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COMMENT

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The EU factor to the stability of Britain's new coalition government

The actions that the European Union takes to deal with the Eurozone crisis have implications for the stability of the new British coalition government. The Liberal Democrat–Conservative coalition in London has been designed to be stable but the actions of the EU could create two possible problems for the coalition either of which could lead to the fall of the government.

The first potential problem is that the two parties in government could end up on opposite sides of a referendum campaign over the EU. The second is that the Conservative party leaders could face a rebellion from their own backbench MPs over European policy. Any EU proposal to move power from the member states to the community level will fracture one these weaknesses and could lead to the fall of the coalition government.

New coalition politics in the UK

The new coalition government in London is considerably less Eurosceptic than would have been expected from a Conservative majority government. The inclusion of the pro-EU Lib Dems has created a government that can be expected to play a relatively positive role in the EU. To a great extent traditional Tory antagonism towards Europe has been put to one side by the 'Euro-realist' party leaders, typified by Prime Minister David Cameron. Nevertheless one fundamental pledge on Europe from the Conservative's manifesto is in the coalition's 'Programme for Government': the 'referendum lock'. This promises a plebiscite before any new transfer of power to the EU central institutions. Although such a referendum would likely be on the specifics of the policy proposal, it would almost certainly become a proxy for a debate on whether the UK should be 'in or out' of the EU. Both Eurosceptic Conservatives and pro-EU Lib Dems believe the British public needs to make a clear decision on the EU, and both believe they could win such an important vote.

No post–Lisbon calm

Until the Euro crisis broke many expected a post-Lisbon period of calm in the EU. The EU would have focused on implementing policies and pursuing goals—something that the UK has a good reputation for assisting in, and could have been expected from the Euro-pragmatic new British government. The crisis is however highlighting the need for more economic governance on the EU level.

Chancellor Angela Merkel has said "we have a shared currency but no real economic or political union. This must change. If we were to achieve this, therein lies the opportunity of the crisis. We have to view the crisis as a motive, to make up for failures – failures that were not remedied by the Lisbon Treaty." Many disagree about the extent and type of reform needed, particularly on the need for treaty changes, including most prominently José Manuel Barroso, the president of the European Commission. But comments such as Merkel's causes Eurosceptic delight in London. As the EU feels compelled to step toward more shared economic governance, the British government faces a choice. Firstly it could invoke the referendum lock, saying that any changes will have implications for all EU members, not just the Eurozone and therefore the British people must decide. Or, secondly, they could argue that the UK is not affected by any such transfer of economic sovereignty and therefore no referendum needs to take place.

Within the first scenario, where the Con-Lib Coalition accept the need for a referendum, then their respective pre-coalition manifesto promises and policies mean that they must end up on opposite sides of a vote over what role the UK should play in the EU. Prominent Tory backbench MPs are already saying that Britain should seize the opportunity of such EU centralizing moves as a chance to negotiate a repatriation of many social and economic policy areas from Brussels—a semi divorce from Europe. At the very least, a referendum would suck huge amounts of energy out of the government on EU affairs and beyond. More likely it would call

into question how a coalition—still a very new experience for the UK—can work when its two partners take fundamentally different positions on such an important issue. This could well lead to a new general election.

Were the government to take the latter approach and say that no referendum would be necessary on even treaty changes aimed at the eurozone only (Cameron has publically hedged on this already), there is likely to be a rebellion in the Conservative party between its leaders in government and the many Eurosceptic backbenchers. The 'Maastricht Rebellion' of 1993 showed the willingness of Eurosceptic Conservative MPs to try and bring down the government led by their then prime minister, John Major—an attempt that the opposition Labour party was happy to assist in, as it might well now. The contemporary Tory party is considered now to be more Eurosceptic than in the 1990s. New legislation is passing through parliament to make a majority of 55 percent necessary to dissolve parliament and force an election. This is designed to bind the new coalition together but 55 percent of MPs could be reached if a many Conservatives rebelled against the government.

Considerations for the UK's EU partners

Britain's EU partners are aware of the British Government's domestic challenges and these are likely to be considered before any economic governance reform. A forced, early general election before the end of the coalition's promised five-year term could, of course, return an EU-friendly Labour government, but it could also give the Conservatives a majority and empower the Eurosceptics within that party. It would of course end the current, pragmatic ruling coalition and create political instability.

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