

BULLETIN

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The British Veto in the European Council: Political and Policy Consequences

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Political pressure, largely from within his own party, prompted the British prime minister to veto the proposed EU Treaty changes at the December European Council. The decision has reinforced David Cameron's position within the Tory party, and boosted his party's position in the polls. Despite being divided over the decision, the coalition government will endure. The issue of Europe will, however, undermine Tory-Lib Dem cohesion going forward but it remains unclear to what effect. The coalition government will remain committed to full EU membership, although the pressure on the prime minister to increase Britain's independence from the EU will grow.

The European Council held on 8–9 December 2011 was billed as one of the most crucial in the EU's history. At the top of the agenda was the issue of the eurozone debt crisis. Prior to the summit, the leaders of Germany and France jointly argued that the crisis necessitated greater fiscal integration and ultimately changes to the EU Treaty, which would require the agreement of all 27 EU member states, including Britain.

The British Veto. The European Council posed a dilemma for the British prime minister. On the one hand, the health of the British economy and, by extension, the future of his government required a swift resolution to the eurozone debt crisis. On this point, he agreed with his German and French counterparts. He also subscribed to the logic that to solve the crisis required greater fiscal integration among the eurozone countries. On the other hand, agreeing to changes in the EU Treaty would have been divisive back home. The prime minister would have come under intense pressure, particularly from within his own party, to hold a national referendum in line with the European Union Act 2011, which would have subsequently divided both his party and his government. To add to his woes, he would have possibly lost the vote. However, by not doing so he would have risked dividing his party, undermining his position as leader and, ultimately, would have made it difficult, if not impossible, to push the changes through Parliament. Only six weeks earlier he suffered a significant rebellion on Europe with 43% of Tory backbenchers (26% of Tory MPs) defying party orders to vote for a referendum on EU membership. At the time, Cameron promised to use any future EU Treaty changes to bring back powers from Brussels, but did not go into details. To make matters worse, the subsequent delays in both cases would have cast further doubt over the stability of the eurozone, increasing the risk to the British economy and, in turn, to his government.

With this in mind, the prime minister seemed to believe that he needed some concessions in order to make potential Treaty changes more palatable for his party, but not so substantial as to provoke opposition from other EU leaders. Hence, he argued for Treaty change at 27 under certain conditions. In general, he demanded safeguards to keep the single market "fair and open" for key UK industries, such as financial services, and to confirm previous EU agreements on the roles and powers of European supervisory authorities. When other EU leaders refused to meet the prime minister's demands, his predicament left him with no choice but to veto the proposed Treaty changes. His decision subsequently led the 17 eurozone countries, plus six others (potentially rising to nine), to press ahead with a separate inter-governmental accord to address the debt issue without Britain.

In the wake of the veto, many have speculated on what this means for Britain's EU future. Two main strands of thought have emerged, and both of them relate to the effectiveness of the accord.

Some argue that the upshot will be a Britain increasingly marginalised and isolated within the EU. The logic goes that having resolved the debt issue, the other 23 plus countries will push ahead and integrate more closely in other areas, paying less and less attention to Britain in the process. Others argue that the veto will soon pale into insignificance. They question whether the changes incorporated in the accord are sufficient to address the issue and underscore the deal's vulnerability to the markets as well as national parliaments and general publics. A third, though less prominent strand sees Britain renouncing full EU membership, albeit by accident, due to hostile Euro-legislation on the single market or financial services over which Britain has no control, coupled with domestic pressure.

Political Consequences. David Cameron's decision to veto proposed Treaty changes has reinforced his position as leader of the Tory party. The decision was welcomed by his backbenchers, some of whom regard him as "soft" on Europe. Still, he will remain under pressure to push for greater independence from the EU. Many Tories viewed the outcome of the summit as the first step in this process. For some this means repatriating selected powers over legal rights, criminal justice and social and employment legislation. For others it means leaving the EU altogether, most likely through an in/out national referendum. Also, Cameron's decision has strengthened his party's position in the polls. His decision enjoyed strong support among the general public (58%), with the Tory party receiving a five point bounce as a result.

The coalition government is publicly split over the decision. This was only to be expected given that the Tories and the Lib Dems have traditionally been the most anti- and pro-EU parties in Britain respectively (UKIP have eclipsed the Tories in recent years). For now, the coalition government is likely to endure. First, much of the criticism coming from senior Lib Dem ministers is aimed at the party's electorate. Also, neither party would particularly relish the prospect of a snap general election. The Lib Dems lie well down in the polls (10%, in contrast to 23% at the 2010 general election). A snap election would be risky for the Tories as well, as they currently lie just one point ahead of Labour on 41%. Still, the issue of Europe will remain a source of tension as the two parties push in different directions in the wake of the summit. The Tories will generally push for greater independence from the EU, while the Lib Dems will push for more engagement. Whether increased friction over Europe would be a coalition breaker in the medium-term is difficult to determine. If the prime minister were to push for greater independence, this would conceivably be a step too far for the Lib Dems. However, it is hard to see how the Lib Dems would gain in the polls from taking such a tough stand on Europe given the attitude of the general public, which generally reflects that of the Tories.

Policy Consequences. The prime minister's decision to veto proposed Treaty changes at the summit should not be viewed as a conscious first step in a fundamental reorientation of the UK's relationship with the EU. Instead, the decision—if anything—appears to represent a miscalculation on the part of the prime minister. Indeed, in his statement to the Commons after the summit, he candidly underscored the importance of EU membership for Britain, arguing that it remained "vital" to the national interest, particularly the single market, and that despite the decision Britain remained a "full member" of the EU. His candour should be seen as a warning shot to those in his party who would prefer otherwise. His personal commitment is reflected in his outspoken opposition to an in/out national referendum and, generally, in the fact that the majority of EU business continues as usual.

Britain's position will largely remain unchanged in the foreseeable future. The prime minister may push to repatriate selected powers, but his coalition partners will largely resist. The coalition programme talks only of limiting the application of the Working Time Directive, which some argue is largely symbolic. Still, the prime minister will come under increased pressure from within his own party to go further. His cause will not be helped by the attitude of the general public, which broadly reflects that of his party (71% believe that he should "renegotiate" Britain's relationship with the EU without specifying to what extent). Thus, his government's posturing towards Europe is likely to endure and further miscalculations are possible, especially as the prime minister juggles diverging party, coalition and national interests. The actions of other EU member states will play an important role in shaping Britain's future in the EU as well. If others are overly critical of Britain, it might become more difficult for the prime minister to continue to make his case for full membership.