The Coalition and the European Union

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Introduction

The Coalition Agreement stated that there would be no further transfer of powers to the European Union (EU) but promised that the government would be a positive participant. With Conservative proposals for renegotiation of parts of the Lisbon Treaty dropped and no prospect of the UK joining the euro, it appeared that there would be little change to the UK’s relationship with the EU. Given the potential for the issue of European integration to both create tensions between the soft Eurosceptic Conservatives and pro-European Liberal Democrats and re-open divisions in the Conservative Party, David Cameron and Nick Clegg would have hoped for an uneventful period in the UK’s troubled membership of the EU. However, the Coalition’s period in office turned out to be potentially one of the most significant.

Even before the Coalition negotiations had concluded, it was becoming apparent that the EU was entering a critical period in its development and that European integration would become a difficult and divisive issue for the incoming government. Fears that Greece would default on its national debt had emerged during the UK general election campaign. On 2 May 2010, EU finance ministers responded by agreeing a bailout loan. Representing the UK, outgoing Labour Chancellor Alistair Darling committed the incoming government to contribute funds to a temporary bailout mechanism, the European Financial Stability Mechanism (EFSM). New Prime Minister David Cameron and his Chancellor George Osborne faced no-win scenarios: either the euro unravelled with damaging consequences for the
UK economy, or Eurozone Member States forged ahead with further economic integration in an attempt to rescue the euro but in so doing diminished UK influence. They preferred the latter. But Conservative Eurosceptics, who had been relatively quiescent in Opposition, saw the Eurozone sovereign debt crisis as an opportunity to press for radical change to the UK’s membership of the EU.

Coalition formation

Differences between the soft Eurosceptic Conservative Party and pro-European Liberal Democrats were more apparent on the EU than on many other policy areas. The 2010 Conservative manifesto promised significant changes to the UK’s relationship with the EU (Conservative Party, 2010). A Conservative government would introduce a ‘referendum lock’ requiring a popular vote to be held when competences were transferred to the EU, provide safeguards on the use of the EU’s simplified revision procedure, and introduce a Sovereignty Bill to restate parliamentary authority. In the EU, it would seek to repatriate powers to the UK in three specific areas: the Charter of Fundamental Rights, criminal justice, and social and employment legislation. The UK would not join the euro under the Conservatives. The 2010 Liberal Democrat manifesto had a pro-European flavour but was cautious on Economic and Monetary Union (EMU), noting that the economic conditions for joining the euro were not right, and sought reform of the EU budget and the Common Agricultural Policy. It pledged to remain part of justice and home affairs measures such as the European Arrest Warrant and advocated EU regulation of financial services and banking. The Liberal Democrats also advocated an ‘in-out’ referendum the next time that a UK government signed up to ‘fundamental change in the relationship between the UK and the EU’ (Liberal Democrats, 2010).

European integration was a Conservative ‘red line’ in Coalition negotiations. They were unwilling to concede ground on the referendum lock and opposition to further European integration. But demands for the repatriation of powers were dropped as Nick Clegg insisted that there should be no renegotiation of EU membership under the Coalition (Adonis, 2013: 129). The Liberal Democrats wanted to ensure that the government would play a constructive role in the EU but accepted that there would be no further transfers of power or preparations for joining the euro.

The Coalition Agreement claimed to strike ‘the right balance between constructive engagement with the EU to deal with the issues that affect