

Article by the Rt Hon Lord Owen published in the Independent, Monday 12 December 2011

### **“High-handed approach that has exposed the Coalition’s faultline”**

The UK position put forward by David Cameron in Brussels in the early hours of last Friday, was quite simply non-negotiable. If Cameron didn’t know this, it was due to inattention, for he is not stupid.

By far the most likely explanation for his own public volte-face is political. On Monday and Tuesday of last week, he appeared to be a negotiator and yet by Wednesday and Thursday, he had developed an ultimatum mood. To anyone listening to his change of tone, it was clear that he was faced by a group of anything from 80 to 100 Conservative MPs who would not live with an EU treaty including legislation for the eurozone different to that which already exists.

The loophole in the Coalition’s referendum legislation of being able to avoid a referendum by declaring the eurozone legislation as not significant for the UK, was closed to him without one hell of a row. Far from being bold and decisive, Cameron decided to appease that element in his party that has long wanted Britain to not only exclude itself from the eurozone but who are closet “outers” and want to leave the EU altogether. Cameron’s decision to break from a negotiating process of constructive engagement (even when you disagree and do not intend to involve your country in what is being negotiated) goes against the collective wisdom of his predecessors. In 1978 Jim Callaghan decided to join the European Monetary System but not to join the Exchange Rate Mechanism. In 1990 John Major decided to be party to the European Monetary Union but not to join the eurozone or adopt the currency. These were decisions taken on grounds of practical prudence. Experience of the European Union had shown many people, not least eventually General de Gaulle, that the empty chair was not the way to win the arguments.

The strange development last week, was that Nick Clegg apparently accepted the non-negotiable document but presumably he had no inkling of how this document would be presented. Cameron, having got Clegg on board appears to have thought that was sufficient. And Clegg certainly gave the message of support all through Friday and most of Saturday. By

yesterday (Sun) when Clegg became a dissenter, Cameron had no reason to fear that the Coalition would break up. As over the Alternative Vote, Cameron's position toughened visibly as the moment for decision came and he had once again ruthlessly pushed Clegg into a blind alley.

But, and it is a big BUT, this will prove to be a serious miscalculation by Cameron. For he has revealed the cleavage line in the Coalition. It may take some months before that becomes a chasm but his high-handed approach makes it very likely that before the end of 2012, we will see in the House of Commons a no-confidence motion tabled by the official Opposition, which will win the support of some Liberal Democrats. Under the rules of the fixed term legislation which the Coalition passed, there have to be two votes of no confidence which have to be won within a fortnight for the Coalition to fall and the Government to be automatically replaced. Maybe such an outcome will not materialise in 2012, but it surely will by 2013, when a combination of low economic growth and massive unpopularity, will bring about the the Coalition's collapse.

The Conservatives don't seem to understand that their Prime Minister no longer has the right to go to the Queen and ask for a general election. An election can only take place before 2015 if Conservative and Labour MPs vote for a dissolution since the Coalition and the smaller parties cannot make up the required percentage.

Meanwhile, Britain's economy is in a serious situation. We can all agree that a collapse of the eurozone is in no one's interests. Certainly President Obama in sending Tim Geithner to Brussels was indicating that eurozone survival is a crucial US objective. The Americans must have hoped that Cameron would play a more constructive role in helping the eurozone countries than he did.

In their defence, Conservatives say that the PM was safeguarding the City of London. Would that he were doing so. But the City depends on business from the EU member states and pretending that we can ignore their input into the financial regulation of the City is both obsessive and blind. The City of London financial services industry is broadly speaking, governed by the single market legislation championed by Margaret Thatcher. She was convinced of the benefit of accepting more Qualified Majority Voting than has ever been accepted by any British government before or

since, whether Labour or Conservative.

For Cameron to try to reintroduce the argument for unanimous voting and the abandonment of qualified majority voting in areas of British interest, was always going to be a major issue of principle. It would have been possible to negotiate if the ground had been well prepared diplomatically, and in a mood of constructive negotiation. It was never going to be agreed after a breakdown in relationships, not just with President Sarkozy, but far more importantly, with Chancellor Merkel.

If anyone in the City of London rejoiced on Friday, thinking they can be safeguarded by a Britain that relishes being on its own they will soon feel it in their own pockets.

Is there any way in which the present atmosphere in the EU can be improved?. In Warsaw a week ago, I found that Poland was never going to move away from negotiating at the level of 27, whether in the framework of an EU treaty or a specifically eurozone negotiation.

It would be a wise move for Angela Merkel to propose that Britain should at least be invited to attend the negotiations which are now to proceed outside the European treaty, probably without a vote, but at least in a forum where the UK voice could be heard and taken account of. I am fairly sure there are countries that would support the UK and it would be a demonstration that helping an attempt to save a eurozone albeit a reconfigured one is a shared objective of all, even those of us who have no intention of joining.