

David Cameron's argument will fool no-one, and will relegate the existing EU-UK relationship to the periphery.

Blog Admin

Julian Priestley takes an in-depth look at David Cameron's speech on the UK's relationship with Europe. He finds that that it fell into familiar Eurosceptic fallacies about the EU, ignored linkages between regulation and the internal market, and overestimated the UK's chances of renegotiating the relationship with the EU. Instead, he writes, this morning's speech was solely designed to shore up Cameron's own position in the Conservative party and to counter UKIP's increasing anti-EU rhetoric.



There are various kinds of political speeches. There is the call to arms to enthuse and inspire one's audience. There is the speech to sway the audience, to persuade listeners, maybe even to change minds. There is the speech to clear the air, set out a new direction, and lay down a course of action. And then there is David Cameron's long-awaited and much postponed speech on the UK's relations with Europe.

It was a moment calling for some passion like those at the height of the debate over Europe in the 60s and 70s, and Britain's European future deserved better than the mediocrity of the argument and the banality of the conclusion which was on offer today.

After the obligatory reverences to Europe's past, the speech fell back on the familiar eurosceptical fallacies. The EU is portrayed as a kind of land-bound leviathan which has taken on a life of its own. A number of very basic facts are ignored; the global financial crisis has created a problem of public debt which is hitting euroland and non-euroland countries, and which both categories are struggling to overcome; the UK is not some oasis of rampant prosperity and competitive excellence only held back by EU regulations, its economy is underperforming compared with the majority of EU member states which have adopted the euro; the crisis has demonstrated glaring weaknesses in the governance of the euro but belatedly and painfully decisions are being taken to address the design faults; despite all the gleeful forecasts, the announcement of the imminent death of the euro seems premature; yes, of course the UK should be looking to increase its trade with the rest of the world but is it seriously imagined that the intraeuropean trade will be anything less than crucial to the UK economy for any foreseeable future?; and, as to the democratic argument, all significant EU decisions are taken not by bureaucratic conspiracy but by a majority of democratically elected governments accountable to national MPs and by a majority of democratically elected MEPs. Even this UK government finds itself in the majority in Council on a majority of issues where votes are taken, and most decisions are still made by consensus.



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As to the euro crisis itself, Cameron is right to say that there will be changes in euro governance but that does not amount to a case for redefining the UK's relationship with the EU. For what the Prime Minister appears to be proposing is, on the one hand, to encourage the euro countries and the euro aspirant countries to strengthen the common institutions in a fiscal and ultimately political union, while in a kind of

backwards shimmying, relegating the existing EU-UK relationship to the periphery.

This is a startling reversal of forty years of British policy on the European Union. Until now, at every stage, at every juncture and under every government the aim has always been to place Britain at the centre of developments to influence the outcome. Where opt-outs have been judged necessary they used always to be sought in the thick of negotiations and, with customary finesse, only after banking as many concessions to the UK line as possible. Taking the UK to the periphery at the outset is a negotiating tactic which was used at the Messina Conference in 1955, and then fifty-six years later with the veto of the 'Fiscal Compact'; it took two decades to recover influence after the diplomatic blunder in Sicily; the Fiscal Compact fiasco seems likely to be the first of many unforced errors in the modern era.

The Prime Minister's speech is of course only the curtain-raiser for a drama in many acts. As he reminded us there is already underway a cross-Whitehall technical review of EU competencies and their impact on the UK which will take us to the end of the year. Before the next general election the government will seek to 'defend British interests' and particular those of the City of London in negotiations on banking union; in other words business as usual. But even here the negotiating clout of UK ministers and officials will not have boosted by sowing doubt about the UK's long-term European future. Why should other member states, already exasperated with the strident negativism of London, make concessions to one of their number which has already made it clear that its presence at the top table may only be of limited duration?

After the election, should the Conservatives win a clear majority, the government would then present a catalogue of demands for powers to be repatriated. A careful reading of the Cameron speech would lead to the conclusion that the speaker understands that a general treaty revision with a stronger place for subsidiarity, 'rolling back the frontiers of the state', 'getting Brussels to concentrate on essentials', 'lighter touch regulation' is not realistically on offer; and that the pragmatic aims would be a series of special concessions and new opt-outs specifically for Britain.

Understandably perhaps the Prime Minister did not burden his speech with specifics about which currently exclusive EU competences would be repatriated to the UK; fisheries policy perhaps although it would be difficult to envisage how to curb over-fishing of the North Sea without a reformed and strengthened common policy; how about regional policy, ironically launched in the 1970s at the insistence of the UK, and where an opt-out could create the paradox of British taxpayers contributing to the financing of regional development projects in all regions except their own? Social, health and safety and environmental policies? This of course is at the heart of concerns in the UK that uniquely our businesses are fettered by excessive regulation although the same rules do not seem to hold back German or Finnish or Swedish competitiveness. More importantly, the UK government does not seem to have realised that these accursed rules are in fact part and parcel of the internal market which is the one element of the EU which most in the government seem to wish to preserve. In fact the internal market has always been a compromise; a competitive open market with free movement of goods and services but within an economic area of high environmental and social standards to reduce the danger of social dumping within the Union.

That attachment to a balanced approach to the single market makes it unlikely that most other member states would look with favour on one member state staying in the internal market but opting out of all the provisions which guarantee that the unity of the market does not become an excuse for the systematic undermining of social and environmental standards.

The Prime Minister would seem to reply that the reluctance of others to open negotiations on British demands will be overcome by the necessity to make concessions in return for British cooperation at the big ticket event which will be the intergovernmental conference on fiscal union. Compared with what is at stake in drawing up a blueprint for economic and political union in Europe, the side order of British demands can be slipped in almost unnoticed.

Two words of caution are needed here. As at present there is no IGC planned for 2015 or even for later. While some in the institutions and in Mrs Merkel's party seem keen on a new constitutional process, the prospect is viewed with horror in other capitals. There is not even the beginning of a consensus on the

overall framework of a new Treaty let alone any optimism about the outcome of the process or indeed its ratification. And by its cussed reaction to the Fiscal Pact a year ago, the British have taught the old dog some new tricks; you can do a lot outside an EU treaty, and you can by-pass even the most recalcitrant member state.

But even if we suppose governments would be ready to bite the bullet, these treaties can take their time. Between the Laeken declaration which dreamed up the possibility of a constitutional treaty and the actual entry into force of the Lisbon Treaty which was its ultimate outcome, a full decade elapsed. There is no reason to suppose that a Fiscal Union treaty process with or without throwing into the mix some extra UK opt outs would be more speedily or smoothly completed in order to conform to Mr Cameron's artificial timetable.

Hence the last arrow in Mr Cameron's quiver is the blithe assumption that the 27 will swallow their reservations and make concessions so that Britain can stay in the Union. This is pure Micawberism. You hear all over Brussels the expressions of regret about a UK exit but more with resignation than any determination to resist. Even our traditional friends to the East and to the North do not carry their affection for the UK to the point of countenancing what many would see as the unravelling of the single market and the *acquis communautaire*. Britain lost points over the fiscal compact farrago and irritated eurozone countries with lectures about what was needed without lifting a finger to help. Now when it comes to vetoes it uses the tactic of 'shoot first, ask questions later' even when, as over budgetary matters, it is not short of allies.

In the area where its contribution was expected to be the greatest- the common external policy- where the Prime Minister himself talked of the heft the UK brings to these questions and where one of its nationals is the policy supremo, Britain drags its feet and engages in pettifogging turf wars which many see as a thinly disguised attempt to undermine the Union's capacity to act as one. So gradually the notion begins to take hold that Britain is indeed drifting to the exit, but that the loss could be borne with all due grieving. What is clear is that not one single member state has expressed support for the UK position, welcomed the reopening of the relationship, or indicated willingness to back the repatriation of powers being sought.

So the best that the UK could hope for would be the kind of face-saving 'renegotiation' that the 1974 Labour government sought after it had rejected Mr Heath's terms for entry the year before. But things have moved on. The deal in

1974 was not a new settlement, not even a Treaty change, just some cosmetic adjustments to policy. And in contrast to today, the terms were not central to the debate or subjected to serious scrutiny.

So there is no evidence that the Cameron scenario- a renegotiation of the whole relationship as a prelude for a referendum to renew public consent- could enjoy even the most limited success.

Of the referendum itself, it is worth pointing out that even were our partners against all odds to accede to UK demands, grant a changed basis for membership with our engagement limited to a narrowed down more market based deregulated internal market, and with special protections for the City of London secured, the procedure proposed by the Prime Minister is flawed.

If successful the question would be along the lines of, 'the government has negotiated changes to Britain's membership of the EU, do you consent to this new relationship etc?' It would indeed be



according to the Prime Minister an 'in/out referendum'. Many eurosceptics would vote yes, and others strongly opposed to the EU, would vote no. But what of those who support the UK's continued membership on the existing terms, who might even support the UK playing a stronger role in EU affairs and who in any case would oppose the 'terms' renegotiated by a future Tory government particularly if our participation in social and environmental policy had been effectively resiled? Some would swallow their reservations and vote to stay in, many others would not. Mr Cameron says that 'in/out' referendum now would not be appropriate but his referendum at the end of 2017 would effectively disenfranchise that significant section of public opinion which wants a self-confident UK to be part of a successful EU. And just possibly a referendum midterm in a hypothetical second Cameron government might not be the highpoint of the ruling party's domestic authority.

The Prime Minister at the end of his speech made a rather strong case for Britain staying in the EU. But in questions afterwards he refused to be drawn on whether if the 'renegotiations' failed he would vote to stay in. Others in his party, the Mayor of London, the Chancellor and other ministers state a preference for staying in the EU, but downplay the drama of exit which just a few months ago Cameron described as 'mad'. This is again a curious negotiating tactic; we ask you to go through all the pain and bother of a treaty change so that you can have the privilege of keeping us in the club, but we don't care all that much about the outcome.

It reflects a view that has gained currency in the upper reaches of the Tory party. You hear it said that we will get good terms on the outside because they need us more than we need them, because their trade surplus with us is so huge (in itself not a negligible recognition of our long-term trading prospects). This is of course whistling in the wind: as Mr Cameron himself admitted, Britain absent from the central economic decisions of the EU (and here already nearly halfway out the door) will lose any say in the future development of the internal market, in determining the trade negotiating mandates with our main partners, and will be in no position to shore up the interests of the City. And at a political level, single-handedly the UK will have dealt those member states with a very different vision of the EU's future, the strongest cards.

Despite the customary slickness in presentation, the speech will fool no-one. What is at stake here is very straightforward. Mr Cameron's speech and this cynical apology for a European policy appear to many as solely designed to shore up his personal position as party leader and prevent UKIP from siphoning off votes which could guarantee the return of his party to the opposition benches. But so amateurishly blatant has been the manoeuvre that our partners abroad, the international business and finance community, the British voters and even the eurosceptics in his own party will see through it all.

Courage in politics is an undervalued quality. This very week an act of courage was commemorated; a Treaty of reconciliation signed by a German Chancellor and a French president fifty years ago. Some of Mr Cameron's own predecessors possessed courage in spades and took on the world. But we now have a Prime Minister who allows himself to be rattled by Mr Nigel Farage and his pinstriped army.

The attention now turns to the leadership of the other mainstream parties, and particularly the leadership of the Opposition, to see if they can summon up resolve in the pursuit of the genuine national interest, and articulate a vision of Europe which transcends the mediocre calculation of short-term party advantage.

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