

## The Spectre of Europe (ARI)

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**Theme:** There is a spectre haunting the next Conservative Government of the UK: it is the spectre of Europe.

**Summary:** There is a spectre haunting the next Conservative Government of the UK: it is the spectre of Europe. For many within the Conservative Party, and its supporters in the media, the relationship between the UK and the EU is a touchstone issue. The 'Europe Question' has dogged the party for nearly two decades now as it has struggled to develop a vision of national sovereignty that is compatible with the UK's obligations under EU Treaties. If they are elected to Government, the Conservatives' unresolved dilemma could also become a problem for the rest of Europe, possibly starting during the Spanish Presidency, as London attempts to unilaterally redefine its relationship with the rest of the EU.

### **Analysis:**

#### *2010: Tories into Power?*

Recent polling data from the UK suggests that the next Government in London may well be a Conservative one. The current Labour Prime Minister, Gordon Brown, must call an election at some point over the next eight months and he faces an uphill struggle to be re-elected. Aggregated polling data suggests that the Conservative opposition have consistently led Labour for more than a year and half now. The Conservative lead oscillates between 10-15 points, with Labour hovering on 25% whilst the Tories are touching 40%. Party strategists on both sides agree that support for the Tories is still 'soft' and in the current jargon they have yet to 'seal the deal' with the electorate. Nevertheless, a lead like that will be hard to shift.

It is hard to predict exactly how these responses to pollsters' questions will translate into parliamentary seats, or how big the majority there might be, but the prospect of a Conservative victory in the UK looks more likely than at any time for more than a decade. It will be a Government with many new faces and marked by relative inexperience. The new Prime Minister will be David Cameron, aged just 43 and a Member of Parliament for only eight years. The new Chancellor of the Exchequer, George Osborne, aged just 38, will be another of the many Cabinet members who has never held office before. And it is estimated that up to two-thirds of Conservative MPs will be new to the House of Commons.

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A Cameron premiership would have a very full and complicated agenda. The global crisis has played havoc with the UK's public accounts, which by some measures are now in a worse state than at any time since the start of World War II. The next Government of whatever colour will have to dispense an unappetising diet of rising unemployment, tax increases and cuts in public expenditure. The question is: how should this rebalancing of the public accounts be undertaken. David Cameron has pledged to roll back Labour's fiscal stimulus programme as soon as possible and make extensive reductions to public spending to minimise the borrowing requirement. These cuts will not be popular and will almost certainly lead to a fractious debate in both the country and the Conservative Party. In addition to the turbulent economic conditions and their relative inexperience, the new Conservative leadership has announced that it will seek major changes to a cornerstone of British foreign policy over the last 40 years: membership of the EU.

#### *Europe and the Thatcherite Legacy*

The towering figure of modern UK Conservatism is without question Margaret Thatcher, Prime Minister between 1979 to 1990, and it is impossible to understand the current Tory position on Europe without taking into account her enduring influence. It is also important to recall that her Premiership was terminated not by the British electorate but by her own Parliamentary Party: as her leadership became increasingly dominant, disenchanted members of her own cabinet forced an internal party election in which she failed to command a full or clear majority. One of the important issues in the election was her increasing euro-scepticism and hostility to the EU.

In fine Shakespearian tradition, after the deed was done, many of the regicides were racked by doubt about the defenestration of Thatcher. The emotion was such that one Cabinet Minister broke down in tears and outside Parliament the majority of Conservative Party members were dismayed or furious that their heroine had been deposed. But if those that moved against Thatcher ever hoped that her removal would unblock an obstacle to Britain's relationship with the EU, they could not have been more wrong: loyalty to the Thatcher legacy became conflated with hostility towards the EU. When Britain was ignominiously forced out of the Exchange Rate Mechanism (ERM) in 1992, at huge cost to the Exchequer and national pride, it confirmed many Conservatives in their belief that little good could come of a closer engagement with Europe. This event and the lengthy internecine war in the parliamentary Conservative Party over the ratification of the Maastricht Treaty effectively sealed the fate of the then Conservative Prime Minister, John Major, and led to the party's worst electoral defeat of the 20<sup>th</sup> century.

Since that defeat in 1997 all Conservative leaders have come from the euro-sceptic wing of the party. And it is no longer enough to be euro-sceptic but do demonstrate the fact beyond all doubt for the benefit of the party faithful and Tory supporting press: 'soft on Europe' is a charge which few aspiring to move up in the Tory Party can survive for very long. The latest leader to observe this ground rule is David Cameron.

#### *David Cameron's Conservatives*

The most authoritative (and largely sympathetic) biography of David Cameron comments that he 'has always been a loyal Thatcherite in his Euroscepticism'. After leaving university, Cameron went to work at Conservative Headquarters in London with the avowed aim, according to one former colleague, of 'helping the Party that Margaret Thatcher built'. In the spring of 1992 he became a Special Adviser to Norman Lamont, the then Chancellor of the Exchequer. The next few months were amongst the most turbulent in the history of the UK Treasury, as the Pound came under increasing pressure to hold

its value within the Exchange Rate Mechanism (ERM): in his memoirs Lord Lamont records that he and his advisers 'debated endlessly' that summer about Europe and the ERM and he believed that Cameron shared his own increasing euro-scepticism. In September 1992 Sterling was forced out of the ERM in a humiliating episode which effectively finished the Government's claim to economic competence. The chaotic events were seared into the public mind –and into David Cameron's–. Photos record him as a young ashen-faced adviser standing next to Lamont at an emergency press conference whilst the Chancellor explains the full extent of the debacle to the nation.

Still only in his early 30s, Cameron's reputation as a rising –and firmly anti-EU– star was firmly established. Shortly before the 1997 election the journalist (and now Conservative MP) Michael Gove wrote in his *Times* column that the Tories' 'ultra-eurosceptics' were resigned to electoral defeat 'but looking forward to the Party's rebirth without pro-Europeans'. According to Gove they would be led by, amongst others, the new MP David Cameron. As it turned out, Cameron fought the Stafford constituency and lost (the Chairman of the staunchly euro-sceptic local party which selected Cameron as their candidate subsequently joined the UK Independence Party, or UKIP). Cameron's profile in the 1997 campaign was notable because of his stance on the Euro. Prime Minister John Major's official policy on Britain's entry into the single currency was 'wait and see', refusing to rule out the option of membership. David Cameron went much further and joined a rebellious vanguard of 200 Tory candidates who signed a declaration saying that they would oppose Euro membership *under any circumstances*.

Cameron entered Parliament at the next General Election in 2001, which the Conservatives lost. Once again, the Conservatives made opposition to the British entry into the Euro a central feature of their campaign although there were visible splits within the Party: some very senior figures and former Cabinet Ministers openly disagreed with the policy. But the received wisdom at the time was that Labour, armed with another huge majority, would in fact take Britain into the Euro and present the next Tory Government (whenever that may be) with a *fait accompli*. Britain would, irreversibly, be part of the single currency and one consequence of this would be to effectively close the issue down for the Conservative Party because the euro-sceptics would have no option but to accept the new reality.

But events turned out differently. Prime Minister Blair quickly became distracted by Iraq and estranged from many other European leaders. Chancellor Gordon Brown pushed Euro entry so far down that it is now effectively off the UK political agenda. Meanwhile, in the Tory Party, those in favour of closer ties with the EU became almost completely marginalised and the influence of the sceptics grew. The contours of the debate about Europe have now changed to such an extent that they now no longer attack the idea of Britain entering the Euro but question the entire basis of Britain's membership of the EU – and in some cases whether Britain should be a member at all–. As the *Financial Times* commented, any plans for further European integration 'will surely recede still further if David Cameron's Conservatives, with their deep-rooted eurosceptic instincts, replace Gordon Brown's Labour government after next year's UK election'.

In addition to the sincerely-held views of David Cameron and the Conservative base, two forces have been leading the Tory Party into an ever more euro-sceptic position. The first is the Conservative supporting media. Traditional Conservative newspapers with considerable influence at all levels – from the Parliamentary Party to the grassroots– are now firmly euro-sceptic and there is now no media group which is consistently pro-Tory

and sympathetic to the EU. This is a dramatic change from the 1970s when much of the Tory press campaigned in favour of Britain's entry into the EU. Secondly, the UKIP, a nationalist party which wants total British withdrawal from the EU, and which has members elected to the European Parliament, is competing for the Tory vote on the right. Conservative strategists have sought to minimise the effect of UKIP attacks by positioning the party against the EU. But for many Tories this is not simply a matter of tactics but an article of faith: there is abundant evidence –from polls to the Tory blogosphere– to suggest that a significant number of the Tory base would feel equally comfortable voting for UKIP if they thought that Cameron was too pro-EU.

Evidence about the extent to which the Conservatives have shifted on the question of Europe is demonstrated by a poll of Party candidates conducted by the Conservative Home web site. In July 2009 a poll of 144 Conservative Prospective Parliamentary Candidates in seats which they expect to win at the next General Election revealed that just 10% of them are content with the current relationship between the UK and the EU. The remaining 90% want to see a repatriation of at least some powers from Brussels to London whilst a hard core want Britain out of the EU completely.

The poll asked:

**Which of these statements comes closest to your view?**

	%
The next Conservative Government should retain Britain's current relationship with the EU as it is but cede no further powers	10
The next Conservative Government should seek to repatriate powers in some areas from the EU to Westminster	47
The next Conservative Government should seek a fundamental renegotiation of Britain's membership of the EU	38
The next Conservative Government should seek a wholesale withdrawal from the EU	5

A measure of what to expect from the next Conservative Government has also been given by the Party's Members of the European Parliament (EP). In June 2009, under instructions from David Cameron, Tory MEPs withdrew from the European Peoples' Party (EPP) which unites all mainstream centre-right parties in the Parliament, including Spain's *Partido Popular*. After decades of sitting with the EPP group, the British Conservatives have now formed their own grouping of Conservatives and Reformists which unites more nationalistic parties from countries such as Latvia, the Czech Republic and Poland. So far most comment has focused on the unsavoury nature of some individuals in these parties who appear to have a questionable commitment to some of ideals central to the European ethos, such as equality.

But this perhaps misses the bigger point: the legislative powers of the EP have grown in recent years (and will become more extensive if the Lisbon Treaty is ratified). The EPP is by far the largest and most powerful group in the Parliament, with 264 seats, but rather than maximising their influence by working with natural allies the Tories preferred to found a fringe group with just 55 members. It seems that the ideological imperative of detachment has triumphed over the opportunity to continue collaborating with other European parties on the centre-right. As a consequence, both Conservative and British influence in the European Parliament have been marginalised. Angela Merkel, for example, was so angry about the Tory decision that according to German press reports she has ordered the CDU to close down its London office.

The decision to quit the EPP triggered a reaction by some in the remaining rump of pro-EU Tories. The veteran British Conservative MEP Edward MacMillan-Scott refused to leave the EPP grouping and was subsequently expelled from the Conservative Party in July 2009. In the UK senior Conservative figures such as the former Party Chairman, Cabinet Minister and European Commissioner, Lord Patten commented that leaving the EPP demonstrated a 'rigid commitment to impotence'. But the silence of other senior pro-EU Tories has been notable and it is not difficult to understand why: after 12 years in Opposition few Tories are in the mood to open up a debate which will split the party and imperil what looks to be an odds-on election victory. Moreover, the heavyweight pro-Europe Conservatives are now in the twilight of their careers and fully aware that Party leadership is now in the hands of a much younger, almost uniformly euro-sceptical generation.

Tories sympathetic to the EU may be quietly hoping that the exigencies of office will force the Cameron leadership to think again and adopt at least a more pragmatic approach to the UK's relationship with Brussels. Whether this happens will depend on forces inside and outside the Conservative Party.

#### *Lisbon and Beyond*

The most important external factor will be the fate of the Lisbon Treaty. Even if the Irish vote 'yes' in October 2009 other countries have yet to ratify. In particular, it seems likely that there will be a delay with Czech ratification. President Vaclav Klaus has said that he will not sign off on Lisbon until it is approved by a new Parliament following fresh elections –and it appears that these will not now take place until the spring of 2010–. The British Conservatives have made it clear that they will immediately hold a referendum on Lisbon in the UK if the Treaty has not been ratified by all the other member states by the time they come to power. The British will almost certainly vote 'no'.

The Czech delay and the election of a euro-sceptic Conservative government in the UK is a conflux of events which may come to a head during the first half of next year –during the Spanish Presidency–. Whilst not a problem which Spain will be expected to tackle on its own, it is a scenario which policy-makers in Madrid should be aware of and preparing for.

In the UK, even if Lisbon is fully ratified, there will be considerable pressure on David Cameron as Prime Minister to reopen the debate and call a retrospective British referendum. Cameron has not committed himself either for or against the idea but pressure is building: some 50 Conservative MPs (some 25% of the current parliamentary party) have called for a referendum in the UK even *after* ratification, and Lord Tebbit, a former Party Chairman, has recently said that Cameron 'must make his position clear sooner rather than later'.

Yet the unilateral revocation of an EU Treaty by a member state which had previously agreed would be an unprecedented move: in any scenario the consequences would be very serious indeed and might ultimately entail Britain being forced to entirely renegotiate its relationship with the EU. But as the Conservative Home survey of Conservative PPCs demonstrates, for almost half the new Conservative Party this would not be an unwelcome conclusion. At the moment David Cameron has limited himself to saying if Lisbon does go through he 'would not be happy to let matters there' and implied strongly that he will withdraw Britain from the Social Chapter of the Treaty. But again, on a point of law let alone politics, international Treaties cannot be unilaterally varied by one party and such a move would require the agreement of the other 26 member states. As Sir Stephen

Wall, a former British Ambassador to the EU, has pointed out, the other EU members are unlikely to let Britain renounce the provisions of the Social Chapter unless they receive something in return –for example, Britain giving up its budget rebate of some £3 billion–.

**Conclusion:** The issue of the UK's relationship with Europe is not high on the list of voters' priorities. It may not surface before or even during the UK's General Election campaign to any great extent. But it is an issue at the heart of Britain's foreign policy. As Prime Minister, David Cameron will need to comply with Britain's current obligations under EU Treaties and manage his euro-sceptic party. The danger for his Government, Britain and Europe is that he will not be able to do both.

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