

DAVID CAMERON'S EUROPEAN STRATEGY

AN INITIAL ASSESSMENT



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Introduction

The IIEA has a long-running project dedicated to analysing issues, options and implications of British European policy for Ireland and other members of the European Union. It has so far published two major reports on the subject in the form of the books *Britain's European Question* (1996) and *Blair's Britain, England's Europe* (2000). These studies analysed Britain's dual sovereignty problem arising from the end of its imperial role, concluding that it faces a crisis of state and national identity concerning its position in the world, in Europe and in its internal constitutional structure after the end of the Cold War.

They went on to draw out five scenarios for the possible development of Britain's relationship with the EU. These ran from the loosest in which Britain would be an *outsider* from several core EU competences such as the euro, Schengen or the social chapter; through an *opportunist* role in which it would choose on self-interested grounds to be in or out of them; through being a *late joiner* forced by circumstances to participate once certain EU integration initiatives had succeeded, as with its accession in 1973; through a *gambler* role in which it would join major initiatives and then seek to change or adapt them to its own needs, as with the single market or the Common Agricultural Policy; finally Britain could adopt a leadership role by exercising the full strength of its position as a large European state.¹ These scenarios are not necessarily mutually exclusive, since they can change or overlap as circumstances dictate. Their adoption is also affected by internal British political developments, including the ongoing working out of its constitutional reorganisation through devolution and the debate over Scottish independence.

Circumstances change under the influence of significant political shifts. It is for this reason that the project group has been focusing this year on the European policies of the Conservatives under David Cameron. Ratification of the Lisbon Treaty and the growing likelihood that his party will win or at least do best in the forthcoming UK general election are precisely such shifts. To that end, a fact-finding mission to London was arranged so that project group members could form an informed opinion as to the nature and quality of these policies. This

delegation travelled to the UK on the 25-26 June 2009. A series of meetings and interviews took place with high-ranking members of parliament, peers and shadow cabinet ministers, as well as with senior officials, journalists, think tank directors and policy analysts. The conclusions of the delegation, updated in light of subsequent events, are presented below.

Background

Tony Blair came to power in 1997 saying that one of his key goals was to secure Britain's destiny within the EU. He left office in 2007 frustrated by the dilemma facing a British Prime Minister over Europe, which he described as acute to the point of ridiculous. Basically, he said, you have a choice: "Co-operate in Europe and you betray Britain; be unreasonable in Europe, be praised back home, and be utterly without influence in Europe. It's sort of: isolation or treason".²

In that same speech, Blair observed that there are evolving strains of Euro-scepticism in Britain. There is plain anti-European sentiment, there is an ideological Euro-scepticism that bristles at the notion of supranational government and shared sovereignty, and there is practical Euro-scepticism, concerned not with the vision or ideal of Europe but with the EU as practiced. This last is a genuine and valid intellectual and political concern of the sort that David Cameron claims for himself, and there is no reason to disbelieve him. The question rather concerns the continuing strength of the first two strands in his party and his country.

Informed sources indicate that David Cameron does not want to provoke a crisis in the EU. Nonetheless, he is certainly a Euro-sceptic, though his scepticism has been described as pragmatic, as opposed to the emotional anti-Europeanism of some of his party colleagues. It has also been described as a scepticism born of ignorance; while an older generation of Euro-sceptics were very familiar with the Treaties and could argue for hours over legalistic minutiae, Cameron doesn't seem comfortable talking about Europe in any depth. In 2006, the self-described "heir to Blair"³ made "not banging on about Europe"⁴ a badge of pride for a

newly modern and moderate Conservative party, but it has at times appeared as if this pragmatist was already caught on the horns of Blair's dilemma, months ahead of a general election in 2010.⁵ Like many a Tory leader before him, Cameron has found it very difficult to set his own agenda on Europe, and has already had to make many concessions to the more radically Euro-sceptic wing of his party.

Cameron's immediate problem has been that he made a pact with this group when he won their support for his 2005 party leadership contest; now he owes them. He delivered a downpayment on this debt in June when he removed the Tory delegation to the European Parliament from its traditional grouping (the EPP-ED) and started up a new anti-federalist coalition. By forming the European Conservatives and Reformists (ECR) Group, Cameron has managed to inhibit further erosion of his base by UKIP and other anti-EU elements. But he has done so at the cost of diluting Britain's influence and angering powerful potential allies in the EU, not to mention triggering a torrent of criticism from the media, government and members of his own party at home. He must now position himself in such a way as to keep the hardliners in his party happy while continuing to woo swing-voters over to his cause. He must also spend some political capital convincing his counterparts in Europe that he is somebody with whom they can work.

The aim of the following analysis is to explore some key policy areas for Britain in the EU, evaluate Cameron's options for each and considers what the implications of these might be for Europe. This is a provisional assessment; it will be followed by a more complete one next year before the general election, based on more up to date information about Conservative plans. At that stage we will try to locate the likely development of Conservative policies in terms of the scenarios sketched above, their possible interaction with the UK's constitutional evolution under a Tory government, and their implications for Ireland and the EU as a whole.

Responding to Ratification

Czech President Jan Fischer deposited his country's ratification instrument in Rome on November 13, thus completing at last the ratification process of the Lisbon Treaty. The Treaty has proven deeply controversial across Europe, but nowhere more than in the United Kingdom. David Cameron has consistently argued for a referendum on Lisbon, and promised that a Conservative government would hold one if they came to power before it was fully ratified. However, he has only recently, in the face of imminent ratification, clarified what his party's policy is post-Lisbon.

Interviewed on June 2 2009 on the *Today* programme, David Cameron was asked what was meant by the now famous line that the Conservatives 'would not let matters rest' in the event that they came to power faced with ratification of the Lisbon Treaty by all 27 Member States. He replied: "What I mean by that is that too much power will have been passed to Brussels from Westminster. I want some of that power back".⁶ He went on to specify that a Conservative government would use forthcoming negotiations about the EU's budget as one opportunity to demand the return of powers to the UK. Despite subsequent attempts at clarification by Cameron, William Hague and Ken Clarke, the summer and autumn of 2009 were marked by intense speculation as to what 'not letting matters rest' might mean in practice.

We finally found out on November 4 when the Conservatives' post-ratification policy towards the EU was announced. In a speech entitled "A Europe Policy that people can believe in",⁷ Cameron outlined a series of measures on which the Conservatives would seek a mandate at a general election. These are in three main areas.

The Conservatives' New European Policy

The first is to be promoted as part of a 'Never Again' package of unilateral actions which the Tories intend to implement as soon as they form a government. It includes:

- Amending the 1972 European Communities Act so that any future Treaty which transfers competencies from the UK to the EU would have to be subjected to a referendum. The Conservatives would also challenge their opponents in a general election to declare that they would not seek to overturn this measure. The Act would be similarly amended to ensure that a British government seeking to take the UK into the euro would need to first hold a referendum.
- A United Kingdom Sovereignty Bill, to "provide ultimate constitutional safeguards against any attempts by EU judges to erode our sovereignty". Cameron compared this to the situation in Germany whereby the German Constitution holds ultimate supremacy.
- Changing the law so that using any 'passerelle' or 'ratchet' clause in the Lisbon Treaty to expand the powers of the EU would require a British Government to pass an Act of Parliament.

The second area relates to "British Guarantees", which will require approval from other Member States. This will involve seeking a full opt-out from the Charter of Fundamental Rights, an additional protocol in the area of JHA ensuring that only British authorities could initiate criminal investigations in Britain, and a restoration of control over "those parts of social and employment legislation which have proved most damaging to the British economy", referring in particular to the Working Time Directive. A European Policy Committee is to be established, chaired by William Hague, to work on the detail of these proposals.

Finally, in the longer term, the Conservatives do not rule out a referendum on a

wider package of guarantees if their demands are not met, however, “that would be a judgment for the future, not for this election or for the next Parliament”.

The response to Cameron’s speech in the UK has been relatively muted. Although the *Daily Mail* has been critical, the *Sun* and *Telegraph* newspapers have rowed in behind Cameron, as have, for the moment, most of his parliamentary party.

His European partners, however, have been far more critical. As of November 6 2009, Europe Ministers from Ireland, the Netherlands, France, Spain and Poland had spoken against Cameron’s chances of repatriating any aspects of social and employment legislation to Britain. The French Europe Minister, Pierre Lellouche, called Cameron’s plans “pathetic”, accused William Hague of exhibiting a “bizarre autism” over Europe and claimed that, with the new policy, “[the Conservatives] are doing what they have done in the European Parliament. They have essentially castrated your UK influence in the European Parliament”.⁸ Frans Timmerman, Dutch Europe Minister, meanwhile said that the Tory plans would have “a paralysing effect on Europe ... There is more chance of a snowball surviving hell than the EU restarting debates on treaty change”.⁹

Despite these diatribes from Europe, the domestic consensus is that Cameron has demonstrated a welcome finesse with this new policy and has in fact succeeded in lofting the much-feared ‘ticking time bomb of Europe’ into the political long grass; but there it remains, still primed to explode at short notice.

The European Conservatives and Reformists (ECR) Group

The formation of the ECR Group marked the culmination of a process whose origins go back decades, stemming from disquiet within the Tory party about the EPP’s federalist leanings. Margaret Thatcher applied for membership to the EPP but was rejected. Despite his government’s clearly articulated objections to increased political integration, John Major stayed in the bloc to take advantage of the perceived benefits in terms of policy influence. Successive leaders since have

been deeply anti-EU but never made the final decision to pull the Tory delegation out, until now.

Two retiring Conservative MEPs, Chris Beazley and Caroline Jackson, have loudly criticised their party's withdrawal to what they see as the margins of the European debate. There can be little doubt that the Conservatives have diluted their influence in the European Parliament itself but there is an increasing sense that, by removing themselves from the important EPP network, they have also lost clout and prestige in those bilateral relations with continental parties and leaders that are so crucial to forging common positions and alliances in the European Council and elsewhere. Yet other Conservatives deny this charge, arguing that their party will now have a much more productive relationship with the EPP, who stand only to "lose a bad tenant and gain a good neighbour".¹⁰

Indications are that Cameron was genuinely surprised by the amount of criticism levelled at the move by the media, foreign leaders and even members of his own party. It would also appear that the Tory leadership did not expect it to be quite so difficult to put together a coalition. Though they may yet be proven right in their argument that many natural allies are adopting a 'wait-and-see' approach before joining the new group, at the time of writing it remains a somewhat loose, threadbare and controversial alliance. The ECR have not even been united on the issue of the Lisbon Treaty, with the controversial group chairman, Michal Kaminski, having expressed his support for it. And now, with the announcement of a Conservative policy *sans* referendum, the party has lost two frontbench MEPs. Roger Helmer has stepped down as ECR Spokesman on Employment and Daniel Hannan as Spokesman on Legal Affairs.

Although Cameron, Hague, George Osborne and Boris Johnson all see financial services regulation as a top priority for British negotiators in Brussels, their party failed to secure a chair or vice-chair position on either the Economic and Monetary Affairs Committee or the newly established Committee on the Financial Crisis (though the Conservative MEP, Malcolm Harbour, is chairing the

Internal Markets and Consumer Protection Committee)¹¹ and its capacity to influence the relevant legislative processes has been unarguably diminished.

It is now difficult to find any commentator outside the party's own Euro-sceptic wing who thinks that the move was a politically smart one. Pro-European Conservatives say that Cameron recognises the reputational damage the move has caused him and is determined to rebuild bridges on the continent.

Europe's 'Top Jobs' and the External Action Service

Having previously incurred great opposition to what seemed to them the simple step of forming a new group in the European Parliament, it is understandable that the Tory leadership's appetite for immediate action on Europe might have waned. Yet the party faithful are still hungry. If the ratification of Lisbon was hard to swallow, even more difficult to digest will be the protracted rollout of new institutional machinery established by the Treaty. We can already observe the difficult position in which this leaves the Conservative leadership.

Given their party's consistent opposition to the Lisbon Treaty, they were always unlikely to embrace its provisions in the arena of foreign affairs. In the lead-up to the appointment of Herman van Rompuy and Catherine Ashton as Council President and High Representative for Foreign Affairs, much media attention and Conservative ire focused on the possibility of Tony Blair's appointment to the Council Presidency (at a lunch for the 26 ambassadors from the EU in London, William Hague said that this would be considered a "hostile act" in Britain).¹² Yet even as William Hague was publicly channelling grassroots anger at the idea of a powerful 'unelected president and foreign minister of Europe', he was making a somewhat contradictory (and better) argument that the British Government was directing its energy in the wrong direction by lobbying for one of the 'top jobs' and would be better off focusing on securing one of the major economic portfolios for their next Commissioner.¹³

Though Gordon Brown presents the appointment of Baroness Ashton as a major coup for Britain, the Conservatives loudly criticise what they see as a disadvantageous bargain in which the UK has given up its chance of securing such a portfolio. Michael Fallon, the Conservative chairman of the Treasury Sub-Committee, argued that the City was “extremely alarmed” at the prospect of a “protectionist, anti-London and anti-market” Internal Markets and Services Commissioner.¹⁴ Subsequent unease at the appointment of Michel Barnier to the role was compounded when the French president, Nicholas Sarkozy, announced: “It’s the first time in 50 years that France has had this role. The English are the big losers in this business”.¹⁵ Nevertheless, now that these positions have been filled, we can expect the focus to shift to the European External Action Service (EEAS), a less headline-grabbing but ultimately more important innovation of the Lisbon Treaty.

In what has been described as the biggest reorganisation of EU bureaucracy since the establishment of the Commission,¹⁶ Ashton is charged with assembling a new EU diplomatic service that is expected to comprise some 3,000 new positions, combining officials from the European institutions and those seconded from Member States’ national diplomatic services. The UK’s staff numbers in the EU institutions are already dwindling rapidly as an ‘old guard’ reaches retirement age and is replaced not by a younger generation of Britons (whose interest in Brussels careers seems to be at a historic low) but by the best and brightest from elsewhere, especially recent Member States. To avoid further dilution of British influence, David Cameron needs to have cogent arguments as to how and why Britain will support the EEAS. Just as the service will sorely feel the lack of quality British personnel, so too will Britain lose out on important diplomatic contacts and channels, so it is important that the next government makes a firm commitment in this regard.

Cameron's Long-Term Vision for Europe

Despite the Conservatives' November 2009 policy announcement, there remains much speculation and uncertainty as to what the UK's European policies would consist of under a Cameron-led government, and the vigour with which they would be pursued. Cameron operates within a very closed circle; the 'Camerons' who won him the party leadership remain a tight group but those with intimate knowledge of his intentions on Europe are a smaller number still. The only people who can speak authoritatively on his ideas and plans for Europe are probably himself, William Hague and George Osborne.

Aside from that announcement, the strongest elaboration of Cameron's vision for the future of the EU is contained in a speech he gave on March 7 2007 at the Movement for European Reform in Brussels. In it, he insisted that the European Union "needs to change if it is to be fit for the challenges of the new century, not stuck haggling over the debris of the last".¹⁷ He argued that the protracted drive for deeper institutional integration had distracted the EU from the '3G' issues which he believed should be its main focus: globalisation, global warming and global poverty. He called for a flexible Europe in which closer cooperation amongst nation states would replace institutional navel-gazing. Cameron here articulates an upbeat vision of common interests and 'no-strings' international partnerships, but avoids the fact that the largest political problems of the 21st century – from climate change to energy security to mass migration and terrorism – are collective action problems which will only be solved within effective multilateral frameworks such as the EU. At other times he emphasises multilateralism but ultimately the messages he gives about what he sees as Britain's role in Europe and Europe's role in the world are mixed.

The Parliamentary Party's Vision for Europe

Again and again, headlines have announced that the Tories are divided over Europe, but if they remain so in 2009, they are no longer divided between pro- and anti-Europeans. Rather they are divided in three ways: between those who are sceptical in a practical sense about the benefits of membership, those who want a fundamental renegotiation of Britain's relationship with the Union, and those who want to pull out.

David Cameron will not enjoy the majority backing of his parliamentary party if he begins to drift too far away from a hard line on Europe. The success of the Conservatives in re-energising their party while capitalising on Labour's meltdown and poaching supporters from the Liberal Democrats means that there is a very good chance that they will send a large number of new MPs to parliament in the next election. Indications are that a majority of these will be less centrist than the party's leadership on a number of issues, but particularly on Europe. Writing in the *Financial Times*, Tim Montgomerie, director of the influential *ConservativeHome* website, summarised a survey of likely Tory MPs in the next parliament which indicated that 47 per cent want a repatriation of powers from the EU, 38 per cent support a fundamental renegotiation and 5 per cent want to leave the Union completely. Only 10 per cent are happy with the status quo.¹⁸ By forming the ECR Group and talking about repatriation of powers, Cameron has tossed the Euro-sceptics in his party a couple of bones. In office he may find them barking for red meat.

Foreign Policy Doctrine

Though he has argued forcefully for stronger concerted action on global poverty and climate change, the parameters and particulars of Cameron's broader foreign policy remain unclear. While it would be strategically naïve and generally frowned upon for Cameron to elaborate too much on foreign policy while in opposition, he is in a position to espouse general doctrine, which he has done to the extent that the label 'liberal conservative' is a doctrinal one. The only foreign policy commitment that Cameron has made that transcends this sort of value-

statement is a firm commitment to increase levels of international aid spending. However, as one seasoned Tory politician commented, overseas development aid does not a foreign policy make.

A recurring criticism of Cameron, like Blair before him, is that in seeking to rebrand his party and his politics, he neglects the valuable institutional memory on which these are built. Nowhere is this process more detrimental than in the arena of foreign affairs. The marginalisation of the Foreign Office has been a historical re-occurrence under Conservative governments. Many in Whitehall and in Westminster fear that Cameron's Conservatives, while working admirably to get up to speed in diverse policy areas, will fail to master the sophisticated diplomacy required of modern government within a reasonable timeframe.

It seems indisputable that Britain's geopolitical and economic interests are furthered rather than hindered by the leverage which the EU institutions provide and the trust that the Union engenders among its Member States. Even in the crudest balance of power analysis focused solely on the transatlantic 'special relationship', Cameron must recognise what the Obama administration has already made clear: that the UK is valued by the US largely insofar as it maintains influence in Europe. The Conservatives say they "recognise that we are much stronger working through NATO, the UN, or the G8 than when acting alone".¹⁹ Yet on the section of their website devoted to foreign affairs, the only reference made to the EU is that the Conservatives will champion its reform. Meanwhile, in what was billed as a major speech on "The Future of British Foreign Policy" in July 2009, William Hague spoke at length on China, India and Russia yet barely mentioned France or Germany.²⁰

The Conservatives say that they "want an EU that looks out to the world, not in on itself; that builds strong and open relations with rising powers like China and India".²¹ Yet powerful Tory voices continue to insist that the UK should not be pooling sovereignty with its European partners because as a sovereign state in a dangerous world it is vital that Britain be allowed to make its own decisions. This fetishisation of sovereignty is a prominent aspect of Tory politics, but it

does not sit well with the Cameron rebranding of the party as an open, inclusive and pragmatic one. As the *FT* recently commented, this stance of isolation in Europe is not splendid but splenetic.²²

Defence

The Conservatives' default position is to cut spending rather than raise taxes and, in the teeth of a severe recession, they are campaigning on an austerity agenda. The UK's defence budget deficit is forecast to be £2bn per annum by 2011-2012. In this context, and because David Cameron has already ringfenced spending in health and overseas development aid, and has ambitious plans in the areas of education and energy infrastructure, Britain's current defence strategy is unsustainable.

David Cameron has called on the EU to "articulate the values and defend the interests of the West" and to apply "pressure on national governments to bear their proper share of the task – not least by maintaining adequate defence and security spending".²³ Yet, at a November 2009 presentation to the IIEA,²⁴ Lord Wallace of Saltaire said that forward projections on defence procurement simply do not add up, arguing that the alarming gap between the UK's strategy and its budget is pushing it towards something like an "East of Suez"²⁵ moment, which will have to be confronted in the next defence review (scheduled for June 2010). David Cameron himself recently pointed out that on current trends protecting health, education and international development commitments translates into a 13.5 per cent cut in the defence budget. Cameron's spokesman on defence, Liam Fox, is hawkish and strongly Euro-sceptic but senior party sources indicate that he may find himself overruled by Cameron, Osborne and Hague, all of whom – like Thatcher and Hurd before them – will recognise the great economies of scale to be achieved by increased collaboration on defence initiatives. Though the language of ESDP will remain anathema, the logic of efficiency will be even more compelling in the straitened economic circumstances of 2010.

We can therefore expect a Conservative government to be amenable to initiatives dealing with joint procurement and ownership of assets, collaboration in research, compatibility of hardware and cooperation in logistics and operations. But even over the last few months the sands are shifting in terms of European defence. One less-noticed aspect of the Lisbon Treaty is the way in which the EU's military component will be incorporated into the new EU structure. At a recent meeting of Europe's defence chiefs, concerns were expressed about the new arrangements, which effectively make EU defence a subordinate component of EU diplomacy, as opposed to the more distinct separation that applies at present.²⁶ Whereas before, the EU "joint chiefs" reported directly to the rotating EU presidency, under the new arrangements, the military forward planning unit will be merged with a civilian one and folded into the new diplomatic service, reporting directly to the High Representative for Foreign Affairs. The High Representative will also be empowered to propose and coordinate military and civil/military missions.

Jonah Grunstein makes another important argument about Britain's evolving role in the European defence debate:

One of the less-noticed, second-order effects of the Obama administration's decision to scrap Eastern European-based missile defense is the way in which it has increasingly isolated Great Britain in terms of the European defence discussion. The "Russia wedge" equation traditionally pitted New Europe and Britain's Atlanticism against Old Europe's EU defense. But Poland had already started hedging its bets with greater support of EU defense before the missile defense decision. In its aftermath, that shift has become even more pronounced. That leaves Great Britain on the outside looking in, with the major winner for now being France. It also makes the NATO strategic vision document currently under development that much more significant, especially with regard to NATO-EU cooperation.²⁷

'3G Europe'

Cameron has spoken forcefully of his vision of an outward-looking '3G Europe', moving beyond institutional navel-gazing in 2010 and ready to lead with solutions to the problems of Globalisation, Global poverty and Global warming.

On globalisation and competitiveness, the Tories want to give a greater emphasis to EU-wide deregulation, build momentum behind plans for a transatlantic common market, push the EU to use its collective weight to seal a deal on the Doha development round and reform the CAP "so that it rewards European farmers fairly – and gives a fair deal to farmers in the developing world".²⁸

On global poverty, Cameron wants the EU to fulfil its obligations in meeting the Millennium Development Goals, including the target of spending 0.7% of GDP on development, and help developing countries grow by giving them market access and "helping them to build the legal and financial infrastructure they need to grow their economies".²⁹

On global warming, an issue which Cameron has spoken passionately about in domestic contexts and made a central plank of his policy agenda, he asks only that the EU reforms the Emissions Trading Scheme to make it more transparent "and capable of generating long term incentives for business to invest in green technology".³⁰

This vision of a '3G Europe' rules out any further powers for the EU in defence and security, arguing that "international security is ultimately a task for states" though allowing that "where there are clear common positions among Member States – for instance over Iran or nuclear proliferation – we should aim to exert influence together".³¹

Energy and Climate Change

A robust EU energy policy is crucial for the proper functioning of the single market, for achieving Cameron's climate change ambitions and for a sounder foreign policy, especially towards Russia. Yet while pro-Europeans lament the fact that the EU cannot get its act together to collectively ensure its energy security, some Tories see in any such collective arrangement a vehicle through which Germany can seek terms that suits its interests and then dictate those terms to its partner states. In this view, the EU enables rather than restrains domineering behaviour by the larger Member States.

In their manifesto for the 2009 European elections, the Conservatives insisted that they "want Europe to rise to the challenge of climate change, and will be powerful advocates of concerted European action to tackle it".³² Yet their partners, including Swedish Prime Minister and current EU president Fredrik Reinfeldt – a fellow centre-right leader from a moderately Euro-sceptic country and a friend and natural ally of Cameron – worry about how the Tory leader can unite the EU in this cause while he undermines it elsewhere. Reinfeldt said recently: "If David Cameron becomes Prime Minister, part of what he wants to do in the world and Europe will need European structures ... I hope he will feel comfortable in working with other European leaders. He will need us. To address this issue he needs European leadership, not only British leadership".³³ Reinfeldt describes how he too led an instinctually Euro-sceptic party that eventually began to cooperate more and more with Brussels and other Member States as it realised that this course was in the interests of the country and its citizens. He hopes that Cameron will take a similarly pragmatic line in office.

Enlargement

Cameron's Conservatives are pro-enlargement provided it is done slowly and surely. They support Turkish membership of the EU as long as it meets the relevant Copenhagen criteria but predict that it will be necessary to impose transitional measures on the free movement of workers. They also support eventual membership for the Ukraine and countries in the Western Balkans,

primarily Croatia, but also Albania, Bosnia-Herzegovina, Montenegro, Serbia and Kosovo. Cameron sees further enlargement as a natural extension of his vision of a more open Europe and links the process to his argument against further 'centralisation' when he says that "there is no way [that an enlarged] EU can make progress if we continue to insist that all Member States take part in every project".³⁴ In his analysis, the diversity of such a Union means that current levels of political integration are unsustainable and that decentralisation and reversal of elements of the *acquis* are therefore inevitable.

Cameron's support for enlargement has implications for his negotiating position in Europe. Some commentators have suggested that Cameron could threaten to veto an accession treaty, such as that of Croatia or Iceland, unless British guarantees were attached to it. In light of the Conservatives' open support for enlargement, this would be viewed as a very cynical exercise and difficult to pull off.

Britain, Ireland and Devolution

The election of Jim Nicholson as an MEP for the Conservatives and Unionists group is important to Cameron. He described his election as proof that the region is moving on from arguing over its constitutional issues and re-entering "the mainstream of national politics". It also means that the Conservatives are also now the only party with elected representation in every region of the UK. In tandem with his social and anti-poverty commitments, Cameron sees this an important early step towards reinstating a sort of 'One Nation' Toryism. But that process could come under great strain in a first year of office if, as expected, the Scottish Nationalists call a referendum on Scottish independence in late 2010. The election of a Conservative government dominated by Euro-sceptic English MPs would be a neuralgic factor for many Scottish voters, notwithstanding Cameron's proclaimed unionism. Labour would be weakened there by the loss of office. And Tory budget cuts could hit Scotland hard. If a vote for Scottish independence were carried in late 2010, it would set in train prolonged negotiations on the future of the UK, probably with another referendum when

they concluded. Inescapably, therefore, the external renegotiation of Britain's relationship with the EU would coincide in that case with the internal renegotiations of the UK's constitutional future. This would tend to reinforce English Euro-scepticism and a reactive Scottish Euro-philialia.

No matter how successful David Cameron is at mollifying his European critics, it is clear that a Cameron government would see the UK operating a pace apart from the EU in a good many policy areas, making it even more of an outsider or opportunist than has been the case under the Labour governments since 1997. This will prove a nuisance to his European partners, especially Ireland. The drastic fall in the price of sterling since the onset of the financial crisis amounts to a competitive devaluation that has crippled Irish exports. The continuing refusal of Britain to countenance joining the euro leaves this damaging disjuncture between the Single Market and the Eurozone in place for the foreseeable future.

Social and Employment Law

The so-called social chapter of EU law required Member States to adopt common social policies dealing with workers' rights and pay. It laid down provisions for improving standards in areas such as working conditions, employment, social security and trade unions' rights. It was intended to implement the charter of fundamental social rights, adopted by eleven Member States but opposed by Margaret Thatcher in 1989. At Maastricht in 1991, John Major persuaded the other eleven leaders to make it an optional clause in the final version of the Treaty, allowing Member States to adopt it individually. It was on this basis that Britain finally ratified the Maastricht Treaty.

Upon coming to power in 1997, Tony Blair immediately opted Britain back into the social chapter with the effect that, in 2004, a Conservative spokesman acknowledged that "[t]here is no longer any talk about opting in or opting out. You can't really opt out now because it is not on the table".³⁵ Cameron has since taken a different position. But the EU insists repatriation of powers in this area

could only happen as part of a new treaty negotiation. After all, the social chapter no longer exists, but rather is integrated into the Lisbon Treaty. Any new negotiation would therefore require the support of 14 members states to begin talks, and the approval of all 27 Member States to effect any change. Cameron could request a “declaration of subsidiarity” on social policy, setting out how any new rules would have to be primarily determined by Britain. But such a declaration would have no legal force and may not satisfy those who would interpret the Conservative Manifesto commitment to “[t]aking back control of social and employment policy”³⁶ more stringently.

The Rebate

The UK pays an annual contribution to the EU on the basis of the rules laid out in the 2007-2013 multi-annual budget framework. In 2007, the UK’s contribution to the EU budget was slightly over 0.5% of the UK’s Gross National Income (GNI). The contribution is set to rise in the 2007-2013 period, and the recent exchange rate fluctuations between the pound and the euro makes a further increase in the UK’s annual contribution inevitable. One of Cameron’s big tests in Europe will be the battle to save Britain’s agreed rebate, which was worth £6.25 billion last year. Tony Blair negotiated a reduced rebate in 2005 in exchange for a significant review of the Common Agricultural Policy. This review has not yet happened and Cameron, conscious of the rebate as a touchstone in the Tory-EU historical narrative and under pressure from the Taxpayers’ Alliance and other Euro-sceptic lobby groups, is certain to dig his heels in.

Justice and Home Affairs

Under the existing European Treaties, the EU acts in the areas of police and judicial cooperation in criminal matters using the intergovernmental method. Under the Lisbon Treaty, decision-making will follow the community method, meaning that the Commission will make proposals and the European Parliament and Council will co-legislate on an equal footing, with qualified majority voting applying in the Council. Legislation will then being subjected to scrutiny by the

European Court of Justice. This new approach will make it much harder for the UK or any other member state to veto proposals that they don't like, though the "emergency brake" mechanism will be available. This means that where a Member State considers that proposed legislation would affect fundamental aspects of its criminal justice system, it may request that the proposal be referred to the Council in order to seek consensus. If disagreement remains, Member States supporting the proposal may proceed using the "enhanced cooperation" mechanism.

Under Lisbon, mechanisms for judicial cooperation, such as Eurojust, are strengthened and for the first time subject to evaluation by the European Parliament, national parliaments and the European Court of Justice. Europol rules will be amended to upgrade the status of the agency, but it too will be subject to stronger and more democratic evaluation procedures from now on.

Britain and Ireland currently enjoy an opt-out in the areas of criminal law and police cooperation. Ireland can opt-in to future measures on a case-by-case basis, and has declared its intention to do so to the maximum extent possible. In contrast, the Conservatives are opposed to extending the powers of Europol and Eurojust and to any extension of EU powers in the field of UK criminal law. They have also stated their opposition to the European Arrest Warrant and any move towards harmonisation of immigration policies. In this context, we can predict an increased utilization of the emergency brake and enhanced cooperation mechanisms described above.

Preliminary Conclusions

After decades of 'ever closer union', the political tide in Europe is actually turning in Britain's direction. Cameron has natural Atlanticist, conservative political allies all across the continent including, crucially, in Paris and Berlin. This is why the EPP pullout has become such a live issue – if you won't work with us in the parliament, the reasoning goes, why should we work with you on climate change or trade or energy security?

It is certainly the case, and we have seen this in Ireland too, that British pro-Europeans have failed to develop a new set of arguments. The pacification of the continent and the success of the Single Market are taken for granted to a large degree. Dangerously, Euro-scepticism has now become mixed up with the general but fierce antipathy to the domestic political establishment. Anger with the political process has been channelled up towards the EU. This is in contrast to Ireland, for example, where domestic and European issues have been presented more distinctly. However it is telling that the latest Eurobarometer polls show a younger and better educated generation in Britain becoming steadily more pro-European.

If the Conservatives are skilful enough, they can play on the huge gap between the still-common perception of a malevolent European superstate and the reality of a normal, if occasionally malfunctioning, political organisation. By offering a narrative that segues a nasty vision of Europe into a nicer one, with the Conservatives playing a leading role in the imaginary transformation, Cameron can perhaps present himself as the saviour of Britain in Europe while pursuing his 3G agenda (global warming, global competitiveness and global poverty) within the existing treaty structures.

Despite the Conservatives' announcement of a policy on Europe, it remains unclear what of substance they could actually be given, or expect to receive, in any renegotiation of UK-EU relations. Cameron's recognition of political reality in accepting the legal validity of Lisbon's ratification means he will concentrate on that renegotiation. But his EU partners will strenuously resist reopening the treaty they have just ratified. In that case a Conservative clawback of sovereignty transfers could trigger a much more differentiated European Union than has so far been envisaged by its main political players. The implications of such a development for Ireland and the EU as a whole will be discussed in more detail in our next report. The object of any further analytical exercise from an Irish or a concerned outsider's perspective should be to distinguish between negotiable and non-negotiable positions and to facilitate wherever possible the British

leaning towards the former rather than the latter. But this could be a volatile period, despite the definite political stability brought to the EU's politics by passage of the Lisbon Treaty.

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