

## GOVERNANCE AND PUBLIC POLICY

### Diploma stage examination

**5 June 2008**

From 2.00pm to 5.00pm  
plus ten minutes reading time from 1.50pm to 2.00pm

#### ***Instructions to candidates***

*There are **five** questions on this question paper*

*Answer **four** questions in total*

***Two compulsory*** questions from ***Section A***

***Two*** of the three questions from ***Section B***

*Question 1 in Section A carries, in total, **50** marks*

*Question 2 in Section A carries, in total, **20** marks*

*The questions in Section B each carry a total of **15** marks*

*Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.*



### **PRE-SEEN MATERIALS**

These materials have been extracted from the BBC News Website and are intended to introduce and illustrate the theme of Question 1 of the Governance and Public Policy examination.

The content of CIPFA's Learning Material is sufficient for students to successfully address the issues relating to the pre-seen materials in Question 1. But you may also find it useful to study other material which will help you to further develop your understanding of the theme.

Examples and illustrations, drawn from such further study, will be awarded appropriate credit by the Examiner, where they are relevant to the requirements of the questions set.

### **Europe's view of the Reform Treaty**

**Ministers from EU member states have launched a three-month conference to finalise the details of the so-called Reform Treaty, the replacement for the doomed EU constitution.**

But what do people across the EU think of the revival of the constitution in a different form? BBC correspondents find out.

#### **BELGIUM: OANA LUNGESCU**

If anyone loves the European constitution, it's the Belgians. In the latest EU-wide Eurobarometer poll, a whopping 82% say they support it.

The Belgians top the poll - issued in June - while the British come at the very bottom, with only 43% saying they are in favour.

An overwhelming majority of Belgians also say they want more European integration and would gladly hand the EU greater powers over the environment, migration and social matters.

During the June marathon summit to thrash out a replacement for the constitution, Belgium's outgoing prime minister Guy Verhofstadt was among those EU leaders who fought a rearguard action against attempts by Britain, Poland and the Netherlands to claw back powers from Brussels.

When Belgium celebrated its national day at the weekend, the ceremony was opened by 27 youngsters carrying a huge EU flag - and the EU anthem was played before the Belgian one.

#### **FRANCE: HUGH SCHOFIELD**

It was France that first rejected the constitution at a referendum two years ago, but according to the country's new leader, Nicolas Sarkozy, this does not mean the country is anti-European.

Instead, he says, there was a widespread disillusionment with the course the EU had taken. He has therefore been at pains to reassure voters on the issues that most worry them.

The original text was widely attacked for enshrining free-market economics, so Sarkozy had "free and undistorted competition" removed from a list of EU objectives.

Polls showed a majority were against Turkish entry, so he argued against full membership for Ankara.

In his rhetoric on Europe, Sarkozy makes constant reference to the idea of "protection". The EU has to improve the lives of its citizens, he says. If the euro is too high and killing exports, for example, then politicians have a duty to talk it down.

All this sounds to sceptics more like "protectionism" than "protection", but it goes down well in France.

With the president continuing to enjoy high popularity ratings, there is every reason to expect the country to follow his advice and adopt the new treaty without demur. By parliamentary vote this time.

### **IRELAND: JAMES HELM**

It would be an exaggeration to say people are on the edge of their seats worrying about the fate of the Reform Treaty, but Ireland's role in the development of the constitution has not been forgotten.

Back in 2004, it was Irish Prime Minister Bertie Ahern who got Europe's leaders to agree on the text, at the end of Ireland's six months running the EU's rotating presidency.

Down the years Ireland has been a pretty enthusiastic member of the European Union.

Due to the requirements of Ireland's own constitution, Irish voters will get to have their say in a referendum on the Reform Treaty.

It is likely to be held in the first half of next year, and a poll conducted back in April and May suggested fairly strong support.

The Irish government will be wary of complacency, however, remembering how in 2001, to almost universal surprise around Europe, Irish voters rejected the Nice Treaty.

Then, the Green Party helped lead the No campaign. Now, the Greens are part of a coalition government, so may be less likely to rock the boat.

### **THE NETHERLANDS: GERALDINE COUGHLAN**

Dutch voters rejected the EU constitution two years ago, and about half of the electorate is still Eurosceptic. But there seems to be a growing recognition that a document is needed to bind EU countries together.

Eight out of 10 of the country's MPs support the idea of a constitution and believe it will enhance Dutch influence in Europe.

But Dutch people are thrifty - and being one of the biggest net contributors to the bloc, they want to see value for money.

A major concern for The Netherlands is that the Reform Treaty includes new powers for the EU in areas such as justice and home affairs.

There is uncertainty over whether this will threaten national sovereignty and transfer powers from governments to the EU.

There is still a possibility that the Dutch could hold a second referendum on an EU constitution. The idea is popular among the far-right and the far-left-wing parties, though the centre-right government is not keen.

### **POLAND: ADAM EASTON**

Poland's conservative coalition government is much more Eurosceptic than the public.

In a recent survey, a full 89% of those questioned said they supported EU membership.

The country's accession to the EU in 2004 was seen by many here as the country finally taking up its rightful place in the heart of Europe - a place denied by Stalin's imposition of a Soviet-style communist system after World War II.

Public opinion on support for the new EU treaty has not been tested, but in a survey conducted after the rejection of the old constitutional treaty by French and Dutch voters in 2005, more Poles said they would vote for it than against.

Prime Minister Jaroslaw Kaczynski, who has described last month's summit agreement on the treaty as a great success, says he sees no threat to ratification of the treaty in Poland.

But his junior coalition partners have other plans. They have announced they will campaign against ratification.

So far, Mr Kaczynski has not announced any plans for a referendum, but if he does, the signs are it would succeed.

### **UK: LAURA KUENSSBERG**

The EU treaty stirs plenty of passion in British politics but curiously the debate is less about what is actually in the draft, than whether the public will be able to vote on it.

Former prime minister Tony Blair said there would be a referendum on the previous version, the now failed EU constitution.

But his argument, now adopted by Gordon Brown, is that the new draft document is inherently a different beast, and doesn't transfer significant powers.

### **JUNE EU DEAL: MAIN ISSUES**

Double majority voting delayed until 2014

Long-term EU president

High Representative for foreign affairs

Fewer national veto powers

More powers for the European Parliament

Mr Brown insists that the UK's "red lines" have been met: Britain will maintain control over foreign policy, tax and benefits, criminal justice and get an opt-out on a charter of fundamental rights.

So, he argues, no public vote is needed to approve the plan.

Not so, say the Conservatives. They argue the treaty is basically the same as the failed constitution, and surrenders powers hand over fist.

Even though polls suggest about three quarters of the public want a referendum, the government knows it wouldn't win.

It's easier, at the moment, for Gordon Brown to risk unpopularity by refusing to hold a referendum, than gamble on an embarrassing likely defeat.

Story from BBC NEWS:

<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/6911590.stm>

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### **A close look at the Reform Treaty**

By Stephen Mulvey  
EU reporter, BBC News

**The first draft of a new EU treaty can now be read in French and English, but what the text means for the EU's half a billion people is still not easy to determine.**

Not only is the Reform Treaty drafted in a special form of *euro-legalise*, but the political passions surrounding it often generate more heat than light.

Here we take 15 statements about the treaty - some of them plucked from the current political debate - and try to assess dispassionately how much truth they contain.

Where that attempt fails, we try to steer readers through some of the relevant arguments.

#### **It differs fundamentally from the constitution / It's the constitution re-named.**

The two draft treaties - the Reform Treaty and the Constitutional Treaty - are quite different to read. The Reform Treaty has lots of this kind of thing: "An Article 40 shall be inserted, with the wording of Article 52; it shall be amended as follows: (a) the following Article heading shall be inserted: 'Ratification and entry into force'; (b) in paragraph 1 the words..." etc. The Constitutional Treaty avoided this particular kind of gobbledygook, so to describe the Reform Treaty as a cut-and-paste job, as some politicians have, is slightly misleading.

On the other hand, they are right that the practical outcome of both treaties is pretty much the same. It's often said that more than 90% of the constitution has been carried over into the Reform Treaty.

There are some differences, even so. For example, the constitution would have created an entirely new legal order for the EU, sweeping away earlier treaties, whereas the Reform Treaty merely amends them. (This is the reason for the gobbledygook mentioned above.) It also drops references to the EU flag and anthem; it ditches some of the constitution's flowery preamble, and part of an article on the principles of the union; and the text of the Charter of Fundamental Rights is relegated to an annex. In addition, some countries have negotiated new opt-outs, which they did not have from the constitution.

So is the result the same or different? The DNA of mice and humans is 90% the same, points out British Labour MEP Richard Corbett - but the remaining 10% is rather important. The question here is whether the essential qualities that made the constitution a constitution have been removed, or whether the things that have been changed are mere details.

### **It gives Europe a US-style president.**

It will certainly change the nature of one of the EU's presidential posts - the presidency of the Council of the European Union, which is the body made up of the governments of member states. (The EU also has a president of the European Commission and a president of the European Parliament.)

The presidency of the council has up to now been held by a member state, not a person, and for only six months. The new President of the European Council will be a top politician, chosen by prime ministers and national presidents, for a term of 30 months. But will he or she be "US-style"? Not for now. The job comes with no executive powers.

True, the possibility of one day merging the posts of president of the council and president of the commission is not explicitly ruled out in the treaty, and some enthusiasts for European integration dream of a directly-elected EU president. But whether these things ever happen is a matter for future leaders to decide, not a decision that has already been made.

The old system of national presidencies will also continue to exist, in a new form. Three countries will jointly run the meetings (known as councils) of national government ministers, to discuss legislation in areas such as employment, the environment, telecoms and transport.

### **An EU foreign minister will sideline national foreign ministers.**

The treaty creates a single figurehead for EU foreign policy, out of the two that currently exist. The new supremo will have the diplomatic clout of the current foreign policy and security chief, Javier Solana, plus the financial clout of External Relations Commissioner Benita Ferrero-Waldner, who controls the EU foreign aid budget. He or she will also have a big staff.

The post will not, after all, be called Foreign Minister. The title will be High Representative of the Union for Foreign Affairs and Security Policy. But it will still be a powerful position - the high representative, speaking on behalf of the EU's 27 member states, is likely to have a louder voice than the foreign minister of any individual state. (Javier Solana probably speaks louder than many of them already.)

On the other hand, the high representative can only implement policies that member states have agreed unanimously. So, as in the case of Iraq a few years ago, and possibly now in the case of Kosovo, the high representative could occasionally be left on the sidelines.

A declaration to be added to the new treaty says the creation of the high representative does not "affect the responsibilities of the member states... for the formulation and conduct of their foreign policy". Declarations are a statement of political intent. They are not legally binding but the European Court of Justice does take them into account in its judgements.

### **France and the UK will lose their UN Security Council seats.**

Some countries would like the EU to get a permanent seat on the UN Security Council, and the treaty does give new forward momentum to the EU's common foreign policy. Some people may conclude from this that it's only a matter of time before the EU gets a security council seat, at the expense of France and the UK. But the UN Charter says membership is for "peace-loving *states*" - and the EU, as an international organisation, cannot therefore join.

What the Reform Treaty *does* say is that when member states have formally adopted a common position on an issue on the security council agenda, those with seats on the security council will ask if the high representative can present the EU position. If no common position has been adopted, the question will not arise. And of course it is the member states, not the EU, that have the seats on the security council, and the votes.

In fact, the current EU high representative, Javier Solana, has already presented the EU's common position at the security council on a number of occasions. This has not prevented individual member states from making their own statements as well.

A declaration to be added to the new treaty says explicitly that the EU's common foreign and security policy will not affect a member state's membership of the UN Security Council. Declarations are a statement of political intent. They are not legally binding but the European Court of Justice does take them into account in its judgements.

**It gives the EU a legal personality - like a country, not an international organisation.**

This argument seems to rest on the assumption that international organisations do not have a legal personality. But most do.

It also glosses over the fact that the European Community - which still exists on paper as a legally separate entity from the EU - already has a legal personality. (Whether the EU already has a legal personality is a matter of dispute.)

But could the EU, if it acquired a single legal personality, end up joining international organisations or signing international treaties *instead of* member states? This has not been the practice up to now. Both the European Community and the EU have been signing treaties for years, and the European Community is a member of the World Trade Organization, the UN Food and Agriculture Organization, and the Hague Conference. This has not prevented member states from signing the same treaties and joining the same organisations.

A declaration to be added to the new treaty underlines that acquiring a legal personality will not authorise the EU to act "beyond the competences conferred on it by member states". Declarations are a statement of political intent. They are not legally binding but the European Court of Justice does take them into account in its judgements.

**The treaty is self-amending.**

The treaty contains an article, sometimes referred to as a "ratchet clause", allowing member states to agree that decisions currently taken only by means of a unanimous vote, can in future be taken by a mere majority vote (though this is ruled out in the area of defence). It also contains provisions allowing the objectives of most EU policies to be amended.

Both of these procedures allow EU treaties to be revised without an intergovernmental conference (IGC). So could it be that in future EU treaties will be changed incrementally, without fanfare, depriving opponents even of the chance of campaigning for a referendum?

Yes and No. There are two important caveats: member states would still have to take the decision unanimously, just as they would at an IGC; and all national parliaments would have to approve. Opponents would still be able to campaign against such changes, though they would probably find it even harder to secure a referendum than it already is.

Most major institutional reforms, or the creation of new EU competences, would still require an IGC. (And the UK government, in its white paper on the treaty, says it would insist on an IGC for any "fundamental change" to the treaties.)

So-called "simplified methods" of treaty revision are not entirely new. In 2004, most aspects of asylum and immigration policy were moved from unanimous voting to majority voting in this way. And there have long been other provisions allowing, for example, changes to the statutes of the European Central Bank, or the distribution of seats in the European Parliament, without an IGC.

### **It gives national parliaments a bigger say in EU affairs.**

This is true, but the changes are quite limited. One is that EU institutions will be obliged to notify national parliaments of proposed legislation, and give them eight weeks to comment before governments begin to discuss it. (The European Commission has in fact already been notifying parliaments of proposed legislation, but only on an informal basis.)

Another change is that national parliaments will be given a chance to challenge legislation. The treaty says that if a third of them object to a proposal, the commission has to consider whether to maintain, amend or withdraw it. But if it decides to maintain it, the national parliaments have no comeback - this is just a yellow card, not a red one. The treaty does, however, also introduce what has been dubbed an orange card: if a majority of national parliaments object, and the commission still wants to press ahead with its proposal, the European Parliament and the council (ie the member states) consider both sides of the argument and come up with a decision.

Critics point out that the chances of half of the parliaments in the EU objecting to a draft law are not high. Furthermore, they have to do it within an eight-week period, and the only valid objection is that action at national or regional level would make more sense than action at EU level. . . And even then the parliaments could get over-ridden. . . So while this may be, as some experts argue, an important step for the EU to take, it is hardly a revolutionary one. In reality, if some parliaments started to vote against a commission proposal, it would be more likely to be killed off by the governments of the same member states, acting in the council of the EU, rather than as a result of the orange card.

The treaty also contains other encouragements to national parliaments to take more interest in European legislation, including a clause that says, "National parliaments shall contribute actively to the good functioning of the Union." (Some British MPs have objected to this on the grounds that it seems to be an instruction.)

In fact, national parliaments already have plenty of opportunity to scrutinise European legislation if they want to, but only the Danish, Finnish and Swedish parliaments get closely involved. This treaty cannot make the others change their ways.

### **The Charter of Fundamental Rights will not change UK law.**

The EU's Charter of Fundamental Rights was agreed in 2000 as a "solemn proclamation" - a political declaration - but the new treaty would make it legally binding. What this change would mean in practice is hotly disputed. Some say it will open the way for the European Court of Justice to rewrite national laws in the social sphere - on strikes, collective bargaining, social security, working hours, and so on. The Open Europe think-tank quotes European Court judges, who say that this is precisely how they envisage the charter will work.

But others disagree. They say the charter applies to member states only when they are implementing EU law - but most social and employment law is national law. Some social rights are guaranteed by the charter only "in accordance with. . . national laws and practices". And an explanation of the charter's right to strike says, "The modalities and limits for the exercise of collective action, including strike action, come under national laws and practices". (This comes among the non-binding declarations accompanying the treaty.)

As an extra guarantee, the UK government has negotiated for itself a legally binding protocol, which says no court can rule that the "laws, regulations or administrative provisions, practices or action" of the UK are inconsistent with the principles laid down in the charter. It adds "for the avoidance of doubt" that the charter creates no new rights enforceable in the UK, over and above those already provided for in national law. But again, whether this protocol will work is a matter of intense debate. Some MEPs have vowed to challenge it in the European Court of Justice, on the grounds that it violates a principle that EU law must be applied uniformly to all member states. Others have argued that come what may, the European Court will develop case law on the basis of the charter, which will apply to all member states.

British officials remain relaxed, saying that the protocol is safe from legal challenges because, as part of a treaty, it will be part of the EU's primary law - its legal Bible.

They add that the European Court has been generating case law on fundamental rights for years, and the charter only brings together rights that already exist in that case law, so its new legally binding status ought not to change the status quo.

This may be a case where the proof of the pudding will only come in the eating.

**It's a major transfer of power to EU institutions / It does not fundamentally alter the relationship between the EU and member states.**

Opponents of further European integration argue that the treaty transfers power in numerous ways - the surrender of vetoes, new powers for the European Court of Justice, institutional changes (including the creation of a new president and "foreign minister"), and changes to the voting system used by member states, to name but a few.

Most supporters of the treaty would probably concede that it transfers *some* power to the EU, the question is how much, and what changes will come about as a result.

Brendan Donnelly of the Federal Trust (a supporter of European integration) argues that the Reform Treaty is unambitious compared to the Single European Act, which paved the way for the completion of the EU's single market, or the Maastricht Treaty, which ushered in the euro and first gave the EU a political dimension. These were "revolutionary" treaties, in his view, while the Reform Treaty is more on a par with the Amsterdam Treaty, which marked the start of EU co-operation in Justice and Home Affairs. From this perspective, the new treaty is just one more step in the EU's pursuit of "ever closer union" and not a particularly dramatic one.

The fact that at least one prime minister started shouting at the end of the June EU summit, because he felt the constitution had been watered down too much, demonstrates that Brendan Donnelly is not the only one who regards the treaty as unambitious. On the other hand, the same incident provides partial confirmation of a point made by Open Europe (an opponent of further integration), namely that some European leaders will see the Reform Treaty as part of a constitutional process - a stepping stone on the road to a fully-fledged EU constitution.

Whether you end up concluding that the transfer of power is major or minor may well depend on what you think of pooling sovereignty in the first place. If you think it's a good idea, you are more likely to see the treaty as a modest extension of EU business as usual. If you think it's a bad idea - or if you think it works for the single market, say, but not for the fight against crime or global warming - you are more likely to think the treaty represents a quantum leap.

One other point worth bearing in mind is that the new posts of president and high representative created by the Reform Treaty will both be answerable to the EU's member states - many observers expect them to expand the collective influence of the member states in Brussels, at the expense of the European Commission.

The EU is a complex, hybrid organisation, and institutional changes that strengthen it overall do not necessarily weaken national governments - the trade-off is not quite that straightforward.

### **The treaty surrenders dozens of national vetoes.**

A national veto disappears when member states agree that decisions that have hitherto been taken by a unanimous vote, can in future be taken by a majority vote. Opponents of European integration talk about surrendering vetoes, supporters prefer to talk about pooling sovereignty - but neither side disputes that the Reform Treaty takes this step in somewhere between 45 and 70 policy areas.

This is numerically larger than in earlier treaties. However, that does not necessarily mean the net effect is greater, as some of the new areas which the treaty makes subject to majority voting are quite arcane - such as, in Tony Blair's words, "The council review of general rules on the composition of the Committee of the Regions, and the Comitology Committee, whatever that might be". Other examples are decisions on the methods used for gathering statistics in the eurozone, and on transport subsidies to the territories formerly in East Germany.

Other changes are more significant. The Maastricht Treaty was the first to open up the possibility of majority voting for the implementation of foreign policies - though the policies themselves had to be decided by unanimity. The Reform Treaty mirrors this by allowing majority voting on the new high representative's proposals for implementing unanimously agreed policies. There are one or two other exceptions, but in general the veto is preserved in the area of foreign policy.

Unanimity will be given up in regard to social security for migrants, though here there will be an "emergency brake" allowing a government to demand a unanimous vote at an EU summit, if it is strongly opposed to a piece of legislation.

The most important veto abolition probably comes in the area of Justice and Home Affairs (JHA), where police and judicial co-operation in criminal matters will now be subject to majority voting, as asylum and immigration and some other policies already are. (The UK has negotiated the right to pick and choose whether to take part in JHA legislation - but it will of course choose to opt in, in some cases.)

The number of vetoes given up is often regarded as a key measure of powers transferred from member states to the union, but again it's not an entirely straightforward issue.

Without a veto it is more difficult for a member state to block legislation that it dislikes, but its ability to push through legislation it wants to see adopted is correspondingly increased. It's often argued that the single market would never have come into existence if member states had wielded a veto in this area.

### **It makes it more difficult for most states to block legislation.**

The Reform Treaty introduces a new system for voting by member states, in cases where unanimity is not required. This says that a vote is passed if (a) 55% of member states are in favour - that's 15 out of 27 - and (b) these countries represent 65% of the EU's population. It is also passed if fewer than four countries oppose it.

At present, the system is even more complicated. One of the conditions for a vote to pass is that 255 of the 345 votes distributed among the member states should be cast in favour - that is about 74% of the total.

Open Europe cites academic research which says that the new system - which would start being introduced after 2014 - lowers the threshold for a vote to be passed. Legislation would apparently be passed more easily than it was when the EU had only 12 members (1986-1995). It follows that it is also more difficult to block a decision from being made. But the change in blocking ability is more pronounced for some countries than for others. The chances of Germany being among a group of states capable of blocking a vote remains roughly the same, the academics say, but the UK's chances would be reduced by 30%.

On the other hand, if the UK wants a vote to succeed, this is not only generally more likely to happen, but the UK's vote appears to count for more. Under the existing system it has about 8% of the 345 votes distributed among the member states. Under the new system, the size of a country's population becomes much more important, and the UK's is about 13% of the EU total.

How important these changes are is debatable. In practice, member states rarely hold votes on EU legislation (unlike the European Parliament), preferring instead to proceed by means of compromise and consensus.

Big countries, in particular, are seldom outvoted on an issue that is important to them. But in theory it can happen.

### **The European Court of Justice gets sweeping new powers.**

The European Court has so far had limited powers to rule on cases dealing with EU justice and home affairs legislation (laws on asylum and visas, illegal immigration, or judicial co-operation and so on). The new treaty would remove most earlier restrictions.

The UK and Denmark are in a special position because Denmark has an opt-out from this area, and the UK has negotiated the right to pick and choose which EU policies to sign up to. If the UK did not sign up to a piece of legislation, it would not be affected by any rulings made by the European Court interpreting that legislation. If it did sign up, then it would be affected by the rulings.

For example, the UK has signed up to policies on asylum and immigration, so it is likely, experts say, that British courts will refer more of these cases to the European Court of Justice for an interpretation, if the Reform Treaty is approved. It is also likely that these referrals would take place at an earlier stage in the legal process - in other words, before the case reaches its final stage (the House of Lords or Court of Appeal).

Former UK Europe Minister Geoff Hoon is on record as warning this could further complicate "our existing asylum and immigration policies".

**The new treaty continues a "drip-drip-drip" loss of national sovereignty.**

This is one way of looking at it. In so far as the history of the EU has been one of deepening integration, almost every new treaty has led to a greater pooling of sovereignty. Another way of looking at it is to say that member states have chosen to pool sovereignty in an increasing number of areas, because they get better results this way than by acting alone.

Will this process continue indefinitely? It depends whether the member states want it to or not.

One theory is that after more than 20 years of almost constant treaty revision, and the huge turmoil over the constitution, they will now want to pause, and focus on delivering results that make a difference to European citizens, using the tools currently available.

Another theory says that in an EU of 27 states or more, agreeing ambitious new projects is now very difficult, making it more likely that further integration will be limited, or take place in smaller go-ahead groups, as with the euro, and the Schengen open-borders agreement.

But it is also possible that in 2009, once a new European Parliament and European Commission are in place, the member states will embark on a new round of treaty revision to pick up more of the pieces left behind in the wreckage of the constitution. The constitution was originally conceived as a way of making the EU more transparent and accessible to citizens. The Reform Treaty was not. As a result, the "democratic deficit" is as serious as it ever was, and some EU leaders will be eager to address the issue.

The EU also has plenty of opportunities to continue integration without resorting to treaty revision. There is a lot of scope for further collaboration in the justice and home affairs field, or on energy policy and climate change. Equally, the eurozone countries could decide to integrate more deeply, or the political parties represented in the European Parliament could make a bid to determine the next president of the European Commission.

It seems unlikely that the EU will want to stand still.

**The UK has signed up to its own version of the treaty.**

This is inaccurate, or at least, a loose use of language. All countries have agreed the same negotiating mandate, and will sign the same treaty, assuming the intergovernmental conference reaches a successful conclusion.

The UK will simply have opt-outs in some areas.

**Some member states will lose their European commissioner.**

This is true - they will lose their commissioner temporarily, for five years at a time. At present, each country has a commissioner, and not long ago the larger countries had two. But under the new treaty, from 2014 only two-thirds of member states will have a commissioner at any one time. The seats will be handed out by rotation, every five years. In an EU of 27, each country would have a commissioner for 10 years out of the first 15. However, the EU is likely to have 28 members by 2014, so the arithmetic will not be quite so neat.

Story from BBC NEWS:

<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/6928737.stm>

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### **Mandelson in EU debate warning**

#### **European Commissioner Peter Mandelson has warned against a "poisonous" and protracted debate about the EU treaty.**

Mr Mandelson dismissed claims the reform treaty document is effectively the same as the constitution rejected by voters in France and Holland.

He said it was "a sensible agenda for the effective working of the EU" - and called British opposers "diehards" who could not see Europe has changed.

His London speech came ahead of the EU summit in Lisbon to approve the treaty.

UK Prime Minister Gordon Brown has faced calls from the Conservatives, the trade unions and a growing number of his own MPs to hold a referendum on the treaty.

The cross-party European scrutiny committee added to the pressure this week by saying the treaty is "substantially equivalent" to the failed constitution, on which British voters were promised a referendum.

Mr Brown has insisted the treaty is different to the constitution - and has threatened to veto it if he does not win the concessions - or "red lines" - he has sought.

#### **'Bitter debates'**

In a speech to the Centre for European Politics at the University of London, Mr Mandelson warned against the sort of battle over Europe which could result from a referendum.

"I strongly believe it would not be in the interests of Britain for our politics to return to the sort of poisonous debate over Europe we have had in the past," he said.

"From a narrow, purely domestic perspective, it would, I believe, be a political mistake.

"But more importantly than that, a return to the bitter debates of the past would hamper Britain in pursuing its interests within the EU, and through the EU, in the world."

Euro-sceptics failed to recognise that the EU has changed to accommodate British concerns, said Mr Mandelson.

When the EU accepts priorities put forward by the UK, Britain needs to "take yes for an answer", rather than positioning itself in constant opposition to Brussels.

#### **'Not radical reform'**

In a world where the billion-strong Indian and Chinese economies are increasingly big players, a country of 60 million people like the UK has no "viable alternative" to working as part of a bloc like the EU, he said.

The new treaty will "reform some of the EU's institutional structures to function better in the global age and to cope with future enlargement", said Mr Mandelson.

And he added: "It is not a radical reform. It's not a constitution - there is no anthem, no ancient Greek mottos. It is a sensible agenda for the effective working of the EU.

"And although the EU's pooling of some powers to give Europe greater weight in the world will always be objected to by British diehards, we need to remember that for the little bit of influence over our own actions that we grant others, we get an equivalent measure of influence over theirs."

Story from BBC NEWS:

[http://news.bbc.co.uk/go/pr/fr/-/1/hi/uk\\_politics/7041956.stm](http://news.bbc.co.uk/go/pr/fr/-/1/hi/uk_politics/7041956.stm)

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### **Brown welcomes deal on EU treaty**

**Prime Minister Gordon Brown has welcomed the agreement of a new EU treaty, reached after last-minute changes at a summit in Portugal.**

"The red lines have been secured. The British national interest has been protected," Mr Brown said.

He said Britain can still set its own policies on justice, home and foreign affairs, as well as security.

But shadow Europe minister Mark Francois said the Conservatives would continue to campaign for a referendum.

Mr Brown said: "It is now time for Europe to move on and devote all our efforts to the issues that matter to the people of Europe - economic growth, jobs, climate change and security."

**Britain has negotiated very hard some opt-outs on some specific issues - now we don't expect any more requests in that area**

Jose Manuel Barroso

Earlier the European Commission's president Jose Manuel Barroso said Britain's requests for concessions in the EU treaty were likely to be met, but it must not make any fresh demands.

He added he hoped for no further "difficulties" at the two-day summit in Lisbon as he urged all EU leaders to back the treaty.

"We prefer to have a solution that is broadly agreed with some specific opt-outs for some countries than not to move forward," he had said.

Foreign Secretary David Miliband told BBC Radio 4's Today programme: "The consequence of this treaty is that Europe has to prove that it can make a real difference to people's lives on issues like climate change, jobs and terrorism."

### **'National interests'**

The opt-outs, which Mr Brown referred to as "red lines", were in areas such as human rights, tax and benefits, foreign policy and justice.

The prime minister said that if these made the final draft of the treaty, it would avoid any significant transfer of power to Brussels.

"I've been determined that Britain will continue to decide in justice and home affairs - and I believe that the detailed changes that are being made with the opt-in for Britain in this area protect the British national interests," Mr Brown said at a news conference in the Portuguese capital before the deal was reached.

"On foreign affairs and security matters, it is important for us that Britain can decide, and that's why we have been determined that foreign policy remains inter-governmental and decisions are made by unanimity.

"On social security, we have been determined that there is an emergency break - and in some cases a veto - so that decisions are made in the interests of Britain."

Mr Brown, attending his first EU summit as prime minister, had pledged to veto the treaty if Britain's "red lines" were not fully incorporated.

### **Referendum calls**

Tory Mark Francois said: "In the small hours of the night Gordon Brown has agreed the revised EU constitution which potentially transfers massive powers from Britain to the EU.

"He had absolutely no democratic mandate to do this and we will now step up our campaign to secure the referendum which he promised the British people all along."

And shadow foreign secretary William Hague said that by failing to agree to a referendum, Mr Brown was "still treating the British people like fools" with comments that had "reached new depths of cynicism".

"He still claims that because the name 'constitution' has been dropped, this treaty is somehow different, even though the European Scrutiny Committee has specifically told him his argument is misleading.

"He claims that this treaty is about making a free-trading Europe work better, when he knows that it downgrades the importance of free competition."

But Mr Miliband said the constitution was "dead" and "by no measure" could the treaty be called a constitution.

He said it was time to dispel the "myths" that the treaty amounted to "the end of Britain".

### **'Country called Europe'**

The UK Independence Party (UKIP) has also demanded a referendum, along with some Labour MPs, while ex-Lib Dem leader Sir Menzies Campbell has said a public vote should be held on the wider question of UK membership of the EU as well.

Speaking on BBC Radio 4, UKIP leader Nigel Farage said: "We've agreed a treaty that makes the European Union a country, a country called Europe now exists.

"Once this treaty goes through there's no legal debate or argument about that."

But Mr Brown was adamant a referendum was not needed.

"If we were debating as big an issue as Britain's membership of the euro, I would have been the first - indeed, I was the first - to say this is such an issue of great significance that the British people must vote in a referendum," he said.

"If it was the previous constitutional treaty, I would have argued, as we did, that there should have been a referendum. But this is an amending treaty, where the constitutional concept has been abandoned."

He said this was "a very different document" to the failed EU constitution, on which voters in the UK were promised a referendum.

And a parliamentary debate would be "the proper way of discussing this", he insisted, as long as the "red lines" made the final draft.

Story from BBC NEWS:

[http://news.bbc.co.uk/go/pr/fr/-/1/hi/uk\\_politics/7052005.stm](http://news.bbc.co.uk/go/pr/fr/-/1/hi/uk_politics/7052005.stm)

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### **EU leaders agree new treaty deal**

#### **European Union leaders have reached a deal on a landmark treaty to reform the 27-member bloc, officials say.**

The agreement in Lisbon was sealed shortly after midnight after objections from Italy and Poland were overcome.

The treaty is designed to replace the European Constitution that was rejected by French and Dutch voters in 2005 and will be formally signed on 13 December.

It includes the creation of a new longer-term president of the European Council and an EU foreign policy chief.

If what will become known as the Treaty of Lisbon is ratified by all member states, it will come into force in 2009.

### **National pride**

After seven hours of talks, EU leaders emerged embracing and slapping each other on the back in sheer relief that the most serious crisis in the bloc's 50-year history seemed to be over, the BBC's Oana Lungescu in Lisbon says.

In the last-minute negotiations, Italy gained an extra seat in the future European Parliament, returning it to parity with the UK and restoring Italian national pride, our correspondent says.

Poland secured a guarantee that small groups of countries would be able to delay EU decisions they do not like - a victory for the Polish government just days before Sunday's early parliamentary election, she adds.

#### **With this treaty, Europe is showing that the European project is on the move - now we can look forward to the future with confidence**

Jose Socrates, Portuguese Prime Minister

Earlier, Austria reached a deal over its bid to maintain quotas for foreign students, with the European Commission agreeing to suspend for five years its legal action over the country's quota.

Bulgaria also won the right to call the EU single currency the "evro", rather than euro, in its Cyrillic alphabet.

The new Reform Treaty is designed to speed up decision making in the expanded European Union. It will also create a new president of the European Council, a new EU foreign affairs chief, a reformed voting system and scrap vetoes in dozens of areas.

However, the 250-page document has been stripped of any trappings of a super-state, such as the mention of the EU anthem and flag.

It amends, rather than replaces, existing EU treaties, a point which some countries - notably the UK - have argued means there is no need for national referendums on the document.

### **'Great achievement'**

After the agreement was reached, Jose Socrates, the prime minister of Portugal, which holds the rotating presidency, said Europe had emerged from an "institutional crisis".

"With this treaty, Europe is showing that the European project is on the move. Now we can look forward to the future with confidence," he added.

European Commission President Jose Manuel Barroso said the treaty was a "great achievement".

"I believe we have a treaty that will give us now the capacity to act," he said.

"Our citizens want results. They want to see in concrete terms what Europe brings them in their daily lives."

The UK government had little to say in Friday's negotiations.

Prime Minister Gordon Brown said the UK's "red lines", which his government had declared around various policy areas, had been secured.

"The British national interest has been protected," he added.

On Thursday, Mr Brown once again ruled out a referendum on the treaty.

Despite pressure in the UK and several other countries for a popular vote, only Ireland is legally bound to hold a referendum, and most governments will do what they can to avoid another embarrassing failure, our correspondent Oana Lungescu says.

Story from BBC NEWS:

<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/7051999.stm>

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**SECTION A (Compulsory)**

1

This question is based on the pre-seen materials extracted from the BBC News website.

• **Requirement for question 1**

- (a) The UK Government had promised that the failed European Constitution would have to be accepted by referendum before it could be adopted by Parliament but it has stated that there will be no such referendum in connection with the EU Reform Treaty.

Evaluate the extent to which this decision conflicts with UK constitutional tradition and the convention of representative government.

5

- (b) Many commentators argue that the UK is already excessively integrated into the EU and that ratification and adoption of the EU Reform Treaty will merely serve to undermine British parliamentary sovereignty even further.

Assess the extent to which:

- (i) parliamentary sovereignty has already been weakened by membership of the EU;

6

- (ii) parliamentary sovereignty would be further eroded by the EU Reform Treaty.

4

- (c) The European Union has four principal institutions. Explain the role and functions of each of these institutions and comment upon the extent to which each institution has a democratic deficit.

12

- (d) Britain's steady integration into the EU has impacted on a variety of environmental and social issues. Briefly outline the nature, within the EU, of:

- (i) any two key environmental issues; and

4

- (ii) any two key social issues.

4

- (e) (i) Explain how national constitutions are typically classified.

6

- (ii) Identify characteristics of the UK constitution in terms of the classifications provided in (e) (i) above.

3

- (iii) Explain how the characteristics of the UK constitution may be affected by the ratification of the EU reform treaty.

6

**(50)**

# 2

The International Federation of Accountants (IFAC) produced a code of ethics that was fully adopted by CIPFA in May 2006. The CIPFA document *Ethics and You: A Guide to the CIPFA Standard of Professional Practice on Ethics (June 2006)* explains how the code applies to a range of public roles.

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- **Requirement for question 2**

- (a) The IFAC Code is based on five principles of ethical behaviour that apply to all professional accountants.

Identify and explain each of these principles. (Draw upon these principles to explain what the IFAC code aims to achieve).

5

- (b) The IFAC Code and CIPFA Guide acknowledge that compliance with the five principles may potentially be threatened by a broad range of circumstances. But they also identify five specific categories of threats that may detract from compliance with the principles. Provide examples of these five categories of threats.

5

- (c) You have become aware that your immediate boss, the Chief Executive of your organisation, has been making frequent overseas visits that appear to have only marginal relevance to the business of your organisation. Although your boss has assured you that the visits have been approved by the Chair of your organisation's board, no evidence of such approval has been provided. You are, therefore, faced with the problem of how you might further investigate this possible misuse of funds.

Discuss the ethical considerations raised by this case, in the light of the IFAC code, and outline possible steps to resolve this matter both ethically and professionally.

10

**(20)**

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**SECTION B (Answer two from three questions)**

**3**

There are a number of different models that try to explain how policy is made by central government.

• **Requirement for question 3**

- (a) The conventional model of the policy making process purports that politicians reflect the wishes of the electorate, using the skills of impartial civil servants.

Briefly outline two of the many other models that attempt to explain how policy is made and comment on the extent to which they reflect the reality of policy making in public life.

6

- (b) There is general agreement that the process of policy making involves three key stages. Identify these three stages and give practical examples of these stages "in action" in central government.

9

**(15)**

# 4

In parliamentary democracies, both political parties and pressure groups can make significant contributions to the policy making process.

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- **Requirement for question 4**

- (a) Define pressure groups. 1
- (b) Explain the main differences between pressure groups and political parties. 5
- (c) Outline the three models that seek to explain how pressure groups interact with government. Comment on the extent to which each model explains the current relationship between pressure groups and the UK government. 9

**(15)**

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# 5

There have been suggestions that the Prime Minister's Office has become a single, centralised, executive office which effectively makes all major decisions. Those decisions are then merely 'rubber stamped' by the Cabinet and Parliament.

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- **Requirement for question 5**

- (a) One of the Prime Minister's greatest powers is the ability to appoint and sack members of the Cabinet and other ministers. To what extent are there any constraints, in practice, over a Prime Minister's ability to exercise this particular power? 5
- (b) Explain the nature of the constitutional conventions of Ministerial Responsibility and Cabinet Collective Responsibility. Highlight any significant recent trends in the practical applications of these conventions. 10

**(15)**

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