

UK Liberal Democrats pledge support for coalition over EU summit crisis

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A key worry for British commentators following Prime Minister David Cameron's vetoing of treaty changes at the European Union summit was the impact on his coalition with the pro-EU Liberal Democrats.

The fear was that, in addition to Britain being reduced to a minority of one at the summit, the government itself could fall.

When Deputy Prime Minister and Liberal Democrat leader Nick Clegg chose not to attend parliament Monday while Cameron defended his use of the veto as necessary to protect the City of London, such concerns appeared well-founded. His non-appearance came after Paddy Ashdown, former Liberal Democrat leader, and several other party figures attacked Cameron for leaving the UK isolated in Europe.

Matters were not helped by the fact that the sizeable Eurosceptic wing of the Conservative Party was hailing Cameron as a conquering hero. Despite reportedly being warned not to overdo the "triumphalism" out of respect for their coalition partner, several could not contain themselves. Senior Tory Sir Peter Tapsell summed up their mood in parliament, declaring his "admiration and full hearted support" for Cameron's actions at the EU, while querying smugly whether the summit had "achieved anything of strategic value to protect the threatened European banking system? Without the long delayed and still unpromised massive support of the European Central Bank and the Bundesbank the euro is doomed and, as chancellor Merkel has said, the EU with it."

Eurosceptic backing for Cameron is, however, a double-edged sword. Encouraged by his veto, and by the on-going crisis in the eurozone, they are stepping up pressure for a referendum to be held on Britain's relations with the EU. This is something the prime minister is desperate to avoid for several reasons.

In the short-term at least, Britain's ruling elite do want to "save" the eurozone out of the same "national interest" that Cameron defended at the summit. Britain's banks are heavily exposed to European sovereign debt, which is why the UK—along with Washington—has been pressing for the

European Central Bank (read Germany's Bundesbank) to act as the "lender of last resort".

They are also the most vociferous backers of the policy agreed at the EU summit to turn the whole of Europe into a giant austerity zone, as the bourgeoisie seek to utilise the crisis to destroy jobs, wages and social provision across the continent.

Britain's coalition government was the first to deliberately pioneer such a strategy in Europe—unveiling, as soon as it took office last May, the most severe spending cuts since the 1930s. A referendum, which could expect majority support for withdrawal from the EU, would collapse the government and potentially disrupt the austerity drive "at home".

That is why the *Financial Times* editorialised that "it would be a huge setback for Britain if the coalition collapsed. The achievement of this government has been to keep a steady financial ship in the middle of a market storm. A break-up could throw that to the winds and sink a UK economy that is already listing."

As it is, Clegg's non-appearance had the character of political theatre, aimed at placating discontent within his party's ranks. The Liberal Democrat leader said he felt it was best that he didn't attend parliament, so as not to cause a "distraction".

Clegg has no intention of collapsing the coalition. In the first instance, this would be an act of political suicide. For years the party had postured as a "left" alternative to Labour—opposing the Iraq war, denouncing university tuition fees and championing so-called "Social Europe". In coalition, however, it has supported the imperialist intervention into Libya, tripled tuition fees, and defended austerity, with the result that its electoral support has collapsed.

The Liberal Democrat's former defence of the EU is just another "red line" the party is more than ready to cross.

Not merely rank political opportunism is involved. The Liberal Democrats support the punitive "fiscal discipline" measures now to be meted out against workers across Europe. But they are just as opposed to proposals by

Germany and France to restrict trade in euro-denominated financial transactions to the euro zone, which directly threatens the pre-eminence of the City of London, and which led to Cameron's veto.

That is why Clegg agreed to Cameron's strategy at the EU summit when he was telephoned in the early hours of Friday morning and told there would be no protections for the City in any treaty changes.

Former chief secretary to the Treasury, David Laws, said the differences between his party and the Tories were "tactical", regarding the "consequence of not having other allies in the European Union who we can rely upon".

This was also a concern for Britain's banks and corporations, Laws said, who now faced the risk of "having the rules... set by other EU nations without our participation."

Liberal Democrat Deputy Leader Simon Hughes was explicit: "There is no risk to the coalition", he said. "We came to an agreement in the national interest... because we knew the country needed us to sort out the economy. That's why we did so."

While Labour leader Ed Miliband complained that Cameron had produced a "bad deal for Britain", it was again solely on the grounds that the prime minister's veto had failed to prevent EU plans and had left the City of London exposed.

As Cameron pointed out in response, for all the Labour leader's "sound and fury", he had failed to say if he would have signed the treaty being proposed.

With all the main bourgeois parties essentially on the same page, Britain's ruling elite is concentrating on building alliances within the EU to stymie any changes that threaten its interests.

It is banking on the fact that the inter-governmental treaty agreed at the summit has failed to come up with the necessary funds to satisfy the international financial markets. As the euro continues to come under pressure, with the threatened default, and possible exit, of a number of countries—most particularly Greece—the British bourgeoisie hopes it will find new allies. In addition, it is still far from certain that Denmark, Finland and the Czech Republic will ratify the new treaty, and it is possible that Ireland will be forced to hold a referendum that will almost certainly be lost.

EU officials have described Cameron's actions in the most scathing terms. EC Vice President Olli Rehn has warned that if the prime minister's veto was "intended to prevent bankers and financial corporations in the [City of London] from being regulated, that is not going to happen."

The UK government had supported "tightening fiscal and economic surveillance," Rehn said. As such, "The UK's

excessive deficit and debt will be the subject of surveillance like other member states, even if the enforcement mechanism mostly applies to the euro area member states."

The deterioration in relations between Britain and France is especially noteworthy.

For days, politicians from all parties, supported by the media, have claimed that Cameron was the victim of a "set-up" by French President Nicolas Sarkozy at the summit. The French president had made clear that he wanted agreement on treaty changes to be taken by the 17 members of the eurozone, with the UK excluded. Sarkozy's rush to convene an early hours press conference in Brussels to attack British intransigence was seen as further proof that Cameron had been outmanoeuvred.

Much is at stake for Sarkozy, who faces elections, and the French bourgeoisie as a whole. While rating agencies are threatening to downgrade France's credit ratings, Sarkozy has so far been unable to persuade Germany to agree to allow the ECB to act as Europe's guarantor, and thus shore up French banks.

Subsequently, Sarkozy provocatively announced that the summit marked the birth of a "New Europe". "There are now clearly two Europes," he said. "One that wants more solidarity between its member states and more regulation. The other which is interested only in the logic of the internal market."

Sarkozy's claims are bogus. The only "solidarity" involved in the inter-governmental treaty is the pact between Germany and France to impose the diktats of their banks and corporations against the European working class.

But at the European Parliament, Joseph Daul, a member of Sarkozy's Union for a Popular Movement, argued that the UK should be stripped of its EU rebate in retaliation for Cameron's breach in "solidarity". When challenged, Daul laughed, "Don't worry, we're not coming with tanks and Kalashnikovs [to Britain] before Christmas."

The deterioration in relations between Britain and France speaks to the powerful centrifugal pressures now building up in Europe, with far-reaching implications. It is only a matter of months since the two countries were allies in the imperialist intervention into Libya and signed a defence co-operation agreement to share military resources.



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