party governed from 1981 to 2004. After Sept 11, PASOK's left wing muted its anti-Americanism and united behind Simitis, its openly pro-U.S. and pro-NATO leader. G. made its airspace and NATO facilities available to fight terrorism. G. had the EU presidency in the first half of 2003 and hosted the Salonika summit in June, when the first draft of the EU Constitution was unveiled.

As the March 2004 parliamentary elections approached, George Papandreou, son of Andreas, replaced Simitis as PASOK's leader. But PASOK's arch rival, the center-right New Democracy party, won 45.4% of the popular vote and 165 seats in the 300-seat unicameral legislature. (PASOK captured 40.5% of the vote and 117 seats, a loss of 41 seats.) New Democracy's leader, Costas Karamanlis, the nephew of

a former prime minister, formed the new govt as PM. Although Karamanlis favored Turkey's admission into the EU, he faced intense pressure by Greeks and Greek Cypriots opposed to Kofi Annan's partition plan for Cyprus. In 2004 Karamanlis revealed that former PM Simitis had lied to the European Union about Greece's finances when applying to join the eurozone: in fact, G.'s deficit-to-GDP ratio was higher at the time than Simitis had maintained. In Feb 2005, Karolos Papoulias (PASOK) was elected by parliament to the country's ceremonial presidency. Greece's GDP was growing at 4.5% in 2004, thanks in large part to the Olympic Games, but painful reductions in the country's large bureaucracy were in the offing and Greece's allotments from the EU will taper off considerably starting in 2007. The Greek parliament ratified the EU Constitution in April 2005.

PM Karamanlis called snap elections for Sept 2007, expecting an easy victory. (Elections were not mandated until March 2008.) But public discontent at the govt's poor response to the forest fires of the previous summer made for a tight race. The PM's center-right New Democracy Party lost 13 seats, but won 152 seats, enough for a slim majority in the 300-seat legislature, and Karamanlis began a new term as PM. Papandreou's center-left PASOK lost 13 seats (102 total). The leftist Communist Party won 10 new seats (22 total), and the far-left Coalition of the Radical Left won 14 (a gain of 8). The rightist Popular Orthodox Rally surpassed the 3% hurdle in the PR electoral system, winning 10 seats. Despite a 4% growth rate and a decline in the overall unemployment rate from 11% to 8%, Greece had only recently brought its annual govt deficit down to 3% of GDP (as required for the euro), and youth unemployment was among the highest in the EU at 25.7%. Rising discontent at the govt's economic record, scandals in the administration and riots in 2008 that resulted in the death of a 15-year-old boy by the police induced Karamanlis to call snap elections, which took place on 4 October 2009. The result was a sweeping victory for the center-left PASOK, which won 160 out of 300 seats (+58). George Papandreou became PM. New Democracy lost 61 seats and Karamanlis resigned as party leader. On the left, the Communists won 21 seats and the Coalition of the Radical Left won 13 seats; each party lost a seat. The far-right Popular Orthodox Rally (LAOS) won 15 seats (+5). Pres. Papoulias was reelected by parliament to a second 5-year term as the country's ceremonial president in Feb 2010.

The Greek parliament ratified the Treaty of Lisbon in June 2008.

Although the economy grew steadily at 4.2% per year on average from 2000 to 2007, and budget deficits were below 3% of GDP, Greek govts borrowed large amounts of money. Meanwhile, the debt-to-GDP ratio remained above 100% after 1993. Papandreou suddenly disclosed in April 2009 that G.'s deficit was 12.7% of GDP – not 6%, as falsely reported to the EU by the previous New Democracy govt under PM Karamanlis. An IMF draft report in 2009 warned that G. was risking default on its loans; but this dire prediction was retracted under pressure from ECB chief Jean-Claude Trichet. A rosier IMF report was issued instead, misleading European leaders into underestimating the gravity of G.'s financial plight. But Greek govt debt reach €216 billion in Jan 2010, provoking fears of default. By spring the deficit had reached 13.6% of GDP. Austerity measures were passed in March, and in early May G. reached an agreement with the EU and the IMF providing for €110 billion in loans (@5% interest) over three years. Public anger at cuts in benefits, the potential elimination of many public-sector jobs and other austerity measures exploded into demonstrations; a general strike took place on 5 May. The govt also pledged to attack tax evasion, estimated at \$20 billion annually. (An OECD report indicated that the average social security payment in G. was \$30,000 a year, compared with \$15,000 in the U.S. The average individual income tax rate in G. was about 2%, compared with a little more than 15% in the U.S.) The govt planned to cut €30 billion from its budgets by 2012. Faced in 2011 with an EU ultimatum to implement tough austerity measures, and demonstrations by opponents of the measures, Papandreou invited the New Democracy party to join with PASOK in forming a national unity govt. New Democracy declined and announced its opposition to the govt's austerity package, calling for tax cuts in addition to budget cuts. Papandreou reshuffled his cabinet and appointed a new finance minister. The new cabinet narrowly survived a vote of confidence on 21 June as all 155 PASOK deputies supported it (4 more than the 151 votes required for a majority); all 143 New Democracy deputies voted against the govt. The PASOK majority subsequently passed the austerity measures and the EU

provided the next aid tranche. G.'s debt worsened, reaching €350 billion. On 21 July the eurozone governments agreed on a new Greek rescue package of €109 billion through 2014.

As G.'s financial problems persisted, EU leaders demanded additional austerity measures before releasing the next €8 billion (\$11 billion) tranche of the previously agreed bailout loan. Amid violent clashes in the streets between anarchists and communists, and mass demonstrations against austerity, the slender PASOK majority (now down to 153 votes out of 300) passed new austerity measures on 20 Oct. One proposal called for cutting 30,000 public sector jobs. (Thus far, not one had been eliminated.) One out of 5 Greeks worked in the public sector, but estimates suggested that the workforce could be reduced by one third without materially affecting services. On 21 Oct EU leaders agreed to release the tranche, along with a number of additional measures. Under prodding from Chancellor Merkel, banks agreed to write off half of G.'s €200 billion debt. EU leaders also agreed to an additional €100 billion in funding for G. as banks warned of skyrocketing debts, potentially ranging from €250 to €450 billion in coming years in worst-case scenarios. The EU leaders' aims were to help G. cut its debt from 165% of GDP to 120% by 2020. (The Stability and Growth Pact's target was 60% of GDP.) Greek banks, according to one estimate, needed more than €80 billion in handouts. Opposition to the rescue plans – and especially to the austerity measures demanded by the EU – was rife not only in the opposition parties but also within PASOK. There was growing talk of abandoning the euro and returning to the drachma – a move fraught with unpredictable consequences. Calls for Papandreou's resignation multiplied. New Democracy leader Antonis Samaras (Papandreou's roommate at Amherst College in the 1970s) called the PM "dangerous." On 31 Oct Papandreou surprised everyone (including, apparently, his own finance minister) by calling for a referendum on the recently concluded deal with the EU. In an emergency meeting, the cabinet agreed that the referendum should be held in early Dec.

As financial markets panicked, and as polls showed that the deal would be rejected by a majority of Greek voters, four cabinet ministers opposed the referendum, while additional defections brought the PASOK delegation in the parliament down to 150 votes – half the total. Sarkozy and Merkel were infuriated at the referendum idea and promptly arranged a meeting with Papandreou and other EU leaders on 2 Nov. They warned him that G. would receive no more bailout money until after the referendum. The next day, Papandreou canceled the referendum after New Democracy agreed to support the 21 Oct bailout agreement. Finance Minister Evangelos Venizelos and Samaras called for his resignation. Papandreou survived a vote of confidence in the legislature on 4 Nov, obtaining 153 PASOK votes. It was expected that he would resign after the vote. Samaras rejected Papandreou's call for a coalition govt as long as he remained PM, insisting on early elections in 2012. On 10 Nov Papandreou announced that he was stepping down as PM and would be replaced by Lucas Papademos, a respected economist with no close ties to any political party. Papademos had previously served as governor of G.'s central bank (1994-2002) and as vice president of the European Central Bank (2002-10). He moved quickly to set up a left-right coalition govt consisting of cabinet ministers representing PASOK (center-left), New Democracy (center-right) and the Popular Orthodox Rally (far right). Papademos was sworn in on 11 Nov.

On 9 Feb 2012, following several days and nights of intense bargaining, the Papademos govt reached a tentative agreement with the "troika" involved in dealing with the euro crisis: the Commission, the European Central Bank (ECB) and the IMF. In exchange for a new round of austerity measures, G. would get €130 billion (\$173 billion) in new loans to avoid default. The austerity package included a 22% cut in the minimum wage (down to €586 a month) and 150,000 public sector layoffs by 2015, among other painful measures. EU negotiators demanded that G. come up with \$428 million in new savings after Greek leaders had rejected earlier EU demands to cut supplemental pensions. As part of the deal, holders of Greek debt would have to agree to a debt swap, with current Greek bonds to be traded for new ones of lesser value. This "haircut" would result in losses to debt holders approaching 70%. Banks and other private investors held €206 billion worth of Greek debt. A 48-hour general strike was called starting the next day by Greek workers, whose anger fueled a riot. Demonstrators clashed with police, throwing Molotov cocktails; more than 40 buildings were set on fire. With 80,000 protestors in the streets, the parliament approved the deal, 199-74, with 27 abstentions. The leaders of PASOK and New Democracy signed their approval of the deal in

writing. In March the govt agreed to a debt restructuring agreement with nearly 90% of its private creditors; the number was expected to rise to 95%.

In the midst of these developments, and with unemployment reaching 21% against a fall in GNP of 20% since 2009, snap parliamentary elections were held on 6 May 2012. The result was a political earthquake. Voters took out their frustrations on the two parties they held responsible for the debacle: New Democracy and PASOK. New Democracy emerged as the largest party, though it won only 18.9% of the vote, a 15% drop since 2010. However, it ended up with 108 seats, a gain of 17 seats – but only because the electoral law automatically confers an additional 50 seats on the largest party. Shockingly, PASOK – led by Venizelos – finished in third place, with only 13.2% of the vote (-30.7%) and 41 seats (-119). The second largest party was the Radical Left Coalition, known by its acronym, Syriza. Under its leader, Alexis Tsipras, a 37-year-old former Greek Communist Party member and student activist, Syriza polled 16.8% of the vote (+12.2%) and won 52 seats, a gain of 39. Tsipras opposed the terms of the loan agreements with the EU and favored a moratorium on Greek debt repayments as well as the reinstatement of recently revoked collective bargaining agreements, along with anti-corruption reforms. Only four other parties won seats. A new right-wing, anti-austerity party, Independent Greeks (ANEL), won 33 seats. The far-left Communist Party won 26 seats. Golden Dawn, a far-right neo-fascist party – complete with a swastika-like Greek key logo, raised-arm salutes and anti-Semitic proclivities – stunned observers by capturing 6.7% of the vote, entering parliament for the first time, with 21 seats. In previous elections Golden Dawn was a fringe group that received less than 1% of the vote. And the Democratic Left (DIMAR), a relatively moderate leftist party, won 19 seats. No other parties won seats, including several other far-right and far-left parties. The efforts of Pres. Papoulias to get the leaders of the leading parties to form a coalition govt proved fruitless. Tsipras rejected out of hand any coalition with New Democracy or PASOK, ridiculing their leaders and denouncing their agreements with the EU. Samaras and Venizelos both failed to find a majority for a new govt. (Together, New Democracy and PASOK had 149 seats, just short of a majority in the 300-seat legislature.) After nine days of failed attempts to form a govt, new elections were called for 17 June in hopes that the voters would break the impasse.

Polls leading up to the election revealed deepening anxieties about a possible withdrawal from the euro and a return to the drachma. Economists warned that such a move would prove very costly, perhaps as much as €1 trillion, with losses affecting Greece, the ECB and other EU member states. Fears of the unknown consequences of such an unprecedented financial transaction – including a run on the banks and the collapse of the eurozone – drove many voters back to New Democracy. EU leaders insisted that they were committed to keeping Greece in the eurozone. Newly elected French President Hollande, who had called for a renegotiation of the financial arrangements with Greece during his election campaign, called for a ‘European growth pact’ to help Greece and other troubled eurozone economies.

In the elections of 17 June, New Democracy once again finished first, boosting its share of the vote since 6 May by more than 10% and its seat total to 129, a gain of 21 (counting the 50 seats awarded to the largest party). Syriza – now known as the Syriza Unionist Social Front – also gained votes, finishing second with 26.9% of the vote (+10.1) and winning 71 seats (+19). PASOK was once again punished by voters, though it finished in third place with 12.3% of the vote (-0.9%) and 33 seats (-8). As on May 6, only four other parties won seats, but all of them lost votes. The right-wing Independent Greeks (ANEL) won 20 seats, a loss of 13; the neo-Nazi Golden Dawn won 18 seats, a loss of 3; the center-left Democratic Left (DIMAR) won 17 seats (-2); and the far-left Communist Party of Greece won 12 seats (-14). Some 14 other parties and movements, along with independent candidates, failed to clear the 3% hurdle needed to win representation. They included right and left-wing parties, centrist and single-issue parties (like the Pirate Party of Greece, which opposes the pirating of intellectual property).

Tsipras, the leader of Syriza, maintained his refusal to join a coalition government with either New Democracy or PASOK. On 20 June, Samaras announced that he had formed a “government of national salvation,” a grand coalition consisting of his center-right New Democracy; the center-left PASOK under Venizelos; and the center-left Democratic Left (DIMAR). Nearly all of the cabinet ministers come from New

Democracy, however, as the other two coalition partners were reluctant to enter the govt. Samaras became PM.

In late July European Commission President José Manuel Barroso visited Greece to show his support for the new govt, but he insisted that G. comply with its agreements. "Deliver! Deliver! Deliver!" he told his hosts. In Aug the govt revealed a 10-point plan aimed at promoting private business. It also announced an additional €11.5 billion in budget cuts for the coming two years. State pensions may be further reduced, among other cuts. The govt also planned to open bidding on the sale of the state-owned natural gas company and gas grid operator. Inspectors from the Commission, the ECB and the IMF (the troika) said that G. was making progress but that more needed to be done. They planned to return in Sept. In Aug Samaras sought more time for the €11.5 billion budget cut (4 years instead of 2), with pension reform proving difficult. Jean-Claude Juncker, president of the Euro Group (i.e., eurozone finance ministers) in Athens said a decision on more time would be considered in Sept. after troika report, but G. must stick to its austerity program. "In fact this is the last chance and Greek citizens have to know this," he said. Merkel & Hollande had same view; Samaras met with them. Dutch govt opposed more time, Austria was for it. The total Greek bailout by the EU and IMF now stood at €130 billion. But the new govt was considerably off target in meeting its goals, and EU officials warned that another debt restructuring deal would probably be necessary.

HUNGARY The Republic of H.'s population of 9.96 million (2012) is 89.9% Hungarian, and includes a large Roma minority (4%), plus Germans (2.6%), Serbs (2%), Slovaks (0.8%) and Romanians (0.7%). The poverty rate for the Roma in 2003 was five times the national average. Following the defeat of the Austro-Hungarian Empire in WWI, Hungary lost 70% of its territory and 60% of its population in the Treaty of Trianon (1920). Large numbers of Hungarians still live in Romania, Slovakia and Yugoslavia. A popular uprising against Soviet rule in 1956 erupted after a maverick communist party leader, Imre Nagy, announced that his govt would withdraw from the Warsaw Pact (the Soviet-led military alliance) and hold free democratic elections. Determined to prevent Hungary's withdrawal from the communist bloc, the Kremlin sent in troops; some 22,000 Hungarians died in bloody street fighting. Over the course of the 1960s-1980s, Hungary's leaders undertook economic reforms and presided over a somewhat less repressive communist regime than those ruling in other Soviet bloc countries. In Feb 1989 the communist leadership took the lead in moving Central and Eastern Europe towards democracy when it announced that free multi-party elections would take place in one year. The govt also tore down the barriers that separated H. from Austria, a move that subsequently permitted East Germans and Czechs to escape via H. to the West. These policies made the Hungarian communists the most radically reform-oriented party in the Soviet bloc. Because it was the communist leaders themselves who deliberately moved the country in the direction of democracy and economic reform, Hungary was to have a smoother transition from communism to democracy than countries that had more repressive communist regimes, like Bulgaria and Romania. The Soviet govt under Gorbachev did not contest the Hungarian communists' bold actions. The elections held in 1990 resulted in the defeat of the Hungarian communists and the installation of a center-right coalition govt that moved rapidly to privatize the bulk of the economy and to solidify democratic institutions. A modified version of "shock therapy" guided the economic reform process. (For a definition of "shock therapy," see under the Czech Republic.) Unemployment and other problems accompanied these changes, however, and the democracy-oriented communists, reorganized as the Socialist Party, won the next elections in 1994. They continued to pursue privatization, however – albeit at a slower pace – and sought H.'s entry into the EU and NATO. In 1997 H. was invited to join NATO (which it formally joined in 1999), and the EU invited H. to start accession talks. In 1999 a center-right govt replaced the Socialists. In Dec 2002, H. was formally invited to join the EU in 2004. In elections held in April 2002, the Socialists won a surprise victory over the governing center-right coalition. The coalition center-left/liberal govt of Socialists and Free Democrats under PM Peter Medgyessy, a Socialist, promised an increase in welfare benefits, health service improvements, tax cuts and an end to the corruption associated with the previous govt. The new govt -- the 5th govt to be formed in H. since 1993 -- also sought to pursue privatization more vigorously than the outgoing conservative govt. But its slender 10-seat majority encouraged the conservatives' active opposition. Medgyessy lost favor after attempting a cabinet reshuffle, and in Sept 2004 stepped down as PM. His replacement was another Socialist, Ferenc Gyurcsány (FEH-rehns JOOR-chahn-yeh). In parliamentary elections held for the unicameral parliament in April 2006, Gyurcsány's center-left Socialists once again won a plurality of seats (186 out of 386, or 48.2%); it reestablished its coalition govt with the centrist Alliance of Free Democrats, which won 18 seats (4.7%). The newly reelected govt was rocked in Sept with the release of an audio recording in which PM Gyurcsány was heard telling a Socialist Party meeting that he and his ministers had been lying to the public about the state of the economy in order to win the elections. In remarks laced with obscenities, the PM, who confirmed the recording's authenticity, said "we screwed up. Not a little, a lot. No European country has done something as bone-headed as we have. Obviously, we lied throughout the last year-and-a-half, two years. It was totally clear that what we are saying is not true. You cannot cite any significant govt measure we can be proud of, other than in the end we managed to bring the govt back from the brink." Many of the economic measures Gyurcsány alluded to had been imposed on H. by the EU. The release of the recording set off daily demonstrations that went on for weeks, with protesters demanding the PM's resignation. Gyurcsány's party took a beating in municipal elections on 1 Oct. But on 6 Oct his govt survived a vote of confidence in the parliament by a vote of 207-175. In March 2009 PM Gyurcsány announced his intention to resign on the

grounds that he lacked sufficient support for his economic and social policies. In April he was succeeded as PM by György Gordon Bajnai, an independent. (His last name is Gordon Bajnai.) The new PM, a relative unknown, started out with an 8% approval rating.

On 12 April 2003, 84% of the voters cast their ballots in favor of joining the EU, but turnout for the referendum was a disappointing 46% of eligible voters. H. formally joined the EU in 2004. In the June 2004 elections to the European Parliament, the main center-right opposition party (Fidesz) outpolled PM Gyurcsany's Socialists. In June 2005, the National Assembly elected Laszlo Solyom (Fidesz) as H.'s new ceremonial president. Parliament ratified the Treaty of Lisbon in December 2007.

Two rounds of parliamentary elections to the unicameral legislature took place in April 2010. The center-right Fidesz party under former PM Viktor Orbán won 227 seats (58.8% of 386 seats) and its small center-right ally, the Christian Democratic People's Party (KDNP), won 36 seats. Together the two parties won the two-thirds super-majority needed to amend the constitution. The parliament elected Orbán PM on 29 May with 261 votes in his favor. Orbán formed a center-right coalition govt consisting of Fidesz and the KDNP. Zsolt Semjén, the KDNP's leader, was named deputy PM. The Socialists were tarred with responsibility for the country's economic and financial problems (growth was negative at -6.4% in 2009 and unemployment reached 11% in 2010), and they could not live down PM Gyurcsány's admission of lying in 2004. They lost 131 seats, their worst showing since 1990. A new green-liberal party, Politics Can Be Different (LMP) won 16 seats. The two parties that played a prominent role in H.'s transition to democracy – the Hungarian Democratic Forum and the Alliance of Free Democrats – failed to win any seats. A far-right party, the Movement for a Better Hungary (also known as Jobbik), finished third with 47 seats, its first seats in H.'s parliament. Founded in 2002, the self-styled radical nationalist and Christian party was outspoken in its defense of Hungarian minority rights in neighboring countries and in its criticism of the recent Socialist government; it denied allegations of neo-fascism and anti-Semitism. Gábor Vona became the party's leader in 2006 at the age of 27. In 2009 it won 3 seats in the EP elections. In Aug 2010 Pál Schmitt (Fidesz), a former Olympic fencing champion and MEP since 2009, was elected H.'s ceremonial president, winning 263 votes in the parliament.

Shortly after taking power, the Orbán govt, with its two-thirds majority, initiated a process of constitutional reform. Questionnaires were sent to 8 million citizens and a parliamentary drafting committee was established. Orbán said that the new constitutional provisions were intended to complete H.'s transition from communism to democracy. However, the Socialist Party and the green-liberal LMP withdrew from the drafting process, claiming that their views would not be taken into consideration in any event. The new constitution was passed by the legislature on 18 April 2011 by a vote of 262-44, but the Socialists and LMP deputies abstained. Jobbik deputies voted against the new basic law. Numerous supplementary laws were passed previously and subsequently. In its first 18 months in office, the Fidesz-led govt got parliament to enact 359 new laws. Critics of the new constitutional provisions warned that they were intended from the start to enhance the power of Fidesz and to enshrine its conservative ideology.

Among the most controversial provisions and supplementary laws were those that circumscribed the powers of the Constitutional Court, which previously had the right of judicial review over nearly all laws. The new rules narrowed the court's authority to examine laws for their constitutionality and prevented it from automatically reviewing laws pertaining to taxes and budgetary austerity programs. The Court may review budgetary laws only after public debt falls below 50% of GDP. Citizens will have a more difficult time challenging the constitutionality of laws and must go through lower courts. In addition, the number of Constitutional Court justices was expanded and the govt filled the new positions with political allies. The Court thus lost a significant degree of its ability to serve as a check on the legislature and government. Other courts were also reformed so as to disqualify and remove numerous sitting judges, thereby enabling the Orbán govt to fill the vacancies. A new National Judicial Office was created under a single person authorized to designate future judges, shift judges from one court to another and (together with the public prosecutor) assign judges to specific cases. These measures significantly limited the independence of the judiciary.

Reforms of the election system further enhanced the ability of Fidesz to extend its power. The Election Commission, which supervises elections, will no longer have multi-party representation; the existing members were removed and replaced by Fidesz members. From now on a new Electoral Commission will be selected at each new election. The boundaries of electoral districts were changed so as to virtually ensure that Fidesz wins all future elections. The new boundaries can be changed only by a two-thirds majority in the legislature. New laws permit anti-constitutional parties to be banned. The former communist party was officially declared a criminal organization and its crimes were not to be subject to a statute of limitations. The Socialist Party was designated as its legal successor, giving rise to speculation that it could possibly be outlawed. Jobbik was also worried that it could be banned under the new laws. Other independent institutions, such as those devoted to protecting human rights, personal data and minorities, were downgraded. Govt control of the public prosecutor's office and the state audit office were extended. The govt touted new provisions on protecting the environment and biodiversity.

New press laws created a media board whose chair would henceforth be appointed by the PM to a 9-year term. The new board was staffed entirely by Fidesz loyalists. The board may review all public and private media, requiring them to observe political "balance," Fines for non-compliance could bankrupt a news organization. The govt took away the license of the last independent radio station, KlubRadio, which had been critical of the Orbán govt. The new constitution enshrined conservative Christian social doctrine, recognizing "the role of Christianity in preserving nationhood" and protecting the right to life of the fetus. Marriage may occur only between a man and a woman. There was no specific provision banning discrimination on grounds of sexual orientation, unlike the previous constitution – though govt officials noted that discrimination is banned "under any ...circumstances whatsoever." Only fourteen religions are officially recognized; some 348 other churches were deregistered.

Under the new laws, many public policies, including all tax and fiscal policies (such as a new flat tax rate that benefits Fidesz's most wealthy supporters), may be changed only by two-thirds majority. Another law passed at the end of 2011 made it possible, by two-thirds vote, to bring any bill directly to a vote without any debate. A new pension law nationalized private pensions, abolishing state social security payments to anyone who did not transfer their private pensions to the state. At the end of Dec 2011 the Fidesz-led majority passed a new central bank law that eliminates the bank governor's right to nominate central bank deputies and permits the PM to appoint all three vice presidents of the bank, starting with a newly created third vice president, plus two additional members of the rate-setting board. These and accompanying measures significantly reduced the independence of the Hungarian National Bank. They were heavily criticized by Jose Manuel Barroso, Hilary Clinton and others. Two rating agencies downgraded H.'s bonds to junk status. In the second half of 2011, the forint (named in the constitution as H.'s national currency) depreciated 13% against the euro. In 2010-11 the Hungarian economy remained in a serious recession, with anemic growth and 10% unemployment.

EU and American officials (like Secretary Clinton) openly criticized the new govt's constitutional measures. While the constitutional changes were under way, H. held the EU presidency in the first half of 2011. The new laws took effect on 1 Jan 2012. The next day some 30,000 protestors staged a demonstration in Budapest, accusing the Orbán govt of "destroying the democratic rule of law."

In April 2012 President Pál Schmitt abruptly resigned from the ceremonial presidency. As a Fidesz member, Schmitt drew criticism from opposition parties for his open support of Orbán's government. Schmitt signed hundreds of pieces of govt legislation, including the constitutional reforms, into law. His resignation, however, was prompted by allegations that Pál has plagiarized large portions of his doctoral dissertation at the University of Physical Education, which subsequently became part of Semmelweis University in Budapest. Pál denied the charges, but an investigative committee at Semmelweis concluded that he had indeed committed plagiarism. The University revoked his doctoral title. Pal resigned a few days later, threatening to sue the university. János Áder, a lawyer and co-founder of Fidesz, was named the new president by Fidesz and PM Orbán. Áder was duly elected by the parliament by a vote of 262-40. He took office on 10 May.

In late May the Commission recommended unblocking €495 in EU cohesion fund development aid to H., which had been frozen in March owing to H.'s persistent budget deficits in excess of eurozone limits. (Annual budget deficits in eurozone countries must not exceed 3% of GDP.) Commission President Barroso said that the funds would be allocated to H. because the govt had "taken the necessary action to correct its excessive deficit."

IRELAND The Republic of Ireland's population of 4.59 million (2011) is almost entirely Irish (Celtic in origin), with a small English minority. It is 91.6% Roman Catholic, while 2.6% belong to the Church of England. After centuries of conflict with the English monarchy, a conflict that intensified after England broke with the Roman Catholic church in the 16th century, most of I. became independent of the United Kingdom in 1922. Six predominantly Protestant counties in northern I. stayed in the UK, where they remain today. Because of enduring Irish antagonism toward England, I. remained neutral throughout WWII. In 1949 its govt severed its last formal ties to Britain and became a fully independent republic. In 1969, violence between Protestants and Catholics broke out in Northern Ireland, setting off another long period of intense conflict. (Northern Ireland is in the UK, not in the Republic of Ireland.) The British govt sent in troops to quell the violence, but their presence further antagonized many Catholics, whose Irish Republican Army (IRA) engaged in a series of bombings and other violent actions directed against England and Irish Protestants. Protestant militias and street gangs in Northern Ireland engaged in their own violent operations. Throughout these dangerous decades, Irish govts engaged in various negotiations with the UK to find a settlement for Northern Ireland, but Catholic dominance of I. inevitably meant that the country's sympathies went to Northern Ireland's Catholics; many people in I. were openly sympathetic to the IRA. In 1998 a breakthrough occurred after months of negotiations chaired by U.S. special envoy George J. Mitchell. An accord was signed on Good Friday that called for the reestablishment of Northern Ireland's local assembly in Stormont (which had been suspended in 1972), the withdrawal of British troops and the disarmament of the IRA and Protestant paramilitary organizations. The accord was ratified by large majorities in Northern Ireland and in I. As part of the package of agreements, I. renounced the articles of its constitution claiming jurisdiction over Northern Ireland's six counties, leaving it up to the voters of Northern Ireland to decide whether they wish to become part of I. But by the end of 2002, the IRA still had not fully disarmed, and the British govt suspended N. Ireland's local govt.

I. joined the European Community in Jan 1973, along with the UK and Denmark. Although it was one of the EC's poorest countries when it joined, intense EU-funded investment has sparked spectacular economic growth. By the 1990s I. became Europe's fastest-growing economy, with annual growth rates topping 7% a year by the end of the decade. The high-tech boom of the 1980s and 1990s made I. a prime location for technology and Internet firms from all over the world. Although the unemployment rate was 20% in 1992, by 2000 I. had achieved full employment. The centuries-old pattern of outbound emigration was reversed, as more people streamed into the country than the other way around. Business-friendly tax policies attracted a large foreign-owned manufacturing sector. (I.'s corporation tax averaged 12.5%, well below the EU-15 average of 35%.) The crash of the IT boom began to pinch the country's economy by 2001, however.

Irish law requires a referendum to approve EU treaties. Irish voters overwhelmingly approved the Maastricht Treaty in 1992, but they threw a wrench into the EU's enlargement plans when voters in a referendum rejected the Treaty of Nice in June 2001 by a vote of 54% to 46%. Turnout was low: only 34% of the electorate took part in the referendum. The Treaty of Nice had been concluded by EU member states in Dec 2000. Its provisions specified new institutional procedures designed to accommodate the inclusion of up to 12 new member states. One of the issues of most concern to Irish voters was the country's formal neutrality. I. is not a member of NATO (though it belongs to NATO's Partnership for Peace program). Some voters were reluctant to see I. included in the EU's emerging defense policy initiatives. Another reason for the "no" vote was the concern that, under the Nice Treaty, I. would lose its veto over EU decisions. In fact, an increasing number of decisions after enlargement will be taken by qualified majority vote among the 27 EU member states, giving the larger states a greater say in the outcomes. Some Irish voters feared that enlargement would lead to a shift of jobs and EU investment funds away from I. to the poorer states of Central and Eastern Europe, and some feared that it would lead to more foreign immigration. (I. does not have an outspokenly anti-immigrant political party, however.) The Irish political establishment was embarrassed by the negative vote, and politicians in other countries worried that the Irish could stall enlargement indefinitely. (All the other 14 EU member states ratified the Treaty in their national parliaments.) The govt under PM Bertie Ahern got to work immediately to prepare a second referendum on

the Nice Treaty. (Ireland's PM is known as the *taoiseach* - pronounced "TEE-shock.) Ahern won reelection to a second term in parliamentary elections held in May 2002, thanks to a strong showing by his center-right Fianna Fáil party. (Pronounced "Fianna Fol," the party officially translates its name into English as "Soldiers of Destiny," but the name literally means "Soldiers of Ireland.") Ahern pulled out all the stops to secure a "yes" vote for the Treaty. At the EU's June 2002 summit in Seville, Ahern got the EU govts to sign a 7-point statement affirming that the Nice Treaty would not violate I.'s neutrality. Leaders of the main Irish opposition parties also supported a "yes" vote. EU officials toured I. to stump for a "yes" vote, and voters received free literature on the Treaty and on the positive implications of enlargement. These efforts paid off. In the referendum held on 20 Oct 2002, 63% voted "yes." Turnout was 48.5%.

Ireland held the EU Presidency in Jan-June 2004. PM Ahern used his authority to work out a re-drafting of the EU Constitution, successfully brokering compromises on nearly twenty points of contention. The revised draft was presented at the EU summit in Brussels on 17-18 June. After French and Dutch voters rejected the EU Constitution in 2005, I. postponed a referendum on the document.

Elections to the lower house of I.'s parliament, the 166-member Dáil, took place in May 2007. Ahern's Fianna Fáil remained the largest party, but its coalition partners, the Progressive Democrats, lost 6 of their 8 seats. The campaign pitted the govt against the center-left opposition, with the economy, crime, education and health care emerging as the main issues. Several weeks after the elections, Ahern broadened the center-right coalition govt of Fianna Fáil and the Progressives by including the centrist Green Party. Ahern remained PM (*taoiseach*). But opposition to Ahern mounted in 2008 as a number of financial improprieties and allegations undermined his popularity. In April 2008 Ahern stepped down as the leader of Fianna Fáil and as PM. In May he was replaced in both positions by Brian Cowen, a cabinet minister.

Cowen's first test came on 12 June 2008 as the Irish went to the polls in a referendum on the Lisbon Treaty. All the mainstream parties and interest groups campaigned for a 'yes' vote. Opponents of the Treaty played on the electorate's ignorance of the Treaty's purposes and limits, raising fears of a serious loss of Irish sovereignty on issues ranging from taxes and foreign policy to abortion and gay marriage. With 53% of the electorate turning out, 53.4% voted 'no' and 46.6% 'yes'. I. agreed in Dec 2008 to hold another referendum in 2009, and its EU partners agreed to address Irish concerns. A protocol added in June 2009 provided assurances the treaty would not change I.'s status regarding neutrality, taxation, ethical issues (e.g., abortion) or various social policies. In the referendum held on 2 October 2009, 67.1% of the voters approved the Lisbon Treaty; turnout was 59%. A banking crisis brought the economy to the brink of default in 2010. At the end of the year the EU and IMF agreed to a rescue package of €85B. Cowen's govt was subjected to widespread criticism for compromising I.'s sovereignty by accepting the bailout and for the general deterioration of the country's finances; his approval rating fell to 8%. (In 2010 I.'s budget deficit reached 14.3% of GDP – a figure higher than Greece's -- and unemployment exceeded 13%.) After the bailout was approved on 21 Nov, the Green Party, the Labour Party and Fine Gael all called for snap elections. In Jan 2011 Cowen initially beat back a challenge to his leadership of Fianna Fáil, but announced his resignation as party leader after his attempt to reshuffle the cabinet failed. His successor as party chief was Micheál Martin. The Green Party withdrew from the govt on 23 Jan. After a compromise version of the budget was passed, the lower house (Dáil) was dissolved and elections were called.

The elections of 25 Feb 2011 produced Fianna Fáil's worst defeat in history. The party finished in third place, winning only 20 seats – a loss of 57. The center-right Fine Gael (Irish Family) party under **Enda Kenny** won 76 seats (+25; 45.8% of the seats) and became the Dáil's largest party for the first time. (Fine Gael is slightly to the right of Fianna Fáil.) The center-left Labour Party under Eamon Gilmore finished second, garnering 37 seats (+17). Fianna Fáil, with 14 seats (+10). Sinn Fein ("We Ourselves") – a party that combines Irish nationalism and historic ties to the IRA with a leftist economic orientation – finished fourth, with 14 seats (+10). The Green Party lost all of its 6 seats. Kenny had promised to renegotiate the terms of I.'s bailout in hopes of getting a lower interest rate from the EU. But German Chancellor Angela Merkel, Finland's new PM Katainen and other center-right EU leaders allied with Fine Gael in the European Parliament's European People's Party rejected Kenny's request. After several days of negotiations, Fine

Gael and the Labour Party agreed to form a center-right/center-left coalition govt. Kenny was elected Taoiseach (prime minister) by the Dáil on 9 March (117-27). Fiánna Fail's deputies abstained. Gilmore became Tánaiste (deputy PM) and foreign affairs minister. Fine Gael took 10 cabinet posts, Labour got 5. The govt's austerity measures showed signs of modestly reducing the budget deficit and growth rose slightly. But some 40,000 Irish people left the country in 2011 in search of opportunities elsewhere.

On 27 Oct 2011, Michael D. Higgins of the Labour Party was elected I.'s ceremonial president. He defeated six opponents, winning 56.8% of the vote. Higgins, who took office on 11 Nov, succeeded Mary McAleese, who was first elected in 1997. Her predecessor, Mary Robinson (1990-97), has been a judge on the International Criminal Tribunal for the Former Yugoslavia in The Hague.

On 31 May 2012, I. held the only referendum among the member states on the EU's fiscal compact, which was signed by 25 members on 2 March 2012. Specifically, the referendum asked voters to approve an amendment to the Irish constitution that would permit the legislature to ratify the fiscal compact without violating I.'s constitution. The amendment won approval by a margin of 60.3% in favor and 39.7% against. Turnout was 50%. Many voters were probably swayed by the compact's provision that only those Member States adhering to it can obtain EU bailout money in the future.

I. assumes the EU presidency on 1 Jan 2013.

I**TALY** The Italian Republic's population of 60.8 million (2012) is overwhelmingly Italian, but there are small communities of mixed French-Italians, German-Italians and Slovene-Italians in the north, plus some Albanian-Italians in the south. The country is 98% Catholic. There is a small but growing immigrant population from northern Africa (especially Ethiopia), Albania and elsewhere. About 1 million residents of Italy are Muslims – about 1.7% of the population. (The EU-15 average in 2004 was 3.2%.) I. has about 2m legal foreign residents and at least 1m illegals; about 250,000 “migrants” enter each year. Italians achieved national unity under an Italian state in 1859-70. A constitutional monarchy was in place until 1922, when Mussolini's fascists took power. During WWII, a multiparty resistance movement included Catholics, socialists, anticlerical liberals and communists, with 1.7 million belonging to the Italian Communist Party (PCI) by the end of the war. The Communists helped write the 1948 democratic constitution, which established a parliamentary democracy. (A separate referendum had rejected a constitutional monarchy.) The Communists were forced out of the govt under U.S. pressure in 1947 as the Cold War intensified. Since Mussolini's ouster in 1944, more than 60 govts have come and gone, making I. a watchword for political instability. But many of the cabinet ministers and coalition parties were the same from one govt to the next until the 1990s; thus the continuing rotation of prime ministers and cabinets did not threaten a complete breakdown of I.'s postwar democracy. Despite these rotating cabinets and decades of flagrant political corruption, I. managed after WWII to build one of the most dynamic economies in the world. In 2005, I.'s GNI of \$1.5 trillion was the world's 7th largest (after the U.S., Japan, Germany, France, China, and Britain).

From the end of WWII until the early 1990s, the mainstay of all Italian coalition govts was the Christian Democratic Party, a large middle-of-the-road catch-all party. Under the Christian Democrats, I. became a charter member of NATO in 1949. It was a charter member of the European Coal and Steel Community in 1952 and a founding member of the European Economic Community in 1957/58. One of the reasons the Christian Democrats managed to dominate every Italian govt for nearly 50 years – typically in coalitions with several smaller parties of the center-right or center-left – was that its chief opponent was the Italian Communist Party. Though the Communists were the second largest party in Italy, they never attracted enough voters to unseat the Christian Democrats. The PCI peaked in the 1976 elections, winning slightly over 34% of the vote. By that time it was a rather moderate party that favored private enterprise and clashed openly with the Soviet leadership on a range of foreign policy issues. Its chief sources of electoral support consisted of a sizable portion of the Italian industrial labor force and a substantial middle-class following that viewed the Communists as the “clean hands” party, untainted by the corruption that plagued the Christian Democrats. The PCI's administration of such cities as Bologna, Florence and Rome was widely regarded as successful. In the 1970s the Communists declared themselves ready for a “historic compromise” with their Christian Democratic rivals, hoping to be invited to join a broad coalition govt. But the Christian Democrats spurned these overtures, and the PCI's popularity waned in the 1980s.

The Christian Democrats imploded in the 1990s, causing an earthquake in the Italian political system. Investigations conducted by Italian magistrates uncovered far more official corruption than had ever been previously publicized. The revelations implicated top leaders not only of the Christian Democrats, but of their governing partners as well, such as Italy's Socialist Party. Bribery, kickbacks and even an alleged scheme to channel CIA money to the mafia in an effort to undermine the electoral popularity of the Communists – these and other transgressions were all detailed in a series of trials and open confessions. Eventually as many as 10,000 politicians and bureaucrats were indicted. The shocks of these disclosures unleashed a groundswell of opposition to the Christian Democrats, the Socialists and their allies. In 1993 the voters approved a new election law designed to deprive the entrenched parties of their power. A complicated variant of proportional representation was replaced by a new system in which 75% of the 630 members of the Chamber of Deputies were to be elected under a single-member-district/plurality system, with the remaining fourth to be elected by proportional representation at the regional level. The Christian Democrats disbanded, and a group of its leading reformers established a new party in its place, the Popular

Party. In 1994, parliamentary elections took place under the new rules. The Popular Party and the Socialists were routed, and a coalition of right-wing parties emerged victorious.

The leader of the new govt was a relative newcomer to electoral politics, **Silvio Berlusconi**. Berlusconi was one of the richest men in I., the owner of a media empire (including three television stations that together control 90% of programming), professional soccer teams and other businesses. His wealth in 2006 was estimated at \$12 billion. With enormous financial resources at his disposal, Berlusconi created a new party -- Forza Italia (the soccer cheer, "Go Italy!") -- and joined with two other right-wing parties. One was I.'s neo-fascist party, re-baptized the National Alliance party under its leader, Gianfranco Fini. The other partner in Berlusconi's coalition was the Northern League, a movement whose leader, Umberto Bossi, had once sought to lead I.'s northern provinces on a path of independence from Rome. Both the National Alliance and the Northern League have a pronounced anti-immigrant orientation. Berlusconi served as PM for less than a year, resigning at the end of 1994 following disclosures that he was under investigation for bribery. A caretaker govt of technocrats took over until the next elections, held in 1996. Following those elections, a group of center-left parties known as the "Olive Tree Coalition" won power and formed a govt under Romani Prodi, an economics professor who had emerged as a leader of the Popular Party. (From 1999 to 2004, Prodi was the president of the EU Commission.) The Olive Tree govt also included moderates and reformers who had broken off from the Communist Party and formed the Party of Democratic Socialism. Their leader, Massimo d'Alema, followed Prodi as PM in 1998. Despite their leftist orientation, the Olive Tree govts, consisting of as many as nine parties, pursued the privatization of many of I.'s large and medium-sized state-owned companies and made painful adjustments in the country's generous welfare system in an effort to qualify for the euro. Decades of hefty budget deficits had resulted in a large national debt, and the govt was determined to bring public spending under control. Though many Italians regretted the austerity measures, there was broad support for the EU's economic policies. Italy's population had the highest pro-EU sentiment in Europe (65%, against an EU average of about 55%), and most Italians did not want to be left out of such a historic development as the adoption of the euro. Many Italians knew that the stringent economic policies dictated by the EU's Economic and Monetary Union were necessary because few Italian politicians were likely to reduce excess budget spending on their own initiative. In 1998, the EU approved Italy for the euro. In 1999, d'Alema's Olive Tree govt played a vital role in NATO's Kosovo campaign.

In 2001, Italian voters in elections to the Chamber of Deputies changed turned once again to Berlusconi's original 3-party center-right coalition, now called the House of Freedoms. A small Christian Democratic party, the Union of the Democratic Center, also joined the govt. A fifth party joined subsequently. After re-assuming the office of PM, Berlusconi showed signs of adopting a "Eurocritical" point of view. His two main coalition partners, Fini and Bossi, have been outspoken critics of the EU's supranationalist interventions in I.'s domestic affairs. Berlusconi appointed Fini as the Italian govt's representative at the European Convention. His pro-EU foreign minister resigned and Berlusconi took over the office himself. But Berlusconi nonetheless maintained that he favored the EU and the euro. In domestic affairs, Berlusconi took advantage of his large parliamentary majority to get a bill passed in 2002 that would have given him a favorable judge if his bribery charge came to trial. The law, hotly opposed by the left-wing parties, was intended to allow him to delay or even avoid prosecution on charges of bribing judges. It took effect on 30 June 2003, one day before I. assumed the EU presidency, but it was challenged in court. Berlusconi earlier managed to escape prosecution on other charges of corruption because of the statute of limitations. He maintained that left-wing justices in Milan were out to get him for political reasons. Labor unrest in the summer of 2002 greeted Berlusconi's attempts to reform I.'s labor laws by making it easier for employers to fire workers. Berlusconi and his allies believed that the reform was necessary to make I. more competitive in world markets. (France, Germany and other countries on the continent faced similar problems.) A general strike shut down I. for a day in April 2002, but two of the country's three main trade unions later agreed to negotiate with the govt on a reform. The author of the govt's labor reform bill, an economics professor, was assassinated by the Red Brigades, an extreme left terrorist organization that has operated in I. since the 1960s. By 2001, I.'s economic growth was the lowest among the major EU countries.

I.'s top trade association issued a report in 2001 claiming that 20% of the country's businesses were operated by criminal organizations. Berlusconi's popularity rating fell to 35% in 2002, but his govt coalition showed no signs of breaking up.

After Sept 11, Berlusconi was widely criticized for his remark that Christianity was superior to Islam and that the world was now embarked on a new crusade. However, he pleased the Bush administration -- and angered several France and Germany -- by agreeing to sign a bilateral agreement with the U.S. exempting Americans from indictment by the newly chartered International Criminal Court. The Bush administration opposes the ICC, fearing that U.S. troops or other personnel might be unjustly accused of human rights abuses by anti-U.S. regimes. Immediately after I. started its rotation as president of the EU in July 2003, amid a barrage of negative press commentary about Berlusconi throughout Europe, Berlusconi raised eyebrows in a speech before the European Parliament in which he suggested that a certain German MEP, one of his most vocal critics, might be well suited to play a Nazi concentration camp guard in a film currently being shot in Italy. Berlusconi and Prodi, who had to consult on a daily basis during the Italian presidency, are known to despise each other. In its 2 August 2003 edition, *The Economist* addressed an open letter to Berlusconi about his suspect business practices.

Berlusconi's political fortunes declined in 2004. After three years in office, his new govt had not produced the economic reforms it had promised, with the exception of a law raising the retirement age from 57 to 60 in the future (to take effect in 2008). Growth remained sluggish, and spending cuts totaling 29 billion euros would be necessary to keep the budget deficit within 3% of GDP, as required by the EU's Stability and Growth Pact. In January, I.'s highest court struck down as unconstitutional the June 2003 legislation granting immunity from prosecution to Berlusconi and four other top officials. Berlusconi responded by proposing legislation aimed at overhauling the I. judicial system, with the paramount aim of stripping the magistrates of much of their power. A poor showing by Berlusconi's Forza Italia party in the European Parliament elections and in Italian local elections in 2004 reflected the public's discontent. In regional elections held in the spring of 2005, Berlusconi's parties and its allies were routed in most of the regions by the center-left opposition, recently renamed the Union, led by Prodi. In April Berlusconi dissolved his govt -- the longest-serving govt in the postwar period -- and assembled a new 5-party coalition govt, the 60th govt since the fall of Mussolini in 1943. He pledged that his new govt would concentrate on economic recovery. In June 2005, a referendum on facilitating stem-cell research failed to draw the minimum 50% of the electorate, largely because the Catholic Church called for a boycott of the vote. I.'s two houses of parliament ratified the EU Constitution in January and May 2005, respectively. In Oct 2005, Berlusconi's parliamentary majority restored the proportional representation electoral system, reversing the previous decade's reforms that were designed to reduce the number of small parties and to enhance govt stability. An additional change to the election law provided that any coalition of parties that wins a plurality of the national vote for the Chamber of Deputies -- even by a single ballot -- is automatically entitled to a "majority prize" consisting of at least 340 out of the 630 seats (54%). Berlusconi announced his intention of withdrawing I.'s troops from Iraq, a task accomplished in 2006.

The April 2006 parliamentary elections were highly acrimonious. At 69, Berlusconi led his House of Freedoms coalition. During the campaign he warned against tax increases by the left and called for various tax cuts, despite the govt's budget high deficits and the world's third-highest national debt. Prodi, 66, led a center-left "Union" coalition that included his Olive Tree group, communists, socialists, moderate Christian Democrats and Catholics, environmentalists, and others. Prodi promised a mixture of tax cuts and tax hikes, but his main promise was "a more serious govt" -- an obvious allusion to Berlusconi's occasionally outrageous statements. For most voters, economic issues outweighed Berlusconi's personality and the Iraq war. The economy had registered a growth rate of only 0.6% a year under his govt, with inflation running high after the introduction of the euro. I.'s competitiveness in global markets was in decline. Berlusconi got a rude reception from Confindustria, Italy's big business association; like many average Italians, business magnates were disappointed in Berlusconi's failure to deliver on his pledge to run the economy like one of his successful businesses. Pre-election polls showed a 3 to 5% edge for Prodi's coalition, but the final results were much closer. Turnout was 81.4% (Italians are required by law to vote). In the vote for the Chamber

of Deputies, Prodi's coalition won 49.8% of the popular vote, Berlusconi's coalition won 49.7%; the two groupings were separated by fewer than 25,000 votes. Thanks to the new electoral law's "majority prize," Prodi's coalition won 348 seats (55.2%); Berlusconi's center-right House of Freedoms coalition (consisting once again of his Forza Italia, along with the Northern League and the National Alliance) won 281 seats (44.6%). In elections to the Senate, I.'s upper house, Berlusconi's coalition won more popular votes than Prodi's coalition nationally; but the seats were distributed on the basis of I.'s regions and Prodi's coalition won a slight majority of Senate seats. Berlusconi challenged the election results in court, but the highest tribunal affirmed the announced results.

Italy's ceremonial president is chosen for a 7-year term by an electoral college consisting of the two houses of parliament plus 58 regional representatives. Following the April 2006 parliamentary elections, Prodi's center-left majority elected Giorgio Napolitano as president. A former leader of the Italian Communist Party until its dissolution at the end of the Cold War, Napolitano was widely respected for his commitment to democracy and for his attempts to steer the Communists towards a "historic compromise" with the center-right Christian Democrats, the mainstream Catholic, pro-business, pro-NATO party that dominated Italian politics until the early 1990s. The Vatican endorsed Napolitano's election before the vote took place. He was elected on the fourth ballot in May 2006.

In Feb 2007, Prodi tendered his resignation to Pres. Napolitano after the Senate failed by 2 votes to support his gov't's agreement to permit the expansion of the U.S. military base at Caserma Ederle. Prodi gave his center-left coalition a list of 12 political conditions for remaining in office. Napolitano asked Prodi to submit to votes of confidence in the two houses of parliament. On 28 Feb, the gov't narrowly won the confidence of the Senate, 162-157; on 2 March it won the confidence of the House of Deputies, 342-198. The new gov't was Italy's 61st since the fall of Mussolini in 1943.

A report by the gov't in Oct 2007 indicated that organized crime is the largest sector of the Italian economy, accounting for more than 7% of GDP. Other estimates suggest the true figure is double that one.

Prodi's 9-party center-left coalition fell apart in 2008. In Jan the cabinet's justice minister, C. Mastella, resigned his post after his wife was arrested on corruption charges. Mastella and his family headed a small Catholic centrist party (Udeur). Two weeks later Udeur pulled out of the coalition when Walter Veltroni, the mayor of Rome and a supporter of Prodi's gov't, entered into talks with Berlusconi on a new electoral reform that would favor the large parties and drive the smaller ones out of parliament. The small Liberal Democratic party also pulled out of the gov't. After an acrimonious debate, Prodi's gov't narrowly lost a vote of confidence in the Senate on 24 Jan. Prodi resigned and snap elections were called for April.

In 2007 Berlusconi announced the dissolution of Forza Italia as a party and formed a new electoral alliance known as the People of Freedom. It included his core followers from Forza Italia along with the National Alliance (headed by Giancarlo Fini) and some smaller parties, including former Christian Democrats and Socialists along with pro-market conservatives. Though it leaned toward the center-right, the People of Freedom was a broadly based catch-all alliance that contained divergent points of view on various issues.

Joining the People of Freedom in Berlusconi's electoral coalition in 2008 were Lega Nord and the Movement for Autonomy, a small Sicilian party. Berlusconi favored tax cuts to stimulate the slow-moving economy, and all three parties favored more vigorous measures against immigrants. Berlusconi called for closing I.'s frontiers and setting up camps to identify foreigners who pursue a life of crime; the National Alliance and the Northern League called for the expulsion of tens of thousands of EU citizens who lacked a regular income or permanent residence; many would be gypsies from Romania. The Berlusconi coalition was opposed by a new center-left party of Prodi supporters, the Democratic Party, led by Veltroni. The Democratic Party formed an electoral alliance with a smaller center-left grouping, Italy of Values. A small centrist Catholic party called the Union of the Center fielded its own candidates. The center-left Communists and Greens ran as the Rainbow Left. The April 2008 elections to both the Chamber of Deputies and the Senate resulted in a clear victory for Berlusconi's People of Freedom. In the Chamber, the Berlusconi's tripartite center-right coalition won 46.8% of the popular vote but, thanks to I.'s complicated electoral law, which gave bonus seats to the winning coalition of parties in order to ensure a parliamentary majority, it won

344 out of 630 seats (54.6%). Of these, People of Freedom won 276 seats; the Northern League (which no longer favored secession) won 60 seats - a gain of 34 seats; and the Movement for Autonomy won 8 seats. Veltroni's 2-party, center-left coalition won 246 seats (39%). The Union of the Center won 36 seats. The Rainbow Left won no seats, leaving the various Communist groups out of the Chamber for the first time since WWII. In a radical break from tradition, only 5 parties won the vast majority of the seats (626 out of 630); for the first time in I.'s postwar history, most of the small parties failed to win seats. In the Senate the Berlusconi coalition won 171 out of 322 seats; the Democratic Party won 132, and the Union of the Center won 3 seats. Berlusconi quickly formed a new center-right cabinet consisting of his People of Freedom coalition, the Northern League and the Movement for Autonomy; once again he became PM. Fini was elected president of the Chamber of Deputies and stepped down as the leader of the National Alliance.

I.'s bicameral legislature ratified the Lisbon Treaty in July 2008.

In March 2009 the National Alliance formally merged with Forza Italia to transform the People of Liberty into a single party. In a referendum later that year Italian voters approved changes to the electoral law proposed by Berlusconi, giving the bonus seats in the Chamber of Deputies and the Senate to the leading party instead of to the winning coalition of parties, as in the past.

Divisions within the People of Freedom widened in 2010, resulting in a major rupture as Fini and his supporters bolted the party. Fini had initially entered politics as a member of the neo-fascist Italian Social Movement (MSI). As the party's national secretary, he lauded Mussolini and derided freedom as incompatible with fascist values. Starting in the mid-1990s his views mellowed and he moved towards a more traditional conservative stance. After 2000 he swung more pronouncedly towards a socially progressive point of view, favoring stem cell research, the separation of church and state and the right of long-term comatose individuals to die - all hot-button issues for pro-Vatican conservatives. He also adopted more progressive positions on health care and immigration. Fini's transformation was supported by the liberal faction within the National Alliance but opposed by the party's traditionally more conservative wing. He had similar supporters and opponents in the ranks of the former Forza Italia. Over the course of 2009 and 2010, Fini increasingly criticized Berlusconi on these and other issues, such as the gov't's frequent resort to confidence votes to get its bills passed. Fini called on the Italian right to embrace freedom, equality and social justice as core conservative values. In April 2010 Fini and his supporters warned Berlusconi that they might start a new party. Fini stepped up his attacks on Berlusconi over the ensuing months. In July the executive committee of the People of Freedom, dominated by Berlusconi loyalists, denounced Fini as "incompatible" with the party's positions and called on him to resign his presidency of the Chamber of Deputies. Fini and his supporters formed an embryonic new party, the Future and Freedom of Italy. He remained president of the Chamber.

In 2009, the Movement for Autonomy changed its name to the Movement for Autonomies, reflecting its evolution from a Sicilian party to one that embraced regionalist parties in the south and north of mainland Italy. In Nov 2010 the party allied itself with Fini's Future and Freedom of Italy and quit Berlusconi's gov't. By the end of 2010, the governing center-right coalition consisted of a diminished People of Freedom party and the Northern League. On 14 Dec Berlusconi's gov't survived a confidence vote in the Chamber of Deputies by a mere 3 votes, 314-311. Berlusconi - one of the richest people in the world with a net worth of more than \$9 billion - was besieged with continuing charges of political and financial improprieties, mafia connections, liaisons with paid escorts, and embarrassing buffoonery. In 2011 he went on trial for paying for sex with a minor, 17-year-old Karima El Mahroug, a Moroccan nightclub dancer and prostitute whose stage name was Ruby Rubacuori (Ruby Heartstealer). She and Berlusconi both denied the charges. Allegedly she had participated in Berlusconi's "bunga bunga" sex parties.

I. was the seventh largest economy in the world. Though its budget deficit in 2010 was 4.6% of GDP (relatively low in the EU), growth was anemic (1.1%). Unemployment was just under 8%; but only 57% of Italians aged 15 to 64 were employed in 2010 - one of the lowest employment rates in the world. By the fall of 2011, public debt stood at €1.84 trillion (\$2.6 trillion; 120% of GDP). I. faced payments of €300 billion (\$450 billion) on bonds coming due in 2012 (19% of GDP); €200 billion (\$260 billion) of these obligations

would be due by April 2012. It was estimated that a bailout would cost €600 billion – far in excess of the €440 billion at the disposal of the European Financial Stability Facility, which was established by the EU in May 2010. In Sept 2011 Berlusconi's govt succeeded in passing a €60 billion austerity package, but it was widely regarded as insufficient. In early Oct Moody's downgraded I.'s bonds by three notches, from A2 to Aa2. Standard & Poor's followed suit. Chancellor Merkel and Pres. Sarkozy met privately with Berlusconi during the Oct 2011 EU summit. The meeting – which followed on the heels of Berlusconi's widely reported obscene characterization of Merkel – was humiliating for the Italian PM. Berlusconi immediately won approval of a pension reform in the parliament, but the Northern League – his coalition partner – refused to raise the retirement age from 65 for most men to 67, as demanded by EU leaders. While acknowledging the need for austerity, Berlusconi noted that I. was rich and the “restaurants are full of people.” By Nov Italian bond yields were rising appreciably, reaching 7.4% (a yield of 7% is considered unsustainable). Berlusconi tried to push more austerity measures through parliament, but pressures for his resignation intensified. Pres. Napolitano, who orchestrated the change from behind the scenes, appointed Mario Monti a Senator for life; though unelected, Monti was now qualified as a member of parliament to become prime minister.

Monti was an economist with no ties to political parties. He had served as EU commissioner responsible for the internal market from 1995 to 1999, and then as commissioner responsible for competition from 1999 to 2004. He was currently serving as a university president and as the European chairman of the Trilateral Commission (where Michael Sodaro worked in its inaugural year). On 11 Nov, Berlusconi resigned immediately after the legislature passed the austerity proposals requested by the EU (including raising the retirement age to 67). The next day Monti accepted Pres. Napolitano's request to form a new govt. Monti quickly assembled a cabinet of independent (non-party) technocrats and presented an emergency economic proposal aimed at “fiscal rigor, economic growth and social fairness.” The new govt was overwhelmingly approved by the Senate on 17 Nov, and then by the Chamber of Deputies on 18 Nov by a vote of 556-61. The lopsided votes did not reflect the new govt's popularity but rather a recognition that I.'s political elite and population had no choice but to accept the EU's prescriptions for economic – and political – change. In Dec Monti revealed the initial measures of his “Save Italy” plan, including a new property tax and an increase in the value added tax from 21% to 23%, more pension reforms and other measures. However, under political pressure from Berlusconi's allies he dropped plans for a wealth tax and the liberalization of closed professions (guilds) like taxi drivers and pharmacists. Under pressure from labor unions, he dropped plans to remove automatic inflation increases for pensions. On 18 Dec, the Chamber of Deputies passed Monti's revised economic plan by 495 to 88. At the end of the year Monti unveiled a wish list of additional reforms, to be presented to the EU in January 2012. His declared aim was to balance the budget by 2013. Italian bond yields remained alarmingly high at just under 7% as 2011 came to a close.

I.'s economic predicament worsened in 2012. The Monti govt's €30 billion austerity program, which included tax increases and spending cuts, aggravated the recession. Moody's downgraded I.'s bond rating again in July. By Aug I.'s public debt reached a record level of €1.973 billion, or 123% of GDP – the second highest debt rate in the eurozone after Greece. Unemployment stood at 10.8%; youth unemployment exceeded 36%. The budget deficit for the first half of 2012 was nearly €48 billion, more than €1 billion higher than it was at the same time in 2011. (In part the rising deficit was due to a €10.5 billion increase in I.'s contributions to EU bailout funds.) It was not likely that I. would meet its goal of reducing its 2012 budget deficit to 1.7% of GDP (it was 3.9% in 2011). Nevertheless, mainstream parties and the majority of the public supported Monti's efforts to salvage the economy, however grudgingly. Berlusconi's People of Freedom party took a beating in local elections. Berlusconi announced that he was “the leader of the moderates,” and called on I. to abandon the euro unless the European Central Bank guaranteed sovereign debt and issued more money to stimulate growth. Monti said he would not run in elections expected in 2013.

LATVIA One of the three Baltic states (along with Estonia and Lithuania), the Republic of L. has a small population of 2.07 million (2011) that is only 62.1% Latvian. Many of the country's most serious problems center on the large Russian minority (26.9%) and other Slavic groups, such as Belarusians (3.3%), Ukrainians (2.2%) and Poles (2.3%). Like the other Baltic states, L. was an independent state in the inter-war period, having gained its independence from Russia in 1918. And like them, it was a pawn in the strategic confrontation between Hitler's Germany and Stalin's Soviet Union. Along with Estonia and Lithuania, L. was effectively awarded to the Soviets by Hitler's govt in the Nazi-Soviet Pact of Aug 1939. After taking it over in 1940, the USSR immediately began a brutal communization process in the Baltic region, ultimately deporting over 140,000 families. The Germans retook the Baltic area following their surprise attack on the USSR in 1941. After the Soviets evicted the Germans in 1944, the Kremlin reabsorbed the region into the USSR and resumed the harsh process of stamping out potential opposition and imposing communist authority. During the decades of Soviet rule, large numbers of Russians, Belorussians and Ukrainians settled in the region. Many were sent there while serving in the military; quite a few stayed because of the Baltic republics' high standard of living relative to other parts of the USSR. Immediately after independence, the govt conferred citizenship only on those who lived in L. in June 1940 (before the first Soviet occupation), on their descendants and on children born in the newly independent L. Under pressure from Russia, the U.S. and the EU, L. amended the law in 1995 to allow for naturalization, but it required proficiency in basic Latvian. In 2006, 18% of the population were registered non-citizens (420,000 people), mostly Russians. They are not allowed to vote or travel freely, to hold elective office or even to qualify for certain civil service jobs. The U.S. and W. Europe have provided funds to promote naturalization campaigns. Today there are 700,000 Russian speakers, most of whom do not speak Latvian. Latvia's largest cities all have a Russian majority.

As Gorbachev's democratization program awakened nationalist sentiment in the region, a number of L.'s Communist leaders began calling openly for independence. In 1990, Latvian officials announced plans to secede. Gorbachev sent troops to the region in Jan 1991, but was pressured into backing off by the U.S. and its allies. Following the failed coup attempt against Gorbachev that summer, the USSR fell apart at the end of the year. L. formally declared its independence. Like the other two Baltic states, L. refused to join the Russian-led Commonwealth of Independent States (CIS). The newly independent country embarked rapidly on democratization and the privatization of industry and agriculture. New center-left, center-right and centrist parties sprang up, along with others, but none received the support of more than a fourth of the electorate. The highly fractionated parliament, divided into six or more parties, made for a succession of weak, unstable coalition govts. Economic difficulties, corruption and personality feuds exacerbated the political stalemate. The elections of 2002 produced another hung parliament. In March 2004, the govt of Einars Repse fell. The new PM, Indulis Emsis, stitched together a minority govt backed mainly by center-left parties. Emsis became the first Green Party PM in Europe. His govt was L.'s 12th govt since 1993. The center-right did better in the June 2004 elections to the European Parliament than L.'s center-left parties. In 1999 Vaira Vike Freiberga, a former academic from Canada, became the first woman to hold L.'s ceremonial presidency. She was the only person nominated by the parliament in June 2003 and handily won reelection. In Dec 2004 she appointed Aigars Kalvitis as L.'s new PM, following the collapse of the Emsis coalition govt. Kalvitis headed a majority coalition govt consisting of center-right parties, including his own People's Party and three others. In April 2006, one of these parties left the govt and Kalvitis led a minority govt. Following the parliamentary elections of October 2006, Kalvitis broadened his coalition to include a fourth party, Latvian Way, giving the govt 59 out of 100 seats in the unicameral parliament, the Saeima.

In 1999 the EU invited L. to begin accession talks; in Dec 2002 L. was invited to become a full member in 2004. In its referendum on EU membership held in 20 September 2003, 67% approved accession; turnout was 73%. L. entered the EU and NATO in 2004. The parliament ratified the Treaty of Lisbon in May 2008. L. is the EU's poorest country.

On 31 May 2007, Valdis Zatlers was elected L.'s ceremonial president. An orthopedic surgeon, Zatlers had been a member of the center-left Popular Front of Latvia party since 1988-89; his candidacy was proposed by the governing coalition parties led by PM Kalvitis. He won the election in the unicameral legislature by a vote of 58-39. On 5 Dec 2007, PM Kalvitis tendered his resignation to Pres. Zatlers following widespread criticism of the PM's decision to fire the head of the anti-corruption agency. Zatlers nominated Ivars Godmanis, the head of the center-right Latvian Way party, to form a govt. Godmanis was L.'s first PM after independence and had been Interior Minister in Kalvitis's govt since the Nov 2006 elections. Retaining the same center-right coalition govt, he won parliamentary approval as PM on 20 Dec by a vote of 54-43. The govt's austerity measures were unpopular; two referendums went against the ruling coalition. In Dec 2008 L. got a €7.5 billion IMF-led aid package, but discontent fueled by the economic crisis erupted into riots in Jan 2009. After losing a no-confidence vote in the parliament, Godmanis resigned in Feb. Pres. Zatlers designated **Valdis Dombrovskis** – a former finance minister, MEP and physicist who had a research position at the U. of Maryland in 1998 – to form a govt. In March Dombrovskis became PM of a new 5-party center-right coalition govt consisting of his New Era Party (an anti-corruption party); the People's Party (former PM Kalvitis's party); the Union of Greens and Farmers; Civic Union (founded in 2008); and For Fatherland and Freedom/LNNK, a nationalist and moderately euroskeptic party.

Parliamentary elections took place on 2 Oct 2010. Prior to the elections, PM Dombrovskis's New Era Party formed a center-right electoral alliance with Civic Union and the Society for Other Politics; the 3-party alliance was called Unity. Unity did not include For Fatherland and Freedom/LNNK, which formed an alliance with a far-right party. Three center-left parties formed an alliance called Harmony Center, which was popular among L.'s Russian speakers. Although 13 parties or electoral alliances fielded candidates, only 5 alliances won at least 5% of the vote, the minimum threshold required for a party or an alliance to win seats in the legislature. Unity came in first, garnering 31.2% of the vote and 33 out of 100 seats. Harmony Center finished second (29 seats). Over the course of the ensuing weeks, PM Dombrovskis formed a new center-right govt consisting of the 3 parties in the Unity alliance, plus the two parties that formed the Union of Greens and Farmers (22 seats).

In May 2011 Pres. Zatlers called a referendum to determine if the voters wished to dissolve the unicameral legislature (the Saeima) and hold snap elections. Zatlers exercised this constitutional prerogative after the parliament refused to order the search of the home of the leader of Latvia's First Party/Latvian Way, a party Zatlers accused of corruption. Before the referendum was held, Zatlers's term expired and an election was held in the Saeima for the ceremonial presidency on 2 June. Zatlers was defeated in the second round by Andris Bērziņš, a Saeima member from the Union of Greens and Farmers; Bērziņš won 53 out of 98 votes cast. Zatlers himself had been investigated for corruption and his defeat was considered a rejection of his call for a referendum. The parliamentary dissolution referendum was held on 23 July and 94.3% of the voters approved the dissolution (turnout was 45%). Snap elections to the Saeima were set for 17 Sept 2011. Meanwhile, the three governing parties of the Unity Alliance merged to form a single party called Unity. Former president Zatlers formed a new center-right party, Zatlers's Reform Party (ZRP), aimed at combating the influence of oligarchs. For Fatherland and Freedom/LNKK and All for Latvia merged to form a new right-wing party, National Alliance. The People's Party dissolved itself due to debts and declining popularity.

The results of the snap elections to the 100-seat Saeima held on 17 Sept 2011 complicated the formation of a new govt. Harmony Center came out on top, winning 31 seats (+2); but its pro-Russian

orientation repelled potential coalition partners. Zatlers' Reform Party (ZRP) finished second, winning 22 seats in its first election. Unity came in third (20 seats, a loss of 13). The right-wing National Alliance won 14 seats (+6) and the Union of Farmers and Greens fell to 13 seats (-9). No other parties or alliances won seats. After several weeks of fruitless attempts to form a govt, Pres. Bērziņš on 19 Oct called on PM Dombrovskis to try again. Dombrovskis quickly formed a new center-right coalition govt consisting of Unity, Zatlers' Reform Party and the National Alliance. The new govt took office on 25 Oct.

On 18 Feb 2012 L. held a referendum on whether Russian should be adopted as the country's official second language. Pro-Russian organizations petitioned for the referendum after proposed amendments to the constitution formalizing Russian as the second language were rejected in the national legislature. The 2000 census revealed that Russian was the native language of 37.5% of the population and the second language of 43.7%. The referendum failed, with 74.8% votin against the proposal and 24.9% for it. Turnout was 71%; however, more than 300,000 Russian speakers (14.4% of the population) were not allowed to vote because they do not have full citizenship rights.

L ITHUANIA The Republic of L.'s population of 3.18 million (2012) is 83.7% Lithuanian. The Russian minority has a smaller share of the population (5.3%) than in the other two Baltic states, Latvia and Estonia, thanks mainly to a relatively high Lithuanian birth rate after WWII. The rest are Poles (6.6%), Belarusians (1.3%) and others. Roman Catholicism is the most widely practiced religion, but there are also Lutherans and other Protestants, as well as adherents of Russian Orthodoxy, Islam and Judaism. L. was acquired by the Russian Empire in 1795. It achieved independence following the Bolshevik Revolution and the communist regime's peace treaty with Germany in 1918. In 1922 the Lithuanian republic was formally recognized by the victors of WWI. L.'s traditional capital of Vilnius was annexed by Poland. Attempts to build a democracy foundered in 1926, as a military coup abolished the parliament at a time when Lithuanian communists and fascists threatened to take over the state. Like Latvia and Estonia, L. lost its independence following the outbreak of WWII in Europe. By the terms of the Nazi-Soviet Pact of Aug 1939, Germany allowed Stalin's Soviet regime to annex the Baltic states. The Kremlin's brutal campaign to impose communism on the region began in June 1940, as the Soviet army invaded the region. L., Latvia and Estonia were formally incorporated into the USSR as Soviet republics in July. The Germans retook the Baltic region in 1941, imposing a harsh Nazi occupation regime that included the elimination of a large portion of the region's Jewish population. Soviet forces evicted the Germans in 1944 and the communization process resumed. In addition to jailings and killings, more than 100,000 families were deported to concentration camps and to the remote hinterlands of Siberia. The private sectors of the economy, including agriculture, were abolished and the property seized by the Soviet state. Over the ensuing postwar decades, a large number of Russians and other Soviet ethnic groups moved to L. for military service or other duties; many stayed because of the Baltic region's comparatively high living standard. The Soviets restored Vilnius to L.

As Gorbachev's reforms breathed new life into Baltic nationalism, the leader of the Lithuanian Communist Party, Algirdas Brazauskas, took the lead in proclaiming L.'s independence in March 1990. Gorbachev responded with military pressures, sending paratroopers and tanks to seize control of radio and TV stations throughout the Baltic region in Jan 1991. Under intense western pressure, Gorbachev refrained from sterner action. By the end of the summer his own authority had collapsed in the aftermath of an abortive coup engineered by Soviet hardliners. As effective power passed from Gorbachev to Boris Yeltsin, the elected president of the Russian Soviet Republic, the USSR recognized L.'s independence in Sept 1991. At the end of the year the USSR ceased to exist. Like Latvia and Estonia, L. has refused to join the

Commonwealth of Independent States (CIS), the loose organization formed by Russia and 11 other constituent republics of the former Soviet Union. The last remaining Soviet troops departed in 1993. Since independence, a number of center-right and center-left parties have vied for power, resulting in a succession of shaky coalition govts. The former communists led the first govts after the 1992 elections; Brazauskas, their leader, was elected president in 1993. They were replaced by a center-right govt after the 1996 elections. In 2000 the center-left returned to power. While there was broad support for democracy, privatization and membership in the EU and NATO (even among the former communists), the reform process brought economic hardships to many Lithuanians, and it provoked objections in some quarters to the sale of important assets to U.S. and West European companies. Corruption damaged the reputation of certain govt figures, exacerbating the political instability. In 1998, a Lithuanian-American businessman from Chicago, Valdas Adamkus, was elected president with Brazauskas's backing. L. has a parliamentary system with a unicameral legislature, the *Seimas*. The largely ceremonial president is responsible for foreign affairs and has the right to nominate the PM. In view of the fluid nature of multiparty politics in L., the head of state's use of this prerogative often assumes real political importance. Domestic matters are largely in the hands of the PM and cabinet. In 2001, the former Communists merged with the Social Democrats to form the center-left Lithuanian Social Democratic Party. Brazauskas, the party's leader, became PM, forming L.'s 12th govt since 1993.

In the second round of presidential elections held in January 2003, Rolandas Paksas, a two-time former PM who still doubled as a stunt pilot, won a surprise victory over Pres. Adamkus. Though a man of the center-right, Paksas ran a populist campaign. Although he questioned the terms set by the EU for L.'s accession, after his election he affirmed the country's commitments to the EU and NATO. But after several of his advisors were accused of having contacts with Russian crime figures. In 2004, Paksas was impeached and removed from office, necessitating new presidential elections. In June 2004, Adamkus and Kazimira Prunskiene, who was PM during the independence struggle in 1990-91, emerged as the top winners in round 1. In round 2, Adamkus won 51.9% of the vote, defeating Prunskiene. Parliamentary elections held in Oct 2004 saw the rise of a new party, the Labor Party, which emerged as the largest party with 39 seats (out of 141). The center-left party scored points with voters who were upset at the poverty that has accompanied market reforms and at the elitism and corruption of the mainstream parties. Although the Social Democratic Party led by Brazauskas lost 50 seats, the latter formed a new center-left coalition govt and remained as PM. On 31 May 2006 Brazauskas resigned as PM following criticism by Pres. Adamkus that two of his govt ministers had engaged in unethical conduct. He was initially replaced by Zigmantas Balcytis, but the latter was unable to form a govt. On 4 July 2006, a new center-left coalition govt was formed by Gediminas Kirkilas, who formally replaced Brazauskas as head of the Social Democratic Party in May 2007.

Parliamentary elections held in two rounds in Oct 2008 resulted in the defeat of the center-left govt and its replacement by the center-right. The new coalition govt was headed by PM **Andrius Kubilius**, the leader of the Homeland Union-Lith. Christian Democrats Party. Kubilius previously served as PM in 1999-2000. Other members of the governing coalition include the National Resurrection Party and the Liberals' Movement of the Rep. of Lith. Together they held 72 out of 141 seats. In May 2009, Dalia Grybauskaitė (GREE-bow-sky-teh) was elected L.'s first female president. With a Ph.D. from Moscow (1988) and advanced study at Georgetown University's School of Foreign Service (1990), Grybauskaitė served as minister plenipotentiary at the Lithuanian embassy in Washington (1996-99), deputy minister of finance (1999), vice minister of foreign affairs (2000) and minister of finance (2001-04). In 2004 she was selected by EU Commission President Barroso to serve as commissioner for education and culture; a few months later she became commissioner for financial programming and budget. In 2005 she was named "Commissioner of the Year," and in 2008 she submitted the EU's first budget in which expenditures for growth and

employment exceeded agricultural spending. Running for the presidency as an independent, Grybauskaitė was supported by the center-right Conservative Party. She bested six challengers, winning 69% of the vote.

Shortly after achieving full independence in 1992, L. granted citizenship to everyone born inside its borders. Approximately 90% of the country's Russians, Poles and other ethnic minorities instantly became full citizens. As a result, L. has largely avoided the complicated nationality issues affecting Latvia and Estonia. In 1999, the EU invited L. to start accession talks, and in Dec 2002 it formally invited L. to become an EU member. In a referendum held in May 2003, 91% of the voters approved EU accession, with a 63% turnout. L. joined the EU and NATO in 2004. Parliament ratified the Lisbon Treaty in May 2008.

Parliamentary elections are set for Oct 2012. L. assumes the EU presidency on 1 July 2013.

LUXEMBOURG The Grand Duchy of L.'s population of 509,,000 (2012) is based on a Franco-German-Celtic blend, but foreign workers -- mostly from other EU countries -- now comprise 40% of the population. Thus far there has been very little anti-immigrant sentiment, perhaps because the native population is aging and there is a general acknowledgment that the foreigners are vital to the economy. The Grand Duchy of L.'s population grew 12% in the 1990s and it is expected that by 2025 it will nearly double. About 97% are Roman Catholic, with the rest Protestant and Jewish. L.'s per capita GDP of \$43,000 is the highest in the EU. The economy's mainstays are international banking and iron and steel production. Occupying an area smaller than Rhode Island, L. was one of principalities that formed the Holy Roman Empire until the Empire's formal demise in 1806. L. lost its French-speaking area to Belgium when the latter was created in 1831. L. became a sovereign state in 1867. Until 1890 L. shared a monarchy with the Netherlands, but in that year the tie with the Dutch monarchy was broken, and Adolf of Nassau became the grand duke of L. In Sept 2000 Grand Duke John abdicated after a 36-year reign. His son, Henri de Luxembourg, succeeded him as head of state. As grand duke in a constitutional monarchy, Henri plays a mostly ceremonial role; but he must sign all bills before they become law and he has the authority to dissolve the parliament. Since WWII, most govts have been coalitions. Six parties won seats in the country's 60-seat unicameral legislature in 1999. Since then the PM has been **Jean-Claude Juncker**, who is now Europe's longest-serving head of govt. Following parliamentary elections held in June 2004, Juncker set up a center-right/center-left govt consisting of his own center-right Christian Social People's Party (which won 24 seats) and the center-left Lux. Socialist Workers' Party (10 seats). Three other parties shared the remaining seats in parliament. In parliamentary elections held in June 2009, the status quo was essentially confirmed: Juncker's party gained two seats and his center-left partners, the Socialist Workers Party, lost a seat. The other parties' results changed only slightly in comparison with the 2004 election results. Juncker thereupon re-established a center-right/center-left coalition govt consisting of the same two parties that held power prior to the 2009 elections.

L. was occupied by Germany in WWI and WWII, experiences that induced its leaders to abandon neutrality and enthusiastically champion European integration. L. was a charter member of the UN in 1945, of NATO in 1949, of the European Coal and Steel Community in 1952, of the European Economic Community in 1957/58, and of the EU's Economic and Monetary Union in 1999. In 2004, Juncker was backed by France and Germany as the new EU Commission president after they failed to win the post for Belgian PM Verhofstadt, but he declined to be a candidate. In 2005 he was appointed president of the Euro Group, whose members are the finance ministers of the eurozone countries. In Jan 2005, Lux. assumed the 6-month presidency of the Council of the EU (the Council of Ministers). In a consultative referendum on the EU constitution held on 10 July 2005, 56.5% voted in favor of the Constitution and 43.5% voted against it, in spite of the recent negative referendum results in France and the Netherlands. Parliament ratified the Constitution in October 2005. It approved the Lisbon Treaty in May 2008.

MALTA The Republic of M. is an archipelago in the central Mediterranean. Malta is the largest of its islands, which together comprise a territory about twice the size of Washington, DC. The population of 418,000 (2011) reflects M.'s centuries-old position as a crossroads of Mediterranean civilizations: its people are the descendants of Carthaginians, Phoenicians, Greeks, Normans, North Africans, Italians and others who have come to conquer, crusade, trade or resettle. In 1530, Charles V (the Holy Roman Emperor) granted the islands to the Knights Hospitalers, or Knights of Malta. The islands fell to Napoleon in 1798, but in 1800 they were taken over by Great Britain, which formally annexed them in 1814 during the course of the British conflict with Napoleonic France. The British granted M. partial self-rule in 1921 and 1939. M. was heavily bombed by Germany and Italy in WWII. In 1964 the British granted M. limited independence within the British Commonwealth, with Queen Elizabeth II remaining as its sovereign. Since then, M.'s international orientation has fluctuated with the domestic political fortunes of its two leading political parties. Between 1964 and 1971 it was governed by the center-right, pro-Catholic Nationalist Party (NP), which favors a close partnership with Western Europe. (Roman Catholicism is M.'s official state religion.) In 1971 the center-left, anti-clerical Malta Labor Party (MLP), which favored nonalignment and closer ties with radical Arab states like Libya and Algeria, won power under its outspoken leader, Dom Mintoff. The MLP govt renounced M.'s mutual defense treaty with Britain and cut off all formal ties with the Crown. In 1974 M. became a fully sovereign republic. The MLP remained in power until 1987, when the Nationalist Party was voted back into office. Swinging the country back to a more western-oriented course, the NP applied for membership in the European Community in 1991. But the Malta Labor Party suspended the application on regaining power in 1996. When the Nationalist Party came back to power in 1998, under PM Edward Fenech Adami, it renewed M.'s application. The EU announced in 1997 that it was ready to begin accession negotiations with M., and in Dec 2002 it invited M. to become a member in 2004. The NP govt pledged to abide by a referendum on EU accession in 2003, but the Malta Labor Party leadership under Alfred Sant categorically opposed membership in the EU and insisted it would not abide by a vote favoring referendum if it regained power.

The long-awaited referendum on joining the EU took place on 8 March 2003. With a turnout of 91% of the electorate, 53.7% voted in favor of accession and 46.4% voted no. Several weeks later, on 12 April, elections were held for the unicameral legislature, the House of Representatives. (The House has a minimum of 65 seats, but more seats are added to ensure a voting majority for the winning party.) The results for the were exactly the same as in 1998: 35 seats for the pro-EU Nationalist Party and 30 seats for the anti-EU Malta Labor Party. Following the elections, PM Fenech-Adami reconstituted his center-right govt. But in 2004 the 70-year-old premier resigned and ran for the country's ceremonial presidency. In March the House of Representatives elected Fenech-Adami president. (The presidency is ceremonial.) **Lawrence Gonzi** of the center-right Nationalist Party succeeded him as PM. Several weeks later, M. formally entered the EU. The next parliamentary elections were held on 8 March 2008. PM Gonzi's Nationalist Party won 49.3% of the vote and once again retained its 35 seats; the Malta Labor Party won 48.8% of the vote and 34 seats in the 69-seat legislature. Gonzi remained PM of the center-right Nationalist Party govt.

Following the failure of its anti-EU stance, the Labor Party accepted the country's EU membership. In 2004 (and again in 2009) it won 3 of M.'s 5 seats in the European Parliament. M.'s parliament unanimously ratified the Lisbon treaty in Jan 2008. In 2009 George Abela of the Labor Party was elected president by the House of Representatives. There are no plans to bring M. into NATO, and M. does not participate in NATO's Mediterranean Dialogue nor in its Partnership for Peace.

NETHERLANDS The Kingdom of the N. has a population of 16.74 million (2012). Although 79.1% are Dutch, N. has experienced considerable immigration in recent years. In 1995, minorities -- Moroccans, Turks and others -- constituted 7% of the population; by 2001 they comprised 9% (over 1.4 million), a figure that reached 12% 2010 and 20% in 2012, with non-Dutch majorities in Amsterdam and Rotterdam. About 27% of the population is Roman Catholic, 17% Protestant and 5.7% Muslim (about 1 million); 48 % are unaffiliated. The N. won its independence from Spain in 1579 and its sovereignty was recognized in the Treaty of Westphalia (1648). By 1815 a constitutional monarchy was in place. Despite intense social conflicts rooted in the Protestant-Catholic divide and class divisions, the N. managed to build a democracy from the end of WWI onwards. The Dutch-born political scientist Arend Lijphardt coined the term "consociational democracy" to describe the N.'s unique brand of democratic governance based on a series of accommodations among the elites who represented the country's contending religions and classes. Nazi Germany defeated the N. in 1940 after five days of combat, but Queen Wilhelmina and the cabinet fled to Britain, maintaining a govt-in-exile. (Her granddaughter, Beatrix Wilhelmina Armgard, became queen in 1980 and remains the country's ceremonial head of state.) The war exacted a heavy human and economic toll on the country, which began its rebuilding efforts immediately upon liberation in 1944 by forming the Benelux economic union with Belgium and Luxembourg. The N. was a charter member of NATO in 1949, the European Coal and Steel Community in 1952 and the European Economic Community in 1957/58. These ties promoted the modernization of the economy and sparked rapid and extensive economic growth. The burgeoning economy more than compensated the N. for the loss of its largest remaining colonies -- Indonesia, Ceylon (Sri Lanka) and Surinam -- after WWII. Postwar political stability has been based on coalition govts involving center-right (mostly Christian Democratic) center-left (social democratic) and centrist (liberal) parties. These parties have generally shared the popular consensus supporting private enterprise, a generous welfare state and a relaxed social order. With the rise of better educated generations and the attenuation of religious and class animosities, the Dutch by the 1960s were able to dispense with the elite-managed accommodations of consociational democracy, confident that their multiparty democracy rested on safe foundations. The Christian Democrats governed with the Liberals from 1982 to 1989, and with the Labor party from 1989 to 1994. In 1994 the Christian Democrats left the cabinet for the first time since 1945 as PM Wim Kok of the Labor Party established a new govt consisting of Labor, the Liberals and a center-left reform party. During these decades the N. legalized euthanasia, gay marriages and adoptions, and the limited sale and public use of marijuana.

Kok's govt undertook some reforms in the welfare system and kept economic growth above the average EU level. But in April 2002 he abruptly announced his entire cabinet's resignation only a month before the next scheduled parliamentary elections. The reason for the sudden decision was the release of a report by a govt-sponsored commission that blamed a succession of Dutch cabinets for not doing enough to prevent the massacre of 7,000 Bosnian civilians by Serb forces in the town of Srebrenica [Sreh-breh-NEE-tsa] in 1995. The massacre was the worst in Europe since WWII. At the time, 200 Dutch troops were stationed in the town under United Nations command. Their task was to protect it as a "safe haven" for the civilian population, consisting mostly of Muslims. The official Dutch report criticized the govt for failing to provide a clear mandate for its troops. Wim Kok was vice premier in 1995, and in his resignation speech he emotionally assumed responsibility for the Dutch govt's "international and national shortcomings."

The atmosphere surrounding the May 2002 elections became even more electric when the populist, anti-immigrant politician Pim Fortuyn [FOR-tan] was assassinated barely a week before election day. It was the first political assassination in the N. since the 17th century. Fortuyn, a gay, shaven-headed former sociology professor who had risen to political prominence only in the previous year, had tapped a wellspring

of frustration on the part of a growing segment of Dutch voters when he called for a halt to further immigration and for a more open style of governing than the distant, business-as-usual approach traditionally favored by the mainstream parties. With the rapid rise in immigration stemming from outside Europe, and the concentration of large numbers of immigrants -- most of whom speak little or no Dutch -- in cities like Amsterdam and Rotterdam, many Dutch people were becoming increasingly concerned about rising crime rates and other unfamiliar developments. Immigrants now comprise 40% of the population of Rotterdam, and it was there that Fortuyn made his mark as the first politician to speak out openly against the prevailing political consensus. He gathered his followers into a makeshift party called Liveable Rotterdam, and shocked the political establishment when the party came in first in local elections in March 2002. He quickly formed a national party -- the Pim Fortuyn List (LPF) -- to run in the upcoming parliamentary elections. Although Fortuyn was a harsh critic of ethno-religious minorities (he vilified Islam as a "backward culture" because of its attitudes towards women and gays), his opposition to minorities was more cultural than racial: he feared that they threatened the country's Dutch identity. He likened himself to conservatives like Margaret Thatcher and Silvio Berlusconi rather than to Austria's Joerg Haider. Immediately after his assassination by a Dutch animal rights activist who was upset at Fortuyn's approval of mink farming, Fortuyn's followers continued the campaign without a recognized leader. Following the balloting on 15 May, the center-right opposition party, the Christian Democratic Appeal (CDA), emerged as the largest party, winning 43 seats out of 150 in the lower house of parliament (28.7%). The LPF finished in second place with 26 seats (17.3%), a success that was unimaginable only a week before the election. Approximately 1.6 million voters had cast their ballots for Pim Fortuyn's followers. The liberal, free-market People's Party for Freedom and Democracy (VVD), which had participated in Wim Kok's coalition govts, won 24 seats. The Labour Party collapsed, falling from 45 seats in the previous parliament to only 23.

After protracted negotiations, a center-right coalition govt consisting of the CDA, the Pim Fortuyn List and the VVD was formed under PM Peter Balkenende, a conservative Christian Democrat. A devout Christian, Balkenende was on record as opposing the legalization of marijuana and euthanasia; he also favored mandatory classes in the Dutch language and culture for immigrants. His new govt took controversial stands on immigration and EU enlargement. Asserting that "(w)e have to put this country in order," the immigration minister (Hilbrand Nawijn) unveiled plans to reject upwards of 80% of future applications for asylum. "People say the Dutch are tolerant but I doubt that," the minister said. He also accused previous Dutch govts of being "too soft on crime" -- though he denied that the N. was shifting radically to the right, and he criticized Fortuyn for going too far in his condemnation of Islam. In Oct, just two months before the EU's Copenhagen summit, govt leaders said that Poland, Latvia, Lithuania and Slovakia were not ready for admission into the EU. They called for safeguards to make sure that the aspirants would meet all requirements for admission before becoming EU members. The comments, which had support in the governing parties' legislative delegations, threatened to block the EU's upcoming decision in Copenhagen to admit ten new members. Ultimately the Dutch govt went along with the Copenhagen consensus, but only after Balkenende's coalition had fallen apart. On 16 Oct Balkenende announced that the Pim Fortuyn List ministers were leaving his coalition govt. The LPF's parliamentary delegation and governing board were in disarray over policy and personality issues. After its meteoric rise, the new party was foundering on its political inexperience and rapidly losing popular support. With the govt's collapse after only 87 days -- the shortest Dutch govt in the postwar period -- new parliamentary elections were scheduled to be held within three months. In the interval, Balkenende's Christian Democrats and the VVD agreed to govern as a minority caretaker govt, nine votes short of majority in the lower house. Meanwhile, the Dutch economy was undergoing a downturn, requiring the Balkenende govt to impose unpopular budget cuts and tax hikes. Crime was emerging as a central issue.

The snap elections to the 150-seat Second Chamber took place on 22 January 2003. Balkenende's Christian Democratic Appeal increased its delegation by 1 seat, winning 44 seats. The center-left Labor party made a stunning comeback under its energetic new leader, Wouter Bos, who chided his party for losing touch with the voters. Labor won 42 seats, a gain of 19. The most noteworthy aspect of the election, however, was the collapse of the Pim Fortuyn List, which fell from 26 seats to 8. The party leadership's internal bickering and manifest political inexperience turned off many of its former supporters. It took a record 120 days of inter-party negotiations for Balkenende to give up trying to form a coalition with the Labor Party and to build a center-right coalition with the liberal VVD, which finished third with 28 seats, and a centrist party, Democrats 66 (D66), which won 6 seats. With a slim 3-vote majority, the new govt immediately set to work dealing with the country's recession and budget deficit, agreeing on a package of \$12.8 billion in spending cuts and more than \$3 billion in new taxes. The govt also supported the Bush administration's invasion of Iraq, despite widespread public opposition to it. The N. assumed the 6-month EU Presidency on 1 July 2004. In Nov 2004, a Muslim immigrant murdered Theo van Gogh, a film-maker known for his provocative criticism of radical Islamist immigrants. The incident intensified the govt's efforts to limit immigration and promote assimilation.

On 1 June 2005, in the first referendum in the country's history, Dutch voters decisively rejected the EU Constitution by a vote of 61.5% to 38.5%. Turnout was 63%. The consultative vote came only three days after a majority of French voters rejected the Constitution. Voters on the left were largely worried about economic issues, while most on the right were concerned about a potential rise in immigration resulting from enlargement and other EU policies.

Balkenende's coalition govt collapsed in June 2006 when the D66 party walked out of the coalition. D66 had earlier objected to the deployment of Dutch troops in Afghanistan, but it remained in the govt. This time the party called for the resignation of the cabinet's immigration minister, Rita Verdonk, over her handling of a dispute concerning Ms. Hirsi Ali, a Somali-born member of the center-right VVD party and a member of the Dutch parliament. Hirsi Ali was a well-known filmmaker and writer who rejected her Muslim heritage and voiced strong criticisms of Muhammad and various Islamic practices (especially the treatment of women) in her writings, interviews and a documentary film she made with Theo van Gogh. She received death threats and had to go into hiding. (Threats of violence against her in a rap song led to the conviction of the rappers.) In 2003 she entered parliament on the VVD party list. In 2005 she was named by *Time* magazine as one of the 100 Most Influential People of the World. In May 2006 a Dutch TV program reported that she had given false information about her real name, age, and the reasons why she was applying for asylum in 1992. Minister Verdonk initially reported that Hirsi Ali had never received Dutch citizenship because she had lied on her application; but after an emotional parliamentary debate Verdonk said that Hirsi Ali still had citizenship and would retain it pending a final decision by the govt. In June the govt said she could keep her citizenship. Hirsi Ali moved to Washington to take a position with the American Enterprise Institute a conservative think tank. As conflicting statements and uncertainties about the true facts of the case multiplied, D66 broke up the coalition govt. Snap elections were held in Nov 2006 and resulted in a more fragmented parliament than before. Economic issues dominated public discussion as blogs and websites fueled a highly charged campaign; but immigration and the role of Islam in Dutch society emerged as the main unspoken issue, decisively influencing the outcome. PM Balkenende's center-right Christian Democratic Alliance lost 2 seats but remained the largest party with 41 out of 150 seats in the unicameral legislature (27.3%). But the VVD, his former partners, lost 6 seats; D66 lost 3 seats. The center-left Labor Party fell from 42 to 32 seats, complicating prospects for a "grand coalition" govt with Balkenende's party. Many voters moved to the extremes. On the left, the Socialist Party -- with an anti-globalization, anti-European agenda and a commitment to more welfare spending on the poor and the elderly -- gained 17

additional seats, winning 26 in all. On the far right, a new party – the Party for Freedom (PVV) – headed by Geert Wilders, a former VVD member, won 9 seats. Wilders favored ending all further immigration, voicing opposition to “the rise of Islam in Dutch society” and arguing that “there are enough Muslims in the N. and enough mosques.” He favored banning the Koran and asking the country’s 1 million Muslims to leave or give up parts of their religion. Balkenende formed a caretaker govt with the VVD as talks proceeded on building a new coalition govt. On 3 Feb 2007, a coalition agreement was signed by Balkenende’s center-right Christian Democrats, the center-left Labor Party, and the small center-right Christian Union – a Dutch ‘grand coalition’. In March 2008 Wilders posted on the Internet a film he made that depicts Islam as a violent religion. The film included the 2005 Danish cartoon that depicted Muhammad with a bomb in his turban. It provoked highly critical reactions in various Muslim countries and a warning to Europeans of a “severe reckoning” by Osama bin Laden. N.’s two legislative houses ratified the Lisbon Treaty in June and July 2008.

Balkenende’s fourth govt collapsed in Feb 2010 when the Labor Party withdrew from the cabinet over its opposition to a NATO request to extend the participation of Dutch forces assigned to a training mission in Afghanistan. Snap elections to the House of Representatives were held on 9 June. Balkenende’s Christian Democratic Appeal (CDA) lost 21 seats, while the center-right People’s Party for Freedom and Democracy (VVD) under Mark Rutte emerged as the largest party, with 31 seats out of 150 (+9). The Labour Party came in second (30 seats, -3). The Party for Freedom (PVV) led by Wilders bounded into third with 24 seats, a gain of 15 for the anti-immigrant party. Over the following months Queen Beatrix appointed a succession of *informateurs* to explore the possibilities of forming a new coalition govt, but these efforts foundered until the end of Sept. On 30 Sept a series of negotiations involving the VVD, the CDA and the PVV were concluded that provided for the formation of a new center-right minority govt consisting of the VVD and the CDA. Because these two parties together held only 52 of the 150 seats in the House, they concluded a ‘parliamentary support agreement’ with Wilders’s party, the PVV, which agreed to support the new govt with its votes in the House. Mark Rutte of the VVD became PM after winning parliamentary approval in Oct by a slim majority. The new govt was expected to be unstable, given antipathy towards Wilders and the PVV among many Christian Democrats. The CDA, the VVD and the PVV together had only 35 out of 75 seats in the Senate, the country’s upper house.

In March 2012 a report prepared by a British consulting group at the request of Geert Wilders suggested that the cost to the Dutch treasury of abandoning the euro and returning to the guilder would be €51 billion. But the Dutch contribution to EU funds to save the euro would amount to €125 billion by 2015, according to the report. As Wilders reportedly pressed the govt for a referendum on the euro, opposition parties called for an official evaluation of the report and PM Rutte said he was “not yet convinced” by it. Tensions between Wilders and the govt came to a head in April as Rutte prepared €16 billion in budget cuts to conform to EU deficit criteria requiring a reduction in the deficit from 4.2% in 2012 to 2.9% in 2013. Wilders refused to support the cuts, claiming they would reduce growth and “make our retirees bleed.” He withdrew the PVV from its parliamentary alliance with the governing parties. The Dutch should not have to “pay out of their pockets for the senseless demands of Brussels,” Wilders declared. The govt got the parliament to pass the new stringent budget with the help of three opposition parties. On 26 April Rutte submitted his resignation to the queen. Snap elections were set for 12 Sept. Meanwhile, Rutte remained PM as head of a caretaker govt. During the election campaign, Socialist Party leader Emile Roemer said that the N. should refuse to pay any fines levied by the EU Commission if the 2013 budget deficit exceeds 3%.. “Over my dead body!” he declared. He also favored a referendum on the EU fiscal compact signed on 2 March 2012 by 25 member states. Finance Minister Jan Kees de Jager, a Christian Democrat, said the EU’s rules were necessary “to prevent a debt crisis as seen in the past years.”

POLAND The Republic of P.'s population of 38.5 (2011) million is 91.6% Polish, with small groups of Silesian Germans, Ukrainians and Belarusians. During WWII, 3 million Polish Jews were killed in the Holocaust. A total of 6 million Poles perished in the war, more than 20% of the population – the highest percentage of casualties suffered by any country in WWII. Today Roman Catholics comprise 95% of the population (about 75% are practicing); the remaining 5% are Eastern Orthodox, Protestants and others. Poland ceased to exist in the late 18th century as Russia, Austria and Prussia annexed pieces of its territory in the partitions of 1772, 1793 and 1795. The Congress of Vienna reestablished a Polish kingdom, but it was ruled by the czar of Russia. An intense Russification campaign began in 1830, aggravating Polish hatred of Russia. Uprisings against Russian domination in the 19th century were brutally suppressed. The Roman Catholic church remained the only institutional guardian of Polish nationalism. P. reemerged as a state in 1918 after WWI. In 1921, following a war with Soviet Russia, the Treaty of Riga gave P. roughly the same boundaries it had after the first partition of 1773. The new state initially attempted to establish a democracy, but in 1926 President Josef Pilsudski took power in a coup and established a military dictatorship that lasted until his death in 1935. The weak govts that followed him succumbed to Nazi and Soviet aggression. The Nazi-Soviet Pact of Aug 1939 provided for another partition: after the Germans invaded P. from the west starting on 1 Sept 1939, launching WWII in Europe, the USSR invaded from the east several weeks later. Both invaders imposed brutal occupation regimes. Stalin incorporated eastern Poland, with its predominantly Ukrainian population, into the USSR (specifically, into Soviet Ukraine). In June 1941, Hitler double-crossed Stalin and invaded the USSR, as was his intention all along. The German army overran the rest of Eastern Europe in the process. Polish resistance resulted in mass reprisals by the Germans.

Anti-Russian sentiment intensified after WWII as the Soviet army imposed communist rule on the country, installing the small Polish communist party led by Wladislaw Gomulka in power. A sporadic civil war between anti-communist resistance fighters and the communist regime ended with the regime's victory in 1947. Stalin adjusted P.'s boundaries, reincorporating into Soviet Ukraine the parts of eastern Poland that the USSR had originally acquired under the terms of the 1939 Nazi-Soviet Pact. Today that territory remains in independent Ukraine. Stalin compensated the Polish state by detaching territory from eastern Germany and awarding it to P. Those territories included Silesia in the south (whose chief city of Breslau became Wroclaw) and certain cities and their surrounding areas in the north (including Danzig, which became Gdansk). Most Germans were expelled or fled, but a few hundred thousand continued to live in these territories, mostly in Silesia. Today these former German lands are still part of P., but the Polish govt is concerned that Germans will wish to purchase some of them. P. and the EU have agreed on a moratorium of 12 years during which foreigners may not purchase farmland in P. (The Poles had initially asked for a 17-year moratorium, while the EU wanted no more than 7 years.) Following Germany's unification in 1990, Germany and P. signed a treaty recognizing the finality of their post-WWII borders. P.'s small German community (less than 500,000) is currently entitled to 2 deputies in the 460-member Sejm, the lower house.

From the end of WWII on, the Soviet Union had a difficult time maintaining communist rule in P. As Stalin put it, "Communism fits Poland as a saddle fits a cow." In the early 1950s Stalin removed Gomulka from power and replaced him with a more hardline leadership. A major turning point came in 1956, following industrial strikes and the death of the Polish communist party's leader. As public anger threatened to boil over into a possible insurrection, the Soviet leadership restored Gomulka to power and agreed to withdraw Soviet troops from the country. Gomulka initially relaxed some of the regime's harsh restrictions and loosened the communist system of collectivized agriculture, permitting private farming. But he maintained the essence of the communist one-party dictatorship, including a censorship system that punished overt criticism of communist rule and the Soviet Union. The economy stagnated, and when the govt

announced price increases for staple goods, strikes broke out at the Gdansk shipyard in Dec 1970. The authorities used force against strikers but rescinded the price increases; in Moscow, the Soviet leadership decided it was time to remove the unpopular Gomulka. His successor was Eduard Gierek, a moderate communist leader with a record of economic achievement in running Silesia. Gierek pursued a more active foreign trade policy with Western Europe and the United States, opening P. up to western investment. The strategy initially worked, and the economy began to boom in the early 1970s. But the global recession that hit the West with the escalation of Middle East oil prices starting in 1973 put an end to P.'s hopes for accelerating economic growth. The boom came to a sudden halt and P.'s foreign debts mounted. Economic hardships triggered strikes in 1975, which the govt harshly suppressed. The election of Krakow's Bishop Karol Wojtyla as Pope John Paul II in 1978 electrified P.'s overwhelmingly Catholic population. His return visit the following year galvanized national pride and constituted an implicit challenge to the officially atheistic communist regime.

More strikes followed in 1980. Once again the Gdansk shipyards were the focal point, as an electrician named Lech Walesa (LEK Va-WEN-sa) helped organize a national committee called Solidarity for the purpose of coordinating the activities of dozens of illegal trade unions that were springing up spontaneously around the country. Gierek resigned in Sept, but his immediate successor proved just as incapable of stanching the proliferating trade union movement. Millions of industrial and white-collar workers joined Solidarity, and a rural Solidarity began organizing farmers and farm workers. Ultimately some 10 million people joined Solidarity. The Solidarity leadership issued unprecedented political demands, calling for the legalization of the non-communist trade unions, the right to strike, the end of censorship and the release of political prisoners. A Polish Army general, Wojciech Jaruzelski, was named PM in Feb 1981. Jaruzelski had participated in the suppression of the Gdansk shipyard strikes of 1970. In Dec 1981, following Solidarity's announcement that it would hold an illegal national referendum on the Jaruzelski regime, the govt cracked down: it imposed martial law on the country and arrested Solidarity's leaders. But Solidarity activists continued to function underground, organizing strikes and circulating anti-regime literature. The advent of a major reform process in the Soviet Union under Gorbachev starting in 1985 relieved some of the pressure on Solidarity. Gorbachev showed no interest in helping the Polish communist authorities destroy the trade union movement; on the contrary, he encouraged reforms in Central and Eastern Europe in hopes of making communism more palatable and of eliciting economic assistance from the West. In 1989, the Jaruzelski govt agreed to sit down with Walesa and other Solidarity leaders to discuss P.'s future. The Round Table Agreement of April 1989 legalized Solidarity and permitted it to field candidates in P.'s first free elections since the imposition of communism. In the 1989 elections, Solidarity candidates won 99 out of 100 seats in the Senate, and all 299 seats in the Sejm for which they were allowed to run. (The agreement reserved 65% of the Sejm for the communists.) The stunning Solidarity victory meant that the end of communism in P. was at hand. The parliament elected Jaruzelski as P.'s president, but the new PM was a Solidarity leader who immediately instituted sweeping economic reform measures, privatizing many state-owned enterprises and paving the way for substantial investments from the West.

The extraordinary role played by Solidarity was to have a critical impact on the subsequent development of democracy in P. As a mass organization created spontaneously by dedicated and talented leaders and supported by the overwhelming majority of the population, Solidarity created a broadly based, anti-communist civil society in the midst of communist rule. It provided the Polish people a channel of democratic expression and active involvement against the regime, and established a forum for citizen-to-citizen cooperation and association that was independent of the state. In short, it was a social training ground for democracy. It was also a structured organization, with nationally recognized leaders like Walesa who developed considerable popular legitimacy. As a consequence, it was able to negotiate a "pacted transition"

from communism to democracy with the unpopular communist regime. Finally, Solidarity provided an instant alternative to the communist party, giving voters a real choice in the elections of 1989. No other communist country in the region had an equivalent organization; it was truly unique. Solidarity created the basis of a smoother and more stable transition to democracy than was to occur in countries like Bulgaria and Romania.

The Polish communist party disbanded in Jan 1990, and Jaruzelski resigned in September. (In 2001 Jaruzelski went on trial for his complicity in the suppression of the Gdansk strikes of 1970.) Post-communist Poland adopted a mixed presidential-parliamentary system roughly similar to the variants used in France and Russia, but with a weaker president. In a free popular election, Walesa won the presidency. The next parliamentary elections were held in 1991 under new proportional representation rules that invited the participation of numerous new parties. The vote produced a highly fragmented Sejm, with 29 parties represented. The next govts were unwieldy multiparty coalitions, but they succeeded in advancing the economic restructuring process in accordance with a modified version of "shock therapy." (For a definition of "shock therapy," see under the Czech Republic.) Privatization and exports rose appreciably, but so did unemployment and inflation. A new round of elections took place in 1993 under a revised electoral law that significantly reduced the number of parties elected to the Sejm. The result was a large plurality for the ex-communists, who had formed a new party called the Democratic Left Alliance (SLD). The SLD bore no resemblance to the Soviet-era communist party; it was now thoroughly committed to democracy and economic reform, and its leaders were determined to bring P. into the EU and NATO. At the same time, the SLD hoped to reverse the negative effects of the reform process by reducing unemployment and guaranteeing adequate welfare benefits to the population. Walesa's attempts to expand the presidency's powers failed. In Nov 1995 the SLD's popular leader, Alexander Kwasniewski, defeated Walesa's bid for a second presidential term. Kwasniewski was reelected to another 5-year term in 2000. Walesa won less than 2% of the vote. (P.'s president has largely ceremonial powers.) Coalition govts consisting of the SLD and the Polish Peasants' Party governed from 1993 to 1997. Then in the elections of 1997, which were conducted after the adoption of P.'s new constitution, a reorganized Solidarity movement calling itself Solidarity Election Action (AWS) replaced the SLD as the Sejm's largest party. A center-right coalition govt consisting of AWS and the business-oriented Freedom Union party governed from 1997 to 2001. At the end of 1997, the EU invited P. to begin accession negotiations, In 1999, P. became a member of NATO. By 1997, P.'s economy was growing at 7% per year, and the country was attracting billions in foreign investment.

By 2001, however, the economic picture was not so bright. The global recession was hurting P.'s export sector and reducing foreign investment. Economic growth dwindled to about 3%, unemployment rose to 16% (with nearly 3 million unemployed), inflation oscillated between 7% and 11%, interest rates skyrocketed to more than 20% and the govt's budget deficit was rising above its intended target. The accession negotiations with the EU were proving tough: the EU gave its prospective members little more than a take-it-or-leave-it set of criteria for admission. The primary sticking point for P. was agriculture. Approximately 27% of the Polish population was engaged in agriculture, compared with 20% in Greece, 8.9% in Slovakia, 8% in Hungary and Spain, 4% in France and less than 3% in Germany. The EU could not afford to compensate Polish farmers through its costly Common Agriculture Policy to the same extent that it rewards West European farmers. Inevitably, admission into the EU would require a painful restructuring of P.'s rural economy. While a majority of Poles (55%) still favored joining the EU, an anti-EU backlash was growing. A leftist-populist protest party known as Self Defense, led by a media-savvy former hog farmer named Andrzej Lepper, was calling attention to the plight of Polish farmers by blocking roads and border crossings, dumping grain imported from the EU in the path of motorists. Lepper was convicted in court for slandering President Kwasniewski and was subsequently removed from his post as deputy speaker of

parliament for insulting other officials. He promised "a social explosion" if P. joined the EU on unfavorable terms. A new ultra-conservative Catholic party with some anti-Semitic followers, the League for Polish Families, objected to P.'s trade liberalization agreements with the EU and viewed the EU darkly as a communist plot. In addition to facing these critics, the Solidarity-led govt was beset with several corruption scandals that led to the dismissal of senior cabinet ministers in the months before the elections.

The elections of 23 Sept 2001 resulted in a comeback victory for the reformed former communists, the Democratic Left Alliance (SLD), which ran jointly with a kindred left-wing party, the Labor Union (UP). Together the SLD-UP combination won 41% of the popular vote and 216 seats in the Sejm out of 460 (47%). The parties representing the previous govt were routed: Solidarity Election Action (ASW) and its coalition partner, Freedom Union, failed to win even one seat in the lower house. A new pro-business center-right party called Civic Platform (PO) came in second with 12.7% of the popular vote and 65 seats. Self Defense, the leftist-populist anti-EU protest party, finished third with 53 seats (11.5%). The Law and Justice Party (PiS) – a populist, anti-crime conservative party that grudgingly accepts the EU – won 44 seats. It was led by twin brothers -- Jaroslaw and Lech Kaczynski -- who were popular child actors; Lech was elected mayor of Warsaw in Nov 2002. The Polish Peasants Party (PSL) -- the SLD's coalition govt partner from 1993 to 1997 -- came next with 42 seats. The League for Polish Families won 38 seats, and the German minority took the 2 seats to which it is entitled under the election law. In Oct 2001 the SLD-UP formed a center-left coalition govt with the Polish Peasants' Party under PM Leszek Miller, the SLD's leader. After assuming office the Miller govt had to contend with the continuing slowdown in the economy, which required difficult budgetary adjustments. A corruption scandal involving allegations of bribes being offered with the authorization of powerful figures in the ruling party contributed to a general decline in the public's trust in officialdom. Miller evicted his coalition partners, the Polish Peasant party, from the govt in 2002 for voting against the govt's bill to reform P.'s infrastructure. Subsequently Miller led a minority govt. Miller's govt backed the Bush administration on Iraq, earning a stern rebuke from Pres. Chirac, though polls revealed that most Poles opposed the war and favored closer ties with the EU than with the U.S. In 2004, 22 members of the SLD's parliamentary delegation, alarmed at corruption, bolted from the party and formed a new one, Polish Social Democracy. Miller resigned as PM on May 2, 2004 -- the day after P. entered the EU. He was succeeded by Marek Belka (SLD), a former finance minister and, subsequently, the official in charge of the US-led coalition's economic policy in Iraq. Belka inherited the Miller govt's principal economic problems: sluggish growth and high unemployment. But growth started picking up in 2004, and forecasts predicted a 6% rise in GDP for the year. Belka's govt was P.'s 9th govt since 1993.

Belka also inherited the previous govt's problems with the EU. Miller's govt won some minor last-minute concessions from the EU at the Copenhagen summit in Dec 2002, including additional economic assistance and a break for Polish dairy farmers. In a referendum held on 8 June 2003, 77.8% of those voting expressed approval of joining the EU, with 22.6% opposed. Turnout at 59% was higher than expected. But as P. joined the EU in 2004, it was embroiled in a struggle to retain the new voting system for the EU Council of Ministers that was adopted in the Treaty of Nice. That agreement gave P. 27 votes when the EU reached 27 members, the same number as Spain and only 2 votes less than the four largest EU countries – a very favorable outcome. But the first draft of the new EU Constitution called for scrapping that weighted voting system. In its place it instituted a new double-majority system that would give each EU country 1 vote and requires the winning side to represent at least 60% of the EU's population. P.'s leaders were under competing pressures from the EU to accept the proposed Constitution and from the Polish population and political parties to insist on retaining the Nice Treaty's voting system. In 2004, the EU agreed to change the proposed voting system in an effort to reach an agreement with Poland and Spain. The revised draft approved at the June 2004 Dublin summit would require a voting majority to consist of 55% of the member

states, which must simultaneously represent at least 65% of the EU's population. The Polish govt accepted the new procedure. In elections to the European Parliament held in June 2004, the SLD finished fifth, winning only 9.3% of the vote. Civic Platform finished first, but second place went to the League of Polish Families, which favors the complete disintegration of the EU. Self Defense, which promised to "re-negotiate" P.'s agreements with the EU, came in fourth. Voter turnout was less than 20% (as against an average 27% in the new EU member states and 50% in the old EU-15). P.'s parliament failed to take a vote on the EU Constitution scheduled for July 2005.

In parliamentary elections held in Sept 2005, the most successful parties were the center-right Law and Justice Party (27% of the vote and 33.7% of the seats in the Sejm) and the center-right Civic Platform (with about 24% of the vote and 28.9% of the seats). Under the Kaczynski twins, the Law and Justice party combined a euroskeptic, Catholic, pro-business conservatism with support for generous welfare protections for those hurt by the economic transformations. Because of rising acrimony between Civic Platform and the Law and Justice Party, with the latter attacking the liberal (i.e., pro-market) economic policies of the former, Civic Platform declined to take part in a coalition govt. In Nov., Law & Justice formed a minority govt under PM Kazimierz Marcinkiewicz, with support in parliament promised by the right-wing League of Polish Families and the left-leaning Self Defense party led by A. Lepper. Jaroslav Kaczynski, the party's chief, refrained from claiming the post of PM so as not to damage his brother Lech's chances of winning the presidency. In the second round of voting in October, Lech Kaczynski defeated **Donald Tusk** of Civic Platform and became P.'s largely ceremonial president. Following a dispute between the PM and the head of his party, PM Marcinkiewicz resigned in July 2006 and Jaroslav Kaczynski replaced him, forming a new govt. that included the League of Polish Families and Self Defense – an uneasy coalition of right and left parties. At 17.8%, P.'s unemployment rate was the highest in Europe, but growth reached about 4% by the end of 2005. Widespread disillusionment with politicians reduced voter turnout to about 40% in the 2005 parliamentary election. When asked if democracy or economic progress was their top priority, about 80% of Poles preferred economic progress.

PM J. Kaczynski's govt came apart in Aug 2007 after the interior minister leaked information that the govt was investigating Andrzej Lepper, the head of Self Defense and the govt's deputy PM, over corruption allegations. The interior minister was arrested, along with police officials charged with obstructing the investigation. PM Kaczynski consulted with opposition leader Tusk to prepare early elections. The snap parliamentary elections were held on 21 Oct 2007, two years ahead of schedule. The campaign revolved around the govt's instability and corruption as well as economic issues. The result was a big success for the center-right opposition Civic Platform party led by Tusk. Civic Platform won 209 seats in the Sejm (45.4%), a gain of 76 seats, and 60 of the Senate's 100 seats (a gain of 26 seats). Despite its problems, the Kaczynski brothers' Law and Justice party won 11 new seats in the Sejm, ending up with 166 seats (36%), but it lost 10 seats in the Senate, falling to a total of 39 seats. The main center-left party, the Left and Democrats, won 53 seats in the Sejm, a loss of 2 seats, while the agrarian Polish People's Party won 31 seats, a gain of 6 seats. The German Minority party was the only other party elected to the Sejm, retaining the 1 seat it is automatically allotted. Voters punished the League of Polish Families and Self Defense. Shortly before the election, the League of Polish Families merged with two smaller right-wing parties to form the League of the Right of the Republic; it lost all its 34 seats in the Sejm. Self-Defense lost all its 56 seats. The League and Self Defense parties also lost all their seats in the Senate. Turnout was 53.8%, an increase of 13.2% over 2005. In November 2007 Donald Tusk became PM, leading a center-right coalition govt consisting of his Civic Platform party and the center-right Polish People's Party, which is led by Waldemar Pawlak, a former PM who became deputy PM in Tusk's govt. Poland's parliament ratified the Lisbon Treaty in April 2009, but Pres. Kaczynski waited until after the Irish referendum before signing it on 10 Oct.

On 10 April 2010, Pres. Kaczynski was killed in a plane crash in Smolensk, Russia. The Marshal of the Sejm, Bronislaw Komorowski (Civic Platform), became acting president and called new elections in accordance with the constitution. Komorowski led a field of ten candidates in round one on 20 June, winning 41.5% of the popular vote. The deceased president's brother, former PM Jaroslaw Kaczynski, finished second (36.5%). In the second-round runoff between the top two contenders, held on 4 July, Komorowski bested Kaczynski, 53% to 47%. In 2011 Lepper committed suicide and Self Defense disintegrated.

Elections to the Sejm and Senate took place on 9 Oct 2011. In the Sejm elections, Tusk's Civic Platform party once again finished first, winning 39% of the popular vote and 207 out of 460 seats (-2). The Law and Justice party came in second, with 30% of the vote and 157 seats (-9). A new socially liberal party, Palikot's Movement (named for its leader, Janusz Palikot, a Sejm deputy who created controversy with his blunt criticisms of Pres. Kaczynski and various publicity stunts), finished third, with 10% of the vote and 40 seats. The party is outspokenly anticlerical, departing from the Catholic Church's positions by opposing P.'s ban on abortions and favoring civil unions for same-sex couples. The agrarian Polish People's Party came in fourth, winning 28 seats (-3). The center-left Democratic Left Alliance suffered a devastating defeat, losing 26 seats while retaining 27. No other parties or party alliances won contested seats. (The German Minority party automatically gets 1 seat). The far-right Right of the Republic-Real Politics Union and the far-left, socialist-oriented Polish Labor Party each won less than 1% of the vote and no seats. After the elections Tusk reestablished his center-right coalition govt consisting of Civic Platform and the Polish People's Party: together they had 238 seats, a slight majority (52%). The second Tusk govt took office on 19 Nov after winning a vote of confidence in the Sejm.

Tusk's reelection success was no doubt fueled by P.'s record as one of the EU's best-performing economies in terms of growth. Though the recession slowed growth to 1.7% in 2009, that figure was the best in the EU. The economy bounced back in 2010, growing by 3.8% – one of the top growth rates in Europe. The growth rate in 2011 was 4.4%. In May 2012 the Commission predicted that the Polish economy would grow that same year by 2.7%, the highest growth rate in the EU. P. is the only EU member state that did not experience negative growth in the past four years. The GDP as measured by per capita purchasing power rose 12.5% between 2007 and 2010, while the EU average fell 2%. P. is required to join the euro, but the currency's problems will probably delay its adoption to perhaps 2015. Pres. Kaczynski opposes adopting the euro.

Poland held the EU Council presidency in the second half of 2011.

PORTUGAL The Portuguese Republic's population of 10.56 million (2011) is almost entirely Portuguese. Fewer than 100,000 Africans have emigrated to P. from its former colonies. All told there are about 200,000 foreigners. Since Aug 1991 P. has had the most liberal immigration policies in the EU: illegal immigrants and even tourists can become legal residents. A labor shortage of about 22,000 helps account for the liberal policy. About 94% are Catholic. Approximately 10% of the labor force is in agriculture.

From its peak in the Age of Exploration and as a colonial power in India, Africa, Latin America and East Asia, P. declined in the 19th century as dynastic civil wars crippled the power of the state. In the process, Britain assumed control of P.'s foreign policy. (The British already controlled part of the wine trade, specializing in port and sherry.) In 1910, P. made a bloodless transition from a monarchy to a republic, but the govts that followed over the next 15 years were divided and unstable. The army seized power in 1926, and in 1928 it installed Antonio Salazar, an economics professor, in power. From 1932 until his retirement in 1968, Salazar headed a fascist dictatorship backed by the military. P. remained neutral during WWII while remaining friendly to Britain. Despite the fact that P. was not a democracy, its strategic location influenced its selection as a charter member of NATO in 1949. In 1959/60 P. joined with the UK and other non-EEC countries in forming the European Free Trade Association (EFTA). In 1972, as the UK was approved for admission into the EEC, P. and the EC came to terms on a special trade relationship.

In 1968, Salazar stepped down in favor of his close associate, Marcello Caetano. Caetano was deposed in a bloodless coup engineered by the Armed Forces Movement, a group of left-wing military officers. Although P. was the poorest country in Western Europe, the Salazar and Caetano govts insisted on maintaining P.'s colonial domains in Africa. For years, Portuguese troops were compelled to fight costly wars in Angola, Mozambique and Guinea-Bissau. An element of the Portuguese military became increasingly disenchanted with these conflicts and sought to bring them to an end by seizing power in Lisbon. After the 1974 coup, P. withdrew from its African colonies. (In 1999 P. returned Macao to China after 442 years of colonial rule.) A period of extreme instability and uncertainty ensued in the mid-1970s as several groups vied for power, including the left-wing military officers, the Portuguese Communist Party and various western-oriented democratic parties. With some financial and moral support from the European Community and the United States, the democratic forces won out. A democratic constitution was elaborated in 1976, and a series of free elections and democratic govts stabilized the situation over the second half of the 1970s and through the 1980s. Democracy endured even though there were no fewer than 16 changes of govt between 1974 and 1987. There were also intense conflicts over economic policy between the center-left parties (such as the Socialists), which favored the nationalization of large banks and other enterprises, and the center-right parties (like the Social Democrats), which favored privatization. On 1 Jan 1986, P. became a full member of the EC (along with Spain). P.'s per capita income tripled between 1985 and 1992, and its GDP grew by an average of 3.5% a year until the end of the 1990s. P. qualified for the euro in 1998 and was among the first wave of EU countries to adopt it. Despite these gains, experts predict that the Portuguese economy will need 20 years to catch up to average West European performance levels. P.'s estimated per capita GDP of \$15,800 in 2000 was the lowest among the EU-15. Salaries, pensions and literacy rates remain among the EU-15's lowest, and the state has an excessively large bureaucracy. P. was the first country to breach the Stability and Growth Pact's requirement that countries using the euro must restrict their annual budget deficit to no more than 3% of GDP: its debt rose to 4.2% in 2001. P. met the 3% limit in the following two years, but the deficit rose above 4% again in 2004.

Snap elections in March 2002, called by President Jorge Sampaio (a Socialist) 18 months ahead of schedule, resulted in a legislative plurality for the center-right Social Democrats. They ousted an increasingly unpopular govt led by the center-left Socialists, and formed a coalition govt under PM Jose Durao Barroso

in April. But in 2004, Barroso resigned upon becoming president of the EU Commission. Pres. Sampaio thereupon named the mayor of Lisbon, Pedro Santana Lopes, as PM. Santana Lopes was a right-of-center populist. But after losing confidence in Lopes, President Sampaio dissolved parliament and called elections, which took place in February 2005. The result was a convincing victory for Sampaio's center-left Socialists (120 seats out of 230), and they formed a govt under PM José Sócrates. The center-left govt pursued labor reforms and tax cuts, policies typically associated with the center-right. In the next legislative elections, held on 27 Sept 2009, the Socialists lost 24 seats, largely because of public reactions to the continuing economic crisis; but they remained the largest party with 97 seats. The center-right Social Democrats won 81 seats. A right-wing party (Democratic and Social Center-People's Party) won 21 seats (+9). The Left Bloc won 16 and the far-left Communist-Green party won 15. Having lost their majority in the 230-seat legislature, the Socialists tried to form a coalition govt, but none of the four opposition parties were willing join them. The opposition did not want gridlock, however, and Sócrates was able to form a minority center-left Socialist govt in Oct.

Portugal's financial woes necessitated snap elections in 2011. The govt deficit was 9.4% of GDP in 2010. As the EU pressured the govt to adopt stringent austerity measures and Moody's reduced P.'s debt grade, PM Sócrates tried to get the parliament to pass a strict Stability and Growth Pact requiring spending reductions and tax increases. The opposition parties accused him of failing to consult with them. In March 2011 all five of them – led by the center-right Social Democratic Party – passed a vote of no confidence in the govt's austerity proposals. Sócrates immediately announced that he could no longer govern and called for snap elections; he remained in office in a caretaker capacity in the meantime. Moody's downgraded P.'s bonds to three grades above junk status. On 6 April Socrates asked the EU for a bailout to avoid default. On 16 May the EU approved a €78 billion bailout package with the IMF, but called for a cross-party agreement on an austerity package even more stringent than the one proposed by Sócrates. Finland's finance minister, Jyrki Katainen, also applied pressure for more stringent austerity measures as the EU bailout for P. was a contentious issue in Finland's upcoming elections. The elections for the 230 seats in the Assembly of the Republic (lower house) took place on 5 June 2011 amid demonstrations against the govt. Sócrates's Socialists lost 23 seats, winning 74. The center-right Social Democratic Party, led by **Pedro Passos Coelho**, gained 27 seats and became the largest party with 108 seats. The center-right Democratic and Social Center-People's Party (CDS-PP) finished third with 24 seats (+3). The far-left Democratic Unity Coalition (consisting of the Communists and the Greens) won 16 seats (+1) and the far-left Left Bloc won 8 seats (-8). In June the Social Democratic Party and the CDS-PP – together holding 57% of the seats – formed a center-right coalition govt; Passos Coelho became prime minister.

Elections held in January 2006 for the ceremonial presidency resulted in a first-round victory for Anibal Cavaco Silva of the center-right Social Democratic Party. He had served as PM from 1985 to 1995. Cavaco Silva was handily reelected in Jan 2011.

P.'s parliament ratified the Lisbon Treaty in April 2008.

As the Passos Coelho govt continued to comply with the austerity measures required for the bailout it received from the EU, it was gradually winning back investor confidence in 2012.

ROMANIA R.'s population of 19 million (2011) is 88.6% Romanian. There is a substantial Hungarian minority (6.5%), concentrated mostly in Transylvania, and 3.5% are Roma. The Roma have traditionally been subjected to discrimination, and many have sought to emigrate to Western Europe – only to be sent back in large numbers. There are smaller communities of other minorities. About 70% are Romanian Orthodox, 6% Roman Catholic and 6% Protestant. Parts of present-day R. became vassal states of the Ottoman Empire in the 15th century, with religious and cultural autonomy. R. became an independent state after the Congress of Berlin in 1878 and enlarged its territory at the expense of its neighbors after the Second Balkan War (1913) and WWI. R. changed sides three times during WWI, ending up on the winning side in the nick of time. Transylvania was acquired from Hungary, and other territory came from Bulgaria, Austria and Russia. During the interwar period there was considerable instability and political violence. Rival parties and social groups jockeyed for power and the monarch (King Carol II) fled the country twice. The largely agrarian country was the poorest in Europe. A pro-Nazi military dictatorship under Marshall Ion Antonescu seized power during WWII. A quasi-fascist organization called the Iron Guard initially backed Antonescu, but it was suppressed after it tried to oust the military govt in a coup. Under the Nazi-Soviet Pact of Aug 1939, R. was forced to return the territories it had gained from the USSR after WWI (Bessarabia and Northern Bukovina). The Germans also compelled R. to return about half of Transylvania to Hungary. R. sided with the Germans when Hitler's troops invaded the USSR in 1941. After the Soviet Army took over R. in 1944, Stalin reclaimed Bessarabia and gave Transylvania back to R. Soviet officials actively helped install the Romanian Communist Party in power, and R. became a communist "people's republic" in 1947. The monarchy was abolished and King Michael fled into exile.

For more than 40 years, R. was governed by highly repressive communist dictators. Gheorghe Gheorghiu-Dej died in 1965 and was succeeded by Nicolae Ceausescu, who retained power until the end of 1989. Despite some industrialization under communist rule, R. remained impoverished. Ceausescu established trade links with West Germany and other western countries, but he used draconian measures to repay billions of dollars in foreign loans by drastically reducing living standards at home. Electricity was rationed and brownouts were common throughout the 1980s. Although Ceausescu extolled the Romanian national heritage and showed periodic signs of independence from the Soviet Union (he refused to send Romanian troops to participate in the Warsaw Pact's invasion of Czechoslovakia in 1968, for example), he never defected from the Soviet alliance and never relented in his application of a severe communist dictatorship at home. Ceausescu harshly crushed a coal miners' strike in the 1970s, one of the only manifestations of overt opposition to his rule. He kept the country's minorities under tight control, destroying hundreds of Hungarian villages to make way for new collective farms. He installed his wife and other family members in key positions, establishing a veritable family dynasty within the structure of a totalitarian party-state system. He even appeared to be immune to the democratic transformations that were sweeping across the communist bloc in 1989 – until the very end of the year. When demonstrations against his rule occurred in Transylvania in mid-December, with activists from the local Hungarian community bravely demanding improvements in their living conditions, Ceausescu swiftly ordered a crackdown. Incidents of violence spread across the country, but the dreaded security police appeared to be asserting control. Everything changed a few days later, however, when a large crowd that was assembled to hear one of Ceausescu's speeches suddenly turned on him, chanting "Ceausescu the dictator!" Stunned, Ceausescu abruptly left the podium. Shortly afterwards there came the surprise announcement that a Council of National Salvation had taken power. Ceausescu and his wife fled Bucharest but were arrested under the Council's authority, tried in secret and executed on December 25.

Although the crowd's denunciation of Ceausescu had all the earmarks of a genuinely spontaneous democratic revolution – resembling the manifestations of people power that had recently occurred in Poland,

East Germany and Czechoslovakia – in fact the fall of Ceausescu turned out to be a well-orchestrated coup engineered by his rivals in the Communist Party leadership. The Romanian army supported the plotters, virtually assuring their success. The leader of the anti-Ceausescu faction was Ion Iliescu, who stepped forward as the president of a self-proclaimed provisional govt. Over the next several years Iliescu and his allies gradually inched the country forward towards real democracy and a more diversified economic system, but progress was slow. In Jan 1990, only weeks after taking over, they banned the Communist Party. Old authoritarian habits died hard, however: troops and coal miners were brought in to beat up anti-regime protesters in mid-1990. Elections were staged in May, but they were rigged to ensure Iliescu's election as president. Between 1990 and 1992 the new leadership brought non-communists into the govt and opened up the system to competing parties in an effort to win political approval – and desperately needed economic assistance – from the West. A new democratic constitution was enacted in 1991. The Iliescu team also moved fairly early to begin reforming the state-dominated economy in accordance with the recommendations of western economists and the International Monetary Fund. But the former communists shied away from Western recipes for a "shock therapy" approach to economic change, moving more slowly than the post-communist regimes in Poland, Hungary and the Czech Republic to restructure the economy. (For a definition of "shock therapy," see under the Czech Republic.) It was evident to them that economic reform was fraught with serious domestic complications, as large segments of the population slipped into even greater poverty than they knew under Ceausescu. Efforts to privatize state-owned companies and liberalize prices provoked riots as food became scarce and inflation skyrocketed, eventually reaching 250%. The IMF and the World Bank continued to demand more privatization and austerity measures as conditions for economic assistance; they did not provide significant loans until 1997.

To make matters even more difficult, the absence of a citizen-based civil society during the Ceausescu decades deprived R. of a cadre of people who were experienced at organizing cooperative projects independently of the all-encompassing communist state. In this respect, R. was at a disadvantage compared with Poland, where Solidarity had laid the groundwork for a grassroots democratic movement and independent organizational cooperation. Similarly, R. under Ceausescu was never permitted to develop an anti-communist dissident movement. Unlike Czechoslovakia, where the 1968 events gave rise to dissidents who achieved international notoriety even while being subjected to official repression, R. did not have a corps of non-communist intellectuals or technocrats who were ready to step in and lead the country to democracy and economic liberalization. As a result, when Ceausescu fell there was no political organization outside the Communist Party that was ready to assume control of the govt. It took several years for Romanians to develop new parties and new habits of cooperation and compromise.

Relatively clean elections were held in 1992, and Iliescu and the National Salvation Front won again. It was not until 1997 that a new, more pronouncedly democratic and reformist team of leaders was elected to office. Emil Constantinescu, a leader of the Democratic Convention party, defeated Iliescu in the presidential elections. Victor Ciorbea of the same party became PM. The new non-communist govt registered some successes in the fight against unemployment and inflation, but economic growth faltered and the country came close to defaulting on its international debts. IMF pressures to shut down unprofitable coal mines provoked violent reactions by displaced miners. Like its predecessors, the Ciorbea govt dragged its feet on privatization: by 2001, two-thirds of the economy was still state-owned. With economic performance remaining sluggish, and with corruption scandals undermining the govt's credibility, voters went to the polls in late 2000 and administered a rude rebuff to the incumbent leadership. The former communists (the center-left Party of Social Democracy) emerged as the largest party, with 155 out of 327 seats in the lower house, the Chamber of Deputies (47.4%). The second largest party was the staunchly nationalistic Greater Romania Party (25.7% of the seats). The more centrist National Liberal Party and the Democratic Party fared badly,

winning little more than 9% of the seats each. The Hungarian minority party won 8.3% of the seats. Most significantly, Iliescu retook the presidency, garnering two-thirds of the vote in a second-round runoff election in Dec against Vadim Tudor, an outspoken anti-Semite and anti-Hungarian who heads the Greater Romania Party. Iliescu returned to the presidency vowing greater support than in the past for economic reform, along with continuing support for Romania's admission into the EU and NATO. Following the elections, Adrian Năstase, the leader of the Social Democrats (Iliescu's party) became PM. The constitution was amended in 2003; the presidency became largely ceremonial, though the president remained commander-in-chief and retained responsibility for foreign policy. Iliescu decided not to run for reelection in 2004. On 28 Nov 2004, Romanian voters elected a new bicameral legislature and cast their ballots in the first round of presidential elections. Pro-western reformers, united in a new bloc called the Justice and Truth Alliance, won 113 seats in the Chamber of Deputies (out of 346) and 49 seats (out of 143) in the Senate. In the official results of the first round of presidential elections, Năstase won 41% and the reformer **Traian Băsescu**, a leader of the Justice and Truth Alliance, won 34%. (Other candidates shared the rest.) In the second round on 12 Dec, Băsescu defeated Năstase by 51%-49%. In late Dec, four centrist parties voted in the two houses of parliament (by 265-200) to elect a new govt under PM Calin Popescu-Tariceanu, who formed a cabinet that included young, pro-western academics. The new govt heralded a clean break from the foot-dragging Năstase govt. of the (former communist) Social Democratic Party.

R. formally became an EU member state on 1 Jan 2007. However, membership was conditional upon the terms of a "Cooperation and Verification Mechanism," which allowed the Commission to continue monitoring R.'s progress on judicial reforms and anti-corruption measures through 2010. R. was not admitted into the EU's passport-free Schengen area, with a decision on this issue to be reached in the future.

In April 2007, the center-right Justice and Truth Alliance split into two parties: the Democratic Liberal Party and the National Liberal Party. In May 2007, Pres. Băsescu handily won a referendum and remained in office following efforts by the opposition-dominated parliament to impeach him for alleged abuses of power. In Nov 2007, voters in a referendum overwhelmingly approved changing the parliamentary electoral system from proportional representation to a 2-round variant of the single-member-district/plurality system in order to reduce the number of parties elected to parliament. Parliamentary elections to both houses -- the Chamber of Deputies (lower house) and the Senate -- were held in Nov 2008. The big winners were the center-left alliance consisting of the Social Democrats and the Conservatives (33.1% of the vote and 34% of the seats for the Chamber) and the center-right Democratic Liberal Party connected with Pres. Băsescu (32.4% of the votes and 34.4% of the seats, a gain of 48 seats in the Chamber). In Dec these parties formed a center-left/center-right coalition govt under PM Emil Boc, the head of the Democratic Liberal Party and former mayor of Cluj. The center-right National Liberal Party got 19.5% of the seats. The Hungarian ethnic party, the Hungarian Democratic Union of Rom., retained its 22 seats (6.6% of the total). The extreme-right Greater Romania Party lost all 21 of its seats, polling only 3.1% of the vote. Another right-wing nationalist party, New Generation, also failed to win seats.

The global economic crisis hit R. particularly hard: after ten years of growth, the economy contracted by 7.1% in 2009. In March 2009 the govt applied to the IMF and the EU for assistance. The IMF agreed to a €20 billion (\$26 billion) loan in May; the EU provided a €5 billion in balance of payments assistance, to be used only in an emergency. The IMF demanded austerity measures in return for the loan. The Boc govt agreed, but the required reforms created instant controversies. The Boc coalition govt fell apart as the Social Democrats pulled out and joined with the Liberals in passing a vote of no confidence on 13 Oct 2009. Before a new govt was formed, two rounds of elections were held for the presidency. In a close race, the center-right Pres. Băsescu narrowly defeated Mircea Geoană of the center-left Social Democrats by 50.33% to 49.55% in round 2 on 6 Dec. Though officially a ceremonial president, Băsescu has been highly activist, calling for

spending cuts, denouncing corruption and attacking media moguls. Geoană favored more public spending and credits to create jobs and affordable housing; he also opposed Boc's reappointment as PM. Claiming electoral fraud, the Social Democrats called for new elections. The Constitutional Court instead mandated a recount of more than 130,00 invalid ballots. The recount favored Băsescu, and Geoană conceded defeat. With Pres. Băsescu's support, Boc in Dec 2009 formed a new center-right govt consisting of his Democratic Liberal Party, the Democratic Union of Hungarians in Romania (the country's main movement favoring regional autonomy for Romania's Hungarian minority) and a few independents..

The Romanian parliament ratified the Lisbon Treaty in April 2008. On 22 Nov 2009 voters approved a referendum to switch to a unicameral parliament with only 300 members.

R.'s efforts to enter the EU's passport-free Schengen area hit another snag in Feb 2012. At a meeting of the EU's General Affairs Council (foreign ministers), R. tried to hold up Serbia's bid for official EU candidate status by demanding special protection for the Romanian minority in Serbia as well as immediate admission into the Schengen area. The Romanians were criticized by EU partners for a "lack of European spirit." Serbia agreed to protect the rights of Romanians, but the Dutch govt vetoed R.'s immediate accession to Schengen. R. had to settle for a "roadmap" to Schengen, with the issue to be taken up again in Sept 2012.

A full-blown political crisis erupted in Feb 2012, when PM Boc resigned following several weeks of demonstrations against his austerity policies, which were mandated by the IMF. The protestors objected to the Boc govt's decision to reduce public sector wages by 25% while raising sales taxes. With average wages falling below €350 a month (\$460) and growth sluggish, R. was the second poorest country in the EU. Demonstrators also marched against govt corruption. Unemployment had risen from 4.4% in 2008 to 7.6% in 2012. Youth unemployment (ages 15-25) was more than 24%. Pres. Băsescu appointed an interim PM and subsequently appointed the chief of R.'s intelligence services, M.R. Ungureanu, to the post. The new govt was toppled in April after losing a vote of no-confidence in the parliament. Pres. Băsescu then bowed to the opposition and nominated the leader of the center-left Social Democratic Party (PSD), **Victor Ponta**, to serve as PM. Ponta had been a rival of Mircea Geoană for leadership of the Social Democrats; he had recently engineered successful efforts to strip Geoană of his positions and expel him from the party. In 2011 Ponta's center-left Social Democrats had joined with two center-right parties – the National Liberal Party (PNL) and the Conservative Party – to form the Social Liberal Union (USL). Ponta's govt, formed in May 2012, consisted of these three USL parties, plus a few independents. It was thus a mixed center-left/center-right govt, though the center-left Social Democrats held the upper hand. After winning confirmation by the parliamentary majority in May, Ponta took office as PM.

PM Ponta immediately became embroiled in disputes with Pres. Băsescu over culture and media issues. Ponta's attempt to change the parliamentary electoral system from proportional representation to a first-past-the-post system won approval in the parliament but was overturned by the Constitutional Court. Ponta insisted on attending the EU summit on 23 May, though Pres. Băsescu had been R.'s sole representative at EU summits in recent years. The EU insisted that only one representative could attend the summit; ultimately it was Băsescu. In the following month, however, R.'s parliament voted to send Ponta to the EU summit of 28-29 June. Băsescu insisted that the constitution empowered the president to deal with foreign policy and to represent the Romanian state. Ponta countered that the summit would primarily discuss economic matters and thus the prime minister should be R.'s representative. The EU said that both men could attend the summit, but there would be only one chair for Romania. The Constitutional Court ruled in Pres. Băsescu's favor, but Ponta ignored the ruling and went to Brussels to represent R. at the June summit.

Meanwhile, Ponta was accused by articles appearing in the prestigious scientific journal *Nature* and in Germany's *Frankfurter Allgemeine Zeitung* of having plagiarized more than half of his doctoral dissertation. Ponta admitted that he had not properly cited all his sources but denied the plagiarism charge.

A committee responsible for certifying academic degrees examined the dissertation and unanimously concluded that Ponta had plagiarized large parts of his thesis; the committee requested the abrogation of Ponta's doctoral title. The Minister of Education in Ponta's cabinet rejected the committee's findings. A second committee set up by the Ministry cleared Ponta of plagiarism. Then a third committee was established by the University of Bucharest; it concluded that Ponta had knowingly plagiarized at least a third of his dissertation. Ponta denounced the decision as "political." Ponta's claim that he had received a master's degree from the University of Catania was denied by the university's rector after an internal investigation. Ponta insisted that he had taken a course at the university and was given a diploma.

On 20 June former PM Adrian Năstase, a Social Democrat, was convicted of corruption and sentenced to two years in prison. When the police came to arrest him at his home, he shot himself in an apparent suicide attempt. Năstase survived and was admitted to a hospital. On 4 July Ponta's govt scheduled a parliamentary vote to suspend Pres. Băsescu pending another possible impeachment process. On 6 July, 256 deputies voted to suspend Băsescu for 30 days – 39 votes more than required. A referendum on impeaching the president was set for 29 July. Some observers suggested that these moves against the president were intended – at least in part – as retaliation on the part of the Social Democrats for Năstase's conviction. Meanwhile, the govt also initiated a number of emergency decrees that appeared to violate democratic principles. A leader of Pres. Băsescu's Liberal Democratic Party warned of a coup d'état in Romania. EU officials increasingly expressed alarm at the Romanian govt's policies and statements. Members of the European People's Party in the European Parliament – the center-right group to which Băsescu's Liberal Democratic Party belongs – called on the EU Commission to "scrutinize and assess" R. through the "Cooperation and Verification Mechanism" that R. and Bulgaria had to sign as a condition of their admission into the EU in 2007. The CVM gave the Commission authority to monitor the judiciary in the two countries. It was set to expire in 2010 but was extended to 2011 and then to 2012. Other EPP members called on the EU to suspend R.'s EU voting rights for violating the Lisbon Treaty's provision concerning respect for fundamental rights. EU Commissioner Viviane Reding, responsible for Justice issues, warned R.'s govt against undermining the independence of the Constitutional Court by changing its membership in contravention of Romanian law, a measure threatened by a leading cabinet official.

Commission President Barroso summoned Ponta to Brussels on 16 July to talk about "actions that appear to reduce the effective powers" of the Constitutional Court. Barroso handed Ponta an 11-point "to-do list" requiring immediate action to ensure that democratic principles are followed. After the meeting the Commission warned Ponta in a written statement to respect the judiciary's powers and to take other measures to ensure "integrity." Ponta reportedly agreed to rescind any of his govt's that violated EU principles. "R. will not be a new case of concern for its European partners," he told a press conference. Ponta was supported in Brussels by the leader of the European Parliament's center-left Party of European Socialists, the group to which Ponta's Social Democratic Party adheres. Ponta sent the Commission a written commitment to act on all 11 points raised by Barroso. Nevertheless, R.'s problems with the EU appeared likely to result in yet another delay in the country's accession to the Schengen Agreement, which removes border controls among member countries. Neither R. nor Bulgaria had yet been admitted to the Schengen area.

On 18 July the Commission published its long-awaited CVM report on judicial reform and anti-corruption efforts in Romania and Bulgaria. Both countries were criticized, but R. was admonished in especially emphatic terms. Its recent actions "raise serious concerns about the respect of the [EU's] fundamental principles," the report stated. The 60-page document noted "the systemic nature" of such actions as political challenges to judicial decisions, attempts to undermine the Constitutional Court, the removal of key checks and balances, and other infractions of democratic principles. Noting that positive reforms had come about in R. primarily under the "external pressure" of the EU, the report questioned "the sustainability

and irreversibility of reform.” It warned that “(t)he trust of Romania’s partners will be won back only through proof that the rule of law is above political interest.” The report listed specific cases of corruption in which members of parliament and govt officials had escaped judicial punishment for their transgressions. It ended with 30 recommendations for action by Romanian officials. By contrast, Bulgaria won praise for being “on its way” to compliance with CVM requirements.. The Commissioners immediately endorsed the report unanimously. Barroso noted that R. had “stepped back from the edge,” but stated that “(e)vents in R. have shaken our trust.” He mentioned that more than 90% of Romanians regard the judiciary and corruption as major problems. Barroso called for another CVM report on R. by the end of the year.

Despite these warnings, the Ponta govt defiantly tightened its grip on power. On 18 July, the very day when the Commission issued its stinging report, the pro-govt majority in parliament passed a law curtailing the powers of the Constitutional Court, removing its right to challenge parliamentary legislation. On the following day, the govt filed a complaint with the prosecutor’s office accusing 15 opposition leaders – including Pres. Băsescu and former PMs Boc and Ungureanu – of “undermining the national economy.” In addition, a commission created by the govt cleared Ponta of all plagiarism charges.

Băsescu’s Liberal Democratic Party (PDL) announced that it would boycott the referendum on impeachment. Ponta denounced a boycott as “illegal” and said that the PDL should be subject to a criminal investigation. The law required a “50%+1” turnout for the referendum to be valid. Ponta had tried to eliminate this requirement, but the Constitutional Court upheld the 50%+1 rule. Ponta backed down after Barroso and the Commission warned him against changing the law. Polls showed that a majority of voters favored impeaching the once-popular president, whom they blamed for the state of the economy and for cronyism. The governing parties accused him of authorizing illegal wire taps, pressuring prosecutors and other wrongdoings. In response to the question, “Do you agree with the dismissal of the President of Romania, Mr. Traian Băsescu?” 88.7% of the participants voted yes (7.4 million); 11.3% voted no. But the turnout was only 46.24%, thus invalidating the vote. The Constitutional Court was expected to render its final decision on the validity of the referendum in August. Băsescu rejoiced that “Romanians have rejected the coup d’etat.” Ponta declared that his govt would respect whatever decision the Court reaches and pledged not to seek confrontation with the president. But he added that cooperation would henceforth be “impossible...with a man rejected by the citizens.” In early Aug the president of the Constitutional Court wrote to Commissioner Reding that she and other justices had received death threats. On 6 Aug Ponta reshuffled his cabinet, replacing six members in an effort to shore up its credibility. The Court ruled on 21 Aug that the referendum was invalid because of the low turnout. On 27 Aug, after overcoming efforts by the National Liberal Party to prevent a quorum, R.’s parliament on 27 Aug voted to restore Pres. Băsescu to office. Parliamentary elections are due to take place in Nov 2012.

SLOVAKIA The Slovak Republic's population of 5.45 million (2011) is 80.7% Slovak, 8.5% Hungarian and 2% Roma. The Roma are subject to continuing discrimination. Roman Catholics make up 60.3% of the population, while 9.7% are atheist, 8.4% are Protestant and 4.1% are Orthodox. Historically, the Slovaks and Czechs have been culturally and linguistically distinct. For more than a thousand years, stretching from the 10th century to the collapse of the Austro-Hungarian Empire in 1918, the Slovaks were ruled by Hungarians. The creation of Czechoslovakia after WWI was engineered by Czechs, and the fusion of Czechs and Slovaks was somewhat artificial. Hitler played upon Slovak resentment, creating a puppet Slovak govt during the war under a pro-fascist leader, Magr Tiso. After the war, the Soviet army's presence in the region undergirded Stalin's efforts to impose communist party regimes in Central and Eastern Europe. The Soviets favored the reestablishment of the fused state of Czechoslovakia. Although pro-western politicians participated in the country's initial postwar govts, the Soviet-backed communists took full control in 1948, establishing a "people's republic" (i.e., a communist one-party dictatorship) modeled on the other communist states in the region. Although the Czechs, who outnumbered the Slovaks by two to one, tended to have the upper hand, it was a Slovak – Alexander Dubcek – who became the head of the Communist Party of Czechoslovakia in 1968 and spearheaded the extraordinary "Prague Spring" reform process that ended with the Soviet-led invasion in August. The hardliner who replaced Dubcek was also a Slovak. When communism collapsed in the throes of a popular revolution in 1989, Czech and Slovak proponents of democracy had their own respective organizations (viz., the Czech Civic Forum and the Slovak Public against Violence), but they collaborated to ensure the removal of the communist regime. Once the new democratic govt under PM Vaclav Klaus (a Czech) began the tasks of Czechoslovakia's political and economic transformation, problems arose. The head of Slovakia's regional govt, Vladimir Meciar, objected to Klaus's shock therapy approach to economic change. (For a definition of shock therapy, see under the Czech Republic.) Meciar, a former communist official and ardent Slovak nationalist, also resented the Czechs' traditional dominance over the Slovaks. Under his leadership, Slovak members of the national legislature prevented Vaclav Havel's reelection as Czechoslovakia's president in the summer of 1992, and its regional legislature overwhelmingly approved a declaration of S.'s sovereign independence. Negotiations on the break-up of Czechoslovakia proceeded quickly, with the two sides coming to terms in September 1992. Klaus and other Czech leaders were not disposed to prevent the split, especially inasmuch as the Czech economy was more advanced than the traditionally rural Slovak economy, and Klaus did not want the Slovaks to delay his fast-paced economic reform program. Following on the heels of Czechoslovakia's non-violent "Velvet Revolution" of 1989, the "Velvet Divorce" that split up the country took effect in Jan 1993.

From the outset, Meciar called the shots. As the head of the Movement for a Democratic Slovakia (HZDS), S.'s largest party, he was PM in three govts until 1998. Under his leadership, S. rapidly fell behind the Czech Republic, Poland and Hungary in the post-communist transition process. Democratic freedoms failed to take hold as the govt routinely violated legal norms and trampled on press freedoms, judicial independence, minority rights and other fundamentals of democracy. Economic reform gained scarcely any ground at all, as Meciar opposed extensive privatization and other economic changes aimed at promoting a more diversified economy. An inefficient farm sector and an arms export industry remained from the communist era as basic elements of the Slovak economy, while inflation and unemployment soared. Governing in the style of a communist-style dictator, Meciar quarreled openly with Michael Kovac, S.'s pro-democracy president; he was even suspected of playing a role in the kidnapping of Kovac's son. Corruption was so rampant that Meciar had to step down as PM in 1994, but a new coalition that included a number of old guard communists soon put him back in office. Meciar had no interest whatsoever in bringing S. into the EU or NATO. He manipulated the wording of a referendum on NATO so as to encourage a negative

vote, and he saw to it that the ballots for a referendum question on establishing a directly elected president were not available at all the polling places. When the Slovak parliament failed to elect a new president in 1998, thanks to Meciar's efforts to prevent any candidate from winning the necessary 60% of the members' votes, Meciar assumed presidential powers.

A turnabout came with the parliamentary elections of 1998. Although Meciar's HZDS once again emerged as S.'s largest party, winning 27% of the vote, four other parties combined their votes in the unicameral legislature to form a new center-right govt. All four parties were committed to democracy as well as to a western-oriented foreign policy. The leader of the Slovak Democratic Coalition, Mikulas Dzurinda, replaced Meciar as PM. Dzurinda immediately set about changing course, placing S. on the path to democracy, economic reform and eventual membership in the EU and NATO. In Jan 1999 the parliament enacted a constitutional amendment providing for the direct popular election of the president. In a two-round election in May 1999, Rudolph Schuster, the pro-democracy candidate of the Party of Civil Understanding, bested Meciar with 57% of the second-round vote. Subsequently, the Dzurinda-Schuster combination effected fundamental legal and economic reforms in accordance with EU criteria for building democracy, including press freedoms, judicial independence, minority rights and anti-corruption measures. S. has also made considerable strides towards a market-based economy. By 2001 the private sector was responsible for 80% of the country's GDP and 75% of its jobs. In 1999 the EU decided to begin negotiations with S. on eventual accession. A member of NATO's Partnership for Peace, S. was invited in Nov 2002 to prepare for full membership in the alliance in 2004. But problems remain. Corruption scandals have occurred, and the unemployment rate remains high at 20%. As the country geared up for the next parliamentary elections in 2002, Dzurinda's popularity was dwindling.

As it happened, the parliamentary elections held on 23 Sept 2002 gave Dzurinda new life. His party finished as the legislature's second largest with 15% of the vote. Dzurinda formed a new 4-party coalition together with the Christian Democrats, the ethnic Hungarian party and a new party (Ano) formed by a wealthy media magnate. The govt's center-right orientation stood in contrast to the victory of center-left coalitions in Poland in 2001 and in the Czech Republic and Hungary in 2002. Meciar's party once again ended up as the largest in the parliament, but its popular vote fell appreciably, slipping from 27% in 1998 to 19.5% in 2002. The EU and NATO made no secret of their opposition to Meciar, warning Slovak voters that S. would not be admitted into either of these organizations if he were elected PM. Meciar's inability to tell the voters how he paid for his \$1 million villa did not help his cause. A new center-left party established in 1999 called Direction-Social Democracy (or *Smer*, which means 'direction'), under the leadership of Robert Fico, got 13.5% of the votes and finished third.

In a referendum held on 16-17 May 2003, 93.7% of the voters approved Slovakia's accession to the EU. Turnout was 52.2% of the eligible electorate. Slovakia entered NATO in April 2004 and the EU in May.

Meciar made what seemed to be an unexpected comeback in April 2004, when he emerged as the front-runner in the first round of elections to the largely ceremonial presidency, garnering 33% of the vote. Another surprise was the second-place finish of Ivan Gašparovic, Meciar's former right-hand man, who outpolled the center-right government's candidate. Gašparovic was a little known political figure but -- following his falling out with Meciar -- he was regarded far more positively in the EU than was Meciar, one of its most notorious critics. In the second round held on April 17, Gasparovic defeated Meciar, winning 60% of the vote. In parliamentary elections held in June 2006, the center-left Direction (*Smer*)-- Social Democracy party emerged as the largest party, winning 29% of the vote and one-third of the 150 seats in the legislature. Although Fico was a Social Democrat critical of market economics and eager to make social reforms, he formed a 'grand coalition' govt with two right-wing parties: Meciar's People's Party--Movement for a Democratic Slovakia and the Slovak National Party. The latter's participation in the govt elicited a

protest from Europe's social democratic parties, which suspended Smer from the social democratic group in the European Parliament in Oct 2006. In the presidential elections held in 2009, Pres. Gašparovic was reelected in the second round on April 4, winning 55.5% of the vote. Gašparovic was supported by Direction-Social Democracy on the center-left and by the rightist Slovak National Party.

The parliament ratified the Treaty of Lisbon in April 2008. S. adopted the euro on 1 Jan 2009. The next parliamentary elections to S.'s 150-seat unicameral legislature, the National Council, were held on 12 June 2010. Although Fico's Direction-Social Democracy Party (also known as Smer, which means Direction) gained 12 new seats and emerged as by far the largest party with 62 seats, his two coalition partners collapsed: the Slovak National Party lost 11 of its 20 seats and almost fell below the 5% threshold required for representation, and Meciar's party lost all its seats. A 4-party center-right govt was established under Iveta Radičová in July. Coming from a Slovak-Jewish family, the country's first woman PM was a professor of sociology who did post-doctoral studies at Oxford. Though her center-right Slovak Democratic and Christian Union-Democratic Party (SDKU-DS – former PM Dzurinda's party) won only 28 seats (-3) in finishing second, it formed a majority of 79 seats with three other center-right parties: Freedom and Solidarity (SaS), the Christian Democratic Movement (KDH) and an ethnic Hungarian party, Most-Híd. The new govt pledged to cut the deficit, avoid tax increases, improve ties with Hungary and renegotiate S.'s 4.5 billion euro guarantee to the EU's stabilization fund, a sum Radičová considered excessive.

On 11 Oct 2011 PM Radicová's govt fell after the parliament failed to approve an expansion of the EU's European Financial Stability Facility (EFSF) to €440 billion, as agreed by EU leaders in July. Radicová had attached a confidence motion to the vote, but fell 21 votes short when one of the four governing parties, Freedom and Solidarity (SaS), abstained from voting on the grounds that S.'s taxpayers should not have to cover the debts of richer EU members. (S. was the second poorest country in the EU after Latvia.) Former PM Fico's Smer party favored approving the EFSF funds but abstained from voting in order to bring down the govt. The next day, after a deal was reached with the government on early elections, Smer voted with the three pro-EFSF governing parties and S.'s approval of the EFSF passed. It was agreed that the next parliamentary elections would be held on 10 March 2012. (The next regularly scheduled elections were to take place in 2014.) Radicová and her cabinet would remain in office until the elections. At the European Council summit held on 26 Oct, EU leaders agreed to increase bailout funds for Greece from €100 to €130 billion. But Radicová announced that S. was granted a waiver and would not be required to contribute to the additional funding for Greece (though it would be expected to meet its prior commitments to bailout contributions). In Jan 2012 S.'s finance minister suggested that eurozone countries should be allowed to withdraw from the euro.

S.'s "tiger" economy had the highest growth rate in the OECD and EU in 2008 (10.4%). But growth was negative in 2009 (-4.7%) and unemployment exceeded 14% in 2010. The economy grew by 3.3% in 2011 but unemployment was still exceeded 13%.

The elections of 10 March 2012 resulted in a big win for the center-left Direction - Social Democracy party (also known as Smer-SD). Out of 26 parties in the race, only 6 won seats. Under the leadership of **Robert Fico**, Smer-SD easily outdistanced all its rivals, winning 44.4% of the popular vote and 83 seats in the parliament out of 150 – an absolute majority by a wide margin. Smer-SD had gained 21 new seats. The center-right Christian Democratic Movement finished second with 8.82% of the vote and 16 seats (+1). A newly formed center-right party called Ordinary People and Independent Personalities trailed close behind, with 8.55% of the vote and 16 seats. It had hoped to galvanize voters dissatisfied with the current state of politics and the economy. Most-Híd, the Hungarian-oriented party, finished fourth, winning 6.89% of the vote and 13 seats (-1). The biggest loser was the Slovak Democratic and Christian Union-Democratic Party (SDKU-DS), the party of former PM Radičová. Under the leadership of another former PM, Mikuláš

Dzurinda, the center-right party won only 6.1% of the vote and 11 seats (a loss of 17). Its reputation collapsed after a secret service file was leaked in Dec 2011. The file, with the code name 'Gorilla', reported details of wiretapped conversations occurring in the mid-2000s in which political figures connected with the SDKU govt seemed to offer kickbacks to potential buyers of public companies the govt had put up for sale in its privatization program. The liberal-centrist Freedom and Solidarity party won 5.88% of the vote and 11 seats (-11). The rightist Slovak National Party won no seats.

Fico took office as PM on 4 April. He formed a center-left govt consisting of ministers from Direction-Social Democracy and a few non-party independents. (Hence it is a 1-party govt, not a true multi-party coalition govt.). He pledged support of the EU and eurozone budgetary criteria, including deficit reduction. He planned to reduce the budget deficit from 4.6% to below 3% by 2013 by cutting spending and raising taxes on corporations and on individuals earning more than €33,000 a year. He also hoped to provide job security in a country with a 13.7% unemployment rate and a low minimum wage (€327 a month). He also planned to repeal former PM Dzurinda's 19% flat tax.

SLOVENIA The Republic of S.'s population of 2.06 million (2012) is 83.1% Slovenian, 2% Serb, 1.8% Croat, 1.1% Bosniac (Bosnian Muslim); others constitute 12% of the population. There are small Roma and German minorities. About 71% are Roman Catholic, 1% Lutheran, 1% Muslim and 27% other. The main language is Slovenian, used by 91%; only about 6% use Serbo-Croatian. S. was never an independent state until 1991. For more than a thousand years it was attached to Austria, starting with the Carolingian dynasty in the 8th century and continuing through the Hapsburg empire, to which it belonged from 1335 to 1918. After WWI S. became a formative unit of the new Kingdom of Yugoslavia. It was partitioned by Hitler's Germany and Mussolini's Italy during WWII. As the war ended, Tito's communists destroyed Slovenia's militia, the Home Guard, and incorporated S. into postwar Yugoslavia as one of its six republics. Throughout the communist decades, S. was Yugoslavia's richest republic, a status it maintained in part through its continuing economic ties to neighboring Austria. It was also the first to declare its independence, following multiparty elections in 1990 that ended communist rule in the Slovenian republic and gave the Democratic United Opposition control of S.'s parliament. In the same year Milan Kucan, a popular pro-independence former communist, was elected S.'s president. S. declared its independence from Yugoslavia in June 1991. When Yugoslav strongman Slobodan Milosevic activated national army forces to prevent secession, the Slovenian militia quickly defeated them with minimal bloodshed. Milosevic backed down, unwilling to fight a risky war in a region where few ethnic Serbs lived. In Dec 1991 the EU recognized S.'s sovereignty (along with Croatia's). Elections to the first post-independence parliament were held in 1992. A multiplicity of parties fielded candidates, but virtually all of them agreed on the need for democracy, private enterprise and other economic reforms, and on a western foreign policy orientation eith eventual membership in the EU. Janez Drnovsek, the leader of the Liberal Democracy of Slovenia party, formed a center-left coalition govt. and became PM. The 1996 elections produced a parliament that was evenly divided between center-left and center-right parties. After several months of gridlock, Drnovsek assembled another center-left coalition govt. That govt fell apart in April 2000, and a center-right coalition govt was formed under Andrej Bajuk, who remained PM until the

parliamentary elections of Oct 2000. A new PR electoral system, which raised the threshold needed for parties to win seats from 3.2% of the popular vote to 4%, reduced the number of parties fielding candidates to eight. Former PM Drnovsek's party emerged as the largest, winning 34 out of 90 seats. Drnovsek formed a 5-party center-left coalition govt. In 1992 and 1997 the ever-popular Kucan was reelected president, a largely ceremonial position. Kucan was not allowed to run for a fourth term, and on 1 Dec 2002 PM Drnovsek was elected president in the second round of balloting. Subsequently, Anton Rop, a leader of Pres. Drnovsek's Liberal Democrats, replaced him as PM. But Rop's center-left govt was unseated following elections to the National Assembly in Oct 2004. His successor was Janez Janša, whose Slovene Democratic Party (SDS) formed a center-right govt with smaller allied parties. Though S.'s economy was strong, with low unemployment and steady growth, voters apparently feared that S.'s status will be diminished in the 25-member EU.

In 1997 the EU included S. in the first wave of five Central and East European countries (CEECs) invited to begin accession talks. S. is the richest of all eight CEECs that were invited at the end of 2002 to enter the EU in 2004; but it is still slightly poorer than Portugal, the EU-15's poorest member. (In 2000, S. had an estimated per capita GDP of \$12,000, compared with \$15,800 in Portugal, \$10,000 in Estonia and \$8,500 in Poland.) The EU has indicated that by 2007, S. may be a net contributor to the EU budget rather than a net recipient, a prospect that worries the Slovenian govt. S. is also disappointed that – like the other prospective EU members in 2004 – it will not qualify for free labor mobility to the other EU countries for 7 years. S. is a member of NATO's Partnership for Peace. At its Prague summit in Nov 2002, NATO invited S. to become a member in 2004. In a referendum held on 23 March 2003, 89.6% of the voters expressed their approval of accession to the EU. Turnout was 60% of the electorate. Even though only about half the Slovenes favored joining NATO, S. entered the alliance in 2004.

In July 2006, the EU Council approved S.'s adoption of the euro, which took effect on 1 Jan 2007. Presidential elections were held in Oct and Nov 2007. The presidency is essentially ceremonial, but direct election by the people confers some moral authority on the president. Seven candidates ran in the first round on 21 Oct. Personalities rather than issues dominated the campaign, but the center-right govt's candidate, Lojze Peterle, did far worse than expected, polling only 27.8% of the vote. The center-left's main candidate, Danilo Türk, a former ambassador and UN official, did twice as well as predicted, winning nearly 25%. Türk defeated Peterle handily in the second-round runoff on 11 Nov, winning 68% of the vote against Peterle's 32%. These results reflected declining public support for PM Janša's govt. S. held the EU presidency in the first half of 2008, assisted by Germany and France. Its parliament ratified the Lisbon Treaty in Jan 2008.

In elections held for the lower house (the National Assembly) in Sept 2008, a coalition of center-left parties defeated the governing center-right coalition. The new govt consisted of the Social Democrats, the largest party with 30.5% of the vote and 29 seats out of 90; Zares-New Politics (9); the Democratic Party of Pensioners of S. (7 seats); and Liberal Democracy of Slovenia (5 seats). Borut Pahor, the leader of the Social Democrats, became PM. Janša's center-right Slovene Democratic Party finished second with 28 seats and moved into the opposition. In a referendum held in June 2010, a slim majority (51.5%) approved the establishment of an arbitral tribunal by the govts of S. and Croatia to mediate their border disputes. Candidates for the 3-member panel would be selected by the EU Commission president and the commissioner for enlargement.

Facing opposition to economic reforms (such as raising the retirement age) and corruption charges, Pahor's govt fell apart in 2011: the Democratic Party of Pensioners left the coalition in April and Zares left in July. On 20 Sept the govt lost a vote of confidence, 51-36. Early elections to the 90-member National Assembly took place on 4 Dec 2011, nearly a year ahead of schedule. Several new parties were formed as

the election date neared. One of them, a center-left party called Positive Slovenia, was established in October under the leadership of Zoran Janković, a former businessman currently serving as mayor of Ljubljana. Twenty parties fielded candidates, but only seven got at least 4% of the popular vote, the minimum needed to win seats. Polls predicted a major win for the center-right Slovenian Democratic Party (SDS), led by former PM Janša. But in a surprising result, the center-left Zoran Janković List–Positive Slovenia emerged as the largest party, winning 28.5% of the popular vote and 28 seats. Janša's center-right Slovenian Democratic Party (SDS) finished second with 26 seats (-2). Pahor's center-left Social Democrats (SD) came in third with 10 seats, a loss of 19. The remaining parties that won seats were Gregor Virant's Civic List (LGV), a new centrist liberal party created shortly before the elections by a former cabinet minister in Janša's govt (8 seats); the Democratic Party of Pensioners of Slovenia (DeSUS), 6 seats (-1); the center-right, farmer-oriented Slovenian People's Party (SLS), 6 seats (+1); and the center-right New Slovenia–Christian People's Party (NSi), 4 seats (+4). Two center-left parties in Pahor's coalition government – Zares and Liberal Democracy of Slovenia – failed to win seats. As the leader of the top party, Janković took the lead in trying to assemble a coalition govt. On 7 Jan 2012 an agreement was reached to create a center-left govt consisting of Janković's Positive Slovenia, Pahor's Social Democrats, Gregor Virant's Civic List and the Democratic Party of Pensioners. But two days later Virant pulled his party out of the coalition agreement, citing programmatic differences with Janković. When a secret vote was held in the National Assembly to confirm the new prime minister on 11 Jan, Janković obtained only 42 of the 46 votes needed for a majority. For his part, former PM Janša also seemed unable to win a majority.

On 25 Jan, a coalition of five center-right parties proposed former PM **Janez Janša** for prime minister. He became PM-elect a few days later. His 5-party center-right coalition govt was confirmed by the parliament on 10 Feb, with 50 members out of 82 present voting in its favor. (Ten voted against it; the rest abstained.) Janša replaced Pahor as PM on the same day.

Elections to the ceremonial presidency are scheduled for 11 Nov 2012.

SPAIN The Kingdom of S.'s population of 46.16 million (2012) descends from centuries of miscegenation between Basques, Celts, Romans, Goths, Arabs and others. The main divisions are ethnolinguistic: about 74% speak Castillian Spanish, 17% speak Catalan (mostly in Catalonia, with its capital in Barcelona), 7% speak Galician (mostly in the province of Galicia), 2% speak Basque (mostly in the Basque country in the north). Nearly 99% are Roman Catholic. There are about a half million Muslims (1.2% of the population). For over a thousand years, S. was a crossroads of Pyrenean and Mediterranean civilizations, experiencing migration flows from the outside and divisions on the inside that still leave their mark. The Romans conquered most of the area around 200 BC and remained in power until the invasion of the Visigoths in the 5th century. The Visigoths comingled with the existing population and were converted to Christianity. In 711 Spain was invaded by Moors from northern Africa (now Morocco), and remnants of the family that had previously headed the Islamic Caliphate in Syria established a Muslim stronghold in S. that lasted more than 700 years. Waves of Berbers and Arabs from northern Africa imposed a succession of Islamic leaders on most of S. Some were tolerant and granted religious freedom to Catholics and Jews, producing an efflorescence of cultural development in all three religious communities; others were intolerant of Christianity and Judaism, and forced an austere version of Islamic fundamentalism on Muslims. The heartland of Islamic S. was the south, centered in Cordoba, Granada and Seville. Catholic monarchs in the north began whittling away at Islamic power in the 11th century, taking Toledo in 1085 and Cordoba in 1236. The marriage of Ferdinand of Aragon and Isabella of Castile in 1469 sealed the dominance of Catholic Spain. The Spanish Inquisition began its work in 1478, employing torture and summary executions (known as *autos da fe* -- "acts of faith") to impose a stringent Catholicism on both Catholics and non-Catholics, especially Jews. In the pivotal year of 1492 Ferdinand and Isabella conquered Granada, the last Muslim redoubt; they also expelled the Jews and dispatched Columbus on his fateful voyage. In 1502 all but a few Muslims were expelled from S. The country was unified in its present form in 1512.

S. reached its apogee as a European power under the Hapsburg dynasty (1516-1700), acquiring vast colonial domains in Central and South America, the Philippines and elsewhere. During the 18th century it was ruled by the Bourbon dynasty. Although it remained actively involved in Europe's dynastic rivalries, S. in this period began a long period of decline. Following an interlude of Napoleonic domination, the country turned inward in the 19th century as a series of civil wars over the monarchical succession and a brief republican period accelerated its decline. One by one, most of its colonies revolted, ending S.'s imperial ambitions. The country stayed neutral in WWI. In 1923 a right-wing military officer, Miguel Primo de Rivera, took power and established a dictatorship, but he was deposed by the king in 1930. Anti-monarchical forces compelled the king to abdicate in 1931 and S. became a republic. From the outset, the Second Republic was torn apart by fierce antagonisms between the left -- including socialists, communists, anarchists, regional groups like the Catalonians and Basques, and anticlericalists of varying types -- and the right, consisting of wealthy landowners and industrialists, the army, the Catholic church hierarchy, monarchists and defenders of a strong central state, virtually all of whom were ardent Spanish nationalists.

While the right ran the govt in the Republic's early years, brutally smashing a miners' strike in 1934, a "popular front" of communists and socialists won the elections of 1936. With the backing of some 2 million anarchists, they turned S. sharply to the left.

A military coup in 1936 triggered the Spanish Civil War of 1936-39, a period of carnage and atrocities that ravaged the entire country. While the Republican forces received help from the Soviet Union and from "international brigades" of sympathetic volunteers from Europe and America, Generalissimo Francisco Franco led the right to victory with support from Hitler and Mussolini. He then set up a quasi-fascist military dictatorship, backed by the country's conservative forces. Franco's regime was heavily centralized in Madrid; Basque and Catalanian nationalism were severely repressed. Franco kept S. neutral

during WWII, spurning Hitler's pressures for more active engagement. After the war the country was mired in poverty, barely recovering from the social and economic devastation of the Civil War. But its strategic location astride the Mediterranean and Atlantic made it an attractive partner for the United States and its NATO allies in the Cold War. Although Franco's dictatorial regime precluded NATO membership, the U.S. signed an agreement establishing military bases in S. in 1953, and it was instrumental in bringing S. into the UN in 1955. Franco discarded the fascist features of his regime and in the late 1950s enlisted the support of economists, business people and technocrats to undertake economic reforms aimed at liberalizing trade, promoting industrial development and attracting investment. The modernization program worked, and a tourist boom that took off in the 1960s contributed to the economy's revival. In the late 1960s Franco granted limited powers to a partially elected legislature (the Cortes) and relaxed the censorship system. In 1947 the Franco regime's Law of Succession provided for the restoration of the monarchy after Franco's death. Juan Carlos, the heir to the Bourbon throne, was designated the rightful successor to the monarchy in 1969. He was crowned king after Franco died in 1975.

Still in his thirties, Juan Carlos I played a critical role in leading S. to democracy. Together with PM Adolfo Suarez, he promoted the adoption of a democratic constitution in 1978 that established the two houses of parliament as elected bodies. He also helped open up the political system to competing political parties. The Spanish Communist Party supported the development of democracy, thereby helping to stabilize the situation. In 1981 a coup attempt by right-wing military officers who took over the Cortes quickly failed as the king strongly opposed it. In 1980 the govt accorded Catalonia and the Basque country home rule. The country was administratively divided into 17 autonomous regions, each with local powers of control over police, health, language instruction and tourism. The regions have only limited powers of taxation, however, a fact that is still a source of frustration among regional political leaders. Without the ability to raise their own revenue, the regional govts are financially -- and hence politically -- dependent on the central govt in Madrid in a number of policy areas. Terrorism on the part of separatist movements, especially in the Basque region, has provided a constant source of instability; about 800 people have been killed since the 1970s. Nevertheless, democracy scored an early triumph in the post-Franco years. As a result, S. joined the Council of Europe in 1977 and became a full member of NATO in 1982 and of the European Community in Jan 1986. The Socialist Workers Party of Spain (PSOE), once a radical left-wing party in the Second Republic, became a moderate, center-left party in the post-Franco era and maintained control of both houses of the Cortes between 1982 and 1996. Its charismatic leader, Felipe Gonzalez, was PM from 1986 to 1996. Under the Socialists, the Spanish economy grew at 5% a year in the late 1980s, and S. hosted the 1992 Olympics in Barcelona. But an economic slowdown boosted unemployment to 22% by the early 1990s, and several cabinet ministers were implicated in an anti-terrorist death squad that killed 27 Basque separatists in the 1980s. The Socialists lost power in the 1996 elections to the People's Party, a center-right party akin to Christian Democratic parties in other European countries. Its leader, Jose Maria Aznar, became PM. The economy perked up, with yearly growth rates topping 3%; but unemployment, while lower, remained in double digits. S. qualified for the euro and adopted the currency with the other first-wave states in 1999. Aznar's popularity rose, while the Socialists had a difficult time finding a suitable successor to Gonzalez. In the next elections, held in March 2000, the People's Party increased its share of the legislature, winning 183 out of 350 seats in the Congreso, the lower house of the Cortes -- an outright majority of 52.3%. Aznar remained as PM.

Aznar and his party were first elected in 1996 with the endorsement of moderate nationalist Basque and Catalanian politicians, who hoped to gain more power to formulate local policies. But in 2001, Jordi Pujol, the president of Catalonia's regional govt, announced that he would not seek reelection in 2003 because the lack of local taxation powers diminishes his govt's decision-making authority and, in his view,

weakens its ability to improve economic conditions for Catalonia's 6 million people. The Basque problem has had more deadly implications. In 1998 the region's separatist movement, the Basque Fatherland and Liberty Party (ETA), which has taken responsibility for most of the violence associated with Basque separatism, suddenly announced a ceasefire and declared its readiness for negotiations. Aznar was the target of an ETA assassination attempt in 1995 when he led the People's Party in opposition. Upon becoming PM, Aznar negotiated with ETA as well as with a moderate Basque party, the Basque Nationalist Party (PNV). The conclusion of the Good Friday accord in Northern Ireland raised hopes in both camps that a settlement might be possible. But no agreement was reached after more than a year, and in Dec 1999 ETA called off the ceasefire and resumed its bombings and assassinations of moderate Basque politicians, police officers and other govt officials. Aznar broke off his talks with PNV, insisting that it renounce the agreement it made in 1998 with ETA's political wing. PNV leaders had hoped the agreement would moderate the ETA leadership. Regional elections in the Basque country in May 2001 showed rising support for the moderates and declining support for ETA. Perhaps for this reason, ETA stepped up its terror attacks in 2001 and 2002, but it did not kill anyone between May 2003 and Dec 2006. ETA declared a "permanent ceasefire" in March 2006. Zapatero sought negotiations and a Northern Ireland-style peace agreement; but in Dec 2006 he said that ETA had broken its ceasefire when it set off a car bomb at the main Madrid airport, killing two. In 2007 a pro-independence Basque party with no proven links to ETA won control of 17 town halls in elections held in the Basque region. (In 2002, Spanish courts had banned a party with known ties to ETA.) ETA killed two Spanish Civil Guards in France in Dec 2007. Since 1968, ETA has killed more than 800 people. In early 2008 ETA said it would base its future claims to independence on the outcome of Kosovo's status. ETA staged more than 20 bombings in 2008 and more than a dozen by late summer 2009.

Parliamentary elections took place on 14 March 2004 – three days after more than 200 people were killed in the bombing of a train in Madrid by terrorists linked to al Qaeda. Prior to the Madrid bombings, polls showed that Aznar's successor as chief of the People's Party, Mariano Rajoy, would lead the party to another victory and replace Aznar as PM. But the bombings provided a strong boost to the center-left Socialists and their standard-bearer, José Luis Rodríguez Zapatero. Zapatero had openly attacked Aznar's support for the war in Iraq, a popular position in a country where 90% of the people opposed the war. Aznar's clumsy attempts to blame Basque terrorists for the bombings also played into Zapatero's hands. On election day, millions of young voters cast their first vote; turnout climbed to 77% (8% higher than in 2000). The Socialists took 42.6% of the popular vote and 164 seats in the 350-seat Cortes – a gain of 39 seats. The People's Party lost 65 seats. Lacking a clear majority, Zapatero's Socialists formed a minority govt that was supported in parliamentary votes by smaller friendly parties. Immediately upon assuming office, PM Zapatero announced that Spain would withdraw its 1,300 troops from Iraq ahead of schedule. He also sought to improve the central govt's ties with Catalonia and the Basque region. But in 2006 Catalonia's regional parliament sparked controversy when it adopted a new Autonomy Statute that defined Catalonia as a "nation." Advocates of national unity contended that this claim of Catalanian nationhood violated Spain's 1978 constitution, which refers to "the indissoluble unity of the Spanish nation" and grants rights of autonomy only to "nationalities and regions."

Even before the terrorist attack, immigration was a major problem. The govt estimates that approximately 50,000 legal and illegal immigrants are arriving each year, mostly job seekers from North Africa. Immigrants have grown from barely 1% of the population in 1991 to more than 6% by 2003, when they numbered 2.7 million. Nearly 40% come from Latin America and 35% come from other parts of Europe; 14% come from Morocco. Large influxes in 2000 and 2001 produced an anti-immigrant backlash among some segments of the Spanish public. Discrimination, exploitation and physical abuse of immigrants are common. As many as 1,000 illegal immigrants from Morocco arrived by boat in one week in the summer

of 2001; perhaps as many as 3,000 have drowned in the last six years while attempting to reach Spain's shores. The EU estimated that there were about 800,000 illegal immigrants residing in S. in 2003. The Aznar govt enacted laws fining employers of illegal immigrants, and reached an agreement with Morocco to control the illegal smuggling of migrants. Several people linked with al Qaeda were arrested in S. after Sept 11. Nevertheless, S.'s low birth rate will probably result in a decline in working-age Spaniards by 2010, a prospect that makes the need for more immigrants in the future unavoidable.

The EU's Nice Treaty gave S. 27 votes in the Council once the EU got 27 members -- only 2 votes less than the UK, France Germany and Italy. S. therefore objected when the first draft of the EU Constitution in 2003 called for replacing this favorable voting system with a double majority system that required the winning side to represent at least 60% of the EU population. (Poland raised similar objections.) In 2004, S. accepted a compromise plan that called for a different double-majority voting system. In a consultative referendum on the EU Constitution held on 20 February 2005, 76.7% of those voting approved the document; only 17.2% voted against it, but turnout was only 42.3%. The two houses of the legislature subsequently ratified it. They ratified in the Lisbon Treaty in June and July 2008. S. has continuing problems with the UK over Gibraltar.

Parliamentary elections were held on 9 March 2008. After a bitter campaign that reflected long-standing differences between left and right, PM Zapatero's Socialists eclipsed the center-right People's Party led by **Mariano Rajoy**. Backed by the Catholic Church, the People's Party criticized the Zapatero govt's liberalization of gay rights and divorce laws. Rajoy also attacked Zapatero for widening the autonomy rights of Spain's regions and for granting amnesty to 600,000 illegal immigrants. Young voters turned out in large numbers in support of the Socialists; turnout was 75.3% of eligible voters. The Socialists won 44.1% of the popular vote and 169 seats out of 350 in the lower house (the Congress of Deputies), a gain of 5 seats. The People's Party won 40.1% of the vote and 154 seats, a gain of 6 seats. Zapatero remained PM. The Socialists' near-majority permitted them to govern with less reliance on other parties. In the 208-seat Senate, the People's Party won 101 seats and the Socialists 89 seats.

Unemployment remained chronic, exceeding 20% in 2010; the budget deficit topped 11% of GDP. Spain's financial problems worsened in 2011 as talk of the need for a possible EU bailout intensified. In April Zapatero announced that he would not run for reelection. On 29 July Moody's downgraded six Spanish regions and put other regions on notice. On the same day PM Zapatero called snap elections for 20 Nov 2011. have access to the Zapatero's popularity had plummeted: one poll showed that 81.2% of Spaniards had little or no confidence in him. Alfredo Perez Rubalcaba, a former interior minister, was named the Socialist Party's leader in the upcoming elections.

Elections to the 350-seat Congress of Deputies (lower house) and the 208-seat Senate (upper house) took place on 20 Nov 2011. The results for both houses were a major victory for the center-right People's Party and a correspondingly major defeat for the Socialists. In the vote for the Congress -- which selects the govt -- the People's Party won 44.6% of the popular vote (a modest gain of 4.7%) and 186 seats -- a gain of 32 seats and more than enough for a majority (53% of seats). The Socialists fell to 28.7% of the popular vote (a loss of 15.1%) and won 110 seats (-59). The third largest party was Convergence and Union, an amalgam of two center-right Catalan parties; it won 16 seats. The United Left, a collection of leftist and green parties led by the Communist Party of Spain, finished fourth with 11 seats. Nine other parties -- mostly regional parties from Catalonia, the Basque area and others -- each won between 1 seat and 7 seats. On 20 Dec 2011 the Congress elected Mariano Rajoy, the leader of the People's Party, prime minister by a vote of 187-149, with 14 abstentions. Rajoy formed a center-right govt with ministers from his party. In the Senate elections, the People's Party won 136 seats (+45), the Socialists won 48 (-40) and smaller parties shared the rest.

S.'s economic woes worsened in 2012. The troubled banking system, consisting mostly of 14 banking groups, faced staggering losses. The govt's budget deficit continued to exceed the eurozone's maximum limit of 3% of GDP, and the public debt was on track to exceed 100% of GDP by 2020 (eurozone rules set a public debt limit of 60% of GDP). To prevent a run on the banks and a contagion affecting banks throughout the EU, eurozone finance ministers agreed in late-night talks on 29 June, during the EU summit, to allow S., Italy and other eurozone countries access to the European Financial Stability Facility (EFSF – a temporary bailout fund), and the European Stability Mechanism (ESM – the permanent bailout fund set to start operations in Sept) to buy their govts' bonds on financial markets. The loans would be used to rescue private banks holding these bonds and to lower the yields (i.e., interest rates) on govt bonds. Bond yields on Spanish and Italian bonds had risen to 5% and higher, levels considered excessively high. On 10 July the ministers gave S. an extra year (to 2014) to bring its deficit down to 3% of GDP, as required. To meet that goal, the Rajoy govt. introduced new austerity measures, including an increase in the value added tax from 18% to 21% and more spending cuts. These measures would likely aggravate S.'s already deep recession. On 20 July EU finance ministers agreed to lend S. up to €100 billion in EU funds from the EFSF to recapitalize its banks. The funds will be disbursed at intervals through 2013. Fourteen banking groups make up 90% of S.'s banking system; their needs for capital were to be assessed. Meanwhile, as yields on S.'s bonds exceeded 7.6%, a level considered dangerously high, the Rajoy govt disclosed that it might need €300 billion in loans.

SWEDEN The Kingdom of S. Is a constitutional monarchy. King Carl VI Gustav has been the monarch (and head of state) since 1973. Sweden's population of 9.5 million (2012) is about 88% Swedish, with 12% foreign born or first generation immigrants (mostly Finns, Danes, and Norwegians). Since the 1990s there has been growing immigration from the Middle East and East Asia, many of them seeking to escape political oppression or economic hardship. Immigrants have also come from parts of Europe like Greece, Turkey, Russia and the former Yugoslavia. S. has the world's largest concentration of Assyrians and Syriacs from Syria (about 100,000). There is a small Lapp (Saami) minority and about 40,000 Roma. Over 85% are Lutheran, and there are also some Roman Catholics, Orthodox, Baptists and others. S., Denmark and Norway were united under a Danish monarch in 1397. In 1523 S. broke out of the union and established its own independent kingdom under the Wasa dynasty, which embraced Lutheranism and successfully projected the country's power over the course of the 17th century. Russia took the Baltic states and Finland from S. in the 17th and 18th centuries. The European powers that defeated Napoleon rewarded S. for participating in the anti-Napoleon coalition by giving it Norway in 1814. When Norway became independent in 1905, S. acquired its current boundaries. As the Great Depression took its toll on the economies of Europe in the 1930s, the Swedes managed to effect a series of compromises between the parties and organizations representing business, labor and farmers. The result was an expansion of democracy through multiparty coalition govts that laid the groundwork for the modern Swedish welfare state. S. remained neutral in WWII and its economy grew by 20%. After the war, the center-left Social Democratic Party (SDP) dominated every govt elected between 1945 and 1976. Under PMs like Tage Erlander and Olaf Palme, these govts perfected the "Swedish model" of the democratic welfare state: a mixture of private enterprise, a robust export sector, public ownership of utilities, a variety of social welfare benefits affecting the entire population, and high taxes. But economic growth slowed down appreciably in the 1970s due to rising energy prices around the world. S.'s costs for oil imports jumped 700% in that decade. Inflation and labor unrest grew, along with annual budget deficits and the cumulative national debt. The Swedes' willingness to pay higher taxes eventually reached a limit, and in 1976 Swedish voters turned out the Social Democrats and voted in a conservative majority pledged to cut costs and cap taxes. The center-right coalition governed until 1982, when the Social Democrats came back at the head of a minority govt. Palme was assassinated in 1986 and was succeeded as party chief by Ingvar Carlsson.

Center-left and center-right govts alternated in power in the 1990s. The conservatives won the 1991 elections and set up a 4-party coalition govt. In 1994 they were voted out because of the economy's poor performance, and the Social Democrats under Carlsson were voted back in. The Social Democrats governed in a coalition with the centrist Liberal Party until 1998. Carlsson stepped down as PM in 1996 in favor of Göran Persson, the finance minister. Persson was the architect of an austerity budget that ultimately converted S.'s huge budget deficit that equaled 12% of its GDP in 1993 into a budget surplus equal to 2.1% of its GDP by 1998. Persson continued the coalition with the Liberals until 1998. The 1998 elections gave the Social Democrats less than an outright majority of seats in the unicameral legislature, but enough for them to form a minority govt without a coalition partner. Persson made a pact with the Left Party and the Green Party to secure their votes when his govt's bills came up for a vote. By 2001, S.'s budget surplus was 4.8% of GDP, permitting the govt to cut taxes and increase public sector employment. Inflation was low and unemployment was down to 4%.

With consumer confidence rising, Persson led the Social Democrats to another victory in the 2002 elections held on 15 September. As in 1998, seven parties won seats in the 349-seat Riksdag. Although the Social Democrats once again fell short of majority control of the parliament, they increased their share of parliamentary seats from 131 in 1998 to 144 (41.3% of the seats). The SDP's victory ran against the trend of center-right victories in 2002 in countries like France, the Netherlands and Portugal. The result enabled

Persson to set up another SDP minority govt. The SDP won in spite of the fact that S. has the highest taxes in the industrialized world. The conservative Moderate Party, by contrast, promised tax cuts but had a disastrous showing, falling from 82 seats to 55. Voters apparently did not believe the Moderates' claim that they could cut taxes and simultaneously improve public services and maintain welfare benefits. The centrist People's Liberal Party fared considerably better, rising from 17 seats to 48. The Liberals' success stemmed from their proposal that immigrants applying for Swedish citizenship should be required to pass a Swedish language examination. The Liberals are not an anti-immigrant party, however, and there is little support in S. for a crackdown on immigrants. The Liberals maintained that their proposal was intended to help naturalized immigrants integrate themselves into Swedish society.

Persson, whose family owns a successful export company, hoped to convince Swedish voters to adopt the euro. S. was a founding member of the European Free Trade Association in 1959/60; it did not join the European Union until Jan 1995. The Swedish govt opted to stay out of the EU's Economic and Monetary Union in 1998. Persson favored adopting the euro, but his own party was divided on the issue and its main partners, the Left Party and the Greens, were opposed. Opponents of the euro feared that, without the ability to control its own monetary policy and interest rates, S. would not be able to preserve its expensive welfare state and relatively high employment levels. But the business community and its allies -- along with Persson and like-minded Social Democrats -- believed that the euro would bring lower prices and lower interest rates, benefitting everyone. In the referendum held on 14 Sept 2003, Swedish voters rejected the euro by a vote of 56.2% to 42%. In the June 2004 elections to the European Parliament, voter turnout fell considerably in comparison with the 2002 Swedish parliamentary elections. A new euroskeptic party, Junelist, won 3 seats in the EP. The parliamentary elections of Sept 2006 brought an end to 12 consecutive years of Social Democratic govts. The 4-party center-right "Alliance for Sweden" coalition led by **Fredrik Reinfeldt** of the Moderate Party won 48% of the vote and just over 50% of the seats in the 350-seat Riksdag. Although PM Persson could point to a 5.5% growth rate, an official 5.7% unemployment rate, low inflation and other positive economic news, the Alliance parties warned that the true unemployment rate was at least 15% (and youth employment was 23%), and they tapped voter concerns about the country's ability to finance future pensions and other welfare benefits without market reforms. The Alliance promised the sale of govt shares in a host of companies, tax breaks for businesses to encourage youth employment, reductions in unemployment compensation, tax reductions for low-income families and deregulation and privatization in health care, education and other traditionally state-funded areas. These policies were not intended to dismantle S.'s welfare state but to stimulate entrepreneurial growth and preserve benefits for the poor and pensioners. Reinfeldt formed a govt consisting of the four Alliance parties and became prime minister.

By 2008, immigration was reaching historic levels in S., with more than 80,000 immigrants arriving that year. A low birth rate among Swedes prompted the four governing parties and the Greens to expedite the passage of a new labor law making it easier for non-EU nationals to get jobs in S -- though preference will be given to citizens from the EU and the European Economic Area.

S. is neutral and does not belong to NATO. It maintains a robust military force, however, and is a member of NATO's Partnership for Peace. If Finland joins NATO, the Swedish govt may reconsider its neutrality and opt for NATO membership in the future. S. did not ratify the Constitution. After an intense debate lasting months, S.'s parliament ratified the Treaty of Lisbon in Nov 2008 (243 for, 39 vs. and 67 absent or abstaining). S. held the EU presidency in the second half of 2008.

Elections to the Riksdag were held on 19 Sept 2010. The elections pitted the governing center-right 4-party coalition, now known simply as 'the Alliance' (the Moderate Party, the Center Party, the Liberal People's Party and the Christian Democrats), against the center-left Red-Greens Coalition, consisting of the Social Democrats, the Left Party and the Green Party. Other parties participated as well, but only 8 parties

cleared the 4% hurdle necessary to win seats. The Alliance parties ended up with slightly more than 49% of the vote; but they captured only 173 seats in the 349-seat parliament, 5 fewer than they had before the elections and 2 short of a majority. Reinfeldt remained PM and established a minority govt consisting of the 4 center-right Alliance parties. The Red-Greens Coalition won 43.6% of the vote and came away with 156 seats, a loss of 15. The Social Democrats, once the dominant party, had their worst showing since the introduction of universal suffrage in 1921. Though the party blatantly appealed to anti-immigrant sentiment, it failed to attract a sufficient number of middle-class voters. The governing parties owed their victory mainly to the outstanding performance of the economy. Despite a major contraction in growth in 2009 owing to the global recession, S. had the highest growth rate in Europe in 2010 and – following a string of budget surpluses – the lowest deficit-to-GDP rate in the EU in 2009 (0.5%). Inflation was low and unemployment was slightly more than 7%. S.'s high-tech, export-oriented economy was ranked 2nd in the world in competitiveness (behind Switzerland). The headline-grabbing election result was the success of the far-right, anti-immigrant Sweden Democrats: the party finished in 6th place, winning 5.7% of the vote (more than double its 2006 share) and entered the Riksdag for the first time with 20 seats. PM Reinfeldt vowed that he would not cooperate with the Sweden Democrats. To win votes in parliament to pass legislation, Reinfeldt said that he would talk with the Greens and, "where appropriate," the Social Democrats.

UNITED KINGDOM The population of the UK of Great Britain and Northern Ireland, now approximately 62.26 million (2010), is 81.5% English, 9.6% Scottish, 2.4% Irish, 1.9% Welsh; about 1.8% live in Northern Ireland, and immigrants who have arrived during the past 50 years or more from India, Pakistan, Africa and the Caribbean constitute about 2.8%. About 26% of the people of Wales speak Welsh, and about 60,000 Scots speak the Scottish variant of Gaelic. There are 27 million Anglicans, 9 million Roman Catholics, 1.4 million Muslims (2.5% of the population), 800,000 Presbyterians, 760,000 Methodists, 400,000 Sikhs, 350,000 Hindus and 300,000 Jews. Following referendums held in 1997, the govt of PM Tony Blair in 1999 put into effect the devolution of decision-making authority from the national govt in London to local legislatures and executives in Wales and Scotland. The Welsh and Scottish bodies are responsible for local matters concerning transportation, education, housing and the like. In 1998 the "Good Friday" agreement called for the reestablishment of the Northern Ireland legislature and local govt in Stormont (a suburb of Belfast). The Stormont govt's authority had been suspended by the British govt in 1972. Prior to the Good Friday accord, approximately 3,200 people had lost their lives in sectarian violence since 1969, when a new wave of fighting between Protestants and Catholics in the region broke out. The Good Friday agreement was brokered by the Clinton administration's special envoy, former U.S. Senator George J. Mitchell. It was ratified by large majorities of Protestants and Catholics in N. Ireland, as well as by a majority of voters in Ireland. The accord's implementation was repeatedly delayed because of the failure of the local militias – particularly the Irish Republican Army (IRA) – to disarm. The Blair govt suspended local authority in N. Ireland again in Oct 2002 and reimposed direct rule from London. In 2005, the IRA agreed to turn in its weapons. After prolonged negotiations, the N. Ireland Assembly was reconstituted in 2006 on a transitional basis following the St. Andrews Agreement between the governments and the main parties. Elections to a new Assembly took place in March 2007. Ian

Paisley's hardline Protestant Democratic Unionist Party won the most seats (36), followed by Sinn Fein, the political arm of the IRA. The more moderate Protestant and Catholic parties lost seats but finished third and fourth. (This was a *regional* election, not a national election.) On 8 May 2007, devolved govt returned to N. Ireland in a ceremony at the Stormont parliament building. Rev. Paisley, for decades the leader of the hardline Protestants, became first minister (i.e., head of N. Ireland's regional govt) and the chief negotiator of Sinn Fein became deputy first minister. In regional elections to the Scottish Parliament in May 2007, the pro-independence Scottish National Party (SNP) for the first time emerged as the largest party, winning 47 seats (a gain of 20). The Labour Party, traditionally the largest in Scotland, won 46 seats (a loss of 4 seats).

The UK was a charter member of NATO in 1949, an outgrowth of its wartime alliance and "special relationship" with the United States. Its ties with Europe have been more complicated. Although Winston Churchill called for the creation of a "United States of Europe" in 1946 and organized the United Europe Movement the following year, his vision of European cooperation differed substantially from the federalist concept advocated by continental proponents of integration. Churchill favored little more than a loose organization of European states, each acting in accordance with the interests and decisions of its national govt. He opposed supranational institutions that could make decisions over the heads of the individual member states. By contrast, the federalists in the late 1940s wanted a European constituent assembly that would draw up a constitution for a truly unified United States of Europe. Ultimately, neither of these early notions of European integration panned out. When France, West Germany, Italy and the three Benelux countries formed the European Economic Community (EEC) in 1957/58, they endowed the organization with both supranational and intergovernmental decision-making institutions. Britain had been invited to attend the 1955 Messina conference that was convened to discuss European integration, but its Conservative govt declined. Britain's foreign policy was based primarily on its "special relationship" with the United States, though the historic partnership was severely strained in 1956, when the Eisenhower administration ordered Britain to call off its invasion of Egypt after Nasser's govt nationalized the Suez Canal. The UK also felt that its economic interests were best served by staying out of a supranational European organization and customs union. It saw its prosperous economy as a partner and competitor of the U.S. rather than as a medium-sized European economy. It also feared that its food imports and other preferential agreements with the British Commonwealth nations would be damaged by the EEC's customs union and Common Agricultural Policy, and it did not want to lose control over the pound sterling. In order to take advantage of free trade arrangements with other countries without creating supranational institutions, the UK in 1959 proposed the establishment of a European Free Trade Association as an alternative to the EEC. The EFTA agreement was negotiated in 1959 and took effect in 1960. Its charter members were the UK, Austria, Denmark, Norway, Portugal, Sweden and Switzerland. Finland became an associate member in 1961 and a full member in 1985. Iceland joined in 1970 and Liechtenstein in 1991.

The EEC proved its success more convincingly and rapidly than many British leaders had assumed, and in Aug 1961 the Conservative govt under PM Harold Macmillan – with the encouragement of the Kennedy administration – applied for membership. (Denmark, Ireland and Norway also applied.) But Britain's application was rebuffed by French President Charles de Gaulle in Jan 1963. The French leader shared Britain's preference for a loose "Europe of states" rather than a supranational federation, but he objected to Britain's special relationship with the United States. De Gaulle wanted a "European Europe" led by France, and he proclaimed that Britain's membership would transform the EEC into "a colossal Atlantic community under American domination and direction." This statement amounted to a *de facto* French veto of British membership, and the accession talks were suspended. Britain applied for membership again in 1967 under PM Harold Wilson, whose Labour Party was deeply divided on the economic desirability of European Community membership. De Gaulle again imposed a *de facto* veto. Only after de Gaulle retired

in 1969 was Britain's application taken up under his successor, President Georges Pompidou. After the UK and the EEC worked out special arrangements for the Commonwealth countries, the complicated negotiations were completed under Conservative PM Edward Heath, who was staunchly pro-Europe, in 1971. Harold Wilson opposed the agreement, reflecting continuing divisions in the Labour Party about the benefits of membership. Labourites objected that the UK would be a net contributor to EC funding rather than a net recipient. Wilson wanted a referendum on EU membership, which Heath refused, and he vowed to renegotiate the accession agreement if he became PM. Heath got the EC to agree to a Regional Development Fund to aid Wales and other impoverished parts of the UK. France held a referendum on enlargement in 1972; 61% voted in favor of admitting the UK and the other applicants. On 1 Jan 1973, the UK formally joined the European Community. But the Conservatives lost the Feb 1974 elections and Heath was replaced by Wilson, who insisted on a renegotiation of Britain's membership terms. After 11 months of talks, Britain got an agreement ensuring that it would not contribute more than its fair share to the EC budget, and it won some concessions on its dairy trade with New Zealand. Wilson supported the largely cosmetic, face-saving agreement but Labour was still internally divided. Britain held a referendum on the agreement in 1975. With both Wilson and Conservative Party leader Margaret Thatcher favoring a "yes" vote, 67% voted yes and 33% voted no. Wilson remained largely indifferent to the EC, as did his successor, PM James Callaghan. By choice, the UK had little effect on the EC in the 1970s.

The Conservatives won the 1979 elections and Thatcher became PM. The Conservatives were themselves internally split on Britain's relationship with the EC. Its big business wing – especially in the City of London's prosperous financial community – mostly favored close ties with the EC, but Thatcher and her ideological right wing of the party disdained supranationalism and the increasingly interventionist Brussels bureaucracy. In a speech in Bruges in 1988 she summarized her view that "cooperation between independent sovereign States is the best way to build a successful European Community"; she flatly opposed "a European super-state exercising a new dominance from Brussels." These views were very much in keeping with de Gaulle's state-centered, intergovernmentalist vision of Europe. But although she was a Euroskeptic, Thatcher was also a free marketeer who favored trade liberalization throughout Europe. She therefore strongly supported the Single European Act of 1986, which set the stage for a real common market among the EU countries based on the free movement of goods, services, capital and people. Meanwhile, Thatcher demanded (and got) a reduction in Britain's EC contributions, while working to make sure that Britain got its share of EC regional development funds. Thatcher's forceful views on Europe and on various domestic issues sharpened the divisions within her own party, and at the end of 1990 the Conservative members of Parliament voted to dismiss her as party leader, and thus as PM.

Her successor was John Major, a more moderate and accommodating figure. Major was more favorably disposed towards Europe than Thatcher was, but the split between Euroskeptics and pro-Europeans within Conservative ranks became so acrimonious that he had little authority to play a strong leadership role. When the EC heads of govt met in Maastricht in Nov 1991 and decided to establish an Economic and Monetary Union by the end of the decade – complete with a common currency and central bank – Major announced that Britain would not take part. Major agreed to sign the Treaty of Maastricht in Feb 1992 only after the other members permitted the UK to opt out of the provisions on EMU. Britain also opted out of the European "Social Chapter," which advocated greater rights and welfare benefits for workers than Major's govt was prepared to accept. Major voiced additional objections to the Maastricht Treaty's provisions for a "common foreign and security policy," fearing that it would require Britain to weaken its close diplomatic and security cooperation with the United States. Although Major led the Tories to another electoral victory in 1992, his leadership of the party progressively unraveled over European issues. In 1992 the weak British economy prompted currency traders to undertake a massive selloff of pounds. As a member of Europe's

Exchange Rate Mechanism (ERM), Britain was entitled to assistance from the central banks of the other participating states to bring the pound's value back to its prior levels. But the other states -- led by the German Bundesbank -- declined to assist the British on the grounds that the pound was overvalued. Major abruptly pulled Britain out of the ERM on 16 Sept 1992 ('Black Wednesday'); the UK lost £3.5 billion in the currency crisis. Major's decision appeared to justify the Euroskeptics' suspicions of European cooperation. Nevertheless, Major called on the Conservative Party majority in the House of Commons to approve the Maastricht Treaty, convinced that the opt-outs he had negotiated made the agreement palatable -- and even desirable -- for Britain. But as many as 26 Tories deserted him and voted against the treaty as it came up for a series of votes, defying Major's threats to penalize recalcitrant Conservative MPs. Major became so exasperated at one point that he called for a vote of confidence on his govt; a number of Tories voted against him, but he managed to scrape by with a narrow victory. Ultimately he got the Parliament to accept the Maastricht Treaty, but in 1995 he forced the issue of his leadership again, resigning as Conservative Party leader. The Tory MPs voted to reinstate him, but defections from the party's delegation reduced the Conservative majority to zero by the end of 1996. In the same year another controversial European issue arose when British cattle were overcome by "mad cow disease," a malady whose effects could be fatal to humans. As the other EU countries banned the import and sale of British beef, Britain destroyed 3 million head of cattle and lost about \$5 billion in sales. While Britons understood the gravity of the epidemic, many became highly critical of the EU for waiting until the end of Nov 1998 before deciding to lift the ban.

With the Conservatives in complete disarray, Tony Blair led the center-left "New Labour Party" to a resounding victory in the elections held on 1 May 1997. Blair and his large Labour majority in the House of Commons (63% of the seats) adopted the EU's Social Chapter. With the passage of the Human Rights Act, which took effect in Oct 2000, British courts were now pressured to comply in their rulings with the European Convention on Human Rights. The law in effect substitutes for a British bill of rights, which does not exist as a written document in British law. Blair made no secret of his support for Britain's eventual adoption of the euro, but with public opinion running as much as 2 to 1 against the currency, he put off a promised referendum on the issue. Nevertheless, Blair's govt took a number of technical measures to prepare the country for the eventual adoption of the common currency. While moving closer to EU positions in these and other areas, Blair opted out of the Schengen framework that eliminates border controls within the EU. Blair's govt acted to keep illegal immigrants out of Britain as much as possible, and substantially reduced the number of asylum applications it approved. (According to the govt, asylum applications declined 41% between 2002 and 2003.) Immigrants trying to enter Britain illegally via the English Channel tunnel have been rounded up with a view to sending them back to their country of origin. In 2004, following a large anti-terrorist operation, Muslim leaders in Britain called for cooperation with British police. But polls showed that 13% of Britain's Muslims regarded future terrorist attacks on the US as "justified," while 64% said that the UK's anti-terrorist laws were being enforced unfairly. And surveys revealed that 81% of British Muslims considered themselves Muslims first and British second, while a third of the general British public regards immigration from the Middle East as a "bad thing." The ultra-right British National Party, which advocates "firm but voluntary" measures to induce non-white immigrants to leave Britain and to restore the country's mostly white racial balance that it had before 1948, won only 0.7% of the vote in the 2005 House of Commons elections, earning no seats.

In foreign policy and defense matters, Blair maintained close ties with the United States. Clinton was a close friend, and Blair's influence was important in persuading Clinton to get involved in Bosnia and to consider the possible use of ground forces in Kosovo. Blair rushed to Bush's support after Sept 11 and provided military support in Afghanistan. Blair also provided the most explicit support in Europe for Bush's

policy towards Iraq, in spite of sharp objections to war within the Labour Party and even among some Conservative MPs. (A majority of the British public also opposed war in 2002.) Blair expressed his support for Turkey's admission into the EU, another Bush administration policy. Meanwhile, Blair persuaded Bush to get UN Security Council approval for new inspectors in Iraq before going to war. But he also clashed with Pres. Chirac and Chancellor Schroeder, who led the opposition to Bush's war policy. Blair openly called for the inclusion of the incoming EU members from Central and Eastern Europe -- most of whose govts backed the US on Iraq -- at a special EU summit on Iraq in Feb 2003; but France and Germany blocked their inclusion. Blair persuaded Bush to make some exceptions in the application of the administration's steel tariffs, which hurt the steel industry in the UK and other European countries. At the same time, Blair voiced his disagreement with other Bush administration policies, such as its rejection of the Kyoto Protocol and the International Criminal Court. But Blair got Bush to agree that "realistic multilateralism" should constitute the basis of their foreign policy. Meanwhile, Blair moved towards closer defense cooperation with France, starting with the St. Malo declaration in 1998. Blair saw himself as a bridge between Europe and the U.S.

Blair's role as Pres. Bush's staunchest defender in Europe during the Iraq war cost him dearly. In the weeks leading up to the U.S.-British invasion, more than 100 Labour Party MP's voted against resolutions supporting the war, and massive demonstrations underscored the opposition of the vast majority of Britons. Blair predicated his support for war on the presence of weapons of mass destruction in Iraq. When no such weapons were subsequently found, Blair was forced to accept a parliamentary inquiry over charges that his govt had "sexed up" its claims about the weapons. The crisis was exacerbated when a British intelligence analyst involved in the pre-war weapons assessments committed suicide after being grilled by parliamentary investigators. A respected judge, Lord Hutton, was called upon to conduct an investigation; Blair himself testified before the justice. Hutton's report, issued in January 2004, cleared Blair's govt of having "sexed up" its intelligence dossier on the WMD. But Blair publicly took personal responsibility for his govt's intelligence failure.

The Conservatives, for their part, remained as divided on Europe as ever. William Hague succeeded Major as party leader after the 1997 elections and held his party together by taking a largely Euroskeptic approach. Hague stepped down after Labour routed the Tories once again in the June 2001 elections. Despite widespread feelings that the Blair govt had not delivered on its promises to improve social services, British voters saw little reason to vote for the Tories. European issues played virtually no role in the 2001 election campaign. (Candidates from the UK Independence Party, which advocates withdrawal from the EU, won no seats in Parliament.) After the elections, the Tories elected Iain Duncan Smith as their new leader. Duncan Smith has also adopted a pronouncedly Euroskeptical stance. Disappointment in Duncan Smith's leadership led to the election of Michael Howard as party leader in 2003. In 2004, the Tories agreed to participate in the EPP-ED group of center-right parties in the European Parliament, but with the provision that the Tories may pursue their own agenda favoring a Europe of states rather than a more federal Europe. Some Tories objected to the deal, preferring independence from the more pronouncedly pro-EU center-right parties in the EP. The Tories' "Euro-critical" position may make good political sense. The British are the least "European" of all the populations of the EU member states. Whereas more than half the adult population in the other countries is favorable to Europe, only about 35% have pro-European attitudes in the UK. Many Britons are opposed to supranationalism in principle, and many raise more specific objections to a variety of regulations imposed by the European Commission and the Brussels bureaucracy. Many believe that the continental Europeans do not appreciate or respect the UK's parliamentary traditions. And many object to giving up the pound and the independent Bank of England.

Blair stressed Britain's objections to the adoption of common EU tax laws. As a result, the draft EU Constitution did not permit the harmonization of tax policies by majority vote, as demanded by Pres.

Chirac and other European leaders. Any such change must be approved unanimously. In June 2003 Chancellor of the Exchequer Gordon Brown announced a postponement of a decision on the euro, promising only to determine next year if there are grounds for a reassessment of his position. Of the five "tests" that Brown set for Britain's adoption of the common currency, only four have thus far been met. While evidence for the "City test" – the effects of the euro on London's giant financial industry – is positive, Brown argued that the case for adopting the euro anytime soon has not passed the "convergence test," which measures the extent to which the British economy has converged sufficiently with the euro-zone countries; the "flexibility test," which reflects the British economy's ability to absorb economic shocks from euro countries without control over its own monetary and exchange rate policy; the "investment test," which relates to the euro's impact on investment levels in Britain; and the "jobs and prosperity test," which refers to the euro's impact on Britain's labor market and economic growth. Blair was probably still be more committed to the euro than Brown, but it is unlikely that there will be a referendum on the issue until the future of the EU Constitution is sorted out.

Blair's plummeting popularity resulted in a disastrous showing for the Labour Party in the June 2004 elections to the European Parliament. Labour got only 22.6% of the vote. The Conservatives did not do much better (26.7%). The pro-euro Liberal Democrats won 14.9%. Strikingly, the UK Independence Party, which wanted Britain to withdraw from the EU, registered a substantial 16.1% of the vote. The UKIP's leader was Robert Kilroy-Silk, a controversial former BBC broadcaster. After the elections, the UKIP joined with "Euro-critical" parties in forming a new party bloc in the EP. A number of anti-EU Conservatives were expected to join the new formation. Kilroy-Silk quit the UKIP in 2005.

In the elections to the House Of Commons held on 5 May 2005, Blair's Labour Party fell from 413 seats to 356, but retained a healthy majority in the 693-seat house. The Tories picked up 31 seats (197) and the centrist Liberal Democrats gained 10 new seats (62), but both opposition parties fell short of their anticipated goals. With the economy in good shape, most Britons focused on Blair's untrustworthiness on the Iraq issue, as evidence surfaced that he had lied or misled the public when arguing in favor of joining in the 2003 invasion. Opposition to Blair in the Labour Party was especially strong, and after the elections some members called openly for Blair to resign in favor of Gordon Brown. The terrorist attacks in London in the summer of 2005, and the govt's swift response in rounding up suspects, may have worked in Blair's favor. Blair also won plaudits at home – including a standing ovation from Tory MPs — for standing up to Pres. Chirac at the June 2005 EU summit by calling for reductions in EU spending for agriculture, increases in technology development and support for a more competitive Europe in the global economy. Following the defeats suffered by the EU Constitution in the French and Dutch referendums, Blair postponed holding a referendum in the UK, where the Constitution faced major opposition. Votes on ratification in the two houses of Parliament were also postponed indefinitely. The UK assumed the 6-month presidency of the EU Council on 1 June 2005. Its priorities were economic reform (focusing on the internal market, the business climate, the labor market, the knowledge society and EU finances); social justice (growth and living standards); security and stability (counter-terrorism; people trafficking; enlargement); and Europe's role in the world (Doha agenda; Africa; climate change; Middle East; Balkans; defense; and reform of the EU's sugar regime). The UK presidency's achievements were modest, but it managed to broker an EU budget deal at the Dec. 2005 European Council summit. In the same month, David Cameron became the new head of the Conservatives. Under pressure from Labor Party MPs and members, Tony Blair agreed in 2006 to resign the following year. On 27 June 2007 Blair resigned and Gordon Brown, Labour's new leader, succeeded him as prime minister. Brown suffered a rapid descent in the polls and Labour met defeat in by-elections.

The House of Commons took no vote on the EU Constitution. It ratified the Treaty of Lisbon in March 2008 by a vote of 346-206, with 81 abstentions. The House of Lords approved the Treaty in June.

Ratification became completed on 19 June after the Queen's Assent (an obligatory formality). There was no referendum. In the June 2009 European Parliament elections, Labour fell to 15.7% of the vote, winning only 13 seats and falling behind the Conservatives (27.7% and 25 EP seats) and the UKIP, whose EP vote rose to 16.5%, giving it 13 seats (+1). The extreme-right British National Party won 2 EP seats. Shortly after the elections, Cameron joined with other euroskeptic parties in disbanding the European Democrats (ED), the EP party that was previously affiliated the more pro-EU European People's Party (EPP). They and other parties formed a new center-right EP group, the European Conservatives and Reformists (ECR).

Upon the expiration of the Labour govt's 5-year term, elections to the 650-member House of Commons were held on 6 May 2010. The result was a hung parliament, with an unusually wide gap between the number of seats needed for a majority (326) and the seats won by the two largest parties: the Conservatives won 306 seats (a gain of 97 over 2005), Labour 258 (a loss of 91). The centrist Liberal Democrats won 57 seats (-6). A few smaller parties, mostly from Northern Ireland, Scotland and Wales, shared the rest. The moderately leftist Green Party won 1 seat. The main right-wing parties – the UK Independence Party and the British National Party – won no seats, but the UKIP finished fourth in the popular vote (3.1%). On 12 May the Conservatives and Liberal Democrats agreed on the terms of a coalition govt. Cameron became PM of the center-right govt and Nick Clegg, the LibDem leader, became deputy PM. This was the first British coalition govt since the WWII-era "national unity" cabinets.

Brown resigned as head of the Labour Party. Harriet Harman became temporary party chief until Sept 2010, when elections were held within the party for a new leader. Of the five declared candidates, the top two were brothers: David and Ed Miliband. Their father, Ralph Miliband, was a Marxist scholar and is buried next to Karl Marx in London's Highgate Cemetery. David, who served for 3 years as Blair's foreign secretary, was favored by the party's right wing. Ed, who joined Brown's cabinet in 2007, appealed to the Labour left. The multi-round elimination system accords equal weight to three groups: Labour MPs, dues-paying party members and Labour-affiliated trade union members. In the fourth round, 262 Labour MPs, about 120,000 party members and some 200,000 union members voted. On Sept 25 Ed Miliband was declared the winner, beating his brother with 50.65% of the cumulative percentages to 49.35%. David won more votes among MPs (17.81% to 15.52%) and party members (18.13% to 15.2%), but Ed outscored him among union members (19.93% to 13.4%).

The UK economy was expected to grow by 1.6% in 2009-10; unemployment stood at about 7.8%. But even though the UK remained outside the eurozone, its budget deficits were among the highest in the EU, reaching 11.4% of GDP in 2009 and 12.6% in 2010.

On 5 May 2011 a referendum was held to determine if the British wished to change the method of electing the House of Commons from the single-member-district/plurality system to an alternative vote system (a variant of proportional representation), as favored by the Liberal Democrats. The Conservatives had agreed to the referendum as part of their coalition govt agreement with the Liberal Democrats. The proposal to change the system was defeated, with 68% voting against it and 32% for it; turnout was 42.2%.

On the same day elections were held to the Scottish parliament. For the first time the Scottish National Party, which favors a referendum on Scotland's independence, won a majority (69) of the 129 seats, a gain of 23 seats. Alex Salmond of the SNP took charge of Scotland's regional govt as its First Minister. The new nationalist govt made plans to hold a referendum on Scotland's secession from the UK in 2014. Questions arose over an independent Scotland's path to membership in the EU. Salmond maintained that Scotland would be automatically admitted to the EU as a successor state of the UK, since Scotland and its citizens are already part of the EU. Others suggested that Scotland's admission to the EU would be decided by a vote in the European Council on the basis of qualified majority voting (as opposed to unanimity, as is the case with the admission of other new members). And others have suggested that Scotland would not be admitted to

the EU “automatically,” since countries like Spain and Belgium – with independence movements of their own – might be reluctant to agree to Scotland’s automatic accession.

As the financial crisis embroiling the eurozone countries worsened in 2011, anti-EU sentiments rose to new heights in British public opinion: by Oct, two-thirds of Conservative voters and 51% of the British public favored the UK’s withdrawal from the EU. But Cameron opposed a bill proposed by Tory MPs to put UK membership in the EU to a referendum. With the help of votes from the Labour Party and the Liberal Democrats, enough Conservatives supported Cameron to defeat the proposal, 483-111, on 24 Oct. But 81 Tories voted for the measure and a number of others abstained. At the all-night European Council summit held in Brussels on 8-9 Dec 2011, Cameron isolated the UK from its partners by refusing to agree to any changes in EU treaties concerning “fiscal union,” as favored above all by Chancellor Angela Merkel, unless the City of London’s financial institutions were granted exemptions from proposed new taxes and related measures. The other EU leaders refused to accept Cameron’s conditions. Deputy PM Nick Clegg, the leader of the pro-EU Liberal Democrats – the Tories’ coalition partners – initially indicated that Cameron’s requests for safeguards for British banks were “modest and reasonable.” But a few days later Clegg said he was “bitterly disappointed” at the outcome, which left the UK in danger of being “isolated and marginalized,” adding that “things would have been different” if he had been PM. Clegg did not attend the House of Commons session at which Cameron defended his actions, to the rousing approval of Tory backbenchers cheering “bulldog Britain.” Many LibDem party activists remained uncomfortable with the coalition govt, warning that their leaders had conceded too much to the Conservatives.

The UK’s ties with its EU partners continued to raise controversies in 2012. Cameron won a concession over new international banking rules in May. In 2010 the Basel Committee, a group of national bank regulators from 27 countries that sets international banking rules, agreed to raise the core capital that banks must have on hand to avoid insolvency to a minimum of 7% of a bank’s capital assets. The EU Danish presidency in 2012 wished to incorporate this minimum requirement (known as Basel III) into EU law; the proposal was supported by France and Germany. The UK, eager to protect the London financial center, wanted the flexibility to raise the minimum capital reserve rate on UK banks to 10%. France and other countries favored an EU standard applicable to all member states. In a compromise, the EU agreed to allow member states to raise the capital requirements on their banks by up to 3% over the 7% level.

Cameron faced increasing pressure from euroskeptics in his own party as the EU moved toward tighter economic and financial integration in response to the euro crisis. Tory right-wingers wanted a referendum on UK membership in the EU. Initially Cameron opposed such a referendum, but suggested it could not be ruled out in the future. Nearly 100 Conservative MPs asked Cameron in writing to commit himself to a referendum in the next Parliament. The Labour Party seized on Cameron’s predicament by calling for a referendum to clarify the UK’s relationship with the EU. In a speech to the European Parliament, Commission President Barroso attacked British euroskeptics for taking “delight in the difficulties of the euro area.” He specifically rejected the views of Tory MEP who had called bank bailouts a waste of taxpayers’ money. Former PM Tony Blair voiced concern that the UK might leave the EU after a referendum. Meanwhile, a Conservative think tank (Open Europe) published a report arguing that the UK benefits from EU membership. Meanwhile, the Tories fared badly in local elections and suffered a rift with their coalition partners, the Liberal Democrats. The Lib Dems have long favored replacing the House of Lords with a democratically elected upper house of Parliament. Cameron had earlier agreed to a major reform of Lords, but was forced to renege on his deal with the Liberal Democrats when 91 Tory MPs compelled him to cancel a vote in Parliament on the issue.

EU CANDIDATE COUNTRIES

CROATIA The Republic of C.'s population of 4.29 million (2011) is a mixture of Croats (90%), Serbs (4.5%), Bosniacs (Bosnian Muslims, 0.5%) and others. Reflecting these divisions, the population is 76.5% Roman Catholic (mostly Croats), 11.1% Serbian Orthodox and 1.2% Muslim. As one of the wealthier parts of pre-1991 Yugoslavia, thanks in part to its control of the Dalmatian coast, C. has had a long rivalry with Serbia. Fierce bloodletting between Croats and Serbs repeatedly jolted the pre-WWII Kingdom of Yugoslavia. The Ustase, a Croatian terrorist organization formed in 1929, killed as many as 100,000 Serbs and Jews in C., with most of these casualties inflicted during WWI under the aegis of a puppet Croatian state created by the German Nazis. Under Tito, who was part Croat, Ustase was disbanded and C. became a constituent republic of communist Yugoslavia. Tito vigorously quashed manifestations of Croatian and Serbian nationalism until his death in 1980, but the cumbersome collective presidency that succeeded him failed to keep Yugoslavia from coming apart (see "Bosnia-Herzegovina," above). In June 1991, Croatian voters approved C.'s independence in a referendum. The newly independent state was recognized by the EU, thanks in large measure to pressure from Germany. (The German government had just fulfilled its own national goal of unification in 1990 by democratically absorbing the former communist state of East Germany, and it was therefore sympathetic to Croatian demands for self-determination. Many Germans also harbored guilt feelings associated with the Nazi occupation of Yugoslavia.) A large portion of C.'s Serbian population opposed independence, however. With the backing of President Slobodan Milosevic, the Serbian arch-nationalist who presided over what was left of Yugoslavia, C.'s Serbs formed militias and quickly gained control of about a third of C.'s territory. The Serbian occupation of this land, which was accompanied by reprisals against Croats, continued through the harsh years of the civil war in Bosnia-Herzegovina (1992-1995). Under the presidency of Franjo Tudjman, a former communist official, C. launched a counter-attack against the Serbs in 1995, driving their military forces out of C. and parts of Bosnia-Herzegovina along with some 200,000 civilians, creating a massive refugee problem in Serbia proper. A large number of the ethnic Serbs forced into flight had family roots in C. that dated back to the 18th century, particularly in an area known as eastern Slavonia. In Nov-Dec 1995, Tudjman took part in the Dayton peace negotiations and agreed to the establishment of a Muslim-Croat federation in the newly reorganized Bosnia-Herzegovina. In 1996, Milosevic abandoned his support for C.'s Serbs and his govt signed an agreement with C. officially recognizing its boundaries. In 1998, the UN restored eastern Slavonia to C. Some 300,000 Serbs left C. in the 1990s; only about 80,000 returned.

Since 2000, C. has been making significant progress in its democratic reforms. Until then, the country was dominated by Tudjman and his supporters. A staunch nationalist, Tudjman was first elected president in 1990. Backed by the Croatian Democratic Union (HDZ), he ruled with the iron hand of an autocrat, trampling on press freedoms and other civil rights. He was reelected twice, but these elections were widely viewed as fraudulent. Tudjman died in 1999. In special presidential elections at the start of 2000, Stjepan Mesić of the center-left, pro-democracy Croatian People's Party won the presidency. Constitutional reforms in that year reduced the presidency to a largely ceremonial office, reserving most decision-making authority to the PM and govt. An advocate of EU membership and a supporter of the pursuit of war criminals, the popular Mesić was reelected with 66% of the vote in Jan 2005, handily defeating a conservative rival. In parliamentary elections held in early 2000, Tudjman's HDZ lost control of the legislature to two center-left party coalitions that had campaigned against Tudjman's abuses of power. The leader of the Social Democrats, Ivica Racan, became PM. Under the leadership of Mesić and Racan, C. instituted major institutional reforms. The presidential-parliamentary system over which Tudjman presided was changed into

a parliamentary system; the president's powers were significantly diminished. In 2001 the upper house of parliament was abolished, depriving the HDZ of an important bastion of power. The govt reformed the judicial system and clamped down on organized crime. It handed over several Croats wanted by the International Criminal Tribunal, stirring angry responses from nationalists. Press freedoms and other civil rights were solidified, but C. has been slow to process the repatriation of Serb refugees.

In parliamentary elections held in 2003, the Croatian Democratic Union (HDZ) won 43% of the unicameral Assembly's 152 seats. PM Racan's Social Democrats lost badly, largely because of C.'s economic woes. The HDZ's new leader, Ivo Sanader, was a moderate who likened his party to center-right West European Christian Democratic parties. Sanader built a center-right coalition govt with other parties and became PM. The next parliamentary elections were held in November 2007. Neither Sanader's HDZ-led center-right coalition nor the rival coalition led by the center-left Social Democrats won the 77 seats they needed to form a governing majority. But Sanader expanded his coalition to include the Croatian Peasant Party and the Croatian Liberal Party; his new center-right govt was confirmed by the parliament in January 2008. In June 2009 Sanader abruptly resigned; his successor, Jadranka Kosor (HDZ), became C.'s first female PM. With elections to the ceremonial presidency looming, the leadership of the Social Democrats fell apart. The party's official candidate was Ivo Jospović, a law prof with little political experience. But Zagreb's popular mayor, Milan Bandić, split from the party and ran as an independent. The two rivals emerged with the most votes among 12 candidates in the 1st round on 27 Dec. The governing HDZ party's candidate received a mere 12% of the vote. Jospović was elected in round 2 on 10 Jan 2010.

PM Kosor's approval ratings quickly plummeted after she introduced austerity measures, including new taxes, aimed at reducing the deficit and national debt. As evidence of official corruption in former PM Sanader's govt mounted, Kosor met skepticism at her claims that she had no knowledge of any wrongdoing while serving in the cabinet and as deputy PM. During the presidential elections of Jan 2010, Sanader announced that he was returning to political life, accusing Kosor of poor leadership; but he was promptly expelled from the party. In Dec 2010 C's justice authorities issued an arrest warrant for Sanader, who immediately fled to Austria; he was arrested there the next day. In Oct 2011 Sanader went on trial for corruption while serving as deputy foreign minister in the 1990s and as PM in 2008. Other HDZ officials were also charged with corruption. In April 2011 former Gen. Gotovina was sentenced to two years in prison by the ICTY, arousing a backlash of nationalist sentiment throughout the country. Meanwhile, the economy remained mired in recession, with negative growth in 2010 and unemployment topping 13% by early 2011. A former HDZ official testified that Kosor had used campaign funds illegally when running for president in 2005. The attorney general subsequently indicted the HDZ. As pressures on Kosor's govt intensified, a majority of MPs dissolved parliament at the end of Oct 2011 and called for snap elections. (The next elections were scheduled for no later than March 2012.)

The parliamentary elections held on 4 December 2011 resulted in a repudiation of PM Kosor's center-right HDZ: it won only 23% of the vote and 41 seats, a loss of 20 seats. The winners were four center-left parties led by the Social Democratic Party and known as the Kukuriku (Cock-a-doodle-doo) Coalition – so called because it was formed at a restaurant by that name. The center-left Social Democrats won 61 seats (+5), and their three centrist partners together won 19 seats: the Croatian People's Party–Liberal Democrats (14); the Istrian Democratic Assembly (3) and the Croatian Party of Pensioners (3). With 81 out of 151 seats, the Kukuriku Coalition had a clear majority. On 23 Dec 2011, **Zoran Milanović**, the leader of the Social Democrats, became prime minister of the center-left "Kukuriku" coalition govt.

In 2003, C. applied to join the EU. In June 2004, the EU designated C. a candidate country. In Dec it signed a Stabilization and Association Agreement with C. Accession talks began in Oct 2005; but the EU demanded greater cooperation in bringing alleged Croatian war criminals (such as Gen. Ante Gotovina) to

justice. Gotovina was captured in Spain in Dec 2005 and sent to The Hague for trial. In March 2008 the EU Commission said it should be possible to complete accession talks by the end of 2009. The announcement came after C.'s parliament voted to lift a ban on fishing by EU citizens in Adriatic waters that C. had claimed as a protected zone. Slovenia temporarily blocked C.'s accession talks pending resolution of a border dispute: S. claims sovereignty over the 20 square-km Gulf of Piran in the Adriatic, but C. insisted that the border should be drawn down the middle. In Nov 2009, after EU-brokered talks, C. and S. agreed to arbitration and S. agreed not to veto C.'s EU membership. C. joined NATO in April 2009. Negotiations on 35 chapters were finally completed on 30 June 2011. On 12 Oct the Commission issued a recommendation favoring C.'s accession, but noted continuing problems regarding the judiciary, finances, corruption and minorities. On 1 Dec the European Parliament voted its approval by 564-38, with 32 abstentions. On 9 Dec PM Kosor signed the Treaty of Accession with the 27 EU leaders in Brussels. The Treaty must be ratified by Croatia and all EU members. A referendum on EU membership was held in C. on 22 Jan 2012. Two-thirds of those voting approved joining the EU; the remaining third voted against accession. Turnout was only 43.5% of the eligible electorate. Pending the approval of the EU member states, it is anticipated the C. will enter the EU on 1 July 2013.

ICELAND The Republic of I.'s population of 320,000 (2012) is a local mixture of Norwegian and Celtic origin; 91% are Evangelical Lutherans. Located near the Arctic Circle, I. gained partial independence from Denmark in 1918, retaining the Danish monarch as head of state. This tie was broken in 1944, when Denmark was under German occupation.; a new constitution in that year established I. as a republic. I.'s strategic value to the U.S. and UK was established during WWII, when the allies established bases there. Consequently, I. became a charter member of NATO in 1949. The U.S. maintains an Air Force base in Keflavik. I. has no military force of its own; it is represented by civilian officials on NATO organs that have military representatives. I. joined the European Free Trade Association (EFTA) in 1970. I. has a parliamentary system with a ceremonial president as head of state. Its unicameral legislature, the Althing, has 63 seats. David Oddsson served as I.'s prime minister from 1991 to 2004. An outspoken advocate of free-market economics and the privatization of various state-owned enterprises, Oddsson was the leader of the center-right Independence Party. He opposed joining the EU in part because he objected to the continent's govt-dominated economic policies and in part because the Common Fisheries Policy might be detrimental to I.'s fishing industry. In 1991, Oddsson formed a coalition govt with the leading center-left party, the Social Democratic Party. A split in the ranks of the Social Democrats resulted in major losses in the 1995 parliamentary elections. Oddsson therefore formed a new coalition govt with the center-right Progressive Party under Halldór Asgrimmson, which shared his market-oriented economic orientation. After steering the country toward record levels of economic growth, the center-right coalition govt won reelection in 1999 and again in 2003. Oddsson supported Pres. Bush's military intervention in Afghanistan and Iraq. In 2004 Oddsson stepped down as PM and was replaced by his coalition partner Asgrimmson. After Asgrimmson resigned in 2005, Geir Haarde, Oddsson's successor as leader of the Independence Party, took over as PM, presiding over a continuation of the long-serving center-right coalition of the Independence and Progressive parties. In the parliamentary elections of May 2007, the Progressives experienced their worst losses in more than ninety years. On May 24, a new center-right/center-left govt was formed by the Independence Party and the Social Democrats, with Haarde retaining his position as prime minister. The coalition partners agreed to lower taxes while increasing welfare benefits. However, the Social Democrats

opposed the Independence Party's support for the U.S.-led invasion of Iraq and favored making an application for EU membership. Fishing is I.'s largest export industry; it accounts for 20% of I.'s GDP and occupies one-seventh of its workforce. (In the 1950s and again in the 1970s, I. and the UK were involved in disputes over fishing rights known as the "cod wars." The disputes arose after I. extended its territorial waters, initially to 12 miles and later to 50 and then 200 miles. On several occasions there were exchanges of gunfire between Icelandic coast guard vessels and British destroyers. Each crisis ended when the UK accepted I.'s extension of its waters.) I. is a member of the European Economic Area (along with the EU, Norway and Liechtenstein) and thus has access to the EU's single market. Its economy has been growing at 5% per year lately, and unemployment is only 1%. I. has been denied membership in the International Whaling Commission because its govt refuses to sign a ban on commercial whale hunting, which has major cultural and economic significance in the country. I. is a member of the Nordic Council, a security cooperation zone involving the Scandinavian countries. In 1980 Vigdis Finnbogadóttir was the first popularly elected woman head of state in the world; she was reelected president in 1984, 1988 and 1992. Since 1996, the ceremonial president – reelected every four years – has been Ólafur Ragnar Grímsson. The presidential elections set for June 2008 were cancelled when no one filed a challenge to the incumbent, who was automatically reelected to another term. In 2001, the UN rated I. as second in the world with respect to gender equality.

The global economic crisis jolted I. starting in Sept 2008, when its three largest banks were unable to refinance their debts. Together their foreign debts amounted to more than 50 billion euros – roughly 6 times the country's GDP in 2007. The govt quickly placed all three banks in receivership, and PM Haarde warned that I. was on the verge of bankruptcy. In proportion to the size of I.'s economy, it was the largest bank collapse in history. British PM Gordon Brown's govt froze the UK assets of one of the banks and prepared legal action against I. to compensate some 300,000 British depositors; Haarde condemned Brown's decision as an "unfriendly act." As I.'s currency, the kronur, fell more than 35% against the euro and both inflation and interest rates hit double digits, a 16-week series of public protests began in October 2008. In January 2009 they turned violent: riot police used pepper spray to disperse up to 2,000 demonstrators, many of them throwing snowballs and smoke bombs at the parliament building and banging pots and pans, thus inspiring the moniker, the 'Kitchenware Revolution.' Other demonstrators threw objects at the PM's car and at govt buildings. On 23 Jan, PM Haarde announced his resignation on grounds of health, revealing he had esophageal cancer. After consultations with the five main parties, Pres. Grímsson called on the two center-left parties, the Social Democratic Alliance, led by **Jóhanna Sigurðardóttir** (known simply as Jóhanna), and the Left-Green Movement, to form a new govt. The two parties formed a minority govt with support in parliament (the Althing) from the Progressive Party and the Liberal Party. Jóhanna became PM on 1 February, the first openly gay head of government in the world. In March she was formally elected the head of the Social Democratic Alliance. New elections were called for 25 April 2009. During the brief campaign, Jóhanna called for I.'s accession to the European Union and said that her govt would adopt the euro within four years. The elections were a triumph for the two center-left governing parties: the Social Democratic Alliance garnered nearly 30% of the vote and won 20 seats in the Althing (a gain of 2 seats), and the Left-Green Movement won 21.7% of the vote and 14 seats. Together the two coalition partners held 34 of the Althing's 64 seats – a clear majority. The Independence Party, which had governed I. for 18 years, was routed, losing 9 seats; so were the Liberals, who lost all 4 seats. The pro-EU Progressive Party won 9 seats (+2) and the new Citizens' Movement won 4 seats. Jóhanna, who was first elected to the Althing in 1978 and is its longest-serving member, was reelected PM in May 2009.

In a referendum on 6 March 2010, Icelandic voters resoundingly rejected the govt's terms for a guarantee for the repayment of money owed to the govts of the UK and the Netherlands for insuring the

accounts of their nationals who had deposits in the Icesave bank, which failed in 2008. The debt amounted to €3.8 billion, to be repaid between 2017 and 2023. The agreement with Britain and the Neth. had to be renegotiated after I.'s parliament rejected the first version. In Jan 2010, Pres. Grimsson refused to sign the bill passed by the parliament affirming the new agreement and called for a referendum, prompting condemnations by the UK and Dutch govts. More than 98% voted against the measure; only 1.9% voted for it. Turnout was 63%. In June, the European Council agreed to open talks on I.'s accession to the EU, conferring candidate status on I. despite the continuing controversy with the UK and the Netherlands. A second referendum on the govt's loan guarantee agreement with the UK and the Neth. was held on 9 April 2011. Once again the govt's plan was rejected, this time by 60% to 40%.

In popular elections held on 30 June 2012, the non-party incumbent president, Ólafur Ragnar Grímsson, was re-elected to a fifth term. He won 52.8% of the vote, defeating five other candidates. The presidency is largely ceremonial.

MACEDONIA The population of 2 million (2011) reflects M.'s historic status as an ethnic mixing bowl. About 64% are Macedonians, a hybrid group formed over centuries by Greeks, Slavs and Bulgars. (Today's Macedonians are not the descendants of Philip of Macedon and Alexander the Great.) In addition, there is a sizable Albanian minority (25%) -- most of whom descend from people who resided in Macedonia long before the arrival of refugees from the 1998-99 Kosovo conflict. There are also Turks (4%), Roma (2.7%), Serbs (1.8%) and others. Reflecting these proportions, about 70% speak Macedonian (a Slavic language closer to Bulgarian than to Serbo-Croatian), 21% speak Albanian, 3% Turkish, 3% Serbo-Croatian, and 3% other languages. About 67% adhere to the Macedonian Orthodox faith and 30% are Muslim. The greater Macedonian region (larger than today's M.) was taken over by the Ottoman Turks in 1371. Most of the population remained Christian, and Greek was the main cultural and commercial language. Macedonian nationalism got a boost in 1893 with the establishment of the Internal Macedonian Revolutionary Organization (IMRO), which promoted the Macedonian tongue and the union of all non-Turks into a movement aimed at creating an independent Macedonian state. After WWI, the Paris peace treaties divided greater Macedonia among Greece, Bulgaria and the newly created state of Yugoslavia. In the 1930s, IMRO engaged in terrorism and other violent tactics against the Serbs in Yugoslavia, who sought to "denationalize" M. Following the communist takeover of Yugoslavia during and after WWII, Tito reconstituted the country as a federation of six "republics," one of which was the Macedonian People's Republic. Tito's death in 1980 ushered in a period of shared leadership among the Yugoslav republics, but the winds of democratization blowing from Gorbachev's USSR and communist Central and Eastern Europe could not help but promote demands for democracy and national self-assertion in Yugoslavia. Elections in 1989 hurt communist candidates in most of the country, and in 1991 two of the republics -- Slovenia and Croatia -- declared their independence. In 1992, so did Bosnia-Herzegovina and M. The two remaining republics -- Serbia and Montenegro -- were all that remained of Yugoslavia, which was now governed by the Serb strongman Slobodan Milosevic. Milosevic was determined to redraw the boundaries of the Balkans and to assert Serbian interests. Civil wars broke out in Croatia and Bosnia, which were settled in the Dayton Peace Accords of 1995. M. managed to stay out of those conflicts, but its security remained tenuous. Greece still refuses to recognize M. by its formal name on the grounds that Macedonia is the name of Greece's northern province. In deference to Greece, most of its NATO allies agreed to refer to M. the "Former Yugoslav Republic of Macedonia," or FYROM (pronounced as an acronym). In 2004, however, the Bush administration agreed to call the country the Rep. of Macedonia. In an agreement signed

with Greece in 1995, M. altered its constitution by omitting references to any potential claims on the Greek province of Macedonia and to remove an old Greek symbol from its national flag. A treaty with Yugoslavia in 1996 fixed the final boundary between the two countries, ending their border disputes and territorial claims.

The outbreak of the Kosovo conflict in 1998 brought new security threats. As Milosevic's forces stepped up their attacks on the Albanian population of Kosovo (which is a province of Serbia), Albanian Kosovars streamed into M. for safety. In the spring, NATO announced that it would defend M. against any attacks by Yugoslavia. The situation deteriorated in 1999, resulting in the NATO bombing campaign designed to evict Yugoslav forces from Kosovo. A flood of refugees poured into M. Most of them returned to Kosovo following Milosevic's surrender in June 1999 and the withdrawal of Serb troops. But the aftermath of the Kosovo conflict created new problems for M. by awakening Albanian nationalism throughout the region. With democracy came increasingly pronounced demands by M.'s large Albanian minority for more rights, including language and educational rights, constitutional reforms, more civil service jobs for Albanians, and so on. Determined to force the govt to redress their grievances, a number of Albanians in M. – many of them with combat experience in Kosovo – formed the National Liberation Army (NLA). In April 2001 the NLA launched a series of attacks on Macedonian police and military forces in towns with an Albanian majority. Retaliation by govt troops and angry Macedonian mobs pushed the country to the brink of civil war. Both sides formed para-military organizations. Although Albanian parties had always been included in M.'s coalition govts starting in 1991, a new govt of national unity composed of Macedonian and Albanian politicians was formed in May 2001, but it failed to calm the situation. Diplomatic intervention by the leading NATO states produced a ceasefire agreement between the contending parties, signed in Ohrid in August 2001. The NLA agreed to disarm and turn over about 4,000 weapons to NATO forces, and the Macedonian govt agreed to make some constitutional changes in the Albanians' favor. Repeated infractions of the ceasefire led NATO to station a small multinational force in M. in 2001. The NATO presence ("Operation Foxbat") stabilized the situation, but tensions remain high. In April 2001 the EU signed a Stabilization and Association Agreement with M. The EU maintains a Special Representative in the region.

M. has a parliamentary system, with a unicameral Assembly and a ceremonial president elected by the people. Parliamentary elections originally scheduled for the end of 2001 were postponed until Sept 2002. The result was a defeat for the center-right coalition govt led by PM Ljubko Georgievski, who first took office in 1998. Georgievski's party was the Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity, known by its initials as VMRO-DPMNE; it regarded itself as a center-right Christian Democratic party. This party and its Albanian coalition partner lost out to a coalition of center-left parties led by the Social Democratic Alliance. Branko Crvenkovski of the center-left Social Democratic Alliance became PM. Meanwhile, the Democratic Union for Integration, an outspokenly Albanian nationalist party that emanated from the National Liberation Army, captured more than half the votes cast by ethnic Albanians. It came out of the elections as the country's third largest party, with 12% of the total vote. The party's leader was Ali Ahmeti, who was regarded as a terrorist by many Macedonians because of his role as an instigator of the insurrection. Ahmeti toned down his rhetoric during the election campaign, advocating a multi-ethnic Macedonian state. After the elections he demanded a place in the next govt. Although his party entered the govt, Ahmeti himself did not. In 2004 a law was passed giving Albanians more local autonomy in areas they dominated. In the same year, M.'s ceremonial president died in office. PM Crvenkovski declared his candidacy for the quickly scheduled 2004 presidential elections and won in the second round, garnering 63% of the vote. Hari Kostov succeeded him as PM. But Kostov resigned in Nov 2004, charging the Albanian Union for Integration Party – his coalition partner – with

corruption and blocking legislation. Earlier, the US successfully influenced mainstream leaders to stick to the reconciliation process and reject Macedonian hardliners. In 2003-4 a factional struggle split the center-right VMRO-DPMNE. The party's new leader was Nikola Gruevski, a former finance minister in Georgevski's govt and a supporter of EU membership. Georgevski formed a new party, VMRO-People's Party. In the parliamentary elections of July 2006, Gruevski's VMRO-DPMNE emerged as the largest party with 37.5% of the seats. Gruevski became prime minister, heading a coalition consisting of his own party and five others, including the Democratic Party of Albanians (a party that rivals Ahmeti's larger Albanian party), and a Turkish party. Gruevski formed a cabinet with younger ministers, several of them in their 30s and several from Macedonia's expatriate community.

After Greece vetoed M.'s bid to enter NATO in April 2008 over objections to the country's name, the parliament was dissolved and snap elections were called. In parliamentary elections held on 1 June 2008, Gruevski's ethnic Macedonian VMRO-DPMNE joined with 18 smaller parties in forming the Coalition for a Better Macedonia, a center-right grouping that favors the EU. Its main ethnic Macedonian opposition was the Sun - Coalition for Europe, an 8-party coalition of center-left groupings led by the Social Democratic Alliance for Macedonia. Violence marred the election in Albanian areas, where support for M.'s recognition of Kosovo's independence ran high. The Coalition for a Better Macedonia won 48.8% of the votes and 63 seats out of 120 – a majority. Gruevski remained as PM. The Sun coalition won 27 seats. The Democratic Union for Integration took 18 seats; Menduh Thaci's Democratic Party of Albanians won 11, and the Party for a European Future won 1 seat.

Two rounds of presidential elections were held in 2009 to replace Pres. Crvenkovski, who decided not to stand for reelection. Seven candidates ran in round one, held on 22 March, but no one won a majority of registered voters, as required for a first-round victory. The second round, held on 5 April, was won by Gjorge Ivanov of the center-right VMRO-DPMNE; he received 63% of the vote, defeating the candidate of the Social Democratic Union of Macedonia. The ceremonial president serves a 5-year term.

Snap parliamentary elections were held on 5 June 2011. The elections were necessitated when the the Social Democratic Union of Macedonia (SDSM) and several smaller opposition parties boycotted the parliament in protest at raids conducted by the govt in late 2010 on a private TV station, several newspapers and other companies on grounds of tax evasion. The opposition parties accused the govt of retaliating against media outlets critical of govt policies. Unable to find a compromise, PM Gruevski announced in Feb 2011 that new elections would take place. The result was a victory for Gruevski's center-right, Christian Democratic oriented, pro-EU VMRO-DPMNE, which held on to 56 seats (-7). Its govt coalition partner, the Albanian-oriented Democratic Union for Integration, won (15 seats (-3). Though both governing parties lost seats, together they retained a solid two-thirds majority in the legislature (71 out of 123 seats). SDSM won 42 seats – a gain of 18 – but most smaller opposition parties failed to win any seats. The EU proclaimed that the elections were fair and transparent. Gruevski remained PM as his party reestablished its center-right coalition govt with the Democratic Union for Integration.

Macedonia submitted its application for EU membership in 2004 and was given official candidate status in 2005. One of the main obstacles to full EU membership is Greece's continuing objections to the name Macedonia. M. is not a member of NATO's Partnership for Peace.

MONTENEGRO The Republic of M. was created as an independent state in June 2006. Its population of 620,000 (2011) was 45% Montenegrin, 29% Serb, 8.7% Bosniak, 5% Albanian, plus others. M.'s precursor, the Principality of Zeta, was a functioning sovereign state by the middle of the 14th century. In 1910 its reigning prince proclaimed himself king of Montenegro. Two years later he declared war on the Ottoman Empire, setting off two Balkan Wars that shattered Ottoman hegemony in the Balkans and widened M.'s territory. M. sided with the Allies against the Austro-Hungarian Empire during World War I. In 1918, the country's main legislature voted to merge M. with the Kingdom of Serbia, but pro-independence Montenegrins fought the govt until they were subdued in 1924. With the establishment of the Socialist Federal Republic of Yugoslavia under Tito after World War II, M. became one of the country's six constituent republics. As Socialist Yugoslavia came apart in 1992, 96% of Montenegrins who tuned out for a referendum voted in favor of joining with Serbia in forming the Federal Republic of Yugoslavia. The referendum was widely boycotted by pro-independence elements and others, however. During the 1990s, M. was largely subservient to the Serbian leader Slobodan Milosevic, who was voted out of office and deposed in October 2000. In 2002 M. got greater autonomy with the formation of the State Union of Serbia and Montenegro. M.'s coalition govt favored a referendum on independence, provided that at least 55% of those voting cast their ballots in favor of an independent state. In the referendum held on 21 May 2006, 55.5% voted for independence and 44.5% voted against it; turnout was 86.3%. M. declared its independence on June 3 and entered the United Nations on June 28, a historic date in the region (see Serbia). M. has a parliamentary form of govt. In the country's first parliamentary elections held on 10 Sept 2006, the Coalition for European Montenegro, a pro-EU party led by PM Milo Dukanović, won 41 out of 81 seats in the unicameral Assembly of M., a slim majority. Another pro-EU party, the Movement for Changes, won 11 seats. After the elections, PM Dukanović announced that he was "tired and fed up with this job," and he resigned in October. His party picked Zeljko Sturanović, the justice minister, to replace him as PM. But the latter resigned for health reasons and Dukanović returned as PM in Feb 2008. In the parliamentary elections of 29 March 2009, the center-left Coalition for a European Montenegro won another victory, garnering 52% of the popular vote and 48 out of 81 seats in the unicameral Assembly. The Coalition consists of Dukanović's Democratic Party of Socialists and two smaller parties. The Socialist People's Party finished second with 16 seats; New Serbian Democracy – representing voters among the Serbian minority – won 8 seats; the Movement for Change won 5 seats, and candidates representing 3 different Albanian ethnic parties each won a seat. Dukanović retained his post as PM.

The EU granted M. candidate status on 17 Dec 2010. On 21 Dec, Dukanović resigned. The new PM was his hand-picked favorite, former finance minister Igor Lukšić. Like Dukanović, Lukšić came from the Democratic Party of Socialists, and he maintained the same governing coalition as his predecessor. M. has a ceremonial president who is elected directly by the people to a 5-year term. Filip Vujanović of the Social Democratic Party was elected in 2003 and reelected (with 51.9% of the vote) in 2008. M. uses the euro, despite EU disapproval.

SERBIA The population of 7.1 million (2012) is 83% Serb, 3.9% Hungarian, 1.8% Bosniak and 1.4 Roma, plus others. Most Hungarians live in the Voivodina, a subdivision of Serbia. Albanians for the most part reside in Kosovo, which is also part of Serbia. Kosovo has been under the authority of a United Nations Special Representative since June 1999. (The current population of Kosovo is estimated at 2.1 million; of these, 88% are Albanian, 7% Serb and 5% other.) Most Serbs belong to the Serbian Orthodox church; most Albanians are Muslim.

The area of Kosovo is the historic heartland of medieval Serbia, which reached its peak as a territorially expansive kingdom in the mid-14th century. On 28 June 1389 Serbia suffered a catastrophic defeat at the hands of the Turks at the Battle of Kosovo Pole (the Field of Blackbirds). As Serbia came under Ottoman domination, some Serbs fled the Turks by seeking refuge in Montenegro (the Black Mountain). Over the following centuries, Albanian Muslims moved into the Kosovo region, and some Serbs – living mostly in Bosnia – converted to Islam. (They became known as Bosniacs, or Bosnian Muslims). Following Russia's defeat of Turkey in 1877, the Ottomans' hold in the Balkans weakened considerably. Under Russian sponsorship, Serbia became an independent kingdom in 1882. The Russians and Serbs share close bonds based on their Slavic and Eastern Orthodox background and their use of the Cyrillic alphabet; both peoples were converted to Christianity by Saints Cyril and Methodius. In the years that followed WWI the Kingdom of Yugoslavia was gradually pieced together, a patchwork consisting of Serbia, Montenegro, Croatia, Slovenia, Bosnia-Herzegovina and Macedonia. During the interwar period the kingdom was rocked by ethnic feuds and political violence. The Germans occupied Yugoslavia from 1941-1944. They created a pro-Nazi puppet regime in Croatia and encouraged fighting between Yugoslavia's rival groups, especially Serbs and Croats. During the war about 1.75 million Yugoslavs lost their lives; half were killed by the Germans, the other half by other Yugoslavs. Two large groups of Yugoslav partisans spearheaded the resistance to the Germans. One was primarily Serbian, the other was a multi-ethnic group led by communists under Josip Broz, better known as Tito.

The communists took over Yugoslavia after the war. Initially they formed a close alliance with the Soviet Union, but Tito objected to the Stalin regime's meddling in Yugoslav affairs. In 1948 the two countries had a falling out. Tito gradually created a more relaxed model of communism than the repressive variant that prevailed in the USSR and in the "people's republics" of Central and Eastern Europe. Though his regime was a dictatorship, Yugoslavs were allowed to leave the country (many of them found jobs in Germany and elsewhere in Western Europe). Workers' councils were established to give employees an input (but no real power) in economic decision making. Foreign companies were encouraged to form joint ventures with state-owned enterprises. Private small-scale farming was permitted. The economy grew at 7% a year over the course of 30 years, one of the best records in the communist world. Tito intervened whenever it was necessary to suppress manifestations of ethnocentrism or ethnic favoritism, firing party or state officials who went too far in this regard. Communist Yugoslavia was divided into six republics (Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro and Macedonia). Kosovo and the Voivodina were provinces within Serbia, but each had certain rights of autonomy when it came to language use, job hiring and the like. Even the ruling communist party and the army were organized on a federated basis, though Tito retained ultimate authority. Along with its unmistakable authoritarianism, communist rule brought a long period of calm in Yugoslav politics. After Tito died in 1980, a complicated constitution elaborated during his final years took effect. It provided for a collective leadership, with leaders of the six republics taking turns on a rotating basis in chairing the country's central institutions. The scheme proved unwieldy, and old rivalries – which were always simmering just below the surface in the Tito era – soon raised their heads. Ethnic self-assertion became even more emphatic in the late 1980s, as the winds of democratization blew across Central and Eastern Europe. In 1989 elections were held in the six republics,

with non-communist parties allowed to compete against the communists. Slovenia, Croatia, Bosnia-Herzegovina and Macedonia voted the communists out; only Serbia and Montenegro voted to retain the communists in power.

The man who rose to prominence in Serbia in this period was Slobodan Milošević (Mee-LOH-sheh-vitch), a communist party bureaucrat who rose up the ranks of the party as a foe of western-style democratic reform. In 1989 he engineered the resignation of the president of Serbia and assumed the office himself. Milošević quickly departed from the cardinal rule of Yugoslav politics under Tito that forbade open ethnic hostility. Trumpeting Serbian nationalism, Milošević gave a fiery speech on the 600th anniversary of the Battle of Kosovo Pole in 1989, vowing that Serbia would never again relinquish that territory. He thereupon terminated Kosovo's autonomy and began a campaign of systematic discrimination against the Albanian Kosovars, who comprised 82% of Kosovo's population. In 1991, Slovenia and Croatia declared their independence. Milošević backed away from military action in Slovenia, where few Serbs lived, but he supported Serbian militias in Croatia, helping them take over about a third of Croatian territory by the end of the year. When Bosnia-Herzegovina declared its independence in 1992, the Serbs' "ethnic cleansing" campaign against the Muslims and Croats produced the most horrendous atrocities in Europe since the Nazis' policies of racial extermination. A massive Croatian counterattack in 1995 pushed Serb forces back; some 200,000 Serbs who resided in the Krajina region of Croatia were forcibly expelled and driven into Serbia. With the tide of battle turning against the Serbs, Milošević agreed to come to the U.S. to negotiate a settlement with Croatia and Bosnia-Herzegovina. The result was the Dayton Peace Accords of December 1995, which reconstituted Bosnia-Herzegovina and introduced a NATO-led international peacekeeping force into that country. In 1996 Milošević's govt signed treaties with Bosnia-Herzegovina, Croatia and Macedonia recognizing their borders. Yugoslavia was now confined to Serbia and Montenegro, which had formed the Federal Republic of Yugoslavia in 1992.

Milošević and his allies in the Socialist Party of Serbia (SPS) enforced their rule through their control of the state bureaucracy, the military, the main state-run financial institutions and the media. Opposition parties were allowed, but Milošević tended to deal with them through intimidation or cooptation, at times playing on their national loyalties. Leading Serbian opposition figures had their own personal and political rivalries, and some could be just as jingoistic as Milošević, in some cases even more so: the Serbian Radical Party rebuked him for giving up too much at Dayton. After the civil wars died down, elections in 1996 brought a clear electoral victory in 14 cities to an alliance of anti-Milošević opposition parties called "Together." Milošević pressured the courts and election commissions to nullify these results, a response that triggered protest demonstrations that continued for nearly three months. Milošević finally gave in, but he held on to the presidency thanks to the ample majority the SPS and its allies had won in the parliament.

In 1998 Milošević turned his attention to Kosovo, which was still formally part of Serbia. The war over Kosovo was fought by NATO and S&M in 1999, with Milošević ultimately giving up. (See **Kosovo** above for details.) After the Kosovo war, elections held in September 1999 for the presidency of Yugoslavia resulted in an apparent victory for Milošević's opponents. Vojislav Koštunica (Kosh-too-NEE-tsa), a constitutional law professor, outpolled Milošević in the presidential contest. Milošević responded by voiding his opponent's victory, but a large mob of citizens stormed the presidential palace on 5 October. Milošević acknowledged his electoral defeat and Koštunica assumed the presidency. A coalition of 18 parties and a trade union, joined together as the Democratic Opposition of Serbia (DOS), formed the majority following the parliamentary elections of Sept 2000. The new PM was Zoran Djindjić (DJIND-jitch). In 2001, intense pressure from the U.S. and its allies induced the govt on June 28 to turn Milošević over to the International Criminal Tribunal for the Former Yugoslavia in The Hague for trial on charges of genocide. Milošević is the first head of govt ever to be tried on such a charge. The Yugoslav govt was told that it would not receive a

major economic aid package unless Milošević was handed over, a position that aroused some resentment in S. Several days after the govt complied, a donors' conference announced a \$1.3 billion economic assistance program. Djindjić's govt fell, but he later returned as PM. Milošević died in prison in 2006.

Philosophical and personality differences within the ruling Democratic Opposition of Serbia hampered Serbia's recovery from the Milošević era. Pres. Koštunica, the head of the Democratic Party of Serbia (DSS), and PM Djindjić, the head of the Democratic Party (DS), differed on the best way to avoid the mistakes of the past. Djindjić favored a sweeping purge of Milošević supporters from the bureaucracy and the security forces, while Koštunica favored relying on changes in legal procedures and constitutional norms. The two men also differed on economic reform strategy: Djindjić wanted rapid transformations, but Koštunica preferred a go-slow approach.

In March 2002 Javier Solana, the High Representative of the EU's Common Foreign and Security Policy, brokered a deal between Montenegrin and Serbian leaders that kept both entities within a restructured federation. In Feb 2003 the national parliament adopted a constitutional charter establishing the "State Union of Serbia and Montenegro." The constitution gave each entity equal status within a new union in which they would share a common parliament, president, cabinet and judiciary. The cabinet was responsible for foreign affairs, human rights and economic relations between S. and M. In addition, S. and M. each acquired its own legislature, executive organs and courts to handle local issues. The economic systems of both entities would comply with EU rules. After three years the two partners were to decide whether to remain one federal state or become independent states.

In Sept and Oct 2002, elections were held for the presidency of Serbia. In the first round of voting held on 29 Sept, Koštunica led the pack of 11 candidates, winning 31% of the vote. His chief rival, Miroljub Labus, finished second with 28%. Labus was backed by PM Djindjić, Koštunica's nemesis. Finishing third, with a surprisingly strong 22% of the vote, was the virulent Serbian nationalist Vojislav Šešelj, the head of the Serbian Radical Party. Šešelj had Milošević's endorsement. Turnout was light at 55%, reflecting widespread political apathy. A second round of voting held on 13 Oct between Koštunica and Labus produced a large majority (67%) for Koštunica. But the election was voided because only 46% of the voters cast their ballots. The electoral law requires a turnout of at least 50% for the election to be valid. Another (third) attempt to elect a president by popular vote took place in November 2003. The winner was Tomislav Nikolić, who had assumed de facto leadership of the Serbian Radical Party after Šešelj was imprisoned for war crimes pending his trial before the International Criminal Tribunal for Yugoslavia (ICTY) in The Hague. Once again the election result was voided because less than 50% of the electorate turned out. New presidential elections were held in June 2004. The winners of the 1st round were the hardliner Nikolić and Boris Tadić, who favored economic reforms. Tadić won the 2nd round with 54% of the vote.

In March 2003 S&M's national parliament elected Svetozar Marović, the head of Montenegro's pro-independence Democratic Party of Socialists, as the new president of Serbia and Montenegro. In a national power-sharing arrangement, Serbia got 3 out of 5 cabinet ministries. On March 12 PM Djindjić was assassinated by organized crime hitmen. Pres. Marović served as both head of state and head of govt. S&M shared a unicameral national parliament with 126 seats, with 91 representing Serbia and 35 representing Montenegro.

In elections to Serbia's (regional) parliament held on 28 Dec 2003, the ultra-nationalist Radical Party exceeded expectations, winning 81 out of 250 seats (27.3%). Although it was now the largest party in the legislature, it was not able to attract partners into forming a coalition govt. Milošević's Socialists fell to 22 seats. The anti-Radical, anti-Milošević parties were seriously divided. Koštunica, head of the Democratic Party of Serbia (53 seats), was a conservative nationalist who favored maintaining the union with Montenegro and did not want to give up Kosovo. The pro-Western G17 Plus (34 seats), wanted Serbia's

independence and was willing to give up Kosovo. The Serbian Renewal Movement (23 seats), was led by a monarchist, Vuk Drašković. The Democratic Party, the party of former PM Djindjić (37 seats), had leadership problems. After two months of negotiations, a new Serbian govt was finally formed in 2004. Vojislav Koštunica emerged as Serbia's PM. His minority govt included G17 Plus and two smaller parties (the Serbian Renewal Movement and the Social Democratic Party).

In 2002 the State Union of Serbia and Montenegro became the new name of the former Federal Republic of Yugoslavia. In a referendum held on 21 May 2006, 55.5% of Montenegrins voted for independence. The Republic of Serbia and the Republic of Montenegro were formally established in June. In October 2006, Serb voters approved a new constitution in a referendum. The preamble calls Kosovo an "integral part of S." and "an autonomous province of Serbia with significant autonomy." The constitution also gives parliament new powers over the judiciary and the right to remove the pres. by 2/3 vote. The presidency was reduced to a largely ceremonial office. Koštunica remained as Serbia's PM and Boris Tadić, elected in 2004 as president of Serbia & Montenegro, took over as pres. of Serbia.

Parliamentary elections held in Serbia in January 2007 produced a victory for the pro-democracy parties. President Tadić's Democratic Party, which favored EU membership, emerged as the second-largest party with 64 seats in the 250-seat National Assembly – a gain of 41 new seats. Koštunica's center-right, nationalistic Democratic Party of Serbia and its partner, the small New Serbia party, both lost seats. So did G17 Plus, a party led by pro-EU economists. Nevertheless, after several months of negotiations, all four of these pro-democracy parties agreed to form a coalition govt in April, just before the expiration of the deadline for forming a new govt. (If no govt had been formed by April 25, new elections would have been required.) Together the four parties held 130 seats (52%). Koštunica retained his post as prime minister. The ultra-nationalist Serbian Radical Party remained the largest party with 81 seats (a loss of 1), but its leader Šešelj was still on trial at The Hague.

Two rounds of presidential elections were held in 2008. On 20 Jan, Pres. Tadić won 36.1% of the vote, but he was out-pollled by Tomislav Nikolić, leader of the ultra-nationalist Serbian Radical Party, who got 40.8%. Seven other candidates trailed far behind. Because no one received an absolute majority, Tadić and Nikolić squared off in the second round on 3 Feb. Tadić won with 51.2% of the vote, thanks in part to support from ethnic Hungarians and other minorities. Although Tadić opposed Kosovo's independence, he was a strong proponent of Serbia's entry into the EU no matter what happened to Kosovo. Immediately after Tadić's victory, the EU offered Serbia a Stabilization and Association Agreement (SAA) that would provide trade, visa and education benefits in an effort to bolster support for Tadić and pro-EU forces. But PM Koštunica opposed the deal, denouncing it as a trick to obtain Serbia's acceptance of Kosovo's independence. Kosovo's declaration of independence on 17 Feb created an instant backlash in S., crippling the govt. In March Tadić called snap parliamentary elections, to be held in May. S. signed the SAA with the EU in late April 2008, but the EU said it would not take effect until S. displayed greater cooperation with the ICTY. In the parliamentary elections of 11 May 2008, Tadić's pro-EU grouping, For a European Serbia, led all other parties, winning 102 seats in the 250-member National Assembly. The party had campaigned in favor of EU membership and Serbia's territorial integrity (i.e., opposition to Kosovo's independence). The Serbian Radical party finished second, with 78 seats. Koštunica's nationalistic Democratic Party of Serbia-New Serbia won 30 seats, and the Socialist Party of Serbia (the former communist party formerly headed by Milosevic) won 20. Four other parties won the rest. Despite the success of Tadić's party, it lacked a voting majority; the hung parliament made it difficult to create a pro-EU government. Tadić had no intention of retaining Koštunica as PM. In June Tadić named Mirko Cvetković, a technocrat who had served as finance minister under Koštunica, as the new PM. In July 2008 Karadžić was arrested in S. and handed over to the ICTY in The Hague. In Dec 2009 the EU unfroze a trade agreement and waived visas for Serbs in the

Schengen area. Later in the same month, S. formally applied for EU membership;. The EU began implementing the Stabilization and Association Agreement in June 2010. Mladić was arrested in May 2011, and Hadžić, the remaining indicted fugitive, was apprehended in July. Both were sent to the ICTY in The Hague.

In Oct 2011 the European Commission recommended official EU candidate status for S. However, the failure of S. and Kosovo to reach agreement on their border dispute induced EU leaders at their Dec 2011 summit to delay conferring candidate status on S. In the same month the EU unfroze its trade agreement with S. and visa requirements were lifted with the Schengen countries.

On 14 and 15 Feb 2012, the overwhelmingly Serbian population of North Kosovo held a referendum on the question, "Do you accept the institutions of the so-called Republic of Kosovo?" The local Serbs had opposed Kosovo's declaration of independence in 2008. As anticipated, the vote was overwhelmingly negative, with 99.7% of nearly 27,000 voters casting a "no" vote. Both the government of Serbia and the European Union rejected the referendum as invalid, indicating it would have no effect on S.'s bid for EU candidacy status, which was entering a crucial negotiating phase. The status of Kosovo was a major sticking point, as S.'s govt refused to recognize Kosovo's status as an independent state. A breakthrough came on 24 Feb when the EU Commission brokered a deal between S. and Kosovo. S. agreed to recognize Kosovo's right to represent itself and sign agreements at regional meetings. (Previously, all such agreements had to be signed by the United Nations Interim Administration in Kosovo, or UNMIK). Henceforth these regional agreements will include the name Kosovo, followed by an asterisk, with the attached footnote specifying that the designation 'Kosovo' complies with a 1999 UN Security Council resolution terminating the war between Serbia and Kosovo, and with a 2010 International Court of Justice opinion that Kosovo had not violated international law by declaring its independence. The footnote adds, however, that the designation 'Kosovo' "is without prejudice to positions on status," meaning that S. maintains its refusal to formally recognize Kosovo's independence. As part of the bargain, Serbia agreed to normalize trade along its border with Kosovo, removing all barriers.

A last-minute obstacle to S.'s candidacy was raised by Romania. At a meeting of the EU's General Affairs Council (foreign ministers) on 28 Feb, Romania demanded consideration for the rights of ethnic Romanians living in S. (There are some 30,000 Romanians in S; in addition, some members of the Vlach community there think of themselves as Romanian.) Romania was accused by EU officials of a "lack of European spirit" in raising these demands, and anti-Romanian sentiment flared up in S. The issue was resolved in an agreement reached under EU auspices between Romanian and Serbian ambassadors in which S. agreed to enhance its protections of Romanian minority rights. Romania also insisted on being admitted into the Schengen area as a condition of its acceptance of Serbia's EU candidacy. But the Netherlands opposed Romania's immediate entry into the Schengen agreement. The Romanians settled for an EU "roadmap" to Schengen, with a decision on admission to Schengen to be reconsidered in Sept. Once these hurdles had been cleared, S. was granted candidacy status on 1 March by the European Council (i.e., heads of govt and state of the EU-27) at its two-day summit meeting.

In April 2012 Pres. Tadić resigned so that the first round of the next presidential elections, due to take place later in the year, could occur on 6 May – the same date as parliamentary and local elections. S.'s political system remained similar to that of France: though the president and prime minister formally share power, the president tends to be the more powerful decision-making official. The elections took place amid rising voter discontent. More than 60% of Serbs felt the country was on the wrong track. Support for EU membership had fallen from 73% in 2009 to just 50%. The economy was still in recession: growth declined to 0.6% in the second quarter and unemployment surpassed 25%.

In the first round of the presidential elections, Tadić finished first, winning 25.31% of the vote in a field of a dozen candidates. Close on his heels was his arch-rival, Tomislav Nikolić, who got 25.05% of the vote. Slightly more than 10,000 votes separated the two candidates. Finishing third with 14.2% was Ivica Dačić, the interior minister who also headed the Socialist Party of Serbia. Dačić was once Milošević's outspokenly anti-Western spokesman, but he subsequently steered the Socialist Party decisively away from the rabid nationalism and violence it had espoused under Milošević; "We can never return to that era," Dačić declared. More recently he broke off his alliance with Pres. Tadić to mount his own campaign for the presidency. His candidacy was boosted by growing public disenchantment with the political establishment. Former president Koštunica came in fourth at 7.4%. Šešelj, the incarcerated war-crimes defendant and head of the Serbian Radical Party, won 3.8% of the vote. The second round of the presidential elections was held on 20 May between Tadić and Nikolić. Nikolić won with 51.12% against Tadić's 48.88%. Nikolić had once been an ultranationalist ally of Milošević, but now favored S.'s entry into the EU.

The result of the parliamentary elections was, as anticipated, a fractionated National Assembly. Some 18 parties and multi-party alliances participated; 6 won at least 16 seats. The largest vote-getter was Let's Get Serbia Moving, a multi-party alliance led by Nikolić's Serbian Progressive Party: it won 24% of the vote and 73 seats – a huge gain of 64 new seats. Choice for a Better Life, a grouping of parties associated with Tadić, came in second with 22.1% of the vote and 67 seats (a loss of 4 seats). An alliance of three parties headed by the Socialist Party under Dačić finished third, winning 14.5% of the vote and 44 seats – a gain of 24 seats. The center-right Democratic Party of Serbia, led by Koštunica, got 7% of the vote and retained its 21 seats. A party called Turnover, based on the Liberal Democratic Party, won 19 seats (+3). United Regions of Serbia, which advocated more autonomy for local jurisdictions, won 16 seats (-7). Smaller parties split the remaining seats. Šešelj's Serbian Radical Party lost all of its 77 seats. The line on the ballot marked "None of the Above" garnered 0.59% of the popular vote.

In sum, the elections were a disappointment for Tadić and his supporters, reflecting public anger at the status quo. It took nearly two months to form a government capable of sustaining a voting majority in the divided National Assembly. In late June Pres. Nikolić asked Ivica Dačić to form a government. Dačić formed a coalition government consisting of his Socialist Party of Serbia, Nikolić's Progressive Party and a few smaller parties. Tadić and his Democratic Party were out. Dačić took office as prime minister on 27 July. Given the particularities of Serbian politics, it was difficult to categorize this govt in traditional left-right terms. Though it favored democracy, a mixed economy and EU membership, its leaders were former ultranationalists who still spoke of safeguarding Serbia's national interests. Given the country's dire economic straits, however, its margin for independence was limited and its reliance on the EU was likely to grow.

S. is not a member of NATO's Partnership for Peace, and there are no plans for membership in the near future in NATO.

TURKEY The Republic of T.'s population of 74.7 million (2011) is 76% Turkish, but a large Kurdish minority has lived there for centuries; it now constitutes 15.7% of the population. Approximately 99.8% are Muslims (mostly Sunnis); 0.2% are Christian or Jewish. The Anatolian plain and most of the rest of modern T. was controlled by the Hittites for a thousand years until about 900 BC, when much of it fell under the sway of Hellenic city-states and the Assyrians Empire. It was then brought into the Persian empire in the 6th century BC, conquered by Alexander the Great in the 4th century BC, then restored to Persia around 300 BC. The Roman Empire took control of the area by the end of the first century AD. The Roman emperor Constantine founded Constantinople in 330 (on the spot of the ancient city of Byzantium), making it the capital of the empire's eastern regions. With the demise of the western Roman Empire in the 7th century, Constantinople became the capital of an independent eastern Roman Empire -- the Byzantine Empire -- with a strong Hellenic influence. The Byzantine Empire repulsed attacks by Arab Muslim forces in the 7th and 8th centuries, but after 1038 it could not prevent the loss of central Anatolia to the Seljuk Turks who now controlled Persia. The Ottoman Turks, who started out as a small tribe in western Anatolia, rapidly expanded their domains starting in the late 13th century. By the end of the following century they had acquired virtually all of Turkey, Serbia and Bulgaria; in 1453 they took Constantinople. (The city was not renamed Istanbul until 1930.) At the height of its power in the 16th and 17th centuries, the Ottoman Empire embraced most of the Balkan region and the Middle East, most of North Africa up to Morocco, Iran, the Crimea and parts of the Caucasus. It applied continuing pressure on the eastern Habsburg empire, overrunning most of Hungary following the Battle of Mohacs in 1526. Although the Ottomans were defeated by Spain and Venice in the naval battle of Lepanto in the Gulf of Corinth in 1571, they did not reach their high water mark in Europe until 1683, when their siege of Vienna was finally broken. By this time a series of internal dynastic disputes was weakening Ottoman rule from within. As the western powers produced superior military technology, they chipped away at Ottoman holdings in Europe in the 18th and 19th centuries, imposing unequal treaties on weak emperors. The Russian empire expanded at the Ottomans' expense as well. By the late 19th century, Ottoman Turkey was known as "the sick man of Europe." Sensing the need for internal reform, Turkish liberals adopted a constitution in 1876. The ruling sultans ignored it until a rebellion by reformers called the Young Turks forced its acceptance in 1908. T. sided with Germany and Austria-Hungary in WWI and suffered major territorial losses after the war as a consequence. It lost all but a small portion of Anatolia in the punitive Treaty of Sèvres in 1920. In the same year Russia's communist govt took Armenia, where more than a million people had perished at the hands of the Turks in 1915. But a military reformer, Mustafa Kemal -- who took the name Ataturk (Father Turk) -- seized control of the Turkish govt in a coup and retook some of the territory T. had just lost. A subsequent treaty, signed in Lausanne in 1923, restored parts of the lost territories and constituted T. in its present boundaries.

In 1922 the sultanate was dissolved and in Oct 1923 Ataturk proclaimed a republic. In the following year he abolished the Caliphate, the spiritual center of Islam that the Ottoman sultans had claimed as their patrimony in asserting their status as the leaders of the Muslim world. Ataturk wanted no official role for Islam in the new Turkish regime, insisting instead on a formal separation of religion and the state. The Turkish military was charged with guaranteeing the regime's secular nature. While religious observances were allowed, headscarves and other displays of Islamic dress were banned. A constitution adopted in 1924 enshrined the "Six Arrows" of Kemalism: republicanism, nationalism, populism, reformism, statism and secularism. Ataturk expected the military to be the guardian of these principles, but he did not want the military to play a direct role in politics, preferring civilian rule. Women received the right to vote and hold office in 1934. In 1928 the govt replaced the Arabic script with the Roman alphabet for written Turkish. Ataturk moved T. closer to the West in other ways as well, joining the League of Nations in 1932 and signing

various border agreements affirming T.'s role as a European state. The 1936 Montreux Convention still governs the passage of vessels through Turkish waters between the Black Sea and the Mediterranean. Following Ataturk's death in 1938, Ismet Inonu, his longtime associate, succeeded him as president and carried on the Kemalist legacy. T. stayed out of WWII until Jan 1945, when it joined the U.S. and the Soviet Union against Germany. T. joined the UN as a charter member after the war. Although T. sought friendly relations with the USSR, Stalin's govt raised border claims shortly after the war and massed troops near the Turkish border. The threat was one of the first acts of the Cold War, prompting the Truman administration to send a battleship to the region to signal U.S. support for T. It also led to the Truman Doctrine, which pledged economic and military assistance to states resisting communism. T. joined NATO in 1952, along with Greece. Under Ataturk, T. was essentially a one-party state; the ruling party was the Republican People's Party (CHP), founded by Ataturk himself. After WWII, T. evolved into a multiparty democracy. For much of the postwar period, Turkish politics has revolved around the tension between democracy and the military's special role. Until 1961 there were two main parties: the Kemalist CHP and a right-wing populist party, the Democrat Party (DP), led by Adnan Menderes, who became PM. When violent unrest developed in 1960 after the govt limited press freedoms and displayed other authoritarian tendencies, Menderes imposed martial law. The military responded in May 1960 by taking power. Charging that the govt was violating Kemalist principles and that its policies were bringing the country to the brink of disintegration, the chief of the general staff ordered troops to seize govt buildings. The PM, the president and numerous members of parliament were arrested; Menderes himself, who was accused of trying to establish a dictatorship, was later hanged. The intervention involved virtually no bloodshed, and the majority of the people seemed to welcome it. In 1961 the military leadership formed a constituent assembly to write a new constitution, which was approved in a referendum. Following parliamentary elections later in the year in which 14 parties participated, the military relinquished power. In 1971 the military stepped into the political fray again. As rising frustration over the govt's failure to adopt the economic, social and land reforms promised in the new constitution prompted outbreaks of violent protest, the military leadership sent a memo to the president calling for a "strong and credible govt" capable of effecting the reforms. The memo warned of military intervention if no action were taken. The PM promptly resigned and a new govt was formed in response to what was called the "coup by memo." A succession of center-left and center-right multiparty coalition govts followed over the course of the 1970s. In July 1974, Turkish troops invaded Cyprus after the Greek Cypriot national guard, in collusion with the Greek military govt in Athens, took over the Cypriot govt with the intention of uniting the island with Greece. The Turkish forces stormed into northern Cyprus, where most Turkish Cypriots lived, and established a "Turkish Federated State of Cyprus." The U.S. cut off military aid to both T. and Greece in 1975, but restored it in 1978. Cyprus is still partitioned (see CYPRUS).

The Turkish military intervened in domestic politics again in 1980. Although the invasion of Cyprus was popular, discontent was growing over the failure of a succession of weak center-right and center-left coalition govts to deal with the economic problems generated by the rise in world oil prices in the 1970s. In addition, there was mounting violence in the Kurdish areas, where an independence movement was gathering strength. A growing number of Turkish Muslims, represented by the National Salvation Party led by Necmettin Erbakan, were demanding an end to the restrictions on religious dress and called for the adoption of Islamic law. Strikes were occurring with increasing frequency, often with the support of the small Turkish communist party. And an extreme right-wing party was resorting to street violence and terrorism against its opponents. As many as 2,000 people may have died in political violence in Turkish cities and the countryside in 1978-79. At the end of Dec 1978 the govt imposed martial law, but incidents of political violence continued. Sensing that T. was heading towards chaos and that the govt was again

violating Kemalist principles, the military seized power on 12 Sept 1980. Martial law was extended, strikes were banned and some 30,000 people were arrested. The Islamic party leader Erbakan was sentenced to two years in prison. As in 1960, there was no public resistance to the coup; most Turks accepted it as an alternative to instability. The military-appointed govt stabilized the economy somewhat, and in 1982 a new constitution roughly modeled on the French Vth Republic constitution – which established a strong executive – was approved by 91% of the voters in a referendum. A new law placed a 10-year ban on political activity on all politicians who were active before the 1980 military intervention. The military did not give up power until 1983, when elections were held to a new parliament. Only three parties were permitted to run in those elections (though more parties were permitted the following year). Martial law was finally lifted in 1984. Multiparty coalitions governed T. in the 1980s.

In 1989 the Grand National Assembly – T.'s unicameral legislature – elected Turgut Ozal president. Ozal promoted privatization and other economic reforms aimed at enhancing T.'s acceptability to the European Community/EU. T. participated in the multinational coalition organized by the U.S. against Saddam Hussein after Iraq invaded Kuwait in 1990. The 1991 Gulf War proved costly, however; T. incurred about \$95 billion in economic costs and losses owing to higher oil prices, the UN trade embargo against Iraq and other effects of the war. It also had to deal with a more complicated Kurdish situation, as T. had to assist some 350,000 Kurdish refugees streaming into T. from Iraq while at the same time repressing the continuing rebellion on the part of Kurds living in southeast T. A new round of violence in the Kurdish region ensued in 1992-93. As the Soviet Union disintegrated and the EU showed no signs of inviting T. to prepare for membership, Ozal pursued economic cooperation with the newly independent countries of the Black Sea region, leading to the formation of the Black Sea Cooperation Council. Ozal died in 1993 and was succeeded as president by Suleyman Demirel, a longtime fixture of Turkish politics with prior experience as PM. Demirel favored loosening some of the cultural restrictions on Islam without supporting Islamist fundamentalism. In June 1993 a new cabinet was formed under Tansu Ciller, who became T.'s first woman PM. She wrestled with the 70% inflation rate and sent troops into Iraq to chase Kurdish rebels, but corruption charges forced her to resign in 1995. Elections held at the end of the year in an atmosphere of widespread disaffection over the economic situation and govt corruption produced a parliamentary plurality for the Welfare Party (Refah), an openly Islamist party led by Erbakan, the veteran Islamist political leader. The secular parties refused to form a coalition govt with the Welfare Party for several months, but no alternative coalition proved viable. In June 1996 Welfare formed a coalition govt and Erbakan became T.'s first Islamist PM. His efforts to ease restrictions on Islamic dress and to steer T.'s foreign policy away from its close attachment to the U.S. and from its long-standing cooperation with Israel provoked the military leadership into action. In June 1997 the military-dominated National Security Council pressured Erbakan to resign. In Jan 1998 it banned the Welfare Party, accusing it of "conspiring against the secular order." The constitutional court barred Erbakan and five other party officials from political life for five years. While the military's intervention was technically not a coup, it forcefully demonstrated that the military hierarchy is still the guardian of the Kemalist legacy and remains the final arbiter of Turkish politics, exercising ultimate authority. The Turkish political elite's determination to prevent the rise of Islamic fundamentalism was soon evident once again. In 1998, a group of parliamentary delegates from the outlawed Welfare Party put together a new Islamic party, the Virtue Party. But in June 2001 the constitutional court disbanded it for taking positions at variance with the regime's secularist orientation. Islamic leaders then formed two new parties, the Felicity Party, with a fundamentalist orientation, and the more moderate Justice and Development Party (AKP) under the leadership of Istanbul's pragmatic former mayor, **Recep Tayyip Erdogan**. (ER-doh-wan). The letters "ak" spell "clean" in Turkish.

After the dissolution of the Welfare govt in 1997, an odd coalition of center-right and center-left parties formed a new govt under Mesut Yilmaz. The govt shut down some Islamic schools and enforced the ban on headscarves for civil servants, members of parliament and university students. Many female students who wore headscarves publicly were expelled from their universities. After corruption scandals brought the govt down in 1998, a minority govt was assembled under PM Bulent Ecevit, a grand old man of Turkish politics who had assumed the leadership of Ataturk's party in 1966. He now headed the Democratic Left Party. Ecevit's shaky coalition survived until the elections of April 1999, when yet another fractionated parliament was elected. Ecevit put together another unusual combination of left and right parties, but it survived until 2002 despite several crises.

During the years between 1997 and 2002, T.'s various govts had to confront a number of difficult challenges. One of them centered on the EU. T. had made known its European ambitions from the earliest years of the European Economic Community. It requested full membership in 1963 and signed an association agreement with the EC in the same year, gaining certain economic benefits at a time when Turkish "guest workers" were increasingly welcome in Germany and other EC states. The 1963 agreement looked forward to "the accession of T. to the Community at a later date." In 1970 the agreement was amended to include a pledge that T. and the EC would enter into a customs union no later than 1995. T. formally applied for EU membership in 1987. The customs union agreement was concluded in 1995 and took effect in Jan 1996; it was accompanied by a substantial economic assistance package from the EC. But whereas Greece had entered the EC in Jan 1981, T. was still waiting at the door at the end of 1997, when the EU invited five countries -- including Cyprus -- to start negotiations on accession, but not T. The EU govts acknowledged that T. would eventually obtain membership, but their refusal to respond to T.'s application provoked an angry reaction in Ankara, which temporarily suspended its official ties with the EU and threatened to block the admission of Cyprus. Two years later the EU acknowledged that T. was an applicant for admission, but it still declined to start accession talks. At its Copenhagen summit in Dec 2002, the EU decided to take up the question of T.'s accession again at the end of 2004, with a view (perhaps) to commencing negotiations in 2005. But a damper was placed on T.'s hopes for EU membership when former French President Valery Giscard d'Estaing, who then served as the president of the European Convention, said in an interview in Nov 2002 that T. would never be invited to join the EU because "it is not a European country." The admission of T., he said, "would be the end of the European Union" because T. has a different culture and way of life. The U.S. has applied pressure on the EU to admit T., and Pres. Bush's personal intervention in Dec 2002 was criticized by EU leaders. If T. is admitted, it will be the EU's second most populous member (after Germany), and by far its poorest. It will be the EU's only predominantly Muslim country, perhaps the most difficult thing for many Europeans to accept.

In 1998 there was renewed violence on Cyprus, and T. and Greece almost went to war over their competing claims in the Aegean. U.S. diplomacy helped keep the peace between the two countries and a potentially dangerous conflict was averted. A turning point in T.'s relations with Greece occurred in Aug 1999 when Greece sent assistance after earthquakes devastated parts of T. T. responded in kind a month later when earthquakes rocked Greece. The ice in their frosty relationship was broken, and over the following year the two ancient enemies signed a half dozen accords on trade, tourism and other areas of cooperation. Greece even came around to supporting T.'s application for EU membership, and negotiations on Cyprus revived (see Cyprus). The Greeks also helped T. apprehend the Kurdish rebel leader Abdullah Ocalan in 1999.

The Kurdish situation has been perhaps the most contentious issue dividing T. and the European Union. The long-simmering conflict broke out into a veritable civil war in the mid-1980s as Kurdish rebels, initially organized in the Kurdistan Workers' Party (PKK), militated for independence. The T. govt has used

considerable military force to suppress the rebellion, which has cost an estimated 37,000 lives. Hundreds of thousands of Kurds were left homeless and deported to "central villages" after the army razed their dwellings. The military has depopulated more than 2,500 villages and hamlets, and a quarter of a million Kurds have not been able to return home. Ocalan was sentenced to death upon his capture. But under EU pressure, T. has lately sought to seek a solution to the problem, initiating a reconciliation program in 2000 that has sent the army into Kurdish areas to build roads and houses and to form literacy schools and youth clubs. From his jail cell, Ocalan renounced separatism and called on his followers to campaign peacefully for cultural rights within T. The PKK subsequently changed its name. The Turkish govt has abolished the death penalty, thereby commuting Ocalan's death sentence. (The EU countries do not have capital punishment.) Despite this progress, new Kurdish separatist groups have taken up the fight, and T. authorities are still engaged in suppressing outbreaks of secessionist violence. But in Nov 2002, the Turkish govt lifted the 15-year state of emergency in the Kurdish region of the southeast.

In an effort to comply with the EU's demands for basic human rights, the Turkish parliament in Oct 2001 passed 34 constitutional amendments expanding freedom of expression, the right to assembly, women's rights and other rights and liberties. A law passed in Nov 2001 acknowledges the legal equality of women and men. The European Commission described these changes as "significant," but noted that restrictions on fundamental freedoms still exist. Human rights groups have documented such continuing problems as the abuse and torture of prisoners; the lack of judicial independence; official harassment of Kurds and of Muslims who wear headscarves; limitations on press freedoms and retaliation against critical journalists, among other problems. The military's role in politics is also an enduring stumbling block. The National Security Council meets in secret and can exercise decisive influence on the govt's policy decisions. Recent changes have increased the number of civilians on the NSC from 5 to 9 (there are 5 military officers), and the govt now maintains that the NSC has only an "advisory" function. The EU has made it clear that the fate T.'s application will depend in large measure on its human rights record in the coming years.

In May 2000 the National Assembly elected Ahmet Necdet Sezer as president. Sezer was the chief justice of T.'s constitutional court, and he had spoken out in favor of broadening human rights for Islamic fundamentalists and Kurds. He was a confirmed secularist, however. Sezer got into an acrimonious personal dispute with PM Ecevit in 2001 that triggered fears of political instability on the part of foreign investors. An economic crisis ensued and the Turkish currency lost a third of its value. Ecevit launched a series of economic reforms, and the IMF shored up the economy with a \$15 billion loan. As demonstrations protesting economic conditions mounted around the country, the widely respected economics minister, Kemal Dervis, initiated more reforms that helped restore stability and investor confidence. The IMF provided another \$3 billion in Nov 2001. T.'s per capita GDP of \$6,800 in 2000 was far lower than that of Portugal, the EU's poorest country (\$15,800). Unemployment was about 5.6% in 2000, but it jumped to an unofficial figure of 30% by the end of 2002 as T. suffered its worst recession in half a century.

Parliamentary elections were held on 3 Nov 2002. With public antipathy towards the mainstream parties riding high in view of the economic situation, the Justice and Development Party (AKP) won a resounding victory, winning 34.3% of the popular vote and 363 of the National Assembly's 550 seats (66%). All but one of the other parties were eliminated because they failed to surpass the tall 10% hurdle required for representation in the parliament. Only Ataturk's Republican People's Party survived, winning 19.4% of the vote and 178 seats (compared with 8.7% of the vote in 1999). Independent candidates won the remaining 9 seats. Ciller's True Path Party came in at 9.6% of the vote (down from 12% in 1999); the far-right Nationalist Action Party fell from 18% in 1999 to 8.3%; the Democratic People's Party (HADEP) -- the party of the Kurdish minority -- won 6.2% (up from 4.8% in 1999); the Motherland Party of former PM Mesut Yilmaz won 5.1% (compared with 13.2% in 1999); the Felicity Party -- the fundamentalist Islamist party --

won only 2.5% of the vote (down from 15.4% in 1999, when it ran as the Virtue Party); Ecevit's Democratic Left Party fell from 22.2% of the vote in 1999 to a mere 1.1%. Two new parties also fell short of the 10% hurdle: the Youth Party won 7.3% and the New Turkey Party got 1.2%. Although Justice and Development was formed by Islamists who had previously belonged to the Welfare Party and the Virtue Party, they were determined to avoid the fundamentalist Islamist label associated with those two outlawed parties. The AKP's leader, Recep Tayyip Erdogan, conveyed an unmistakably moderate message during the campaign, asserting that his party regards "secularism as the guarantee of all religious faiths." He defined his party as similar to European Christian Democrats, noting that "there's nothing specifically religious in their policies." He has also vowed to increase T.'s ties with the U.S., its "natural ally." Erdogan was a popular Welfare Party mayor of Istanbul in the 1990s, and he was on record at the time as favoring Islamic law. At a rally in 1998 he read out a well-known poem that described Islam in military terms. In 1999 the authorities sentenced him to ten months in prison for "Islamic sedition"; he was released after four months. More fatefully, he was subjected to a lifetime ban on holding public office. As a result, Erdogan was not immediately allowed to serve as PM. Abdullah Gul, the party's deputy leader, was initially named to that post. But the military relented and in March 2003 Erdogan took his seat in parliament and was elected PM.

Upon taking office, Erdogan immediately found himself embroiled in controversies over U.S. plans to invade Iraq. The Bush administration wanted to station 65,000 troops in Turkey for use in opening up a front in northern Iraq. With more than 90% of the Turkish public expressing opposition to the war, the Turkish parliament rejected a U.S. offer to provide \$6 billion in financial aid plus a guarantee for \$21 billion in loans. T. estimated that it stood to lose considerably more in the event of war. The U.S.-Turkish relationship hit a new low as the U.S. removed its offer from the table and changed its war plans in light of T.'s decision against stationing the troops. While the U.S. sought assurances that T. would not send its own troops into northern Iraq, which is populated largely by Kurds, the T. govt declared that it would intervene militarily if Kurdish refugees and terrorists (separatists) came into T. or if the Kurds seized the oil fields around Mosul and Kirkuk. Eventually the U.S. agreed to allow a small contingent of T. troops to enter the Kurdish areas of Iraq.

The Erdogan govt announced its support for Kofi Annan's plan for Cyprus and called on Turkish Cypriots to vote "yes" in the April 2004 referendum. (A majority of Turkish voters on the island did so.) Turkish military leaders tended to oppose the UN plan for Cyprus. PM Erdogan has a good personal relationship with Greece's PM Karamanlis, who supports T.'s admission into the EU.

After the 2002 elections, military leaders reiterated the army's determination to maintain a secular state, pledging to act against Islamic fundamentalism and Kurdish separatism. But in July 2003 the T. parliament passed legislation aimed at significantly limiting the military's role in T. politics. The new law declared that the National Security Council was purely an advisory body with no decision-making authority. It further stipulated that the NSC's secretary-general, typically a four-star general, could be a civilian; it limited the number of times the Council may meet; and it opened up the military budget to unprecedented parliamentary oversight. The law also imposed limits on torture and expanded freedom of expression. These actions were taken at the behest of the EU, which is pressuring the T. govt to curb the military's power and guarantee basic human rights. President Selzer signed the bill in August, allowing it to take effect. Although the military leadership favors EU membership in principle, it remains skeptical about the AKP's ultimate aims as an Islamic party. Soon after the controversial bill was passed, leading generals openly criticized Erdogan for voicing opposition to the recent dismissal of 18 officers because of their alleged ties to radical Islamic organizations. For its part, Erdogan's AKP described itself as a 'conservative democratic party' and announced its hopes of eventually joining the European Parliament's EPP group, consisting of moderate conservative parties throughout Europe. Erdogan came to the US in 2004 and met with Pres. Bush.

Presidential and legislative elections were held in 2007 amidst sharp conflict between the governing Justice and Development party, led by PM Erdogan, and the military along with other supporters of a secularist state. The constitution stipulates that the president is elected by the National Assembly. To win, a candidate must win a two-thirds majority (367 out of 550) in either of the first two rounds. If no one succeeds, then a candidate needs 267 votes in the third round. In April and May, **Abdullah Gul** was the AKP's candidate. The Armed Forces issued a statement reiterating its commitment to Kemalist principles of secularism and warning that they were determined "to carry out their duties ... to protect the unchangeable characteristics of the Republic of T." Demonstrations in favor of secularism took place in Istanbul and other cities. The Republican People's Party, with 178 deputies, boycotted all three rounds of voting and T.'s constitutional court invalidated these ballots on the grounds that a quorum of two-thirds of the legislators was necessary. The AKP-dominated legislature passed legislative reforms designed to permit the popular election of the president to two successive 5-year terms, but these reforms were thwarted by the courts. After failing to get elected, Gul withdrew from the race and PM Erdogan called snap legislative elections. The snap legislative elections took place on July 22. To be elected, a party must win at least 10% of the vote. The campaign was fought largely over the central issue of secularism versus a more openly religious state and society, with implications for T.'s relations with the EU, the U.S. and the Muslim world. Erdogan described AKP as a "center party" open to all segments of society. AKP retained its sizable majority, winning 341 seats (a loss of 23). The center-left, pro-military, secularist Republican People's Party (CHP) merged with the Democratic Left party (once led by Bulent Ecevit); together they won 112 seats – a loss of 66 seats for the CHP. A Turkish nationalist party, the Nationalist Movement Party (MHP), entered parliament with 71 seats. The MHP favors immediately attacking PKK camps in the Kurdish region, but neither Erdogan nor the military appears willing to take this step. After the legislative elections, a new attempt to elect a president took place in August, with the opposition parties ending their boycott. On 28 Aug, Gul was elected president in the third round.

In 2007, the govt warned the U.S. that it was prepared to send troops into the Kurdish area of Iraq in order to attack PKK fighters. The U.S. sought to dissuade T., but some incursions took place in 2007 and Jan 2008.

In late 2004, the EU agreed to begin accession negotiations with T. in 2005, reiterating that admission would depend on T.'s compliance with the *acquis communautaire* and requisite human rights provisions. By June 2005, T. adopted six pieces of legislation required by the EU; accession talks began on 3 Oct. It was widely assumed that T. would not be admitted for about 15 years. Some EU countries are expected to hold referendums on T.'s accession at an appropriate time.

In Feb 2008 the AKP's large parliamentary majority passed two constitutional amendments rescinding the long-standing ban on the wearing of headscarves by women at T.'s universities. The lifting of the ban met widespread opposition from business leaders, the media and large elements of the public. In June the country's constitutional court – established after the 1960 coup for the purpose of preserving secularism – decided by a vote of 7-4 to reinstate the ban, affirming that parliament's amendments violated the constitution's provisions on secularism and were therefore "cancelled." Meanwhile, T.'s chief prosecutor initiated proceedings to ban AKP on the grounds that it was "a center of anti-secular activity" that violated the constitution's laws on secularism. The party's opponents accused it of stealthily seeking to create an Islamic state based on shariah. The indictment, which threatened to bar Erdogan, Gul and 69 other AKP leaders from political life for 5 years, threw the political establishment and financial markets into turmoil. Unlike the Welfare Party and other previous Islamic parties, the AKP had wide popular support, especially in rural T., in Kurdish areas, and among the middle class of T.'s provincial cities, most of which had AKP mayors. Erdogan's govt had also gained the respect of the EU and the United States for its democratic

principles, economic successes and pro-EU orientations. AKP was also reaching out to the military, allowing it more latitude to combat Kurdish separatists. In early July 24 people, including two retired army generals and respected media and business figures, were arrested for their alleged participation in a plot by "Kemalists" to overthrow the govt. On 14 July, prosecutors in Istanbul indicted 86 people (not including the two retired generals) for belonging to "an armed terrorist organization" – known as Ergenekon – that sought "to overthrow the govt by force." The investigation into Ergenekon (named after a Turkish province) was initiated in June 2007 after explosives were discovered at the home of a retired military officer. On 30 July the constitutional court issued its long-awaited verdict on the AKP. The decision was mixed. By a vote of 10-1, the court found AKP guilty of being "a center of anti-secular activity," but only 6 justices voted to ban it. (A decision to ban the party required at least 7 votes.) Instead, the court imposed financial penalties on the party, cutting its access to state funding. Wealthy backers were expected to fund the party. The chief judge, who cast the lone vote against the indictment, called the verdict "a serious warning" to AKP. The AKP's survival prompted a boost in T.'s stock market and was greeted positively by various European politicians.

In 2010 the legislature approved a package of constitutional amendments aimed at bringing T. into compliance with EU law. The reforms curtailed certain political privileges for the military, confirmed equal rights, reformed the Constitutional Court, permitted public servants to engage in collective bargaining and provided for a variety of other reforms. After winning at least 60% approval in parliament and after some alterations by the Constitutional Court, the reforms were submitted to the voters in a referendum on 12 Sept. The referendum passed by a vote of 58% in favor and 42% against.

Parliamentary elections were held on 12 June 2011. For the third time in a row, the Justice and Development Party (AKP) emerged as the largest party in the Grand National Assembly. The AKP won 49.83% of the popular vote (a gain of 3.25%) and 327 seats in the Grand National Assembly (-14 seats; 59.5% of the 550 seats). The Republican People's Party under its new leader, Kemal Kiliçdaroğlu, won 135 seats, a gain of 23 seats. The far-right Nationalist Movement Party won 53 seats (-18). The Peace and Democracy Party (BDP), a Kurdish party, saw 35 of the independent candidates it supported win the remaining seats. Erdoğan was reelected prime minister.

In July 2011 the leaders of T.'s military command submitted their resignations to the govt shortly after 22 people, among them generals and other officers, were charged with seeking to undermine the govt in an Internet campaign.

POTENTIAL CANDIDATES

A LBANIA A poor, rural country, the Republic of A. has a population of 2.8 million (2011) that is 95% ethnic Albanian, with a Greek minority comprising 3-6%. Some 70% are Muslim, 20% Albanian Orthodox, 10% Catholic. There is continuing discrimination against the Greek minority. After decades of isolation under repressive communist rule, elections took place in 1991 and 1992. The center-right Democratic Party under Sali Berisha took power in 1992, but factionalism and anarchy reigned; the EU and NATO restored order by 1993. Berisha was driven from office due to pyramid banking scandals that ruined tens of thousands of people in 1997. Rioting ensued, and a government-invited multinational force of 7,000 restored order. The center-left Socialists (reformed Communists) under Fatos Nano gained power, with wide support in rural areas. NATO trained A.'s army in 1998 as Kosovars streamed in to avoid the brutal repression of Milosevic's govt in Yugoslavia, creating refugee problems that persisted until the end of the Kosovo war in 1999. Tensions remain today as some Kosovars (and some Albanians) want the creation of a "Greater Albania"; others want an independent Kosovo. Rivalry between Socialists and the Democratic Party led to violence in 1998. Nanos resigned in that year, but after parliamentary elections in 2001 and the resignations of two prime ministers, he returned as PM in July 2002. Berisha's Democratic Party ended a prolonged boycott of parliament and agreed with Nano's Socialists on a new (ceremonial) president, Alfred Moisiu. Parliamentary elections for the 140-seat People's Assembly took place in July 2005. After a campaign marked by mudslinging and accusations of vote fraud and intimidation, the final results were announced nearly two months later: Berisha's Democratic Party won an absolute majority, capturing 81 seats. Nanos promptly resigned as PM on September 1, to be succeeded as PM by Berisha. Nine other parties participated in the election. Elections to the ceremonial presidency took place in 2007. To be elected, a candidate must win at least three-fifths of the vote in the National Assembly. When no compromise candidate could be found, Nanos's center-left party boycotted four rounds of voting. On July 20, Bamir Topi, a member of PM Berisha's center-right party, was elected with 85 votes out of 90 cast. Parliamentary elections held in June 2009 resulted in a slight victory (70 seats out of 140) for the center-right Alliance of Changes Coalition led by PM Berisha, who remained in office, at least temporarily. But the coalition of center-left parties led by Edi Rama of the Socialist Party of Albania finished a close second with 66 seats. More than 30 parties competed, including the ethnic Greek "Unity for Human Rights Party" and a smaller center-left coalition (the Socialist Alliance, which took 4 seats). Nearly half the population lives on \$2 a day or less.

A. signed a Stabilization and Association Agreement (SAA) with the EU in 2006. It applied for EU membership in 2009 and was recognized as an official 'potential candidate country'. A joined NATO in the same year. In Dec 2010 the European Council declined to grant A. candidacy status in view of the country's domestic problems.

BOSNIA-HERZEGOVINA Formerly a constituent republic of Yugoslavia before its break-up in the 1990s, the Republic of B-H. has an estimated population of 3.87million (2012), divided into three warring camps: the Muslims, known as Bosniaks (48% of the total); Serbs (mostly Serbian Orthodox), 37%; and Croats (mostly Roman Catholic), 14.3%. All share Slavic roots. Domestic peace prevailed during the long postwar rule of the communist leader Tito, and it continued throughout the decade that followed his death in 1980. A complicated system of power sharing among Yugoslavia's diverse groups sought to preserve Tito's legacy. The success of the 1984 Winter Olympics in Sarajevo, B-H.'s capital, sparked optimism and reinforced the city's image as a model of cosmopolitan harmony. But tensions between the country's rival groups made the power-sharing scheme unworkable. Meanwhile, democratization in Gorbachev's USSR and in communist Central and Eastern Europe sparked demands for democratic freedoms in the Balkans. Once elections were held throughout Yugoslavia in 1989, the remnants of communist rule crumbled. Inevitably, democracy in Yugoslavia provided an open forum for national self-assertion on the part of its constituent ethno-religious groups. Slovenia and Croatia declared independence in 1991. A majority voted for B-H.'s independence in a referendum in 1992, but its proponents were mostly Muslims and Croats; Bosnia's Serbs refused to accept the result and launched a protracted civil war.

Under the leadership of Radovan Karadzic, a psychiatrist and poet who once studied at Columbia University, Bosnia's Serbs proclaimed their own "Serbian Republic of B-H." With significant military and financial support from Slobodan Milosevic's government in Yugoslavia, Karadzic's forces laid siege to Sarajevo for three years and launched a brutal campaign they called "ethnic cleansing": the forced removal of Muslims and Croats from towns and villages. The campaign was accompanied by summary executions, gang rapes, house burnings and the herding of men, women and children into concentration camps. Mass graves containing the remains of thousands of Bosniac (Muslim) men and boys were eventually uncovered. More than 260,000 were killed and 1.8 million became refugees. Fighting between Croats and Bosnian Muslims aggravated the situation. Efforts by the UN to mediate the dispute failed. The presence of a United Nations Protective Force, with nearly 40,000 troops from 39 countries, proved ineffective, as did occasional uses of U.S. air power. (The U.S. declined to engage its forces on the ground.) By early 1995, Serbs controlled 70% of B-H. A turning point came that year as Croatia launched a counter-attack, sending Serb forces into retreat and relieving Sarajevo. With the tide of battle turned, Milosevic agreed to attend peace talks held in November-December 1995 under U.S. auspices at an Air Force base outside Dayton, Ohio.

The *Dayton Peace Accords* established the present structure of B-H. as a federation consisting of a Muslim-Croatian "Federation of B-H." (comprising about 51% of the country's territory) and a Serbian entity, the "Serb Republic" ("Republika Srpska," or RS). The two parts of B-H. share a bicameral legislature: the B.-H. House of Representatives (lower house) has 42 members (14 Bosniaks, 14 Croats, and 14 Serbs), elected by the voters in each entity; the House of Peoples (upper house) has 15 members (5 Bosniaks, 5 Croats and 5 Serbs – all appointed by the local parliaments of the Muslim-Croat Federation and the Republika Srpska). At the executive level, the voters elect a 3-person collective presidency of B-H. (1 Muslim, 1 Croat, 1 Serb); the three take turns chairing the presidency on a rotating basis. The lower house of the national legislature elects two prime ministers (1 from the Muslim-Croat Federation and 1 from the RS); they rotate in power. In addition, the Muslim-Croat Federation and the RS each has its own regional legislature (known as "entity parliaments"), and each has its own "entity" prime minister and president. All legislative bodies initially served 2-year terms, but since 2002 they serve 4 years. The Dayton Accords also established an international High Representative with considerable authority to make decisions in B-H, in some instances overruling elected officials. The High Representative serves simultaneously as the EU's Special Representative for B-H.. The Dayton Accords assigned the Organization for Security and

Cooperation in Europe (OSCE) various duties as well (supervising elections, etc.). A force of 60,000 peacekeepers (including 20,000 U.S.) went into B-H. in 1996. A number of alleged war criminals have been apprehended and sent to the International War Crimes Tribunal for the Former Yugoslavia that sits in The Hague. (Biljana Plavsic, a former president of the post-Dayton Serb Republic, pleaded guilty at her trial and expressed "full remorse.") But Karadzic, Ratko Mladic (the Serbs' top general) and others under indictment have yet to be caught. Since Sept 11, the govt has cooperated in tracking down al Qaeda terrorists in B-H.

A general peace prevails, but ethno-religious tensions remain high. Rivalries and hatreds divide all three groups. Corruption in the bureaucracy, judiciary and police is rampant. Criminal gangs engaged in drug dealing, human trafficking and money laundering have a choke hold on the economy. There are still 700,000 refugees inside and outside B-H. (mostly in Germany), though Dayton guaranteed their right to return. The war's surviving victims – especially women, children and the elderly – require continuing assistance. Unemployment in 2006 was 45%. Several rounds of elections have failed to produce political stability or real compromise. Hardliners in all three camps dominated the legislatures in the 1990s; the victory of more moderate parties in 2000 did little to improve things. In 2001, a 10-party coalition called "Alliance for Change" formed a govt that excluded ethnic hardliners, but it produced few positive results. In the same year, Croatian officials withdrew from regional and national institutions and declared "self rule." A year-long standoff ended after intervention by the High Representative. Elections held in October 2002 resulted in the return of nationalists. The leading nationalist parties of the Serbs (the Serbian Democratic Party, founded by Karadzic), the Croats (the Croatian Democratic Union) and the Muslims (the Party of Democratic Action) – whose ethnic nationalism marked them all as right-wing parties – outpolled their moderate rivals in voting for the national and regional legislatures. These results were a disappointment for the international community, but polls suggested that most voters for the nationalist parties did not wish to return to warfare; they were mainly registering a protest at the moderates' failure to improve the economy, the issue of chief concern to most Bosnians. Even the nationalists now emphasize the need for economic growth and most of them support B-H.'s western orientation, hoping for eventual inclusion in the EU. Legislative elections were next held in October 2006. The moderate parties finished slightly ahead of the nationalist parties in elections to the House of Representatives of B.-H. Bosniaks, Croats and Serbs each elected a representative to the country's 3-person presidency. The Croat and Serb members of the presidency are moderates, but the Muslim (Bosniak) member has called for a referendum on liquidating the Bosniak-Croat federation and the Republika Srpska. There were elections as well to the entity parliaments and to cantonal legislatures in the Muslim-Croat Federation. Divisions on a host of issues divide the moderates as well as the more nationalistic parties.

On 31 Dec 2002, the UN mission to B-H. came to an end after 10 years. In 2004, the EU began a Police Mission in B.-H., its first ever operation under the European Security and defense Policy (ESDP). In Nov of the same year, the U.S. removed most of its remaining 700 troops from B-H.; about 150 would stay to hunt down war criminals. In Dec, NATO handed over responsibility for the peacekeeping mission to the EU (EUFOR Operation Althea); the EU had 7,000 troops in the country. B-H. was placed under the ultimate authority of the international High Representative, representing the signatories of the Dayton Accords. The High representative was given authority to make binding decisions when local parties are unable or unwilling to act, as well as to dismiss public officials who violate legal commitments (including the Dayton Accords). The office of the High Representative (who was simultaneously the EU's Special Representative) was supposed to have been terminated at the end of June 2007 and B.-H. was to have become completely self-governing at that point. But the country's political difficulties resulted in the postponement of sovereignty. The EU thereupon appointed Miroslav Lajčák, a Slovak diplomat, to serve until that date as the sixth High Representative to B.-H. and, simultaneously, as the EU's Special Representative. After review, however,

independence was postponed once again, and the EU's Special Representative was expected to remain indefinitely. All but a few thousand EU troops were withdrawn in 2007. Lajčák was succeeded by Valentin Inzko as both High Representative and the EU's Special Representative in 2009. In Sept 2011 Peter M. Sørensen, a Danish diplomat, assumed the office of EU Special Representative, as well as that of head of the EU delegation in B.H. Inzko remained the High Representative. As of Aug 2012, B.-H. still had not achieved full sovereignty.

On 3 Oct 2010, elections were held for B-H's 3-person presidency; the State House of Representatives (one of B-H's two houses of parliament); the regional House of Representatives of the Federation of Bosnia and Herzegovina; the regional National Assembly in the Republika Srpska; the president and VPs of the Rep. Srpska; cantonal assemblies and other offices. There were 39 parties, 11 party coalitions and 13 independents competing in these various races. In the national presidential elections, Croatian voters reelected Željko Komšić, a former Georgetown Univ student who favors Kosovo's independence and is popular among Bosniaks, many of whom voted for him; Bosniak (i.e., Muslim) voters elected Bakir Izetbegović, son of the former president; and Serbian voters narrowly reelected Neboša Radmanović of the Alliance of Social Democrats, the party headed by Milorad Dodik. Dodik was reelected president of the Rep. Srpska on the same day. (Dodik has called for the secession of the Rep. Srpska. On the 15th anniversary of the Srebrenica massacre in July 2010, Dodik acknowledged that killings had occurred but rejected the claim of the ICJ and ICTY that they constituted genocide. He asserted that, if there was genocide, it was committed against Serbs in the region.) In the elections to the 42-member State House of Representatives, voters in the Federation of B and H elected 28 deputies (8 from the pro-reform Social Democratic Party of B-H and 7 from Pres. Izetbegović's Party of Democratic Action, a largely Bosniak party); voters in the Republika Srpska elected 14 deputies (8 from Dodik's Alliance of of Social Democrats and 4 from the intensely nationalistic Serbian Democratic Party, the party of Karadžić and other war criminals). The results of all the elections appeared to set the stage for more gridlock and continued delay in B-H's candidacy for accession to the EU and NATO. It took 14 months before a new govt was finally formed. On 28 Dec 2011, a six-party govt was announced. **Vjekoslav Bevanda**, a Bosnian Croat, became prime minister. A budget agreement for 2012 was also reached, along with legislation permitting the country to undertake the reforms needed to permit its application for full EU membership.

B.-H. has been recognized by the EU as a 'potential candidate country' since 2003. It signed a Stabilization and Association Agreement (SAA) with the EU in 2008; the SAA was ratified by all 27 EU states by the start of 2011. But the SAA has not taken effect as yet because B.-H. has not fully complied with EU requirements on such issues as the national census, nor has it complied with the ruling of the European Court of Human Rights mandating a constitutional amendment that would permit minorities to be elected to the presidency of B.-H. and to run for the B.-H. House of Peoples. The govt of the Republika Srpska opposed these measures, insisting that they fell within the exclusive competence of the separate entities of Bosnia and Herzegovina.. A trade agreement with the EU was concluded in 2008, along with a European Partnership agreement on financial aid. B.-H. may not apply for EU membership until the EU's Office of the High Representative in B.-H. is closed. The formation of the new 6-party govt at the end of 2011 offered hope that the country might be able to submit its application in 2012. In July 2012 the EU gave B-H a roadmap for its application process. It requested the required constitutional changes by the end of Aug and environmental and other reforms by the end of Nov. At that point B-H could apply for EU membership. Peter Sørensen, the EU's Special Representative to Bosnia, said that "under ideal circumstances" B-H. could be granted candidate status in 2014.

B.-H. is not a member of NATO's Partnership for Peace. In April 2010 it was given a Membership Action Plan by NATO to prepare it for admission at an undetermined future date.

KOSOVO K.'s population in 2011 was 1.73 million. In 2009 it was estimated that 88% were Albanians, 7% Serbs and 5% others. In 1998 Pres. Slobodan Milošević of Serbia and Montenegro turned his attention to Kosovo, which was still formally part of Serbia. His discrimination program removed hundreds of thousands of Albanian Kosovars from their jobs in the 1990s. In 1992, Kosovo's Albanians proclaimed their own republic and elected Ibrahim Rugova, a soft-spoken academic, as president. Between 1993 and 1998 an armed resistance force, the Kosovo Liberation Army (KLA), widened its ranks and progressively stepped up its attacks on Serbian police and military forces in the region. In 1998 the Serbian forces intensified their operations against the KLA and increasingly hit civilian targets. As tens of thousands of Albanian Kosovars fled their homes, the UN dispatched observers to the region. The U.S. and its NATO allies brought the two sides to the negotiating table in Rambouillet, France. No agreement could be reached, and as the atrocities escalated in early 1999, the NATO alliance decided to take military action. (NATO bypassed the UN Security Council, where Russia was prepared to veto military action against Serbia.) A massive bombing campaign aimed at ejecting Serbian troops from Kosovo continued for 78 days starting in March 1999. Belgrade itself was bombed, along with other urban targets in Serbia and Montenegro; electrical plants, bridges and other infrastructural assets were destroyed. Hundreds of thousands of Kosovar refugees fled into the hills or streamed into Macedonia and Albania. Milošević showed no signs of caving in until the U.S. and several of its allies began openly talking about a ground invasion. With Russia applying pressure on Milošević to give up, the Serbian leader suddenly surrendered in June. Serbian troops were withdrawn from Kosovo and a NATO-Russian force of 50,000 peacekeeping troops moved in. As Albanian Kosovar refugees began returning to their homes, the NATO forces had a difficult time trying to stop reprisals against Kosovo's Serbian minority and KLA incursions into Serbian territory. It also proved difficult to ensure that the KLA kept its agreement to disarm. Serbia's govt says that 220,000 have left Kosovo, but an independent Berlin think tank said in 2004 that only 65,000 Serbian Kosovars have left and that 128,000 reside there.

Starting in 1999 a UN Special Representative assumed legal authority over Kosovo. The last one was Joachim Ruecker, a German diplomat appointed in 2006. Elections to a local assembly held in 2001 under UN auspices resulted in a victory for Rugova and his Democratic League of Kosovo. In effect, the assembly acts as a provincial govt. Rugova favored the transformation of K. into an independent state, but the international community continued its efforts to rebuild K. as a multi-ethnic community within Serbia. Violence flared up in Kosovo in March 2004: 19 died, and some 4,000 Serbs and other non-Albanians were rendered homeless. In Oct 2004, elections were held to Kosovo's 120-seat legislature (under UN authority). Rugova's Democratic League of K. emerged as the leading party (45% of the vote). The new parliament reelected Rugova as K.'s president. Rugova's party formed an alliance with the Alliance for the Future of K., whose leader -- Ramush Haradinaj, a former KLA commander who is suspected of war crimes -- was elected by K.'s parliament as Kosovo's PM in Dec 2004. Rugova died in 2006. Negotiations on Kosovo's future status began in Vienna under UN auspices. Martti Ahtisaari, former president of Finland, headed the talks, which some predicted might lead to Kosovo's independence. The Serbian govt has opposed independence. Russia has indicated it may veto independence unless its conditions are met. Meanwhile, unemployment is running at about 50% in the territory, and both Albanian and Serbian Kosovars blame the international community for their economic plight.

In Feb 2007 Ahtisaari proposed "supervised independence" for Kosovo. After attempts by the US and EU members of the UN Security Council failed to obtain Russian approval of the draft resolution, a "troika" of negotiators representing the US, the EU and Russia started negotiations. The troika was scheduled to report to the Balkans Contact Group (the U.S., the UK, France, Germany, Italy and Russia) on 10 Dec 2007. The US, Britain and France were prepared to recognize K.'s independence, but Russia said it would

not approve any agreement unless it was acceptable to both Serbia and the Kosovars. Parliamentary elections were held in Kosovo on 17 Nov 2007 to the unicameral Assembly of Kosovo, the legislative branch of the Provisional Institutions of Self-Govt established by the UN Interim Administration in Kosovo (UNMIK). The winning party was the Democratic Party of K., which won almost a third of the Assembly's 120 seats. Its leader, **Hashim Thaçi**, formed a coalition govt with other parties that together held 75 seats. He was elected PM by the Assembly on 9 Jan 2008. Prior to the elections, Thaçi said that he would unilaterally declare K.'s independence, but he was urged by the EU's Xavier Solana and other Western political figures to refrain from doing so. The EU warned Kosovo in Nov 2007 against declaring independence without international support. Also on 9 Jan 2008, the Assembly reelected Fatmir Sejdiu as president of Kosovo, a largely ceremonial post. A Serb, Sejdiu opposed Milosevic's authoritarianism. He was first elected pres of Kosovo in 2006 following Rugova's death. Sejdiu was held in high regard for his multi-ethnic policies, and his Democratic League of Kosovo, which finished second in the Nov 2007 parliamentary elections, was a coalition partner in PM Thaçi's govt. A number of Hollywood stars, including Sharon Stone, George Clooney, Robert De Niro, Tom Hanks, Johnny Depp and Richard Gere came out against Kosovo's independence, openly favoring Serbia. Apparently they were suspicious of U.S. motives. Sean Connery joined them, asserting that Scotland has a greater claim to independence than Kosovo.

On 17 Feb 2008 the govt of K. declared its independence. The EU called it "K. under UNSC Resolution 1244/99" and thereby regarded it as a potential candidate country. By the end of Dec 2010, 73 states recognized K.'s independence, including the U.S. and 22 EU members. Cyprus, Greece, Slovakia, Romania and Spain have declined to grant K. recognition. On 8 July 2010 the European Parliament passed a resolution calling on all EU member states to recognize K.'s independence. Russia and Serbia openly opposed independence. K. is known officially in EU documents under an asterisk as "Kosovo under the United Nations Security Council resolution 1244/99." K. was also involved in a border dispute with Serbia

Elections to the 120-seat Assembly, K.'s unicameral legislature, took place on 12 Dec 2010 – the first elections since independence. The snap elections were called after a series of events triggered by the resignation of Pres. Fatmir Sejdiu in October. Sejdiu was accused of violating the constitution by failing to resign his position as the head of a political party. On the following day one of the governing coalition's parties, the Democratic League of Kosovo (LDK), announced it would leave the govt. PM Thaçi favored early elections in view of favorable public opinion polls for his Democratic Party of Kosovo (PDK). He supported a no-confidence vote in the Assembly, knowing that his govt would lose it and that snap elections would be held. As predicted, the PDK emerged as the largest party, with 33.5% of the vote, according to the first official results. But irregularities required re-voting in 21 polling stations, which took place on 9 Jan 2011. Election fraud was reportedly widespread. Serb participation was low. A Council of Europe report stated that Thaçi was connected to organized crime groups engaged in the trafficking of drugs, weapons and human organs. Intense bargaining among several parties seeking representation in the cabinet went on for several weekss. A multi-party coalition govt was agreed to in Feb 2011. Thaçi remained prime minister.

On 14 and 15 Feb 2012, the overwhelmingly Serbian population of North Kosovo held a referendum on the question, "Do you accept the institutions of the so-called Republic of Kosovo?" The local Serbs had opposed Kosovo's declaration of independence in 2008. As anticipated, the vote was overwhelmingly negative, with 99.7% of nearly 27,000 voters casting a "no" vote. Both the government of Serbia and the European Union rejected the referendum as invalid.

In 2012 K. came to an agreement with Serbia and EU mediators on the use of its name. Though the govt of Serbia maintained its refusal to recognize K.'s independence, it agreed to allow K. to represent itself at regional meetings and to sign regional agreements. (Previously K. was represented at these meetings by UNMIK.) Serbia also agreed to recognize the use of the name 'Kosovo' on official documents, but the name

would be followed by an asterisk referencing a footnote specifying that the designation 'Kosovo' complies with a 1999 UN Security Council resolution terminating the war between Serbia and Kosovo, and with a 2010 International Court of Justice opinion that Kosovo had not violated international law by declaring its independence. The footnote adds, however, that the use of 'Kosovo' "is without prejudice to positions on status," meaning that S. maintains its refusal to formally recognize Kosovo's independence. As part of the bargain, Serbia agreed to normalize trade along its border with Kosovo, removing all barriers.

WHY IS EUROPE IMPORTANT TO THE US?

EU-27: POP = 501 M (JAN 2010); 7.4% OF WORLD POP

EU + US = 12% OF WORLD POP; > HALF OF GLOBAL GDP

EU = #1 EXPORTER AND (SINCE 2008) #1 IMPORTER IN WORLD

TRANSATLANTIC ECONOMY GENERATES > \$4T IN TOTAL COMMERCIAL SALES A YEAR

US TRADE, 2008:	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>BALANCE</u>
EU	\$367.6 B	\$271.8 B	\$ -95.8 B
CHINA	\$337.8 B	\$ 71.5 B	\$-266.3 B
JAPAN	\$139.3 B	\$ 65.1 B	\$ -74.1 B
CANADA	\$339.5 B	\$261.2 B	\$ -78.3 B

TRADE IN GOODS, 2010: EU EXPORTS TO US = €242.1B; US EXPORTS TO EU = €169.5B

TRADE IN SERVICES, 2010: EU EXPORTS TO US = €125.2B; US EXPORTS TO EU = €131B

FDI, 2009: EU INVESTMENT FLOWS TO US = €79.2B; US INVESTMENT FLOWS TO EU = €97.3B

-- INVESTMENT STOCKS INWARD = €1.04T; INVESTMENT STOCKS OUTWARD = €1.13T

EUROPE IS #1 OR #2 EXPORT MARKET FOR 46 U.S. STATES

- **US EXPORTS TO EU GREW >16% IN 2006 AND >15% IN 2007; FELL IN 2008 (FELL 11% FROM AUG TO SEPT 2008)**

TRADE IS <20% OF US-EUROPEAN COMMERCE

- **TRADE DISPUTES OVER BANANAS, BEEF, ETC. = <1% OF TRANSATLANTIC BUSINESS**

INVESTMENT IS THE MAIN FORM OF TRANSATLANTIC COMMERCIAL ACTIVITY: IT DRIVES US-EU TRADE

- **US-EU FOREIGN INVESTMENT IN EACH OTHER'S COUNTRIES = LARGEST IN WORLD**
- **US COMPANIES GET > HALF OF THEIR ANNUAL FOREIGN PROFITS FROM EUROPE**
- **2000-08: EU ACCOUNTED FOR >57% OF ALL US FOREIGN DIRECT INVESTMENT (FDI)**
- **2007: EU INVESTMENT = 42% OF ALL FOREIGN INVESTMENT FLOWS TO U.S.; MORE THAN HALF OF ALL U.S. FDI OUTFLOWS WENT TO EU**
- **UK & NETH = TOP 2 US FDI DESTINATIONS - HIGHER THAN US FDI IN CANADA OR MEXICO; US INVESTMENT IN NETH = 2X WHAT IT IS IN MEXICO & 10X WHAT IT IS IN CHINA**

- **2000-08: US FDI IN BRICs = \$57.6 B, EQUAL TO US FDI IN GERMANY**

- **US FDI IN CHINA = LESS THAN HALF OF US FDI IN BELGIUM OR IRELAND; US FDI IN BRAZIL IS ABOUT HALF OF US FDI IN SPAIN; US FDI IN INDIA IS HALF OF US FDI IN SWEDEN AND EQUALS THAT IN POL, CZECH AND HUNG**

- **2000-08: US AFFILIATES ACCOUNTED FOR 22.1% OF IRELAND'S GDP, 16.6% OF UK's GDP**

- **EU COMPANIES ARE #1 INT'L INVESTORS IN 44 STATES; THERE'S MORE EU INVESTMENT IN TEXAS THAN US INVESTMENT IN JAPAN**

- **EU ACCOUNTS FOR > HALF OF US GLOBAL AFFILIATE EARNINGS & 62% OF TOTAL FOREIGN ASSETS OF US FIRMS**

- **EU FIRMS ACCOUNTED FOR 71% OF TOTAL FDI IN US IN 2007**

- **EU FDI IN US IN 2006 = 12X HIGHER THAN EU FDI IN CHINA AND 28x HIGHER THAN IN INDIA**

- **2007: 59% OF US IMPORTS FROM EU AND 30% OF US EXPORTS TO EU ARE TRADE BETWEEN TRANSATLANTIC COMPANY OPERATIONS**

SERVICES: EU ACCOUNTS FOR > HALF OF TOTAL US GLOBAL SALES OF SERVICES; IN 2007, US HAD \$40.5 B SURPLUS IN SERVICE TRADE WITH EU

R&D: 2/3 OF WORLD'S R&D IS IN US-EU AREA; IN 2006, US AFFILIATES INVESTED \$18.6 B IN R&D IN EUROPE (65% OF TOTAL R&D)

EMPLOYMENT:

- **14 M PEOPLE ARE EMPLOYED BY US FIRMS IN EUROPE AND EUROPEAN FIRMS IN US; EUROPE AND US ARE EACH OTHER'S #1 SOURCE OF "ONSHORED" JOBS**
- **IN 2006, 3.5M AMERICANS WORKED IN U.S. FOR EU COMPANIES, WITH PAYROLL OF \$194B; U.S. AFFILIATES EMPLOYED 3.9M IN EU, WITH PAYROLL OF \$203B; IN 2003, 2X AS MANY EMPLOYEES OF US FIRMS WORKED IN GERMANY (5X IN THE UK) AS IN CHINA**

[SEE BELOW FOR INFO ON BIENNIAL EU-U.S. SUMMITS & OTHER EU-US RELATIONS]

**JEAN MONNET
(1888-1979)**

FAMILY OWNS COGNAC COMPANY

-- **EARLY TRIPS TO UK, US, CANADA, CHINA**

WWI: CABINET AIDE; HEADS FOOD MISSION IN UK

**VERSAILLES PEACE CONFERENCE (1919): REPRESENTS F ON
SUPREME ECON COUNCIL'S SUPPLY SECTION; MEETS
HOOVER, DULLES BROTHERS, KEYNES**

-- **DEPUTY SECRETARY GENERAL OF LEAGUE OF NATIONS
AT 31 (UNTIL 1922)**

**1922-39: BANKER, FINANCIAL CONSULTANT IN EUROPE, US
(SAN FRAN, NY); WORKS ON LOANS TO POLAND,
ROMANIA, CHINA**

**1938: AFTER MUNICH, US AMB BULLITT TELLS PM DALADIER
TO SEND M. TO FDR TO BUY PLANES**

-- **US HAMPERED BY NEUTRALITY ACT, BUT FDR ALLOWS
M. TO PLACE ORDERS FOR 1,000 PLANES**

**1939: AFTER INVASION OF POLAND (SEPT 1), PM DALADIER
SENDS M. TO UK**

-- **APPOINTED BY F & UK PMs AS CHMN OF ANGLO-F
COORDINATION CTTEE**

**CHARLES DE GAULLE
(1890-1970)**

GRADUATES FROM MILITARY ACADEMY IN TIME FOR WWI

AFTER WWI, RETURNS AS PROFESSOR

- **1930s: CALLS FOR MECHANIZED ARMY TO MATCH GERMANY'S REARMAMENT; IGNORED**

FALL OF FRANCE, 1940

- **10 MAY: GERMANY ATTACKS**
- **5 JUNE: DE G. JOINS CABINET**
- **14 JUNE: PARIS FALLS**

- **16 JUNE: M. & DE G. IN LONDON; PROPOSE UNION OF UK & F WITH A JOINT CABINET; CHURCHILL RELUCTANTLY AGREES**

- **PM REYNAUD AGREES, BUT PETAIN FACTION REJECTS IT; RENAUD RESIGNS, PETAIN BECOMES PM; DE G. RETURNS TO F, THEN ESCAPES TO UK**

- **17 JUNE: PETAIN ASKS FOR ARMISTICE**

- **18 JUNE: DE G. SPEECH ON BBC (PROBABLY DISCUSSED IT WITH M. - REFERENCE TO U.S. INDUSTRY)**

- **22 JUNE: ARMISTICE**

- **GERMANS DIVIDE FRANCE, EST PUPPET GOVT FOR SOUTHERN HALF IN VICHY UNDER PETAIN**

MONNET & DE GAULLE: TWO VISIONS OF EUROPE

**AUG 1940: CHURCHILL SENDS MONNET TO US; 2415
FOXHALL ROAD**

**- PRESSES US TO BUILD TANKS & PLANES BEFORE PEARL
HARBOR**

7 DEC 1941: PEARL HARBOR

**-- JAN 1942: FDR ASKS CONGRESS FOR 100,000 PLANES &
60,000 TANKS - BUT M. HAD PREPARED THE WAY**

**1943: FDR SENDS M. TO ALGIERS TO COORD US MIL AID TO
FRENCH**

**- BUT FDR RECOGNIZED VICHY GOVT UNTIL 1943;
DISLIKED DE G; DID NOT REC DE G's LIBERATION
MOVEMENT AS PROVISIONAL GOVT UNTIL OCT 1944**

**-- MACMILLAN: DE G BELIEVES THAT "Anglo-Saxon
domination of Europe was a mounting threat..."**

**- M. WORKS BEHIND THE SCENES TO UNITE COMPETING
FRENCH GROUPS IN ALGIERS; GRADUALLY GETS US
TO SUPPORT DE G**

**-- M: "There will be no peace in Europe if the states are
reconstituted on the basis of national sovereignty.
...The European states must constitute themselves
into a federation..." (AUG 1943)**

AT LUNCH IN ALGERIA ON 17 OCT 1943, M. CALLS FOR:

- **A UNITED EUROPE BASED ON EQUALITY AMONG ITS MEMBER STATES**
- **“a single economic entity with free trade”**
- **GER DIVIDED INTO SEVERAL EQUAL STATES**
- **COAL & STEEL POOLED UNDER INTL AUTHORITIES**

-- DE G CALLS FOR:

- **ECONOMIC UNION OF F, BENELUX, PERHAPS RHINELAND, PERHAPS ITALY, SPAIN, SWITZ**
- **IN CLOSE UNDERSTANDING WITH UK & RUSSIA**
- **UNDER FRENCH LEADERSHIP**

1943-44: M. COORDINATES US AID TO F IN FINAL YEAR OF WAR; NEGOTIATES “THE TOTAL FRANCO-AMERICAN CIVIL RELATIONSHIP”; DRAFTS MEMOS FOR FDR, TALKS TO IKE

6 JUNE 1944: D-DAY INVASION OF NORMANDY

- **5 JUNE: CHURCHILL-DE G ARGUMENT**
- **AUG: PARIS LIBERATED; DE G EST PROVISIONAL GOVT; ASKS M. TO CREATE ECONOMIC PLANNING AGENCY**

1945: DE G ADOPTS ‘MONNET PLAN’ TO SEPARATE GERMAN COAL AREAS (SAAR AND RUHR) AND PERMIT FRENCH MINING THERE (BOTH RESTORED TO GER IN 1950s)

DE G’s VISION OF A FRENCH CONSTITUTION BUILT AROUND A STRONG PRESIDENCY IS REJECTED

- **JAN 1946: HE RESIGNS; CREATES A PARTY IN 1950s**

THE COUNCIL OF EUROPE

<www.coe.int>

[COMPLETELY SEPARATE FROM EU]

EST MAY 1949; STRASBOURG; 47 MEMBERS IN 2010

- INCLUDING RUSSIA, TURKEY, SERBIA, MONTENEGRO, ARMENIA, AZER, GA; NOT BELARUS OR KOSOVO**
- US = OBSERVER TO PARL. ASSEMBLY**
- ANY EURO STATE THAT ACCEPTS RULE OF LAW AND GUARANTEES HUMAN RIGHTS & FREEDOMS**

- AIMS:**
- PROTECT HUMAN RIGHTS, DEMOCRACY, LAW**
 - PROTECT EURO CULTURAL ID AND DIVERSITY**
 - SOLVE PROBLEMS (DISCRIMINATION, XENOPHOBIA, ENVIRON, CLONING, AIDS, DRUGS, CRIME, ETC.)**
 - BACK LEGISLATIVE AND CONST REFORM**

FUNCTIONS:

- ORG CONFERENCES**
- ADOPT CONVENTIONS & AGREEMENTS THAT MEMBER STATES MAY ADOPT INTO THEIR OWN LAW**

COUNCIL OF EUROPE ORGANIZATION:

- **CTTEE OF MINISTERS = FOREIGN AFFAIRS MINS OR THEIR PERMANENT REPS**

- **MAIN DECISION-MAKING BODY; INTERGOVERNMENTAL, NOT SUPRANATIONAL**

- **PARLIAMENTARY ASSEMBLY – APPOINTED BY NATIONAL PARLIAMENTS**

- **SECRETARY-GENERAL IS ELECTED BY PARL. ASSEMBLY FOR 5 YEARS: THORBJØRN JAGLAND (FORMER PM OF NORWAY), 2009-2014**
 - **SECRETARIAT: 1,500**

- **CONGRESS OF LOCAL & REGIONAL AUTHORITIES OF EUROPE: CONSULTATIVE**

- **ALSO: CONSULTATIVE STATUS FOR > 350 NGOs**

EUROPEAN COURT OF HUMAN RIGHTS *[COMPLETELY SEPARATE FROM ECJ]*

EST 1959 TO ENFORCE COUNCIL OF EUROPE'S *CONVENTION FOR THE PROTECTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS* (1950); REFORMED, 1998

- **CASES ARE BROUGHT BY STATES OR INDIVIDUALS; FINAL JUDGMENTS ARE BINDING ON RESPONDENT STATES (THUS ECHR HAS *SUPRANATIONAL* AUTHORITY)**

EUROPEAN COAL AND STEEL COMMUNITY (ECSC)

- **MONNET'S IDEA IS OFFICIALLY PROPOSED BY ROBERT SCHUMAN, FRENCH FOREIGN MIN., 1950**
- **AIM: EST. COMMON MARKET FOR COAL & STEEL UNDER A SUPRANATIONAL HIGH AUTHORITY TO:**
 - **PREVENT WAR BETWEEN FRANCE AND GERMANY**
 - **PROMOTE PRODUCTION & INVESTMENT, CREATE SINGLE MARKET, ABOLISH TARIFFS**
 - **BOOST ECONOMIC GROWTH; WELFARE FOR MINERS**
 - **ELIMINATE CARTELS**
 - **PROMOTE "EUROPEAN FEDERATION" THROUGH FUNCTIONAL, SECTORAL COOPERATION (MONNET)**
- **APRIL 1951: FRANCE, WEST GERMANY (FRG), ITALY & BENELUX SIGN *TREATY OF PARIS* CREATING ECSC**
- **OPPOSED BY GAULLISTS, SCHUMACHER (SPD), PCF, PCI**
- **AFTER RATIFICATIONS, TAKES EFFECT 1952**

CONSISTS OF:

- ***HIGH AUTHORITY* (IN LUX.; MONNET + 8) – MAY IMPOSE DECISIONS (e.g., 1% TAX ON COMPANIES)**
- ***SPECIAL COUNCIL OF MINISTERS* -- FORCED ON MONNET BY GOVTS; INTENDED TO BE ADVISORY, IT LIMITS SUPRANATIONALISM**
- ***COURT OF JUSTICE***
- ***COMMON ASSEMBLY* (STRASBOURG) – NATIONAL MPs**
- ***CONSULTATIVE CTTEE* (96; ADVISORY)**

INTEGRATION THEORIES

NEOFUNCTIONALISM

- **ONCE INITIATED, INTEGRATION CREATES PROBLEMS REQUIRING MORE INTEGRATION (SPILLOVER); TECHNOCRATIC ELITE PROMOTES SUPRANATIONALISM, FEDERALISM**

- **EUROPEAN COAL & STEEL COMMUNITY → EEC**
- **EEC FREE TRADE AREA → SINGLE MARKET**
- **SINGLE MARKET → ECONOMIC & MONETARY UNION (DELORS)**

- **JEAN MONNET: INCREMENTAL STEPS**
 - **“Europe’s nations should be guided towards the super-state without their people understanding what is happening. This can be accomplished by successive steps, each disguised as having an economic purpose, but which will eventually and irreversibly lead to federation.”**

 - **“For action to succeed, the goal must be limited.”**

- **ERNST HAAS, *THE UNITING OF EUROPE & BEYOND THE NATION-STATE***

- **WAYNE SANDHOLTZ (*World Politics*, Jan 1993), ET AL.**

INTERGOVERNMENTALISM

- **EU DECISIONS ARE MADE / SHOULD BE MADE ON THE BASIS OF INTER-GOVERNMENTAL BARGAINING BASED ON NATIONAL INTERESTS; DOWNPLAY SUPRANATIONALISM**
- **ARE: ANDREW MORAVCSIK, *THE CHOICE FOR EUROPE***
- **SHOULD BE: DE GAULLE, THATCHER, KLAUS (ANTI-FEDERALISM)**

NEW INSTITUTIONALISM

- **A VARIETY OF EU INSTITUTIONS, NOT JUST NATIONAL GOVTS, AFFECT DECISIONS**
- **GEORGE ROSS, *JACQUES DELORS AND EUROPEAN INTEGRATION***

POLICY NETWORKS

- **DECISIONS ARE AFFECTED BY GOVTS, BUSINESSES, INTEREST GROUPS, AND A VARIETY OF OTHER ACTORS CONCERNED WITH AN ISSUE**

ECLECTIC

- **COMBINATIONS OF THE ABOVE, VARYING WITH ISSUES**

EUROPEANIZATION: THE PROCESS OF ADAPTING NATIONAL & LOCAL LAWS, POLICIES AND ORIENTATIONS TO EUROPEAN - ESPECIALLY EU - RULES, STANDARDS & EXPECTATIONS (e.g., ECONOMIC POLICIES; EUROPEAN IDENTITY, etc.)

EUROPEAN DEFENSE COMMUNITY (EDC), 1950-54

MONNET'S IDEA: ATTEMPT TO EST INTEGRATED EUROPEAN MILITARY FORCE INCLUDING THE ECSC 6, UK, SWEDEN & OTHERS

- **PROPOSED BY FRANCE AFTER START OF KOREAN WAR AS SUBSTITUTE FOR FRG MEMBERSHIP IN NATO**
- **SIGNED IN 1952 BY FRANCE, FRG, ITALY & BENELUX (ECSC-6); UK DECLINES; RATIFICATION FAILS IN FRANCE, 1954**

EURATOM (EUROPEAN ATOMIC ENERGY COMMUNITY)

AFTER EDC'S FAILURE, M. PESSIMISTIC ABOUT FURTHER INTEGRATION

M. PROPOSES POOLING & COMMON REGULATION OF CIVILIAN N-POWER

- **AIMS: BUILD UP EUROPE'S CIVILIAN N-INDUSTRY TO EQUAL US (WHICH PRODUCED ALL FISSIONABLE MATERIAL) & STOP MILITARY N-PROLIFERATION**
- **BUT IVTH REP IS PLANNING N-BOMB; EXPLODED UNDER DE G IN 1960**
- **M. WANTED EURATOM TO OWN ALL FISSIONABLE MATERIAL IN EUROPE ... BUT TREATY HAS LOTS OF EXCEPTIONS (ESPECIALLY FOR DEFENSE)**

TOWARDS THE TREATIES OF ROME

M. WANTS ECONOMIC & MONETARY UNION, BUT PESSIMISTIC EVEN ABOUT A CUSTOMS UNION (EEC)

-- "We started Euratom because we didn't dare go to a Common Market."

PAUL-HENRI SPAAK (PM OF BELGIUM) WANTS ECSC EXTENDED TO TRANSPORT & ENERGY

MAIN ADVOCATE OF ACROSS-THE-BOARD TRADE INTEGRATION: DUTCH FOR MIN JOHAN BEYEN

GERMAN FINANCE MIN ERHARD WANTS FREE TRADE, NOT CUSTOMS UNION; ADENAUER FAVORS EEC /EURATOM COMES WITH IT (*JUNKTIM*)

MESSINA (TAORMINA) CONF (1-2 JUNE 1955)

-- **6 CSCE GOVERNMENTS; SPAAK TAKES LEAD; M. NOT PRESENT**

-- **SPAAK INTERGOVERNMENTAL COMMITTEE ESTABLISHED TO DRAW UP PLANS FOR EUROPEAN COMMUNITY & EURATOM; THE 6 + UK REPRESENTATIVE, WHO LEAVES IN NOV (AFTER UK-ECSC ASSOCIATION AGMT IN SEPT 1955)**

M. STEPS DOWN AS PRES. OF ECSC H.A.; FORMS *ACTION CTTEE FOR THE UNITED STATES OF EUROPE* (OCT 1955)

- **LEADERS OF MAIN PARTIES AND TRADE UNIONS**

**ECSC FOREIGN MINS CONF, FEB 1956; SPAAK REPORT
PUBLISHED, APRIL 1956**

**-- FRENCH LABOR & INDUSTRY ARE OPPOSED TO SPAAK
REPORT, BUT FARMERS FAVOR IT**

**VENICE CONFERENCE, 29-30 MAY 1956: THE 6 AGREE TO
ORGANIZE AN *INTERGOVERNMENTAL CONFERENCE ON
THE COMMON MARKET AND EURATOM***

**-- IGC MEETS IN & AROUND BRUSSELS, JUNE 1956-MARCH
1957**

**ADENAUER & MOLLET AGREE ON MAIN LINES OF
INTEGRATION**

TREATIES OF ROME

TWO TREATIES SIGNED IN ROME, 3/25/1957; TAKE EFFECT ON 1 JAN 1958

-- FRANCE, W. GERMANY (FRG), ITALY, BENELUX

(1) *TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY (EEC)*; IT IS A FRAMEWORK FOR:

-- A *FREE TRADE AREA* BY ELIMINATING TARIFF AND NON-TARIFF BARRIERS

-- EXCEPT IN AGRICULTURE (*CAP: COMMON AGRICULTURAL POLICY, 1/1/1962*)

-- A *CUSTOMS UNION*, WITH COMMON EXTERNAL TARIFF (COMPLETED IN 1968)

-- VAGUE ABOUT TRANSPORT POLICY, SOCIAL POLICY, MONETARY COOPERATION AND OTHER ITEMS ON FEDERALISTS' AGENDA; NOTHING ABOUT SECURITY

-- GOAL: "EVER CLOSER UNION" TO "ELIMINATE BARRIERS WHICH DIVIDE EUROPE"

(2) *TREATY ESTABLISHING THE EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM)*

-- COMMON MKT, SHARING OF INFO IN NUCLEAR ENERGY

-- WATERS DOWN MONNET'S IDEA OF POOLING ALL NUCLEAR ASSETS TO BUILD UP EUROPE'S CIVILIAN N-INDUSTRY TO EQUAL US & STOP MILITARY N-PROLIFERATION (BUT FRANCE WANTS H-BOMB)

INITIALLY, EEC AND EURATOM EACH HAD ITS OWN:

COMMISSION:

- **EEC HAD 9 COMMISSIONERS: 2 EACH FROM FRANCE, GER, ITALY; 1 EACH FROM BENELUX; 1 COMMISSIONER = *PRESIDENT* (EEC: COMMISSION PRES: HALLSTEIN, 1958-67)**

- **EEC COMMISSION FROM THE OUTSET WAS WEAKER THAN ECSC *HIGH AUTHORITY*, WHICH HAD MORE DECISION-MAKING POWER; MAIN FUNCTIONS: *PROPOSE LAWS TO COUNCIL OF MINISTERS & IMPLEMENT COUNCIL DECISIONS***

- **EURATOM HAD 5 COMMISSIONERS (1 = PRESIDENT)**

COUNCIL OF MINISTERS :

- **EEC COUNCIL INCLUDED CABINET MINISTERS FROM EACH OF THE 6 GOVTS (6 FOREIGN AFFAIRS MINISTERS, 6 ECON/FINANCE MINISTERS, 6 AGRICULTURE MINISTERS, ETC.)**

- **EEC COUNCIL OF MINISTERS HAD MORE DECISION-MAKING POWER THAN THE ECSC'S *SPECIAL COUNCIL OF MINISTERS*: *COULD MAKE DECISIONS***

- **COULD VOTE BY *UNANIMITY*; *SIMPLE MAJORITY*; OR *QUALIFIED MAJORITY VOTING (QMV, i.e., WEIGHTED VOTING)***

EEC & EURATOM SHARED ECSC'S:

- **COMMON ASSEMBLY:** MPs FROM MEMBER STATES;
ADVISORY; AND
- **COURT OF JUSTICE:** DECISIONS ARE BINDING ON
MEMBER STATES

EEC TREATY INCLUDES:

- **ECONOMIC AND SOCIAL CTTEE** - ADVISORY BODY
REPRESENTING INTEREST GROUPS / CIVIL SOCIETY
- **EUROPEAN INVESTMENT BANK:** MAKES LOANS

MERGER TREATY

SIGNED, 1965; TAKES EFFECT, 1 JULY 1967

**MERGES ECSC HIGH AUTHORITY + EEC & EURATOM
COMMISSIONS INTO 1 COMMON *COMMISSION*, AND**

**MERGES ECSC SPECIAL COUNCIL OF MINISTERS + EEC &
EURATOM COUNCILS OF MINISTERS INTO 1 COMMON
*COUNCIL OF MINISTERS***

**STARTING 1/1/1967, ECSC + EEC + EURATOM = *THE
EUROPEAN COMMUNITIES***

ORGANIZATION AFTER MERGER TREATY

COMMISSION: 9 COMMISSIONERS; ONE IS PRESIDENT (AS ABOVE)

- **MAIN FUNCTIONS: *PROPOSE LAWS TO COUNCIL OF MINISTERS & IMPLEMENT COUNCIL DECISIONS***
- **ECSC HIGH AUTHORITY AND EURATOM COMMISSION ARE ABOLISHED**

COUNCIL OF MINISTERS:

- **REPLACES ECSC *SPECIAL COUNCIL OF MINISTERS* AND EURATOM'S COUNCIL**
- **FORMATIONS: *GENERAL AFFAIRS COUNCIL = 6 FOREIGN MINISTERS; ECONOMICS & FINANCIAL AFFAIRS (ECOFIN) = 6 ECON/FINANCE MINISTERS; AGRICULTURE COUNCIL = 6 AGRIC MINISTERS, etc.;***
- **MAIN FUNCTIONS: *MAKE DECISIONS & LAWS (i.e., LEGISLATE)* BASED ON COMMISSION PROPOSALS**

COMMON ASSEMBLY (AS ABOVE)

COURT OF JUSTICE (AS ABOVE)

OTHER INSTITUTIONS

INTERNATIONAL TRADE REGIMES

FREE TRADE AREA: (EEC UNTIL 1968; EFTA)

- a) NO TARIFFS IN TRADE WITH ONE ANOTHER
(THOUGH THERE MAY BE NON-TARIFF BARRIERS)
+ INDIVIDUAL TARIFFS AGAINST OUTSIDERS**

CUSTOMS UNION: (EEC, 1968-1992)

- (a) NO TARIFFS IN TRADE WITH ONE ANOTHER
(THOUGH THERE MAY BE NON-TARIFF BARRIERS)**
- (b) COMMON TARIFF AGAINST OUTSIDERS (EEC'S
COMMON EXTERNAL TARIFF, JULY 1968)**

COMMON (SINGLE) MARKET: (1986/SINGLE EUROPEAN ACT- EARLY 1990s)

- (a) and (b) AS IN CUSTOMS UNION**
- (c) FREE MOVEMENT OF GOODS, SERVICES, CAPITAL
AND LABOR**

ECONOMIC UNION: (EU SINCE 1998/2002)

- (a), (b) and (c)**
- (d) COMMON CURRENCY AND MACRO-ECONOMIC
POLICY COORDINATION**

EUROPEAN FREE TRADE ASSOCIATION (EFTA)

**UK INITIATIVE DESIGNED AS ALTERNATIVE TO EEC;
NEGOTIATED IN 1959, TAKES EFFECT IN 1960**

IN 1950s, PM MACMILLAN OPPOSED JOINING EEC:

- **UK TRADE WITH COMMONWEALTH WAS 4X GREATER THAN WITH EUROPE; WANTED PREFERENTIAL AGREEMENTS FOR COMMONWEALTH**
- **OPPOSED CAP**
- **OPPOSED SUPRANATIONALISM (LIKE DE GAULLE)**
- **BELIEVED EEC WOULD FAIL**

AIM: PROMOTE STATE-TO-STATE FREE TRADE BY REDUCING TARIFF & OTHER BARRIERS

- **BUT *NO* SUPRANATIONAL INSTITUTIONS**
- ***NO* CUSTOMS UNION (*NO* COMMON EXTERNAL TARIFF)**

CHARTER MEMBERS (7): AUSTRIA, DENMARK, NORWAY, PORTUGAL, SWEDEN, SWITZERLAND, UK

- **FINLAND (ASSOCIATE MEMBER, 1961; FULL MEMBER, 1985); ICELAND, 1970; LIECHTENSTEIN, 1991**
- **UK & DENMARK JOIN EC IN 1973; PORTUGAL JOINS IN 1986; AUSTRIA, FINLAND & SWEDEN JOIN EU IN 1995**

EFTA 2011: ICELAND, LIECHT, NORWAY & SWITZ

***EUROPEAN ECONOMIC AREA*: EU + ICELAND + LIECHT + NOR (SWISS VOTE VS IT, 1992); SHARE IN EU SINGLE MARKET**

CHARLES DE GAULLE (II)

1958: RETURNS TO POWER FOLLOWING REVOLT OF FRENCH MILITARY IN ALGERIA

1/1/1959: PRESIDENT OF Vth REPUBLIC

1961: FOUCHET PLAN (AMB. TO DENMARK; IT'S DE G's PLAN)

-- DE G. SAID HE ACCEPTED EEC TREATY OF ROME, BUT WOULD HAVE DONE IT DIFFERENTLY

-- PROPOSES REPLACING SUPRANATIONALISM WITH A "COMMUNITY OF STATES"

-- COMMISSION WOULD BE SUBORDINATE TO COUNCIL OF MINISTERS

-- UK WOULD NOT BE ADMITTED

-- REJECTED BY OTHER 5 GOVTS

"What is the point of Europe? It must serve to prevent domination by either the Americans or the Russians."

COMMON AGRICULTURAL POLICY (CAP)

DE G. PURSUES FRENCH COMMERCIAL INTERESTS IN NEGOTIATING CAP

- **25% OF FRENCH POP. WAS IN AGRICULTURE (AND 20% OF EEC POP.)**
- **FRANCE HAD HALF OF EEC'S ARABLE LAND; SURPLUSES IN WINE, BUTTER, ETC.**

CAP TAKES EFFECT, 1/1/1962:

- **AGRIC IS *NOT* PART OF EEC FREE TRADE REGIME**
- **CAP PROTECTS FARMERS VS FOREIGN COMPETITION**
- **EEC GOVTS PAY FARMERS A 'TARGET PRICE' FOR THEIR PRODUCTS, HIGHER THAN WORLD MARKET PRICES**
- **EEC SUBSIDIES TO FARMERS ENABLE THEM TO LOWER THEIR PRICES AT HOME & IN WORLD MARKETS; TARIFFS ON AGRIC IMPORTS**
- **EEC BUYS & STORES SURPLUSES, CREATING 'WINE LAKES' & 'BUTTER MOUNTAINS'**
- **> HALF OF EEC BUDGET (PAID BY GOVTS/TAXPAYERS); CAP MAINLY BENEFITS FRENCH FARMERS**

14 JAN 1963: DE G. VETOES UK APPLICATION TO EEC

-- **1961: UK APPLIES, WITH JFK'S SUPPORT**

-- **DE G SAYS UK IS U.S. "TROJAN HORSE"; FEARS UK OPPOSITION TO CAP**

-- **1967: VETOES UK APPLICATION AGAIN**

23 JAN 1963: FRANCO-GERMAN TREATY (DE G. TRIES TO LURE FRG FROM U.S. INFLUENCE; UNSUCCESSFUL)

1965-66: EMPTY CHAIR CRISIS

-- **COMMISSION PRES HALLSTEIN PROPOSES EEC TAXATION; QMV; ASSEMBLY APPROVAL OF BUDGET**

-- **DE G. OBJECTS; FRANCE ABSENT FROM COUNCIL MTGS**

-- **LUXEMBOURG COMPROMISE (1966): ANY STATE MAY INSIST ON UNANIMITY IN COUNCIL**

APRIL 1969: DE G RESIGNS AFTER DEFEAT OF REFERENDUM ON SENATE REFORM

1969: PRES GEORGES POMPIDOU AGREES TO UK ACCESSION IF UK ACCEPTS PERMANENT CAP FUNDING

1972: NORWEGIANS REJECT MEMBERSHIP (53.3%)

1973: PM EDWARD HEATH BRINGS UK INTO EC

-- **DENMARK & IRELAND ALSO JOIN**

1974: PM HAROLD WILSON RENEGOTIATES, OBJECTING TO UK CONTRIBUTION TO CAP; LABOUR PARTY SPLIT

-- **GETS *EUROPEAN REGIONAL DEVELOPMENT FUND* TO BENEFIT UK**

- **1975: 67.2% APPROVE DEAL IN UK REFERENDUM**

MONETARY INTEGRATION

1973: *EXCHANGE RATE AGREEMENT (SNAKE IN TUNNEL)*

-- **TO KEEP CURRENCY FLUCTUATIONS VS THE DOLLAR WITHIN 2.25% BAND**

-- **BENEFITS GERMANY; HURTS UK, FRANCE, ITALY**

1979: *EUROPEAN MONETARY SYSTEM (EMS)*

-- **REPLACES SNAKE**

-- ***EUROPEAN CURRENCY UNIT (ECU)* = WEIGHTED AVG OF MEMBERS' CURRENCIES**

-- ***EXCHANGE RATE MECHANISM (ERM)* TO KEEP CURRENCIES WITHIN 2.25% OF ECU; ITALY: 6%**

-- **UK (THATCHER) JOINS, 1990; MAJOR WITHDRAWS IN 1992 AS POUND IS POUNDED (SOROS)**

MARGARET THATCHER

PM, 1979-1990

LEADER OF CONSERVATIVE PARTY STARTING IN 1975

- **DENOUNCES HEATH WING AS "WETS": SOFT ON LABOR UNIONS, EUROPE**

FAVORS BUDGET CUTTING, PRIVATIZATION, MONETARISM

- **BUT UK ECONOMY IS BESET WITH LABOR UNREST, UNEMPLOYMENT, INFLATION, BUDGET DEFICITS**

1984: GETS REBATE FOR 2/3 OF UK CONTRIBUTIONS IN EXCESS OF EC PAYMENTS TO UK (NOW £3bn A YEAR)

1988 SPEECH AT COLLEGE OF EUROPE, BRUGES:

- **UK'S "DESTINY IS IN EUROPE, AS PART OF OUR COMMUNITY"**
- **EC MUST NOT BE "OSSIFIED BY ENDLESS REGULATION"**
- **"COOPERATION BETWEEN SOVEREIGN STATES IS THE BEST WAY TO BUILD THE EC"**

- **"WE HAVE NOT SUCCESSFULLY ROLLED BACK THE FRONTIERS OF THE STATE" IN UK "ONLY TO SEE THEM REIMPOSED AT A EUROPEAN LEVEL WITH A EUROPEAN SUPER-STATE EXERCISING A NEW DOMINANCE FROM BRUSSELS"**

- **INSISTS ON CAP REFORM (80% OF EEC BUDGET)**
- **RELUCTANTLY JOINS ERM UNDER CABINET PRESSURE**
- **FAVORS SINGLE EUROPEAN ACT, SINGLE MARKET**

- **OUSTED IN TORY REVOLT, 1990; JOHN MAJOR IS PM**

SINGLE EUROPEAN ACT (SEA)

FOLLOWS INTERGOVERNMENTAL CONFERENCE (IGC), 1985-1986; SIGNED, FEB 1986; TAKES EFFECT, 1/1/1987

-- JACQUES DELORS, PRES OF COMMISSION, 1985-95

NOT A NEW TREATY BUT NEW ITEMS INSERTED INTO TREATY OF ROME (EEC TREATY):

- COMPLETION OF SINGLE MKT BY 1992 (FREE MOVEMENT OF GOODS, SERVICES, CAPITAL AND LABOR)

- QMV IN COUNCIL OF MINS EXTENDED TO INCLUDE INTERNAL MKT AND OTHER ISSUES (AS OPPOSED TO UNANIMITY)

- EC AUTHORITY EXTENDED TO INCLUDE ENVIRONMENT, TECH R&D, ECONOMIC & SOCIAL "COHESION" (REGIONAL DEVELOPMENT)

- EP'S ROLE EXPANDED:

-- "COOPERATION": 2ND READING OF BILL IN CERTAIN ISSUES (BUT NO DELAY OR AMENDMENTS)

-- "ASSENT": EP MAJORITY REQUIRED FOR EU BUDGET, ASSOCIATION AGMTS, ENLARGEMENT

- COURT OF FIRST INSTANCE EST IN ECJ

FOREIGN POLICY CONSULTATION & COOPERATION MADE LEGALLY BINDING - BUT NOT UNDER TREATY OF ROME; INTERGOVERNMENTAL, NOT SUPRANATIONAL

1992 at a Glance

By 1992, the European Community intends to have implemented 285 regulations to create a single internal market. The following specific changes represent the major part of the 1992 program.

In standards, testing, certification

Harmonization of standards for:

- Simple pressure vessels
- Toys
- Automobiles, trucks, and motorcycles and their emissions
- Telecommunications
- Construction products
- Personal protection equipment
- Machine safety
- Measuring instruments
- Medical devices
- Gas appliances
- Agricultural & forestry tractors
- Cosmetics
- Quick frozen foods
- Flavorings
- Food emulsifiers
- Extraction solvents
- Food preservatives
- Infant formula
- Jams
- Modified starches
- Fruit juices
- Food inspection
- Definition of spirited beverages & aromatised wines
- Coffee extracts & chicory extracts
- Food additives
- Materials & articles in contact with food
- Tower cranes (noise)
- Household appliances (noise)
- Tire pressure gauges
- Hydraulic diggers (noise)
- Detergents
- Liquid fertilizers & secondary fertilizers
- Lawn mowers (noise)
- Medicinal products & medical specialities
- Radio interferences
- Earthmoving equipment
- Lifting and loading equipment

New rules for harmonizing packing, labelling and processing requirements

- Ingredients for food & beverages
- Irradiation

- Extraction solvents
- Nutritional labelling
- Classification, packaging, labelling of dangerous preparations
- Food labelling

Harmonization of regulations for the health industry (including marketing)

- Medical specialities
- Pharmaceuticals
- Veterinary medicinal products
- High technology medicines
- Implantable electromedical devices
- Single-use devices (disposable)
- In-vitro diagnostics

Changes in government procurement regulations

- Coordination of procedures on the award of public works & supply contracts
- Extension of EC law to telecommunications, utilities, transport
- Services

Harmonization of regulation of services

- Banking
- Mutual Funds
- Broadcasting
- Tourism
- Road passenger transport
- Railways
- Information services
- Life & nonlife insurance
- Securities
- Maritime transport
- Air transport
- Electronic payment cards

Liberalization of capital movements

- Long-term capital, stocks
- Short-term capital

Consumer protection regulations

- Misleading definitions of products
- Indication of prices

Harmonization of laws regulating company behavior

- Mergers & acquisitions
- Trademarks
- Copyrights

- Cross border mergers
- Accounting operations across borders
- Bankruptcy
- Protection of computer programs
- Transaction taxes
- Company law

Harmonization of taxation

- Value Added Taxes
- Excise taxes on alcohol, tobacco, and other

Harmonization of veterinary & phytosanitary Controls

Harmonization of an extensive list of rules covering items such as:

- Antibiotic residues
- Bovine animals and meat
- Porcine animals and meat
- Plant health
- Fish & fish products
- Live poultry, poultry meat and hatching eggs
- Pesticide residues in fruit & vegetables

Elimination and simplification of national transit documents and procedures for intra-EC trade

- Introduction of the Single Administrative Document (SAD)
- Abolition of customs presentation charges
- Elimination of customs formalities & the introduction of common border posts

Harmonization of rules pertaining to the free movement of labor and the professions within the EC

- Mutual recognition of higher educational diplomas
- Comparability of vocational training qualifications
- Specific training in general medical practice
- Training of engineers
- Activities in the field of pharmacy
- Activities related to commercial agents
- Income taxation provisions
- Elimination of burdensome requirements related to residence permits

BY JULY 1990, 60% OF SOME 279 REGS
HAD BEEN AGREED

TREATY ON EUROPEAN UNION (TEU)
(MAASTRICHT TREATY)

INTERGOVERNMENTAL CONFERENCES (IGCs) ON POLITICAL UNION & ON ECONOMIC-MONETARY UNION MEET IN 1991; DRAFT AGREED AT MAASTRICHT EUROPEAN COUNCIL SUMMIT, DEC 1991; SIGNED, FEB 1992

- **AFTER RATIFICATIONS (INCLUDING 2 REFERENDUMS IN DENMARK), TREATY TAKES EFFECT, 1 NOV 1993; EC BECOMES THE *EUROPEAN UNION (EU)***

AGREEMENT TO ESTABLISH *ECONOMIC AND MONETARY UNION (EMU)* & THE EURO BY 1/1/1999

- **UK AND DENMARK OPT OUT: DEROGATIONS**

TEU ESTABLISHES "3-PILLAR" STRUCTURE OF EU:

-- **1st PILLAR: *EUROPEAN COMMUNITIES***

-- **THE TREATY OF ROME *ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY (1957)* IS RE-NAMED THE *TREATY ESTABLISHING THE EUROPEAN COMMUNITY (TEC)***

-- **THE EUROPEAN ECONOMIC COMMUNITY (EEC) IS THUS RENAMED THE *EUROPEAN COMMUNITY (EC)***

-- ***EUROPEAN COMMUNITIES* = ECSC + EC + EURATOM**

-- **1ST PILLAR RETAINS THE *ACQUIS COMMUNITAIRE***
- **i.e., ALL ACCUMULATED LAWS & PROCEDURES**

- **2ND PILLAR: COMMON FOREIGN AND SECURITY POLICY (CFSP)**
- **3RD PILLAR: JUSTICE AND HOME AFFAIRS (JHA) - (BORDERS, IMMIGRATION, CRIME, ETC.)**
- **WHY? - TO PERMIT QUALIFIED MAJORITY VOTING (QMV) IN 1ST PILLAR, WHILE KEEPING 2ND and 3RD PILLARS MAINLY IN THE HANDS OF THE MEMBER STATES, WITH UNANIMOUS VOTES REQUIRED ON MOST ISSUES**
- **LISBON TREATY IN 2009 ABOLISHES THE 3 PILLARS, UNITES THEM UNDER A SINGLE EU LEGAL PERSONALITY**

QUALIFIED MAJORITY VOTING (QMV) EXTENDED

EP STRENGTHENED

- **CO-DECISION WITH COUNCIL IN CERTAIN MATTERS (e.g., SINGLE MKT)**
- **EXTENSION OF ASSENT AND COOPERATION PROCEDURES**
- **AUTHORIZED TO VOTE APPROVAL OF PRES OF COMMISSION AND COMMISSIONERS**
- **TEMPORARY INQUIRY CTTEES**

(TEU, CONT'D)

COMMITTEE OF THE REGIONS (1994): ADVISORY BODY OF LOCAL & REGIONAL DELEGATES (INITIALLY 222; ENLARGED TO 344 IN 2004)

SOCIAL PROTOCOL - BASED ON 1989 SOCIAL CHARTER OF WORKERS' RIGHTS)

-- UK OPTS OUT UNTIL 1997

EUROPEAN OMBUDSMAN - APPOINTED BY & REPORTS TO EUROPEAN PARLIAMENT

-- ADDRESSES CITIZENS' COMPLAINTS

THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY (TEC) ALSO ESTABLISHES:

-- EU CITIZENSHIP, WITH SPECIFIED RIGHTS, INCLUDING RIGHT TO LIVE & WORK ANYWHERE IN EU

-- SUBSIDIARITY PRINCIPLE: EU MAY ACT ONLY IF A PROPOSED ACTION CANNOT BE ACHIEVED BY GOVTS

-- THESE PROVISIONS WERE PUT INTO THE TEC (1ST PILLAR) TO MAKE THEM SUBJECT TO JURISDICTION OF EUROPEAN COURT OF JUSTICE

TEU, CONT'D

RESULT OF THE MAASTRICHT TREATY: "MULTILEVEL GOVERNANCE"

PROBLEMS IN UK AND DENMARK

UK: JOHN MAJOR'S GOVT ALMOST COLLAPSES DUE TO OPPOSITION TO MAASTRICHT TREATY WITHIN HIS CONSERVATIVE PARTY; TO GET IT PASSED IN HOUSE OF COMMONS, UK GETS VARIOUS OPT-OUTS (SOCIAL CHARTER, EURO, ETC.)

DENMARK: IN REFERENDUM OF 2 JUNE 1992, 50.7% REJECT MAASTRICHT TREATY (83.1% TURNOUT); GOVT NEGOTIATES VARIOUS OPT-OUTS IN EDINBURGH AGREEMENT (ON EURO, DEFENSE POLICY, ETC.); ON 18 MAY 1993, 56.7% APPROVE TREATY (86.5% TURNOUT)

TREATY OF AMSTERDAM

FOLLOWS IGC, 1996-97; SIGNED, OCT 1997; TAKES EFFECT, MAY 1999

- FAILS TO RESOLVE MAJOR ISSUES CONCERNING NEXT ENLARGEMENT**

MINOR CHANGES IN ROME AND MAASTRICHT TREATIES:

- PRES OF COMMISSION GETS GREATER POWERS TO PICK COMMISSIONERS (SUBJECT TO EP'S OK)**
- QMV IN COUNCIL EXTENDED TO R&D AND DEVELOPMENT POLICY**
- "FLEXIBILITY" CLAUSES PERMIT GROUPS OF EU STATES TO EST CLOSER COOPERATION AHEAD OF OTHERS UNDER CERTAIN CONDITIONS (A QUALIFIED "2-SPEED EU" PROCEDURE)**
- VARIOUS ISSUES IN MAASTRICHT'S 3RD PILLAR ARE SHIFTED TO 1ST PILLAR (IMMIGRATION, ASYLUM, BORDER CONTROLS, VISAS, CIVIL JUDICIAL COOP) SO AS TO PERMIT QMV VOTING INSTEAD OF UNANIMITY**
- 3RD PILLAR NOW CONFINED TO POLICE AND CRIMINAL JUDICIAL COOP**
- SCHENGEN AGREEMENTS ON FREE MOVEMENT OF PEOPLES ARE BROUGHT INTO EU FRAMEWORK**
 - OPT-OUTS FOR UK AND IRELAND**

TREATY OF AMSTERDAM, CONT'D

- **EU WILL EST AN "AREA OF FREEDOM, SECURITY AND JUSTICE" IN 5 YEARS**
- **ENHANCEMENTS IN UNEMPLOYMENT, EXCLUSION, GENDER EQUALITY, CITIZENSHIP, ENVIRON., HEALTH, CONSUMER PROTECTION POLICIES**
- **EP POWERS OF CO-DECISION ARE SIMPLIFIED AND EXPANDED INTO MOST FORMER AREAS OF COOPERATION PROCEDURE**
 - **IN CERTAIN AREAS, COUNCIL MAY NO LONGER ADOPT BILLS WITHOUT EP'S CONSENT**
- **EST. CFSP HIGH REPRESENTATIVE = SECRETARY GENERAL OF COUNCIL OF MINISTERS: JAVIER SOLANA**
- **PERMITS COUNCIL TO DEVELOP COMMON FOREIGN POLICY STRATEGIES & ACTIONS BY QMV (NOT INVOLVING MILITARY)**
- **COUNCIL GETS RIGHT TO EST POLICY GUIDELINES FOR WEU ... BUT NO MERGER OF WEU AND EU**
 - **1999: SOLANA NAMED WEU SEC GEN**
- **PERMITS "CONSTRUCTIVE ABSTENTIONISM" FROM COUNCIL DECISIONS INVOLVING MILITARY ACTION: A STATE SHALL "ACCEPT" A CFSP DECISION BUT IS "NOT OBLIGED TO APPLY" IT; PERMITS COALITIONS OF THE WILLING; IF 1/3 ARE OPPOSED, THERE'S NO DECISION**
- **1992 "PETERSBERG TASKS" INCLUDED IN TEU: PEACEKEEPING, RESCUE & HUMANITARIAN MIL OPS**

TREATY OF NICE

EUROPEAN COUNCIL SUMMIT OF DEC 2000 AGREES TO NEXT ROUND OF ENLARGEMENT IN 2004

- **EVENTUALLY, 10-12 NEW MEMBERS**

COMMISSION: 5 LARGEST STATES WILL GIVE UP THEIR 2ND COMMISSIONER IN 2005; ROTATION SYSTEM WILL KEEP IT CAPPED AT 27 (1 EACH)

- **PRES GETS NEW POWERS TO REORGANIZE COMMISSION AND DISTRIBUTE PORTFOLIOS**

COUNCIL: QMV REVISED

- **PROVISIONS MADE FOR 27 MEMBERS, WITH ADJUSTMENTS IN VOTING WEIGHTS FOR 25/26 MEMBERS; ANY MEMBER MAY REQUEST VERIFICATION THAT THE QUALIFIED MAJORITY REPRESENTS AT LEAST 62% OF TOTAL EU POP FOR MEASURE TO PASS; DECISIONS MUST BE APPROVED BY A MAJORITY OF ALL MEMBERS**

- **QMV EXTENDED TO SELECTION OF COMMISSION PRES & MEMBERS, CONTROL OF BUDGET, TRADE IN FINANCIAL SERVICES AND (IN 2007) AID TO POOR REGIONS**

- **BUT UNANIMITY RETAINED IN TAXATION, CROSS-BORDER SOCIAL SECURITY, AUDIOVISUAL POLICY, ASYLUM AND VISA POLICY**

TREATY OF NICE, CONT'D

“FLEXIBILITY”: FACILITATES RIGHT OF STATES TO PROMOTE INTEGRATION AMONG THEMSELVES WITHOUT UNANIMITY (“VARIABLE GEOMETRY”)

- FLEXIBILITY DOES NOT APPLY TO 1ST PILLAR, BUT TO AREAS LIKE INTERNAL SECURITY AND JUSTICE

EP WOULD RISE TO 738 WITH 12 NEW MEMBERS

COUNCIL, EP & COMMISSION AT NICE “SOLEMNLY PROCLAIMED” THE *CHARTER OF FUNDAMENTAL RIGHTS*

- DRAFTED AND AGREED BY THE CONSTITUTIONAL CONVENTION IN OCT 2000
- DUE TO UK OBJECTIONS, IT WAS NOT INCLUDED IN TREATY OF NICE
- IT WAS LATER GIVEN TREATY STATUS UNDER THE CONSTITUTION – WHICH NEVER TOOK EFFECT
- LISBON TREATY SAYS *CHARTER* HAS “THE SAME LEGAL VALUE” AS EU TREATIES – BUT PROTOCOLS STATE THAT IT CREATES NO NEW LEGAL RIGHTS IN THE UK, POLAND OR CZECH REP.

TREATY OF NICE WAS RATIFIED BY 14 PARLIAMENTS

- REJECTED BY IRISH VOTERS IN 2001 REFERENDUM; APPROVED IN 2ND REFERENDUM, OCT 2002

TREATY ON EU CONSTITUTION

- **CONVENTION IN 2002-03 TO CONSIDER CODIFYING AND SIMPLIFYING MAIN EU INSTITUTIONS, RULES AND GOALS**
- **102 DELEGATES; CHAIRED BY FORMER FRENCH PRES. VALERY GISCARD D'ESTAING**
- **FOLLOWING CONVENTION, FIRST DRAFT PRESENTED AT SALONIKA SUMMIT, JUNE 2003**
- **AFTER IGC AND OTHER NEGOTIATIONS, REVISED DRAFT PRESENTED AT BRUSSELS SUMMIT, JUNE 2004**
- **SIGNED IN ROME, 29 OCT 2004 BY 25 EU MEMBERS; LATER APPROVED BY EP**
- **HAD TO BE RATIFIED BY ALL 25 MEMBERS TO TAKE EFFECT**
- **BY NATIONAL LAW, DEN & IRELAND HAD TO HOLD BINDING REFERENDUMS**

CONT'D...

CONSTITUTION, CONT'D

**2004-06: PARLIAMENTS OF 16 STATES RATIFIED
CONSTITUTION**

RATIFICATION BY PARL. AFTER CONSULTATIVE REF.

***SPAIN REF., FEB 05: 76.7% YES (TURNOUT: 42.3%);
PASSED BOTH HOUSES, APRIL & MAY**

***LUXEM REF., JULY 05: 56.5% YES; PASSED IN
PARLIAMENT, OCT 2005**

**NETH REF., JUNE 05: 61.7% VOTE NO (TURNOUT:
63%); VOTE IN PARLIAMENT POSTPONED**

**REFERENDUM ONLY: FRANCE, MAY 05: 54.7% VOTE NO
(TURNOUT: 69.3%)**

**-- 18 STATES HAD RATIFIED (OR NEARLY RATIFIED) THE
CONSTITUTION BY MID-2007; 7 STATES POSTPONED
RATIFICATION AFTER THE DUTCH AND FRENCH
VOTES**

**- FOLLOWING THE CONSTITUTION'S REJECTION BY
FRENCH AND DUTCH VOTERS, THE EUROPEAN
COUNCIL ISSUED A DECLARATION AT ITS SUMMIT
OF 16-17 JUNE 2005 STATING THAT "we do not feel
that the date initially planned for a report on
ratification of the Treaty, 1 November 2006, is still
tenable" BECAUSE COUNTRIES THAT HAVE NOT YET
RATIFIED IT "will be unable to furnish a clear reply
before mid-2007"**

**- EU ENTERED A "PERIOD OF REFLECTION" AND
DISCUSSION**

REFORM TREATY (TREATY OF LISBON)

JULY 2007: EU NEGOTIATES SOME REVISIONS OF THE CONSTITUTIONAL TREATY

13 DEC 2007: REVISIONS INCORPORATED INTO A NEW TREATY, SIGNED AT LISBON SUMMIT

LISBON TREATY REPLACES THE CONSTITUTIONAL TREATY, AMENDS EARLIER TREATIES

- **IN ABOLISHING THE 3 PILLARS, IT RENAMES THE TREATY OF ROME (1957), WHICH MAASTRICHT (1993) RE-NAMED THE *TREATY ON THE EUROPEAN COMMUNITY (TEC; 1ST PILLAR)*; AMENDED TREATY OF ROME IS NOW CALLED THE *TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (TFEU)***

- **MAASTRICHT'S 3RD PILLAR (*JUSTICE & HOME AFFAIRS*) IS FOLDED INTO THE NEW *TFEU* AND IS RENAMED THE *AREA OF FREEDOM, SECURITY & JUSTICE***

- **IT NOW COMES UNDER JURISDICTION OF EU SUPRANATIONAL BODIES & PROCEDURES (COMMISSION, QMV, EUROPEAN COURT OF JUSTICE, ETC.) - RATHER THAN UNDER INTERGOVERNMENTAL UNANIMITY RULE**

- **MAASTRICHT'S 2ND PILLAR (*COMMON FOREIGN & SECURITY POLICY*) IS UNCHANGED: REMAINS IN MAASTRICHT'S *TEU* AND IS NOT INCLUDED IN *TFEU* - THEREBY REMAINING INTERGOVERNMENTAL; PROTOCOL REAFFIRMS INDEPENDENCE OF MEMBER STATES IN CFSP**

LISBON TREATY, CONT'D

THE TERM *COMMUNITY* IS REPLACED BY *UNION* IN ALL TREATIES

VALUES & OBJECTIVES

-- EU IS FOUNDED ON VALUES OF DIGNITY, DEMOCRACY, EQUALITY, ETC. ; SEEKS PEACE; FREEDOM, JUSTICE & SECURITY; INTERNAL MARKET AIMED AT FULL EMPLOYMENT, ETC.

EU HAS A LEGAL PERSONALITY IN INT'L LAW

INSTITUTIONAL & PROCEDURAL CHANGES AS DESCRIBED BELOW

RATIFICATION

2007-08: RATIFIED BY 25 PARLIAMENTS; SIGNED BY HEADS OF STATE WHERE NECESSARY

IRELAND: 53.4% REJECT TREATY IN REFERENDUM, 12 JUNE 2008; JUNE 2009 - EU ASSURES IRELAND THAT TREATY WON'T AFFECT TAXATION, NEUTRALITY, ABORTION, ETC.; 2 OCT 2009 - IRISH VOTE YES (67.1%)

10 OCT 2009: POLAND'S PRES. KACZYNSKI SIGNS RATIFICATION

CZECH REPUBLIC: RATIFIED IN CHAMBER OF DEPUTIES IN FEB 2009, SENATE IN MAY; PRES. KLAUS DELAYS SIGNATURE UNTIL 3 NOV 2009

1 DEC 2009 - LISBON TREATY TAKES EFFECT

MAJOR CHANGES INSTITUTED BY LISBON TREATY

***EU INSTITUTIONS:* SIGNIFICANT CHANGES REGARDING THE COMMISSION, COUNCIL OF MINISTERS, EUROPEAN COUNCIL, EUROPEAN PARLIAMENT AND THE COURT OF JUSTICE (SEE BELOW); QMV EXTENDED TO > 40 ISSUES**

***NEW CHALLENGES:* TREATY MAKES SPECIFIC REFERENCES TO POLICY AREAS REQUIRING EU ACTION, SUCH AS CLIMATE CHANGE AND ENERGY SOLIDARITY**

- THANKS TO POLAND & LITHUANIA, IT REFERS TO PROBLEM OF ENERGY DEPENDENCE ON RUSSIA
- REFERS TO NEED FOR EU ACTION ON THE ENERGY MARKET, SUPPLY AND EFFICIENCY

***HORIZONTAL SOCIAL CLAUSE:* HIGHLIGHTS NEED TO PROMOTE EMPLOYMENT, PUBLIC TRANSPORT, POSTAL SERVICES, GAS AND ELECTRICITY SUPPLY, ETC.**

***HEALTH AND SECURITY:* CALLS FOR EU ACTION TO ENSURE CIVIL PROTECTION, PUBLIC HEALTH AND HUMANITARIAN ASSISTANCE; MEMBER STATES SHOULD HELP ONE ANOTHER AFTER TERRORIST ATTACK**

***EXIT CLAUSE:* A MEMBER MAY WITHDRAW AFTER INFORMING EUROPEAN COUNCIL (i.e., EU HEADS OF GOVT)**

ABANDONMENT OF CONTROVERSIAL PARTS OF CONSTITUTIONAL TREATY:

- THE TERM "CONSTITUTION" IS DROPPED
- NO REFERENCE TO EU SYMBOLS (FLAG, ANTHEM)
- AT SARKOZY'S REQUEST, REFERENCE TO "FREE AND UNDISTORTED COMPETITION" IS DROPPED

LISBON TREATY AND HUMAN RIGHTS

**IN 2000 EU CONSTITUTIONAL CONVENTION APPROVED EU
*CHARTER OF FUNDAMENTAL HUMAN RIGHTS***

- **OUTLAWES DEATH PENALTY; "4 FREEDOMS" OF MOVEMENT OF GOODS, SERVICES, CAPITAL, PERSONS; VARIOUS INDIVIDUAL RIGHTS, ETC.**
- **DUE TO CONTROVERSIES, IT HAD NO BINDING FORCE UNTIL LISBON TREATY TOOK EFFECT ON 1 DEC 2009**

ART. 6 OF AMENDED TEU SAYS *CHARTER* HAS "THE SAME LEGAL VALUE" AS EU TREATIES - THOUGH *CHARTER* IS A SEPARATE DOCUMENT, NOT PART OF TREATY TEXT

- **APPLIES TO ALL EU INSTITUTIONS (COMMISSION, COUNCIL, EP, ETC.)**
- **EUROPEAN COURT OF JUSTICE MAY STRIKE DOWN EU LEGISLATION THAT CONTRAVENES THE *CHARTER***
- **APPLIES TO MEMBER STATES ONLY TO THE EXTENT THAT THEY ARE "IMPLEMENTING" EU LAW**

OPT-OUTS: PROTOCOLS STATE THAT IT CREATES NO NEW LEGAL RIGHTS IN UK, POLAND OR CZECH REP.

- **UK OPPOSES *CHARTER'S* SECTIONS ON LABOR RIGHTS & WANTS TO PROTECT ITS COMMON LAW SYSTEM**
- **POLAND DOES NOT WANT *CHARTER'S* INDIVIDUAL RIGHTS TO PERMIT ABORTION OR SAME-SEX MARRIAGE**
- **CZECH REP. GOT OPT-OUT TO PREVENT GERMANS EXPELLED FROM CZECHOSLOVAKIA AFTER WWII TO RECLAIM PROPERTY**



EUROPA > Treaty of Lisbon > The treaty at a glance

The Treaty at a glance

On 13 December 2007, EU leaders signed the Treaty of Lisbon, thus bringing to an end several years of negotiation about institutional issues.

The Treaty of Lisbon amends the current EU and EC treaties, without replacing them. It will provide the Union with the legal framework and tools necessary to meet future challenges and to respond to citizens' demands.



1. **A more democratic and transparent Europe, with a strengthened role for the European Parliament and national parliaments, more opportunities for citizens to have their voices heard and a clearer sense of who does what at European and national level.**
 - **A strengthened role for the European Parliament:** the European Parliament, directly elected by EU citizens, will see important new powers emerge over the EU legislation, the EU budget and international agreements. In particular, the increase of co-decision procedure in policy-making will ensure the European Parliament is placed on an equal footing with the Council, representing Member States, for the vast bulk of EU legislation.
 - **A greater involvement of national parliaments:** national parliaments will have greater opportunities to be involved in the work of the EU, in particular thanks to a new mechanism to monitor that the Union only acts where results can be better attained at EU level (subsidiarity). Together with the strengthened role for the European Parliament, it will enhance democracy and increase legitimacy in the functioning of the Union.
 - **A stronger voice for citizens:** thanks to the Citizens' Initiative, one million citizens from a number of Member States will have the possibility to call on the Commission to bring forward new policy proposals.
 - **Who does what:** the relationship between the Member States and the European Union will become clearer with the categorisation of competences.
 - **Withdrawal from the Union:** the Treaty of Lisbon explicitly recognises for the first time the possibility for a Member State to withdraw from the Union.
2. **A more efficient Europe, with simplified working methods and voting rules, streamlined and modern institutions for a EU of 27 members and an improved ability to act in areas of major priority for today's Union.**
 - **Effective and efficient decision-making:** qualified majority voting in the Council will be extended to new policy areas to make decision-making faster and more efficient. From 2014 on, the calculation of qualified majority will be based on the double majority of Member States and people, thus representing the dual legitimacy of the Union. A double majority will be achieved when a decision is taken by 55% of the Member States representing at least 65% of the Union's population.
 - **A more stable and streamlined institutional framework:** the Treaty of Lisbon creates the function of President of the European Council elected for two and a half years, introduces a direct link

between the election of the Commission President and the results of the European elections, provides for new arrangements for the future composition of the European Parliament and for a smaller Commission, and includes clearer rules on enhanced cooperation and financial provisions.

- Improving the life of Europeans: the Treaty of Lisbon improves the EU's ability to act in several policy areas of major priority for today's Union and its citizens. This is the case in particular for the policy areas of freedom, security and justice, such as combating terrorism or tackling crime. It also concerns to some extent other areas including energy policy, public health, civil protection, climate change, services of general interest, research, space, territorial cohesion, commercial policy, humanitarian aid, sport, tourism and administrative cooperation.
3. **A Europe of rights and values, freedom, solidarity and security**, promoting the Union's values, introducing the Charter of Fundamental Rights into European primary law, providing for new solidarity mechanisms and ensuring better protection of European citizens.
- Democratic values: the Treaty of Lisbon details and reinforces the values and objectives on which the Union is built. These values aim to serve as a reference point for European citizens and to demonstrate what Europe has to offer its partners worldwide.
 - Citizens' rights and Charter of Fundamental Rights: the Treaty of Lisbon preserves existing rights while introducing new ones. In particular, it guarantees the freedoms and principles set out in the Charter of Fundamental Rights and gives its provisions a binding legal force. It concerns civil, political, economic and social rights.
 - Freedom of European citizens: the Treaty of Lisbon preserves and reinforces the "four freedoms" and the political, economic and social freedom of European citizens.
 - Solidarity between Member States: the Treaty of Lisbon provides that the Union and its Member States act jointly in a spirit of solidarity if a Member State is the subject of a terrorist attack or the victim of a natural or man-made disaster. Solidarity in the area of energy is also emphasised.
 - Increased security for all: the Union will get an extended capacity to act on freedom, security and justice, which will bring direct benefits in terms of the Union's ability to fight crime and terrorism. New provisions on civil protection, humanitarian aid and public health also aim at boosting the Union's ability to respond to threats to the security of European citizens.
4. **Europe as an actor on the global stage** will be achieved by bringing together Europe's external policy tools, both when developing and deciding new policies. The Treaty of Lisbon will give Europe a clear voice in relations with its partners worldwide. It will harness Europe's economic, humanitarian, political and diplomatic strengths to promote European interests and values worldwide, while respecting the particular interests of the Member States in Foreign Affairs.
- A new High Representative for the Union in Foreign Affairs and Security Policy, also Vice-President of the Commission, will increase the impact, the coherence and the visibility of the EU's external action.
 - A new European External Action Service will provide back up and support to the High Representative.
 - A single legal personality for the Union will strengthen the Union's negotiating power, making it more effective on the world stage and a more visible partner for third countries and international organisations.
 - Progress in European Security and Defence Policy will preserve special decision-making arrangements but also pave the way towards reinforced cooperation amongst a smaller group of Member States.

Defined policy areas

In the Lisbon Treaty the distribution of competences in various policy areas between Member States and the Union is explicitly stated in the following three categories:

Exclusive competence	Shared competence	Supporting competence
<p>The Union has exclusive competence to make directives and conclude international agreements when provided for in a Union legislative act.</p> <ul style="list-style-type: none">■ the customs union■ the establishing of the competition rules necessary for the functioning of the internal market■ monetary policy for the Member States whose currency is the euro■ the conservation of marine biological resources under the common fisheries policy■ common commercial (trade) policy	<p>Member States cannot exercise competence in areas where the Union has done so.</p> <ul style="list-style-type: none">■ the internal market■ social policy, for the aspects defined in this Treaty■ economic, social and territorial cohesion■ agriculture and fisheries, excluding the conservation of marine biological resources■ environment■ consumer protection■ transport■ trans-European networks■ energy■ the area of freedom, security and justice	<p>The Union can carry out actions to support, coordinate or supplement Member States' actions.</p> <ul style="list-style-type: none">■ the protection and improvement of human health■ industry■ culture■ tourism■ education, youth, sport and vocational training■ civil protection (disaster prevention)■ administrative cooperation

http://en.wikipedia.org/wiki/Treaty_of_Lisbon

ENLARGEMENT

1/1/1973: UK, IRELAND, DENMARK

9/1972: NORWAY VOTES VS MEMBERSHIP (53.3%)

1/1/1981: GREECE

1/1/1986: SPAIN AND PORTUGAL

1/1/1995: AUSTRIA, FINLAND, SWEDEN

1992: SWITZ VOTES VS JOINING EUROPEAN ECONOMIC AREA

1993: *COPENHAGEN CRITERIA* REQUIRE DEMOCRACY; RULE OF LAW; HUMAN RIGHTS; RESPECT FOR MINORITIES; MARKET ECONOMY; ABILITY TO ADHERE TO AIMS OF POLITICAL UNION AND EMU (MUST *ACCEPT ACQUIS COMMUNAUTAIRE & ACQUIS POLITIQUE*); CODIFIED & REQUIRED UNDER LISBON TREATY (2009)

1994: NORWAY VOTES VS MEMBERSHIP (52.2%)

1 MAY 2004: CYPRUS (GREEK); CZECH REP.; ESTONIA; HUNGARY; LATVIA; LITHUANIA; MALTA; POLAND; SLOVAKIA; SLOVENIA

1 JAN 2007: BULGARIA & ROMANIA

CANDIDATE COUNTRIES

CROATIA (EXPECTED TO ENTER, JULY 2013); ICELAND; MACEDONIA; MONTENEGRO; SERBIA; TURKEY

POTENTIAL CANDIDATE COUNTRIES

ALBANIA; BOSNIA-H.; KOSOVO

MAIN EC/EU INSTITUTIONS

EUROPEAN COMMISSION

COUNCIL OF THE EUROPEAN UNION
(COUNCIL OF MINISTERS)

EUROPEAN COUNCIL

EUROPEAN PARLIAMENT (EP)

COURT OF JUSTICE OF THE EUROPEAN UNION

**FROM THE OUTSET IN 1957/58, THESE INSTITUTIONS WERE
INTENDED TO COMBINE *SUPRANATIONALISM* (“POOLED
AND DELEGATED SOVEREIGNTY”) AND
*INTERGOVERNMENTALISM***

**THE 2009 LISBON TREATY MADE CHANGES IN ALL THESE
INSTITUTIONS**

CITIZENS: – Subjects of EU law - Pay taxes for EU, get benefits – Vote in referenda – Elect EP

27 NATIONAL PARLIAMENTS

- Ratify EU treaties
- Enact EU legislation
- Review Commission proposals for subsidiarity

27 EU GOVERNMENTS

EUROPEAN COURT OF JUSTICE

- 27 judges & 8 advocates general, appointed by govts
- Interprets, ensures observation of EU law; judicial review
- Commission or a state may bring action vs member state; ECJ may provide interpretation upon request of national court; may annul all or part of EU legislation
- Affirms supremacy, binding status, direct effect of EU law on states, firms, individuals

EUROPEAN COUNCIL

- 27 Heads of govt/state
- + President: 2 ½ years - chairs, seeks consensus
- + Pres. of Commission
- Makes key decisions, sets goals, guidelines (especially CFSP)

EUROPEAN PARLIAMENT

- 754 directly elected MEPs (2009-14)
- Approves Commission Pres & Commissioners
- Supervises & may censure Commission
- Equal co-decision with Council of the EU on most issues; “consent” or consultation on others
- Co-decides EU budget
- Assent required for enlargement, etc.
- Communicates with parliaments, citizens; appoints European Ombudsman

EUROPEAN COMMISSION

- President (Barroso), appointed by govts; + 26, all approved by EP
- High Rep. for Foreign Affairs & Security Policy
- Proposes legislation to the Council & EP
- Enforces, implements EU laws: regulations, decisions, directives
- Prepares EU budget, manages funds
- Int’l. representation & negotiations
- Directorates-Genl., etc.

COUNCIL OF MINISTERS

- 1 Council, 10 formations:
 - General Affairs;
 - Foreign Affairs (27 foreign mins each);
 - 27 Econ & Finance mins, etc.
- Presidency: a Member State (6 months); + 10
- Secretary-General & 10 DGs; assist Presidency
- Makes decisions & co-decisions with EP; by QMV or unanimously
- Instructs, delegates to Commission
- Refers items to European Council

ECONOMIC & SOCIAL CTTEE

- 344 interest group reps
- Advises Commission, Council; issues opinions

CTTEE ON REGIONS

- 344 regional reps
- Advises Commission, Council; issues opinions

COREPER

(Cttee of Permanent Reps.)

- 27 ambassadors + deputies
- Prepares Commission proposals for decision by the Council of the EU

EXPERTS; FIRMS; NGOs

EUROPEAN COMMISSION

- EMBODIES GENERAL EU INTERESTS; SUPRANATIONAL; OATH: INDEPENDENT OF MEMBER STATES

- COLLEGE-PRESIDENT + 26; PRES NOMINATED BY EU GOVTS BY QMV, APPROVED BY EP; BARROSO SINCE 2004; 5-YEAR TERM

- GOVTS NOMINATE, PRES. PICKS 26 COMMISSIONERS, APPROVED BY EP; 5-YEAR TERM; PORTFOLIOS

- 6 VPs, INCLUDING HIGH REP. FOR FOREIGN AFFAIRS & SECURITY POLICY (ASHTON)

- COMMISSION MUST RESIGN IF EP VOTES CENSURE BY 2/3

- OBSERVES SUBSIDIARITY

- EU'S INTL LIAISON; NEGOTIATES TRADE, DEV, ENLARGEMENT

- IMPLEMENTS & ENFORCES EU LAW: ISSUES BINDING REGULATIONS & DECISIONS, PROPOSES DIRECTIVES TO COUNCIL OF THE EU & TO EP; >5000 A YEAR

- PREPARES & MANAGES BUDGET; CHARTS FUTURE

-- DIRECTORATES-GENERAL (>20); 12 SERVICES; 25,000 BUREAUCRATS

- VOTES IN SECRET BY CONSENSUS OR SIMPLE MAJORITY

COUNCIL OF THE EU (COUNCIL OF MINISTERS)

- REPRESENTS 27 MEMBER STATES; INTERGOVERNMENTAL

- EU'S MAIN DECISION MAKER, BUT CO-DECISION WITH EP ON MOST ISSUES; MAY PROPOSE TO COMMISSION, REFER ITEMS TO EUROPEAN COUNCIL

- ONE COUNCIL, 10 FORMATIONS:

- GENERAL AFFAIRS (FOREIGN MINISTERS); FOREIGN AFFAIRS (FOR. MINS); ECONOMIC & FINANCIAL AFFAIRS (COORDINATES ECONOMIC POLICIES); ENVIRONMENT; AGRIC & FISHERIES, ETC.

- PRESIDENCY OF COUNCIL = A MEMBER GOVT; 6-MONTH ROTATION; TRIO OF 3 STATES; SETS AGENDA & PRIORITIES, CHAIRS MEETINGS, BROKERS COMPROMISES, REPRESENTS COUNCIL ABROAD, NEGOTIATES ENLARGEMENT, ETC.

- VOTING BY UNANIMITY OR QUALIFIED MAJORITY (QMV); QMV ON MOST ISSUES

- SEC-GENERAL HEADS GENERAL SECRETARIAT WITH 10 DIRECTORATES-GENERAL; 2,500; ASSIST PRESIDENCY COUNTRY & PRES OF EURO. COUNCIL

- COREPER I & II: CTTEE OF PERMANENT REPRESENTATIVES (27 AMBASSADORS TO EU, DEPUTIES, STAFF); HARD BARGAINING; SHAPES COUNCIL DECISIONS

EUROPEAN COUNCIL

- HEADS OF GOVT + 3 HEADS OF STATE + PRESIDENT OF EUROPEAN COUNCIL + COMMISSION PRES; FOREIGN MINISTERS ALSO PRESENT

- HIGHLY INTER-GOVERNMENTAL

- PRES OF EURO. COUNCIL EST. 2009 (LISBON); VAN ROMPUY; CHAIRS MEETINGS, SEEKS CONSENSUS, REPORTS ON SUMMITS TO EP, COOPERATES WITH COMMISSION PRES AND COUNCIL PRESIDENCY

- MEETS 4x YEAR (TWICE IN EACH 6-MONTH COUNCIL PRESIDENCY) & AS NECESSARY

- SETS BASIC GOALS AND GUIDELINES FOR EU; HAS TAKEN KEY DECISIONS IN ALL MAJOR INITIATIVES SINCE 1980s

- MAIN ROLE IN CFSP

- FEW FORMAL VOTES; ACTS ON CONSENSUS; ONLY MEMBER STATES VOTE

- MORE TRANSPARENT THAN COUNCIL OF MINISTERS, BUT NOT ANSWERABLE TO EP

EUROPEAN PARLIAMENT

- ELECTED SINCE 1979 BY UNIVERSAL SUFFRAGE; ELECTED BY PR; 754 IN 2009-14, THEN 750 + EP PRES; PARTY GROUPS + UNAFFILIATED

- STRASBOURG (4-DAY PLENARY EACH MONTH); BRUSSELS (CTTEES AND MINI-PLENARIES); LUX (GEN SECRETARIAT); 1% OF EU BUDGET

- APPROVES COMMISSION PRES. & COMMISSIONERS; MAY SUPERVISE, CENSURE, INVESTIGATE COMMISSION, MAKE SUGGESTIONS TO IT

- EQUAL CO-DECISION WITH COUNCIL OF MINISTERS ON MOST ISSUES SINCE LISBON TREATY; "CONSENT" OR CONSULTATION WITH COUNCIL ON CERTAIN OTHER ISSUES

- CO-DECIDES EU BUDGET

- APPROVES ENLARGEMENT

- CONTACTS WITH CITIZENS, PARLIAMENTS; APPOINTS EUROPEAN OMBUDSMAN

THE EUROPEAN COMMISSION

INCLUDES

- **COLLEGE OF COMMISSIONERS**
- **DIRECTORATES-GENERAL AND SERVICES (BUREAUCRACY)**

COLLEGE OF COMMISSIONERS:

- **PRESIDENT OF THE COMMISSION (SINCE 2004, JOSÉ MANUEL BARROSO OF PORTUGAL) AND**
- **26 COMMISSIONERS (1 FROM EACH MEMBER STATE)**

PRIOR TO 2004 ENLARGEMENT: 2 COMMISSIONERS EACH FROM FRANCE, GER, ITALY, SPAIN, UK; 1 EACH FROM THE REST (20 TOTAL)

- **SINCE MID-2004: 1 FROM EACH COUNTRY (27 IN 2007)**
- **2004-09: 5 COMMISSIONERS WERE VICE PRESIDENTS OF THE COMMISSION; 6 VPs SINCE LISBON**

TREATY OF LISBON REDUCED COLLEGE STARTING IN 2014 TO 18 COMMISSIONERS (2/3 OF 27 MEMBERS)

- **COMMISSIONERS WERE TO BE SELECTED ACCORDING TO A SYSTEM OF EQUAL ROTATION AMONG THE MEMBER STATES TO SERVE 5-YEAR TERMS**
- **BUT THE TREATY ALSO GIVES EU STATES THE RIGHT TO MODIFY THIS RULE BY UNANIMITY**
- **FOLLOWING IRISH REFERENDUM APPROVING LISBON TREATY IN OCT 2009, THEY AGREED TO *RETAIN* RULE OF 1 COMMISSIONER PER STATE INDEFINITELY**

**TRADITIONALLY, PRES WAS APPOINTED BY COMMON
CONSENT OF GOVTS; NICE PROVIDED THAT, FROM 2004
ON, MEMBER STATES MAY USE QMV TO PICK PRES AND
THEN THE WHOLE COMMISSION (5-YEAR TERM)**

- AS A RESULT, IT MATTERS WHETHER THE QUALIFIED
MAJORITY OF MEMBER STATES HAVE CENTER-
RIGHT OR CENTER-LEFT GOVERNMENTS (BARROSO
IS CENTER-RIGHT)**

**WALTER HALLSTEIN (1958-67) & JACQUES DELORS (1985-95)
WERE STRONGEST; ROMANO PRODI (1999-2004) WAS
RELATIVELY STRONG; BATTLES OVER JACQUES
SANTER (1995-99) AND BARROSO IN 2004**

- 2004: FRANCE & GER WANTED BELGIAN PM
VERHOFSTADT, UK WANTED PATTEN; BARROSO
(PORTUGAL'S PM) WAS COMPROMISE CHOICE IN
2004 BUT RENOMINATED UNANIMOUSLY IN 2009**

**UNTIL 1994, EP WAS NOT CONSULTED ON CHOICE OR
APPROVAL OF COMMISSION PRESIDENT**

- AFTER EP PRESSURES EU LEADERS, IT GETS DE FACTO
PERMISSION TO INTERVIEW SANTER AND VOTE
CONFIRMATION**
- AMSTERDAM TREATY CODIFIES EP'S RIGHT TO
INTERVIEW & VOTE ON PRESIDENT & OTHER
COMMISSIONERS**

**EP VOTES SEPARATELY FOR (1) COMMISSION PRESIDENT
AND (2) REST OF COMMISSION**

AMSTERDAM PROVIDES THAT, AFTER PRES IS CHOSEN, EACH STATE PROPOSES 3 NOMINEES FOR A COMMISSIONER AND PRES CHOOSES 1; IN PRACTICE EACH M.S. TYPICALLY NOMINATES 1 PERSON

- PRES MAY VETO NOMINEES BY MEMBER STATES**
- PRES OF COMMISSION HAS AUTHORITY TO ASSIGN PORTFOLIOS AND RESHUFFLE THEM**
- ASIDE FROM PRES, EACH COMMISSIONER HAS A PORTFOLIO (TRADE, ENVIRONMENT, ETC.)**
- AFTER PRES TAKES OFFICE AND ASSIGNS PORTFOLIOS, EP COMMITTEES INTERVIEW NOMINATED COMMISSIONERS AND VOTE ON THEM; THEY MAY REJECT NOMINEES; REJECTED ONES MAY BE REPLACED BY PRES OF COMMISSION; THEN EP VOTES ON ALL THE NOMINATED COMMISSIONERS IN A SINGLE VOTE**
- EP INTERVIEWED 2004 NOMINEES STARTING IN SEPT; EP OPPOSED 2 NOMINEES & BARROSO REPLACED THEM; APPROVED ALL 24 IN NOV**

2009-10

- 4-7 JUNE 2009: EP ELECTIONS**
- 9 JULY: BARROSO RENOMINATED UNANIMOUSLY BY MEMBER STATES**
- 19 SEPT: HE IS APPROVED BY EUROPEAN PARLIAMENT (BEFORE LISBON TREATY TOOK EFFECT)**
- 11-19 JAN 2010: EP COMMITTEES INTERVIEW 26 NOMINEES; 1 WITHDRAWS AND IS REPLACED**
- 26 JAN: EP PLENARY VOTE ON ALL 26 AS A GROUP**
- 1 FEB - NEW COMMISSION TAKES OFFICE**

LISBON TREATY PROVIDES THAT MEMBER GOVERNMENTS MUST TAKE ACCOUNT OF THE MOST RECENT EP ELECTIONS WHEN SELECTING FUTURE COMMISSION PRESIDENTS; THUS IT SHOULD MATTER STARTING IN 2014 IF THE RIGHT OR LEFT PREDOMINATES IN EP ELECTIONS

- LISBON ALSO SAYS COMMISSION PRES "SHALL BE ELECTED" BY EP MAJORITY (NOT JUST "APPROVED")**

EP MAY REMOVE ENTIRE COMMISSION (BUT NOT INDIVIDUAL COMMISSIONERS) IN VOTE OF CENSURE BY 2/3 OF EP

- COMMISSION UNDER SANTER RESIGNED IN 1999 AS EP THREATENED CENSURE VOTE IN EDITH CRESSON/FINANCIAL SCANDAL**

COMMISSION VOTES BY CONSENSUS OR SIMPLE MAJORITY; SECRET DELIBERATIONS AND VOTING

COMMISSIONERS ARE ASSISTED BY *CABINETS*, EACH HEADED BY A *CHEF DE CABINET*

***SECRETARIAT GENERAL* OF COMMISSION COORDINATES PROPOSALS & OTHER ACTIVITIES**

COMMISSION BUREAUCRACY: 25 *DIRECTORATES-GENERAL* (DGs) & 13 *SERVICES* -- WITH ABOUT 26,000 BUREAUCRATS (MOSTLY IN BRUSSELS)

- EACH DG IS HEADED BY A *DIRECTOR GENERAL*, WHO REPORTS TO A COMMISSIONER**

- SEE LIST IN NUGENT, 117**

COMMISSION REPRESENTS *SUPRANATIONAL* ASPECT OF EUROPEAN COMMUNITY / UNION

- **PRES. & COMMISSIONERS TAKE “solemn undertaking” THAT, “in the general interests of the Union,” THEY WILL BE “completely independent in the performance of their duties” AND WILL “neither seek nor take instructions from any govt or any other body”**

COMMISSION *PROPOSES* LEGISLATION TO THE COUNCIL AND IN SOME CASES TO THE EP (RIGHT OF *INITIATIVE*)

- ***EXCLUSIVE* RIGHT OF INITIATIVE CONCERNING *EUROPEAN COMMUNITY*; SINCE 1993, *SHARED* RIGHT OF INITIATIVE (WITH THE COUNCIL) FOR *COMMON FOREIGN & SECURITY POLICY***
- **‘GREEN PAPERS’ PROPOSE IDEAS FOR DEBATE & CONSULTATION; ‘WHITE PAPERS’ ARE FORMAL PROPOSALS FOR EU LEGISLATION OR ACTION**

IT *ENFORCES & IMPLEMENTS* EXISTING EU LAWS (“GUARDIAN OF THE TREATIES” OF ROME, MAASTRICHT, AMSTERDAM, NICE AND LISBON), AS FOLLOWS:

- **IT *ISSUES REGULATIONS*: BINDING ON EU STATES & CITIZENS AND DIRECTLY APPLICABLE (i.e., WITHOUT LEGAL ACTION BY MEMBER STATES); e.g., COMMON AGRIC. POLICY, FISHERIES, ETC.**
- **IT *MAKES DECISIONS* THAT APPLY EXISTING EU LAWS TO SPECIFIC PARTIES (e.g., BLOCKING A MERGER BETWEEN COMPANIES; PENALIZING A GOVT FOR FAILING TO MEET ITS BUDGETARY REQUIREMENTS)**
 - **SOME *DECISIONS* APPLY TO ALL STATES (LIKE THE *REGULATIONS*)**

- **IT *PROPOSES DIRECTIVES* TO THE COUNCIL OF THE EU & EUROPEAN PARLIAMENT, WHICH MAY MAKE A CO-DECISION TO APPROVE THEM**
- ***DIRECTIVES* ARE BINDING ON ALL MEMBER STATES "AS TO THE RESULT TO BE ACHIEVED," BUT STATES ENACT THEIR OWN IMPLEMENTING LEGISLATION**
- **i.e., THEY 'TRANSPOSE' DIRECTIVES INTO NATIONAL LAW (e.g., ENVIRONMENTAL GUIDELINES, ANTI-CRIME MEASURES, ETC.)**
- **IN 2008, COMMISSION MADE 420 PROPOSALS FOR REGULATIONS, DECISIONS & DIRECTIVES; 10 RECOMMENDATIONS; 318 COMMUNICATIONS & REPORTS; 9 GREEN PAPERS; 1 WHITE PAPER**

ON *REGULATIONS, DIRECTIVES & DECISIONS*, SEE NUGENT, 210-211

COUNCIL OF MINISTERS & EUROPEAN COUNCIL - REPRESENTING MEMBER STATE GOVTS - MAY ASK COMM FOR PROPOSALS, BUT THEY CAN COMPEL COMM. TO AMEND ITS PROPOSALS ONLY BY UNANIMOUS VOTE

COMMISSION *PROPOSES* EU BUDGET AND *MANAGES* IT (AFTER IT IS PASSED BY EP); >100 BILLION EUROS

- **COMM. PLAYS A ROLE (WITH COUNCIL & NATIONAL AGENCIES) IN MANAGING *COMMON AGRICULTURAL POLICY (CAP)* - 40% OF EU BUDGET; AND VARIOUS *COHESION FUNDS* (35% OF BUDGET)**

MOST EU LAWS ARE IMPLEMENTED BY THE MEMBER STATES, AT TIMES WITH COMM. ACTING IN SUPERVISORY ROLE

SINCE MAASTRICHT, COMM. HAS ACQUIRED GROWING POWER TO PENALIZE MEMBER STATES & FIRMS FOR *NON-COMPLIANCE WITH EU LAWS*

- **FINED FRANCE FOR VIOLATING INSURANCE LAWS; FINED MICROSOFT, INTEL; BLOCKED GE-HONEYWELL MERGER, ETC.**

COMM. MAY BRING A MEMBER STATE OR ANOTHER EU INSTITUTION BEFORE ECJ

- **2003: COMM. BRINGS COUNCIL OF MINISTERS BEFORE ECJ FOR FAILING TO APPLY RULES REGARDING THE EURO TO FRANCE & GERMANY**

THOUGH COMM. *PROPOSES & IMPLEMENTS* EU LEGISLATION, IT *MAY NOT MAKE NEW EU LAWS*

COMITOLOGY COMMITTEES:

- **TO REDUCE CONFUSION AND DISPUTES OVER THE OVERLAPPING POWERS OF THE COMMISSION, THE COUNCIL & THE EP, THE EU SINCE THE 1980S HAS TRIED TO CLARIFY ITS PROCEDURES THROUGH *COMITOLOGY COMMITTEES***

- **COMPOSED OF REPRESENTATIVES OF MEMBER GOVTS; 270 COMITOLOGY COMMITTEES IN 2008**

- **COULD *ADVISE* COMM. ON IMPLEMENTATION; *BLOCK* COMM. DECISIONS BY 2/3 MAJORITY; GRANT THEIR *APPROVAL* OF COMM. DECISIONS BY QMV, ETC.**

- **LISBON TREATY SEEKS TO CLARIFY THIS FURTHER**

COMMISSION REPRESENTS THE EU INTERNATIONALLY

-- COMMISSION HAS TRADITIONALLY:

- CONDUCTED NEGOTIATIONS AND PRODUCED AGREEMENTS ON TRADE, ENLARGEMENT & OTHER ISSUES**
- REPRESENTED EC/EU ABROAD (PRESIDENT & VARIOUS COMMISSIONERS)**
- MANAGED EC/EU DELEGATIONS (EMBASSIES) AROUND THE WORLD, AND**
- ENGAGED IN OTHER INTERNATIONAL ACTIVITIES**

-- BUT THE INTERGOVERNMENTAL NATURE OF EU FOREIGN & SECURITY POLICY HAS LIMITED ITS INTERNATIONAL ROLE

LISBON TREATY CREATES POSITION OF *HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY*, WHO SERVES AS A MEMBER AND VP OF COMMISSION

- BARONESS CATHERINE ASHTON, UK**
- UK OBJECTED TO THE TITLE "EU FOREIGN MINISTER" IN CONSTITUTIONAL TREATY**
- AN AIM IS TO GIVE COMMISSION AN EXPANDED FORMAL ROLE IN FOREIGN/SECURITY POLICY FORMULATION & IMPLEMENTATION**
- HIGH REP. "CONDUCTS THE UNION'S COMMON FOREIGN AND SECURITY POLICY" & REPRESENTS EU IN INT'L ORGANIZATIONS (UN, OSCE, ETC.)**

- **PRIOR TO LISBON TREATY, THE *HIGH REPRESENTATIVE FOR THE COMMON FOREIGN AND SECURITY POLICY* (JAVIER SOLANA) DID NOT SERVE ON COMMISSION**

- **INSTEAD, A COMMISSIONER HAD RESPONSIBILITY FOR "EXTERNAL RELATIONS AND EUROPEAN NEIGHBORHOOD POLICY"**

- **THE 2009 COMMISSION HAS A COMMISSIONER RESPONSIBLE FOR "ENLARGEMENT AND EUROPEAN NEIGHBORHOOD POLICY"**

- **HIGH REP. CHAIRS MEETINGS OF FOREIGN AFFAIRS COUNCIL (FOREIGN MINISTERS, ET AL.) BUT DOES NOT VOTE**

- **HIGH REP. SUPERVISES EU'S EMBASSIES ABROAD**

- **FORMERLY CALLED "DELEGATIONS OF THE EUROPEAN COMMISSION"; IN 2009 RENAMED "DELEGATIONS OF THE EUROPEAN UNION," THUS REPRESENTING *ALL* EU INSTITUTIONS, INCLUDING EP**

- **THE HIGH REP. PRESIDES OVER THE NEW *EUROPEAN EXTERNAL ACTION SERVICE*, TO INCLUDE OFFICIALS FROM THE COUNCIL OF MINISTERS SECRETARIAT, THE COMMISSION AND MEMBER STATES' DIPLOMATIC SERVICES; STARTS IN 2010**

COMM "*POINTS THE WAY FORWARD*" IN CHARTING EU'S GOALS

SINCE MAASTRICHT TREATY ON EU (1992-93), COMMISSION MUST OBSERVE THE PRINCIPLE OF *SUBSIDIARITY*:

- IT MAY PROPOSE EU LEGISLATION “only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States”**

- LISBON TREATY GIVES NATIONAL PARLIAMENTS 8 WEEKS TO DETERMINE IF COMMISSION PROPOSALS ARE COMPATIBLE WITH SUBSIDIARITY PRINCIPLE;**

- IF 1/3 OF NATIONAL PARLIAMENTS – OR 1/4 ON FREEDOM/JUSTICE/SECURITY ISSUES – VOTE FOR A REVIEW, COMM. MUST REVIEW ITS PROPOSAL & PROVIDE EXPLANATION IF IT STICKS WITH IT**

***CITIZENS' INITIATIVE:* LISBON TREATY PERMITS GROUPS TO ASK COMMISSION TO MAKE NEW POLICY PROPOSALS IF 1 MILLION CITIZENS SIGN A PETITION**

EUROPEAN COMMISSION MEMBERS, JAN 2010

JOSÉ MANUEL BARROSO (PORTUGAL) – President of Commission, 2004-09 and since Sept 2009; student internship at Georgetown U.; 1996-98 -- visiting prof at Georgetown; member of (center-right) Social Democratic Party since 1980; member of parliament (MP), 1985-2004; Prime Minister, 2002-04; renominated unanimously by Member States, June 2009; after hearings held by European Parliament, approved by EP on 16 Sept under old rules (Nice Treaty, not Lisbon Treaty) – i.e., simple majority of 736 MEPs: 382 for, 219 against, 117 abstentions (which did not count)

CATHERINE ASHTON (UK) – Vice-President of Commission and High Representative of the Union for Foreign Affairs and Security Policy (a Commission position created by Lisbon Treaty); 1999 - appointed Life Peer in House of Lords (she's a baroness); 2001-06 -- sub-cabinet posts in Blair government (center-left Labour Party); Oct 2008 – appointed Commissioner responsible for Trade

VIVIANE REDING (LUXEMBOURG) – VP and responsible for Justice, Fundamental Rights and Citizenship; member of (center-right) Christian Social People's Party; 1988-99: member of European Parliament (MEP); 1999-2004 -- Commissioner for Education, Culture, Youth, Media and Sport; 2004-09 – Commissioner for Information Society and Media

JOAQUIN ALMUNIA (SPAIN) – VP and responsible for Competition; member of (center-left) Socialist Workers Party of Spain (PSOE); 1979-2004 -- MP; 1997-2000 -- leader of PSOE and candidate for PM in 2000; 2004-09 -- Commissioner for Economic and Monetary Affairs

SIIM KALLAS (ESTONIA) – VP and responsible for Transport; member of (center-right) Reform Party; 1995-96 – Foreign Minister; 2002-03 – Prime Minister; 2004-09 – VP and Commissioner for Administration, Audit and Anti-Fraud

NEELIE KROES (NETHERLANDS) – VP and responsible for Digital Agenda; member of (center-right) People’s Party for Freedom and Democracy (VVD); 1971-77 and 1981-82 – MP; 1982-89 – Minister of Transport, Public Works and Water Management; 1990s-2004 – member of various corporate boards, chairman of a business school; 2004-09 – Commissioner for Competition

ANTONIO TAJANI (ITALY) – VP and responsible for Industry and Entrepreneurship; member of (center-right) Forza Italia; 1994-2008 – MP; 1999-2008 – head of Forza Italia delegation in EP; 2008-09 – VP and Commissioner for Transport

MAROŠ ŠEFČOVIČ (SLOVAKIA) – VP and responsible for Inter-Institutional Relations and Administration; 1990-2009 – various positions in Foreign Ministry; 1998-2002 – Ambassador to Israel; 2004-09 – Permanent Representative to EU; Oct 2009 – Commissioner for Education, Training, Culture and Youth

JANEZ POTOČNIK (SLOVENIA) – Commissioner responsible for the Environment; 1984-2001 – economist (think tanks); 1998-2004 – head of Slovenia’s negotiating team for accession to EU; 2001-02 – Minister Councillor in (center-left) cabinet; 2002-04 – Minister for European Affairs; 2004-09 – Commissioner for Science and Research

OLLI REHN (FINLAND) – Commissioner responsible for Economic and Monetary Affairs; 1988-84 – VP of (centrist) Center Party; 1998-2002 – head of cabinet of Finland’s Commissioner; 2003-04 – economic advisor to government; July-Nov 2004 – Commissioner for Enterprise and Information Society; Nov 2004-09 – Commissioner for Enlargement

ANDRIS PIEBALGS (LATVIA) – Commissioner responsible for Development; co-founder of (centrist) Latvian Way party; 1990-93 – Minister of Education; 1994-95 – Minister of Finance; 1998-2003 – Permanent Representative to EU; 2004-09 – Commissioner for Energy

MICHEL BARNIER (FRANCE) – Commissioner responsible for the Internal Market and Services; 1972-99 – General Councillor of Savoie; 1999-2004 – Commissioner for Regional Policy and Institutional Reform; 2004-05 – Foreign Minister under Pres. Chirac (center-right); 2007-09 – Minister of Agriculture and Fisheries; 2009 – elected MEP; Sarkozy says UK was against B.’s appointment: “The English are the big losers” (UK fears excessive regulation of City of London); B. says a commissioner is a “political man or woman,” but wants to “deepen” internal market (contrary to French preferences); proposes a Briton (J. Faul) for Director-General for internal market

ANDROULLA VASSILIOU (CYPRUS) – Commissioner responsible for Education, Culture, Multilingualism and Youth; 1980-88 – legal advisor to Bank of Cyprus; 1991-95 – President of the World Federation of United Nations Associations; member of (centrist) United Democrats; 1996-2006 – MP; 2001-06 – VP of European Liberal Democrats and Reform Party (ELDR), a centrist grouping represented in the EP; 2008-09 – Commissioner for Health

ALGIRDAS ŠEMETA (LITHUANIA) – Commissioner responsible for Taxation and Customs Union, Audit and Anti-Fraud; 1997-99 – Finance Minister in center-right government; 2001-08 – Director General of Lithuania’s Department of Statistics; 2008-09 – Minister of Finance in center-right Kubilius government; July-Nov 2009 – Commissioner for Financial Programming and Budget

KAREL DE GUCHT (BELGIUM) – Commissioner responsible for Trade; member of (centrist) Flemish Liberal and Democratic Party; 1980-94 – MEP; 1995-2003 – Flemish MP; 2004-09 – Minister of Foreign Affairs; 2008-09 – Deputy Prime Minister

JOHN DALLI (MALTA) – Commissioner responsible for Health and Consumer Policy; member of (center-right) Nationalist Party; MP since 1987; 1989-91 – Minister of the Economy; 1992-96 – Minister of Finance; 1998-2004 – Minister of Finance and the Economy; 2004 – Minister of Foreign Affairs; 2007 – Minister of Social Policy

MAÍRE GEORGEHAN-QUINN (IRELAND) – Commissioner responsible for Research, Innovation and Science; member and a leader of (center-right) Fianna Fáil party; MP since 1975; 1987-91 – Minister for European Affairs; 1992 – Minister of Tourism, Transport and Communications; 1993-94 – Minister of Justice; since 1996 – European Court of Auditors; first Commissioner responsible for “innovation”

JANUSZ LEWANDOWSKI (POLAND) – Commissioner responsible for Budget and Financial Programming; 1974-84 – associate prof of international trade; 1991-93 – Minister of Privatization; 2001-04 – MP; 2004-09 – MEP; member of (center-right) Civic Platform

MARIA DAMANAKI (GREECE) – Commissioner responsible for Maritime Affairs and Fisheries; 1970-74 – student activist opposed to Greek military government (imprisoned); 1977 – youngest MP; 1977-93 – MP; 1991-93 – leader of Coalition of the Left and Progress; 2000-09 – MP from (center-left) PASOK party

GÜNTHER OETTINGER (GERMANY) – Commissioner responsible for Energy; various positions in (center-right) Christian Democratic Union (CDU) since 1983; member of Landtag (State Diet) of Baden-Württemberg since 1984; Minister President (head of government) of Baden-Württemberg since 2005

JOHANNES HAHN (AUSTRIA) – Commissioner responsible for Regional Policy; 1996-2003 – member of regional parliament of Vienna; 1992-97 – Executive Director of (center-right) Austrian People's Party (PVÖ); 1997-2003 CEO of Novomatic; 2003-07 – member of Vienna's regional government; 2007-09 – Minister of Science and Research

CONNIE HEDEGAARD (DENMARK) – Commissioner responsible for Climate Action; member of (center-right) Conservative People's Party; 1984-90 and 2005-09 – MP; 2004-07 – Minister of the Environment; 2005-07 – also Minister for Nordic Cooperation; 2007-09 – Minister of Climate and Energy

ŠTEFAN FÜLE (CZECH REPUBLIC) – Commissioner responsible for Enlargement and European Neighborhood Policy; various positions in Foreign Ministry since 1987; 1998-2001 – Ambassador to Lithuania; 2003-05 – Ambassador to UK; 2005-09 – Permanent Representative to EU

LÁSZLÓ ANDOR (HUNGARY) – Commissioner responsible for Employment, Social Affairs and Inclusion; 1989-2005 – economist in academia and think tanks (1997-98: visiting prof at Rutgers); 2003-05 – senior advisor in PM’s office; 2005-09 – member of Board of Directors of the European Bank for Reconstruction and Development (EBRD)

CECILIA MALMSTRÖM (SWEDEN) – Commissioner responsible for Home Affairs; 1998-99 – senior lecturer, Dept. Of Political Science, University of Göteborg; 1999-2006 – MEP; member of executive of (centrist) Swedish Liberal Party since 2001; 2006-09 – Minister for European Affairs

KRISTALINA GEORGIEVA (BULGARIA) – Commissioner responsible for International Cooperation, Humanitarian Aid and Crisis Response; 1977-1993, Associate Prof of Econ at University of National and World Economy, Sofia; research fellow at LSE, visiting prof in Fiji and Australia, post-grad research and teaching at MIT (1991); 1993-2004, economist at World Bank; 2004-07, World Bank Director for Russia; 2007-08, Director for Sustainable Development, World Bank; 2008-10, VP and Corporate Secretary of World Bank Group; replaced Rumiana Jeleva, who withdrew after poor performance before EP

DACIAN CIOLOȘ (ROMANIA) – Commissioner responsible for Agriculture and Rural Development; academic and professional background in agricultural development; 2007-08 – Minister of Agriculture and Rural Development in centrist, western-oriented government

- **New Commission includes 12 holdovers from previous Commission (including Barroso)**
- **14 from center-right parties, 5 from center-left, 5 from centrist parties and 3 technocrats; 9 women**

COUNCIL OF THE EUROPEAN UNION

(COUNCIL OF MINISTERS; "THE COUNCIL")

CONSISTS OF CABINET MINISTERS OF THE GOVTS OF ALL THE MEMBER STATES

WHEREAS THE *COMMISSION* REPRESENTS THE *SUPRANATIONAL* SIDE OF THE EU, THE *COUNCIL* REPRESENTS ITS *INTERGOVERNMENTAL* ASPECT, BASED ON EACH STATE'S NATIONAL INTERESTS AND HARD BARGAINING

THERE IS *ONE* COUNCIL OF THE EU, BUT DIVIDED INTO 10 *FORMATIONS*

- INITIALLY IT HAD >20 FUNCTIONAL "FORMATIONS" (MINISTERIAL COUNCILS); REDUCED TO 9 IN 2002, THEN RAISED TO 10 IN LISBON TREATY IN 2009**
- UNTIL LISBON TREATY THERE WAS A *GENERAL AFFAIRS & EXTERNAL RELATIONS COUNCIL*; THE TREATY SPLITS IT INTO THE *GENERAL AFFAIRS COUNCIL* AND THE *FOREIGN AFFAIRS COUNCIL***
- *GENERAL AFFAIRS COUNCIL (GAC)* - 27 FOREIGN MINISTERS, PLUS OTHERS (e.g., EUROPEAN AFFAIRS MINISTERS); AT TIMES ABOUT 150**
- ENSURES CONSISTENCY IN WORK OF OTHER COUNCIL FORMATIONS.**
- PREPARES EUROPEAN COUNCIL MEETINGS**
- CHAIRED BY FOREIGN MINISTER OF THE COUNTRY HOLDING THE PRESIDENCY**
- MEETS MONTHLY**

- **FOREIGN AFFAIRS COUNCIL (FAC) - 27 FOREIGN MINISTERS AND OTHERS AS NECESSARY (e.g., DEFENSE, TRADE, DEVELOPMENT MINISTERS)**
- **DEALS WITH TRADE, DEVELOPMENT, FOREIGN POLICY & SECURITY ISSUES, ETC.**
- **SINCE LISBON TREATY, CHAIRED BY HIGH REP. FOR FOREIGN AFFAIRS & SECURITY POLICY (THUS ESTABLISHING A CLOSER LINK BETWEEN THE COUNCIL AND THE COMMISSION ON FOREIGN POLICY); HIGH REP. DOES *NOT* VOTE**
- **MEETS MONTHLY**
- **ECONOMIC & FINANCIAL AFFAIRS (ECOFIN) = 27 ECONOMICS & FINANCE MINISTERS (PLUS OTHERS)**
- **COORDINATES 27 ECONOMIC POLICIES & EU BUDGET**
- **MEETS MONTHLY, USUALLY AFTER EUROGROUP**

SECTORAL FORMATIONS MEET AT LEAST EVERY 3 MONTHS:

- **JUSTICE AND HOME AFFAIRS (INCL. CIVIL PROTECTION) (27 JHA MINISTERS, ET AL.)**
- **EMPLOYMENT, SOCIAL POLICY, HEALTH & CONSUMER AFFAIRS (27 MINISTERS, ET AL.)**
- **COMPETITIVENESS (INTERNAL MARKET, INDUSTRY, RESEARCH, TOURISM) (27 MINISTERS, ET AL.)**
- **TRANSPORT, TELECOMMUNICATIONS & ENERGY (27 +...)**
- **AGRICULTURE & FISHERIES (27 MINISTERS ET AL.)**
- **ENVIRONMENT (27 MINISTERS ET AL.)**
- **EDUCATION, YOUTH & CULTURE (INCL AUDIOVISUAL AFFAIRS) (27 MINISTERS ET AL.)**

**COUNCIL FORMATION MEETINGS MAY INVOLVE JUNIOR
MINISTERS, STAFF, NATIONAL GOVT OFFICIALS, ET AL.;
AS MANY AS 150 IN THE ROOM**

COUNCIL'S MAIN TASKS

**(1) TO MAKE DECISIONS (i.e., TO LEGISLATE) – SOMETIMES
JOINTLY WITH THE EP**

**– WHEREAS THE *COMMISSION PROPOSES & ENFORCE* EU
LAWS, THE *COUNCIL* IS THE EU'S *MAIN DECISION-
MAKING BODY*; IT *CREATES* EU LAW**

**– IN SOME MATTERS, COUNCIL MAY MAKE DECISIONS
ALONE; IN OTHERS, IT MAKES *CO-DECISIONS* WITH
THE EUROPEAN PARLIAMENT; IN OTHERS, IT MUST
CONSULT WITH EP OR GET ITS *ASSENT***

**-- IN AVG YEAR, IT ADOPTS ABOUT 15 DIRECTIVES, 150
REGULATIONS & 50 DECISIONS ALONE; + ABOUT 30
DIRECTIVES, 50 REGS & 5 DECISIONS WITH EP**

**-- THOUGH COUNCIL USUALLY ACTS UPON COMMISSION
PROPOSALS, IT CAN ALSO TAKE INITIATIVES:**

**-- MAJORITY MAY “REQUEST” STUDIES OR
PROPOSALS FROM COMMISSION**

**-- BY UNANIMOUS VOTE, IT MAY COMPEL COMM. TO
AMEND A PROPOSAL**

**-- ADOPTS OPINIONS & RECOMMENDATIONS THAT
COMMISSION CANNOT IGNORE**

-- MAY GENERATE IDEAS THAT BECOME POLICY

**-- MAY GET MEMBER STATES TO MAKE NON-BINDING
AGREEMENTS (CFSP, EMU, ETC.)**

THE BROAD RANGE OF POLICY DECISIONS COUNCIL MAY MAKE INCLUDES:

- **APPROVING EU BUDGET (JOINTLY WITH EP)**
- **DEVELOPING COMMON FOREIGN & SECURITY POLICY & CONCLUDING INT'L AGREEMENTS**
- **COORDINATING COOPERATION WITH NATIONAL COURTS & POLICE IN CRIMINAL MATTERS (JHA)**
- **VARIOUS ECONOMIC POLICIES**
- **POLICIES ASSOCIATED WITH THE VARIOUS FORMATIONS**

(2) TO *IMPLEMENT* SOME DECISIONS (EXECUTIVE ROLE)

- **COMMISSION IS THE MAIN IMPLEMENTING INSTITUTION OF EU; NATIONAL GOVTS IMPLEMENT MOST EU POLICIES**
- **BUT COUNCIL OF MINISTERS CAN INDIRECTLY AFFECT COMMISSION IMPLEMENTATION THROUGH COMITOLGY CTTEES, WHICH CONSIST OF NATIONAL GOVT OFFICIALS**
- **MOST FOREIGN & SECURITY POLICY DECISIONS ARE IMPLEMENTED THROUGH COUNCIL**

(3) TO *MEDIATE* CONFLICTS AND DISPUTES

- **BETWEEN MEMBER STATES & BETWEEN ITSELF, THE COMMISSION & EP**

THE COUNCIL PRESIDENCY

IT IS A MEMBER-STATE *GOVERNMENT* (OR *TRIO* OF GOVTS)

THE *GOVT* 'HAS THE PRESIDENCY OF THE COUNCIL' ('THE POLISH PRESIDENCY'); *NOT* 'PRESIDENCY OF THE EU'

-- THE *PRESIDENT OF THE COUNCIL* IS THAT GOVT'S FOREIGN MINISTER (CHAIRS GENERAL AFFAIRS COUNCIL)

STATES ROTATE EVERY 6 MONTHS, CONCLUDING EACH PRESIDENCY WITH A *SUMMIT* OF EU LEADERS

-- POLAND, JUL-DEC 11; DENMARK, JAN-JUN 12; CYPRUS. JUL-DEC 12; IRELAND, JAN-JUN 13

BASED ON PRIOR PRACTICE SINCE 2007, ANNEX TO TREATY OF LISBON CODIFIES A *TRIO PRESIDENCY*, REQUIRING COOPERATION AMONG 3 SUCCESSIVE PRESIDENCIES

-- SPAIN-BELGIUM-HUNGARY, 1/1/10-6/30/11; POLAND-DENMARK-CYPRUS, 7/1/11-12/31/12; IRELAND-LITH-GREECE, 1/1/13-6/30/14

-- ONE STATE TAKES THE LEADING ROLE IN THE PRESIDENCY FOR A 6-MONTH PERIOD (DENMARK, 1/1/12; CYPRUS, 7/1/12; IRELAND; 1/1/13)

-- AIMS: INSURE CONTINUITY AND BETTER MEDIUM-TERM PLANNING AND IMPLEMENTATION OF POLICY, BASED ON A COMMON 18-MONTH AGENDA

-- ENABLE LARGE STATES TO ASSIST SMALL STATES IN RUNNING THE COUNCIL PRESIDENCY

For ²⁰¹⁰~~2007~~ the threshold of 62% is established as ^{310.6}~~305.5~~ million people out of a total of ⁵⁰¹~~492.8~~ million.

As from 1 January 2007, the qualified majority is set at 255 votes out of a total of 345, whilst also representing a majority in number of the member states.

- a decision modifying the order in which the presidency of the Council will be held until 2020 (15490/06).

The Council will be presided over for periods of six months in accordance with the following list:

2007: Germany and Portugal

2008: Slovenia and France

JULY-DEC 2008 TRIO:
FRANCE, CZECH REP. + SWEDEN

2009: Czech Republic and Sweden

2010: Spain and Belgium

2011: Hungary and Poland

2012: Denmark and Cyprus

2013: Ireland and Lithuania

2014: Greece and Italy

2015: Latvia and Luxembourg

2016: Netherlands and Slovakia

2017: Malta and United Kingdom

2018: Estonia and Bulgaria

2019: Austria and Romania

2020 (January to June): Finland.

The decisions were taken by written procedure, concluded today.

- (5) REPRESENT COUNCIL IN DEALINGS WITH OTHER EU INSTITUTIONS AND WITH NON-MEMBER STATES**
- **PRESIDENCY REPRESENTS EU ABROAD (BELGIUM'S PM MAY SPEAK FOR EU ABROAD DURING ITS PRESIDENCY); NEGOTIATES TREATIES, ETC.**

THE *GENERAL SECRETARIAT* OF THE COUNCIL ASSISTS THE ROTATING PRESIDENCIES

- **HEADED BY THE *SECRETARY-GENERAL* OF THE COUNCIL**
- **FROM 1999 TO 2009, THE SECRETARY-GENERAL WAS THE EU'S *HIGH REPRESENTATIVE FOR THE COMMON FOREIGN AND SECURITY POLICY*; JAVIER SOLANA (SPAIN)**
- **DEPUTY SECRETARY-GENERAL MANAGES THE COUNCIL'S *GENERAL SECRETARIAT*, A BUREAUCRACY WITH 10 DIRECTORATES-GENERAL AND ABOUT 2,500 BUREAUCRATS**
- **UNTIL DEC 2009 IT WAS PIERRE DE BOISSIEU (FRANCE)**
- **STARTING WITH LISBON TREATY'S ENTRY INTO FORCE ON 1 DEC 2009, SECRETARY-GENERAL WAS DE BOISSIEU; HE SERVED UNTIL JUNE 2011; SUCCEEDED BY UWE CORSEPIUS (GERMANY)**

HOW THE COUNCIL MAKES DECISIONS

(1) TYPICALLY, A COMMISSION PROPOSAL IS FIRST TAKEN UP BY COUNCIL *WORKING PARTIES*

- **COMPOSED OF SUB-MINISTERS OR OTHER OFFICIALS OF MEMBER-STATE DELEGATIONS IN BRUSSELS**
- **THEY EXAMINE COMM. PROPOSALS CAREFULLY, TRY TO ACHIEVE CONSENSUS OR STATE THEIR RESPECTIVE GOVT'S OBJECTIONS**
- **ABOUT 150 WORKING PARTIES ARE IN OPERATION; EACH TYPICALLY MEETS 4 TO 8 TIMES, ISSUES A DOCUMENT SHOWING AGREEMENTS & DISAGREEMENTS; THEY SEND IT TO THE ...**

(2) *COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER)*

- **PERMANENT REPRESENTATIVES (AMBASSADORS) TO THE EU OF THE 27 MEMBER STATES (COREPER II) AND**
- **DEPUTY PERMANENT REPS (COREPER I)**
- **ASSISTED BY CIVIL SERVANTS FROM HOME COUNTRIES**
- **BOTH I & II MEET WEEKLY IN BRUSSELS, WITH MANY INFORMAL MEETINGS**
- **COREPER I & II EXAMINE COMMISSION PROPOSALS AND WORKING PARTY DOCUMENTS, WITH HARD BARGAINING BASED ON INSTRUCTIONS FROM GOVTS; A FILTER BETWEEN GOVTS & COUNCIL**

- **AIM IS TO PRESENT FINALIZED AGREEMENTS TO MINISTERS FOR QUICK DECISIONS, LEAVING CONTROVERSIAL POINTS TO THE MINISTERS**
- **ESTIMATES SUGGEST THAT ABOUT 75-85% OF COUNCIL BUSINESS IS RESOLVED AT WORKING PARTY OR COREPER LEVEL, LEAVING THE MOST CONTROVERSIAL ISSUES TO THE MINISTERS**
- **ESPECIALLY URGENT OR CONTENTIOUS QUESTIONS CAN BE FAST-TRACKED TO THE MINISTERS**
- ***A SPECIAL COMMITTEE ON AGRICULTURE (SCA) -- NOT COREPER -- HANDLES AGRICULTURAL ISSUES***

VARIOUS COUNCIL COMMITTEES – COMPOSED OF NATIONAL GOVT OFFICIALS – ADVISE THE COUNCIL (OR THE COMMISSION); e.g. ...

- ***ECONOMIC & FINANCIAL CTTEE (2 FROM EACH STATE + 2 FROM COMMISSION + 2 FROM EUROPEAN CENTRAL BANK)***
- ***POLITICAL AND SECURITY CTTEE (COPS)***
- ***STANDING CTTEE ON EMPLOYMENT AND OTHERS***

(3) THE COUNCIL VOTES

- **27 FOREIGN MINISTERS (OR EUROPEAN AFFAIRS MINISTERS) VOTE IN GENERAL AFFAIRS COUNCIL**
- **27 ECONOMICS/FINANCE MINISTERS VOTE IN ECOFIN ... AND SO ON IN EACH FORMATION**
- **VOTES REFLECT POLICIES OF EACH MINISTER'S GOVT**

VOTING IN THE COUNCIL OF MINISTERS

TREATY OF ROME PERMITS 3 KINDS OF VOTING:

- **UNANIMITY, GIVING EACH STATE A VETO**
- **QUALIFIED MAJORITY VOTING (QMV) – SOME FORM OF WEIGHTED VOTING**
- **SIMPLE MAJORITY OF MEMBER STATES (USED RARELY)**

DE GAULLE INSISTED ON UNANIMITY ON ALL ISSUES (LUXEMBOURG COMPROMISE, 1966) – AND IT REMAINED THE NORM UNTIL 1980s

BY THE 1980s IT WAS ACKNOWLEDGED THAT UNANIMITY WOULD SERIOUSLY COMPLICATE (AND PROBABLY PREVENT) THE CREATION OF A SINGLE MARKET

- ***SINGLE EUROPEAN ACT* (1986) EXTENDS QMV TO INCLUDE SINGLE-MARKET AND RELATED ISSUES**

SUBSEQUENTLY, QMV EXTENDED TO MORE ISSUE AREAS

- **LISBON TREATY EXPANDS THE NUMBER OF ISSUES TO BE DECIDED BY QMV BY 40-45 AREAS, INCLUDING MANY JUSTICE & HOME AFFAIRS ISSUES FORMERLY RESERVED TO MEMBER STATES (IMMIGRATION, ASYLUM, POLICE & JUDICIAL COOPERATION IN CRIMINAL MATTERS, ETC.) –**
- **UK & IRELAND ARE ALLOWED TO OPT OUT OF SOME OF THEM**

- **LISBON TREATY'S "PASSARELLE CLAUSE" ALLOWS EUROPEAN COUNCIL, BY UNANIMOUS VOTE OF ALL 27 HEADS OF GOVT/STATE, TO PERMIT THE COUNCIL OF MINISTERS TO USE QMV ON MATTERS PREVIOUSLY REQUIRING UNANIMITY - EXCEPT IN CASES WITH DEFENSE OR MILITARY IMPLICATIONS**

EU RULES STILL *REQUIRE UNANIMITY* ON SEVERAL ISSUES:

- **MOST FOREIGN & SECURITY POLICY ISSUES, ESPECIALLY THOSE INVOLVING ARMED FORCE**
- **ENLARGEMENT DECISIONS**
- **CONSTITUTIONAL ISSUES INVOLVING EU INSTITUTIONS**
- **VARIOUS FINANCIAL ISSUES, ESPECIALLY TAXATION**

COUNCIL OF MINISTERS GENERALLY PREFERS CONSENSUS AND OFTEN VOTES BY UNANIMITY EVEN WHEN QMV IS PERMITTED

- **QMV VOTING IS USED IN ONLY 10-15% OF THE VOTES IN WHICH IT *MAY* BE USED**
- **SOMETIMES A FORMAL VOTE IS NOT TAKEN AT ALL IF NO MINISTER EXPLICITLY OBJECTS TO A DECISION**

ANY MEMBER STATE'S MINISTER - OR THE COMMISSION - HAS THE RIGHT TO ASK FOR A VOTE IN THE COUNCIL

- **A VOTE *MUST* BE TAKEN IF A SIMPLE MAJORITY OF MINISTERS AGREES**

2007-2014: QMV BASED ON NICE TREATY

TO PASS IN THE COUNCIL, A PROPOSAL REQUIRES:

- A MAJORITY OF STATES (14) FOR COMMISSION PROPOSALS; 2/3 MAJORITY (18 STATES) FOR OTHER (e.g., COUNCIL) PROPOSALS; AND**
- A MINIMUM 255 VOTES OUT OF 345 (74% OF TOTAL VOTES); AND**
- A STATE MAY REQUEST VERIFICATION THAT THE STATES VOTING IN THE MAJORITY REPRESENT AT LEAST 62% OF THE TOTAL EU POPULATION (310 M OUT OF 500 M IN 2010); IF NOT, NO DECISION**

FRANCE, GERMANY, UK, ITALY	29 votes each
SPAIN, POLAND	27
ROMANIA	14
NETHERLANDS	13
BEL, CZECH, GREECE, HUNG, PORT	12
AUSTRIA, BULG, SWEDEN	10
DEN, FIN, IRE, LITH, SLOVAKIA	7
CYP, EST, LAT, LUX, SLOVENIA	4
MALTA	3

TOTAL: 345 MAJORITY: 255 BLOCKING MINORITY: 91

- FOR EXAMPLE, IF A DECISION IS TO BE MADE BY THE GENERAL AFFAIRS COUNCIL, THE FRENCH FOREIGN MINISTER'S YES (OR NO) VOTE = 29**
- SAME FOR EACH GERMAN, UK & ITALIAN VOTE**
- SPAIN'S & POLAND'S MINISTERS' VOTE = 27, AND SO ON**
- SAME PROCEDURE IS FOLLOWED IN ALL 10 COUNCIL FORMATIONS**

NICE QMV SYSTEM ALSO STIPULATES THAT:

- **QMV DECISIONS ON *COMMISSION* PROPOSALS REQUIRE SUPPORT OF A SIMPLE MAJORITY OF STATES**
- **QMV DECISIONS ON *COUNCIL* PROPOSALS REQUIRE 2/3 MAJORITY OF STATES**

TREATY OF LISBON SCRAPS THE NICE SYSTEM AND ESTABLISHES A *DOUBLE MAJORITY* SYSTEM; STARTING IN 2014, COUNCIL DECISIONS WILL REQUIRE:

- **55% OF MEMBER STATES (15 OUT OF 27)**
- **THEY MUST REPRESENT AT LEAST 65% OF EU POP.**
- **TO BLOCK A DECISION, AT LEAST 4 COUNTRIES REPRESENTING AT LEAST 35% OF EU POP. MUST VOTE AGAINST IT**
- **IF A VOTE IS TAKEN ON A MATTER THAT IS *NOT* A PROPOSAL PRESENTED BY THE COMMISSION OR THE HIGH REP. FOR FOREIGN AFFAIRS (e.g., IF THE PROPOSAL WAS MADE BY THE COUNCIL OF MINISTERS), THEN 72% OF THE MEMBER STATES (19 OUT OF 27) MUST VOTE TO APPROVE IT**
- **UNTIL 2017, A STATE MAY REQUEST USE OF NICE QMV**

LISBON TREATY REQUIRES ALL COUNCIL PROCEDURAL MEETINGS – INCLUDING DEBATES AND VOTING – TO BE TELEVISED

THE EUROPEAN COUNCIL
(HOGS: HEADS OF GOVERNMENT AND STATE)

LEADERS OF EUROPEAN COMMUNITIES HELD SUMMITS OCCASIONALLY BEFORE THEY CREATED THE EUROPEAN COUNCIL IN 1974 AS AN OFFSHOOT OF THE COUNCIL OF MINISTERS

1974: DECISION THAT LEADERS & FOREIGN MINISTERS WILL MEET AT LEAST 3X A YEAR

- AIMS: INTERGOVERNMENTAL "OVERALL APPROACH" & "OVERALL CONSISTENCY"; SET GOALS; DEAL WITH CONFLICTS & DEADLOCKS; COOPERATION**

SUMMIT GROUP IS GRADUALLY CODIFIED AS THE *EUROPEAN COUNCIL* IN SINGLE EUROPEAN ACT (1986) AND MAASTRICHT & NICE TREATIES; LISBON TREATY MAKES IT AN EU INSTITUTION IN ITS OWN RIGHT

UNTIL THE LISBON TREATY (1 DEC 2009), IT CONSISTED OF:

- *HEADS OF GOVT* (PRIME MINISTERS, CHANCELLORS) *AND/OR STATE* (PRESIDENTS) OF THE 27 EU MEMBERS; STATES COULD DECIDE WHOM TO SEND AS CHIEF DELEGATE; MOST SENT HEAD OF GOVT, A FEW WOULD SEND PRES. (e.g., FRANCE, CYPRUS, OTHERS)**
- *PRESIDENT OF THE COMMISSION* AND THE *HIGH REP FOR THE COMMON FOREIGN AND SECURITY POLICY* WERE PRESENT BUT COULD NOT VOTE**
- IN SECOND TIER, FOREIGN MINISTERS AND VARIOUS SECTORAL MINISTERS (ECOFIN, ETC.)**

2002: SEVILLE SUMMIT DECIDES TO LIMIT EACH STATE TO 2 SEATS IN THE ROOM; CURRENTLY - 1 SEAT

UNTIL DEC 2009, THESE SUMMITS WERE CHAIRED BY THE HEAD OF GOVT OR STATE OF THE COUNTRY HOLDING THE 6-MONTH COUNCIL PRESIDENCY (e.g., PM OF ITALY)

LISBON TREATY CREATES A NEW POSITION:

PRESIDENT OF THE EUROPEAN COUNCIL

- AIMS: CONTINUITY, MEDIATION, POLICY PROMOTION AND GLOBAL PRESENCE IN AN ENLARGED EU/27**
- APPOINTED BY THE MEMBER-STATE GOVTS (BY QMV IF THERE IS NO CONSENSUS) FOR 2 ½ YEARS, RENEWABLE ONCE**
- APPOINTEE IS *NOT* SUBJECT TO APPROVAL BY THE EP (UNLIKE THE HIGH REP. FOR FOREIGN AFFAIRS & SECURITY POLICY)**
- AND DOES NOT HAVE TO REFLECT THE LATEST EP ELECTIONS (UNLIKE PRES OF THE COMMISSION STARTING IN 2014)**

LISBON TREATY RESTRICTS MEMBERSHIP TO:

- 27 *HEADS OF GOVT* (PMs, CHANCELLORS) AND/OR *HEADS OF STATE* (PRESIDENTS) - STATES MAY DECIDE WHOM TO SEND (FRANCE SENDS PRES & PM; CYPRUS SENDS PRES (NO PM); OTHERS SEND HEAD OF GOVT & SOMETIMES PRES**
- *PRESIDENT OF THE EUROPEAN COUNCIL*, A NEW POST**
- *PRESIDENT OF THE COMMISSION* (MAY NOT VOTE)**
- *HIGH REP. FOR FOREIGN AFFAIRS & SECURITY POLICY* "SHALL TAKE PART," BUT IS *NOT* A MEMBER**

TASKS OF PRESIDENT OF EUROPEAN COUNCIL:

- **CHAIRS REGULAR SUMMITS (4 TIMES A YEAR); MAY CALL ADDITIONAL SUMMITS**
- **"DRIVES FORWARD" AND COORDINATES EUROPEAN COUNCIL'S WORK**
- **FACILITATES CONSENSUS AMONG MEMBER GOVTS**
- **WORKS WITH THE COUNTRY HOLDING THE COUNCIL PRESIDENCY**
- **REPRESENTS EU IN FOREIGN AFFAIRS - ALONG WITH THE HIGH REP., THE COUNCIL PRESIDENCY (e.g., BELGIUM) AND THE COMMISSION**
- **SUBMITS REPORT TO EP AFTER EACH SUMMIT**
- **OTHERWISE, TASKS ARE VAGUE; MUCH WILL DEPEND ON PERSONALITY**

PRESIDENT IS ASSISTED BY THE COUNCIL OF MINISTERS' SECRETARIAT

FIRST PRES OF EUROPEAN COUNCIL IN DEC 2009: *HERMAN VAN ROMPUY* (PM OF BELGIUM)

- **SOME STATES WANTED A HIGH-PROFILE PERSON LIKE BLAIR OR GONZALES; OTHERS (GERMANY, SMALL STATES) WANTED A LOW-KEY MEDIATOR LIKE VERHOFSTADT, JUNCKER OR VAN ROMPUY**
- **DEAL STRUCK BETWEEN CENTER-RIGHT GOVERNMENTS (THE MAJORITY) AND THE CENTER-LEFT:**
 - **VAN ROMPUY (CENTER-RIGHT) FOR PRES OF EU COUNCIL; ASHTON (CENTER-LEFT) FOR HIGH REP; DEAL AGREED TO UNANIMOUSLY IN NOV 2009**
- **MARCH 2012: VAN ROMPUY RENEWED FOR 30 MONTHS**

EUROPEAN COUNCIL, 28-29 JUNE 2012

Herman Van Rompuy	President, European Council
Helle Thorning-Schmidt	Denmark PM (Danish presidency)
Werner Faymann	Austria Fed. Chancellor
Elio Di Rupo	Belgium PM
Demetris Christofias	Cyprus President
Petr Nečas	Czech Rep. PM
Andrus Ansip	Estonia PM
Jyrki Katainen	Finland PM
François Hollande	France President
Angela Merkel	Germany Fed. Chancellor
Karolos Papoulias	Greece President*
Viktor Orbán	Hungary PM
Enda Kenny	Ireland PM
Mario Monti	Italy PM
Valdis Dombrovskis	Latvia PM
Dalia Grybauskaitė	Lithuania President
Jean-Claude Juncker	Luxembourg PM
Mark Rutte	Netherlands PM
Donald Tusk	Poland PM
Pedro Passos Coelho	Portugal PM
Victor Ponta	Romania PM**
Robert Fico	Slovakia PM
Janez Janša	Slovenia PM
Mariano Rajoy	Spain PM
Fredrik Reinfeldt	Sweden PM
David Cameron	UK PM
Zoran Milanović	Croatia PM
José Manuel Barroso	President, European Commission
Catherine Ashton	High Representative for Foreign Affairs & Security Policy
Uwe Corsepius	Secretary-Gen'l, Council of Mins
Martin Schulz	President, European Parliament
Mario Draghi	President, Eur. Central Bank

***Greek PM typically attends **Romanian Pres. typically**

EUROPEAN COUNCIL MEETS TWICE EVERY 6 MONTHS (AT CONCLUSION OF 6-MONTH PRESIDENCIES + SPRING & FALL) AND IN SPECIAL SUMMITS AS NECESSARY; e.g.,

- MEETING ON IRAQ, 2/17/03; MEETING ON RUSSIAN INVASION OF GEORGIA, 9/2/08; MEETING TO SELECT BARROSO, VAN ROMPUY, ASHTON, 11/19/09; GREEK FINANCIAL CRISIS, 2/11/10; OTHERS**

EUROPEAN COUNCIL *DOES NOT LEGISLATE* (DOES NOT MAKE EU LAWS) BUT MAKES *POLITICAL* DECISIONS; SINCE 1980s IT HAS MADE CRITICAL DECISIONS ON -

- EVOLUTION OF EU: MONITORS INTERNAL MARKET, BREAKS DEADLOCKS (e.g., IRISH RATIFICATION OF LISBON TREATY); SETS EU FINANCIAL PARAMETERS; MAKES STATEMENTS OF PRINCIPLES, ETC.**

- INSTITUTIONAL DEVELOPMENT: TREATY DEVELOPMENT & REFORM; INTERGOVERNMENTAL CONFERENCES; OPT-OUTS; PERSONNEL (VAN ROMPUY, ET AL.)**

- ECONOMIC & MONETARY POLICY (AS REQUIRED BY 2009 TREATY ON FUNCTIONING OF EUROPEAN UNION)**

- ENLARGEMENT (e.g., 2004 DECISION ON TURKEY; 2010 DECISION ON ICELAND)**

- EXTERNAL RELATIONS: DIRECTION AND STRATEGY OF CFSP; RELATIONS WITH U.S., RUSSIA, ETC.**

- VARIOUS INTERNAL ISSUES: POLICY INITIATION (IMMIGRATION, TERRORISM, ETC.); GENERAL GUIDANCE TO COMMISSION, COUNCIL ON ISSUES**

LISBON TREATY GIVES EUROPEAN COUNCIL MORE AUTHORITY IN POLICE AND LAW ENFORCEMENT ISSUES, FOREIGN POLICY AND SUCH CONSTITUTIONAL ISSUES AS THE COMPOSITION OF THE EP AND THE COMMISSION, AND OTHER MATTERS

EUROPEAN COUNCIL MAY PROPOSE ACTIONS TO THE COMMISSION AND MAY AMEND COMMISSION PROPOSALS (BUT ONLY BY A UNANIMOUS VOTE)

-- MAY ALSO TAKE UP ISSUES REFERRED TO IT BY THE COUNCIL OF MINISTERS (ESPECIALLY IF THEY ARE DEADLOCKED)

NO FORMAL VOTING PROCEDURE; TYPICALLY ACTS BY CONSENSUS; HIGHLY *INTERGOVERNMENTAL*

-- LISBON TREATY: "EXCEPT WHERE THE TREATIES PROVIDE OTHERWISE, DECISIONS OF THE EUROPEAN COUNCIL SHALL BE TAKEN BY CONSENSUS"

-- VOTING IS RARE, THOUGH IT CAN OCCUR

EURO. COUNCIL IS MORE TRANSPARENT THAN COUNCIL OF MINISTERS (HIGHLY PUBLICIZED SUMMITS, COMMUNIQUEs, STATEMENTS BY LEADERS, ETC.)

-- IT HAS VERY LITTLE CONTACT WITH EP

BIG QUESTION AFTER 2009: HOW MUCH AUTHORITY AND INFLUENCE WILL PRES. VAN ROMPUY HAVE?

EUROPEAN PARLIAMENT (EP)

SUPRANATIONAL; ORGANIZED ALONG PARTY LINES

**STARTED OUT AS THE *COMMON ASSEMBLY* OF ECSC (1952);
RENAMED *EUROPEAN PARLIAMENT* IN 1962**

**UNTIL 1979, NATIONAL PARLIAMENTS OF STATES CHOSE
SOME OF ITS MEMBERS TO SERVE SIMULTANEOUSLY AS
MEMBERS OF THE EP (MEPs)**

**SINCE 1979, MEPs ARE DIRECTLY ELECTED IN SPECIAL
ELECTIONS TO 5-YEAR TERM;**

- 2004: 732 MEPs IN EU-25 ; 2007: 785 IN EU-27

STARTING 2004: AN MEP MAY NOT BE A NATIONAL MP

**TREATY OF LISBON: 754 UNTIL 2014; THEN 750, PLUS THE
NON-VOTING EP PRESIDENT**

-- MINIMUM OF 6 AND MAXIMUM OF 96 PER COUNTRY

**-- COUNCIL OF MINISTERS HAS AUTHORITY TO FIX NO. OF
MEPs PER MEMBER STATE**

**-- DEGRESSIVE PROPORTIONALITY: THE GREATER A
STATE'S POPULATION, THE HIGHER THE NO.
OF CITIZENS PER MEP**

**-- 2009: 1 MEP PER 830,000 IN GERMANY; 1 PER
80,000 IN LUX; EU AVERAGE: 1 PER 659,000**

EP ELECTIONS HELD 4-7 JUNE 2009 (*BEFORE LISBON*)

- 736 MEPs ELECTED; PLUS 18 "OBSERVERS" WHO TAKE OFFICE WHEN LISBON TREATY TAKES EFFECT**

- TURNOUT: 43% AVG IN EU-27; BEL AND LUX, 91%; ITALY, 65.1%; CYPRUS, 58.9%; LAT, 52.6%; SWED, 45.5%; FRANCE, 40.5%; GER, 43.3%; NETH, 36.9%; HUNG, 36.3%; UK, 34.5%; CZECH, 28.2%; POL, 24.5%; LITH, 20.1%; SLOVAKIA, 19.6% (LOWEST)**

- WINNERS TENDED TO BE CENTER-RIGHT AND CENTRIST PARTIES; CENTER-LEFT PARTIES FELL BACK COMPARED TO 2004**

- FRANCE: SARKOZY'S UMP WON 27.9% OF THE VOTE AND 29 MEP SEATS (A GAIN OF 12 SINCE 2004); SOCIALISTS (16.5%) LOST 17 SEATS; 3 FAR-RIGHT PARTIES LOST TOTAL OF 6 MEPs**

- GER: MERKEL'S CDU WON 30.7% OF VOTE AND 34 SEATS (A LOSS OF 6 MEPs); LIBERALS (FDP) WON 12 SEATS, (+5); SPD WON 20.8%, WORST SHOWING SINCE WWII, BUT RETAINED ITS 23 SEATS**

- ITALY: BERLUSCONI'S PEOPLE OF FREEDOM PARTY LED ALL PARTIES WITH 35.3% AND 29 SEATS (+2 SEATS); FAR-RIGHT NORTHERN LEAGUE WON 9 SEATS (+5); CENTER-LEFT DEMOCRATIC PARTY WAS 2ND (26.1%; 21 SEATS, A LOSS OF 1)**

- UK: CONSERVATIVES LED WITH 27.7% AND 25 MEPs (-2 SEATS); UKIP WON 16.5% & 13 SEATS (+1); LABOUR WAS 3RD (15.7% AND ONLY 13 SEATS, A LOSS OF 6); LIBERAL DEMOCRATS WON 11 SEATS (+1)**

-- **THE CENTER-RIGHT WON IN THE NETH, SPAIN, POLAND, ELSEWHERE; IN CZECH REP., KLAUS'S CIVIC DEMOCRATS RETAINED THEIR 9 SEATS, BUT CENTER-LEFT SOCIAL DEMOCRATS WON 7 SEATS (+5); IN IRELAND, PRO-LISBON CANDIDATES WON 11 SEATS, ANTI-LISBON PARTY WON NO SEATS**

-- **MORE THAN 160 PARTIES ARE REPRESENTED**

-- **50% TURNOVER (NEW MEPs); 35% OF MEPs ARE WOMEN**

EP PARTY GROUPINGS AFTER THE 2009 ELECTIONS INITIALLY APPEARED AS FOLLOWS:

-- **EUROPEAN PEOPLE'S PARTY (EPP) – CENTER-RIGHT BUT PRO-EU; ORIGINALLY EST. IN 1976, RE-CONSTITUTED IN 2009 AFTER THE EUROSCEPTIC EUROPEAN DEMOCRATS (ED) ENDED THEIR AFFILIATION; WON 35.9% OF THE VOTE IN EU-27; 265 SEATS (+3 OVER 2004); 36% OF 736 MEPs; INCLUDES GERMANY'S CDU/CSU AND OTHER CHRISTIAN DEMOCRATIC PARTIES IN EUROPE; FRANCE'S UMP, BERLUSCONI'S PEOPLE OF FREEDOM, SPAIN'S PEOPLE'S PARTY, POLAND'S CIVIC PLATFORM & OTHERS; EXTENDS BEYOND EU TO INCLUDE 72 PARTIES FROM 39 COUNTRIES**

-- **PROGRESSIVE ALLIANCE OF SOCIALISTS AND DEMOCRATS (S&D) – CENTER-LEFT; ESTABLISHED IN 2009 BY THE PARTY OF EUROPEAN SOCIALISTS (PES) AND 2 OTHER PARTIES; 184 SEATS (25% OF 736 MEPs); PES WON 21.9% OF THE VOTE AND 161 SEATS, DOWN FROM 200 IN 2004; INCLUDES SOCIAL DEMOCRATS THROUGHOUT EUROPE, UK LABOUR PARTY & OTHERS**

- **ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE (ALDE); - CENTRIST; EST. IN 2004; LED BY GUY VERHOFSTADT, FORMER PM OF BELGIUM; 84 SEATS (11.4% OF 736), A LOSS OF 4 SEATS SINCE 2004; INCLUDES UK'S LIB DEMS, GERMANY'S FREE DEMS, ET AL.**
- **THE GREENS-EUROPEAN FREE ALLIANCE (EFA) - LEFT; EST. 1999; LED BY DANIEL COHN-BENDIT; 55 SEATS 5.8% OF 736 (43 IN 2004)**
- **EUROPEAN CONSERVATIVES AND REFORMISTS (ECR) - CENTER-RIGHT BUT EUROSKEPTIC; FORMED AFTER EP ELECTIONS IN JUNE 2009; 54 SEATS (7.3% OF 736); INCLUDES UK CONSERVATIVES AND ULSTER UNIONISTS; CZECH CIVIC DEMOCRATS (KLAUS); POLAND'S LAW & JUSTICE PARTY & POLAND COMES FIRST!; LATVIA'S FOR FATHERLAND & FREEDOM/LNNK; AND OTHER PARTIES FROM FORMER EUROPEAN DEMOCRATS (ED)**
- **EUROPEAN UNITED LEFT-NORDIC GREEN LEFT (GUE-NGL) - LEFT; EST. 1994; 35 MEPs (5.6% of 736)**
- **EUROPE OF FREEDOM AND DEMOCRACY (EFD) - FAR RIGHT, HIGHLY EUROSKEPTIC; EST. JULY 2009; 32 MEPs(4.4%);REPLACES INDEPENDENCE/DEMOCRACY (I/D) AND THE UNION OF EUROPE FOR THE NATIONS (UEN); DANISH PEOPLE'S PARTY; TRUE FINNS; LEGA NORD; MOVEMENT FOR FRANCE; UKIP & OTHERS**
- **UNAFFILIATED MEPs - 27 MEPs FROM 11 NATIONAL PARTES, INCLUDING SOME ANTI-IMMIGRANT, ULTRA-RIGHT PARTIES**

EP POLITICAL MATH AFTER 2009 ELECTIONS:

- **EP MAJORITY: 369 OUT OF 736**
- **EPP (CENTER-RIGHT): 265 / 36%**
- **S&D (CENTER-LEFT): 184 / 25%**
- **ALDE (CENTRISTS, LIBERALS): 84 / 11.4%**
- **EPP + ECR = 319 / 43.3%**
- **EPP + ALDE = 349 / 47.4%**
- **S&D + ALDE = 268 / 36.4%**
- **S&D + ALDE + GUE/NGL = 303 / 41.2%**
- **EPP + ALDE + ECR = 403 / 54.8% = MAJORITY**

**THESE GROUPINGS TEND TO BE LOOSELY ORGANIZED,
POLITICALLY WEAK AND INTERNALLY DIVIDED**

- **GROUP MEMBERSHIP IS THE MAIN DETERMINANT OF
HOW AN MEP VOTES**
- **BUT THE BIG 3 GROUPS – CENTER-RIGHT EPP, CENTER-
LEFT PES AND THE CENTRIST ALDE – VOTE
TOGETHER ON ABOUT 2/3 OF VOTES (A KIND OF
'GRAND COALITION' EP); LEFT-RIGHT DIVISION
OCCURS ON ABOUT 1/3 OF VOTES**
- **THERE ARE NUMEROUS "INTERGROUPS" OF LIKE-
MINDED MEPs ON ISSUES (FEDERALISTS; RURAL
AREAS; ANIMAL WELFARE, ETC.)**

**PRESIDENT OF THE EP: JERZY BUZEK (EPP, POLAND) WON
ELECTION ON 14 JULY 2009 WITH 555 VOTES OVER EVA-
BRITT SVENSSON (EUL-NGL, SWEDEN)**

- **ELECTED FOR 2 ½ -YEAR TERM; PRESIDES OVER
DEBATES, REFERS MATTERS TO CTTEES, REPRESENTS
EP IN DEALINGS WITH OTHER EU INSTITUTIONS, ETC.**

EP ELECTIONS HELD 10-13 JUNE 2004:

- TURNOUTS LOW: 50% AVG IN EU-15; 27% AVG IN NEW EU-10; 43% IN FRANCE & GER; 39% IN UK; 37.2% IN SWED; 20.4% IN POLAND; 16.7% IN SLOVAKIA; BUT 73.1% IN ITALY, 60% IN IRELAND**
- 23 OUT OF 25 MAIN GOVERNING PARTIES LOST MEPs; EXCEPTIONS = NEWLY ELECTED GOVTS IN GREECE & SPAIN; 50% OF MEPs ELECTED ARE NEW**
- STARTING 2004, ALL STATES USE PROPORTIONAL REPRESENTATION -- THOUGH SINGLE-MEMBER-DISTRICT MAY BE BETTER FOR CITIZEN CONTACTS WITH MEPs**

MEETINGS:

- 12 PLENARY SESSIONS A YEAR IN STRASBOURG (4 DAYS EACH); 6 MINI-PLENARIES A YEAR; POOR ATTENDANCE**
- 20 PERMANENT COMMITTEES + VARIOUS AD HOC CTTEES MEET IN BRUSSELS, WITH STAFF; GENERAL SECRETARIAT IS IN LUXEMBOURG (3,500)**

COST: 2 ½ EUROS PER INHABITANT PER YEAR (1% OF EU BUDGET)

EP'S TASKS HAVE GROWN SINCE MAASTRICHT TREATY (1992-93) IN AN EFFORT TO OVERCOME EU'S "DEMOCRATIC DEFICIT" (CONCENTRATION OF POWER IN COMMISSION & BRUSSELS BUREAUCRACY)

- LISBON TREATY SIGNIFICANTLY ENHANCES EP's POWERS**

European Parliament seats, by country and political group*

	EUL/NGL (United Left, Communists)	Greens	PES (Socialists)	ELDR (Liberals)	EPP (Centre right)	UEN (Nationalists)	EDD (radicals, Euro sceptics)	Not affiliated	TOTAL SEATS
Germany	7	13	23	7	49	-	-	-	99
Britain	-	5	19	12	28	-	12	2	78
France	3	6	31	-	28	-	-	10	78
Italy	7	2	15	9	28	9	-	8	78
Poland	-	-	8	4	18	7	-	17	54
Spain	1	5	24	1	23	-	-	-	54
Netherlands	2	2	7	5	7	-	2	2	27
Belgium	-	2	7	5	7	-	-	3	24
Czech Republic	6	-	2	-	11	-	-	5	24
Greece	4	-	8	-	11	-	-	1	24
Hungary	-	-	9	2	13	-	-	-	24
Portugal	2	-	12	-	7	2	-	1	24
Sweden	2	1	5	3	5	-	-	3	19
Austria	-	2	7	-	6	-	-	3	18
Denmark	2	-	5	4	1	1	1	-	14
Finland	1	1	3	5	4	-	-	-	14
Slovakia	-	-	3	-	8	-	-	3	14
Ireland	-	1	2	-	4	4	-	2	13
Lithuania	-	-	2	3	3	-	-	5	13
Latvia	-	1	-	1	3	4	-	-	9
Slovenia	-	-	1	2	4	-	-	-	7
Cyprus	2	-	-	1	2	-	-	1	6
Estonia	-	-	3	2	1	-	-	-	6
Luxembourg	-	1	1	1	3	-	-	-	6
Malta	-	-	3	-	2	-	-	-	5
Total EU	39	42	200	67	276	27	35	60	732

Source: European Parliament/EDS Gallup Europe

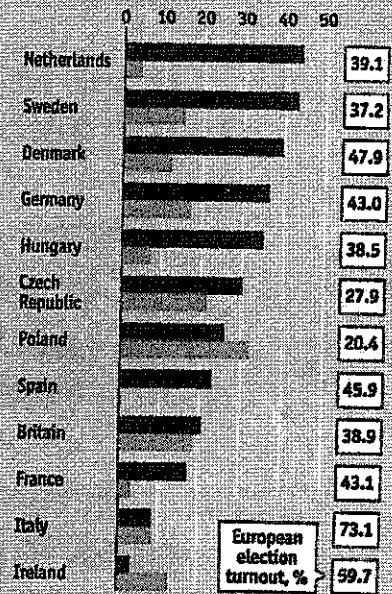
*Breakdown into groups is provisional

Mind the Euro-gaps

Election changes, selected countries
percentage points

Turnout drop in European elections*

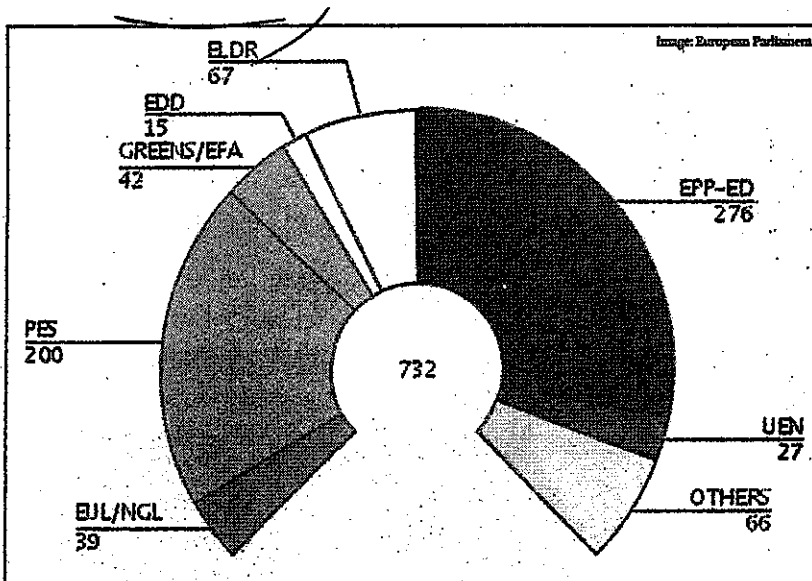
Fall in governing-party support†



*Fall in turnout between latest national elections and European elections
†Drop in support for largest party in government from latest national to European elections

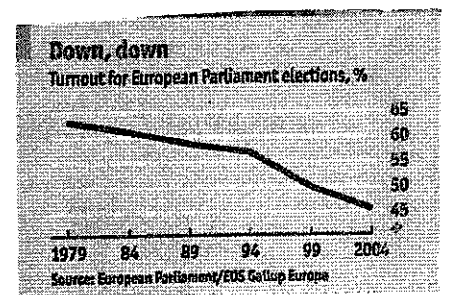
Source: Professor Richard Ross, www.IDEA.int

ROMANIA: 35 BULGARIA: 18



Percentages: how MEP numbers stand after the European Parliament elections

European Voice, 17-23 June 2004



Source: European Parliament/EDS Gallup Europe

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EP AND COMMISSION

EP INTERVIEWS AND APPROVES (OR REJECTS) THE PERSONS NOMINATED BY THE MEMBER GOVERNMENTS FOR:

- **PRESIDENT OF EUROPEAN COMMISSION (IN ONE VOTE)**
 - **IF EP REJECTS A NOMINEE, A NEW ONE MUST BE PROPOSED FOR EP APPROVAL**
 - **LISBON TREATY REQUIRES MEMBER STATES TO TAKE THE LATEST EP ELECTIONS INTO ACCOUNT WHEN SELECTING COMMISSION PRESIDENT (STARTING IN 2014)**
- **THE REMAINING 26 COMMISSIONERS (AFTER COMMITTEE INTERVIEWS AND VOTES, ALL 26 ARE VOTED ON AS A GROUP BY THE FULL EP)**

LISBON TREATY REQUIRES SIMILAR EP APPROVAL OF THE MEMBER STATES' NOMINEE FOR *HIGH REP. FOR FOREIGN AFFAIRS & SECURITY POLICY* (ASHTON)

- ***BUT NOT FOR PRESIDENT OF THE EUROPEAN COUNCIL* (VAN ROMPUY)**

IN A CENSURE VOTE BY 2/3 MAJORITY, EP MAY DISMISS ENTIRE COMMISSION (BUT NOT INDIVIDUALS)

- **FAILED IN 4 ATTEMPTS, 1979-98; IN 1999 SCANDAL, COMMISSION RESIGNED AFTER EP THREATENED TO VOTE CENSURE**

EP SUPERVISES COMMISSION & HOLDS IT ACCOUNTABLE TO SOME EXTENT:

- **COMMISSION MUST FILE AN ANNUAL GENERAL REPORT TO EP FOR DEBATE**
- **COMM. SUBMITS ACCOUNTS OF PRECEDING YEAR AND STATEMENT OF EU FINANCES; EP VOTES TO GIVE A "DISCHARGE" TO COMMISSION TO IMPLEMENT THE BUDGET (ON COUNCIL'S RECOMMENDATION); MAY REQUIRE VARIOUS ACTIONS**
- **IN EFFORT TO PRESSURE SANTER, EP REFUSED TO DISCHARGE BUDGET IN 1998**
- **EP CTTEES CAN SUPERVISE COMM. (e.g., CTTEE ON BUDGETARY CONTROL) - BUT RESOURCES ARE LIMITED**
- **EP MAY ESTABLISH TEMPORARY COMMITTEES OF INQUIRY TO INVESTIGATE ALLEGED MALADMINISTRATION BY COMMISSION (e.g., BSE ISSUE IN 1996-97)**

EP CAN INFLUENCE COMMISSION PROPOSALS SOMEWHAT:

- **MEPs MAY HAVE DISCUSSIONS WITH COMM. BEFORE IT MAKES A PROPOSAL**
- **EP MAY FORWARD ITS *OWN INITIATIVE REPORTS* TO COMM. (WHICH OFTEN USES THEM)**
- **EP MAJORITY MAY VOTE TO "REQUEST" COMM. TO SUBMIT A SPECIFIC PROPOSAL**
- **EP MAY ADDRESS ORAL & WRITTEN QUESTIONS TO COMM.**
- **EP MAY HAVE DIALOGUE WITH COMM. ON LATTER'S ANNUAL LEGISLATIVE PROGRAM AND VOTE ON IT**

**FEB 2010: AFTER INTENSE NEGOTIATIONS, BARROSO AND EP
AGREE ON A REVISED *FRAMEWORK AGREEMENT*:**

- **EP PRESIDENT (BUZEK) WILL ATTEND WEEKLY MEETINGS OF COMMISSIONERS; COMM. PRESIDENT (BARROSO) WILL ATTEND CONFERENCE OF EP POLITICAL GROUPS EVERY 2 WEEKS OR SO**

- **BARROSO RECOGNIZES PRINCIPLE OF EQUAL TREATMENT OF EP AND COUNCIL OF MINISTERS**

- **COMM. WILL GIVE EP ACCESS TO DRAFT DOCUMENTS & PREPARATORY MEETINGS**

- **AGREES TO CLEAR DEADLINES IN COMMISSION REACTIONS TO EP LEGISLATIVE REQUESTS**

- **COMM. AGREES TO TRANSPARENCY & ACCOUNTABILITY IN NOMINATING PERSONNEL FOR EXTERNAL ACTION SERVICE**

- **COMM. AGREES TO EP REPRESENTATION AT INT'L CONFERENCES, WITH OBSERVER STATUS**

- **COMM. & EP AGREE TO SEEK COMMON UNDERSTANDING *BEFORE* COMM. SUBMITS ANNUAL LEGISLATIVE PROGRAM**

- **IF EP ASKS COMM. PRESIDENT TO WITHDRAW A COMMISSIONER-DESIGNATE, COMM. PRES. SHOULD ASK THAT PERSON TO WITHDRAW (LISBON TREATY DOES NOT REQUIRE THIS)**

- **EP MAY QUESTION INDIVIDUAL COMMISSIONERS (INCL HIGH REP.) – LIKE 'QUESTION HOUR' WITH COMM. PRES.**

THE EP & THE COUNCIL OF MINISTERS

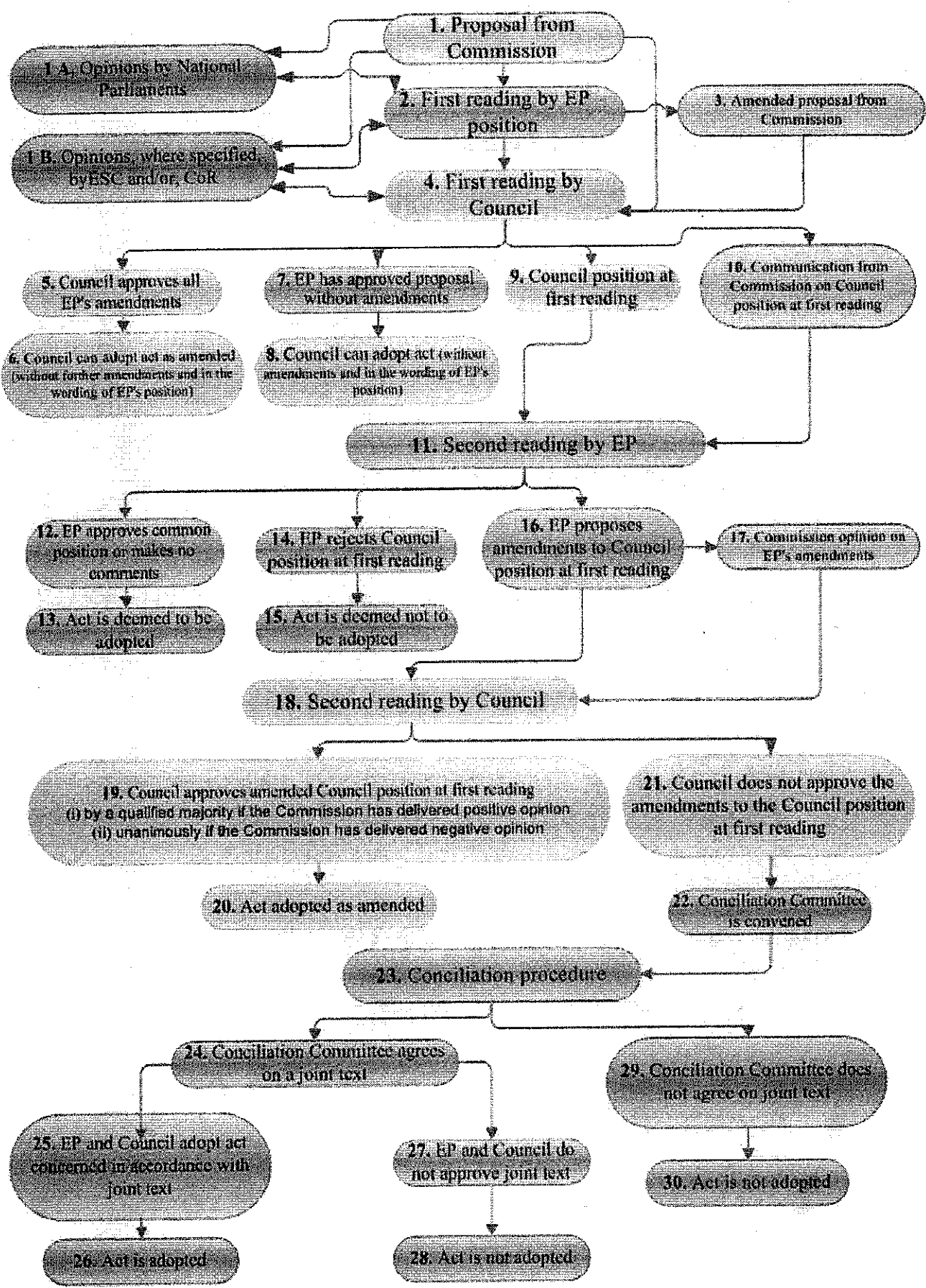
THE EP TAKES PART IN EU DECISION-MAKING IN 3 WAYS:

- ***CO-DECISION* WITH THE COUNCIL OF MINISTERS**
- ***ASSENT* TO A COUNCIL DECISION**
- ***CONSULTATION* WITH THE COUNCIL**

CO-DECISION PROCEDURE:

- **ESTABLISHED BY MAASTRICHT TREATY AND EXTENDED IN AMSTERDAM, NICE & LISBON TREATIES**
- **PARITY PRINCIPLE: IN CERTAIN MATTERS, THE COUNCIL AND EP ARE EQUAL PARTNERS IN MAKING DECISIONS – NO DECISION CAN BE MADE WITHOUT THE APPROVAL OF BOTH**
- **EP MAY APPROVE OR REJECT COMMISSION PROPOSALS, OR PROPOSE AMENDMENTS TO THEM (SEE FLOW CHART, NEXT PAGE); PROCESS OFTEN TAKES MORE THAN A YEAR**
- **ABOUT 90% OF ALL MEASURES ARE ACCEPTABLE TO EP BY END OF 2ND READING; ONLY 10% GO TO CONCILIATION COMMITTEE**
- **BETWEEN 1998 AND 2009, ABOUT 900 CO-DECISION PROCEDURES WERE COMPLETED**
- **INITIALLY CO-DECISION APPLIED MAINLY TO ASPECTS OF MAASTRICHT'S 1ST PILLAR – i.e., INTERNAL MARKET (FREE MOVEMENT OF GOODS, SERVICES, LABOR & CAPITAL); TECH R&D, etc.**

CO-DECISION PROCEDURE



- **LISBON TREATY CALLS THE *CO-DECISION* PROCEDURE
THE *ORDINARY LEGISLATIVE PROCEDURE***
- **LISBON EXPANDED RANGE OF POLICIES COVERED TO 40
ADDITIONAL AREAS; IT NOW APPLIES TO MORE
THAN 80 POLICY AREAS**
- **INCLUDING SOME PREVIOUSLY RESERVED TO THE
COUNCIL, SUCH AS AGRICULTURE; ASYLUM
AND CERTAIN OTHER IMMIGRATION ISSUES;
JUDICIAL AND POLICE COOPERATION IN
CRIMINAL MATTERS; MONETARY POLICY AND
THE EURO; STRUCTURAL FUNDS (FOR AIDING
EU REGIONS), AND OTHER AREAS**
- **SOME ARE NEW AREAS FOR EU DECISION-MAKING,
SUCH AS ENERGY SECURITY; PUBLIC HEALTH;
SPORTS; SPACE POLICY; RESEARCH; TOURISM,
AND OTHERS**

**SOME POLICY AREAS STILL ARE NOT COVERED UNDER CO-
DECISION PROCEDURE; LISBON TREATY REFERS TO
CONSENT AND *CONSULTATION* AS *SPECIAL
LEGISLATIVE PROCEDURES*:**

CONSENT PROCEDURE

- **ESTABLISHED BY SINGLE EUROPEAN ACT (1986) AND
KNOWN BEFORE LISBON TREATY AS THE *ASSENT
PROCEDURE***
- **EP MAY APPROVE OR REJECT CERTAIN COMMISSION
PROPOSALS IN A SINGLE READING (AND THUS HAS
VETO POWER) – BUT MAY NOT DELAY OR AMEND
THEM**

- **IN SOME CASES AN ABSOLUTE MAJORITY OF EP MEMBERSHIP IS REQUIRED**
- **APPLIES TO ENLARGEMENT (ACCESSION OF A NEW MEMBER STATE) AND A FEW OTHER AREAS (e.g., CITIZENSHIP)**
- **UNDER LISBON TREATY, EP VOTES ITS *CONSENT* OF ACCESSION OF A NEW MEMBER STATE "BY A MAJORITY OF ITS COMPONENT MEMBERS" BEFORE THE SIGNING OF ACCESSION TREATY**
- **EP VOTED CONSENT FOR CROATIA, 1 DEC 2011, 564-38 (32 ABSTENTIONS); ACCESSION TREATY SIGNED AT EUROPEAN COUNCIL SUMMIT, 9 DEC**

CONSULTATION PROCEDURE:

- (1) **AFTER COMMISSION SUBMITS A PROPOSAL TO COUNCIL, COUNCIL SEEKS EP'S OPINION**
- (2) **AFTER EP RENDERS ITS OPINION, COUNCIL MAY MAKE WHATEVER DECISION IT WANTS, EVEN IF EP IS AGAINST IT**
- **ECJ HAS RULED THAT IF COUNCIL MAKES A DECISION *BEFORE* EP RENDERS ITS OPINION, THE MEASURE IS INVALID; EP CAN DELAY PASSAGE UP TO 3 MONTHS WHEN THIS HAPPENS**
- (3) **UNTIL THE COUNCIL MAKES A DECISION, EP CAN PRESSURE COMMISSION INTO RE-WRITING ITS PROPOSAL TO INCORPORATE EP'S POSITIONS**
- (4) **WHETHER OR NOT COMMISSION ACCEPTS EP AMENDMENTS, COUNCIL MAKES FINAL DECISION**

- **CONSULTATION PROCEDURE APPLIES TO HIGHLY LEGISLATED AREAS SUCH AS AGRICULTURE, CUSTOMS UNION, HARMONIZATION OF INDIRECT TAXES AND EXCISE DUTIES, EU CITIZENSHIP RULES, ANTI-DISCRIMINATION RULES, etc.**

EP'S POWER IS GREATEST IN CO-DECISION PROCEDURE, WEAKEST IN CONSULTATION PROCEDURE

- **IN 2008, EP ADOPTED 170 *CO-DECISION* MEASURES (140 AFTER 1ST READING); 10 *ASSENT* MEASURES; AND 110 *CONSULTATION* MEASURES**

BUDGET:

- **PREVIOUSLY, COUNCIL MADE THE FINAL BUDGET DECISIONS; EP COULD ONLY APPROVE OR REJECT BUDGET (UNDER ASSENT PROCEDURE)**
- **BEFORE LISBON, EP COULD PROPOSE "MODIFICATIONS" TO "COMPULSORY" SPENDING (> HALF OF BUDGET), BUT COUNCIL MADE FINAL DECISION; EP COULD PROPOSE "AMENDMENTS" ONLY TO "NON-COMPULSORY" SPENDING & MAKE FINAL DECISION**
- **SINCE 1982, IF EP INSERTS EXPENDITURES INTO EU BUDGET WITHOUT A LEGAL BASE (i.e., IF IT CREATES A NEW UNAUTHORIZED BUDGET LINE), THE COMMISSION & COUNCIL TRY TO FIND A PROPER LEGAL BASE; REQUIRES CLOSE COOPERATION**
- **LISBON TREATY MAKES EP EQUAL WITH COUNCIL OF MINISTERS IN *CO-DECISION* ON EU'S ANNUAL AND LONG-TERM BUDGETS (IN 1ST READING)**

- LISBON REQUIRES EP APPROVAL OF ENTIRE BUDGET (NOT JUST SOME ITEMS); ABOLISHES DISTINCTION BETWEEN COMPULSORY AND NON-COMPULSORY SPENDING
- UNDER LISBON TREATY, COMMISSION MUST SUBMIT ITS BUDGET PROPOSALS DIRECTLY TO EP (AND TO COUNCIL OF MINISTERS)
- BUT EP'S ROLE IN INFLUENCING *MULTIANNUAL FINANCIAL FRAMEWORKS (MFFs)* IS STILL WEAKER THAN IT IS WITH ANNUAL BUDGETS

WEAKNESSES OF EP AND THE *DEMOCRATIC DEFICIT*

- EP DOES NOT HAVE FINAL SAY IN MAKING EU LAW; HAS NO POWER TO RAISE REVENUE
- LACKS FULL CO-EQUALITY WITH THE COUNCIL OF MINISTERS IN LEGISLATION AND HAS MINIMAL SUPERVISORY POWERS OVER IT
- HEAD OF COUNCIL PRESIDENCY DELIVERS REPORT TO EP AT END OF 6-MONTH TERM; MINISTERS ATTEND EP PLENARY & CTTEE MEETINGS (BUT ARE NOT INTERROGATED)
- HAS NO CONTROL OVER EUROPEAN COUNCIL
- LACKS SUPERVISORY CONTROL OVER COMMISSION
- LACKS SUPERVISORY CONTROL OVER NATIONAL OFFICIALS (WHO IMPLEMENT MOST EU LAWS)

NATIONAL PARLIAMENTS

- **SINCE 1980s, EP HAS INCREASED ITS CONTACTS WITH NATIONAL PARLIAMENTS WITH THE AIM OF REDUCING THE DEMOCRATIC DEFICIT**

- **PERIODIC MEETINGS OF MPs AND MEPs**

LISBON TREATY SIGNIFICANTLY ENHANCES ROLE OF NATIONAL PARLIAMENTS

- **THEY HAVE 8 WEEKS TO REVIEW COMMISSION PROPOSALS**

- **1/3 OF NATIONAL PARLIAMENTS (OR 1/4 ON SOME ISSUES) CAN VOTE TO REQUIRE COMMISSION TO REVIEW A PROPOSAL TO INSURE ITS COMPATIBILITY WITH SUBSIDIARITY PRINCIPLE**

- **NATIONAL PARLIAMENTS HAVE WIDER ROLE IN THE AREA OF FREEDOM, SECURITY & JUSTICE:**

- **MAY VETO EU LAWS PROMOTING JUDICIAL COOPERATION IN CIVIL MATTERS**

- **HELP MONITOR EU'S ANTI-CRIME AGENCIES, *EUROPOL* (EST. 1999) AND *EUROJUST* (2002)**

- **THEY HAVE A GREATER ROLE IN ENLARGEMENT PROCESS: MUST BE NOTIFIED OF APPLICATIONS FOR EU MEMBERSHIP AND MAY RESPOND**

- **ENHANCED COOPERATION WITH EP**

EP & CITIZENS

MAASTRICHT TREATY (1992) CREATED THE *EUROPEAN OMBUDSMAN* "to receive the complaints from any citizen ... concerning instances of maladministration" BY EU BODIES

- APPOINTED BY & REPORTS TO EP**
- 1995-2003: JACOB SÖDERMAN (FINLAND)**
- SINCE 2003: P. NIKIFOROS DIAMANDOUROS (GREECE)**
- HIS OFFICE HANDLES > 1,000 CASES A YEAR**
- MAASTRICHT TREATY ALSO GIVES EVERY CITIZEN THE RIGHT TO PETITION THE EP ON ANY EU MATTER "which affects him directly"**

COURT OF JUSTICE OF THE EUROPEAN UNION
(EUROPEAN COURT OF JUSTICE - ECJ)

A HIGHLY SUPRANATIONAL INSTITUTION UNIQUE TO THE EU

COMPOSED OF 3 COURTS:

- (1) THE *COURT OF JUSTICE* - EU'S HIGHEST COURT; BEGAN WITH EUROPEAN COAL & STEEL COMMUNITY (ECSC, 1952)**
- (2) THE *GENERAL COURT* (KNOWN PRIOR TO LISBON TREATY AS THE *COURT OF FIRST INSTANCE*)**
 - EST. 1999 TO SHARE COURT OF JUSTICE'S CASE LOAD**
 - 27 JUDGES (1 FROM EACH MEMBER STATE); HEARS DISPUTES (e.g., TRADEMARK ISSUES) WHICH CAN BE APPEALED TO ECJ ON POINTS OF LAW**
- (3) THE *EU CIVIL SERVICE TRIBUNAL* (DEALS WITH STAFF ISSUES)**

COURT OF JUSTICE

27 JUDGES (1 FROM EACH MEMBER STATE) & 8 ADVOCATES GENERAL (WHO PROVIDE IMPARTIAL OPINIONS)

- APPOINTED BY COMMON ACCORD OF GOVTS FOR 6-YEAR TERM (RENEWABLE); FULLY INDEPENDENT**
- JUDGES SELECT PRES FOR 3-YR RENEWABLE TERM**

- LISBON TREATY REQUIRES REVIEW OF CANDIDATES PRIOR TO THEIR APPOINTMENT BY 7-MEMBER PANEL OF FORMER EU & NATIONAL SUPREME COURT JUDGES & EXPERTS; 1 IS APPOINTED BY EP

-- EARLY 2010: JUST 7 JUSTICES WERE WOMEN

SITS IN FULL COURT (27) OR IN GRAND CHAMBER (13) ONLY FOR IMPORTANT CASES; OTHERWISE, IN CHAMBERS OF 3-5 (THERE ARE 8 CHAMBERS); IN LUXEMBOURG

-- COURT MAY NOT INITIATE CASES OR OPINIONS; IT ACTS ON REFERRED CASES OR REQUESTS FOR OPINIONS

-- 1960s: ABOUT 50 CASES PER YEAR; NOW ABOUT 600

- DECISIONS BY MAJORITY; NO DISSENTING OPINIONS

ROLES:

-- ENSURE OBSERVATION & INTERPRETATION OF EU LAW

-- JUDICIAL REVIEW

BINDING STATUS OF EU LAW: IN *COSTA v. ENEL* (1964), SAYS MEMBER STATES, IN TRANSFERRING SOVEREIGNTY, HAVE "created a body of law which binds both their individuals and themselves."

DIRECT EFFECT OF EU LAW: IN *Van Gend en Loos* (1963), RULES THAT UNCONDITIONALLY WRITTEN TREATY LAW APPLIES DIRECTLY TO MEMBER STATES & INDIVIDUALS

-- INDIVIDUAL RIGHTS CONFERRED BY TREATIES CANNOT BE VIOLATED OR OVERRIDDEN BY GOVTS OR EC

- **COURT HAS ALSO APPLIED DIRECT EFFECT TO EU DIRECTIVES (WHICH REQUIRE NATIONAL LEGISLATION) AND REGULATIONS**

SUPREMACY OF EU LAW: IN COSTA v. ENEL, RULES THAT MEMBER STATES MAY NOT OVERRIDE COMMUNITY LAW

- **IN SIMMENTHAL v. COMMISSION (1978), RULES THAT "every national court must ... apply Community law in its entirety ... and must accordingly set aside any provisions of national law that may conflict with it."**

MAIN FORMS OF ACTION:

PRELIMINARY RULINGS - NATIONAL COURTS MAY ASK COURT'S INTERPRETATION OF EU LAW (SO MAY INDIVIDUALS, ACTING THROUGH NATIONAL COURTS)

FAILURE OF A STATE TO FULFILL AN OBLIGATION - COMMISSION OR STATE MAY BRING ACTION VS A MEMBER STATE; IT MUST COMPLY

- **MAASTRICHT TREATY GIVES COURT RIGHT TO IMPOSE PENALTIES ON STATES FOR FAILURE TO FULFILL AN OBLIGATION**

- **FRANCE FINED IN 2005 OVER FISHING DISPUTE (20M EUROS); GREECE FINED IN 2009 OVER ILLEGAL SUBSIDIES TO OLYMPIC AIRLINES**

A STATE, COMMISSION, COUNCIL OR EP MAY ASK COURT'S OPINION ON COMPATIBILITY OF AN INT'L AGREEMENT WITH EC/EU TREATIES (1994: COURT RULED VS. COMMISSION'S CLAIM OF SOLE RIGHT TO NEGOTIATE ON TRADE IN SERVICES & INTELLECTUAL PROPERTY)

ANNULMENT -- COMMISSION, COUNCIL, STATES, FIRMS, INDIVIDUALS AND (IN SOME CASES) EP MAY SEEK ANNULMENT OF ALL OR PART OF EU LEGISLATION

- EP HAS BROUGHT NUMEROUS CASES TO THE COURT ASKING FOR ANNULMENT OF COUNCIL DECISIONS IT CLAIMED WERE TAKEN WITHOUT CONSULTATION**
- FIRMS HAVE FREQUENTLY ASKED COURT TO OVERTURN PENALTIES IMPOSED BY COMMISSION FOR VIOLATING EU REGULATIONS (e.g., COMPETITION)**

FAILURE TO ACT - MAY REVIEW & PENALIZE FAILURE TO ACT BY AN EU INSTITUTION

- 2004: COMMISSION BRINGS COUNCIL OF MINISTERS BEFORE COURT, CHARGING IT WITH FAILURE TO PROVIDE RECOMMENDATIONS TO FRANCE AND GERMANY REGARDING THEIR OBLIGATION TO OBSERVE THE EU'S STABILITY AND GROWTH PACT AND CALLING FOR THE COURT'S ANNULMENT OF COUNCIL DECISION SUSPENDING SGP RULES**
- COURT RULED LARGELY IN COMMISSION'S FAVOR, BUT FRANCE & GERMANY GOT AROUND THE RULING BY GETTING CHANGES IN THE 3% RULE IN 2005 (IN JAN 2007 FRANCE BRINGS BUDGET DEFICIT TO 3% OF GDP)**

LANDMARK RULINGS HAVE CONCERNED THE SINGLE MARKET; EXTERNAL RELATIONS; FUNDAMENTAL INDIVIDUAL RIGHTS; MIGRANT WORKERS; EQUAL TREATMENT OF SEXES; MONOPOLIES; GERMAN BEER; ITALIAN PASTA; SMOKING, ETC.

- **HANDELSGESELLSCHAFT (1970): RULED THAT FUNDAMENTAL RIGHTS FORMED AN "INTEGRAL PART" OF EUROPEAN COMMUNITY LAW (YEARS BEFORE EU'S CHARTER OF FUNDAMENTAL RIGHTS)**
- **CASSIS DE DIJON (1979): RULED VS GERMANY'S ATTEMPT TO BLOCK IMPORT OF FRENCH LIQUEUR**
 - **CONSUMERS MAY BUY ANY FOOD PRODUCT FROM ANY EU COUNTRY (UNLESS UNHEALTHY)**
 - **THIS "MUTUAL RECOGNITION" RULING PAVED WAY TO SINGLE MARKET**
- **BOSMAN (1995): RULED THAT EU LAW ON FREEDOM OF MOVEMENT FOR WORKERS & OTHER LAWS PROHIBIT QUOTAS ON FOREIGN FOOTBALL PLAYERS IN EU AND PERMIT PLAYERS TO MOVE FREELY TO ANOTHER TEAM WITHIN EU UPON EXPIRATION OF THEIR CONTRACT ('FREE AGENCY')**

LISBON TREATY CREATES EMERGENCY PROCEDURE ALLOWING COURT TO ACT "WITH THE MINIMUM OF DELAY" IN CASES INVOLVING INDIVIDUALS IN CUSTODY

- **ALLOWS COURT TO REVIEW FOREIGN POLICY SANCTION MEASURES (BUT COURT REMAINS EXCLUDED FROM OTHER FOREIGN POLICY MATTERS)**
- **GIVES COURT JURISDICTION OVER CERTAIN "AREA OF FREEDOM, SECURITY & JUSTICE" & CHARTER OF FUNDAMENTAL HUMAN RIGHTS CASES (SEE BELOW, "LISBON TREATY AND HUMAN RIGHTS")**
- **GIVES COURT RIGHT TO REVIEW LEGALITY OF ACTS OF EUROPEAN COUNCIL AND VARIOUS EU AGENCIES - BUT ONLY IN RESPONSE TO ACTIONS BROUGHT BY A MEMBER STATE, THE EP OR THE COMMISSION**

OTHER EU INSTITUTIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

- **EST. 1957/58; REPRESENTATIVES OF INTEREST GROUPS IN ADVISORY CAPACITY (344)**

COMMITTEE OF THE REGIONS

- **EST. 1994; REPRESENTATIVES OF LOCALITIES AND REGIONS IN ADVISORY CAPACITY (344)**

COURT OF AUDITORS

- **EST. 1977 TO MONITOR IMPLEMENTATION OF EU BUDGET; 27 MEMBERS, APPOINTED BY COUNCIL FOR 6 YRS (RENEWABLE); RULES UNANIMOUSLY AFTER CONSULTING EP**

EUROPEAN CENTRAL BANK (ECB)

- **EST. 1998 TO MANAGE THE EURO; HQ IN FRANKFURT; LISBON TREATY MAKES IT AN OFFICIAL EU INSTITUTION**

EUROPEAN PUBLIC PROSECUTOR

- **LISBON TREATY PERMITS CREATION OF PROSECUTOR TO PURSUE VARIOUS CROSS-BORDER CRIMES (COUNTERFEITING, FRAUD, FINANCIAL CRIMES, ETC.)**

EUROPEAN VOLUNTARY HUMANITARIAN AID CORPS

- **CREATED UNDER LISBON TREATY**

[ON THESE & OTHER EU INSTITUTIONS, SEE GINSBERG]

ECONOMIC AND MONETARY UNION (EMU)

1973: EXCHANGE RATE AGREEMENT (SNAKE) – TO KEEP EUROPEAN CURRENCIES WITHIN 2.25% BAND VS \$

1979: EUROPEAN MONETARY SYSTEM (EMS) INCLUDES EXCHANGE RATE MECHANISM TO KEEP BILATERAL EXCHANGE RATES WITHIN BANDS RELATED TO A EUROPEAN CURRENCY UNIT (ECU)

-- THATCHER RELUCTANTLY JOINS, 1980; BENEFITS GERMANY; 1992: POUND SINKS, MAJOR WITHDRAWS ('BLACK WEDNESDAY')

1991-93: MAASTRICHT EMU CONVERGENCE CRITERIA:

- PRICE STABILITY: INFLATION NO MORE THAN 1.5% ABOVE THREE BEST-PERFORMING STATES**
- GOVT FINANCES: BUDGET DEFICIT NO MORE THAN 3%, AND GROSS DEBT NO MORE THAN 60%, OF GDP**
- EXCHANGE RATE STABILITY: KEEP CURRENCY WITHIN EUROPEAN MONETARY SYSTEM (EMS) BANDS FOR 2 YRS WITHOUT DEVALUATION**
- AVG LONG-TERM INTEREST RATES: NOT MORE THAN 2% ABOVE 3 BEST PRICE STABILITY PERFORMERS**

NO-BAIL-OUT CLAUSE (ART. 103): EU AND MEMBER STATES "shall not be liable for or assume the commitments of central govts" OR OTHER PUBLIC ORGANS; HOWEVER...

---- ART. 100: "under exceptional circumstances beyond a state's control," THE COUNCIL BY QMV "may grant, under certain conditions, Community financial assistance" to a M.S.

OPTIMUM CURRENCY AREA

WHAT ARE THE REQUIREMENTS FOR A SUCCESSFUL COMMON CURRENCY?

ROBERT MUNDELL, "A THEORY OF OPTIMUM CURRENCY AREAS," *AMERICAN ECONOMIC REVIEW* (1961)

- **PRIOR DEVELOPMENT OF REGIONAL INTEGRATION**
- **NO NEED TO USE MONETARY POLICY TO ALTER INTEREST RATES TO DEAL WITH RECESSION OR INFLATION**
 - **TO LOWER THEM IN A RECESSION OR RAISE THEM TO FIGHT INFLATION**
- **COMPLEMENTARY BUSINESS CYCLES**
- **ENOUGH MEMBERS FOR COMPARATIVE ADVANTAGE, PRODUCT DIFFERENTIATION, ECONOMIES OF SCALE**
- **WITH TOO MANY MEMBERS, MARGINAL BENEFITS WILL NOT OUTWEIGH MARGINAL COSTS**
- **MAIN BENEFITS: ELIMINATE EXCHANGE-RATE VOLATILITY & TRANSACTION COSTS OF CURRENCY EXCHANGES**
- **MAIN COSTS: LOSS OF SOVEREIGN RIGHT TO ALTER INTEREST RATES UNILATERALLY (BY NATIONAL BANK)**

SOME ARGUED THAT A FEW COUNTRIES IN 1990s (AND LATER) MET THESE CRITERIA (FRANCE, GERMANY, BENELUX) – BUT NOT OTHERS

DEC 1996: STABILITY AND GROWTH PACT (SGP)

- **A COUNTRY'S ANNUAL DEFICIT MAY EXCEED 3% IF ITS GDP DROPS AT LEAST 2% THAT YEAR OR IT EXPERIENCES A MAJOR SETBACK BEYOND ITS CONTROL (e.g., NATURAL DISASTER)**
- **IF ITS GDP FALLS BETWEEN 0.75% AND 2.0%, FINANCE MINISTERS OF EURO COUNTRIES MAY DECIDE WHETHER OR NOT TO IMPOSE A PENALTY**
- **IF GDP FALLS 0.75% OR LESS, OR IF IT GROWS, A COUNTRY WHOSE DEFICIT EXCEEDS 3% OF GDP MUST PAY A PENALTY IN THE AMOUNT OF:**
 - **BETWEEN 0.2% AND 0.5% OF GDP, DEPOSITED WITH EUROPEAN CENTRAL BANK**
 - **IT IS RETURNED - MINUS INTEREST - IF THE EXCESSIVE DEFICIT IS ELIMINATED WITHIN 2 YEARS; AFTER 2 YEARS, IT'S A FINE**
- **THE COMMISSION ENFORCES THESE RULES**
- **COUNTRIES MUST BALANCE THEIR BUDGETS BY 2004 (LATER CHANGED TO 2006)**
- **1997: EUROPEAN COUNCIL REJECTS FRENCH PM JOSPIN'S REQUEST TO RENEGOTIATE PACT**
- **PRODI CALLS SGP "STUPID" (10/02) - BECAUSE ITS STRICT LIMITATIONS ON GOVT SPENDING INHIBITED GROWTH IN THEN-CURRENT RECESSION**

2002: DEFICITS OF PORTUGAL, FRANCE, & GERMANY EXCEED 3% OF GNP; FRANCE FLOUTS COMMISSION

JAN 2003: COMMISSION TELLS FRANCE & GERMANY TO REDUCE DEFICITS (NO FINES)

2003: GERMANY & FRANCE EXCEED 3% AGAIN (U.S.: > 4%; JAPAN: > 7%);

- COMMISSION WARNS FRANCE AND GERMANY TO REDRESS BUDGET BALANCES, BUT REFRAINS FROM IMPOSING FINES

-- CHIRAC, PRODI & OTHERS CALL FOR MODIFICATIONS, REFORMS TO LOOSEN THE 3% RULE; BUT AUSTRIA, IRELAND, NETH FAVOR CURRENT SYSTEM

- FRANCE & GERMANY EXCEED 3% AGAIN IN 2004 & 2005

2004: COMMISSION BRINGS COUNCIL BEFORE ECJ, CHARGING THAT COUNCIL FAILED TO RECOMMEND BUDGETARY POLICIES TO FRANCE & GER; ECJ BACKS COMMISSION

2005: UNDER PRESSURE FROM FRANCE & GERMANY, COUNCIL OF MINISTERS (ECOFIN) RELAXES SGP RULES:

-- CEILINGS FOR BUDGET DEFICIT (3% OF GDP) AND PUBLIC DEBT (60% OF GDP) REMAIN, BUT:

-- STATES GET MORE FLEXIBILITY IN MAKING ANNUAL ADJUSTMENTS TO MEET THESE GOALS, TAKING ACCOUNT OF CYCLICAL FLUCTUATIONS & COSTS OF STRUCTURAL REFORMS

- **“EXCEPTIONAL CIRCUMSTANCES” UNDER WHICH A STATE MAY EXCEED SGP’S 3%/GDP LIMIT ARE BROADENED:**

- **DEFINITION OF A “SEVERE ECONOMIC DOWNTURN” IS LOOSENED TO INCLUDE ANY NEGATIVE GROWTH RATE OR EVEN A LOW POSITIVE GROWTH RATE**

- **LIST OF “OTHER RELEVANT FACTORS” TO BE TAKEN INTO ACCOUNT IS SPECIFIED**

- **TIME FRAME FOR ANNUAL AND MEDIUM-TERM CORRECTIVE ACTION CAN BE EXTENDED IF UNEXPECTED EVENTS OCCUR OR IF DEBT-TO-GDP RATIO RISES**

- **ADDITIONAL REFORMS AIMED AT PERMITTING STATES MORE LEEWAY IN REACHING SGP TARGETS BEFORE BEING PENALIZED**

JAN 2007: FRANCE BRINGS DEFICIT TO 3%, COUNCIL CLOSES “EXCESSIVE DEFICIT PROCEDURE”

EU FINANCES

The rules governing the euro (the convergence criteria) stipulate – among other things – that the annual deficit of national governments must not exceed 3% of GDP (except under exceptional circumstances) and total government debt must not exceed 60% of GDP

Country	<u>Deficit-GDP Ratio, 2009</u>	<u>Deficit-GDP Ratio, 2010</u>	<u>Deficit-GDP Ratio, 2011</u>	<u>Debt-GDP Ratio, 2010</u>	<u>Debt-GDP Ratio, 2011</u>
*Austria	4.1%	4.5%	2.6%	71.9%	72.2%
*Belgium	5.6	3.8	3.7	96.0	98.0
Bulgaria	4.3	3.1	2.1	16.3	16.3
Czech Rep	5.8	4.8	3.1	38.1	41.2
*Cyprus	6.1	5.3	6.3	61.5	71.6
Denmark	2.7	2.5	1.8	42.9	46.5
*Estonia	2.0	0.2	1.0	6.7	6.0
*Finland	2.5	2.5	0.5	48.4	48.6
*France	7.5	7.1	5.2	82.3	85.8
*Germany	3.2	4.3	1.0	83.0	81.2
*Greece	15.6	10.3	9.1	145.0	165.3
Hungary	4.6	4.2	4.3	81.4	80.6
*Ireland	14.0	31.2	13.1	92.5	108.2
*Italy	5.4	4.6	3.9	118.6	120.1
Latvia	9.8	8.2	3.5	44.7	42.6
Lithuania	9.4	7.2	5.5	38.0	38.5
*Lux	0.8	0.9	0.6	19.1	18.2
*Malta	3.8	3.7	2.7	69.4	72.0
*Netherlands	5.6	5.1	4.7	62.9	65.2
Poland	7.4	7.8	5.1	54.8	56.3
*Portugal	10.2	9.8	4.2	93.3	107.8
Romania	9.0	6.8	5.2	30.5	33.3
*Slovakia	8.0	7.7	4.8	41.1	43.3
*Slovenia	6.1	6.0	6.4	38.8	47.6
*Spain	11.2	9.3	8.5	61.2	68.5
Sweden	0.7	0.3	0.3	39.4	48.4
UK	11.5	10.2	8.3	79.6	85.7

*Eurozone country

Source: Eurostat (23 April 2012)

US	12.3	8.8	99.0	10.8	102.94
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Source: CIA *World Factbook*; U.S. Budget Summary, 2010; 2011: IMF

EUROSYSTEM

EUROPEAN SYSTEM OF CENTRAL BANKS (ESCB) = EUROPEAN CENTRAL BANK (ECB) + 27 NATIONAL CENTRAL BANKS

EUROSYSTEM = ECB + NATIONAL CENTRAL BANKS OF THE 17 EUROZONE COUNTRIES

-- **NON-EUROZONE CENTRAL BANKS DO NOT TAKE PART IN THE OPERATIONS OF THE EUROSYSTEM, BUT THEY DO CONTRIBUTE TO ECB'S OPERATING COSTS**

-- **SOME TASKS:**

-- **FORMULATE AND CARRY OUT MONETARY POLICY OF EUROZONE**

-- **CONDUCT FOREIGN EXCHANGE OPERATIONS**

-- **HOLD & MANAGE FOREIGN RESERVES OF EUROZONE STATES**

-- **27 NATIONAL CENTRAL BANKS ARE SHAREHOLDERS OF THE ECB AND HOLD ITS CAPITAL (INITIALLY €5 BILLION; INCREASED IN 2010)**

-- **EUROSYSTEM LENDS MONEY TO ABOUT 1,500 COMMERCIAL BANKS, WHICH BID ON SHORT-TERM (1-3 MONTH) 'REPO CONTRACTS'; ECB CAN INCREASE OR REDUCE LIQUIDITY AVAILABLE**

-- **INDEPENDENCE OF EUROSYSTEM: ECB AND EUROZONE NATIONAL CENTRAL BANKS MAY NOT TAKE INSTRUCTIONS FROM ANY EXTERNAL BODY, INCLUDING EU INSTITUTIONS AND MEMBER STATE GOVTS**

THE EURO

JAN 1999: EURO INTRODUCED IN NATIONAL & INT'L BANKING TRANSACTIONS; VALUE SET AT \$1.18

- 11 INITIAL MEMBERS OF EURO-ZONE: AUSTRIA, BENELUX, GERMANY, FINLAND, FRANCE, ITALY, IRELAND, PORTUGAL, SPAIN; GREECE, 2001; SLOVENIA, 1/1/2007; MALTA & CYPRUS, 1/1/2008; SLOVAKIA, 1/1/2009; ESTONIA, 1/1/2011

28 SEPT 2000: IN DENMARK, 53.2% VOTE AGAINST EURO (87.6% TURNOUT) - EVEN THOUGH GOVT FAVORED IT

JAN 2002: EURO NOTES AND COINS INTRODUCED

JUNE 2003: GORDON BROWN, UK CHANCELLOR OF THE EXCHEQUER, POSTPONES DECISION ON EURO

14 SEPT 2003: IN SWEDEN, 55.9% VOTE AGAINST EURO (82.6% TURNOUT), THOUGH GOVT FAVORED IT

2003-04: EURO RISES STRONGLY VS DOLLAR (> \$1.25); 2007: \$1.50; 2011: \$1.29-1.40

2009: LISBON TREATY MAKES EURO THE EU'S OFFICIAL CURRENCY, EVEN THOUGH NOT ALL EU MEMBER STATES USE IT

-- ALL M.S. MUST ADOPT IT WHEN QUALIFIED UNLESS GRANTED AN OPT-OUT (UK, DENMARK, SWEDEN)

2011: EUROZONE HAS 17 EU MEMBERS; EURO IS USED IN 6 SMALL NON-EU STATES (SEE LIST ABOVE)

***EURO GROUP:* FINANCE MINISTERS OF EUROZONE M.S.
- PRESIDENT IS JEAN-CLAUDE JUNCKER (PM OF LUX)**

EUROPEAN CENTRAL BANK (ECB)

EST 1 JUNE 1998 IN AMSTERDAM TREATY; EXERCISES FULL POWERS WITH INTRODUCTION OF THE EURO, 1/1/99; FRANKFURT-AM-MAIN (EURO TOWER)

***GOVERNING COUNCIL* - EXECUTIVE BOARD + GOVERNORS OF CENTRAL BANKS OF EUROZONE**

- **ECB'S HIGHEST DECISION BODY; CARRIES OUT EUROSISTEM TASKS (LISTED ABOVE)**
- **ITS MAIN MISSION IS TO KEEP INFLATION DOWN (2% OR BELOW); UNLIKE U.S. FED, NOT RESPONSIBLE FOR GROWTH OR UNEMPLOYMENT**
- **EXCLUSIVE RIGHT TO ISSUE EURO BANK NOTES & FIX THE AMOUNT OF COINS ISSUES BY €-ZONE GOVTS**
- **FIXES INTEREST RATES AT WHICH COMMERCIAL BANKS GET LOANS FROM EUROSISTEM**

***EXECUTIVE BOARD* - PRES + VP + 4 MEMBERS, ALL APPOINTED BY COMMON ACCORD OF HEADS OF EUROZONE GOVTS FOR 8 YEARS**

- **PRESIDENTS: - WIM DUISENBERG, 1999-03 ;JEAN-CLAUDE TRICHET, 2003-11; MARIO DRAGHI SINCE NOV '11 (Ph.D., MIT; GOLDMAN SACHS, 2003-06; GOV OF BANK OF ITALY, 2006-11)**
- **IMPLEMENTS GOVERNING COUNCIL'S MONETARY POLICY; INSTRUCTS NATIONAL CENTRAL BANKS; DAY-TO-DAY MANAGEMENT**

***GENERAL COUNCIL* - PRES & VP OF ECB AND GOVERNORS OF CENTRAL BANKS OF EU-27**

- **TRANSITIONAL BODY THAT PROVIDES ADVICE & COORDINATION, PREPARES ENLARGEMENT**

**LISBON TREATY (2009) MAKES ECB AN OFFICIAL
INSTITUTION OF THE EU**

**ECB IS FORBIDDEN BY ITS CHARTER TO BUY DEBTS (BONDS)
DIRECTLY FROM GOVERNMENTS ISSUING THEM**

-- HENCE IT IS NOT A 'LENDER OF LAST RESORT' TO GOVTS

**-- HOWEVER, IT MAY BUY GOVT BONDS IN THE
SECONDARY MARKET (FROM BANKS AND OTHER
INSTITUTIONS)**

**-- AUG 2012: ECB HELD €40 BILLION IN GREEK DEBT
(BONDS) + ABOUT €80 BILLION OF IRISH,
PORTUGUESE & SPANISH DEBT**

THERE IS NO 'EURO-BOND'

**-- NOV 2011: COMMISSION PROPOSES *EURO-BOND* TO BE
ISSUED JOINTLY BY THE 17 EUROZONE MEMBERS;
AIM: "MUTUALIZE" DEBTS OF M.S.**

**-- MERKEL & SARKOZY OPPOSED; MERKEL OPPOSED TO
'TRANSFER UNION' SUBSIDIZED BY GERMANY;
HOLLANDE ET AL. FAVORED EURO-BOND**

**DEC 2011: ECB ALLOCATES €489.2B (\$644B) IN NEW MONEY
TO 523 EUROPEAN BANKS (3 YEARS @ 1%)**

**-- FEB 2012: ALLOCATES AN ADDITIONAL €529.5B
(\$712.4B) TO 800 BANKS ON SAME TERMS**

**-- BANKS USED ABOUT €550B OF THESE LOANS TO REPAY
MORE EXPENSIVE DEBT; USED SOME TO BUY
ITALIAN & OTHER BONDS WITH HIGH YIELDS (5%)**

-- ECB IS THUS 'LENDER OF LAST RESORT' TO *BANKS*

SOVEREIGN DEBT CRISIS

- **1998: EU says Greece is not ready to enter EMU**
- **2000: After Simitis govt launches austerity measures, EU gives approval**
- **1/1/01: Greece enters EMU and adopts euro**
- **2002: Goldman Sachs arranges secret currency trade and credit deals, enabling Greece to obtain money not recorded as loans, hiding magnitude of debt; Greece pays \$300m in fees**
- **2004: Karamanlis govt reveals Simitis govt lied in 1999 when claiming deficit was <3% of GDP**
- **2000-07: Greek economy grows @ 4.2% per year; annual deficits are >3% GDP; constant borrowing (bonds); debt-to-GDP ratio is >100% since 1993**
- **April 2009: Papandreou govt reports 2008 deficit was 12.7% of GDP, not 6% as reported to EU by Karamanlis govt**
- **Jan 2010: Greek debt = €216b; spring: deficit = 13.6% GDP; stability & growth program to cut deficit to 2.8% by 2012**
- **March-April 2010: Greek austerity law to cut €30b by 2012; default looms; bonds get junk status; EU agrees to €30b loan**
- **2 May: Eurozone states + IMF agree on 3-year €110b loan to Greece @5%; new austerity measures; 5/5: general strike**
- **9 May: EU-27 create *European Financial Stability Facility* issues bonds, may borrow up to €440b, makes loans, financed by eurozone states; *European Financial Stabilization Mechanism* - EU Commission may borrow up to €60b to provide emergency funds; + €250b IMF funds**
- **Nov: Ireland gets €85b EU-IMF loan**
- **May 2011: Portugal gets €78b EU-IMF loan**
- **July: Greek debt = €350b; 7/21 - EU agrees €109b loan to 2014; Sarkozy, Merkel oppose EU 'euro-bonds'**

- **Sept: EP approves 'six-pack' reform of stability & growth pact, including automatic warnings & sanctions vs debt-rule violators, with reverse QMV (need qm to block them); more powers for Commission to conduct spot checks & assess national budgets in advance ('European semester'); fines for fraudulent statistics; calls for euro-bonds**
- **Oct 10: Greek parliament adopts new austerity measures; 10/23 - at EU summit, Merkel & Sarkozy meet with Berlusconi as Italian debt=120% GDP (\$2.6t) and bond rating falls; 10/26 - Bundestag approves increase in EFSF**
- **Oct 26-27: EU summit agreement raises EFSF to between €1 and €1.25 trillion; banks agree to write off 50% of Greek debt (€100b haircut) & raise \$147m in recapitalization by June 2012; eurozone M.S. to give banks €30b in guarantees from public money; aim to cut Greek debt from 165% to 120% GDP by 2020; EU will seek loans from China, Brazil, Middle East; Oct 31: Papandreou calls for referendum in Dec on the deal**
- **Nov 3: under EU pressure, Papandreou withdraws ref. Proposal; 11/5: he wins confidence vote (153 votes in favor - all PASOK); 11/11: Lucas Papademos becomes PM**
- **Nov 12: after Italian bond yields reach 7.4% & austerity budget passes, Berlusconi resigns; 11/13 - Mario Monti to form new govt**
- **Dec 8: ECB lowers interest rate from 1.25% to 1% (second rate drop in 2 months)**
- **Dec 8-9: EU summit (see below)**
- **Dec 21: ECB allocates €489.2b (\$644b) to 523 banks & lending institutions (3 years @ 1%); ECB is lender of last resort to banks (not to govts)**

DECEMBER 2011 EUROPEAN COUNCIL: BACKGROUND

Merkel favored *EU treaty changes* establishing a “*fiscal union*” requiring eurozone govts to conform to legally binding rules on debts & deficits, with oversight by the Commission and automatic sanctions backed by ECJ

- treaty revisions would have to be ratified by all EU-27 govts; rules applicable to euro-17 and open to others**
- Euro-17 must enact ‘golden rule’ legislation requiring balanced budgets & adherence to convergence criteria; ‘reverse QMV’ to permit exceptions**
- she objected to having ECB serve as lender of last resort by massively buying bonds of insolvent govts & recapitalizing banks by printing more money (but Ecofin permits such actions on 11/29); wanted anti-inflationary ECB policy**
- opposed to euro-bond for now; feared ‘transfer union’ in which Germany would in effect guarantee excessive borrowing of insolvent govts**
- opposed immediate increase of financial firewall; opposed to raising or combining the €440b EFSF & €500b ESM funds for now; must be “realistic”**
- opposed “quick fixes,” says crisis was a “marathon” lasting years; criticized for opposing faster action in providing larger financial firewall to calm markets, for obsession with inflation & austerity, inattention to growth**

Sarkozy did not want treaty revision, was opposed to larger role for Commission & ECJ

- **“There is urgency. ... But the reform of Europe is not a march to supranationality.” (12/1)**
- **preferred intergovernmental “fiscal compact” among 17 eurozone states + any others wishing to join (though amenable to treaty changes in compromise with Merkel on 12/5)**
- **wanted urgent firewall of EFSF + IMF funds**
- **favored austerity in indebted states, with “rapid, automatic and severe” sanctions for violators (in accord with Merkel)**
- **but also favored growth policies**

Cameron under pressure from Conservatives; many Tory MPs wanted referendum on whether UK should remain in EU (he opposed referendum)

- **Liberal Democrats (coalition partners) are pro-EU, but Clegg opposed treaty changes**
- **Cameron opposed to treaty changes without “safeguards for Britain”; vowed to “protect our own national interest”**
- **wanted EU to exempt City of London financial center from any new EU regulations, such as a financial transaction tax (Tobin tax), as favored by Sarkozy & Merkel; wanted maximum capital requirements for banks, as Commission proposed; wanted new ECB rules requiring the big euro clearing houses to move to eurozone countries; wanted new EU bank regulatory agencies, etc.**

Van Rompuy & Barroso favored transforming eurozone into “a true economic union”

- **not opposed to Treaty revision of art 136 of TFEU so as to permit eurozone states to adopt new rules (e.g., allow Commission to examine – and possibly reject – draft budgets before they are passed in national legislatures)**
- **but preferred quicker process of changing TFEU protocol 12 (on implementing SGP excessive deficit procedure by national govts) to permit ECJ to supervise the introduction of ‘golden rule’ laws in eurozone states encoding rules on deficits & debts**
 - **critics objected that such changes were Treaty revisions**

**KEY RESULTS OF EUROPEAN COUNCIL SUMMIT
MEETING FROM EVENING OF DEC 8 TO DEC 9 @ 5 AM**

- **Cameron rejects Treaty changes without concessions for UK banks; all others oppose such concessions (Sarkozy calls them “unacceptable”); UK is isolated**
- **Euro-17 + Bulgaria, Denmark, Latvia, Lith, Poland & Romania agree on ‘*Fiscal Compact*’ & the move towards a ‘*Fiscal Stability Union*’**
 - **Czech, Hungary & Sweden to consult with their parliaments**
- **agree to work towards a *Common Economic Policy*, coordinating major reforms of M.S.**

continued...

- **new 'fiscal rule': signatories will introduce constitutional laws (or equivalent) mandating a balanced budget or surplus, based on Commission proposals; ECJ will verify transposition into national laws**
- **"Automatic consequences" ensue if deficit exceeds 3% of GDP, following steps & sanctions proposed by Commission**
- **exceptions can be granted under excessive deficit procedure only with approval of qualified majority ('reverse QMV' needed to *block* sanctions; Lisbon Treaty required QMV to *impose* sanctions)**
- **provisions will specify benchmarks for reducing national debts exceeding 60% of GDP**
- ***European semester*: signatories "will examine swiftly" Commission proposals to permit it to monitor draft national budgetary plans and "if needed, adopt an opinion"**
- **"If the commission identifies particularly serious non-compliance with the sgp, it will request a revised budgetary plan" (critics think this is a treaty revision)**
- **will rapidly deploy EFSF; ECB is "an agent for the EFSP in market operations" (EFSP is a temporary fund)**
- **will accelerate entry into force of *European Stabilization Mechanism(ESM)* as a permanent fund; aim for July 2012; will reassess €500b ceiling in March '12**
- **will seek bilateral MS loans to IMF up to €200b & "parallel contributions" from other states**

EURO CRISIS 2012

21 Feb – Eurozone agrees on a new €130 billion bailout for Greece

2 March: 25 EU leaders sign *Fiscal Compact* (aka *Treaty on Stability, Coordination and Governance in the Economic and Monetary Union*; aka *Fiscal Stability Treaty*)

- Based on agreements made at Dec 2011 EU summit and subsequent negotiations; text endorsed by signatories at EU summit on 30 Jan**
- It is *not* a revision of EU Treaties requiring EU-27 approval;; UK and Czech Republic do not sign**
- Key provisions:**
 - Govt budget shall be balanced or in surplus**
 - Annual structural deficit must not exceed 0.5% of GDP in view of the country-specific medium-term objective (exceptions in countries with debt well below 60% GDP); this rule must be introduced in national legal systems, with automatic correction mechanism to be triggered in event of deviation**
 - Budget plan must be submitted in advance to Commission and Council; if projected deficit exceeds 3% GDP, Commission proposes corrective measures (which can be rejected by qualified majority of MS)**
 - ECJ may fine a country that does not adopt a balanced budget rule (up to 0.1% of GDP; fines go into ESM for eurozone MS or into EU budget)**
 - MS with debt exceeding 60% GDP must reduce it by an average of 5% per year**

continued...

- **MS in Excessive Deficit Procedure must submit to Commission and Council an *economic partnership program* detailing structural reforms to ensure durable correction of deficits; will be monitored**
- **Ex ante reporting by MS of their national debt issuance plans**
- **MS agree to take actions “essential to the good functioning of the euro area”**
- **Eurozone summits at least twice a year**
- **Fiscal Compact takes effect on 1/1/2013 after ratification by 12 eurozone MS**
- **31 May: Irish voters approve it, 60.3% to 39.7%**

March: Eurozone agrees on €800 billion permanent bailout fund

March: Restructuring of €350b Greek debt (partial default) worked out with private creditors (banks, etc.): investors swap €200b of bonds for new ones worth €96b, enabling EU to release €130b in bailout funds to Greece

June: EU summit agrees on €120 billion *European Growth Pact*; funds include €10b for European Investment Bank; €55b in unused Structural Funds; €5b for new ‘project bonds’

July: Eurozone agrees on €100b loan to Spain for banks

- **Temporary EFSF has €259.5b of lending capacity left (of which €100b committed to Spain); permanent *European Stability Mechanism (ESM)* to start operations in Sept with lending capacity of €500b**

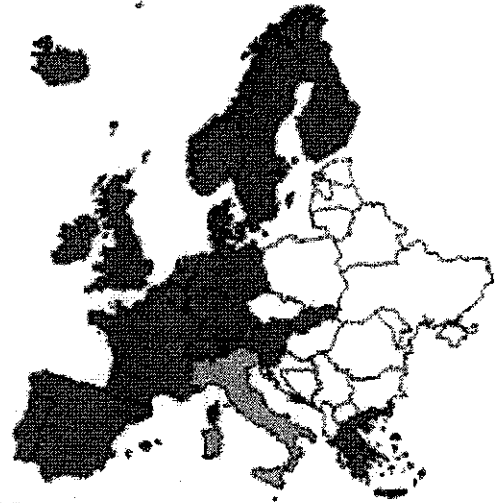
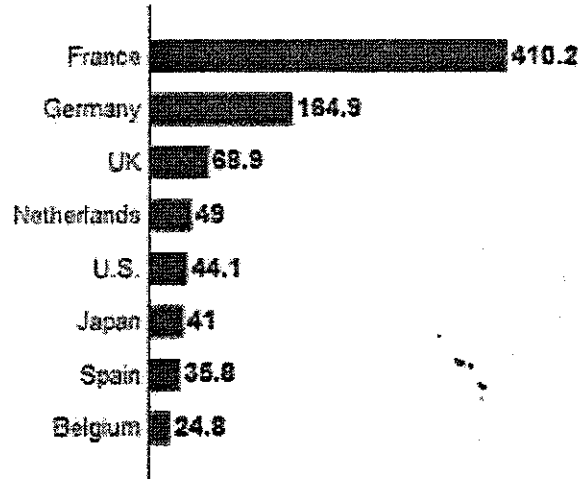
Sept: Commission to propose banking union plan

European bank exposure

Italy

Bank exposure to Italy - \$ billions

Click on map to view different countries



[For breakdown by debt type for selected countries click here](#)

Source: Bank for International Settlements - data as at end March 2011

Reuters graphic/Scott Barber

REUTERS

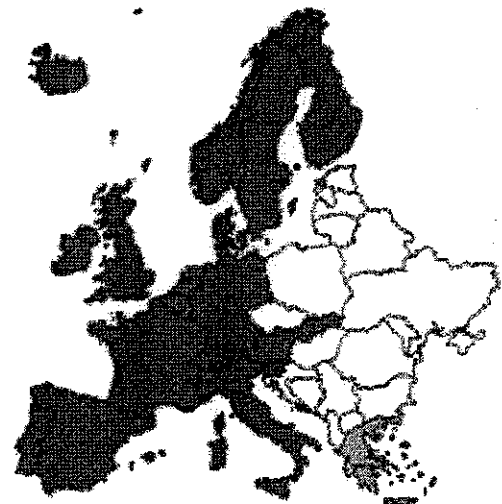
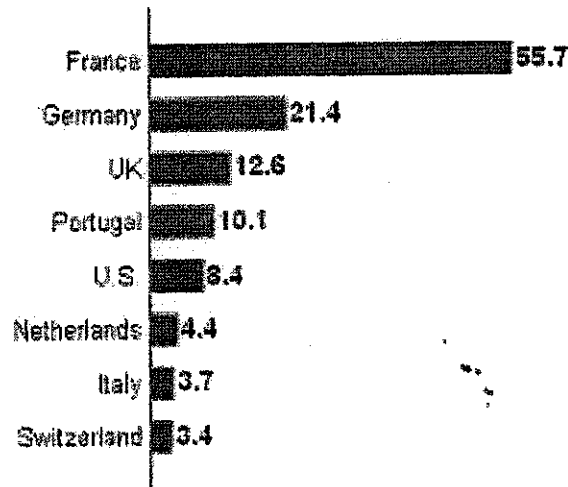
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European bank exposure

Greece

Bank exposure to Greece - \$ billions

Click on map to view different countries



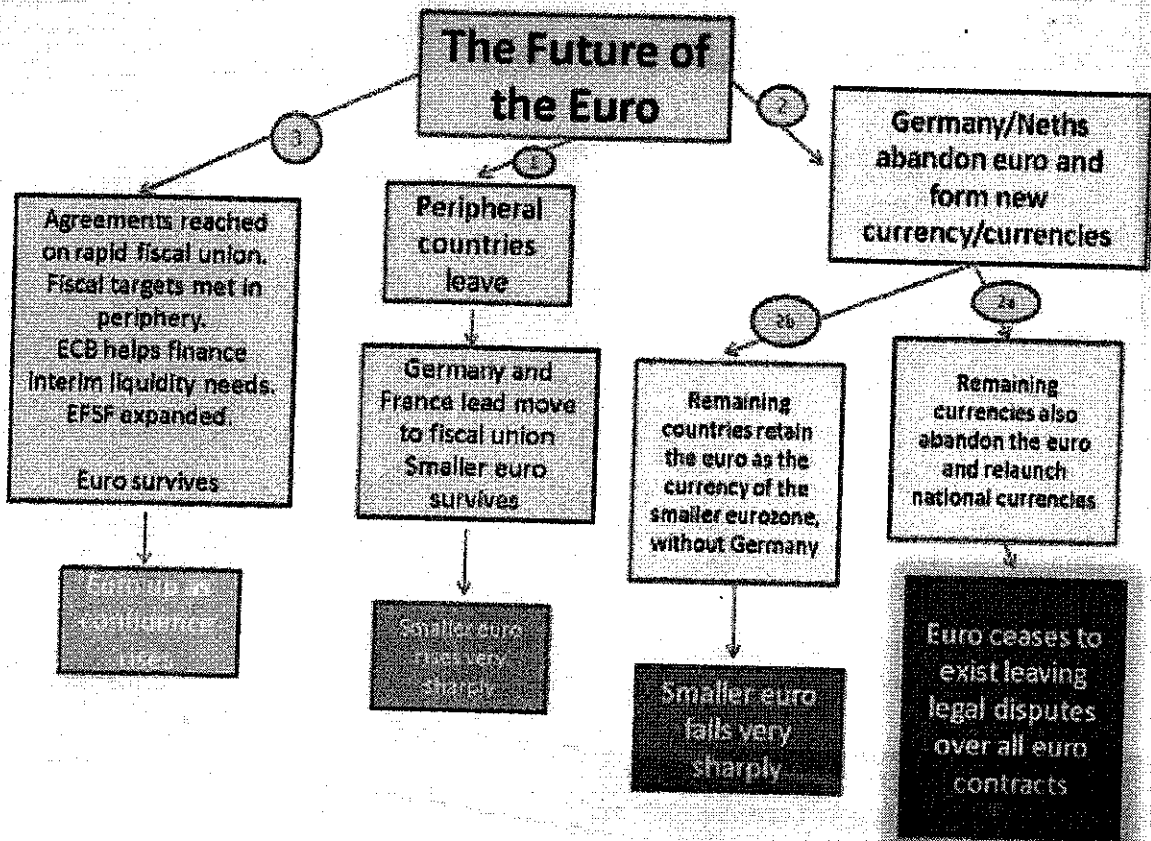
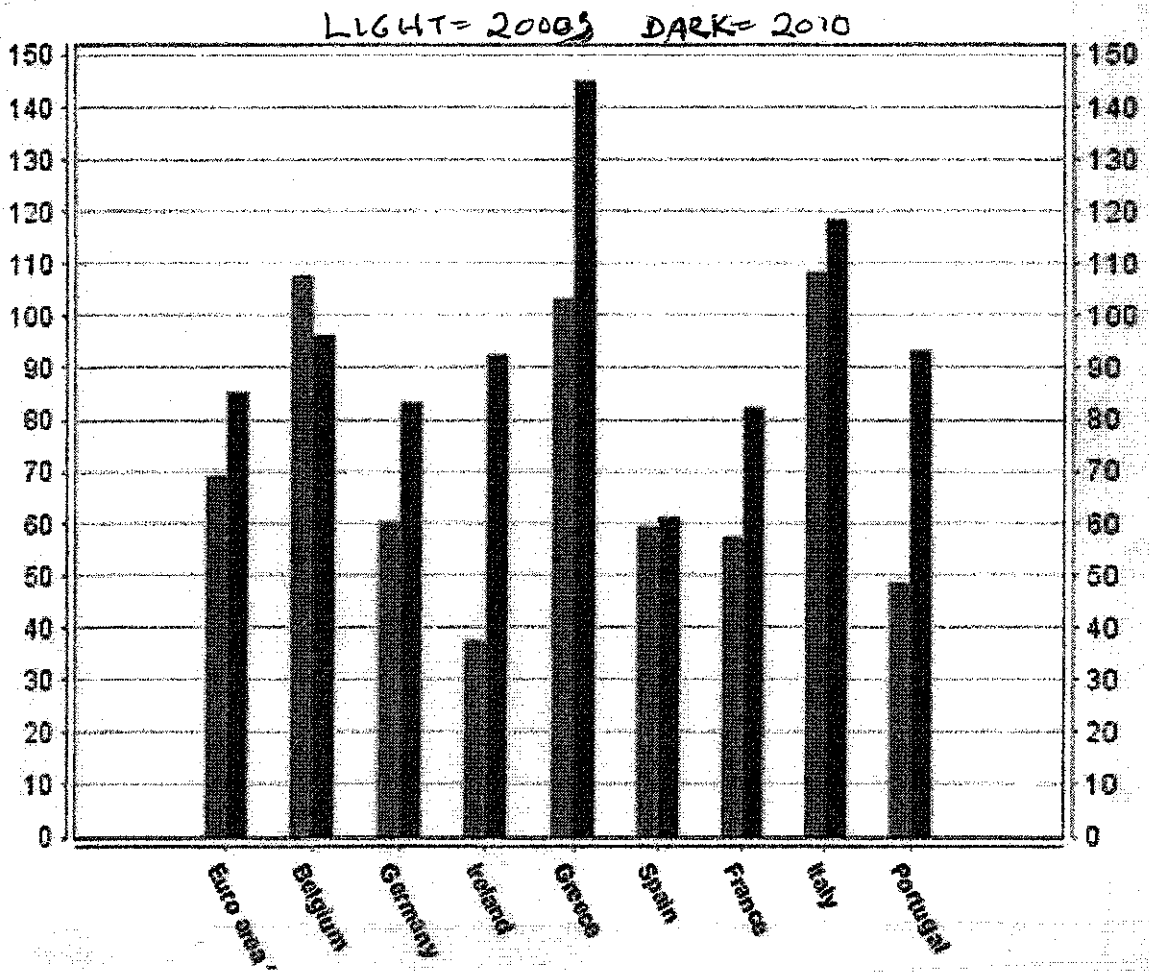
[For breakdown by debt type for selected countries click here](#)

Source: Bank for International Settlements - data as at end June 2011

REUTERS

<http://www.washingtonpost.com/blogs/ezra-klein/post/the-european-debt-crisis-in-eight-gra...>

Source: Ezra Klein and Sarah Kliff, Wonkblog, *The Washington Post*, 1 December 2011



COMMON AGRICULTURAL POLICY (CAP)

WHEN CREATED IN 1958-62, 20% OF THE 6 EEC MEMBERS' POPULATIONS WERE IN AGRIC, MOST WERE POOR; EUROPE PRODUCED 80% OF ITS FOOD

- **EEC WAS NOT READY FOR A COMMON MKT IN AGRIC, WHICH MIGHT HAVE RUINED MANY FARMERS**

INITIAL CAP SET A "TARGET PRICE" FOR FARM COMMODITIES, HIGHER THAN WORLD PRICE; CONSUMERS PAID

- **IT ALSO SET A MINIMUM "ENTRY PRICE" FOR FOOD IMPORTS (HIGHER THAN WORLD PRICES) - TO KEEP IMPORTS DOWN AND PROMOTE "COMMUNITY PREFERENCE" - THE IMPORT OF FOOD FROM OTHER EEC COUNTRIES**

- **IT PAID EEC FARMERS A SUBSIDY SO THAT THEY COULD EXPORT FOOD AT WORLD PRICES; = DUMPING**

- **BY 1990s, EC PRODUCES 120% OF ITS FOOD**

THIS SYSTEM LED TO OVERPRODUCTION (WINE LAKES, BUTTER MOUNTAINS IN STORAGE)

- **IT WAS ALSO EXPENSIVE: 64% OF EC BUDGET IN 1988, 50% IN 1996 (= \$50 BILLION)**

MacSHERRY REFORMS (1992): PRICE SUPPORTS REDUCED, REPLACED BY DIRECT PAYMENTS TO FARMERS

- **OVERPRODUCTION REDUCED; LESS DUMPING; COSTS CUT (CAP = 42% OF EC BUDGET IN 1999)**

- **BUT SOME FARMERS (ESP IN FRANCE) ARE PAID €300,000 A YEAR**

AGENDA 2000: ADDITIONAL CUTS PROPOSED IN PRICE SUPPORTS

EU DECIDES IT WILL NOT COMPENSATE FARMERS IN THE ENLARGEMENT COUNTRIES TO THE SAME EXTENT AS IN THE THEN-CURRENT EU-15

- **POLAND HAS 27% OF POP. IN AGRICULTURE; FRANCE = 4%, GERMANY = <3%**

OCT 2002: CHIRAC AND SCHROEDER AGREE NOT TO MAKE ANY MORE REFORMS IN CAP UNTIL 2006; ALSO AGREE TO 1% ANNUAL BUDGET INCREASE UNTIL 2013

- **SCHROEDER HAD EARLIER CALLED FOR MORE CUTS IN CAP, SINCE GERMANY IS NET PAYER AND FRANCE GAINS THE MOST; HIGH TENSIONS BETWEEN SCHROEDER & CHIRAC; BLAIR OPPOSED THE DEAL**

JUNE 2003: EU AGREES TO "PARTIAL DECOUPLING" OF SUBSIDIES AND PRODUCTION

- **COMPROMISE WATERS DOWN A COMMISSION PROPOSAL, WHICH CALLED FOR PROVIDING FLAT PAYMENTS LINKED TO RURAL DEV, ENVIRON. PROTECTION, ETC., INSTEAD OF SUBSIDIZING PRODUCTION (WHICH LEADS TO OVERPRODUCTION); FRANCE, SP, IRE & PORT OPPOSE IT**

- **DECOUPLING BEGAN IN 2005; COVERED ONLY PART OF THE SUBSIDIES FOR BEEF, CEREALS & MUTTON; NO DECOUPLING FOR OLIVE OIL, SUGAR, & OTHER SECTORS; CUTS IN INTERVENTION PRICES (MINIMUM PRICE GUARANTEE FOR FARMERS) FOR BUTTER, POWDERED MILK**
- **EU AGRIC COMMISSIONER FRANZ FISCHLER: "We're saying good-bye to the old subsidy system which significantly distorted int'l trade."**
- **UK IS PLEASED BECAUSE "the principle of decoupling is now established"**

U.S. TOLD EU THAT SUCCESS OF DOHA TRADE NEGOTIATION ROUND DEPENDED ON CAP REFORM

2008: AGRICULTURE MINISTERS AGREE ON CAP 'HEALTH CHECK' MEASURES:

- **INCREASED 'MODULATION' - DIRECT PAYMENTS TO FARMERS TO BE REDUCED AND DIRECT PAYMENTS TO RURAL DEVELOPMENT FUND INCREASED**
- **'DECOUPLING' OF SUPPORT - DIRECT AID TO FARMERS NO LONGER LINKED TO PRODUCTION OF A SPECIFIC PRODUCT**
- **CROSS COMPLIANCE: AID TO FARMERS LINKED TO ENVIRONMENTAL MEASURES, ANIMAL WELFARE, FOOD QUALITY**
- **OTHER MEASURES**

2010: APRIL-JUNE: COMMISSIONER FOR AGRIC & RURAL DEVELOPMENT INVITES ALL EU CITIZENS & ORGANIZATIONS TO SUBMIT ONLINE COMMENTS AND RECOMMENDATIONS CONCERNING CAP; 5,500 RESPOND

NOV: COMMISSION ISSUES PROPOSALS FOR MORE CAP REFORMS BY 2013:

- FAIRER DISTRIBUTION OF CAP PAYMENTS TO BENEFIT CENTRAL & EAST EUROPEAN STATES**
- NEW EFFORTS TO DEAL WITH FOOD SECURITY, CLIMATE CHANGE, 'GREEN COMPONENT', DIVERSITY IN AGRIC PRODUCTION**
- CEILING ON PAYMENTS SO AS TO PREVENT LARGE FARMS FROM BENEFITTING AT EXPENSE OF SMALL ONES; SUBSIDIES TO BE TARGETED TO FARMERS WHO REALLY NEED THEM**
- 3 OPTIONS TO MEET THESE AND OTHER GOALS ('MINIMALIST' PLAN RETAINS CURRENT PAYMENT SYSTEM; 'REFORMIST' OPTION ADDS NEW FUNDS; 'RADICAL' OPTION WOULD END DIRECT PAYMENTS TO FARMERS)**

PROBLEMS:

- COST: €55B IN 2009 (>40% OF EU BUDGET)**
- RICHEST 20% OF FARMERS GET 80% OF DIRECT SUPPORT; A FRENCH SUGAR CO. GOT €178M, A POLISH ONE GOT 135M; CAP MILLIONAIRES GOT 4.9B**
- CAP COST €79.5B IN HIGHER TAXES & 36.2B IN HIGHER PRICES (2008); HIGH TARIFFS HURT NON-EU FARMERS**
- FOOD SAFETY; RISING GLOBAL FOOD PRICES, ETC.**

SCHENGEN

1985: FRANCE, GERMANY AND BENELUX SIGN *SCHENGEN AGREEMENT* ON BOAT IN MOSEL RIVER NEAR LUX TOWN

- **AGREED INDEPENDENTLY OF EC**
- **PROVIDED ONLY FOR REPLACEMENT OF PASSPORT CHECKS WITH VISUAL SURVEILLANCE OF PRIVATE VEHICLES AT BORDER CROSSINGS**

1990: SAME SIGNATORIES SIGN *CONVENTION IMPLEMENTING THE SCHENGEN AGREEMENT*

- **ELIMINATES BORDER CONTROLS AMONG SIGNATORIES (ONE EXTERNAL BORDER CONTROL FOR ALL)**
- **COMMON RULES FOR VISAS AND ASYLUM**
- **COOP AMONG GOVTS ON DRUG & WEAPONS TRAFFICKING, TERRORISM, HOT PURSUIT**
- ***SCHENGEN INFO SYSTEM (SIS)*: DATABASE ON ALIENS, CRIMINALS, TERRORISTS, ETC.**
- **INTERGOVERNMENTAL AGMT; BUT DISAGREEMENTS DELAY IMPLEMENTATION UNTIL 1995**

SIGNED BY ITALY, 1990; PORT & SPAIN, 1991; GREECE, 1992; AUSTRIA, 1995; DEN, FINLAND, SWEDEN, 1996

AMSTERDAM 1997: SCHENGEN AGMTS INCORPORATED INTO EU LAW & *ACQUIS COMMUNAUTAIRE*, WITH OPT-OUTS FOR UK & IRELAND

ICELAND & NORWAY ARE ASSOCIATED, 1996; AGMT WITH EU, 1999; AGMT WITH UK & IRELAND, 1999; EU EXTENDS SCHENGEN ACQUIS TO 5 MEMBERS OF NORDIC PASSPORT UNION, 2000

2000: UK JOINS SIS & COOP VS CRIME, DRUGS ... BUT NOT OPEN BORDERS

2007: CZECH, ESTONIA, HUNG, LATVIA, LITH, MALTA, POL, SLOVENIA & SLOVAKIA JOIN SCHENGEN AREA

-- COOPERATION AND VERIFICATION MECHANISM (CVM) SET UP TO HELP BULGARIA & ROMANIA MEET REQUIREMENTS

2008: LIECHTENSTEIN & SWITZ JOIN SCHENGEN AREA

LISBON TREATY ALLOWS COUNCIL OF MINISTERS TO VOTE BY QMV ON VARIOUS POLICE & JUDICIAL ISSUES, BUT UK AND IRELAND OPT OUT

ROMANIA & BULGARIA WERE EXPECTED TO JOIN SCHENGEN AREA IN 2011, BUT ON 9 JUNE GAC (FOREIGN MINS) POSTPONED SCHENGEN ENLARGEMENT INDEFINITELY (DESPITE 487 EP VOTES IN FAVOR OF BULG & ROMANIA ON 6/8); FRANCE, GER, NETH & 3 OTHER STATES OPPOSED ENLARGEMENT (IN PART DUE TO CONCERNS OVER ROMA)

-- 24 JUNE: EUROPEAN COUNCIL ADOPTS POLITICAL DECISION TO TOUGHEN MONITORING & EVALUATION OF FUTURE SCHENGEN MEMBERS (THOUGH BULG & ROMANIA ARE STILL SUBJECT TO CVM)

LISBON STRATEGY AND EUROPE 2020

PROMPTED BY FEARS THAT LOW GROWTH, AGING POP. & INT'L COMPETITION COULD DECREASE GROWTH BY 1% PER YEAR OR MORE AND MAKE EU SOCIAL & ENVIRONMENTAL MODEL "UNAFFORDABLE"

OCT 2000 IN LISBON: EURO. COUNCIL LAUNCHES REFORMS AT NATIONAL AND EU LEVELS TO IMPROVE INTERNAL MARKET, BOOST RESEARCH & INNOVATION AND IMPROVE EDUCATION SO AS TO MAKE THE EU 'the most dynamic and competitive knowledge-based economy' IN THE WORLD BY 2010

2005: EU SELF-EVALUATION SAYS "results are not very satisfactory"; IMPLEMENTATION BY MEMBER STATES IS "scarce"

- **28 MAIN OBJECTIVES, 120 SUB-OBJECTIVES, 117 INDICATORS, 300 ANNUAL REPORTS ("Nobody reads all of them")**

2010: AFTER CONSULTATION, COMMISSION ISSUES *EUROPE 2020* PROPOSAL; IT REPLACES LISBON STRATEGY WITH 5 'HEADLINE TARGETS' TO BE REACHED BY 2020:

- **RAISE EMPLOYMENT LEVELS OF 20-64 POPULATION FROM CURRENT 69% TO 75%**
- **RAISE INVESTMENT IN R&D TO 3% OF EU'S GDP**
- **AS ALREADY AGREED, REDUCE GREENHOUSE GAS EMISSIONS BY 20% OVER 1990 (OR 30%); GET 20% OF ENERGY NEEDS FROM RENEWABLE SOURCES; 20% RISE IN EFFICIENCY (20/20/20 PROGRAM)**

- **REDUCE EARLY SCHOOL DROPOUTS FROM CURRENT 15% TO BELOW 10%; RAISE SHARE OF 30-34 POPULATION WITH A TERTIARY DEGREE OR DIPLOMA FROM 31% TO 40%**
- **REDUCE NUMBER OF EUROPEANS LIVING BELOW POVERTY LINE FROM CURRENT 80M TO 60M (A 25% DROP)**

VAN ROMPUY CALLS FOR RIGOROUS ENFORCEMENT & MONITORING MEASURES TO ENSURE COMPLIANCE

JUNE 2010:EUROPEAN COUNCIL SUMMIT APPROVES *EUROPE 2020* STRATEGY, CALLS FOR MEASURES TO IMPLEMENT AND MONITOR IT

ENVIRONMENTAL POLICY

KYOTO PROTOCOL (SIGNED, 1997; TOOK EFFECT, 2005): 183 SIGNATORIES AGREE TO REDUCE THEIR COLLECTIVE GREENHOUSE GAS EMISSIONS BY 5.2% OF 1990 LEVELS BY 2012; 191 SIGNATORIES BY MID-2010

-- **MEASURES APPLY TO INDUSTRIALIZED STATES, NOT TO DEVELOPING COUNTRIES; U.S. WITHDRAWS; RUSSIA, CHINA & INDIA NOT REQUIRED TO REDUCE EMISSIONS**

-- **KYOTO OBLIGATES EU-15 TO ACHIEVE A COLLECTIVE 8% REDUCTION**

-- **OCT 2010: EU-15 WERE ON TARGET TO MEET KYOTO GOAL BY 2012 (DUE IN PART TO ECONOMIC SLOWDOWN)**

-- **EU *EMISSIONS TRADING SCHEME*: SINCE 2005, ABOUT 10,000 COMPANIES ARE REQUIRED TO BUY & SELL PERMITS TO RELEASE CO₂; COMPANIES EXCEEDING THEIR QUOTA MAY BUY ALLOWANCES FROM THOSE THAT EMIT LESS THAN ALLOWABLE MAXIMUM**

COPENHAGEN SUMMIT (DEC 2009): EU AGREES UNCONDITIONALLY TO REDUCE ITS GREENHOUSE GAS EMISSIONS BY 20% OF 1990 LEVELS BY 2020

-- **... AND BY 30% IF A BINDING AGREEMENT IS REACHED; GERMANY OFFERS 40% REDUCTION**

- **NO BINDING AGREEMENT ON POST-KYOTO EMISSIONS REDUCTIONS IS REACHED**
- **U.S., CHINA, INDIA, BRAZIL & S. AFRICA DRAFT *COPENHAGEN ACCORD*, WHICH CALLS ON THE WORLD TO KEEP GLOBAL AVERAGE TEMPERATURE INCREASE BELOW 2° CELSIUS; NO COMMITMENTS ON GAS EMISSIONS; NON-BINDING; 138 SIGNATORIES BY JAN 2010**

CANCUN SUMMIT (NOV-DEC 2010): EU REITERATES ITS COPENHAGEN POSITION ON GREENHOUSE GAS EMISSIONS

- **CALLS FOR TRANSPARENCY, MORE FUNDING FOR DEVELOPING COUNTRIES' ENVIRONMENTAL EFFORTS**
- **VARIOUS AGREEMENTS AND AFFIRMATIONS, BUT NO AGREEMENT ON HOW TO EXTEND KYOTO PROTOCOL REGARDING GREENHOUSE GAS EMISSIONS AFTER 2012**

DURBAN SUMMIT (DEC 2011): EU PRESSES FOR 'ROAD MAP' TO A LEGALLY BINDING TREATY

- **CHINA AND INDIA REJECT IT, U.S. UNENTHUSIASTIC**
- **DELEGATES VAGUELY PROMISE TO WORK TOWARDS A TREATY AND SET UP A 'GREEN CLIMATE FUND' TO ASSIST POOR COUNTRIES**

GLOBAL CARBON PROJECT: FOSSIL FUEL EMISSIONS ROSE 5.9% IN 2010 (HIGHEST EVER) & 49% SINCE 1990 (MORE THAN EXPECTED); EMISSIONS HAVE TRIPLED IN CHINA & INDIA SINCE 1990 & ROSE ABOUT 10% IN 2009

REGIONAL POLICY

AIMS:

- **CONVERGENCE: REMOVE DISPARITIES BETWEEN POOR & BETTER-OFF REGIONS; IMPROVE DECLINING INDUSTRIAL & RURAL AREAS**

- **APPLIES TO REGIONS WHOSE GDP IS <75% OF EU AVERAGE: ALMOST ALL OF 12 NEW MEMBERS; MOST OF E. GERMANY; PARTS OF AUS, BELG, GREECE, IRE, ITALY, PORT, SPAIN, UK**

- **ENHANCE REGIONAL COMPETITIVENESS & EMPLOYMENT**

- **ENHANCE TERRITORIAL COOPERATION, REDUCE IMPORTANCE OF BORDERS**

STRUCTURAL FUNDS:

- ***EUROPEAN REGIONAL DEVELOPMENT FUND: €347B IN 2007-13 DEVOTED TO ALL 3 OBJECTIVES ABOVE***

- ***EUROPEAN SOCIAL FUND: €76B IN 2007-13 DEVOTED TO ENHANCING EMPLOYMENT OPPORTUNITIES IN SPECIFIED REGIONS***

COHESION FUND: €70B IN 2007-13 DEVOTED TO IMPROVING ENVIRONMENT & TRANS-EUROPEAN TRANSPORT NETWORKS IN REGIONS WHOSE GROSS NATIONAL INCOME (GNI) IS <90% OF EU AVERAGE (ALL 12 NEW MEMBERS + GREECE & PORT)

STRUCTURAL + COHESION FUNDS = > 1/3 OF EU BUDGET

EU ENLARGEMENT

CANDIDATES IN ENLARGEMENTS PRIOR TO 1995 (EU-15) RECEIVED NO FINANCIAL AID BEFORE BECOMING FULL MEMBERS; SUBSEQUENT APPLICANTS RECEIVED AID

***PHARE* (POLAND-HUNGARY: ACTIONS FOR ECONOMIC RECONSTRUCTION), DEC 1989**

- **BULGARIA, CZECHOSLOVAKIA, E. GERMANY, YUGOSLAVIA ADDED, JULY 1990**
- **ESTONIA, LATVIA, LITHUANIA ADDED, 1991**

EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT (EBRD; www.ebrd.org)

- **MITTERRAND PROPOSAL; SIGNED 1990, INAUGURATED 1991; INVESTMENT IN CEECs, FORMER USSR, etc.**
- **61 MEMBERS IN 2011 (EU, US, CAN, JAP, ISRAEL, EGYPT, MEXICO, S. KOREA .. et al.)**
- **PRESIDENTS: JACQUES ATTALI (1991-93); JACQUES DE LAROSIÈRE (1993-98); HORST KÖHLER, 1998-2000; JEAN LEMIERRE (2000-08); THOMAS MIROW (2008)**

EUROPE AGREEMENTS

- **SIGNED WITH "VISEGRAD COUNTRIES" (CZECHOSLOVAKIA, HUNGARY, POLAND), DEC 1991**
- **HARD BARGAINING: EU BLOCKS FREE TRADE IN STEEL, AGRICULTURE, TEXTILES; HUNGARY & POLAND THREATEN WALK-OUT**

COPENHAGEN CRITERIA, JUNE 1993

- **DEMOCRACY, RULE OF LAW, HUMAN RIGHTS, RESPECT FOR MINORITIES; MARKET ECONOMY; ABILITY TO ADHERE TO AIMS OF POLITICAL UNION AND EMU (MUST ACCEPT ACQUIS COMMUNAUTAIRE & ACQUIS POLITIQUE); CODIFIED & REQUIRED UNDER LISBON TREATY (2009)**

AGENDA 2000: PRELIMINARY REPORT IN 1997 FAVORABLE FOR CZECH, HUNG, POL, ESTONIA, SLOVENIA & CYPRUS

- **THEY ARE SELECTED AS FIRST WAVE AT LUX. COUNCIL SUMMIT, DEC 1997; TURKEY EXCLUDED**
- **NEGOTIATIONS BEGIN, MARCH 1998**

HELSINKI SUMMIT (DEC 1999) AUTHORIZES NEGOTIATIONS WITH BULGARIA, LATVIA, LITHUANIA, MALTA, ROMANIA, SLOVAKIA (TALKS BEGIN FEB 2000); RETURNS TURKEY TO CANDIDATE STATUS, BUT NO NEGOTIATIONS

OCTOBER 2002: EU COMMISSION REPORT SAYS THAT 10 COUNTRIES SHOULD BE READY FOR ENLARGEMENT BY 2004 (CZECH, CYPRUS, ESTONIA, HUNGARY, LATVIA, LITHUANIA, MALTA, POLAND, SLOVENIA & SLOVAKIA); BULGARIA & ROMANIA WILL PROBABLY NOT BE READY UNTIL 2007; NO TALKS SET WITH TURKEY

OCTOBER 2002: >60% IN IRISH REFERENDUM APPROVE TREATY OF NICE, PERMITTING ENLARGEMENT TO GO FORWARD (IRISH VOTERS HAD REJECTED IT IN 2001; THE OTHER 14 STATES RATIFIED IT IN THEIR PARLIAMENTS)

DEC 2002 COPENHAGEN SUMMIT

- **EU AGREES TO ADMIT 10 NEW MEMBERS IN MAY 2004**
 - **CZECH; CYPRUS (GREEK); ESTONIA; HUNGARY; LATVIA; LITHUANIA; MALTA; POLAND; SLOVAKIA; SLOVENIA**
 - **DEFERS ROMANIA & BULGARIA TO 2007**
 - **TO RECONSIDER TURKEY IN DEC 2004**

- **IN LAST-MINUTE CONCESSION UNDER PRESSURE FROM POLAND & OTHERS, EU AGREES TO SLIGHT INCREASE (\$430 M) IN SUBSIDIES TO THE 10 NEW MEMBERS**
 - **TOTAL = \$42 BILLION BETWEEN 2004-2006 (GREECE, SPAIN & PORT. GOT NOTHING PRIOR TO ACCESSION)**

- **EU POSTPONES DECISION ON STARTING ACCESSION TALKS WITH TURKEY UNTIL DEC 2004**
 - **IF T. MEETS 1993 COPENHAGEN CRITERIA, TALKS WOULD BEGIN "WITHOUT FURTHER DELAY" (2005)**
 - **EU RESENTMENT AT PRESSURE FROM BUSH ON ADMITTING TURKEY (CALLS TO DANISH PM & CHIRAC); UK, ITALY, GREECE, SPAIN & PORT FAVOR TALKS NOW; FRANCE & FRG OPPOSED**

THE 10 NEW MEMBERS INCREASE EU POP BY 20% (FROM 375 M TO 450 M) & ITS TERRITORY BY 23% ... BUT THE ENLARGED EU'S GNP WAS EXPECTED TO GROW ONLY 5%; AVG WEALTH PER CAP EXPECTED TO FALL 13%

9 APRIL 2003: AFTER OVERWHELMINGLY APPROVING EACH CANDIDATE COUNTRY IN 10 SEPARATE VOTES, EP VOTES ITS *ASSENT* TO ACCESSION OF ALL 10 IN A RESOLUTION, 458-68 (41 ABSTENTIONS)

-- 14 APRIL: EXTERNAL RELATIONS COUNCIL UNANIMOUSLY APPROVES ADMISSION OF THE 10

-- 16 APRIL: TREATY OF ACCESSION OF 10 NEW MEMBERS SIGNED BY LEADERS OF 10 CANDIDATES + EUROPEAN COUNCIL, ATHENS

RATIFICATION PROCESS, 2003

<u>PLACE</u>	<u>DATE</u>	<u>FOR</u>	<u>VS</u>	<u>TURNOUT</u>
MALTA	MAR 8	53.7	46.4	90.9
SLOVENIA	MAR 23	89.6	10.4	60.2
HUNGARY	APRIL 12	84.0	16.0	45.6
LITHUANIA	MAY 10-11	91.0	9.0	63.3
SLOVAKIA	MAY 16-17	93.7	6.3	52.2
POLAND	JUNE 8	77.5	22.6	58.9
CZECH REP.	JUNE 15-16	77.3	22.7	55.2
ESTONIA	SEPT 14	66.8	33.2	63.7
LATVIA	SEPT 20	67.0	32.3	73.0
CYPRUS	NO REFERENDUM: RATIFIED BY PARLIAMENT OF GREEK CYPRUS (UNANIMOUSLY), 7/14/03			

1 MAY 2004: 10 NEW MEMBERS JOIN EU

BULGARIA AND ROMANIA

**JUNE 2003 & JUNE 2004: EUROPEAN COUNCIL CONFIRMS
ACCESSION DATE AS 1/1/2007**

**DEC 2004: EUROPEAN COUNCIL SAYS BOTH ARE READY TO
JOIN EU, FOLLOWING CONCLUSION OF NEGOTIATIONS**

FEB 2005: COMMISSION ISSUES FAVORABLE REPORT

-- **13 APRIL: EP VOTES *ASSENT* TO ACCESSION OF
BULGARIA (522-70; 69 ABSTENTIONS) AND
ROMANIA (497-93; 71)**

-- **25 APRIL: GENERAL AFFAIRS COUNCIL UNANIMOUSLY
AGREES TO ACCESSION, AND ...**

-- **TREATY OF ACCESSION SIGNED BY LEADERS**

-- **MAY: PARLIAMENTS OF BULGARIA AND ROMANIA
RATIFY ACCESSION TREATY**

**BULG & ROM ARE SUBJECT TO A *COOPERATION AND
VERIFICATION MECHANISM*, PERMITTING EU
COMMISSION TO CONTINUE MONITORING THEIR
EFFORTS TO FIGHT CORRUPTION AND CRIME, REFORM
JUDICIARY & UNDERTAKE OTHER REFORMS**

-- **INITIALLY SET TO LAST 3 YEARS, IT HAS BEEN
EXTENDED INDEFINITELY AS PROBLEMS PERSIST**

**MEMBER STATES (M.S.) MAY REQUIRE WORK PERMITS FOR
BULGARIAN & ROMANIAN NATIONALS UNTIL 2014**

1/1/2007: AFTER RATIFICATION BY ALL M.S., B. & R. JOIN EU

CROATIA

2003: CROATIA APPLIES

**2004: COMMISSION RECOMMENDS CANDIDATE STATUS;
GRANTED BY EUROPEAN COUNCIL**

**2005: NEGOTIATIONS BEGIN IN OCT ON 35 CHAPTERS
(NOT 31, AS IN PREVIOUS ENLARGEMENTS:
AGRICULTURE GETS MORE CHAPTERS)**

-- STABILIZATION AND ASSOCIATION AGREEMENT

PROBLEMS:

**-- NEGOTIATIONS DELAYED UNTIL CAPTURE OF GEN. ANTE
GOTOVINA IN CANARY ISLANDS, DEC 2005; HE &
GEN. MLADEN MARKAČ SENTENCED BY INT'L
CRIMINAL TRIBUNAL FOR FORMER YUGOSLAVIA**

-- 2006: C. AGREES TO ALLOW ITALIANS TO BUY LAND

-- BORDER DISPUTES WITH SLOVENIA:

**-- NOV 2009: ARBITRATION AGREEMENT SIGNED BY
CROATIA & SLOVENIA**

**-- JUNE 2010: AFTER SLOVENE VOTERS APPROVE
SUBMITTING DISPUTE TO INTERNATIONAL
ARBITRATION (51.5%-48.5%), SLOVENIA LIFTS
OBJECTIONS TO COMPLETING ACCESSION
TALKS**

**-- MAY 2011: C. & S. SUBMIT THEIR AGMT TO UN;
ARBITRATION SET TO BEGIN AFTER C. SIGNS
ACCESSION TREATY; EXPECTED TO TAKE 3
YEARS; PANEL'S DECISION IS BINDING**

(CROATIA, CONTINUED...)

JUNE 2011: ACCESSION NEGOTIATIONS COMPLETED

- EU EMPLOYED NEW SYSTEM OF BENCHMARKS FOR OPENING & CLOSING CHAPTERS**
- COMMISSION WILL MONITOR C. ONLY UNTIL ACCESSION; BUT C. IS EXPECTED TO CONTINUE EFFORTS REGARDING JUDICIAL REFORM, FIGHT VS CRIME & CORRUPTION, ECONOMIC REFORMS, PROSECUTION OF WAR CRIMINALS, RETURN OF SERB REFUGEES, etc.**

1 DECEMBER 2011: EP VOTES ITS *CONSENT* TO CROATIA'S ACCESSION (564-38, 32 ABSTENTIONS)

- 4 DECEMBER: ELECTIONS RESULT IN DEFEAT FOR HDZ GOVT UNDER PM KOSOR; ELECTION OF 4-PARTY CENTER-LEFT 'KUKURIKU' COALITION**
- 9 DECEMBER: TREATY OF ACCESSION SIGNED AT EUROPEAN COUNCIL SUMMIT; MUST BE RATIFIED BY CROATIA + EU-27**

22 JAN 2012: REFERENDUM IN CROATIA

JULY 2013: ACCESSION EXPECTED

TURKEY

1963: ASSOCIATION AGREEMENT WITH EEC

1987: APPLICATION FOR FULL MEMBERSHIP

1995: CUSTOMS UNION AGREEMENT

DEC 1999: RECOGNIZED AS CANDIDATE COUNTRY

**2002: EU SAYS IT WILL OPEN ACCESSION NEGOTIATIONS
'WITHOUT DELAY' IF THE COMMISSION
RECOMMENDS THEM AND EUROPEAN COUNCIL
MAKES A FAVORABLE DECISION IN DEC 2004**

**DEC 2004: EUROPEAN COUNCIL AGREES TO START TALKS
IN OCT 2005**

OCT 2005: NEGOTIATIONS BEGIN

SOME PROBLEMS:

- **CYPRUS**
- **DEMOCRATIZATION: HUMAN RIGHTS, KURDS, PRESS
FREEDOMS, ROLE OF THE MILITARY, WOMEN'S
RIGHTS, ETC.; 2006-07 - EUROPEAN COURT OF
HUMAN RIGHTS ISSUED 330 VERDICTS VS T.**
- **CULTURE: RELIGION; IS T. 'EUROPEAN'?**
- **SIZE: 79 MILLION IN 2011**

STATUS OF NEGOTIATIONS ON 35 CHAPTERS OF *ACQUIS COMMUNAUTAIRE*, FALL 2011:

- **1 CLOSED (SCIENCE & RESEARCH)**
- **12 OPEN**
- **17 SUSPENDED (OVER DISAGREEMENTS)**
- **3 SCREENED BUT NOT OPENED; 2 - NOTHING TO ADOPT**

EU MEMBER GOVTS FOR T.'S ACCESSION: UK, ITALY, POLAND, ET AL.

-- AGAINST: AUSTRIA, FRANCE, GERMANY (FAVOR 'PRIVILEGED PARTNERSHIP'), ET AL.

-- 2005 POLL: > HALF OF EU CITIZENS OPPOSE T.'S ACCESSION, BARELY 1/3 FOR IT; 80% IN AUS & 70% IN FRANCE OPPOSED

- OPPOSITION TO T. RISES IN 2007 POLL

-- 2004: 73% OF TURKS REGARDED EU MEMBERSHIP AS A GOOD THING; 2010: 38%

MACEDONIA

WESTERN BALKAN STATES MUST TAKE PART IN A SPECIAL STABILIZATION AND ASSOCIATION PROCESS BEFORE APPLYING FOR EU MEMBERSHIP

- 2001: STABILIZATION & ASSOCIATION AGREEMENT (SAA)
SIGNED**
- 2004: MACEDONIA APPLIES FOR EU MEMBERSHIP; SAA
TAKES EFFECT FOLLOWING RATIFICATION BY
EU MEMBER STATES**
- 2005: FOLLOWING FAVORABLE RECOMMENDATION BY
COMMISSION, EUROPEAN COUNCIL ACCEPTS
M.'S APPLICATION**
- 2011: NONE OF 35 CHAPTERS AS YET SCREENED**

**PROBLEMS: GREECE OBJECTS TO THE NAME 'MACEDONIA'
FOR THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
(FYROM)**

- EU SAYS THE NAME ISSUE WILL PLAY NO ROLE IN
ACCESSION PROCESS (THOUGH GREECE CAN VETO
M.'S ACCESSION)**
- 2007: EP REJECTS A RESOLUTION OPPOSING
'MACEDONIA' AS THE COUNTRY'S NAME; GREEK
NEW DEMOCRACY PARTY VOTED FOR IT, PASOK VS
IT**

ICELAND

ICELAND IS A MEMBER OF THE EUROPEAN FREE TRADE AREA (EFTA), THE EU'S EUROPEAN ECONOMIC AREA (EEA – THE INTERNAL MARKET) AND THE SCHENGEN AREA

2008: FINANCIAL CRISIS BEGINS WITH BANK FAILURES

APRIL 2009: ELECTIONS RESULT IN VICTORY OF PRO-EU SOCIAL DEMOCRATIC ALLIANCE

- **JOHANNA SIGUROARDÓTTIR IS PM**
- **JULY: PARLIAMENT PASSES PROPOSAL TO APPLY FOR EU MEMBERSHIP (33-28, 2 ABSTENTIONS)**
- **ICELAND APPLIES TO EU THE NEXT DAY**

FEB 2010: COMMISSION RECOMMENDS CANDIDATE STATUS

- **JUNE: AFTER VARIOUS MEMBER STATES' PARLIAMENTS APPROVE ICELAND'S CANDIDACY, EUROPEAN COUNCIL GRANTS CANDIDACY STATUS**
- **JULY: NEGOTIATIONS COMMENCE; SCREENING PROCESS BEGINS IN NOV**

PROBLEMS:

- **FISHERIES (SOME IN ICELAND WANT TO RETAIN SOVEREIGNTY OVER FISHING ZONES); WHALING**
- **ICESAVE: UK & NETH WANT ICELAND TO COMPENSATE BRITISH AND DUTCH DEPOSITORS WHO LOST MONEY IN CRASH OF ICELANDIC ONLINE BANK**

ICELAND COULD JOIN IN 2013-2014

SERBIA

- 2007: STABILIZATION AND ASSOCIATION AGREEMENT INITIALED; SIGNED IN 2008, BUT TAKES EFFECT IN 2010 FOLLOWING COOP WITH ICTY**
- DEC 2009: APPLICATION FOR MEMBERSHIP; EU UNFREEZES TRADE AGREEMENT, WAIVES VISAS FOR SCHENGEN COUNTRIES**
- 2011: WAR CRIMINALS RATKO MLADIĆ AND GORAN HADŽIĆ ARRESTED, SENT TO ICTY IN THE HAGUE FOR TRIAL**
- OCT: COMMISSION RECOGNIZES S. AS 'POTENTIAL CANDIDATE COUNTRY'**
 - DEC: EUROPEAN COUNCIL DELAYS CANDIDATE STATUS DUE TO UNRESOLVED BORDER DISPUTE WITH KOSOVO**
- 1 MARCH 2012: AFTER COMMISSION BROKERS DEAL BETWEEN SERBIA & KOSOVO (SEE *COUNTRY PROFILES* FOR DETAILS), EUROPEAN COUNCIL ACCEPTS SERBIA AS CANDIDATE COUNTRY**

'POTENTIAL CANDIDATE COUNTRIES'

ALBANIA

- 2006: STABILIZATION AND ASSOCIATION AGREEMENT SIGNED**
- 2009: APPLICATION FOR ACCESSION; RECOGNITION AS 'POTENTIAL CANDIDATE COUNTRY'**
- APRIL 2010: ALBANIA REPLIES TO COMMISSION QUESTIONNAIRE (2,500 QUESTIONS)**
- DEC: EUROPEAN COUNCIL DECLINES TO RECOGNIZE ALBANIA'S CANDIDACY STATUS, MAINLY BECAUSE OF DOMESTIC POLITICAL CONTENTION**

BOSNIA AND HERZEGOVINA

- 2003: RECOGNITION AS 'POTENTIAL CANDIDATE COUNTRY'**
- 2008: STABILIZATION AND ASSOCIATION AGREEMENT (SAA) SIGNED; RATIFIED BY EU-27 BY JAN 2011; BUT NOT YET IN FORCE, DUE TO CONTINUING PROBLEMS:**
- BH HAS NOT IMPLEMENTED VARIOUS EU REQUIREMENTS (CENSUS; ECHR RULING ALLOWING MINORITIES TO PARTICIPATE IN BH'S PRESIDENCY AND LEGISLATURE, ETC.) - DUE TO REP. SRPSKA OPPOSITION**
- TRADE AGREEMENT AND 'EUROPEAN PARTNERSHIP' AGMT ON EU ASSISTANCE**

BH IS STILL UNDER ULTIMATE AUTHORITY OF THE *HIGH REPRESENTATIVE* OF THE SIGNATORIES OF THE DAYTON ACCORDS

-- BH MAY NOT FORMALLY APPLY FOR ACCESSION UNTIL AFTER THE OFFICE OF HIGH REP IS CLOSED AND BH GAINS FULL SOVEREIGNTY

THE EU HAS ITS OWN *SPECIAL REPRESENTATIVE* THERE (PETER SØRENSEN)

FORMATION OF 6-PARTY GOVT IN DEC 2011 RE-OPENS PATH TO APPLICATION FOR MEMBERSHIP

JULY 2012: EU GIVES B-H A ROADMAP FOR THE APPLICATION PROCESS

-- EU WANTS CONSTITUTIONAL CHANGES COMPLETED BY AUG, OTHER REFORMS BY NOV; THEN B-H MAY FORMALLY APPLY FOR ACCESSION

-- "UNDER IDEAL CIRCUMSTANCES," B-H COULD GET CANDIDATE STATUS IN 2014 (SØRENSEN)

KOSOVO

FEB 2008: DECLARATION OF INDEPENDENCE

- CYPRUS, GREECE, ROMANIA, SLOVAKIA & SPAIN DO NOT RECOGNIZE K AS SOVEREIGN STATE

-- THUS EU OFFICIALLY CALLS IT 'KOSOVO UNDER UN SECURITY COUNCIL RESOLUTION 1244/99'; CONSIDERS IT A 'POTENTIAL CANDIDATE COUNTRY' UNDER THIS RESOLUTION

- **EU OPERATES UNDER UN INTERIM ADMIN IN K (UNMIK)**
- **DEC 2007: EUROPEAN COUNCIL APPROVES EU RULE OF LAW (EULEX) MISSION: ABOUT 2,000 POLICE OFFICERS, PROSECUTORS & JUDGES (UNDER FRENCH GEN. XAVIER BOUT DE MARNHAC SINCE 2010)**
- **EU APPOINTS INTERNATIONAL CIVILIAN REPRESENTATIVE FOR K (SAME PERSON IS EU SPECIAL REP - SAMUEL ŽBOGAR SINCE FEB 2012)**

STABILIZATION TRACKING MECHANISM (2007); DIALOGUE WITH EU ON GOOD GOVERNANCE, ECONOMY, ETC.

2010: EP PASSES RESOLUTION CALLING FOR RECOGNITION OF K

FEB 2012: SERBS IN NORTHERN KOSOVO REFERENDUM REJECT K'S INDEPENDENCE (99.7%); EU & SERBIA REGARD VOTE AS INVALID

- **EU BROKERS DEAL BETWEEN K & SERBIA ON USE OF 'KOSOVO' IN REGIONAL AGREEMENTS; BORDERS RE-OPENED (SEE *COUNTRY PROFILES*)**

NO STABILIZATION & ASSOCIATION AGREEMENT HAS BEEN NEGOTIATED; K HAS NOT APPLIED FOR ACCESSION

EUROPEAN SECURITY

TREATY OF DUNKIRK (1947) - UK & FRANCE; DEFENSIVE ALLIANCE

BRUSSELS TREATY (3/1948): UK, FRANCE & BENELUX

- **COLLECTIVE DEFENSE (ART. IV): IF ONE IS ATTACKED, THE OTHERS "will ... provide all the military and other aid and assistance in their power ..."**
- **ALL WILL ACT TO PREVENT GERMAN AGGRESSION**
- **"WESTERN UNION DEFENSE ORG" EST**
- **RENAMED "WESTERN EUROPEAN UNION" (WEU), 1954**
- **WEST GERMANY & ITALY JOIN**
- **BRUSSELS TREATY REACTIVATED IN 1984 TO EST A "COMMON EURO. DEFENSE IDENTITY" BASED ON WEU**
- **SPAIN & PORTUGAL JOIN WEU, 1990; GREECE, 1995;**
- **ICELAND, NORWAY & TURKEY (NATO, NOT EU) BECOME ASSOCIATE MEMBERS OF WEU, 1995; ALSO CZECH, HUNGARY & POLAND, 1999; REMAINING 7 FUTURE EU MEMBERS FROM CENTRAL & E. EUROPE BECOME ASSOCIATE PARTNERS**
- **DENMARK (NATO & EU) + CYPRUS, IRELAND, AUSTRIA, FINLAND, MALTA & SWEDEN (EU, NOT NATO) - OBSERVERS**

NORTH ATLANTIC TREATY ORG (NATO)
“WASHINGTON TREATY,” SIGNED 4 APRIL 1949

- **US, CANADA, UK, FRANCE, BENELUX, ITALY, PORTUGAL, DENMARK, NORWAY, ICELAND (NOT W. GERMANY: FRG EST 23 MAY 1949)**
- **Lord Ismay: NATO should keep the Americans in, the Russians out & the Germans down**
- **GREECE, TURKEY, 1952; FRG, 1955; SPAIN, 1982; CZECH, HUNGARY, POLAND, 1999; BULG, EST, LAT LITH, ROM, SLOVAKIA, SLOVENIA, 2004; ALB & CROATIA INVITED BUT GA & UKRAINE DEFERRED, 4/2008**

ART 3: “...the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.”

ART 4: “The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened.”

ART 5: “The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all, and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually, and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.”

MEMBERS’ “DECLARATORY POLICY”: WILL USE FORCE

NATO STRUCTURE

CIVILIAN / POLITICAL

NORTH ATLANTIC COUNCIL

- **MAIN DECISION-MAKING BODY**
- **ALL MEMBERS ARE REPRESENTED:**
 - **PERMANENT REPS (AMBASSADORS): MEET WEEKLY OR MORE OFTEN ("PERMANENT COUNCIL") AT NATO HQ IN BRUSSELS**
 - **FOREIGN MINS - AT LEAST 2X YEAR**
 - **DEFENSE MINS - AT LEAST 2X YEAR**
 - **SUMMITS OF HEADS OF GOVT/STATE - AS NEEDED**
- **DECISIONS ARE TAKEN BY UNANIMITY (COMMON ACCORD; CONSENSUS); NO MAJORITY VOTING**

SECRETARY GENERAL: IN 2009, DENMARK'S PM ANDERS FOGH RASMUSSEN REPLACES JAAP DE HOOP SCHEFFER (FORMER DUTCH FOREIGN MINISTER)

- **CHIEF EXEC & SPOKESMAN; CHAIRS COUNCIL MEETINGS AND OTHER CTTEES; SERVES 4 YEARS**
- **SELECTED BY MEMBERS; EUROPEAN (1995-99: SOLANA; 1999-2004: LORD ROBERTSON)**
- **DIRECTS INTL STAFF (1,300)**

DEFENSE PLANNING CTTEE (DPC)

- **PERMANENT REPS (REGULARLY); DEFENSE MINS AT LEAST 2X YEAR; HEADS OF GOVT**
- **PROVIDES GUIDANCE ON COLLECTIVE DEFENSE POLICY TO MIL AUTHORITIES, WITH SAME AUTHORITY AS COUNCIL**
- **ALL EXCEPT FRANCE**
- **MADE DECISION TO ARM TURKEY IN FEB 2003 (A POLICY OPPOSED BY FRANCE)**

NUCLEAR PLANNING GROUP (NPG)

- **DEFENSE MINISTERS (REGULARLY); HEADS OF GOVT; DISCUSS NUCLEAR ISSUES; SAME AUTHORITY AS COUNCIL**
- **ALL EXCEPT FRANCE**

VARIOUS ADVISORY & SUPPORT COMMITTEES

NATO ASSEMBLY

- **EST 1955; COMPLETELY INDEPENDENT OF NATO**
- **FORUM FOR LEGISLATORS OF MEMBER STATES + 17 PARTNER COUNTRIES; NOMINATED BY NATIONAL LEGISLATURES**
- **AIMS: EDUCATION & CONSENSUS BUILDING**

MILITARY

THE MILITARY COMMITTEE

- **CHIEFS OF STAFF OF ALL MEMBER COUNTRIES (INCLUDING FRANCE); 2X YEAR**
- **AND THEIR PERMANENT REPS AT NATO HQ; ALL ARE MILITARY EXCEPT ICELAND'S (CIV); WEEKLY**
- **HIGHEST MIL AUTHORITY IN NATO; UNDER OVERALL POL AUTHORITY OF COUNCIL, DPC AND NPG**
- **ASSISTS & ADVISES COUNCIL, DPC AND NPG; RECOMMENDS POLICIES & STRATEGIES**

INTEGRATED MILITARY STRUCTURE (UNDER SACEUR)

- **TROOPS & MOST EQUIPMENT COME FROM NATIONAL MILITARIES -- EXCEPT ICELAND (NO MILITARY) AND FRANCE; SOME NATO ASSETS ARE OWNED IN COMMON (AWACS, RADAR, ETC.)**
- **DE GAULLE'S LETTER TO LBJ, 3/1966: FRANCE WILL REMAIN IN NATO TREATY AND ATLANTIC COUNCIL AND IS "determined ... to fight on the side of her allies....," BUT CHOOSES "to cease her participation in the integrated command; and no longer to place her forces at the disposal of NATO."**
- **EUROCORPS (FRANCE, FRG, SPAIN, BELGIUM, LUX) MAY PROVIDE FORCES TO NATO IN CRISES (KOSOVO, 2000)**

SACEUR: SUPREME ALLIED COMMANDER EUROPE

- **SENIOR MIL COMMANDER OF ALLIED COMMAND EUROPE (ACE)**
- **ALWAYS U.S. (ADMIRAL JAMES G. STAVRIDIS SINCE JULY 2009)**
- **AT SHAPE: SUPREME HQ ALLIED POWERS EUROPE (MONS, BELGIUM)**
- **ALL NATO FORCES ARE UNDER SACEUR EXCEPT FRENCH**

COMBINED JOINT TASK FORCE CONCEPT (SINCE 1993)

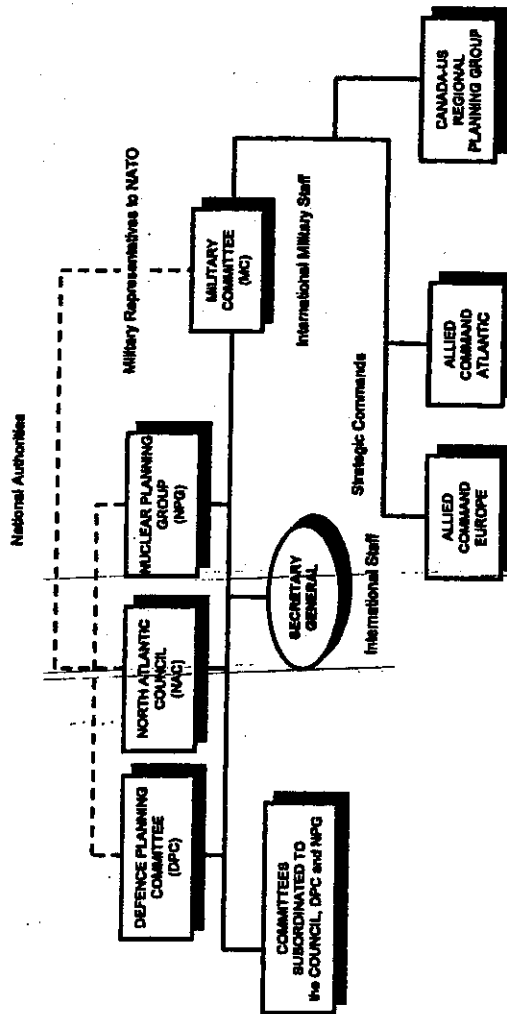
- **COMBINED MULTINATIONAL TASK FORCES FOR SPECIFIC MISSIONS; MAY INCLUDE FORCES FROM NON-NATO COUNTRIES; MAY MAKE NATO ASSETS AVAILABLE TO WEU**

NATO WEBSITE: <www.nato.int>

[NATO HANDBOOK AVAILABLE ON THIS WEBSITE]

NATO HANDBOOK

NATO's Civil and Military Structure



MAJOR AGREEMENTS AND INITIATIVES

INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY BETWEEN US & USSR, WASHINGTON, DECEMBER 1987

- REAGAN & GORBACHEV AGREE TO DESTROY ALL INTERMEDIATE-RANGE MISSILES IN THE EUROPEAN & ASIAN THEATERS**
- TREATY ENDS INTENSE CRISIS THAT BEGAN IN LATE 1970s WITH SOVIET DEPLOYMENTS OF MISSILES FACING EUROPE AND JAPAN, FOLLOWED BY NATO'S COUNTER-DEPLOYMENTS OF US MISSILES IN UK, GERMANY & ITALY STARTING IN 1983**

TREATY ON CONVENTIONAL ARMED FORCES IN EUROPE (CAFE), NOV 1990

- 22 NATO & WARSAW PACT COUNTRIES AGREE TO MAJOR TROOP & CONVENTIONAL WEAPONS (TANKS, ARTILLERY) LIMITATIONS**
- MORE THAN 50,000 PIECES OF EQUIPMENT DESTROYED OR REMOVED TO DATE**
- "AGREEMENT ON ADAPTATION" SIGNED BY 30 STATES AT OSCE ISTANBUL SUMMIT IN 1999: BINDING RULES ON EQUIPMENT REDUCTIONS & ENTITLEMENTS; BUT NATO STATES REFUSE TO RATIFY IT WHILE RUSSIA HAD TROOPS IN GEORGIA, MOLDOVA AND N. CAUCASUS FLANK (CHECHNYA)**
- JULY 2007: RUSSIA SUSPENDS PARTICIPATION IN CAFE AND ITS AMENDMENTS, CITING NUMEROUS REASONS AND IMPLYING OPPOSITION TO MISSILES IN POLAND**

NATO PARTNERSHIPS

EURO-ATLANTIC PARTNERSHIP COUNCIL (EAPC)

- **ORIGINALLY *N. ATLANTIC COOPERATION COUNCIL*, EST 1991; BECOMES *EAPC*, 1997**
- **MEMBERS (JAN 2009): ALBANIA, ARMENIA, AUSTRIA, AZERBAIJAN, BELARUS, BOSNIA-HERZ, CROATIA, FINLAND, GEORGIA, IRELAND, KAZAKHSTAN, KYRGHYZ REP, MACEDONIA, MALTA, MOLDOVA, MONTENEGRO, RUSSIA, SERBIA, SWEDEN, SWITZERLAND, TAJIKISTAN, TURKMENISTAN, UKRAINE, UZBEKISTAN); NOT CYPRUS**
- **AIMS: MULTILATERAL CONSULTATION AT ALL LEVELS TO BUILD TRANSPARENCY, CONFIDENCE, COOP**

PARTNERSHIP FOR PEACE (PfP)

- **INTRODUCED 1994; SAME MEMBERS AS EAPC**
- **EACH HAS BILATERAL AGMT WITH NATO; MOST HAVE PERMANENT DIP AND MIL REPS AT NATO HQ**
- **SAME AIMS AS EAPC + MIL PLANNING & OPERATIONS WITH NATO (JOINT EXERCISES; PEACEKEEPING, RESCUE, HUMANITARIAN & OTHER MISSIONS); READINESS FOR UN OR OSCE MISSIONS; CONFLICT PREVENTION; CRISIS MGMT; DEMOCRATIC CONTROL OF DEFENSE; PLEDGE NON-AGGRESSION, HUMAN RIGHTS, PEACEFUL SETTLEMENT, RESPECT BORDERS, ETC.**
- **PEACEKEEPING IN BOSNIA, KOSOVO; ANTI-TERRORISM**

NATO-RUSSIA

- **RUSSIA JOINS NACC/EAPC, 1991; PFP, 1994**
- **COOPERATION IN BOSNIA, 1995: RUSSIAN FORCES IN IMPLEMENTATION FORCE (IFOR) & STABILIZATION FORCE (SFOR) (1,200; 300 BY 2002)**
- ***FOUNDING ACT ON MUTUAL RELATIONS, COOP & SECURITY* SIGNED BY NATO GOVTS & RUSSIA, 1997; ESTABLISHES ...**
- ***NATO-RUSSIA PERMANENT JOINT COUNCIL (PJC)***
 - **MONTHLY MTGS AT LEVEL OF AMBS & MIL REPS; FOR AFF & DEF MINS, 2X YEAR; HEADS OF GOVT**
- **RUSSIA EST MISSION TO NATO, 1998**
- **KOSOVO: AS NATO AIRSTRIKES BEGIN, RUSSIA SUSPENDS COOPERATION IN PJC & EAPC; SIGNS SEPARATE AGMT TO JOIN KFOR (3,250; NOW 650)**
- **GRADUALLY RETURNS TO PJC & EAPC, 1999-2000**
- **NATO INFO OFFICE EST IN MOSCOW, 2001; MIL LIAISON MISSION, 2002**
- ***NATO-RUSSIA COUNCIL* EST AT ROME SUMMIT, MAY 2002; REPLACES PJC, EST "QUALITATIVELY NEW RELATIONSHIP"; RUSS BOYCOTT; 1ST MTG: 11/2010**
- **"EQUAL PARTNERS" ACTING BY "CONSENSUS" ON "JOINT DECISIONS" & "JOINT ACTION"**

- **UNLIKE PJC, NATO POSITIONS ARE NO LONGER PRE-COORDINATED**
- **CHAIRER BY NATO SEC GEN; FOR AFF AND DEF MINS, 2X YEAR; HEADS OF GOVT AS APPROPRIATE; AMBS MONTHLY; CHIEFS OF STAFF, 2X YEAR; MIL REPS, MONTHLY**
- **TERRORISM; CRISIS MGMT; NON-PROLIFERATION; ARMS CONTROL, CONFIDENCE BUILDING; THEATER MISSILE DEFENSE; RESCUE AT SEA; MIL-TO-MIL COOP & DEFENSE REFORM; CIVIL EMERGENCIES; AIRSPACE CONTROLS; SCIENTIFIC COOP; NEW THREATS**
- **JOINT TERRORIST CRISIS RESPONSE EXERCISE IN RUSSIA, 25-27 SEPT 2002**
- **BUCHAREST SUMMIT, 2008: NATO & RUSSIA REAFFIRM VALUE OF NATO-RUSSIA COUNCIL**

NATO-UKRAINE DISTINCTIVE PARTNERSHIP

- **CHARTER SIGNED, 1997; 10th ANNIVERSARY, 2007; EST NATO-UKRAINE COMMISSION: N. ATLANTIC COUNCIL (PERMANENT REPS) + UKRAINIAN OFFICIALS; OTHER COOPERATIVE LINKS AS WELL**
- **2x A YEAR; DISCUSSES IMPLEMENTATION AND FUTURE DEVELOPMENT**
- **CONSULTATION AND COOP ON PFP; NON-PROLIFERATION; DEMOCRATIC CONTROL OF MIL; DEFENSE REFORM; EXERCISES AND MIL PLANNING; BUDGETING; CIVIL EMERGENCIES; SCI-TECH; CONFLICT PREVENTION; CRISIS MGMT; PEACEKEEPING; HUMANITARIAN MISSIONS, ETC.**

- **UKRAINIAN PARTICIPATION IN IFOR (550) AND SFOR (400; NOW NONE); KFOR; UN FORCE IN E. SLAVONIA**
- **2008: US FAVORED U.'S ADMISSION; IN JAN, U. IS CANDIDATE FOR NATO MEMBERSHIP ACTION PLAN (MAP); PARLIAMENTARY OPPOSITION BLOCKS CONSIDERATION UNTIL 2/29 INTER-PARTY AGREEMENT; BY SEPT, 63% OPPOSE MEMBERSHIP; RUSSIA OPPOSED; APRIL NATO SUMMIT: LED BY GER AND FRANCE, NATO DEFERS OFFER OF MEMBERSHIP TO U. & GEORGIA**

NATO'S MEDITERRANEAN DIALOGUE

- **EST 1994/5 WITH EGYPT, ISRAEL, JORDAN, MAURITANIA, MOROCCO & TUNISIA; ALGERIA, 2000**
- **CONSULTATIONS (19+1 OR 19+7) TO BUILD CONFIDENCE, COOP (INFO/PRESS; DEFENSE POLICY; MIL ACTIVITIES; ENVIRON; CIVIL EMERGENCIES; CRISIS MGMT; SMALL ARMS & WEAPONS; TERRORISM)**

SOUTHEAST EUROPE INITIATIVE

- **LAUNCHED AT NATO'S DC SUMMIT, 1999**

PROGRAMS & INITIATIVES TO PROMOTE PEACE & STABILITY

- **SE EUROPE SECURITY COOPERATION STEERING GROUP (SEEGROUP): US, ALBANIA, AUSTRIA, BULGARIA, CROATIA, GREECE, ITALY, MACEDONIA (FYROM), ROMANIA, SLOVENIA, SWITZERLAND, TURKEY**
 - **BORDER CONTROL RECOMMENDATIONS, ETC.**
- **VARIOUS PROGRAMS WITH WORLD BANK, EUROPEAN DEV BANK, ETC.**

NATO'S PRAGUE SUMMIT, NOVEMBER 2002

**STATEMENT ON IRAQ PLEDGES NATO'S "FULL SUPPORT" FOR
UN SECURITY COUNCIL RESOLUTION AND "EFFECTIVE
ACTION TO ASSIST AND SUPPORT" UN EFFORTS**

Summit Declaration

**DECISION TO INVITE BULGARIA, ESTONIA, LATVIA,
LITHUANIA, ROMANIA, SLOVAKIA & SLOVENIA TO BEGIN
ACCESSION TALKS IMMEDIATELY**

**ALBANIA, MACEDONIA & CROATIA ARE "under consideration
for future membership" – "Today's invitees will not be the
last."**

**COMMITMENT TO PROTECTING NATO POPULATIONS,
TERRITORY & FORCES "from any armed attack, including
terrorist attack, directed from abroad," & TO MEETING
SECURITY CHALLENGES "from wherever they may come"**

**COMMITMENT "to field forces that can move quickly to
wherever they are needed, upon decision by the North
Atlantic Council, to sustain operations over distance and
time, including in an environment where they might be
faced with nuclear, biological and chemical threats ..."**

**CREATION OF A *NATO RESPONSE FORCE (NRF)* – A RAPID
REACTION FORCE DESIGNED TO MOVE NATO FORCES
QUICKLY "to wherever needed" (SEE ABOVE); ABOUT
21,000 TROOPS**

**STREAMLINING OF COMMAND STRUCTURE (LEANER, MORE
EFFICIENT, EFFECTIVE & DEPLOYABLE)**

APPROVAL OF THE *PRAGUE CAPABILITIES COMMITMENT (PCC)*: INDIVIDUAL ALLIES COMMIT THEMSELVES TO IMPROVE SPECIFIC CAPABILITIES; PCC REPLACES PREVIOUS US EFFORTS TO GET EUROPEANS TO MAKE MORE COSTLY ACROSS-THE-BOARD IMPROVEMENTS

ENDORSEMENT OF MIL CONCEPT FOR DEFENSE VS TERRORISM (“We are determined to combat this scourge for as long as necessary.”)

-- INCLUDES IMPROVED INTELLIGENCE SHARING; CIVIL EMERGENCY PLANNING (CEP) ACTION PLAN FOR CHEMICAL, BIOLOGICAL OR RADIOLOGICAL (CBR) ATTACKS VS CIVILIANS

ENDORSEMENT OF 5 NUCLEAR, BIO & CHEM WEAPONS DEFENSE INITIATIVES

COMMITMENT TO STRENGTHEN CAPABILITIES VS CYBER ATTACKS

INITIATION OF MISSILE DEFENSE FEASIBILITY STUDY TO “(e)xamine options for addressing the increasing missile threat to Alliance territory”

DECISION TO UPGRADE COOPERATION WITH EURO-ATLANTIC PARTNERSHIP COUNCIL AND PARTNERSHIP FOR PEACE COUNTRIES

SUPPORT FOR THE *NATO-RUSSIA COUNCIL*, IN WHICH NATO STATES & RUSSIA WORK TOGETHER AS “EQUAL PARTNERS”; NATO IS “determined to intensify and broaden our cooperation with Russia”

- **NATO-RUSSIA COUNCIL (FOREIGN MINS) MEETS IN PRAGUE, EXPRESSES "deep satisfaction at the substantial progress" IN IMPLEMENTING ROME DECLARATION, FORESEE "robust work" IN 2003**

COMMITMENT TO STRONG NATO-UKRAINE RELATIONS BASED ON THE *CHARTER ON A DISTINCTIVE PARTNERSHIP* ... BUT PROGRESS "requires an unequivocal Ukrainian commitment to the values of the Euro-Atlantic community"

- ***SUMMIT DECLARATION* MAKES NO MENTION OF UKRAINE'S ARMS DEALS WITH IRAQ, BUT AT A MTG OF THE NATO-UKRAINE COUNCIL IN PRAGUE, NATO FOREIGN MINISTERS VOICE "WELL-KNOWN CONCERNS" ABOUT UKRAINE'S TRANSFER OF AN AIR DEFENSE SYSTEM TO IRAQ, AND CALLS FOR "TRANSPARENCY AND TRUST"; PRES. KUCHMA'S REQUEST TO ATTEND SUMMIT WAS REJECTED; HE WENT TO PRAGUE, BUT PLAYED NO ROLE IN PUBLIC**

DECISION TO "REINFORCE SUBSTANTIALLY" THE *NATO-MEDITERRANEAN DIALOGUE*, COMPLEMENTARY WITH EU'S BARCELONA PROCESS

COMMITMENT TO ENHANCE NATO-EU COOPERATION (BALKANS, POST-9/11 COOPERATION , ETC.)

COMMITMENT TO CONTINUE COOP WITH OSCE

- **COMMITMENT TO IMPROVING SECURITY AND STABILITY IN SOUTH-EAST EUROPE; SUPPORT REFORM, FIGHT VS CRIME & CORRUPTION, ETC.**

**CONTINUING COMMITMENT TO INT'L SECURITY ASSISTANCE
FORCE (ISAF) IN AFGHANISTAN**

**COMMITMENT TO CFE TREATY AND EARLY ENTRY INTO
FORCE OF THE ADAPTED CFE TREATY (1999)**

BUSH VISITS ROMANIA, LITHUANIA & RUSSIA AFTER SUMMIT

AFTER PRAGUE

**NATO SUPPORTS ISAF IN AFGHANISTAN - ITS FIRST
MILITARY MISSION *AS AN ORGANIZATION* OUTSIDE
EUROPE & N. AMERICA**

- **NATO LATER TAKES OVER MIL COMMAND OF ISAF IN
2003 (FRANCE INITIALLY OPPOSED)**

ROBERTSON VISITS MOSCOW (DEC 2002):

- **COOPERATION PLANNED FOR RESCUE MISSIONS AT
SEA; AIR TRANSPORT AND MID-AIR REFUELING;
DOWNSIZING, MODERNIZING ARMED FORCES,
CONVERSION FROM CONSCRIPT TO PROF. MIL**

2004

APRIL: 7 NEW MEMBERS (BULG, ESTONIA, LATVIA, LITH, ROMANIA, SLOVAKIA, SLOVENIA)

28-29 JUNE: ISTANBUL SUMMIT

- **WILL ADD 1,500 TROOPS TO EXISTING 6,500 ISAF FORCE IN AFGHAN, PLUS 3,000 MORE FOR SEPT. ELECTIONS**
- **WILL END NATO SFOR FORCE IN BOSNIA (TO BE REPLACED BY EU FORCE)**
- **TRAINING FOR IRAQI FORCES (BUT FRANCE BLOCKS SENDING NATO FORCE TO IRAQ); WILL CONSIDER "FURTHER WAYS TO SUPPORT" IRAQI SECURITY INSTITUTIONS**
- **"ISTANBUL COOPERATION INITIATIVE" FOR GREATER MIDDLE EAST**
- **ENCOURAGES ALBANIA, CROATIA & MACEDONIA TO CONTINUE REFORMS; "DOOR REMAINS OPEN TO NEW MEMBERS")**

OF 1.5 M NATO REGULAR FORCES AVAILABLE, ONLY 100,000 CAN BE DEPLOYED; NATO AGREES TO MAKE 40% DEPLOYABLE AND 8% INSTANTLY DEPLOYABLE - BUT THESE GOALS ARE A LONG WAY OFF

FRANCE REJOINS NATO MIL COMMAND, 2009

- **AT APRIL 2009 60TH ANNIVERSARY OF NATO, FRANCE REJOINS THE NATO INTEGRATED MILITARY COMMAND AFTER 43 YEARS**

- **SOME REINTEGRATION TOOK PLACE UNDER CHIRAC IN 2005**

- **SARKOZY'S AIMS:**
 - **ENHANCE ESDP**

 - **ENHANCE FRANCE'S INFLUENCE IN NATO & WASHINGTON WITHOUT REDUCING F.'S INDEPENDENCE (WILL MAINTAIN NUCLEAR *FORCE DE FRAPPE*)**

 - **DISPEL PERCEPTION THAT F. IS AGAINST NATO (F. PARTICIPATES IN NATO OPERATIONS IN AFGHAN, ETC.)**

NATO SUMMIT, APRIL 2009

- **ALBANIA AND CROATIA BECOME NATO MEMBERS**

- **ANDERS FOGH RASMUSSEN (DENMARK'S PM) SELECTED AS SECRETARY-GENERAL**

NATO AND LIBYA, 2011

17 FEB: LIBYAN CIVIL WAR BEGINS WITH PROTESTS VS REGIME OF COL. MUAMMAR GADDAFI

MID-MARCH: GADDAFI'S TROOPS ON VERGE OF DEFEATING REBELS

17 MARCH: UN SECURITY COUNCIL ADOPTS RESOLUTION 1973 (PROPOSED BY FRANCE, UK & LEBANON) CALLING FOR CEASEFIRE & AUTHORIZING MILITARY ACTION: NO-FLY ZONE, ARMS EMBARGO, ALL MEANS NECESSARY TO PROTECT CIVILIANS (EXCEPT OCCUPATION)

-- **10 VOTES IN FAVOR, NONE OPPOSED; 5 ABSTAIN (BRAZIL, CHINA, GERMANY, INDIA, RUSSIA)**

19 MARCH: NATO INTERVENTION BEGINS WITH MILITARY ACTION BY US, CANADA, FRANCE, UK (BOMBING; NAVAL BLOCKADE)

-- **BEL, DENMARK, ITALY, NORWAY & SPAIN ARE PART OF INITIAL COALITION (WITH QATAR); COALITION EXPANDS TO 17 STATES; GERMANY STAYS OUT**

-- **FRANCE, GERMANY & TURKEY INITIALLY OBJECT TO UNIFIED COMMAND OF AIR CAMPAIGN**

23 MARCH: NATO TAKES CONTROL OF ARMS EMBARGO

-- **24 MARCH: FRANCE AGREES TO LET NATO TO TAKE OVER NO-FLY ZONE, ALLOWING TURKEY TO VETO GROUND STRIKES**

-- **31 MARCH: NATO TAKES OVER NO-FLY ZONE**

-- **OCTOBER: REBEL VICTORY OVER GADDAFI REGIME**

EUROPEAN COMMUNITY & FOREIGN POLICY

NORTH ATLANTIC TREATY ORGANIZATION (NATO) -- "WASHINGTON TREATY," SIGNED 4 APRIL 1949

- **US, CANADA, UK, FRANCE, BENELUX, ITALY, PORTUGAL, DENMARK, NORWAY, ICELAND (*NOT W. GERMANY: FRG EST 23 MAY 1949*); GREECE, TURKEY, 1952; FRG, 1955**
- **POLITICAL COMPONENT (*NATO COUNCIL: GOVTS MAKE DECISIONS*) + *INTEGRATED MILITARY COMMAND***

EUROPEAN COAL & STEEL COMMUNITY (ECSC):

- **CONCEIVED BY JEAN MONNET; SIGNED IN 1952 BY FRANCE, ITALY, FRG, BENELUX**
- **AIMS: POOL COAL & STEEL UNDER *HIGH AUTHORITY* (MONNET + 8) TO PREVENT WAR, LAY FOUNDATIONS FOR SUPRANATIONALISM**

EUROPEAN DEFENSE COMMUNITY (EDC)

- **MONNET'S PLAN TO EST INTEGRATED MIL FORCE**
- **PROPOSED BY FRANCE AFTER START OF KOREAN WAR AS SUBSTITUTE FOR FRG MEMBERSHIP IN NATO**
- **SIGNED IN 1952 BY FRANCE, FRG, ITALY & BENELUX (ECSC-6); UK, SWEDEN DECLINE; RATIFICATION FAILS IN FRANCE, 1954**
- **PRODI CALLS FOR EUROPEAN ARMY, 1999; GETS NO SUPPORT FROM MEMBER STATES**

TREATIES OF ROME

TWO TREATIES, SIGNED IN ROME, 3/25/1957; TAKE EFFECT ON 1 JAN 1958

- FRANCE, W. GERMANY (FRG), ITALY, BENELUX

(1) *TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY (EEC)*, WITH A FRAMEWORK FOR:

-- *A FREE TRADE AREA BY ELIMINATING TARIFF AND NON-TARIFF BARRIERS*

-- *EXCEPT IN AGRICULTURE (CAP: COMMON AGRICULTURAL POLICY, 1/1/1962); AND*

-- *A CUSTOMS UNION, WITH COMMON EXTERNAL TARIFF (COMPLETED IN 1968)*

-- *e.g., LOMÉ CONVENTION (1975) – TRADE & AID AGREEMENT BETWEEN EC & 71 AFRICAN, CARIBBEAN & PACIFIC (APC) COUNTRIES; REVISED & RENEWED IN 1981, 1985 & 1989; REPLACED BY COTONOU AGREEMENT (2000)*

-- *VAGUE ABOUT SOCIAL POLICY, MONETARY COOPERATION AND OTHER ITEMS ON FEDERALISTS' AGENDA*

-- *NOTHING ABOUT FOREIGN POLICY*

(2) EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM)

- **MONNET WANTED IT MODELED ON ECSC (SUPRANATIONAL)**
- **WOULD MONOPOLIZE PURCHASE AND CONTROL OF ALL NUCLEAR MATERIAL FOR MILITARY & CIVILIAN PURPOSES (HIS AIM: NON-PROLIFERATION OF NUCLEAR WEAPONS)**
- **UK HAD NUKES, OPPOSED; FRANCE WANTED N-WEAPONS; SOME GERMANS WANTED NUCLEAR-WEAPON OPTION (STRAUSS)**
- **WATERED DOWN (NO MILITARY COMPONENT; NO MONOPOLY OF PURCHASE OR CONTROL OF USE)**

EEC WAS *NOT* CREATED BECAUSE OF COLD WAR BUT COMMERCIAL CONSIDERATIONS (EXPORT OPPORTUNITIES & NEEDS)

FRANCE-UK-GERMANY

DE GAULLE OPPOSES MONNET'S IDEAS FROM 1940s

- **AGAINST SUPRANATIONALISM**
- **FAVORS "*L'Europe des patries*," FRENCH GRANDEUR, INDEPENDENCE FROM "ANGLO-SAXONS" WITHIN ATLANTIC ALLIANCE; F. = BRIDGE TO RUSSIA, CHINA**
- **VS. EDC, EURATOM; QUIETLY SUPPORTS EEC FOR ECONOMIC REASONS (TRADE; COMMON AGRICULTURAL POLICY)**

**MACMILLAN FAVORS 'SPECIAL RELATIONSHIP' WITH U.S.
(DESPITE SUEZ CRISIS IN 1956)**

- **TRADE WITH COMMONWEALTH IS 4x GREATER THAN WITH EUROPE; WANTS PREFERENTIAL AGREEMENTS FOR COMMONWEALTH**

- **OPPOSED TO MONNET'S FEDERALISM & SUPRANATIONALISM (CLOSER TO DE GAULLE)**

- **MACMILLAN FAVORS FREE TRADE AREA, NOT CUSTOMS UNION**

- **VS. PREFERENCES FOR FRENCH AGRICULTURE**

- **1959/60: UK EST. EUROPEAN FREE TRADE ASSOCIATION (EFTA); 7 MEMBERS; DE GAULLE & ADENAUER REJECT EEC-EFTA DEAL**

DE GAULLE RETURNS TO POWER, 1958; Vth REPUBLIC, 1959

- **1960/61: FOUCHET PLAN: REPLACE EEC WITH INTERGOV COOPERATION, ("COMMUNITY OF STATES"): MEETINGS OF HEADS OF STATE/GOVT**

- **INTERGOV COMMISSIONS FOR POLITICAL, MILITARY, ECONOMIC & CULTURAL AFFAIRS; SECRETARIAT IN PARIS**

- **ADENAUER AGREES BUT IS FORCED BY DOMESTIC OPPONENTS TO ASSERT "CLOSEST POSSIBLE COOPERATION WITH NATO"**

- **TALKS FOUNDER; SCRAPPED**

- **DE GAULLE'S PLAN TO REORGANIZE NATO LEADERSHIP INTO A TRIUMVIRATE OF THE US, UK AND FRANCE IS REJECTED**

-- **1960: F. EXPLODES H-BOMB**

UK FEARS EXCLUSION; 1961 - APPLIES FOR MEMBERSHIP IN EEC (SUPPORTED BY JFK)

- **JAN 1963: DE GAULLE VETO (UK="TROJAN HORSE" OF U.S.; AND HE FEARED UK OPPOSITION TO CAP)**

- **1967: 2ND FRENCH VETO; 1969: TALKS FAIL**

KONRAD ADENAUER (CDU; 1949-63)

- **AIM: INTEGRATE WEST GERMANY (FRG) INTO WEST**

- **ECSC; EDC; NATO (1955); EEC/EURATOM**

- **COOPERATE WITH U.S. FRANCE, UK VS. USSR**

- **PROMOTE EUROPEAN INTEGRATION**

FEB 1963: FRENCH-FRG FRIENDSHIP TREATY

- **ADENAUER FORCED TO ACCEPT PREAMBLE IMPLYING CLOSE TIES TO U.S.**

1966: DE GAULLE PULLS FRANCE OUT OF NATO'S MILITARY COMMAND (REMAINS IN NATO COUNCIL)

- **FORCE DE FRAPPE; TRIAD**

**1965-66: EMPTY CHAIR CRISIS: F. BOYCOTTS EEC MEETINGS
TO PROTEST PROPOSALS FOR MORE
SUPRANATIONALISM**

**-- LUXEMBOURG COMPROMISE AFFIRMS UNANIMITY IN
IMPORTANT MATTERS**

**1968: STUDENT REVOLT & WIDESPREAD STRIKES
UNDERMINE DE G.'S FOREIGN POLICY**

- 1969: HE RESIGNS AFTER REFERENDUM

GEORGES POMPIDOU (1969-74)

- ACCEPTS UK APPLICATION

- 1/1/1973: UK, IRELAND, DENMARK ENTER EC

VALÉRY GISCARD D'ESTAING (1974-81)

**- PROMOTES "FRANCO-GERMAN MOTOR" WITH SCHMIDT;
NO CHANGES IN EC FOREIGN POLICY**

FRANÇOIS MITTERRAND (SOCIALIST; 1981-95)

**- BY 1983, FAILURE OF SOCIALIST ECONOMIC POLICY;
MOVES TOWARD AUSTERITY, LIBERALIZATION**

- MODERATELY FEDERALIST IDEOLOGY

**-- SUPPORTS U.S. & ALLIES IN MILITARY BUILD-UP, BUT
NO RETURN TO NATO MILITARY COMMAND**

**- GOOD TIES WITH KOHL BUT INITIALLY WARY OF
GERMAN UNIFICATION**

WILLY BRANDT (SPD)

- **1966-69: FOREIGN MIN IN GRAND COALITION**
- **1969-73: CHANCELLOR**
- **AIMS:**
 - ***OSTPOLITIK*: DEALS WITH USSR AND GDR**
 - **GET WESTERN APPROVAL, COOPERATION**

HELMUT SCHMIDT (SPD; 1973-82)

- **COOPERATION WITH U.S., FRANCE, UK**
- **SUPPORT FOR EUROPE, BUT FEW EC INITIATIVES OR ACHIEVEMENTS**
- **1979: INF MISSILE CRISIS BEGINS**
 - **NATO 2-TRACK DECISION**
 - **SOVIET INVASION OF AFGHANISTAN**
- **1982: RESIGNS, DESERTED BY SPD**

HELMUT KOHL (CDU; 1982-98)

- **PRO-EUROPE, FAVORS CLOSER POLITICAL UNITY**
- **CLOSE TIES WITH U.S. & NATO; IMPLEMENTS 2-TRACK DECISION**
- **CLOSE TIES WITH FRANCE (MITTERRAND)**
 - **1988: *FRANCO-GERMAN COUNCIL ON SECURITY & DEFENSE* AND F-G BRIGADE**
 - **FAVORS SLOW UNIFICATION PROCESS, BUT IT ACCELERATES, 1990**
 - **"A EUROPEAN GERMANY, NOT A GERMAN EUROPE"**

MARGARET THATCHER (1979-90):

- **OPPOSES FEDERALISM, SUPRANATIONALISM, QMV, CAP;
WINS CAP REBATE**

1988 SPEECH AT COLLEGE OF EUROPE, BRUGES:

- **UK'S "DESTINY IS IN EUROPE, AS PART OF OUR
COMMUNITY"**
- **EC MUST NOT BE "OSSIFIED BY ENDLESS REGULATION"**
- **"COOPERATION BETWEEN SOVEREIGN STATES IS THE
BEST WAY TO BUILD THE EC"**

- **"WE HAVE NOT SUCCESSFULLY ROLLED BACK THE
FRONTIERS OF THE STATE" IN UK "ONLY TO SEE
THEM REIMPOSED AT A EUROPEAN LEVEL WITH A
EUROPEAN SUPER-STATE EXERCISING A NEW
DOMINANCE FROM BRUSSELS"**

- **CLOSE TIES TO U.S., NATO; VS. FRENCH CONCEPTS OF
INDEPENDENCE FROM U.S.**

- **WARY OF GERMANY'S UNIFICATION**

JOHN MAJOR (1990-97):

- **BACKED BY THATCHER AFTER SHE IS OUSTED BY
CONSERVATIVES**

EUROPEAN POLITICAL COOPERATION (EPC, 1970)

- **AFTER DE GAULLE, EC FOR MINS AGREE TO “CONSULT ON ALL QUESTIONS OF FOREIGN POLICY” & TAKE “COMMON ACTIONS” WHERE POSSIBLE TO EST EUROPE’S “POLITICAL MISSION”**
- **INTERGOV, OUTSIDE EC TREATY; NO SECURITY ASPECT**
- **“TROIKA” (3) SYSTEM - PAST, CURRENT AND NEXT GOVTS ASSUMING COUNCIL PRESIDENCY PURSUE DIPLOMACY**
- **MEETINGS & STATEMENTS BUT FEW ACTIONS; THATCHER NOT INTERESTED**

SINGLE EUROPEAN ACT, 1986: EST BASIS FOR SINGLE MARKET & HAS FOREIGN POLICY COMPONENT

- **PRECEDED BY GENSCHER-COLOMBO “DRAFT EUROPEAN ACT” (1981): CALLS ON EC “TO ACT IN CONCERT IN WORLD AFFAIRS”**
- **DISAGREEMENTS RESULT IN VAGUE “SOLEMN DECLARATION ON EUROPEAN UNION,” 1983**
- **SEA INCORPORATES EPC INTO ROME TREATY, MAKING FOREIGN POLICY *CONSULTATION* A LEGAL OBLIGATION (BUT NOT COMMON *ACTION*)**
- **EC COMMISSION IS TO BE “CLOSELY ASSOCIATED” WITH EPC - BUT FEW RESULTS**

- **THATCHER SUPPORTS SEA FOR ECONOMIC REASONS (LIBERALIZATION, DEREGULATION, PRIVATIZATION, COMPETITION) ... BUT WARY OF ITS FOREIGN POLICY ASPECTS**

TREATY ON EUROPEAN UNION (MAASTRICHT), 1991-93

- **REPLACES EPC WITH *COMMON FOREIGN AND SECURITY POLICY* (IIND PILLAR):**
- **INTERGOV, BUT COMMISSION & COUNCIL MUST SEEK CONSISTENCY BETWEEN EEC & CFSP PILLARS**
- **COMMISSION & MEMBERS HAVE CO-EQUAL RIGHT TO PROPOSE ACTIONS; COUNCIL DECIDES**
- **ECJ HAS NO RIGHT TO ENFORCE MEMBERS' COMPLIANCE; EP WEAK (CONSULTED)**
- **TROIKA RETAINED TO REPRESENT EU IN INTL RELATIONS**
- **TEU IMPOSES LEGAL OBLIGATION ON MEMBERS TO *CONSULT* ON FOREIGN POLICY AND SEEK "*SYSTEMATIC COOPERATION*" THROUGH:**
- ***COMMON POSITIONS* (EURO. COUNCIL SETS GUIDELINES)**
- ***JOINT ACTIONS* (DECIDED BY COUNCIL OF MINS UNANIMOUSLY; IMPLEMENTATION BY QMV)**

- **CFSP “shall include all questions related to the security of the Union, including the eventual framing of a common defense policy, which might in time lead to a common defense.”**
- **“The Union requests the Western European Union (WEU), which is an integral part of the development of the Union, to elaborate and implement decisions and actions of the Union which have defense implications.” [NB “requests,” *NOT* “directs”]**

ESDI: SEPARATE “DECLARATION ON THE WESTERN EUROPEAN UNION” ATTACHED TO MAASTRICHT TREATY:

- **9 “WEU Member States agree on the need to develop a genuine *European security and defense identity* and a greater European responsibility for defense matters.”**
- **ALSO AIM “to develop the WEU as a defense component of the European Union and as a means to strengthen the European pillar of the Atlantic Alliance” & TO ACT IN CONFORMITY WITH NATO**

IN UK, CONSERVATIVES IMplode OVER MAASTRICHT: MAJOR LOSES MAJORITY IN HOUSE OF COMMONS

- **UK OPTS OUT OF *ECONOMIC AND MONETARY UNION (EMU)* AND “SOCIAL CHAPTER”**
- **MAJOR GOVT IS WARY OF COMMON FOREIGN & SECURITY POLICY AND OPPOSES FRENCH ON EUROPEAN SECURITY ID**

CFSP & ESDI = COMPROMISE BETWEEN FRANCE (WANTS EU DEFENSE INDEPENDENT OF NATO); PRO-NATO ATLANTICISTS (UK, FRG, ITALY, NETH, PORT); IRELAND (NEUTRAL); DENMARK (IN NATO BUT PACIFIST)

- **FRANCE RELAXES STANCE AFTER GULF WAR; AGREES IN 1992 THAT THE *FRANCO-GERMAN BRIGADE* (EST 1984 WITH 4,000 TROOPS) MAY "DOUBLE HAT," i.e., WORK WITH BOTH WEU AND NATO**

- **THIS BRIGADE IS ENLARGED INTO THE *EUROCORPS*. FORCES FROM FRANCE, FRG, SPAIN, BELGIUM, LUX**

- **OTHER JOINT FORCES INCLUDE *EUROFOR* (RAPID DEPLOYMENT FORCE) & *EUROMARFOR* (MARITIME): FRANCE, ITALY, SPAIN, PORT**

WEU PETERSBERG TASKS

- **IN DECLARATION ISSUED AT WEU MEETING IN FRG (1992), MEMBERS AGREE TO PROVIDE CONVENTIONAL FORCES TO WEU FOR USE IN:**
 - (1) COMBAT IN CRISIS MGMT, INCLUDING PEACEMAKING**
 - (2) PEACEKEEPING**
 - (3) RESCUE MISSIONS**
 - (4) HUMANITARIAN MISSIONS**

NOTE: WEU HAS NO STANDING FORCES OR COMMAND STRUCTURE OF ITS OWN

US-NATO-EU-WEU RELATIONS

- US FAVORS WIDER DEFENSE ROLE FOR EUROPE BUT NOT INDEPENDENCE FROM NATO**
- BUSH (NOV 1991): "If, my friends, your ultimate aim is to provide independently for your own defense, the time to tell us is today."**
- GULF WAR (1991), YUGOSLAVIA BREAK-UP SOLIDIFY US-EUROPEAN COOPERATION**
- 1st JOINT MEETINGS OF NATO & WEU COUNCILS, 1992**
- 1992 ON: WEU UNDERTAKINGS (BALKANS, ETC.)**
- 1994 NATO SUMMIT AFFIRMS ESDI AS PART OF US-EUROPEAN LINK**
- AGREES TO MAKE MIL ASSETS AVAILABLE TO WEU (SEPARABLE, NOT SEPARATE MIL CAPABILITIES)**
- 1997: NATO AFFIRMS ITS PRIMACY OVER ESDI**

BALKAN WARS, 1991-99

23 DEC 1990: IN SLOVENIAN REFERENDUM, 94.8% VOTE FOR INDEPENDENCE (93.3% TURNOUT)

19 MAY 1991: IN CROATIAN REFERENDUM, 93.2% FAVOR INDEPENDENCE (83.6% TURNOUT)

25 JUNE 1991: PARLIAMENTS OF SLOVENIA & CROATIA PASS ACTS OF INDEPENDENCE

SLOVENIA: TEN-DAY WAR BEGINS ON 26 JUNE 1991 BETWEEN SLOVENIAN AND YUGOSLAV FORCES (SLOVENIAN DEFENSE MINISTER IS JANEZ JANŠA); YUGO. IS OUTMATCHED

-- 7 JULY: TREATY OF BRIJUNI (BRIONI) - YUGOSLAVIA RECOGNIZES INDEPENDENCE OF SLOVENIA & CROATIA

APRIL - JULY 1991: HOSTILITIES BEGIN IN CROATIA

15 OCT 1991: PARLIAMENT OF BOSNIA-HERZ. PASSES MEMORANDUM ON INDEPENDENCE BY SIMPLE MAJORITY

23 DEC 1991: GERMANY RECOGNIZES SLOVENIA & CROATIA; FOR. MIN GENSCHER PRESSURES EC TO FOLLOW SUIT

-- 15 JAN 1992: EC RECOGNIZES SLOVENIA & CROATIA

29 FEB & 2 MARCH 1992: REFERENDUM IN B-H - 92.7% FAVOR INDEPENDENCE (63.7% TURNOUT - SERBS BOYCOTTED IT)

-- MUSLIM BOSNIAKS - 44%; ORTHODOX SERBS - 31%; CROATS - 17%

-- **5 MARCH 1992: B-H PARLIAMENT DECLARES INDEPENDENCE**

-- **VIOLENCE BEGINS SPORADICALLY IN 1991; MAJOR FIGHTING BY SPRING 1992**

FEB 1992: UN PROTECTION FORCE (UNPROFOR) BEGINS OPERATIONS IN CROATIA & BOSNIA; 39,000 TROOPS FROM 40 COUNTRIES (INCLUDING UK, FRANCE, DEN, NETH, ITALY IN CONFLICT YEARS)

FEB 1994: NATO AIR STRIKES BEGIN

JULY 1995: SREBRENICA MASSACRE OF 8,000 IN BOSNIA

SUMMER 1995: CROATIAN OFFENSIVE

1-21 NOV 1995: DAYTON NEGOTIATIONS ON BOSNIA

-- **EU REPRESENTED BY CARL BILDT (MARGINALIZED)**

-- **14 DEC: DAYTON ACCORDS SIGNED IN PARIS**

SEE ROY H. GINSBERG, *THE EUROPEAN UNION IN INTERNATIONAL POLITICS: BAPTISM BY FIRE* (2001)

1998-99: KOSOVO WAR

**KOSOVO WAS AN AUTONOMOUS PROVINCE WITHIN SERBIA
IN TITO'S YUGOSLAVIA**

-- **SITE OF BATTLE OF KOSOVO POLJE (FIELD OF
BLACKBIRDS): HISTORIC DEFEAT OF SERBS BY
TURKS, 15 JUNE 1389 (COMMEMORATED IN
MILOSEVIC'S HIGHLY NATIONALISTIC SPEECH IN
1989)**

-- **POPULATION WAS 90% ALBANIAN**

**1990: SERBIA AMENDS CONSTITUTION, ASSUMES MORE
CONTROL OVER KOSOVO; FIRES 80,000 ALBANIAN
STATE EMPLOYEES**

**1996: KOSOVO LIBERATION ARMY (KLA) EMERGES;
HOSTILITIES INTENSIFY, 1996-98; MASSACRES IN 1998**

**EU FAILS TO STOP CONFLICT; NATO CONDUCTS US-LED
BOMBING CAMPAIGN, MARCH-JUNE 1999**

- **NATO'S FIRST WAR; JOINT DECISIONS ON TARGETS IS
UNSATISFACTORY TO U.S.**

- **3 JUNE: MILOSEVIC AGREES TO NATO TERMS**

-- **NATO-LED KOSOVO FORCE (KFOR) ENTERS KOSOVO
(WITH EUROPEAN, US & RUSSIAN TROOPS)**

**AFTER 9/11/01 ATTACKS, U.S. DECLINES OFFER OF
ASSISTANCE BY ALLIES UNDER ART. 5; LEADS
'COALITION OF THE WILLING' OUTSIDE NATO (IN PART
BECAUSE OF DIFFICULT KOSOVO EXPERIENCE)**

TREATY OF AMSTERDAM (1997-99)

- **EST POST OF *HIGH REPRESENTATIVE* OF CFSP, FILLED BY SECRETARY GENERAL OF EU COUNCIL OF MINISTERS (JAVIER SOLANA); SOLANA LATER NAMED SEC GEN OF WEU**

- **ASSISTS COUNCIL IN CFSP; ASSISTS COUNCIL PRESIDENCY IN EXTERNAL REPRESENTATION; PREPARES CFSP POSITION PAPERS; RUNS POLICY PLANNING & EARLY WARNING UNIT**

- **NEW EU TROIKA CONSISTS OF *HIGH REP*, THE *COMMISSION* AND THE EU *COUNCIL PRESIDENCY* (+ NEXT IN LINE)**

- **EURO. COUNCIL WILL DECIDE ON *COMMON STRATEGIES* (SO FAR: RUSSIA; UKRAINE; MED; MIDDLE EAST)**

- **EURO. COUNCIL GETS RIGHT TO SET POLICY GUIDELINES FOR WEU AND DECIDE "PROGRESSIVE FRAMING" OF A COMMON DEFENSE POLICY**

- **ALL EU MEMBERS (INCLUDING NEUTRALS) AGREE TO PARTICIPATE IN PETERSBERG TASKS**

- **TO PERMIT "COALITIONS OF THE WILLING," MEMBERS UNWILLING TO ENGAGE IN COMMON ACTION MAY ABSTAIN IN COUNCIL VOTES ("CONSTRUCTIVE ABSTENTION") -- BUT MAY NOT VETO ACTION & MUST NOT OBSTRUCT IT ("SPIRIT OF MUTUAL SOLIDARITY")**

**TOWARDS A EUROPEAN SECURITY AND DEFENSE POLICY
(ESDP) :**

- **UK-FRENCH ST. MALO "DECLARATION ON EURO. DEFENSE" (1998): EU MUST HAVE "capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crises..."**
- **IT CONFERS DECISION-MAKING CAPACITY ON EU FOR CRISIS-MANAGEMENT MISSIONS**
- **BLAIR'S MOTIVE: U.S. SUGGESTION IT WOULD REDUCE ITS NATO COMMITMENTS UNLESS EUROPE ASSUMED MORE RESPONSIBILITY**
- **ALBRIGHT WARNS OF "DECOUPLING, DUPLICATION, DISCRIMINATION"**
- **HELSINKI EU SUMMIT, DEC 1999:**
 - **"HEADLINE GOAL": A 50-60,000 PERSON FORCE BY 2003, CAPABLE OF BEING DEPLOYED WITHIN 60 DAYS & SUSTAINABLE FOR A YEAR TO CARRY OUT PETERSBERG TASKS**
 - **AFFIRMS COLOGNE DECISIONS TO EST NEW POL & MIL BODIES WITHIN COUNCIL OF MINS (POL & SECURITY CTTEE; MIL CTTEE; MIL STAFF)**
 - **AFFIRMS ESDP's COMPATIBILITY WITH NATO; WILL ACT ONLY WHEN NATO DOES NOT**
 - **BUT HEADLINE GOALS WERE NOT MET BY 2006**

EU ABSORBS WEU

- **COLOGNE EU SUMMIT (JUNE 1999) CALLS FOR WEU'S ABSORPTION INTO EU; ADOPTS TERM "ESDP," UNDERSTOOD AS AUTONOMOUS FROM NATO (UNLIKE ESDI)**

- **2001: WEU INSTITUTIONS ARE RE-NAMED THE EUROPEAN INSTITUTE FOR SECURITY STUDIES & EU SATELLITE CENTER**

- **2002: EU (ESDP) ABSORBS WEU**
 - **NO MORE DISTINCTIONS AMONG FULL MEMBERS, ASSOCIATES AND OBSERVERS (AS IN WEU)**

 - **ALL CURRENT AND FUTURE EU MEMBERS SHARE EQUALLY IN ESDP -- EXCEPT DENMARK, WHICH OPTED OUT OF ESDP**

 - **BRUSSELS TREATY (1948) REMAINED IN EFFECT UNTIL LISBON TREATY RATIFIED**

DEC 2002 COPENHAGEN EU SUMMIT:

- **TURKEY DROPS OBJECTIONS TO EU USE OF NATO ASSETS IN EXCHANGE FOR EU PLEDGE TO DECIDE ON ACCESSION TALKS IN DEC 2004**

1996-2002 -- NATO-EU BERLIN PLUS NEGOTIATIONS ON EU-NATO RELATIONS RESULT IN:

- **DEC 2002: NATO-EU DECLARATION ON ESDP:**
 - **EU-NATO "STRATEGIC PARTNERSHIP" IN CRISIS MGMT**
 - **"NATO REMAINS THE FOUNDATION OF THE COLLECTIVE DEFENSE" OF EU STATES THAT ARE NATO MEMBERS (REAFFIRMED IN LISBON TREATY - SEE BELOW)**
 - **RECOGNIZES "DECISION-MAKING AUTONOMY" OF EU AND NATO; CONSULTATION, TRANSPARENCY**
 - **NATO GIVES EU "ASSURED ACCESS TO NATO'S PLANNING CAPABILITIES"**
 - **AGMT WOULD PERMIT USE OF CERTAIN NATO ASSETS BY THE EU'S RAPID REACTION FORCE**
- **BERLIN PLUS ARRANGEMENTS BETWEEN NATO AND EU AGREED DEC 2002 AND FORMALIZED MARCH 2003:**
 - **INCLUDES NATO-EU SECURITY AGMT ON EXCHANGE OF CLASSIFIED INFO; EU GETS "ASSURED ACCESS" TO NATO PLANNING CAPABILITIES FOR EU-LED CRISIS-MGMT OPERATIONS (CMOs); "AVAILABILITY" OF NATO ASSETS & CAPABILITIES (COMMS, HQ) FOR SAME; EUROPEAN CHAIN OF COMMAND UNDER DEPUTY SACEUR (A EUROPEAN) WHEN EU ACTS ALONE; OTHER ARRANGEMENTS**

2003:

- MARCH: IN ITS 1ST MILITARY MISSION, EU TAKES OVER PEACEKEEPING FORCE IN MACEDONIA: 327 TROOPS**

- APRIL: FRANCE, GERMANY, BELGIUM & LUX CALL FOR COLLECTIVE DEFENSE "WITHIN THE FRAMEWORK OF THE UNION"; WANT AN EU DEFENSE HQ IN BELGIUM, SEPARATE FROM NATO HQ, BUT US & UK OBJECT**

- NOVEMBER: IT IS DISCLOSED THAT THE UK, FRANCE & GERMANY HAD EARLIER AGREED THAT EU SHOULD PLAN & COMMAND ITS OWN MILITARY OPERATIONS — BUT (AT UK'S INSISTENCE) ONLY AS LAST RESORT IF NATO DECIDES NOT TO ACT**

- DROP PLANS FOR SEPARATE EU MILITARY HQ; UK INSISTS THAT ALL 25 EU MEMBERS MUST APPROVE SEPARATE HQ**

- DECEMBER: BRUSSELS SUMMIT FAILS TO AGREE ON DRAFT CONSTITUTION'S CALL FOR:**
 - "STRUCTURED COOPERATION" ALLOWING CORE COUNTRIES (e.g., FRANCE & GERMANY) TO ACCELERATE THEIR MILITARY COOPERATION; PRO-U.S. CEEC'S OPPOSED; UK INSISTS ON BEING PART OF ANY CORE, WANTS IT OPEN**

 - MUTUAL DEFENSE CLAUSE: IF ANY EU STATE IS ATTACKED, "other member states shall give it aid and assistance by all the means in their power"**
 - OPPOSED BY NEUTRALS (AUSTRIA, IRELAND, FINLAND, SWEDEN)**

- **DECEMBER 2003 (CONT'D): PUBLICATION OF EUROPEAN SECURITY STRATEGY (SOLANA DOCUMENT)**
- **ORDERED BY GAERC IN MAY TO LAY OUT GOALS & NORMS OF ESDP; COMPROMISE DOCUMENT**
- **"COMPREHENSIVE SECURITY" IS INDIVISIBLE; MUST BUILD UP SECURITY OF NEIGHBORS (NOT DEFENSE VS NEIGHBORS)**
- **MULTI-DIMENSIONAL SECURITY: DIPLOMACY, MILITARY, TRADE, DEVELOPMENT, HUMAN RIGHTS, HEALTH, EDUCATION, WELL-BEING etc.**
- **CONSULTATION, REASSURANCE, TRANSPARENCY, CONFLICT PREVENTION, MULTILATERALISM**
- **5 MAIN THREATS: TERRORISM; WMD; FAILED STATES; ORGANIZED CRIME; REGIONAL CONFLICTS**
- **EMPHASIS ON CONFLICT PREVENTION ABROAD (ESPECIALLY IN EU NEIGHBORHOOD); NO THREAT IS PURELY MILITARY (POVERTY, etc.)**
- **EU NEEDS IMPROVED MILITARY CAPACITY FOR "EARLY, RAPID, AND, WHERE NECESSARY, ROBUST INTERVENTION"**

JUNE 2004: HEADLINE GOAL 2010

- EUROPEAN COUNCIL APPROVES PLANS TO PERMIT "swift and decisive action applying a fully coherent approach" BY 2010**
- WILL ADDRESS GAPS IN AIRLIFT AND SEALIFT CAPABILITIES**
- FOLLOW-UP AGMTS TO ESTABLISH 15 BATTLE GROUPS (BG's) , EACH WITH 1,500 TROOPS DEPLOYABLE IN 15 DAYS, SUSTAINABLE IN HARSH TERRAIN FOR 30-120 DAYS**
- 15 BG's READY IN 2007; AIRCRAFT CARRIER IN 2008**

SUMMER 2004: "EUROPEAN DEFENSE AGENCY" ESTABLISHED

- AIM: IMPROVE EU WEAPONS CAPABILITIES AND PROCUREMENTS THROUGH HARMONIZATION, R&D**

EUROPEAN AERONAUTIC DEFENSE AND SPACE COMPANY (EADS)

- FORMED IN 2000 BY DAIMLER/CHRYSLER AEROSPACE (GERMANY), AEROSPATIALE-MATRA (FRANCE) & CONSTRUCCIONES AERONAUTICAS (SPAIN)**
- PRODUCES CIVIL (e.g., AIRBUS) AND MILITARY AIRCRAFT, SPACE ROCKETS, SATELLITES, ETC.**
- 2008: USAF AWARDS \$35B CONTRACT TO NORTHROP GRUMMAN FOR AERIAL REFUELING TANKERS, WITH EADS AS A SUBCONTRACTOR (REPLACING BOEING) -- BASED ON AIRBUS; AFTER BOEING PROTEST, USAF REOPENS BIDS ON 8 OUT OF 110 AREAS**

The Council of the European Union



FAQ



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Press Council Policies Constitution Contacts Documents Javier Solana

Council Configurations - Codecision - Foreign Policy - **Security & Defence** - Fight against terrorism - COST - Agreements Cooperation and Trade

Eng

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- ESDP News
- EU Operations
- European Security Strategy
- Capabilities
- ESDP Structures
 - EU Military Committee
 - EU Military Staff
 - EU Agencies on ESDP
 - European Defence Agency (Brussels)**
 - EU Institute for Security Studies (Paris)
 - EU Satellite Centre (Torrejón)
 - Financing mechanism
 - Exercises
 - EU-NATO Co-operation
 - Training in the field of ESDP

European Defence Agency (Brussels)

The European Defence Agency was established by a Joint Action of 15 Ministers on 12 July, 2004 "to support the Member States in their efforts to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future".

The Agency has four main functions, relating to:

- (a) defence capabilities development;
- (b) armaments co-operation;
- (c) the European defence technological and industrial base and defence equipment market;
- (d) research and technology.

For more information, please visit <http://www.eda.europa.eu>

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24 CSDP MISSIONS , 2003-10

- **6 MILITARY MISSIONS (MACEDONIA, 400 TROOPS, 2003; DR CONGO, 1,800 TROOPS, 2003; BOSNIA, 7,000 TROOPS, 2004 TO PRESENT; CONGO, 2,000 TROOPS, 2006; CHAD/CENTRAL AFRICAN REP., 4,300 TROOPS, 2008-09; NAVAL FORCE SOMALIA, SINCE 2008)**

- **3 MIL SUPPORT MISSIONS (CONGO, 8 ADVISORS, 2005-06; DARFUR, 20 ADVISORS, 2005-6; GUINEA-BISSAU, SINCE 2008); 2 BORDER CONTROL MISSIONS (ISRAEL/PAL/EGYPT, 2005-06; MOLDOVA/UKRAINE, 2005-07); 7 POLICE MISSIONS (BOSNIA, FYROM (2), CONGO (2), PALESTINE, AFGHAN); 3 JUDICIAL TRAINING MISSIONS (IRAQ, 2005; GEORGIA, 2004-05; KOSOVO, WITH U.S. PARTICIPATION, SINCE 2008); 2 PEACE MONITORING MISSIONS (INDONESIA, 2005-06; GEORGIA, SINCE 2008); GUINEA-BISSAU. SECURITY SECTOR REFORM (2008-10; 21 CIVILIANS)**

- **ALL INVOLVE MIX OF MILITARY & CIVILIAN PERSONNEL**

- **MIXED RESULTS: TURF WARS BETWEEN COMMISSION AND COUNCIL BODIES; INSUFFICIENT TROOP LEVELS; DEPLOYMENTS OUTSIDE OF CONFLICT AREAS, etc.**

- **FRANCE AND ITALY SUPPLIED TROOPS IN LEBANON IN RESPONSE TO UN REQUEST TO EU, 2006**

- **CFSP BUDGET IN 2006 = 102.6m EURO (0.05% OF TOTAL EU SPENDING)**

Table 2: Overview of CSDP Interventions

Intervention	Type	Mandate duration	Country	Number of EU personnel	
				Civilian	Military
<i>Ongoing</i>					
1. EUFOR-Althea	Military	2 December 2004	Bosnia and Herzegovina		2,500 (2008)
2. EUPM	Law enforcement	1 March 2003	Bosnia and Herzegovina	200	
3. EULEX Kosovo	Rule of law	16 February 2008	Kosovo	1,900	
4. EUPOL COPPS	Law enforcement	1 January 2006	Palestinian Territory	41	
5. EU BAM Rafah	Border control	30 November 2005	Palestinian Territory	20	
6. Eujust Lex	Rule of law	1 July 2005	Iraq	26	
7. EUPOL Afghanistan	Law enforcement	15 June 2007	Afghanistan	230	
8. EUPOL RD Congo	Law enforcement	30 June 2007	DR Congo	39	
9. EU BAM	Border control	2 June 2005	Moldova/Ukraine	60	
10. EUSEC	Security Sector Reform	8 June 2005	DR Congo	60	
11. EUMM	Monitoring mission	1 October 2008	Georgia	350	
12. ATALANTA	Military-Counter piracy	13 December 2008	Somalia		1,800
13. EUTM Somalia	Military-Training of security forces	7 April 2010	Somalia/Uganda		150
<i>Completed</i>					
1. Artemis	Military	12 June-1 September 2003	DR Congo		1,800
2. EUPAT	Law enforcement	14 December 2005-15 June 2006	Macedonia	30	
3. Concordia	Military	31 March-15 December 2003	Macedonia		850
4. EUPOL Proxima	Law enforcement	15 December 2003-14 December 2005	Macedonia	200	
5. Eujust Themis	Rule of law	16 July 2004-14 July 2005	Georgia		
6. AMM	Monitoring mission	15 September 2005-11 December 2006	Aceh, Indonesia	80	
7. EU support to AMIS	Civil-military	2 June 2005-31 December 2007	Darfur	50	100
8. EUPOL-Kinshasha	Law enforcement	February 2005-June 2007	DR Congo	30	
9. EUFOR DR Congo	Military	1 June-30 November 2006	DR Congo/Gabon		800
10. EUFOR Chad/DR Congo	Military	15 March 2008-15 March 2009	Chad/Central African Republic		3,700 (one French casualty)
11. EU SSR Guinea-Bissau	Security Sector Reform	1 June 2008-30 September 2010	Guinea-Bissau	21	

Source: Based on Grevi *et al.* (2009, annexes 1 and 2, pp. 414-15) adapted and updated to July 2011.

CSDP AND THE LISBON TREATY

UNDER LISBON TREATY, ESDP IS REPLACED BY *COMMON SECURITY AND DEFENSE POLICY (CSDP)*

CSDP WILL PROVIDE MILITARY & CIVILIAN ASSETS FOR “MISSIONS OUTSIDE THE UNION FOR PEACE-KEEPING, CONFLICT PREVENTION AND STRENGTHENING INTERNATIONAL SECURITY...”

CSDP “SHALL INCLUDE THE PROGRESSIVE FRAMING OF A COMMON UNION DEFENSE POLICY. THIS WILL LEAD TO A COMMON DEFENSE, WHEN THE EUROPEAN COUNCIL, ACTING UNANIMOUSLY, SO DECIDES.” – THIS DECISION MUST BE RATIFIED BY ALL MEMBER STATES (M.S.)

“M.S. SHALL MAKE CIVILIAN AND MILITARY CAPABILITIES AVAILABLE TO THE UNION...”

DECISIONS RELATING TO CSDP SHALL BE ADOPTED “BY THE COUNCIL ACTING UNANIMOUSLY ON A PROPOSAL FROM THE HIGH REP. OF THE UNION FOR FOREIGN AFFAIRS & SECURITY POLICY OR AN INITIATIVE FROM A M.S.”

RETAINS *CONSTRUCTIVE ABSTENTION* PROCEDURE OF AMSTERDAM TREATY:

- IF A M.S. ABSTAINS FROM VOTING ON A CFSP DECISION AND MAKES A FORMAL DECLARATION, IT IS NOT OBLIGED TO CARRY IT OUT**
- BUT IT MUST ACCEPT THE DECISION AS COMMITTING THE EU AND REFRAIN FROM CONFLICTING ACTIONS**
- IF 1/3 OF M.S. ISSUE SUCH DECLARATIONS, THERE IS NO DECISION**

“THOSE M.S. WHOSE MILITARY CAPABILITIES FULFILL HIGHER CRITERIA AND WHICH HAVE MADE MORE BINDING COMMITMENTS TO ONE ANOTHER ... SHALL ESTABLISH PERMANENT STRUCTURED COOPERATION WITHIN THE UNION FRAMEWORK...”

“IF A M.S. IS THE VICTIM OF ARMED AGGRESSION ON ITS TERRITORY, THE OTHER M.S. SHALL HAVE TOWARDS IT AN OBLIGATION OF AID AND ASSISTANCE BY ALL THE MEANS IN THEIR POWER...”

- **THIS CLAUSE REPLACES THE COLLECTIVE DEFENSE CLAUSE OF THE 1948 BRUSSELS TREATY THAT REQUIRED “MILITARY AND OTHER AID AND ASSISTANCE”**
- **IT CHANGES THE 2004 CONSTITUTION’S LANGUAGE SPECIFYING THAT, IF ONE M.S. PARTICIPATING IN “CLOSER COOPERATION” WITH OTHERS IS ATTACKED, THE OTHERS “SHALL GIVE IT AID AND ASSISTANCE BY ALL THE MEANS IN THEIR POWER...”**

NEXT PARAGRAPH: COMMITMENTS & COOPERATION IN THIS AREA SHALL BE CONSISTENT WITH COMMITMENTS UNDER NATO, “WHICH, FOR THOSE STATES WHICH ARE MEMBERS OF IT, REMAINS THE FOUNDATION OF THEIR COLLECTIVE DEFENSE AND THE FORUM FOR ITS IMPLEMENTATION”

LIST OF PETERSBERG TASKS IS EXTENDED TO INCLUDE JOINT DISARMAMENT OPERATIONS, MILITARY ADVICE AND ASSISTANCE, CONFLICT PREVENTION AND POST-CONFLICT STABILIZATION

- **“THE COUNCIL SHALL ADOPT DECISIONS” RELATING TO THESE TASKS AND MAY ENTRUST THEIR IMPLEMENTATION TO “A GROUP OF M.S. WHO ARE WILLING AND HAVE THE NECESSARY CAPABILITY”;**
THEY WILL AGREE AMONG THEMSELVES ON THE MANAGEMENT OF THE TASKS

NOV 2010: UK & FRANCE SIGN TWO DEFENSE TREATIES (IN PART TO SAVE MONEY)

- **THE FIRST PROVIDES FOR ENHANCED MILITARY COOPERATION, INCLUDING:**
 - **JOINT TRAINING EXERCISES TO PREPARE FOR A NEW ‘COMBINED JOINT EXPEDITIONARY FORCE’ OF ABOUT 5,000 TROOPS EACH, TO BE DEPLOYED BY A JOINT DECISION AND UNDER ONE COMMANDER**
 - **SHARING OF AIRCRAFT CARRIERS: ONE BRITISH OR FRENCH CARRIER WILL ALWAYS BE AT SEA, WITH SHARED CREWS, RESULTING IN AN INTEGRATED AIRCRAFT CARRIER GROUP**
 - **PLANS FOR COMMON MAINTENANCE & TRAINING ON A400M (ATLAS) TRANSPORT AIRCRAFT (MADE BY AIRBUS)**
 - **JOINT DEVELOPMENT OF DRONES. ANTI-MINE MEASURES, SATELLITE COMMUNICATIONS**
- **2ND TREATY IS ON NUCLEAR COOPERATION: EACH RETAINS SOVEREIGN CONTROL OVER NUKES; THEY WILL SHARE NEW FACILITIES IN UK & FRANCE; UK WILL DEVELOP NEW NUCLEAR TECHNOLOGIES, FRANCE WILL TEST THEM (WITHOUT DETONATING THEM, IN COMPLIANCE WITH TEST BAN TREATY)**

OTHER EU EXTERNAL RELATIONS

EUROPEAN NEIGHBORHOOD POLICY (ENP)

- **MARCH 2003: COMMISSION OUTLINES ENP: AIMS TO SHARE BENEFITS OF 2004 ENLARGEMENT WITH NEIGHBORING COUNTRIES BY PERMITTING PARTICIPATION IN SOME EU ACTIVITIES, PREVENTING NEW DIVIDING LINES, PROMOTING SECURITY, THE RULE OF LAW, HUMAN RIGHTS, COMMON VALUES**
- **MAY 2004: STRATEGY REPORT & FIRST COUNTRY REPORTS**
- **DEC 2004: FIRST DRAFT ACTION PLANS AIMING AT IMPROVING POLITICAL DIALOGUE; TRADE AND ECONOMIC COOPERATION; JUSTICE & HOME AFFAIRS; ENERGY; TRANSPORT; INFO SOCIETY; ENVIRONMENT; RESEARCH; SOCIAL POLICY, ETC.**
- **MAY 2005: MORE COUNTRY REPORTS**

PARTNERS: ALGERIA; ARMENIA; AZERBAIJAN; EGYPT; GEORGIA; ISRAEL; JORDAN; LEBANON; LIBYA; MOLDOVA; MOROCCO; PALESTINIAN AUTHORITY; SYRIA; TUNISIA; UKRAINE

ULTIMATELY, ENP DIVIDED INTO:

- **BARCELONA PROCESS/UNION FOR THE MEDITERRANEAN**
- **EASTERN PARTNERSHIP**
- **NORTHERN DIMENSION**

EU-MEDITERRANEAN DIALOGUE

BARCELONA DECLARATION, 1995: EU + ALGERIA, CYPRUS, EGYPT, ISRAEL, JORDAN, LEBANON, MALTA, MOROCCO, SYRIA, TUNISIA, TURKEY & PALESTINIAN AUTHORITY

- **AIMS: PEACE & STABILITY; ECO & FINANCIAL COOP, WITH COMPLETE FREE TRADE AREA BY 2010; CIVIL SOCIETY EXCHANGES**

JULY 2008: LAUNCH OF 'UNION FOR THE MEDITERRANEAN'

- **SARKOZY'S INITIATIVE PROPOSED DURING FRENCH PRESIDENCY; INITIALLY HE WANTED JUST MED. REGION STATES; MERKEL OBJECTED, CALLING FOR ENTIRE EU MEMBERSHIP**
- **27 EU COUNTRIES + 12 BARCELONA COUNTRIES + ALBANIA, BOSNIA, CROATIA, MONTENEGRO + ARAB LEAGUE + LIBYA (OBSERVER)**
- **AIMS: (1) CLEAN UP MED. SEA; (2) DEVELOP LAND & SEA TRANSPORTATION; (3) CIVIL PROTECTION NETWORK; (4) SOLAR ENERGY; (5) EUROMED UNIVERSITY; (6) DEVELOP SMEs (SMALL & MEDIUM ENTERPRISES)**
- **POLITICAL AIMS: DEAL WITH MIDDLE EAST DISPUTES, IMMIGRATION, ECONOMIC RELATIONS, ETC.; BUT ISRAEL-PAL DISPUTE PREVENTS 2ND SUMMIT MTG**
- **CONCEPT OF 'CO-OWNERSHIP'**
- **NORTH-SOUTH CO-PRESIDENCY (INITIALLY FRANCE & EGYPT)**
- **SECRETARY-GENERAL**
- **PARLIAMENTARY ASSEMBLY**
- **DISAPPOINTING RESULTS; POLITICAL CONFLICTS; NOT MUCH INTEREST EXCEPT FOR FRANCE**

Mediterranean Union

Scepticism abounds over value of new club

7/1/08

News Analysis

Diplomats and businessmen are asking whether anything will be added to the existing processes, writes Tony Barber

France will launch the first project of its European Union presidency on Sunday when more than 40 EU leaders, north African and Middle Eastern leaders meet in Paris to inaugurate a Union for the Mediterranean.

A problem child even before its birth, the union aims to give a fresh impetus to political and economic relations between the EU's 27 nations and countries as varied as Montenegro, Mauritania, Israel and Turkey.

Unlike in the former communist countries of eastern Europe, the EU has struggled to make much of a contribution to the political and economic development of its neighbours across the Mediterranean. Tensions over issues such as trade, immigration and human rights are exacerbated by the historical backdrop of Europe's colonisation of much of north Africa and the Middle East.

In 1985 the EU sought to overcome this with the so-called Barcelona process which is generally regarded to have failed to have achieved much of substance. The question now being asked by diplomats and businessmen is whether the Union for the Mediterranean will add anything useful to Barcelona, on to which the union has been tacked.

The new initiative, a brain-child of Nicolas Sarkozy, the French president, has four key targets: cleaning up the Mediterranean sea, promoting solar energy, and developing shipping and ports.

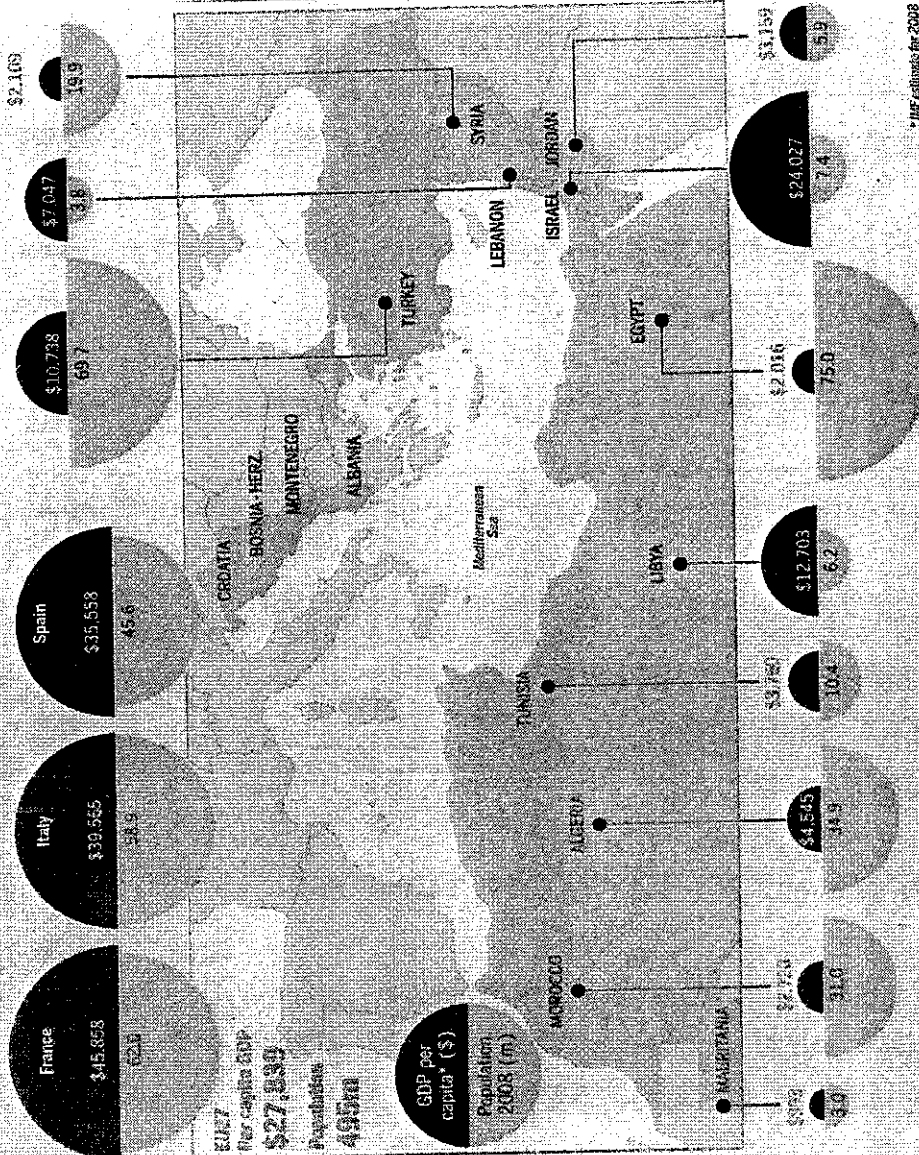
Beyond such practical initiatives, there are diplomatic ambitions. Ehud Olmert, Israel's prime minister, and Bashar al-Assad, Syria's president, will attend the summit, providing an opportunity to build on recent indirect contacts, and perhaps setting the stage for face-to-face peace talks.

That would be a genuine diplomatic coup for Paris, in the larger term, however, it is uncertain what contribution the new union will make to problems such as immigration and the lack of access to EU markets for non-European farm produce.

If Europe is serious about reversing the failures of the Barcelona process, it must attempt to avoid the EU taking on its partners' leadership of the liberal group at the European parliament.

The union aims to improve upon the Barcelona process by offering its non-EU members "co-ownership" of the project. The union will have co-presidents - France and Egypt to begin with - and a small permanent secretariat.

"The emphasis on co-



Source: IMF, World Economic Outlook Database

Its southern shores, it must learn to give as well as take," said Graham Watson, leader of the liberal group at the European parliament.

The union aims to improve upon the Barcelona process by offering its non-EU members "co-ownership" of the project. The union will have co-presidents - France and Egypt to begin with - and a small permanent secretariat.

"The emphasis on co-

ownership represents an attempt to avoid the EU imposing the policy agenda on its partners," said Ross Haskoff, an analyst at the European Policy Centre think-tank. However, that co-ownership also under- mined the EU's leverage to push for reform.

The European Commission has prepared a "wishlist" of economic projects for the union, including the develop-

ment of solar power in sun-soaked north Africa. But businesses want action on decades-old problems such as the poor conditions for foreign investment in north Africa and the Middle East.

In Brussels, the new union has already been blamed for one of the worst Franco-German disputes of recent memory.

Mr Sarkozy suggested last year that its membership

should be confined to EU and non-EU countries with a Mediterranean shoreline. Germany, which had not been consulted in advance, saw this not only as a threat to EU unity but as an attempt to kick existing EU policies to one side and hijack funds to pursue French foreign policy.

Mr Sarkozy also stirred suspicions in Turkey that his Mediterranean project

was a smokescreen for quashing its hopes of full EU membership. These differences have now been ironed out, with Germany winning the argument for bringing all EU countries into the project, and Turkey receiving assurances that its involvement will not undermine its EU candidacy.

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EASTERN PARTNERSHIP

**MEMBERS: ARMENIA, AZERBAIJAN, BELARUS, GEORGIA,
MOLDOVA, UKRAINE**

2008: PROPOSED BY POLAND & SWEDEN

2009: LAUNCHED IN PRAGUE (MAY); 1ST MEETING (DEC)

**AIMS: ECONOMIC TIES, DEMOCRACY, RULE OF LAW, HUMAN
RIGHTS**

- ASSOCIATION AGREEMENTS**
- CIVIL SOCIETY FORUM**
- FUNDING: €600 MILLION FROM EU, 2010-13**

POLAND & ROMANIA WANT UKRAINE TO JOIN EU

- POLAND-UKRAINE VISA AGREEMENT (2009): TRAVEL
PERMITS REPLACE VISAS FOR THOSE LIVING
WITHIN 30km OF BORDER**

- UKRAINE'S PROBLEMS (TYMOSHENKO CONVICTION,
ETC.) "ENDANGER" RELATIONS WITH EU**

- DEC 2011: YANUKOVYCH VISIT & 'DEEP &
COMPREHENSIVE FREE TRADE AGREEMENT'
POSTPONED**

**OCT 2011 SUMMIT: EU STATES SIGN DECLARATION
CONDEMNING POLITICAL IMPRISONMENT & ABSENCE OF
PRESS FREEDOMS IN BELARUS; THE OTHER 5 PARTNERS
REFUSE TO SIGN IT**

- LUKASHENKO NOT INVITED, BELARUS TEMPORARILY
WITHDRAWS**

NORTHERN DIMENSION

MEMBERS: EU-27 + NORWAY, ICELAND & RUSSIA

- **EMPHASIS ON BALTIC, BARENTS & ARCTIC REGIONS**
- **IMPLEMENTED WITHIN FRAMEWORK OF EU-RUSSIA PARTNERSHIP & COOPERATION AGREEMENT**
- **U.S. & CANADA HAVE OBSERVER STATUS ON SPECIFIC ISSUES**

1997-2006: DISCUSSIONS & PROPOSALS

2006: EU APPROVES *POLITICAL DECLARATION OF THE NORTHERN DIMENSION POLICY AND NORTHERN DIMENSION POLICY FRAMEWORK DOCUMENT* UNDER FINNISH PRESIDENCY

1 JAN 2007: NORTHERN DIMENSION POLICY TAKES EFFECT

AIMS TO PROMOTE COOPERATION ON:

- **ECONOMIC & BUSINESS TIES, INFRASTRUCTURE**
- **HUMAN RESOURCES, EDUCATION, SCIENCE, HEALTH & CULTURE**
- **ENVIRONMENT, NUCLEAR SAFETY, NATURAL RESOURCES**
- **CROSS-BORDER COOPERATION & REGIONAL DEVELOPMENT**
- **JUSTICE & HOME AFFAIRS**

***EU STRATEGY FOR THE BALTIC SEA REGION:* COMMISSION PROPOSAL ADOPTED BY EUROPEAN COUNCIL, OCT 2009:**

- **"INTEGRATED FRAMEWORK TO ADDRESS COMMON CHALLENGES" (ECONOMICS, ENVIRONMENT, SOCIAL & TERRITORIAL COHESION, ETC.)**
- **RUSSIA, NOR, SWED, FIN, EST, LAT, LITH, POL, GER, DEN**

EU-UNITED STATES

NEW TRANSATLANTIC AGENDA (NTA), 1995

- **AGREE TO IMPROVE TRADE RELATIONS IN WAKE OF URUGUAY ROUND DISPUTES & NAFTA**
- **ANNUAL SUMMIT WITH PRESIDENTS OF US, EURO. COMMISSION & EURO. COUNCIL**

TRANSATLANTIC ECONOMIC PARTNERSHIP (TEP), 1998: NEGOTIATIONS ON TRADE & ECONOMIC ISSUES

TRANSATLANTIC BUSINESS DIALOGUE (TABD), 1995

- **<tabd.com>; US EXEC DIR KATHRYN F. HAUSER**
- **REGULAR CONFS OF US AND EU BUSINESS EXECS PROMOTING STANDARDIZATION & OTHER COOPERATIVE POLICIES; ABOUT 100 FIRMS REPRESENTED**

TRANSATLANTIC ECONOMIC COUNCIL (2007) – EST. 2007 BY EU AND U.S. TO FACILITATE AGREEMENTS

ISSUES: BUSH ADMIN STEEL TARIFFS (EXEMPTIONS EASE EU ANGER, PREVENT RETALIATION); BEEF HORMONES & GENETICALLY MODIFIED ORGANISMS (GMOs); [US-EU AGRIC TRADE = 2% GDP]; AIRCRAFT; FILMS & TV (FRANCE); BANANAS (SETTLED, 2001); POST-9/11: EUROPOL; EU ARREST WARRENT, ETC.

TRANSATLANTIC CONSUMERS DIALOGUE (tacd.org)

TRANSATLANTIC LEGISLATORS' DIALOGUE (tld.org)

TRANSATLANTIC POLICY NETWORK (tponline.org)

GE-HONEYWELL MERGER

JULY 2001: COMMISSION DENIES PROPOSED MERGER OF GENERAL ELECTRIC & HONEYWELL, BLOCKING MERGER OF AMERICAN COMPANIES FOR THE FIRST TIME; COMPETITION COMMISSIONER IS MARIO MONTI

COMMISSION HAS AUTHORITY OVER MERGERS, ACQUISITIONS & TAKEOVER BIDS IN EUROPEAN ECONOMIC AREA SINCE 1990

-- **IT MAY BLOCK 'CONCENTRATIONS' - i.e., COMPANIES WITH >€5B COMBINED WORLD TURNOVER & >€250M IN EUROPEAN SALES FOR AT LEAST 2 OF THE MERGING COMPANIES**

GE WANTED TO PURCHASE HONEYWELL FOR \$42 B TO CREATE GIANT MANUFACTURER OF AERO-ENGINES, AVIONICS & COMPONENTS; LARGEST INDUSTRIAL MERGER IN HISTORY IS APPROVED BY US JUSTICE DEPT

-- **EU REJECTS MERGER ON GROUNDS THAT IT "would have severely reduced competition in the aerospace industry and resulted ultimately in higher prices..."**

-- **EU ANTI-TRUST LAW SEEKS TO PREVENT 'DOMINANT POSITIONS', LOOKS AT 'CONGLOMERATE EFFECTS' (SIZE); US ANTI-TRUST LAW DID SAME 50+ YEARS AGO, BUT NOW IS BASED ON WHETHER A MERGER BENEFITS OR HARMS CONSUMERS**

-- **GE DROPS MERGER BECAUSE OF IMPORTANCE OF EU MARKET, TAKES CASE TO ECJ; IN DEC 2005, COURT OF FIRST INSTANCE UPHOLDS COMMISSION'S DENIAL OF THE MERGER BUT REJECTS ITS REASONS, CITING "ERRORS" AND "ILLEGALITIES"**

BANANAS

JUNE 2010: US & EU SIGN AGREEMENT ENDING 16-YEAR DISPUTE OVER EU'S \$6.7B BANANA MARKET

1993: US FILES COMPLAINT WITH WTO AGAINST EU ON BEHALF OF SEVERAL LATIN AMERICAN COUNTRIES

-- GROUNDS: EU IMPOSED VERY LOW BANANA TARIFFS ON IMPORTS FROM 12 FORMER COLONIES, BUT HIGHER TARIFFS ON BANANAS FROM LATIN AMERICA SOLD BY US COMPANIES (DOLE, DEL MONTE, CHIQUITA, ETC.)

1994: WTO RULES VS EU; EU FAILS TO COMPLY

1999: WTO AUTHORIZES US TO IMPOSE \$191.4M IN TRADE SANCTIONS VS EU

2007: WTO RULES VS EU FOR NON-COMPLIANCE AGAIN

DEC 2009: AFTER 400 HOURS OF MEETINGS IN GENEVA, ACCORD REACHED AND INITIALED:

-- EU REDUCES TARIFFS ON BANANAS FROM LATIN AMERICA BY €34 PER TON

-- FORMER COLONIES CONTINUE TO GET VERY LOW TARIFFS, PLUS A ONE-TIME PAYMENT

-- BANANA IMPORTS FROM COLONIES PREDICTED TO FALL 14%, COSTING THEM \$40M A YEAR; IMPORTS FROM ELSEWHERE TO RISE 17%; PRICES TO FALL 12%

GENETICALLY MODIFIED ORGANISMS (GMOs)

EU'S *PRECAUTIONARY PRINCIPLE* IS ENCODED IN EU TREATIES (AS UPDATED IN LISBON TREATY); MAY BE INVOKED BASED ON:

- IDENTIFICATION OF POTENTIALLY ADVERSE EFFECTS**
- EVALUATION OF SCIENTIFIC DATA AVAILABLE**
- EXTENT OF SCIENTIFIC UNCERTAINTY**

IF UNCERTAINTY IS HIGH AND THERE IS A RISK OF DANGER TO THE ENVIRONMENT, PUBLIC HEALTH, ETC., THE PRODUCT MAY NOT BE PRODUCED OR SOLD

US USES CONCEPT OF *SUBSTANTIAL EQUIVALENCE*

- IF A GMO IS SUBSTANTIALLY THE SAME AS ITS CONVENTIONAL COUNTERPART, IT MAY BE PRODUCED & SOLD**

MAY 2004: EU FINALLY ENDED MORATORIUM ON A GMO CORN VARIETY

CONTINUING CONTROVERSIES INVOLVING US AGRICULTURAL PRODUCTS AND GMOs PRODUCED IN EU

EU-US 2009

APRIL: OBAMA MEETS WITH EU LEADERS IN PRAGUE

SEPT: US SCRAPS BUSH ADMIN. PLANS FOR MISSILE DEFENSE SYSTEM IN POLAND AND CZECH; TO BE REPLACED BY SAM-3s AND FUTURE SYSTEMS IN 2015-18

OCTOBER: 4TH MEETING OF TRANSATLANTIC ECONOMIC COUNCIL IN WASHINGTON

NOVEMBER: US-EU SUMMIT (WASHINGTON)

- WORK TOWARDS AGREEMENT AT COPENHAGEN CLIMATE CONFERENCE; FAVOR 50% REDUCTION OF GLOBAL EMISSIONS BY 2050**
- COOPERATION IN ECONOMIC AND FINANCIAL CRISIS**
- HIGH-LEVEL INNOVATION DIALOGUE, REGULATORY COOPERATION**
- AIM FOR 2ND-STAGE AIR TRANSPORT AGMT IN 2010**
- PROMOTE ECONOMIC DEVELOPMENT AROUND THE WORLD (DOHA; MILLENNIUM DEVELOPMENT GOALS)**
- CREATE MINISTERIAL-LEVEL EU-US ENERGY COUNCIL**
- COOPERATION ON DIGITAL INFRASTRUCTURE; ANTIMICROBIAL RESISTANCE ISSUES; JUSTICE & HOME AFFAIRS (e.g., EXTRADITION, MUTUAL LEGAL ASSISTANCE AGMTS); NON-PROLIFERATION (IRAN, N. KOREA); FOOD SECURITY; CONFLICT AREAS (MIDDLE EAST, AFGHAN, PAKISTAN); SE EUROPE**

EU-US 2010

20 NOV: US-EU SUMMIT IN LISBON (OBAMA):

- **ECONOMIC GROWTH**
- **G20 ISSUES**
- **CLIMATE CHANGE**
- **PASSENGER NAME RECORD AGMT**
- **VISA WAIVER PROGRAM**
- **MIDDLE EAST, ETC.**
- **SECURITY**
- **ANTI-TERRORISM**
- **DEVELOPMENT**

2011

NOV: OBAMA MEETS IN WASHINGTON WITH BARROSO, VAN ROMPUY, ASHTON

- **EUROPEAN ECONOMIC CRISIS IS THE MAIN ISSUE: OBAMA CALLS IT "HUGELY IMPORTANT" FOR US, URGES RESOLUTION, WANTS BOLD ACTION**
- **BUT US STRESSES THAT CRISIS IS A 'EUROPEAN ISSUE' AND EU HAS RESOURCES TO DEAL WITH IT**
- **US WANTS AN EU 'FIREWALL' TO STABILIZE MARKETS, STOP SPREAD OF CRISIS; BUT US RELUCTANT TO CONTRIBUTE TO A NEW IMF FACILITY FOR EUROPE**

LEADERS AT SUMMIT ESTABLISH A EU-US *HIGH-LEVEL WORKING GROUP ON GROWTH AND JOBS* UNDER US TRADE REP RON KIRK AND EU TRADE COMMISSIONER KAREL DE GUCHT TO RECOMMEND MEASURES TO BOOST EU-US TRADE & INVESTMENT

TREASURY SECRETARY GEITHNER GOES TO EU AT TIME OF DEC EUROPEAN COUNCIL SUMMIT

EU-US 2012

**MAY: OBAMA SAYS EU DID NOT TAKE 'DECISIVE STEPS' ;
CALLS FOR FIREWALLS, RECAPITALIZATION OF BANKS,
GROWTH POLICY AND EFFECTIVE MONETARY POLICY**

**JUNE: AT G20 MEETING IN MEXICO ON 20 JUNE, US & EU
LEADERS WELCOME INTERIM REPORT OF *HIGH-LEVEL
WORKING GROUP ON GROWTH AND JOBS***

- CURRENT TARIFFS ON GOODS ARE 5-7% ON AVG;
CUTTING THEM TO ZERO WOULD INCREASE US-EU
TRADE MORE THAN \$120 BILLION IN 5 YEARS AND
RAISE GDP BY \$180 BILLION (ACC TO US CHAMBER
OF COMMERCE)**

- ANOTHER STUDY SHOWED THAT ELIMINATING NON-
TARIFF TRADE BARRIERS COULD RAISE GDP BY
0.7% IN THE EU AND 0.3% IN THE US**

- DISPUTES AMOUNT TO 1-2% OF US-EU TRADE BUT
INCLUDE SENSITIVE ISSUES: EU RESTRICTIONS ON
GMOs AND CHLORINE-WASHED CHICKEN;
SUBSIDIES TO AIRBUS & BOEING; US MARITIME
FREIGHT & AIRLINE OWNERSHIP LAWS;
INVESTMENT RESTRICTIONS; PUBLIC
PROCUREMENT BIDDING CONTRACTS, ETC.**

- BOTH SIDES SEEK TO HARMONIZE REGULATIONS ON
NEW TECHNOLOGIES**

- STAKEHOLDERS WILL PRESENT PROPOSALS IN 2012**

EU-RUSSIA

DEC 1997: PARTNERSHIP AND COOPERATION AGREEMENT (PCA) SIGNED

- **ESTABLISHES BASIC PRINCIPLES, OBJECTIVES & FRAMEWORK FOR RELATIONS:**
 - **INTERNATIONAL PEACE & SECURITY, DEMOCRATIC NORMS; POLITICAL DIALOGUE; EXPAND TRADE IN GOODS & SERVICES; INVESTMENT & FINANCIAL COOPERATION; SCIENCE & TECH; EDUCATION & TRAINING; ENERGY; NUCLEAR & SPACE TECH; ENVIRONMENT; TRANSPORT; CULTURE; CRIME PREVENTION, ETC.**
- **AUTOMATICALLY RENEWED ANNUALLY AFTER 2007**
- **CURRENT NEGOTIATIONS ON A NEW PCA - STALLED**

BIANNUAL SUMMITS

- **DEC 2010: "WONDERFUL" (VAN ROMPUY) & "BEST SUMMIT" ATTENDED BY BARROSO; "MILESTONE" MEMORANDUM OF UNDERSTANDING SIGNED TO PERMIT EU SUPPORT FOR RUSSIA'S ACCESSION TO WTO**
- **PROGRESS ON FUTURE *ENERGY CHARTER TREATY*, CLIMATE CHANGE, VISA-FREE REGIME, *PLATFORM FOR MODERNIZATION* TO BOLSTER BUSINESS TIES AND RULE OF LAW IN RUSSIA**

CONTINUED...

- **DEC 2011 SUMMIT: DISCUSS ECONOMY, BILATERAL EU-RUSSIA 'PARTNERSHIPS FOR MODERNIZATION', POSSIBLE VISA-FREE TRAVEL, ENERGY DIALOGUE**

PERMANENT PARTNERSHIP COUNCIL (MINISTERIAL MTGS)

PARLIAMENTARY COOPERATION CTTEE

4 "COMMON SPACES": ECONOMIC; FREEDOM, SECURITY & JUSTICE; EXTERNAL SECURITY; RESEARCH, ED & CULTURE

2010 & 2011: RISE IN EU-RUSSIAN TRADE AFTER DECLINE IN 2009:

- **2010: EU-27 EXPORTS = €86B (85% = MANUFACTURES); IMPORTS = €160B (75% = ENERGY); BOTH FIGURES LOWER THAN IN 2008**
- **EU = RUSSIA'S LARGEST TRADE PARTNER (47% OF RUSSIA'S TRADE)**
- **RUSSIA = EU'S 3RD LARGEST TRADE PARTNER AFTER US & CHINA (7% OF EU EXPORTS, 12% OF IMPORTS)**

PROBLEMS IN EU-RUSSIAN RELATIONS

DEMOCRACY & HUMAN RIGHTS IN RUSSIA; CHECHNYA

ENERGY: RUSSIA TERMINATED GAS DELIVERIES TO UKRAINE AND CERTAIN EU COUNTRIES (CEECS, GERMANY) IN 2006, 2008 & 2009

RUSSIAN INFLUENCES ON GEORGIA (2008 INVASION), UKRAINE, & OTHER FORMER SOVIET REPUBLICS (INCLUDING ESTONIA, LATVIA, LITHUANIA)

STATUS OF KALININGRAD (PART OF RUSSIA)

COMPETING GAS PIPELINE PROPOSALS:

- NORTH STREAM (RUSSIA-GERMANY); 1ST PIPELINE OPENS, NOV 2011**
- NABUCCO (PLAN FOR PIPELINE FROM AZER & IRAN THROUGH TURKEY TO AUSTRIA, BYPASSING RUSSIA; OPPOSED BY GERMANY IN 2009);**
- SOUTHSTREAM (RUSSIAN PLAN TO DELIVER RUSSIAN GAS TO EUROPE – GAZPROM + ITALIAN, GERMAN, DUTCH, HUNGARIAN & PERHAPS OTHER FIRMS)**
- MARCH 2009: RUSSIA OBJECTS TO EU AGREEMENT TO MODERNIZE UKRAINE'S PIPELINES WITHOUT RUSSIAN PARTICIPATION**

2012: RUSSIAN GOVT ORDERS GAZPROM TO START BUILDING SOUTHSTREAM PIPELINE AT FULL CAPACITY; AIM IS TO COUNTER UKRAINE'S SUCCESS IN SIPHONING GAS FROM RUSSIAN PIPELINES

NOV 2009: RUSSIA PROPOSES NEW EURO-ATLANTIC SECURITY TREATY: NO STATE MAY INCREASE ITS SECURITY AT THE EXPENSE OF ANOTHER

2011: PUTIN PROPOSES "EURASIAN UNION" OF RUSSIA & OTHER POST-SOVIET STATES, MODELED ON EU (TO REPLACE CUSTOMS UNION OF RUSSIA, BELARUS, KAZAKHSTAN)

-- STARTS IN 2011 WITH CUSTOMS UNION; THEN ON 1/1/12 WITH 'COMMON ECONOMIC SPACE' OF RUSSIA, BELARUS & KAZAKHSTAN

2012

MARCH: MOSCOW SUMMIT ON EURASIAN UNION FAILS AS BELARUS PRES. LUKASHENKO DEMANDS VETO RIGHT FOR MEMBER STATES OF THE UNION; EURASIAN UNION IS POSTPONED TO 2015

JUNE: AT EU-RUSSIA SUMMIT, PRES PUTIN CALLED ON EU TO OBTAIN A MANDATE TO NEGOTIATE WITH THE COMMON ECONOMIC SPACE (WHICH IT CURRENTLY LACKS)

-- SAYS HE WILL NOT PROCEED TOWARDS A NEW BASIC TREATY WITH EU UNTIL IT FORMALIZES RELATIONS WITH THE CUSTOMS UNION; BUT EU HAS LITTLE INTEREST IN BELARUS & KAZAKHSTAN

22 AUG - RUSSIA ENTERS WTO

EU-CHINA

SINCE 1994, EU HAS BEEN CHINA'S #1 TRADE PARTNER

- **CHINA IS NOW EU'S 2ND LARGEST TRADE PARTNER AFTER US - AND IS CLOSE TO SURPASSING US**

1985: TRADE AND COOPERATION AGREEMENT

1995: MAJOR TRADE AGMT

1989: EU ARMS EMBARGO FOLLOWING TIANANMEN SQUARE EVENTS; CHIRAC SOUGHT TO LIFT IT BUT BACKED DOWN AS US, JAPAN AND SOME EU STATES OBJECTED

- **2010: EP OPPOSES LIFTING EMBARGO BUT ASHTON FAVORS LIFTING IT**

CHINA ORDERED 150 AIRBUS PLANES IN 2006

ANNUAL SUMMITS

- **28 NOV 2007 IN BEIJING**
- **NOV 2008: CHINA CANCELS SUMMITS AFTER SARKOZY PLANS TO MEET WITH DALAI LAMA**

2007: NEGOTIATIONS BEGIN ON A 'PARTNERSHIP & COOPERATION AGMT'

APRIL 2008: LAUNCH OF 'HIGH-LEVEL ECONOMIC AND TRADE DIALOGUE MECHANISM'

CHINA'S TRADE SURPLUS WITH EU GROWS AT AVG OF \$15M PER HOUR

2010:

- **EU EXPORTS TO CHINA: GOODS = €113.1B; SERVICES = €20.2B; EU FDI IN CHINA = €4.9B**
- **CHINESE EXPORTS TO EU: GOODS = €281.9B +31% OVER 2009); SERVICES = €16.3B; CHINESE FDI IN EU = €0.9B**
- **CHINA IS EU'S #1 SOURCE OF MANUFACTURED GOODS**
- **CHINA SURPASSES U.S. AS GERMANY'S #1 TRADE PARTNER OUTSIDE EU: GERMAN EXPORTS TO CHINA ROSE 40%, IMPORTS 32%**

DISPUTES OVER CONSUMER SAFETY; TEXTILES (BRA WARS)

CHINA HAS INVESTED IN EU'S GALILEO SATELLITE NAVIGATION PROJECT

2010: CHINA BOUGHT JUNK BONDS FROM GREECE, ITALY, IRELAND, PORT & SPAIN TO HELP OUT EUROZONE – AND EXTEND INFLUENCE

2011: EU SEEKS MORE CHINESE LOANS

- **POSTPONEMENT OF EU-CHINA SUMMIT SET FOR OCT 26 DUE TO EU ECONOMIC SUMMIT**

FEB 2012: EU-CHINA SUMMIT IN BEIJING

- **CHINA IS WILLING TO HELP GREECE AND EU MORE GENERALLY; CONSIDERS HELPING VIA IMF OR CONTRIBUTING TO BAILOUT FUNDS**
- **NO PROGRESS ON HUMAN RIGHTS, AIRLINE EMISSIONS**
- **CHINESE INVESTMENT IN EU RISES; PM WEN JIABAO SAYS CHINA DOES NOT SEEK TO “BUY OUT EUROPE”**

SEE EU WEBSITE AND BOOKS & ARTICLES BY PROF. DAVID SHAMBAUGH

EU & ACP COUNTRIES (ATLANTIC, CARIBBEAN & PACIFIC)

- **YAOUNDE CONVENTION, 1963: PREFERENTIAL TRADE AND LOANS FROM *EUROPEAN DEVELOPMENT FUND (EDF)* TO FORMER COLONIES**

- **FIRST LOME CONVENTION, 1975: INCLUDES BRITISH COMMONWEALTH COUNTRIES; LOME IV EXPIRES, 1999**

- **COTONOU (BENIN) CONVENTION, 2000**
 - **77 COUNTRIES (CUBA IS 78TH, BUT IS NOT IN NEW PARTNERSHIP AGMT)**

 - **INCLUDES POLITICAL DIMENSION (GOOD GOVERNANCE, HUMAN RIGHTS, GENDER EQUALITY, ETC.); €13.5 BILLION IN EDF FUNDS**

EU-ASSOCIATION OF SOUTHEAST ASIAN NATIONS

- **ANNUAL SUMMITS WITH ASEAN PLUS THREE (JAPAN, CHINA, S. KOREA)**

- **TALKS ON FREE TRADE AGMT SINCE 2007**

- **EU OBJECTS TO MYANMAR**

EU-JAPAN

- **2009: EU EXPORTS = €44B; EU IMPORTS = €65B**

- **2011: BEGIN TALKS ON LARGE TRADE DEAL**

MIDDLE EAST PEACE PROCESS (MEPP) – PART OF CFSP

- MEETINGS INVOLVING EU LEADERS, EU TROIKA & EU SPECIAL REPRESENTATIVE FOR MEPP (MIGUEL MORATINOS, 1996-2003; MARC OTTE, 2003-2011)**

- JOINT ACTIONS: e.g., MONITORED P.A. ELECTIONS, 1996; WYE MEMORANDUM WITH US, 1998; TRILATERAL DIALOGUES WITH PA & ISRAEL**

- 2002: EU, US, UN & RUSSIA ESTABLISH *QUARTET* ON MIDDLE EAST; TONY BLAIR = QUARTET'S SPECIAL ENVOY SINCE 2007**

- STATEBUILDING ACTIVITIES: e.g., *EU POL COPPS* MISSION IN RAMALLAH PROVIDES POLICE TRAINING, EQUIPMENT, PRISON FACILITIES; SUPPORT FOR RULE OF LAW (PENAL & JUDICIAL SYSTEM); 71M EURO INVESTMENT PACKAGE (2010) IN AREAS OF JUSTICE, SECURITY, PRIVATE SECTOR DEVELOPMENT, SOCIAL DEV, ETC.**

- DEVELOPMENT AID: LARGEST DONOR OF NON-MIL AID TO 4 COUNTRIES SURROUNDING ISRAEL**

- LARGEST DONOR (> 50%) OF AID TO P.A. AND REFUGEES: IN 2010, €41.4M PACKAGE TO PAY SALARIES & PENSIONS OF PA CIVIL SERVANTS, COMPLEMENTING A 158.5M PACKAGE; SINCE 2007, 500M ANNUALLY FOR CIVIL SOCIETY ORGS, REFUGEES**

- HUMANITARIAN & EMERGENCY RESPONSE; BORDER & CUSTOMS ASSISTANCE; PEOPLE-TO-PEOPLE CIVIL SOCIETY PROJECTS, ETC.**

EU-LATIN AMERICA & CARIBBEAN (LAC)

**RIO SUMMIT OF EU HEADS OF GOVT AND COUNTERPARTS
FROM LATIN AMERICA & CARIBBEAN, 1999**

**NEGOTIATIONS WITH MERCOSUR (ARG, BRA, PARA, URU +
CHILE) START IN 2001**

**EU IS THE LEADING INVESTOR IN LAC & ITS 2ND LEADING
TRADE PARTNER**

**BIANNUAL SUMMITS WITH LATIN AMERICAN AND CARIBBEAN
STATES**

- MARCH 2010: POLITICAL DIALOGUE WITH CARIFORUM
IN JAMAICA**
- 18 MAY 2010: LAC SUMMIT UNDER SPANISH
PRESIDENCY, MADRID:**
 - CONCLUSION OF NEGOTIATIONS ON TRADE AGMTS
WITH COLUMBIA & PERU AND WITH CENTRAL
AMERICA**
 - SUMMITS WITH BRAZIL, MEXICO & CHILE**
 - RE-LAUNCH OF TALKS WITH MERCOSUR (TRADE =
€84B IN 2010)**

**2011: EU STUDY SHOWS THAT AN EU-MERCOSUR FREE
TRADE DEAL COULD COST EU FARMERS €3B IN ANNUAL
INCOME (ESPECIALLY BEEF FARMERS IN IRE, UK &
FRANCE); FARMER LOBBIES OPPOSE IT**

**JUNE 2011: TRADE COMMISSIONER DE GUCHT IN CENTRAL
AMERICA TO PROMOTE FINALIZATION OF EU-CENTRAL
AMERICAN TRADE AGREEMENT**

EU SPECIAL REPRESENTATIVES

AFGHANISTAN: VYGAUDAS USACKAS (LITH) – SINCE 4/1/10

AFRICAN UNION: GARY QUINCE (UK) – SINCE 11/1/11

**BOSNIA AND HERZEGOVINA: PETER SØRENSEN (SWEDEN) –
SINCE 9/1/11**

CENTRAL ASIA: PATRICIA FLOR (GER) – SINCE 7/1/12

**HORN OF AFRICA: ALEXANDER RONDOS (GREECE) – SINCE
1/1/12**

KOSOVO: SAMUEL ŽBOGAR (SLOVENIA) – SINCE 2/1/12

**MIDDLE EAST PEACE PROCESS: ANDREAS REINICKE (GER) –
SINCE 2/1/12**

**SOUTH CAUCASUS & GEORGIA: PHILIPPE LEFORT (FRANCE)
– SINCE 9/1/11**

**SOUTHERN MEDITERRANEAN: BERNADINO LÉON (SPAIN) –
SINCE 7/18/11**

SUDAN: ROSALIND MARSDEN (UK) – SINCE 9/1/10

ORGANIZATION FOR SECURITY AND COOPERATION
IN EUROPE (OSCE)

<www.osce.org>

**ORIGINATED IN *CONFERENCE ON SECURITY & COOPERATION*
IN EUROPE, 1973-75; RENAMED OSCE, DEC 1994; 56
MEMBERS IN 2011**

**-- SECRETARIAT IN VIENNA; OFFICES IN COPENHAGEN,
GENEVA, THE HAGUE, PRAGUE & WARSAW**

ORGANIZATION

- SECRETARY GENERAL: MARC PERRIN DE BRICHAMBAUD
(FRANCE), 2005-11; LAMBERTO ZANNIER (ITALY)
SINCE JULY 2011**
- CHAIRMAN-IN-OFFICE = MINISTER OF FOREIGN AFFAIRS
OF AN OSCE STATE, SELECTED ANNUALLY;
RESPONSIBLE FOR EXECUTIVE ACTION**
- PERMANENT COUNCIL - MAIN DECISION-MAKING BODY**
- FORUM FOR SECURITY COOPERATION (WEEKLY)**
- ECONOMIC FORUM - ANNUALLY (PRAGUE)**
- SUMMITS AND COUNCILS OF MINISTERS**
- OFFICE FOR DEMOCRATIC INSTITUTIONS & HUMAN
RIGHTS; HIGH COMMISSIONER ON NATIONAL
MINORITIES; REPRESENTATIVE ON FREEDOM OF
THE MEDIA; COURT OF CONCILIATION &
ARBITRATION; REPRESENTATIVES FOR ARMS
CONTROL & CONFIDENCE BUILDING MEASURES**

OSCE, CONT'D

AIMS:

- PROMOTE DEMOCRATIZATION (ELECTION MONITORING, ETC.)**
- CONFLICT PREVENTION & CRISIS MGMT (NEGOTIATIONS IN BALKANS, GEORGIA, ESTONIA, TAJIKISTAN, MOLDOVA, LATVIA, NAGORNO-KARABAKH, CHECHNYA, ETC.)**
- SECURITY DIALOGUE, ARMS CONTROL, CONFIDENCE- AND SECURITY-BUILDING MEASURES**
- CHARTER ON EUROPEAN SECURITY, 1999**
- COOPERATION WITH NATO AND EURO-ATLANTIC PARTNERSHIP COUNCIL**

EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT

(www.ebrd.org)

- **MITTERRAND PROPOSAL; SIGNED 1990, INAUGURATED 1991; INVESTMENT IN CEECs, FORMER USSR, ETC.**
- **PROVIDES FINANCING FOR BANKS, INDUSTRIES & BUSINESSES, PRIVATIZATION OF STATE-OWNED FIRMS AND MUNICIPAL SERVICES IN VARIOUS E. EUROPEAN COUNTRIES (INCLUDING SOME EU MEMBERS), FORMER USSR, TURKEY, MONGOLIA**
- **61 MEMBERS IN 2011 (INCLUDING US, CAN, EU, JAP, ISRAEL, EGYPT, MEXICO, S. KOREA .. et al.) + EU + EUROPEAN INVESTMENT BANK**
- **PRES. = THOMAS MIROW SINCE 2008 (FORMER ECONOMIC OFFICIAL IN GERMANY)**
- **HQ IN LONDON**

NORDIC COUNCIL

**INTERGOVERNMENTAL ORG TO PROMOTE CONSULTATION
& COOPERATION IN FUNCTIONAL AREAS (ENVIRON,
TRANSPORT, HEALTH, ECONOMIC DEV, ETC.)**

MEMBERS:

- 5 STATES: DENMARK, FINLAND, ICELAND, NORWAY,
SWEDEN**
- 3 AUTONOMOUS AREAS: GREENLAND, FAROS ISLANDS
AND ALAND**

INTER-PARLIAMENTARY COOPERATION SINCE 1952

COUNCIL(S) OF MINISTERS SINCE 1971

- MINISTERS OF FOREIGN AFFAIRS & DEFENSE MEET
SEPARATELY**

**SINCE COLLAPSE OF USSR, COOPERATION WITH ESTONIA,
LATVIA, LITHUANIA AND NORTHERN RUSSIA**

**ORGANIZATION OF ECONOMIC COOPERATION
AND DEVELOPMENT (OECD)**

**CREATED IN 1960 TO PROMOTE ECONOMIC COOPERATION
AMONG ITS MEMBERS THROUGH DATA COLLECTION,
EXCHANGES OF INFORMATION, CONSULTATION, ETC.**

- **30 MEMBERS: 23 EUROPEAN COUNTRIES (INCLUDING
TURKEY) + U.S., AUSTRALIA, CANADA, JAPAN, MEXICO,
NEW ZEALAND AND SOUTH KOREA**

- **HQ IN PARIS**

- **WASHINGTON OFFICE: 2001 I ST., NW**

