# Britain's political earthquake will create aftershocks for the UK and Europe

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Following the Conservative Party's victory in the UK general election, David Cameron has pledged to renegotiate the country's EU membership and put this deal to the British electorate as an 'in/out' referendum. Michael Emerson assesses some of the potential demands the UK government might make in a renegotiation. He writes that it is doubtful whether the concessions that could be gained at the EU level would be enough to satisfy Cameron's party.

So David Cameron confounded the polls and won a thin but absolute majority in the House of Commons, while all his adversaries in England were shattered, as witnessed by the immediate resignation of the leaders of Labour (Ed Miliband), the Liberal Democrats (Nick Clegg) and even UKIP (Nigel Farage). But Nicola Sturgeon and the Scottish nationalists also triumphed, sweeping up 56 out of the 59 Scottish constituencies.

The first consequence for the EU will surely be that Cameron will announce legislation to fix the date for the in-or-out referendum scheduled for 2017, with some discussion of whether it could be brought forward into 2016. This will be the easy part. Much more tricky will be the second step: to set out what Cameron actually wants, going beyond the vague rhetoric about "renegotiating a new settlement or better deal for the UK within a reformed EU" that he has relied on so far.

### The UK's potential demands

Cameron's demands to the EU institutions and other member states will most likely fall under the three key words he has been using: repatriation, renegotiation and reform. Repatriation in any strategic sense means deleting competences from the Lisbon Treaty for all member states. But Cameron's own Balance of



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Competence Review went into this question thoroughly, and found no instance where there was a sound case for repatriation.

At the level of secondary legislation, unnecessary or obsolete regulations and directives ("red tape") could be weeded out, precisely what Frans Timmermans, first vice-president of the European Commission, is now mandated to do. Cameron can certainly champion this appointment as something he has always wanted – and if he wants to call Timmermans' recommendations repatriation, so be it.

Renegotiation means changing the specific terms of the UK's membership. Here, Cameron's scope is limited by three factors:

- A large part of EU policies concern the broad single market area, but the UK has attached the highest priority
  to more rather than less EU action, and above all to have all EU law for the single market applied by all
  member states.
- The UK's existing opt-outs are already huge the euro, Schengen, justice and home affairs and there is nothing about them to be renegotiated.
- Decisions in major domains such as foreign and security policy and taxation demand unanimous votes in the EU Council, so nothing can be passed there without the UK's agreement. This is the biggest reason why Cameron's renegotiation talk has rung so hollow.

But aside from these, there are two conspicuous UK complaints outstanding: immigration from the EU and some labour market regulations, for example the working time directive, which establishes minimum standards. On immigration, Cameron's first line of action can be to exploit the recent Dano ruling of the European Court of Justice of November 2014, which confirms national powers to decide the criteria for residence by "other" EU nationals, which in turn controls access to many social welfare benefits and so-called "benefit tourism".

The UK can recalibrate these criteria on its own responsibility, without requiring any renegotiation. However several other of the richer member states have similar concerns over "benefit tourism". Even if the evidence for this phenomenon is quite weak, there might be some new secondary EU legislation in this area forthcoming. On the working time directive, maybe some specific UK opt-out from some provisions, such as for hospital workers, could be agreed.

On reform or policy improvement, by contrast, there's a very substantial agenda, in many instances corresponding well with what the UK has been driving at. Cameron wants "a reformed EU", and could claim success in building up a critical mass or momentum for change in areas such as financial services in particular, energy and climate, and the digital sector. He could also point to recent reform achievements in agriculture and fisheries, and in achieving some cuts in the EU budget for the multi-annual period until 2020. Looking ahead the EU is engaged in many trade opening negotiations, including with the US, India and Japan, which corresponds to a key UK priority.

## Would this fly?

Many member states are adamantly against the idea of treaty change these days for any purpose, let alone just for the UK. The above package could be broadly acceptable to Brussels and other member states without treaty change. But would this fly at home for Cameron? The above agenda is certainly short of what many Tory MPs say they want.

Without the restraining presence of the Liberal Democrats in coalition, the all-Conservative government might be tempted to switch into making far more radical demands, such as abolishing EU powers and returning them to the national level, which would require treaty change. Of course, various europhobic Tory MPs would approve of a radical agenda that was sure to fail and thus lead to a no vote in the referendum.

How strong will the temptation to give in be? This is where the new Scottish reality comes into play. SNP leader Nicola Sturgeon has so far said quite clearly that she would not favour returning to the independence question with a new referendum except in materially new circumstances, or a "new situation".

That clearly extends to a hypothetical "Brexit". If Cameron's negotiations with the EU started going badly wrong, this hypothesis would liven up – and he would then be facing his ultimate nightmare scenario, simultaneously presiding over the secession of the UK from the EU and of Scotland from the UK.

Cameron could, however, become a leading proponent of a more effective European foreign, security and defence policy. That would perfectly complement the UK's role in pushing a progressive agenda in the single market and external trade domains. On foreign policy, Cameron's first government has done the reverse on a most alarming scale: there used to be a "big three" in EU foreign policy, but now there is only a "big two" – France and Germany,

who took the lead on Europe's response to the Ukraine crisis.

There is still room for a fresh initiative to contribute in a very significant way to the enhancement of the EU's foreign, security and defence policy. If Cameron wants to include some things that would require the active support and goodwill of his partners in his agenda for a new settlement with the EU, it might be a good place to start.

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