

UK Conservative coalition suffers defeat on European Union funding

Julie Hyland

3 November 2012

Prime Minister David Cameron's government suffered its largest parliamentary defeat on Wednesday night over the European Union (EU) budget.

The seven-year budget for 2014-2020 is up for negotiations in Brussels later this month. The European Commission has called for an increase in funding above inflation to a total of €1.033 trillion (US\$1.325 trillion). Cameron had pledged to fight for a "real terms freeze," but a rebel amendment, drawn up by Conservative backbencher Mark Reckless, called for the budget to be cut in real terms.

The amendment passed by 307 votes to 294, with more than 50 Conservative MPs voting against the government. The right-wing Eurosceptics were joined by the Labour Party, after leader Ed Miliband imposed a (compulsory) three-line whip on his MPs to back the amendment.

Tory whips had sought to assuage the rebels, and, in the acrimonious Commons debate, Cameron had pledged that he would take the "toughest line" in the budget negotiations. "At best we would like it cut, at worst frozen," he said.

The attempt failed. The backbench rebellion is smaller than the 81 Tory MPs who had backed a referendum on Britain's membership of the EU last year. But Cameron's failure to dissuade rebels from lining up with Labour to defeat the government has been broadly interpreted as a sign that the prime minister is losing control.

The Tory Party is in fact proving to be a bigger threat to the government's survival than its coalition partners, the Liberal Democrats, who have backed Cameron every step of the way.

Although the prime minister is not bound by the parliamentary vote, any final agreement on the budget would have to be ratified by MPs. According to reports, leading Conservative MPs who abstained or sided with the government in an attempt to preserve its majority have warned Cameron he will lose their support if he doesn't

stick to his demand for a freeze in the negotiations.

Those backing the amendment were able to make great play of the demands by unelected EC bureaucrats for a 5 percent rise in their monies, under conditions in which the EU is imposing massive austerity measures across the continent. In Greece, Spain, Portugal and elsewhere, savage spending cuts are being implemented at the behest of the European and international banks, throwing millions into poverty and unemployment.

The rebellion, however, has nothing to do with opposition to austerity but is a demand that it be pursued more ruthlessly across the board. It was Labour that positioned itself as the most hard-line defender of this position. Shadow Chancellor Ed Balls argued, "At a time when schools and police budgets are facing deep cuts at home, it cannot be right that the EU budget should rise in line with inflation. We need a real terms cut and reform of the EU budget...."

In the Commons, Miliband taunted Cameron that he was "John Major all over again", a reference to the Tory prime minister whose government was riven with Conservative divisions over Europe and lost power in 1997.

Labour has been accused of rank opportunism for claiming, on the one hand, that it supports Britain's membership of the EU and then, on the other, joining with Tory backbenchers who are for Britain's exit.

The concern amongst many commentators is that the alliance between the Eurosceptics and Labour will force Cameron to take a negotiating position that will further isolate the UK within the EU. The *Financial Times* editorialised that Labour was guilty of a "larger strategic malaise", with "no convincing answer to the question of how Britain should deal with a union that is itself changing...."

"Before banging on about Brussels", it warned, "the Labour Party should first have something useful to say on

the subject.”

Earlier in the week, former prime minister Tony Blair had said in a speech to the Council for the Future of Europe in Berlin, “It is massively in Britain’s interest not to play short-term politics with this issue. Personally I would like to see the UK take a constructive role in shaping this new union.”

His remarks were taken as a warning to Cameron, though they were more fully directed at Miliband. Cameron has argued that the crisis in the euro zone can be used to “recalibrate” the EU in line with British interests—a position essentially shared by Blair. In this scenario, the UK should encourage moves to greater fiscal and political consolidation in the euro zone because the policies of austerity and bank bailouts that it involves are critical for the financial oligarchy in the City of London. In return for this support, Britain will be able to extract concessions to protect the City from any potential encroachments on its own interests.

Things have not gone according to plan, however. Last December, Cameron threatened to wield the British veto against the fiscal pact imposing strict budget discipline in the euro zone if there were not guarantees the City of London would be exempted. He failed to get such agreements and was forced to make good on his threat. Not only did his veto antagonise his supposed European partners, but it was unable to stop the pact as they went ahead regardless.

Since then, the drive to greater political and economic consolidation in the euro zone has gathered speed. Berlin, in particular, is pressing ahead with discussions that include proposals for a banking union overseen by the European Central Bank, a financial transaction tax and a new pan-European foreign ministry. The moves have been denounced by Tory Eurosceptics, with London Mayor Boris Johnson, considered a potential challenger to Cameron, rejecting any idea of “closer integration” that would leave “Germany’s position strengthened and everyone else’s hopelessly weakened.”

Last month, Conservative Home Secretary Theresa May told Parliament that the government intends to exercise its right to opt out of 130 EU police and criminal justice measures agreed between the Maastricht Treaty in 1992 and the Lisbon Treaty in 2007. By exercising its right to an opt-out—and then deciding which ones to “opt-in” on again—the government hopes to extract protections in broader EU negotiations.

But while the UK keeps pressing the same buttons, they no longer are having the desired effect. Involved is not

only Tory Eurosceptic intransigence, but the fact that the project of a capitalist United Europe is breaking apart under the impact of growing national tensions.

Writing last month in the *Financial Times*, Philip Stephens recalled that shortly after the coalition was formed in 2010, one of Cameron’s “eurosceptic ministers was reported to have said that there was no longer a need for Britain to leave Europe because Europe was leaving Britain. The observation has turned out to be more prescient than he imagined.

“Europe has tired of London’s demands for exemptions and opt-outs from the rules of the Union.... If Britain wants out, continental politicians are now heard to say, it should get out.”

The talk, Stephens continued, was no longer of a Greek exit from the euro zone, but what the Centre for European Reform had dubbed a “Brexit”—British exit from the EU.

Douglas Fraser for the BBC reported that a “Brexit” was also gaining “a serious airing in London financial circles.”

In August, the Japanese investment bank Nomura charged one of its top analysts with evaluating Britain’s relationship with the EU, Fraser reported, so as to “inform its investors and its clients about the economic implications...the plausible possibility, even before a Brexit, is that the UK could find itself in too weak a negotiating position to veto further transfers of power from London to Brussels.”

Not only would this fire up the campaign for a referendum on EU membership in the UK, he continued, but the response from its European partners “may well be a multi-lingual ‘good riddance’.”



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact