

## **ELECTION BRIEFING No.43 THE 2008 MALTESE GENERAL ELECTION AND THE EUROPEAN ISSUE**

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### **Key Points**

- The 2008 election in Malta was narrowly won by the Nationalist Party which secured a third five year term in office;
- The negative election result led to a leadership change in the Malta Labour Party;
- EU related issues were prominent in this election but not the “membership versus non-membership” one;
- For the first time there was a drop in voter turnout
- The Maltese political system remains dominated by the two main political formations, the Nationalist Party and the Malta Labour Party, the smaller parties once again fared dismally;
- The introduction of the euro on 1 January 2008 could have diminished the Nationalist Party’s re-election chances but did not;
- Following the election Malta re-joined the NATO’s Partnership for Peace removing one of the main obstacles it faced in participating fully in the EU Security and Defence Policy under the so called *Berlin Plus* arrangement.

On 8 March 2008 the people of Malta voted in a general election. The incumbent Nationalist Party scraped through to a third consecutive term in office with a slim majority of 1580 votes over its main rival the Malta Labour Party. In this electoral campaign EU issues featured but not as they had done in the previous election held in 2003. In that election the question of EU membership had been the dominant one. Indeed, in 2003 a majority of Maltese voters had first voted in favour of membership in a referendum held on 8 March<sup>1</sup> and subsequently confirmed this decision by returning the Nationalist Party to govern the country for another five year term when they went to the polls on the 12 April. The need for this double confirmation to join the EU was necessitated by the Malta Labour Party’s refusal to accept the referendum result and its insistence that the issue could only be decided by a general election.

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<sup>1</sup> Michelle Cini, “The Maltese EU Accession Referendum of 8 March 2003”, Referendum Briefing No 2, Opposing Europe Research Network, Sussex European Institute, [www.sussex.ac.uk/sei/documents/maltese2.pdf](http://www.sussex.ac.uk/sei/documents/maltese2.pdf) (accessed 16.09.2008);

Following these two defeats the Malta Labour Party changed its policy on EU membership and as a result it was able to contest the 2004 European Parliamentary elections in which the Maltese political parties participated for the first time, securing three out of the five seats allocated to Malta, thanks to the exceptional performance of Arnold Cassola, the candidate of *Alternattiva Demokratika*, the Green Party, who managed to take enough votes from the Nationalist Party candidates to allow the Malta Labour Party to overtake the Nationalists. The Malta Labour Party further consolidated its new pro-membership stance in the years which followed and strengthened its activism in the Party of European Socialists (PES). As a result of this shift, the standard bearers of Maltese Euroscepticism became the Campaign for National Independence headed by a former Malta Labour Party leader and former Prime Minister Dr Karmenu Mifsud Bonnici. The Campaign for National Independence had actively worked against EU membership during the referendum campaign. But it was not to remain isolated for long as the only political grouping to struggle against EU membership. In 2007, it was joined by *Azzjoni Nazzjonali*, a new right-wing political party headed by a former Nationalist Party Member of Parliament (MP), Dr. Josie Muscat. In the 2008 election *Azzjoni Nazzjonali* made a dismal showing securing 1461 votes or 0.5% of the valid votes cast.

Notwithstanding that Malta's two main political parties (which in the 2008 election divided between themselves 98 per cent of the valid votes cast) both support membership, EU related issues continue to dominate the domestic political debate but in a different way than they did before membership. Then the issue was whether Malta should join the EU; now the issues hovered around whether the government is successfully grasping the opportunities of membership or on policy strategy and the timing of decisions.

In the 2008 electoral campaign, the main issues were Malta's successful bid to join EMU and introduce the euro and a pledge made by Dr. Alfred Sant, leader of the Malta Labour Party at the start of the campaign, to reopen negotiations with the EU on the so called "accession package". The electoral campaign itself was characterised by the absence of a dominant issue since these kept changing as the parties jockeyed around to improve their vote tallies. Compared to the Maltese elections held since independence, the 2008 one was not abnormally different for it was also highly contested with a cliff-hanger result. The main EU related issues were, the banning of spring hunting on the insistence of the EU Commission and the privatisation of the dockyards given that all state aid to the yards must be ended by the close of 2008. Soon after the election, Malta reactivated its membership of NATO's Partnership for Peace (PfP) which cleared the way for Malta's participation in the European Security and Defence Policy (ESDP) and the so called "Berlin Plus arrangement".

The election result precipitated a leadership change in the Malta Labour Party. Dr. Joseph Muscat a serving member of the European Parliament was elected to replace Dr. Alfred Sant who had led the party since 1992. Dr. Muscat, who is still in his mid-thirties, will be relinquishing his EP seat in September to be co-opted in the Maltese House of Representatives. This will be done in a slightly complicated manner when one of the serving MPs who was elected in a bye-election will resign his seat, in which case the Constitution allows the party in question to co-opt a member to fill the vacancy. Dr. Muscat's election has been widely touted as a move that will see the Malta Labour Party finally win back the government after more than 20 years in opposition. It has also been hailed as further consolidating the Malta Labour Party's new Europhile position. However, the leadership change was also accompanied by the re-integration of elements that had fallen out with Dr. Sant during his leadership tenure and who had remained unrepentantly Eurosceptic. One of these, a former Labour Foreign Minister and 'third worldist' who wasted little time when in office in the late seventies and the mid-eighties to promote an anti-western, non-aligned and pro-Eastern Bloc foreign policy is now the Malta

Labour Party's international secretary. Former leader Dom Mintoff, now in his nineties whose negative vote in parliament in a vote of confidence had led to the fall of the Labour government headed by Dr. Sant (1996-98) has also been reconciled with the party. Mintoff opposed EU membership and has recently been awarded the Gaddafi human rights prize. Many analysts believe that it will be difficult to weave all these opposing forces into a coherent political force and the first test of this will come in the next European Parliamentary elections due in June 2009. Also, the Maltese language pro-Malta Labour Party media continues to exhibit strong signs of a 'split personality' over Europe giving regular space to the Campaign for National Independence.

Following its success in the 2004 European Parliamentary election, in 2005 the Malta Labour Party sought to consolidate further its newly discovered European vocation when its members of parliament joined hands with their Nationalist counter-parts in the House of Representatives to vote in favour of the Treaty Establishing a Constitution for Europe. Labour MPs did the same when the House approved the Treaty of Lisbon in January 2007. On both occasions the labour Party stressed five reservations which are briefly described below. The main drawback which many analysts claim to have contributed to its dismal electoral record was its failure to change its leader after the 1998 election defeat and particularly after the 2003 election and referendum defeats. The new leader, Dr. Muscat, also opposed EU membership strongly but changed position quickly after the 2003 election and was elected to the European Parliament.

The five Malta Labour Party reservations on the European Constitution and the Lisbon Treaty were the following: that the Constitution/Lisbon Treaty should not jeopardise Malta's neutrality, or the 'entrenched' (requiring two thirds parliamentary majority to amend) clauses in the Maltese Constitution; that the special status of Malta as a small island state continues to be respected by the EU, that the status of the island of Gozo (population around 50,000) as a region with special problems be safeguarded and the preservation of Malta's autonomy in decisions related to its welfare system be maintained.

### **The Nationalists on the Defensive**

As a background to this election it must be borne in mind that, as from 2004 onwards, the Nationalist Government was on the defensive, as most commentators eagerly predicted that the next election would be won by the Malta Labour Party. Many reasons were advanced to justify this: the 2004 European Parliament election had shown that despite its disastrous performance in 2003 the Malta Labour Party could beat the Nationalist Party at the polls and that Labour's EU policy shift had paid dividends. Another argument was that parties in government normally lose votes due to voters' disaffection with some policy decisions and hence it was logical to expect the Nationalist Party government to shed votes continuously throughout its tenure. As if to add credibility to this analysis, the Nationalist Party was soundly beaten in all local elections held between 2004 and 2007 often in its traditional strongholds. This was seen by many as a harbinger of the defeat it would suffer in the next general election and reinforced the Malta Labour Party's confidence that there was little else it needed to do to unseat the Nationalists when the time was ripe.

In addition, the Nationalist Government faced other problems in the post-EU-membership stage. It had to carryout the economic restructuring process which often led to negative short-term effects such as labour lay offs which increased public disgruntlement. To further complicate matters, the Nationalist Government led by Dr. Lawrence Gonzi who had succeeded Dr. Edward Fenech Adami as leader and prime minister in 2004, decided in May

2005 that Malta should join the Exchange Rate Mechanism (ERM II) and prepare to enter EMU and introduce the euro on 1 January 2008.

The introduction of the euro was problematic for various reasons and offered several difficult challenges. It could not be achieved before Malta had successfully contained inflation, reduced its fiscal deficit to less than 3% of GDP and reduced its national debt to around 60% of the GDP – i.e. achieved the ‘Maastricht Convergence criteria’. But in 2003, the fiscal deficit stood at a staggering 9.8 per cent of GDP and the national debt at 69.3 per cent of GDP and rising. Quite clearly the government needed to rein in public spending and increase taxation, which it did. However, these measures bit hard into the incomes of the middle class, the mainstay of the Nationalist Party’s electoral support and increased anti-nationalist resentment. The problem was further compounded by rising world oil and energy prices which within a short time saw household energy bills increase rapidly. Families and pensioners on minimum incomes were shielded from this by government subsidies.

An additional fear was that what had happened to Estonia in 2006 would also happen to Malta, namely that failing to satisfy one or more of the Maastricht criteria Malta would be forced to postpone the introduction of the euro which would badly cripple the Nationalist Party’s re-election chances.

Then there were many who opined that the election should be called before the introduction of the euro since the latter step would certainly be accompanied by price speculation during the conversion stage which would increase public disgruntlement. Many speculated that the Government would not wait to the very end of its mandate before calling an election probably towards the end of 2007 to pre-empt the expected negative effects of an inflationary changeover to the euro.

### **The Economy Strikes Back**

On the bright side economic developments were taking place which the overenthusiastic critics of the government frequently overlooked but which were quietly influencing the political scenario and voters’ attitudes. The economy performed very badly in the period 2003-2004 and this dampened the euphoria which had accompanied EU membership. But pessimism gradually gave way to optimism. In 2005 signs of an economic recovery began to show, a trend which gathered momentum in the three years which followed. At the time of writing the economy is still expanding rapidly despite the unfavourable global economic situation and the uncertain energy markets. Indeed in the first quarter of 2008, GDP grew by 3.5% in real terms.<sup>2</sup> Overall in the period 2004-2007, the government showed that it was coping with the fiscal deficits while inflation began to slow down. In 2006 the inflow of foreign direct investment was four times the 2004 level. As a result of these positive developments, unemployment began to decline.

On the EU front the government secured 850 million euros from the Cohesion Funds for the period 2007-2013. No doubt these transfers from the EU budget boosted morale and could help the economy grow in the next five years but they had no impact on the economic performance on the eve of the 2008 election. Of course there are negative aspects which the Maltese authorities need to focus on carefully if they wish to see Malta’s competitiveness enhanced in the future. For example, Malta still hogs the bottom place in the Lisbon Score

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<sup>2</sup> News Release, National Statistics Office (Malta), No 104/2008, 9 June 2008, [http://www.nso.gov.mt/statdoc/document\\_file.aspx?id=2257](http://www.nso.gov.mt/statdoc/document_file.aspx?id=2257) (accessed 8.09.2008)

Chart and the Commission often drew its attention for failing to implement key EU directives although its implementation record is not atrociously bad. The authorities are also facing challenges from the EU institutions. NGOs frequently quote EU regulations on the environment and demand environmental impact assessments in the case of huge construction projects. Dr. Simon Busuttil, a Nationalist MEP raised the issue of the Maltese government's decision to increase an unpopular airport tax levied on all Maltese citizens, but not on visiting tourists, for being unnecessary and discriminatory and for further accentuating Malta's insularity. The tax is to be abolished by the end of 2008. The same MEP has started an anti-dust campaign to force the authorities to adhere to EU standards while campaigning at EU level for more aid to help Malta face illegal immigration and for more 'burden sharing'. Hence the texture of Maltese domestic politics is also undergoing changes as a result of EU membership and a supranational level of political activism that it has given rise to.

### **Labour Reverses Course on the Euro**

Late in 2006 during the national budget debate, Labour leader Dr. Alfred Sant declared the national interest dictated that the target date for the euro changeover on 1 January 2008 should be respected, further pledging that should his party win an election held before that date, it would respect the changeover deadline and would carry on with the process.<sup>3</sup> The Labour Party had previously criticised the Government's decision to changeover to the euro as being too hasty.

Meanwhile, improvements in the economy encouraged the Nationalist Party to begin emerging from the doldrums. The government took advantage of the positive upturn to trumpet that it had been proved right on membership, that this was beneficial to Malta. It started easing the tax burden on the middle class while tightening preparations for the introduction of the euro to ensure a smooth changeover. Given that the tax reduction measures could only begin to have their positive effects on disposable incomes after a time-lag, the government decided to buy more time and call the election after the euro changeover had been completed successfully. The changeover was indeed a smooth one and was accompanied by few of the problems or the scale of public disgruntlement which had bedevilled some of the previous changeovers (particularly the one in Italy which most Maltese citizens had followed on television including the polemics which ensued long after the changeover had been completed). The successful changeover to the euro in Malta upstaged the critics.

In February Parliament was dissolved and an election date fixed for 8 March 2008, the fifth anniversary of the 2003 membership referendum.

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<sup>3</sup> Official Report, Debates of the Maltese House of Representatives, Sitting No 443, Wednesday 25 October 2006, pages 90-91.

## **EU on the Menu again**

At the start of the electoral campaign the unexpected happened. An EU issue suddenly appeared on the electoral campaign's menu. The leader of the Malta Labour Party told an interviewer that if his party were to be elected to govern the country it would seek renegotiation of parts of the EU "membership package" particularly where it affected the dockyards, agriculture and fisheries. The Nationalists responded that Labour was out to rock the EU boat again. The Nationalist Party also claimed that the EU was unlikely to accept the reopening of "membership package" and that Malta could seek solutions for problems thrown up by the terms of the Accession Treaty through the institutions. This polemic put the Nationalist Party on the offensive and Labour obviously on the defensive.

## **No Fresh Game on the Hunter's Plate**

Another issue which came to a head around the time of the electoral campaign concerned the ban on spring hunting. The Maltese hunting lobby is very strong though not sufficiently strong to translate its support into a parliamentary seat as was clearly shown by the dismal result obtained by its Secretary General when in the 2004 European Parliament Election he received only 3,119 preference votes out of a total of 245,722 valid votes cast or 1.27 per cent of the total. The hunting issue came to a head in January 2008, as the Maltese general election was drawing closer, when the European Commission raised the issue before the European Court of Justice (ECJ). Malta maintains that it negotiated a derogation from the Birds' Directive which permits it to allow spring hunting. But following a decision by the ECJ in December 2005 on hunting in Finland, effectively withdrawing the application of a derogation by Finland, the Commission started arguing that Malta's derogation was no longer justifiable.<sup>4</sup> The Maltese government wants to maintain the promises it had made hunters before membership, namely that it had secured enough legal safeguards to allow hunting to continue. Following the election, on 24 April, the European Court of Justice issued an interim decision prohibiting hunting of turtle dove and common quail, migrating species that stop in Malta on their way to Europe.

The Government immediately declared that it would abide by the Court's decision and closed the spring season. Both the Nationalist Party and the Malta Labour Party have declared in their electoral manifestos that they will abide by the ECJ's decision. Both parties risk losing whatever stand they take on the issue: if they favour curbing hunting, they risk losing hunters' votes; but if they support hunting, they risk losing the environmentalists' vote. In a country where elections are decided by knife-edge majorities the political parties tend to tread carefully as they did in this campaign.

In the run up to the 2008 election, the hunting organizations organized a series of popular meetings for their supporters as a show of strength and to exert pressure on the political parties to favour their cause. The Nationalist Party and the Malta Labour Party were very cautious in their public statements but *Azzjoni Nazzjonali* openly supported the hunters' cause calling the ban an EU imposition. The hunters' public manifestations were used as yet another sign of disgruntlement with the government. Hunters' organizations did not tell their supporters how to vote and they pretended to maintain a neutral stance vis-à-vis the main political parties. However the underlying thrust was aimed almost exclusively against the government for allegedly failing to keep its promises with them.

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<sup>4</sup> *Commission v. Finland*, C 344/03, ECR (2005-I) (15/12) *Bird-directive – hunting*.

## The 2008 Election Result

The following table shows the results of the 2003 and 2008 elections in Malta.

Results of the 2003 and 2008 Elections in Malta						
Party	Number of Valid votes received		As a percentage of Valid Votes Cast		Number of seats in the House of Representatives	
	2003	2008	2003	2008	2003	2008
<b>Nationalist Party</b>	146,172	143,468	51.79	49.34	34	35
<b>Malta Labour Party</b>	134,092	141,888	47.51	48.79	31	34
<b>Alternattiva Demokratika</b>	1,929	3,810	0.68	1.31	0	0
<b>Azzjoni Nazzjonali</b>	0*	1,461	0*	0.5	0	0
<b>Others</b>	20	172	negligible		0	0
* did not contest						
Source: Malta Election Data at <a href="http://www.maltadata.com">www.maltadata.com</a>						

Of a total of 290,799 valid votes cast in the 2008 election, the Nationalist Party obtained 143,468 or 49.34 per cent to Labour's 141,888 or 48.79 per cent. The Nationalist Party thus elected 35 seats in the House of Representatives to Labour's 34. The other main contestants were *Alternattiva Demokratika* (contested for the first time in 1992) which obtained 3,810 votes or 1.31 per cent; *Alternattiva Demokratika* had obtained 9.33 per cent of the valid votes in the 2004 European Parliamentary election.<sup>5</sup> The other party was *Azzjoni Nazzjonali* a new right-wing, anti-immigrant political formation which obtained 1,461 votes or 0.5 per cent of the valid votes cast. The smaller parties and independents obtained a total of 172 votes or 0.06 per cent of the valid votes.

Voter turnout in this election (valid votes cast as a percentage of all those registered to vote) was 92.21 per cent, below the 2003 figure of 95.96 per cent, above the EP election turnout of 80.75 per cent and below the 1966-2008 average turnout (excluding the EP election) of 93.79 per cent.

## Outcomes of the 2008 Election

So far there have been two major outcomes from the March 2008 election. The first is that soon after the result was announced Malta applied to rejoin NATO's Partnership for Peace (PfP). A corollary to this is that a debate was unleashed on the definition of neutrality in the Maltese Constitution. The second outcome was that after leading the Malta Labour Party since 1992, Dr. Alfred Sant decided to resign and the MEP Dr. Joseph Muscat was elected to replace him following a very intense campaign involving five candidates. In this leadership race Mr. Martin Schultz, leader of the socialist group in the European Parliament (PES) visited Malta to support Dr. Muscat's candidature, much to the consternation of the other Labour candidates all of whom are in favour of the EU.

<sup>5</sup> Pace R., 2004 European Parliament Briefing No 5, "The European Parliament Election in Malta", EPERN;

In another post-election development the government announced the privatisation of the Malta Shipyards.

### **Partnership for Peace**

Following the publication of the election result the Government announced on the 20 March 2008, that it had applied to reactivate Malta's membership of NATO's Partnership for Peace (PfP) programme and that this would not in any way compromise Malta's neutrality. This move, welcomed by the UK and the USA, came as a surprise because it had not been raised during the electoral campaign and had not been included in the Nationalist Party's electoral manifesto. Indeed the Malta Labour Party criticised the move for that reason. The decision might have been prompted by the window of opportunity provided by the approaching NATO Bucharest summit due in the first week of April. The next opportunity would have had to wait another two years until the next NATO summit. The government may have also calculated that with Labour still in shock after losing the election and weak because it was in the throes of a leadership race the issue could pass off with relative ease. In Bucharest, the NATO summit unanimously accepted Malta's application.<sup>6</sup>

Malta had originally joined the PfP in 1995 and left it the next year soon after the Malta Labour Party won the 1996 election, citing Malta's constitutionally entrenched neutrality. Neutral Switzerland joined the Partnership a few weeks after Malta's departure, while EU neutral states – Austria, Finland, Ireland and Sweden – had joined the Partnership from its inception. The Nationalist Party and the Malta Labour Party disagree on the interpretation of the neutrality clause in the Maltese constitution, where neutrality is defined as non-alignment, or maintaining equi-distance from the two superpowers by denying them military and ship repair facilities both in peace and in war time. The Nationalists claim that the demise of the bipolar superpower rivalry and the disappearance of non-alignment had rendered the definition of neutrality obsolete and there was no point in denying elements of the US Mediterranean Sixth Fleet from repairing in the loss making shipyards. The Malta Labour Party claimed that this contravenes the Constitution.

The main reason cited by the Government in justifying the reactivation of PfP membership, is the difficulties which Malta faced in ESDP as a result of its exclusion from the *Berlin Plus* arrangement, as long as it was not a member of the PfP or NATO.

The local pro-labour press criticised the move, linking it to a *quid pro quo* involving the EU, the USA and Malta. Following the election result it was also announced that Malta and the USA had successfully concluded a long-delayed double-taxation agreement and that Washington had agreed on the easing of visa restrictions on Maltese citizens. A fortnight before the Maltese election, the United States had indicated that Malta should be encouraged to return to the Partnership.<sup>7</sup> But US-Malta negotiations on the renewal of the double taxation agreement had begun years before while the start of the process to ease visa restrictions was not a development unique to Malta but affected most of the new EU member states.

The *Berlin Plus* agreements, reached between the EU and NATO following three years of intense negotiations, were approved by the Copenhagen European Council in December 2002. This arrangement allows the EU to use NATO's military assets in EU-led operations where NATO as a whole is not involved. However, following enlargement, Cyprus and Malta

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<sup>6</sup> Point 32 of the Bucharest Summit Declaration of 3 April 2008, NATO press release (2008)049.

<sup>7</sup> Extracts of the speech "Strengthening the EU to strengthen NATO" by US Permanent Representative to NATO at [http://www.atlanticcommunity.org/index/articles/view/Strengthening\\_the\\_EU\\_to\\_Strengthen\\_NATO](http://www.atlanticcommunity.org/index/articles/view/Strengthening_the_EU_to_Strengthen_NATO), accessed 31.03.2008

were barred from participating fully in it because the decision taken in Copenhagen in 2002 specified that “As things stand at present, the "Berlin plus" arrangements and the implementation thereof will apply only to those EU Member States which are also either NATO members or parties to the "Partnership for Peace", and which have consequently concluded bilateral security agreements with NATO.”<sup>8</sup> This created an awkward situation, succinctly captured by George Kentas: “...Cyprus and Malta, two European states which are members of neither NATO nor PfP, but joined the EU two years after the Copenhagen Council decision, cannot participate in the ESDP’s missions employing NATO assets. Likewise, their representatives do not participate or vote in EU institutions and bodies, including the Political and Security Committee, with regard to decisions that concern the implementation of such operations. Further, they do not have the right to receive EU classified information that contains or refers to any classified NATO information.”<sup>9</sup> More serious implications of this *Berlin Plus* “anomaly” was that described by Ambassador Costas Miltiades, Cyprus’ Permanent Representative to the PSC, who stated that not only were Cyprus and Malta not fully participating in ESDP but that the *Berlin Plus* could not be expanded to cover terrorism and cooperation in the Mediterranean if two member states could not be included.<sup>10</sup>

In the light of these developments the Malta Labour Party’s Deputy Leader Charles Mangion speaking on 31 March 2008, “Freedom Day”, commemorating the 1979 closure of the British Military Bases, referred to neutrality adding: "If there are certain criteria we have agreed on but which are entrenched in the Constitution and need to be reconsidered in the light of global changes and Malta's membership within the EU, let's discuss them in a mature, open manner. Today, we have situations of new economic superpowers that could potentially be military superpowers. We need to consider all the international developments and the impact these will have on the country, and this requires a frank discussion and reciprocal respect.”<sup>11</sup> Malta’s Minister of Foreign Affairs, Dr. Tonio Borg, reacted positively to Dr. Mangion’s proposal for a frank discussion.<sup>12</sup> Similarly a few days later, another Malta Labour Party MP, Dr. Jose Herrera, wrote that times dictate that we have to find a way of redefining neutrality in the world today.<sup>13</sup>

## **Labour’s Leadership Change**

Following the 2008 electoral result the Malta Labour Party leader Dr. Alfred Sant tendered his resignation as party leader. Dr. Sant had also resigned after the 2003 election but following a public demonstration in his support organized by his own party faction on May Day, he changed his mind and re-entered the leadership race securing reconfirmation. The 2008 leadership race was a hotly contested one involving no fewer than five candidates one of whom, Dr. George Abela, was a former Labour Deputy Leader who had found himself constrained to resign his position – though not his party affiliation – after he disagreed with Dr. Sant over going to an early election in 1998. One of the two incumbent Deputy Leaders, Dr. Michael Falzon, also contested. Dr. Muscat, an MEP and closely associated with Dr. Sant’s

<sup>8</sup> Declaration of the Presidency, Copenhagen 12 and 13 December 2002, ANNEX II, [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/73842.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/73842.pdf) (31.03.2008)

<sup>9</sup> Kentas George, “Time to consider accession to the Partnership for Peace”, Newsletter, No 8, 2005, InterCollege (now the University of Nicosia), Cyprus, <http://www.rcenter.intercol.edu/Newsletter/issue8/art03.htm> (31.03.2008)

<sup>10</sup> Proceedings of a conference “NATO and ESDP: Forging New Links” organised by the Security and Defence Agenda with the Konrad Adenauer Stiftung and HP, and with the support of NATO, Lockheed Martin and the Atlantic Council USA, Friday 8 June 2007, Bibliotheque Solvay, Brussels, page 23.

<sup>11</sup> “Labour Willing to have frank discussion on neutrality”, *The Times of Malta*, 31.03.2008

<sup>12</sup> “Minister Welcomes MALTA LABOUR PARTY’s stance on neutrality”, *The Times of Malta*, 01.04.2008

<sup>13</sup> “Beyond Taboos”, *The Times of Malta*, 12.04.2008

faction, eventually won the contest in the second ballot after failing by just four votes to clinch it in the first round. His rival in the second round was Dr. George Abela. The latter has supported Malta's EU membership all along and had accepted to sit as an independent expert on the Malta-EU Action and Steering Committee (MEUSAC), the consultative body chaired by the Minister of Foreign Affairs to prepare the Maltese positions in the membership negotiations in the period 1999-2003. Dr. Muscat, 34 years of age, a graduate in European Studies and Ph.D. from the University of Bristol, toed the party line during the membership campaign and also produced an anti-membership television programme called "Made in Brussels". But when the party shifted its policy on Europe, Dr. Muscat quickly repackaged himself, contested the European Parliamentary elections and managed to secure the highest number of preference votes among the Labour candidates who stood. Thus converted to the EU cause, he gave his full contribution in the European Parliament and further consolidated the party's links with the PES. It is argued that his meandering path on Europe was merely an act of survival in the party dominated by Dr. Sant's Eurosceptic line. The expectations are that under his helm the Malta Labour Party will move to a more pro-EU position and for the first time provide real competition on this issue to the Nationalist Party. Dr. Muscat has publicly stated that he had misjudged benefits of EU membership, a statement intended no doubt to put that episode behind him but the strong Eurosceptic element in the Labour Party is unlikely to allow the party to steer a consistent course on Europe.

Indeed following his election as party leader, and in a spirit of reconciliation, Dr. Muscat welcomed back in Labour's fold many of those who had been distanced from the party by Dr Sant for reasons often unconnected with the EU membership issue. These elements continued to militate against EU membership even after the party had U-turned on the EU in 2003. The post of Party International Secretary has already gone to a former foreign minister and international secretary of the Mintoff era while staunch Eurosceptical elements have said that they will contest the 2009 European Parliament elections in the ranks of the Malta Labour Party within the ranks of the Party of European Socialists (PES). Maltese politics have thus entered another exciting phase.

### **Privitisation of the Dockyards**

The Accession Treaty specifies that all state subsidies to the shipyards must stop by the end of 2008.<sup>14</sup> The government had embarked on yet another restructuring plan in 2004 whose main objective was to turn the shipyards round into a profitable enterprise by the end of 2008. The Maltese shipyards have been problematic since the 1950s. The British had built and expanded these facilities to service their Mediterranean fleet. From the 1950s onwards as Britain began to scale down its global military commitments it became increasingly difficult for it to maintain the dockyards and so these eventually ended up in the hands of the Maltese government which valued their importance as a major employer and provider of skills. But by 1968 the Maltese Nationalist Prime Minister was already publicly complaining that the loss-making yards were a "national disaster". The situation did not improve during the Malta Labour Party's years in government. Between 1971 and 1987 successive Labour governments grappled unsuccessfully with the problem and subsequently further exacerbated it by adding new shipbuilding capacity. This happened at a time when the world ship building market was already in decline and would remain volatile for many years after.

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<sup>14</sup> Act of Accession, Annex XI, Section 3, 3(a), *Official Journal of the EU*, L236, Volume 46, 23 September 2003, page 860.

At the time of writing the national debate is dominated by the issue: the government has declared that it is moving ahead and is studying schemes to redeploy or grant early retirement to many of the already much reduced labour force (1,500 workers) in preparation for privatisation, the Malta Labour Party has declared its acceptance of privatization “in principle” but wants to be consulted on the details while the trade unions particularly the main pro-Labour General Workers’ Union (GWU) first engaged in some sabre-rattling to ensure that it continues to be consulted on the process and subsequently negotiated with the authorities. Significantly, most private yards in Malta run at a profit in contrast with the state-owned one. The initial privatisation plan has not been accepted by the European Commission and the situation remains fluid.

## **Conclusion**

As most elections in Malta, the 2008 general election proved to be another eventful one – at least from a Maltese perspective. The EU featured but not in the “membership versus non-membership” mould of the previous elections particularly those which took place between 1992-2003. Domestic and EU issues became mixed during the campaign. Some, like hunting and the changeover to the euro could cut both ways: they could make or ruin one of the major party’s election chances. In this election we have witnessed once again that the Maltese political scene remains dominated by the two ‘old firm’ contestants the Nationalist Party and Malta Labour Party. The other interesting phenomenon was the decline in voter turnout which needs to be watched carefully in the years ahead.

The election result led to what can be described as a post-election surprise namely Malta’s rejoining of the Partnership for Peace. The government has also started to confront the dockyards problem given that state subsidies will have to be ended by 2008. The government is in a strong position to deal with problem given its fresh mandate. The removal of this problem which is a drain on the public purse may give the authorities additional financial and decision-making space to deal with the more awesome challenges such as lessening Malta’s reliance on fossil fuels (presently 100 per cent reliance) and reducing carbon dioxide emissions in line with Kyoto-EU targets. Every cloud has a silver lining after all.

On the whole support for EU membership seems to be increasing steadily as witnessed by the latest Eurobarometer results.<sup>15</sup> Economic growth may slow down as the world economy enters a difficult period but so far the economy is still buoyant.

The next electoral appointment is the June 2009 European Parliament elections in which Malta’s two main parties will certainly be the main protagonists. The imponderable is the performance of the greens, *Alternattiva Demokratika* and the compactness of the Malta Labour Party. In the unlikely event that the Lisbon Treaty is eventually ratified, six European Parliamentary seats will be up for grabs.

## **Publication Date: September 2008**

*This is the latest in a series of election and referendum briefings produced by the European Parties Elections and Referendums Network (EPERN). Based in the Sussex European Institute, EPERN is an international network of scholars that was originally established as the Opposing Europe Research Network (OERN) in June 2000 to chart the divisions over Europe that exist within party systems. In August 2003 it was re-launched as EPERN to reflect a widening of its objectives to consider the*

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<sup>15</sup> Eurobarometer 69, Spring 2008, Country Report, [http://ec.europa.eu/public\\_opinion/archives/eb/eb69/eb69\\_mt\\_nat.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_mt_nat.pdf) (accessed 08.09.2008)

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