



CENTRE FOR EUROPEAN REFORM

annual report

2002





About the CER

The CER is a think-tank devoted to improving the quality of the debate on the future of the European Union. It is a forum for people with ideas to discuss the many social, political and economic challenges facing Europe. It seeks to work with similar bodies in other EU countries, in North America and elsewhere in the world.

The CER is pro-European but not uncritical. It regards European integration as largely beneficial but recognises that in many respects the Union does not work well. The CER therefore aims to promote new ideas and policies for reforming the European Union.

The CER makes a point of bringing together people from the world of politics and business. Most of our meetings and seminars are invitation-only events, to ensure a high level of debate. The conclusions of our research and seminars are reflected in our publications, as well as in the private papers and briefings that business people, senior officials, ministers and commissioners ask us to provide. The CER's work is funded by donations from the private sector. It has never received money from governments or EU institutions.

The CER's work programme is centred on seven themes:

- ★ The euro and economic reform
- ★ Enlargement of the European Union
- ★ Reform of the EU's institutions and policies
- ★ European foreign and defence policy
- ★ Transatlantic relations
- ★ Justice and home affairs
- ★ The EU and Russia

The CER and the euro

The CER is a think-tank committed to the publication of independent research. It is not a campaigning organisation. In the interest of promoting intelligent debate, we have published essays that are hostile to the idea of Britain in the euro, and we have given a platform to speakers who are against Britain joining. We shall continue to do so. The CER is not a "political organisation", as defined by the Political Parties and Referendums Act.

The CER does believe that it is in the British national interest for the UK to join the euro. On the economics, we see both advantages and disadvantages to British membership. But on balance we think that in the long run the British economy will be stronger inside the euro-zone than outside. On the politics, we think that if Britain is in the euro it will be much better placed to promote a reform agenda within the EU. Since the CER's rationale is to make the case for the reform of the EU's institutions and policies, the CER argues that Britain should join the euro.

Five years on

The year 2002 was the most successful yet in the CER's short history. Many of our seminars were talked about long after the event – including the launch of our pamphlet on competition policy with Commissioner Mario Monti; a round-table on transatlantic relations with Commissioner Pascal Lamy; a lunch with Commissioner Chris Patten on the same subject; and two meetings to launch *New Designs for Europe* – one with Polish Prime Minister Leszek Miller in London, and one with former Italian Prime Minister Giuliano Amato in Brussels.

The CER now has its strongest-ever team of researchers. Most of them are renowned experts in their own fields, who regularly write opinion pieces for the world's press and appear on TV. As our permanent staff has grown – from two when we started in January 1998 to its current level of ten – it has become more international. Our output has also grown: in our first year we organised 19 seminars and published four pamphlets, while in 2002 we held 43 seminars and published 16 pamphlets (not counting the many articles and essays that appeared only on our website).

The change has been qualitative as well as quantitative. We started out as a think-tank with a mission to improve the quality of the UK debate on Europe. We retain that goal. But we have since become a truly European think-tank, committed to reforming the



Brussels Launch of 'New Designs for Europe' with Giuliano Amato and Charles Grant, December 2002.

European Union, that happens to be based in Britain. Many of our authors are non-British and about half our seminars take place outside the UK.

The success of a think-tank is difficult to measure. One indication is the number of TV and radio appearances, and quotes in newspapers. As far as the international press is concerned – the *Economist*, *Financial Times*, *International Herald Tribune* and



London Launch of 'New Designs for Europe' with Denis MacShane, Heather Grabbe, Danuta Hübner and Polish Prime Minister Leszek Miller, November 2002.

Wall Street Journal Europe – we do better than any other European think-tank. Another criterion is the reputation of the think-tank with key decision-makers. This is, of course, impossible to quantify, but the feedback we receive suggests that we are widely viewed as the most innovative EU-focused think-tank.



Perhaps the best measure of success is whether a think-tank's proposals are adopted as policy. Gratifyingly for us, by the end of 2002 the Convention on the Future of Europe seemed likely to make up several ideas that had earlier appeared in CER publications, including the abolition of the EU's rotating presidency; the merger of the jobs of the external relations commissioner (currently Chris Patten) and the High Representative for foreign and security policy (currently Javier Solana); the appointment of a new president for the European Council, balanced by a Commission president with enhanced democratic legitimacy; and the extension of majority voting and the Commission's sole right of initiative into many areas of justice and home affairs.

Meanwhile, the European Central Bank looks set to adopt a set of reforms that are close to what we have advocated – namely a simpler and less restrictive monetary target, plus a rotating membership of its council that will prevent overcrowding after enlargement, while giving a strong say to the largest economies. And when Mario Monti unveiled his proposed reforms of EU competition policy in November 2002, several – including the building of more checks and balances into the Commission's procedures – had been prefigured in our pamphlet on the future of EU competition policy.

Of course, we do not claim that our pamphlets have directly triggered these changes. But our publications have often helped those advocating reform to win the argument against conservatives. More generally, the CER has contributed to shifts in the climate of opinion on a wide range of issues. For example, we have helped people to understand that the EU's eastward enlargement will benefit not only the candidates but also the existing members; we have pointed the way to a healthier transatlantic relationship by urging the Americans to become more confident about using 'soft power', and the Europeans to develop some more of the hard sort; and we have focused attention on the EU's all-important economic reform programme through our series of Lisbon scorecards.

Given that we have had five years of success, it may be worth trying to define the essential ingredients of the CER recipe. I would mention ten, in no particular order:

★ **Teamwork.** The CER is neither hierarchical nor departmentalised, and all staff spend a lot of time helping each other. Everyone plays a role in reading and commenting on every pamphlet, which helps to ensure that they are accessible to a wide audience.

★ **Presentation.** Our pamphlets are rigorously edited, so that they are well-argued and readable.

★ **Proximity to the media.** All research staff spend part of each day explaining complex issues to journalists. They thank us by citing the CER's work regularly.

★ **The quality of our seminars.** Most of them are small, invitation-only discussions, which bring together people from the worlds of business and politics.

★ **The diversity of our team.** The current staff of ten includes one Australian, one Dutch, one Irish, one French and one German. Half of the team are women.

★ **The activity of our advisory board.** The distinguished members of our board – from business, politics, diplomacy and academia – devote time and energy to helping us with our strategy and work programme.

★ **www.cer.org.uk.** Our constantly changing website is widely regarded as second to none.

★ **Proximity to governments and EU institutions.** We often brainstorm with politicians and officials, in Eastern as much as Western Europe. As a result our proposals are well-informed, and we can ensure that the right people listen to our ideas.

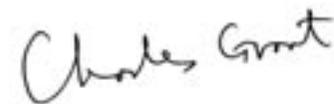
★ **Proximity to the private sector.** We spend a lot of time talking to business people, which helps us to stay abreast of trends in the corporate world, and to advocate a pro-business agenda.

★ **The breadth of our networks.** Thanks to our contacts with media and governments outside the UK, and to the extensive travel of our researchers, we are well known throughout Europe, as well as in Moscow and Washington. Few think-tanks make such a wide impact outside their home country.

★ **The nature of our proposals.** These are sometimes radical, but they are usually down-to-earth and practical, which increases their chances of being adopted.

Inevitably, there are some things that we could do better. But overall we are in no hurry to change what we regard as a winning formula. We do not want to grow larger, lest we lose the virtues of teamwork, focus and quality control.

Come our tenth anniversary in 2008, the EU will probably remain an unfinished project that is still in need of reform. There will therefore be a need for the CER.



Charles Grant
Director

Publications 2002

Pamphlets, essays and working papers

Who's ready for EU enlargement?

Katinka Barysch and Heather Grabbe (December 2002)

The EU and armaments co-operation

Daniel Keohane (December 2002)

Russia and the WTO

Katinka Barysch, Robert Cottrell, Franco Frattini, Paul Hare, Pascal Lamy, Maxim Medvedkov and Yevgeny Yasin (December 2002)

The future of European agriculture

Julie Wolf (October 2002)

What future for NATO?

Stanley Sloan and Peter van Ham (October 2002)

European economic reform: Tackling the delivery deficit

Alasdair Murray (October 2002)

New designs for Europe

Katinka Barysch, Steven Everts, Heather Grabbe, Charles Grant, Ben Hall, Daniel Keohane and Alasdair Murray (October 2002)

How to reform the European Central Bank

Jean-Paul Fitoussi and Jérôme Creel (October 2002)

What future for federalism?

Gilles Andréani (September 2002)

Business in the Balkans: The case for cross-border co-operation

Liz Barrett (July 2002)

The Barcelona scorecard: The status of economic reform in the enlarging EU

Edward Bannerman (May 2002)



Learning from Europe: Lessons in education

Nick Clegg and Richard Grayson (May 2002)

The future of European competition policy

Edward Bannerman (February 2002)

Germany and Britain: An alliance of necessity

Heather Grabbe and Wolfgang Münchau (February 2002)

Shaping a credible EU foreign policy

Steven Everts (February 2002)

Constructive duplication: Reducing EU reliance on US military assets

Kori Schake (January 2002)

Policy briefs

A half-finished job: The EU's financial services action plan

Alasdair Murray (November 2002)

Justice and home affairs: Faster decisions, secure rights

Heather Grabbe (October 2002)

EU foreign policy: From bystander to actor

Steven Everts (May 2002)

Closing the delivery deficit: The future of economic governance in Europe

Alasdair Murray (May 2002)

The Barcelona European Council

Edward Bannerman (March 2002)

Preparing the EU for 2004

Heather Grabbe (January 2002)

Events 2002

11 January: Seminar on 'The future of NATO'. Speakers included Tim Garden, Jeff Gedmin, Douglas Hurd, François Heisbourg, Dmitri Trenin, Kori Schake



14 January: Launch of 'The future of EU competition policy' in Brussels, with Commissioner Mario Monti (*right*)

15 January: Enlargement Working Group meeting with Graham Avery

21 January: Dinner seminar with General Sir Rupert Smith on European defence

22 January: Launch of 'Europe after September 11th' in Brussels

23 January: Launch of 'Europe after September 11th' in Berlin at the Stiftung Wissenschaft und Politik, with Christoph Bertram

25 January: Conference on EU enlargement, with CeSPI, Naples

13 February: Launch of 'Germany and Britain: An alliance of necessity' with Peter Hain and Karl Otto Pöhl (*below*)



19 February: Launch of 'Shaping a credible EU foreign policy' in Brussels with Carl Bildt and Javier Solana (*bottom of page, centre*)

22-23 February: Seminar on Russia's relations with the US and Europe, in Berlin, jointly organised with the Atlantic Council of the US, the Stiftung Wissenschaft und Politik and the Moscow Institute of US and Canada Studies

6 March: The CER's 5th birthday party, with Peter Mandelson and Michael Portillo as guest speakers

13 March: Meeting with the Social Market Foundation and Peter Hain on 'Economic and social reform in the EU: why Barcelona matters'

14 March: Launch of 'The Barcelona scorecard', Barcelona

11-12 April: 5th meeting of the CER-Brookings Forum on 'World order and global issues', in Washington. Speakers included Richard Haass, Steve Hadley and Edmund Stoiber.

10 May: Launch of 'Learning from Europe: lessons in education', London

29 May: Breakfast seminar with Commissioner Liikanen, Brussels

29 May: Launch of 'Learning from Europe: lessons in education', European Parliament, Brussels

6-8 June: Think-tank forum on 'Solidarity in Europe' with the Konrad Adenauer Stiftung, Warsaw. Speakers included Danuta Hübner and Peter Mandelson

10 June: Lecture by Richard Haass on the future of transatlantic relations

24 June: Round-table on the Charter of Fundamental Rights, with Alan Dashwood and Vernon Bogdanor

27 June: Round-table with Commissioner Pascal Lamy on transatlantic relations

18 July: Round-table with François Heisbourg on 'The future of NATO', with comments from Lawrence Freedman and General Sir Michael Jackson



23 July: Breakfast seminar with Labour Party chairman Charles Clarke

23 September: Fringe meeting at the Liberal Democrat Party Conference with Simon Hughes, William Wallace and Shirley Williams

29 September: Fringe meeting at the Labour Party Conference, on 'The future of Europe' with Peter Balazs, Neil Kinnock, Jack Straw, Gisela Stuart and Margot Wallström

30 September: Fringe meeting at the Labour conference, on 'Will the euro lead to a European economic government?', with Anatole Kaletsky, Ruth Kelly, Jean Pisani-Ferry, Gary Titley and Adair Turner

Kelly, Jean Pisani-Ferry, Gary Titley and Adair Turner

1 October: Fringe meeting at Labour conference on European social policy with Pervenche Berès, John Edmonds, Peter Hain, Will Hutton and Peter Mandelson (*above left*)

8 October: Launch of 'How to reform the European Central Bank', with Ed Balls and Jean-Paul Fitoussi

10-11 October: 6th Meeting of CER-Brookings Forum in Berlin on 'World order and global issues'. Speakers included Carl Bildt, Javier Solana and Strobe Talbott

16 October: Breakfast seminar with Treasury minister Ruth Kelly

17 October: Conference on 'Leadership in Europe', with the German-British Forum and the Financial Times. Speakers included Jack Straw



and Jean-Claude Trichet

25 October: Breakfast seminar with Philip Lowe, DG of competition policy, Brussels

30-31 October: British-French seminar on the EU's external identity, at the British Embassy, Paris. Speakers included Pascal Lamy

31 October: Launch of 'European economic reform', hosted by the Lord Mayor. Speakers included Francis Maude and Sir Nigel Wicks



1 November: Lunch seminar with Sir John Kerr on the European Convention

6 November: Launch of 'The future of European agriculture', with agricultural secretary Margaret Beckett and Lord Haskins (*left*)

Margaret Beckett and Lord Haskins (*left*)

8 November: Lunch seminar on transatlantic relations with Commissioner Chris Patten

15 November: CER Round-table on financial services with David Wright

19 November: Breakfast meeting with DTI Minister Stephen Timms

26 November: Launch of 'New designs for Europe', with Polish Prime Minister Leszek Miller and the Polish and British Europe Ministers, Danuta Hübner and Denis MacShane, London



4 December: Launch of 'New designs for Europe', with Giuliano Amato, Brussels (*right*)

18 December: Launch of 'Russia and the WTO'

Financial Support

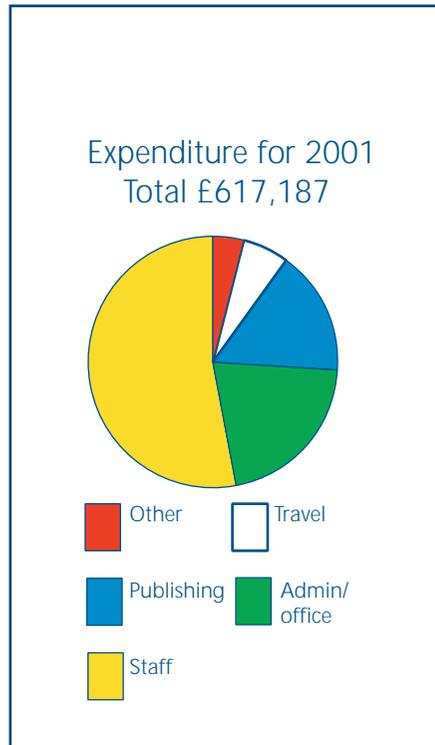
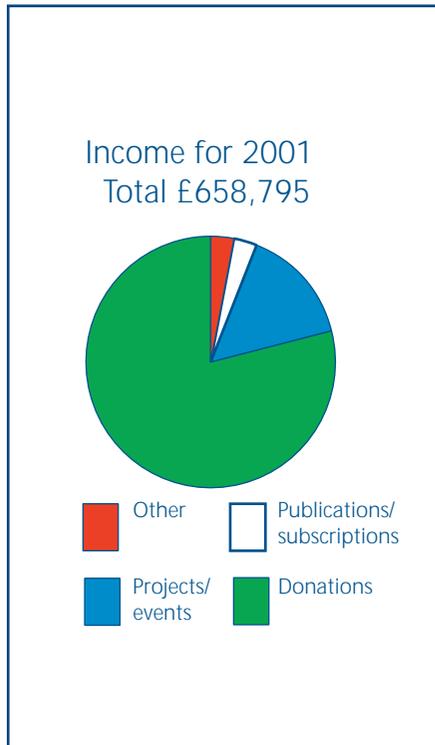
Corporate members of the CER include:

Accenture, APCO, AstraZeneca, BAE Systems, BAT, BP, British Bankers' Association, BT, Chubb Investment Services, Daily Mail and General Trust, Deutsche Bank, Diageo, EADS, EDS, The Economist, Express Dairies, German Marshall Fund of the US, GKN, GlaxoSmithKline, Goldman Sachs, KPMG, Lockheed Martin, Merck, Northern Foods, Pearson, Portland Place Capital, PricewaterhouseCoopers, Telecom Italia, Tesco, Thales, Unilever, United Utilities, UPS, Weber Shandwick Adamson and WPP Group.

In addition to our corporate members, numerous other companies have supported specific publications and events.

Income & expenditure

Audited accounts for year ending 31.12.2001

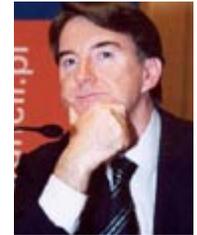


Some snapshots of CER meetings



Fringe meeting at the Labour Party Conference, on 'The future of Europe'. Speakers included Jack Straw (above), Neil Kinnock, Margot Wallström, Blackpool, September 2002.

Lecture by Richard Haass (centre) on the future of transatlantic relations, London, June 2002.



Think-tank forum on 'Solidarity in Europe', with the Konrad Adenauer Stiftung. Speakers included Peter Mandelson, Warsaw, June 2002.



Launch of 'Shaping a credible EU foreign policy', with Javier Solana and Carl Bildt in Brussels, February 2002.

Advisory board members

PERCY BARNEVIK: Chairman, AstraZeneca

CARL BILDT: Former Swedish Prime Minister

ANTONIO BORGES: Former Dean of INSEAD

NICK BUTLER (CHAIR): Group Vice President for Policy Development, BP p.l.c.

LORD DAHRENDORF: Former Warden of St Antony's College, Oxford & EU Commissioner

VERNON ELLIS: International Chairman, Accenture

JOHN GRAY: Professor of European Thought, LSE

LORD HANNAY: Former Ambassador to the UN and the EU

IAN HARGREAVES: Group Director of Corporate and Public Affairs, BAA plc

LORD HASKINS OF SKIDBY: Former Chairman, Northern Foods

FRANÇOIS HEISBOURG: Director, Fondation pour la Recherche Stratégique

CATHERINE KELLEHER: Visiting Research Professor, US Naval War College

IORELLA KOSTORIS PADOA SCHIOPPA: President, Istituto di Studi e Analisi Economica

RICHARD LAMBERT: Former Editor, Financial Times

DAVID MARSH: Partner, Droege & Comp. AG

DOMINIQUE MOÏSI: Deputy Director, Institut Français des Relations Internationales

JOHN MONKS: General Secretary, Trades Union Congress

DAME PAULINE NEVILLE-JONES: Chairman, QinetiQ p.l.c.

WANDA RAPACZYNSKI: President of Management Board, Agora SA

LORD SIMON OF HIGHBURY: Former Minister for Trade and Competitiveness in Europe

BARONESS SMITH OF GILMOREHILL

PETER SUTHERLAND: Chairman, BP p.l.c.

ADAIR TURNER: Vice Chairman, Merrill Lynch Holdings

Staff

Charles Grant is the director.

He takes a particular interest in the debate on the future of Europe, European defence and Russia.



Heather Grabbe is the research director.

Her principal interests are EU enlargement, institutional questions, and justice and home affairs.



Alasdair Murray is director of the business and social affairs unit.

He focuses mainly on economic reform, financial services and competition policy.



Steven Everts is senior research fellow, and director of the transatlantic programme.

He also specialises in EU foreign and security policy.



Katinka Barysch is the chief economist.

She also manages the programme on Russia-EU relations and takes a keen interest in the countries which are due to join the EU.



Daniel Keohane is the CER's research fellow on security and defence policy.

He also follows the Convention on the future of Europe.



Adam Townsend is the CER's research fellow for justice and home affairs.



Catherine Hoye manages the CER office, and organises the events.



Kate Meakins designs the CER's publications, and organises their production.

She also manages subscriptions and sales.



Laure Astill is the CER's web editor.
She is also the CER's Paris representative





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