

Europe is Cameron's Achilles heel

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Ed Miliband could pull a trick by following Gordon Brown's firm line on the EU's attempts to centralise power. That would expose the Tory leader's weak right flank and box him in politically.



David Cameron speaks at the European Council in Brussels. Photograph: Getty Images.

Membership of the European Union is not a condition. It is a process. That process is clear: a steady transfer of power from nation states to Brussels. Eurocrats are not accountable to voters; they are judged only by their peers, the test of success being the expansion of power and the size of the bureaucracy over which they preside. Every effort is made to frame actions and decisions so that voters need not be consulted: witness the recent decision of the European Commission to amend Article 136 of the Lisbon Treaty merely by announcing an addition that permits the establishment of a permanent bailout mechanism to transfer credit from one country to another. This is the very thing the Germans were promised would not happen when they signed up to the Lisbon Treaty.

The process goes something like this. In the beginning there is a general understanding that on important matters individual states have the right to opt out of decisions taken by a majority of the members. That right is anathema to the eurocracy, as an opt-out by one nation threatens their ability to carry forward some new scheme, just as Ireland's insistence on maintaining a low corporate tax rate (about half the EU average) threatens high-tax countries' ability to compete for foreign investment.

What price flexicurity?

So, national rights are whittled away. As is the notion that any significant change in the governance structure should be imposed only after consultation with the peoples of the member states. Referendums are to be avoided, prior promises of sitting and wannabe prime ministers notwithstanding.

The end result is the extension of one-size-fits-all, from interest-rate policy to the entire range of economic management (and not only among eurozone members). The EU process rolls on, the goal being to homogenise economic policy in all 27 member states. In the case of Britain, Brussels already determines how many hours doctors are allowed to work, which reduces parliament's control over the cost and performance of the National Health Service. Having failed in its efforts to introduce greater flexibility into the

labour markets of several EU members - the new goal is a watered-down version of "flexibility" called "flexicurity" - the eurocracy has to make certain that competition from members willing to allow employers and workers to develop their own arrangements cannot "unfairly" compete. Hence the latest attack on Britain's uniquely heavy reliance on part-time workers, by imposing huge costs on companies that employ such workers.

The process will go on, as enthusiasts for the "European Project" have never denied. Once the new uniform tax base is put in place, there will most certainly be a call for the application of uniform tax rates to that base. "Attention will be paid," says the EC directive, "to tax policy co-ordination." And three new EU regulatory agencies now have a say in how the City, the jewel in Britain's economic crown, is regulated. We are reaching the endgame of the process, a confluence of two forces that will permit so huge a transfer of sovereignty that even David Cameron, who is good at this sort of thing, will not be able to explain why he will not call the referendum that he promised.

The first is the plight of Greece, Ireland, Portugal and perhaps Spain. Germany, the principal financier of all bailouts, has insisted on what has come to be called "A Pact for the Euro". The French, long hoping for "economic government", and the eurocracy, aware that this is their opportunity to seize control of economic policy not only in the eurozone but throughout the EU, are enthusiastic supporters of the German initiative.

The latest effusion from the European Council is aptly titled "The Euro Plus Pact. Stronger Economic Policy Convergence for Competitiveness and Convergence". It aims to achieve "a new quality of economic policy co-ordination . . . leading to a higher degree of convergence . . . Particular attention [will be paid to] wage setting arrangements . . . the bargaining process . . . wage settlements in the public sector . . . lifelong learning."

National legislation for the banking sector will give "full respect [to] the Community acquis", which, for the uninitiated, is the accumulation of laws and court decisions that weigh heavily on EU firms. There is more, but you get the idea - this is a significant and irreversible part of the process of moving power to an unelected bureaucracy.

Not to worry; all of this applies only to eurozone countries, which leaves Britain unscathed. Think again, and reckon with the second force now in operation. The eurozone 17 have agreed to meet regularly, and EU members that have opted to retain their own currencies will not be invited. Important economic decisions will be taken without the 17 consulting Britain, and there will be other holdouts.

Rise of the eurogang

The next step will be for the eurogang of 17 to outvote the more liberal and market-oriented non-euro ten in wider EU meetings. If that seems implausible, ask yourself whether it once seemed plausible that a British prime minister would break his pledge to put a new EU constitution to a referendum, or to prevent a rise in the EU budget. Or that Britain would end up sharing in the cost of bailouts of Ireland and Portugal, moves aimed at preserving the viability of the euro, something Gordon Brown put Britain in a position to avoid.

Membership of the EU is not a decision to participate in things the way they are, but the way they will become - in other words, a process, and one that the eurocracy has learned to manage so as not to create a *casus belli* that would produce an outcry for a referendum, which might halt the transfer of power away from elected representatives and national parliaments. That transfer will continue.

Unless, either out of devotion to democratic principles or by virtue of cold political calculation, the Labour Party calls for a referendum if the process of transferring sovereignty continues. Or even calls for withdrawal, now that the World Trade Organisation prevents discrimination by the EU against non-members. Such a call would give Cameron the choice of antagonising his core supporters by opposing it, or fracturing his coalition by supporting it. Whatever the motive and outcome, democracy in Britain would be the winner.

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