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## Giving Up Sovereignty Is a High Price to Save a Currency U.K. Never Adopted

• By IRWIN STELZER



"A far away country ... [with] people of whom we know nothing." So said Neville Chamberlain of Czechoslovakia in 1938. If David Cameron and his Tory colleagues were not so familiar with Corfu, they might say the same of Greece. They would be as wrong about the consequences for Britain as was Chamberlain. Recall: Mr. Cameron negotiated peace in his time with the anti-EU faction of his party by promising to call a referendum before allowing any additional transfers of sovereignty from Westminster to Brussels. The Prime Minister quite reasonably assumed that the Lisbon Treaty would not be revised during the life of this Parliament.



Reuters

German Chancellor Angela Merkel has shown who really runs the euro zone.

Along came the Greek debt crisis and German Chancellor Angela Merkel. The tawdry tale of Greek profligacy needs no repeating. Nor does the decision of its euroland colleagues to bail it out, with Germany bearing the major share of the financial burden. Germans worked hard to become competitive in world markets, and have been

rewarded with an unemployment rate three percentage points below the EU average of 10%. No surprise that German voters resent seeing the fruits of their labors eaten by retirement-loving, work-shy Greeks who partied while they sweated and saved.

Everything is in place for a bit of artful recasting of the prime minister's referendum pledge. Austerity does not seem to be reducing Greece's deficit at the pace promised when its government pried bailout money from the IMF and Brussels. Tax revenues are falling short of expectations, either because the crackdown on evasion is falling short of its goals, or because the International Monetary Fund's warning that austerity will stifle growth and tax receipts is proving prescient.

So, more bailouts will be required. More important, the euroland authorities have decided that some form of permanent system of discouraging deficits in excess of 3% of GDP, and debt in excess of 60% of GDP, must be put in place. While the national finance ministers were meeting in Luxembourg to come up with a plan, the German chancellor and the French president decided to show who really runs the euro zone. Ignoring EU president Herman Van Rompuy, smaller nations and the eurocracy, the Franco-German alliance announced that it will seek to have the Lisbon Treaty amended to incorporate a provision setting up a permanent bailout fund, and to strip nations that breach EU fiscal rules of their voting rights in the EU. Late Saturday, EU leaders capitulated, and signed on to the plan to amend the Lisbon Treaty.

Note that this plan covers all EU members, not only those countries that replaced their own currencies with the euro. If subjecting Britain to fines if the eurocracy doesn't approve of its fiscal policy, and being able to call on British cash for bailouts isn't a further transfer of sovereignty from Britain to Brussels, it is difficult to tell what is. Lib Dem europhiliacs will be delighted, true blue Tory euroskeptics will be outraged, and Mr. Cameron will struggle to find reasons to avoid the threat posed to his coalition were he to go ahead with the promised referendum.

There is every indication that he will find language that satisfies him that his referendum pledge is "inoperative," as Richard Nixon once

said about his promises. The prime minister has already tolerated a transfer of regulatory power over City affairs to three new European regulators who at best will only meddle in Britain's financial sector, and at worst will overrule home-grown regulators. He has also not done anything effective to prevent the eurocracy from imposing new costs on British industry—extended maternity benefits being a case in point.

Mr. Cameron's position on the new EU budget provides a further unnerving clue to the future. On the campaign trail he promised to fight tooth and nail to scupper any increase in the EU budget. The original proposal of a 6% increase was estimated to cost British taxpayers close to £1 billion. Mr. Cameron rode to the rescue, and claims credit for having the increase cut approximately in half. Never mind his no-increase pledge: To the delight of Mrs. Merkel and his new European friends, the prime minister has agreed to burden British taxpayers with approximately £500 million of new costs, a small price to pay for the approbation of Chancellor Merkel & Co.

Now, the Lisbon Treaty is to be amended so that the failure of Greece, Portugal and Ireland to get their deficits under control will require Britain to contribute to future bailouts to save the euro, which Britain wisely refused to adopt.

The eurocracy will say that because the treaty is being reopened for "limited purposes" only, there is no need for new referenda. Unfortunately for Mr. Cameron, "the limited purposes" include just the sovereignty transfer the prime minister has promised to resist.

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