

## The Waterloo Commentaries

### SMALL EARTHQUAKE IN WESTMINSTER- RIPPLES IN BRUSSELS?

Britain has no recent experience of peacetime coalitions. Contrary to Disraeli's affirmation that 'England has no love of coalitions' there is every sign that people like the idea of politicians of different parties working together. It is clear that whatever the novelty of the arrangement and the potential for mischief of the right wing of the Conservatives and the social democrats in their coalition partner's party, two able, young and ambitious political leaders have now staked everything on making this government a durable entity; probably as a precursor for some general political realignment later.

So Britain's partners should realise that there is a reasonable chance that this government will last the distance- that is to say, until May 2015. What else does it mean for Britain and Europe?

Europe as an issue played a negligible role in the May 10<sup>th</sup> elections. The party manifestos gave little hint as to what the parties intended. The Conservatives reiterated their commitments- made earlier when they abandoned their pledge of a referendum on the Lisbon Treaty (a 'Sovereignty Bill' underlying the primacy of the British Parliament; a referendum on any future transfers of powers to Europe; a requirement- already conceded by Labour- of parliamentary approval before recourse to 'the passerelle'; upgrade of existing opt outs from the Charter of Fundamental Rights; repatriation of the 'most damaging' social and economic powers (with the Working Time Directive explicitly cited); and the exclusive right of the UK authorities to instigate criminal investigations in the UK.

For the 'renegotiation' of Treaties, no timetable was given. Apart from this, the manifesto talked of a Conservative government being 'positively engaged' in Europe, but was a blank sheet on how it would engage over the range of EU policies and activities.

Labour was somewhat more explicit (at page 70 of its manifesto!): it would seek reform of the EU budget and the CAP, to end export subsidies. The UK would not join the euro without a referendum. It supported early enlargement for Croatia and the West Balkans, and continuing negotiations with Turkey. It called for the creation of a European Peace Corps. In general, Labour would support economic reforms to enhance Europe's competitiveness. It was more specific, constructive but bland.

The Liberal Democrats, traditionally Britain's most pro-European party were the most discreet of all on Europe. They would 'work through the EU'; they would place 'Britain at the heart of Europe'. As simple as that.



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In the campaign, Europe was scarcely mentioned. It cropped up in the second of the televised leaders debates. In a brief passage, Nick Clegg accused their future coalition partners of having aligned themselves in the European Parliament with a group of 'nutters'. Clegg was accused of having made the wrong call on the euro; and Gordon Brown went as far as calling David Cameron anti-European- and Nick Clegg anti-American. Barely three minutes out of a total debating time of four and a half hours.

When the media woke up to Clegg mania after the first debate, the Liberal Democrat leader's European past (five years as an MEP, several more years in the Commission) became the prey of their interest; and he had a few difficult moments explaining away his past enthusiasm for the euro at a time when the Greek financial crisis was hitting the headlines.

There is no evidence, however, that his broadly pro-European profile did him any great harm, or that Europe figured as a major concern of the electors. The only conclusive measure is the election itself; UKIP failed to win any seats, even though by scoring regularly a thousand votes in many constituencies it may have contributed to denying the Conservatives a working majority. In general, any reasonable observer would have to conclude that anti-Europeanism pays few electoral dividends in the UK of today.

When the coalition was being negotiated, sceptical journalists pointed to Europe as one of the key divisions between the putative coalition partners. Yet here as elsewhere the bridge was made. The coalition agreement takes on board the commitment on future referendums, and the need to subject any proposal to use the 'passerelle' clause to parliamentary agreement. But the key conservative eurosceptic demand, to repatriate social and economic powers by renegotiation was abandoned.

The final coalition policy programme only published a week after the formation of the government adds little to our understanding of what this new team will actually do in Europe. A Sovereignty Bill will now only be 'looked at'. There will be no transfer of powers without a referendum- but such a transfer is unlikely in any foreseeable future. The UK will not join or prepare for the euro in this Parliament- again it was not going to happen in any case. The coalition supports a single seat for the European Parliament- a Liberal Democrat pledge, but obviously not in the gift of one government. The UK will not participate in the setting up of a European Prosecution service. And it will continue to back enlargement.

So this government's European policy does not sound so different from that of its predecessor. As for the team to implement it, William Hague is clearly a more eurosceptic Foreign Secretary than David Miliband. But his Europe Minister is not Mark Francois, very much from the euro sceptic wing of the Conservative Party, but the more centrist figure of David Liddington, a former businessman and adviser to Douglas Hurd when he was Foreign Secretary. And it is reported that Nick Clegg has been asked by David Cameron to conduct a charm offensive with the European institutions and certain governments, still displeased with the Tory defection from the EPP. And Nick Clegg's interest in 'Better Regulation' from his days in the European Parliament may signal a more active engagement on the quality of lawmaking.



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So there would seem to be some grounds for optimism that a eurosceptic lurch in the UK's European policy is off the menu for the next five years. But the agenda remains defensive and generally negative- stopping Europe from doing things, opting out here and there, rather than taking initiatives. There is little or nothing about support for making Europe more competitive; about completing the internal market or resisting protectionist tendencies- all areas where the UK would normally be in the forefront.

But, there remains the question- what about the radical eurosceptics and anti-Europeans in the Premier's own party? They are strongly entrenched and considerably more numerous than before. They reflect very strong anti-European sentiment among party members. For the moment they have quietly accepted the retreat from the anti-Lisbon position. But they will surely start to rock the boat when they realise that nothing much has changed in Britain's relations with Europe. How will they endure Britain being overruled on hedge funds and other economic and social legislation? Will they not try to tie the government's hand during the EU budget review when unanimity is required to renew the multiannual financial framework? There are already signs that the fundamentalist anti-Europeans want the government to use technical IGCs, such as the one necessary for adding seats to the European Parliament, post Lisbon to open a discussion about the Treaty itself. At the very least they will probably ensure that the Conservatives remain outside the EPP.

Europe has been a great splitter of parties in the UK; it could still be the rock on which the Cameron-Clegg coalition founders.

But to a certain extent these are just 'grumblings off'. The main show in town is not a new government in one member state but economic governance for the euro. This is the big test for the continued survival and prospering of the European project: and regrettably in this matter, the UK finds itself again on the sidelines.

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Waterloo, May 17<sup>th</sup> 2010.