

European elections could topple British Conservative Party leader

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The upcoming European elections could cost William Hague his position as Conservative Party leader. Whatever the outcome, it will deepen the longstanding divisions inside the party regarding its policy towards the European Union (EU) in general, and Britain's adoption of the euro currency in particular.

The Conservative election manifesto, *In Europe—Not Run by Europe*, calls for an opt-out clause "that would allow countries not to participate in new legislative actions at European level". It also advocates giving all new member states, such as Poland and Hungary, the right to opt out of mainstream EU laws, on the basis that it would be too heavy a burden for their weak economies. This would transform the EU from a uniform body to a group of nations combining together in different coalitions on various issues, and effectively means two classes of EU membership.

The tone of the document was conditioned by Hague's reliance on the anti-European right wing of the Tory party. With the backing of Margaret Thatcher, he was elected leader two years ago after the resignation of John Major, against the pro-European Kenneth Clarke. But he was always regarded as a caretaker figure, owing to the absence of the right wing's favoured candidate, ex-Defence Secretary Michael Portillo, who had lost his parliamentary seat in the general election that swept Blair's Labour Party to power in 1997.

One factor in the heavy losses suffered then by the Tories was Labour's turn to big business. This was, to no small extent, animated by growing concern over the lack of a coherent Tory strategy towards European integration. Thatcher was hostile to every aspect of the Single European Market project, other than the relaxation of restrictions on trade and investment. Britain, the major foreign investor in the US, was successfully promoted as a cheap labour investment location for US and Japanese corporations seeking access to Europe, without having to shoulder the relatively expensive social costs found across the Channel. As international trade tensions increased, however, this "one foot in—one foot out" policy became unsustainable. John Major, Thatcher's successor, promised to place Britain "at the heart of Europe", but this was scuppered when international speculation forced an overvalued pound out of the European Exchange Rate Mechanism in 1992.

Major attempted to straddle both the pro-and anti-European wings of the Tory party. But, in inverse proportion to their declining political fortunes and support within the country, the Eurosceptics have been able to consolidate their grip. After its 1997 general election debacle, the self-proclaimed "natural party of government" began a period of intense ideological dispute and debate over its future direction. Hague, though the official Thatcherite candidate, realised that his own personal future depended on rescuing the Tories from electoral oblivion. He has tried, without success, to present the party in a more populist light, so as to challenge Blair for votes from the middle class. Thatcher argued that the Tories should now use their "wilderness years" to establish "clear-blue water" between themselves and New Labour. The fact Blair had stolen Tory policies could be used to their advantage, as it shifted the whole political agenda further to the right.

For their part, the pro-European wing of the party, which also has pretensions of maintaining old-style "one nation Conservatism", has been increasingly dismayed by the domination of the anti-European right.

These simmering tensions are now coming to a head. Hague's attempts to distance his leadership from the public hostility towards the Thatcherite policies of the 1980s culminated in a speech by deputy party leader Peter Lilley. In it, Lilley made the seemingly innocuous statement that "most Conservatives always accepted public services are intrinsically unsuited to delivery via the market". This was treated as blasphemy by the Tory right. Portillo and others, including those on the pro-European wing, savagely attacked him. Hague was forced to reconfirm his commitment to Thatcherism, saying she had been the reason he had joined the Tories.

Still criticism mounted. Prior to this month's local elections, Hague was summoned to meet the executive of the influential "1922 Committee" of backbench Conservative MPs. One Tory insider said Hague's position was worse than John Major's had been in 1995, when he resigned the party leadership, forcing an election, and then beat off a Eurosceptic challenge from John Redwood. "Major had a hard core of loyalist MPs; William does not. He doesn't have any credit in the bank. A lot of MPs are neutral," he said.

Leading right-winger Anne Widdecombe has since signalled

that she would consider standing for the party leadership, depending on “when that vacancy occurred and under what circumstances”. Former Defence Minister Alan Clarke said the Tories were being “incompetently led”. Influential Tory backbencher Eric Chalker said Hague should face a leadership contest before the next general election because it is “very difficult for people to summon up a belief that William Hague is ever going to lead us to victory”.

Michael Portillo's absence from the field of contenders cannot indefinitely guarantee Hague's safety. With over 80 percent of the party declaring their opposition to entering the European Monetary Union for the next 10 years at the Tories' last conference, the right may conclude that someone must be found anyway, as they did when Thatcher was groomed to replace Edward Heath.

Hague's response to his critics was contained in his manifesto clauses, which leading Eurosceptics helped draw up, and an interview in the *Sun* newspaper in which he said, “As long as I am leader, I will never agree to surrendering control of [the UK] economy to Brussels.” He has already agreed that the party will seek to take back control of Britain's fishing limits from Europe; keep Britain's legal system independent, and preserve border and immigration controls. As well as this, however, the Tory right is insisting on a specific commitment to secure a reduction in Britain's net £3.4 billion contribution to the EU budget.

All of this has served to deepen the split with the pro-Europeans, led by Kenneth Clarke, former Deputy Party leader Michael Heseltine and ex-Hong Kong governor Chris Patten. Heseltine has announced that, despite his bad health, he plans to stand again for parliament and join the referendum campaign on adopting the euro on the “yes side”.

In January, John Stevens and Brendan Donnelly, two deselected Tory Members of the European Parliament, formed the breakaway “Pro-European Conservative Party” (PECP), which is fielding more than 80 candidates in the June 10 European elections. They have attacked Hague for “hijacking” the Tory party and turning it into an impotent, Eurosceptic rump. They sent a letter to 26,000 Tory party members using a database compiled during Kenneth Clarke's leadership campaign two years ago. In it, they appealed for the elections to be used to wreck Hague. “If we in the PECP do well, we can drag Hague's share of the popular vote down—probably around 26 percent—where he would lose the leadership.” The party, they went on, must break with vacillation and the growing Euroscepticism of the Major years. “Hague's obsession with Europe confirms the inability of the Conservative Party to come to terms both with the strengths and with the weaknesses of Mrs Thatcher's legacy.” Stevens said he hoped Kenneth Clarke would become leader, but despite talks with Clarke and Patten, the breakaway party has not persuaded any big names to back them.

Hague also faces the Tory vote being squeezed by the anti-

Europe UK Independence Party, who are fielding a full team of 85 candidates. They are calling for Britain to quit the EU altogether. Their role has been to act as an external pressure group working towards the further consolidation of the right's grip over the official party.

New Labour would seem well placed to benefit from the Tories' difficulties. Blair has actively courted leading pro-Europeans ever since he came to power, bringing them onto government committees and dishing out high-level appointments, such as making Patten an EU Commissioner. Recently, he used the pages of the *Daily Telegraph* to make an appeal for Kenneth Clarke to stay in the Tory Party for the “sake of the country”, so the former chancellor could overturn its Eurosceptic wing.

Labour has also tacitly endorsed a new business group campaigning in favour of the single currency. This is functioning as a conduit through which the pro-Euro Tories can collaborate with Blair to secure a “yes” vote in the referendum on entry he has promised. Amongst those involved are Lord Geoffrey Howe, a former Chancellor and Foreign Secretary under Thatcher, who was named as a Tory observer on the executive board. Clarke and Heseltine are also expected to sign up.

Despite this, Blair has his own problems over the euro and has been reluctant to make the issue too central because of concern that his promised referendum would be defeated at this point, and strong opposition to adopting the euro from the Murdoch press. Labour has not issued its own European election manifesto. Instead it reissued its local election manifesto that stresses that it will not give up the British veto on tax, defence and national border issues, and that it opposes the creation of “a European federal superstate”.

Though big business believes that the long-term future of Britain demands entry into the “euro-zone”, there are significant short-term difficulties. The International Monetary Fund recently issued a report noting that Britain's economy is not converging with Europe, and suggested that the Treasury and the Bank of England may need to take “specific action” to weaken the pound. The Bank of England echoed this warning, saying that sterling was “clearly too strong” to join the euro.

Chancellor Gordon Brown rejected the IMF's call. This is partly because the scale of the currency devaluation envisaged would be extremely dangerous, given that Britain is already teetering on the brink of recession. In the first three months of 1999, economic growth stagnated for the first time since 1992, profits fell at their sharpest rate since 1974 and Britain's trade deficit soared to its highest level this decade.



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