



# The real threat to British political independence – the Single European Act

By Professor Tim Congdon CBE

Britain's continued independence from a federal European state would undoubtedly be at risk if it participated in the single currency project. But the British people would not approve the euro in a referendum, as Mr Blair has recognized by declining to hold one. Professor Congdon suggests the more serious threat to Britain's sovereignty comes from the Single European Act, which became law in 1986. That is where, he argues, Britain went wrong in its relationship with Europe.



be that the Euro-sceptics would win. Not only will they have the patriotic rallying cry that 'your country is in danger', but also they will appeal to the crudely materialist but correct argument that 'taxes are lower in Britain and will rise if Britain becomes a state in the United States of Europe'. A mixture of patriotism and materialistic self-interest will overwhelm half-hearted Euro-waffle in the referendum, however much money the Government spends on the

**B**ritish Euro-sceptic worries about the European Union's integrationist ambitions are focussed at present on the single currency project. The battle plan is well-known. Europe's leaders – including, possibly, Mr. Blair – want economic and monetary union to be the prelude to political union, in which the nations of Europe transfer most of their powers to a new central government in Brussels. The Euro-sceptics therefore believe that monetary union would mean the end of Britain as an independent, self-defining and self-respecting political entity. In short, Britain would cease to be a nation. As the Euro-sceptics want Britain to remain independent, they are implacably opposed to the introduction of the single currency.

Controversial though the statement may seem, the Euro-sceptics have already won the British debate. The great majority of the British people regard themselves first and foremost as British, not European. They are against British membership of a newly-formed 'United States of Europe'. Mr Blair's own position on this subject – if he has one – is unclear, but even he has acknowledged the weakness of the integrationist Euro-ophile position in the UK in an obvious way. He has declined to hold the single currency referendum in the current Parliament. His caution is readily explained: he knows that the Euro-sceptics would win.

Today's media consensus is that Mr Blair will again be successful at the next general election and will then hold a referendum, which will endorse the single currency. But this, like so much about this subject on television and in the national newspapers, is pure conjecture. In fact, the likelihood must still

campaign. And this assumes that the single currency 'works', which – at the time of writing (November 1998) is unproven.

It is therefore taken for granted here that the British people will at no point in the relevant and foreseeable future allow the pound to be replaced by the euro. If this assumption proves correct, the central tension in Britain's current relationship with Europe might seem to be removed. But that would not be so. The last few years have seen a steady and persistent erosion of Britain's ability to govern itself which has had nothing to do with the single currency question. Ministers have to accept European decisions in areas of social and economic policy which were undoubtedly Westminster's prerogative in the 1970s, after the UK's accession to the (then) European Economic Community.

Why has the erosion of British self-government occurred? The key turning-point was in fact not the Maastricht Treaty of 1991, but the Single European Act in 1986. Before this piece of legislation Britain was master of its own destiny in all essential respects. Under the so-called 'Luxembourg compromise', any member of the EEC – and certainly any large member like the UK – was able to veto European proposals it disliked. The Luxembourg compromise originated in 1966, with de Gaulle's opposition to supranational proposals from the European Commission which he deemed not to be in France's interests. The only major exceptions to the national veto stemmed from the Treaty of Rome in 1957 and Britain's accession talks in the early 1970s, and were in farming and fisheries. In these two areas Europe's Council of Ministers was able to issue Regulations and

Directives. Regulations were effective in member states whatever the attitude national parliaments took towards them, while Directives required national legislation but had to conform with a community template. Outside farming and fisheries national governments and parliaments were in control.

The Single European Act changed this situation radically. In order to entrench the Single Market by 1992, it extended to a vast area of social and economic policy the same regime that already existed for farming and fisheries. In other words, Regulations originating in the European Commission and approved by the Council of Ministers became effective in member states without the need for national legislation. As a matter of prudence, the Council has mainly relied on Directives to extend its prerogatives and achieve its goals, since they appear to leave a role for national parliaments. But national parliamentary scrutiny has been increasingly diluted and, given the flood of material, it cannot be altogether effective. According to Mr. Rodney Leach in 'Europe: a concise dictionary of the European Union', Parliament "makes some attempt to vet (Directives), but it is overwhelmed by the volume of documents, including the Statutory Instruments which the Civil Service deploys to transpose Directives into law.")

Although the Single European Act was barely noticed in the British media at the time, its constitutional significance was immense. The European Commission became the dominant source of new economic and social legislation in Britain, as in every other member of the EEC. The Council of Ministers became in turn the principal agency for discussing and endorsing such legislation. The Parliament in Westminster was reduced, in the pivotal areas of social and economic policy, to the task of adding minor national interpretations to Directives which had started life in Brussels. The EEC was officially renamed the European Community by the Maastricht Treaty five years later, while the integrationist intent of the whole enterprise was emphasised by the increasing use of the new term 'the European Union'.

With this extension of the EU's area of competence, the Brussels-based political and bureaucratic Euro-elite had new opportunities. Nevertheless, each nation's powers would have still been formidable if the ultimate sanction of the national veto had been retained. Instead the Single European Act replaced the unanimity of decision-taking required by the Luxembourg Compromise with a scheme for Qualified Majority Voting (QMV). The Council of Ministers, or rather the European Commission acting via the Council, no longer had to gain the approval of every country in order to secure the passage of new Regulations and Directives. Instead it had only to obtain a qualified majority vote. (Each nation was granted a certain number of votes. The rules on QMV are determined by treaty and can vary from time to time, if EU membership changes.) If one nation such as Britain disliked proposals coming from the European Commission, it could express its position at the Council of Ministers. But it could no longer stop the proposals altogether. To block proposals it had to find allies among other states, until the proposals no longer had the support of a QMV.

The discontinuance of the national veto implied a vast

theoretical transfer of power from national parliaments to the European bureaucracy in general, and to the European Commission and the Council of Ministers in particular. But the extent of this transfer in practice depended on interpretation. According to the Single European Act, the ambit of the EU's Regulations and Directives was the social and economic sphere. But, inevitably, disagreements arose between the nation states and the European Commission about the demarcation of 'the social and the economic' from the rest of public policy. If words were twisted, virtually every branch of public policy could be regarded as social and economic to some degree. If so, the European Commission and the Council of Ministers would have effectively hijacked all the worthwhile powers that had once belonged to national parliaments. Undemocratic European institutions would have usurped the sovereignty of democratically-elected national parliaments.

So it was crucial to the defence of national parliaments where and how disputes about the definition of the Council of Ministers' responsibilities were settled. Back in 1957 the Treaty of Rome had specified that such disputes should go to the

European Court. But the European Court is not impartial. Like the European Commission, it is an institution which takes its meaning and purpose from the larger enterprise of European integration, and is empowered by the expansion of that enterprise. As a result, its natural tendency has been to define such terms as 'social' and

'economic' as broadly as possible, and so to extend the area of competence of European legislation.

In summary, the Single European Act contained three key changes: the extension of European legislation from the sideshows of farming and fisheries to the mainstream of social and economic policy; the replacement of the unanimity requirement implicit in the Luxembourg Compromise by qualified majority voting; and the designation of the European Court as the body which resolved turf wars between national governments and the European Union's institutions. These three changes have set in motion an integrationist dynamic which has greatly reduced the powers of national parliaments over the last decade. To repeat, this reduction in their powers, including the Parliament in Westminster, has nothing to do with the single currency, the Maastricht Treaty or the more recent Amsterdam Treaty. Further, it will not be halted by the coming Euro-sceptic triumph in the British debate on the single currency question.

Although its impact on the way Britain is governed has had relatively limited public discussion, the Single European Act has already made possible drastic changes to vast tracts of legislation. The effects have percolated into every corner of national life. Christopher Booker's column in *The Sunday Telegraph* has become well-known for identifying countless intrusions into long-established British practices and arrangements. In many cases the result has been the abandonment of settled ways of live and even of livelihoods. The Common Agricultural Policy is widely agreed to be an economic nonsense, while the Common Fisheries Policy has been an outrage on the British fisheries industry. In the 1960s the UK had the largest fisheries industry in Europe; today its fisheries industry is only a fraction the size of Spain's. But the

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nonsenses and outrages of the CAP and the CFP pale into insignificance compared with the potential damage to Britain from Brussels-based social and economic legislation.

If the single currency works, Britain will have to decide whether to participate or not. The new currency will probably fail, but the Euro-sceptics must have a contingency plan. Of course, they must continue to resist the challenge to British independence posed by the single currency project. Their resistance must take the form recognised as legitimate in democratic states: by analysis and argument, by reason and persuasion, and by constant repetition of their case through the media. As long as the British people know what is at stake, they will reject the single European currency.

But that will not be the end of the matter. The encroachment of modern undemocratic European structures on Britain's traditional democratic institutions will continue as long as the Single European Act is on our statute book. The Single European Act and not the single European currency is the most dangerous threat to British political independence and its ways of life. It is more dangerous, precisely because it is less noticed and less widely understood. The next Government that truly cares about Britain and its institutions must repeal the Single European Act. If this Act is not repealed, Britain will eventually become no more than a state in a newly-created United States of Europe. Some might predict that Britain will be dismembered into some as-yet-unknown English regions, Scotland, Wales and Northern Ireland, and that each of these will be 'states' in the United States of Europe. Obviously, the policy of devolution now being pursued by Mr. Blair's Government makes Britain's dismemberment more likely.

Will Britain's repeal of the Single European Act lead to a constitutional crisis in its relationship with Europe? The answer is, yes, of course it will. Indeed, that is the intention of repealing the Act. And will that not culminate in the UK's departure from the EU, perhaps even to its public and humiliating expulsion? The answer then becomes, yes, that may well be the outcome, and Britain must look forward to the day when it can again determine its own destiny and the Westminster Parliament can once more defend the ways of life of its people. That would not be public humiliation, but a long-overdue recovery of national self-respect and identity. ■

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# The dangers of EMU

By Kay Coleman OBE

To what problem is EMU a solution?

That question must be our starting point. Until someone comes up with a satisfactory answer, it cannot be right to forge ahead with the riskiest financial project of the twentieth century.



I pose the question as a dedicated pro-European. I strongly supported Britain's entry into the Community in 1972, and I cheered as the single market was established. Throughout my professional life I have worked to create and exploit commercial opportunities throughout the EU. My company deals with a diverse European customer base, drawn mainly from the Benelux countries and Spain. I am as keen to consolidate and extend my international trade as any other chief executive.

I do not mention this simply to prove that it is possible to be a European and an opponent of EMU. I hope that this goes without saying. Rather, I do so because my experience with business colleagues across Europe has yielded a startling insight: very few European directors are enthusiastic about the single currency. All of them expect the transition to be difficult, most expect very serious problems in the early years and a substantial number expect those problems to last for decades.

Why, then, are they prepared to support it? The answer, for many, is really the same as the answer to the question I posed at the outset. EMU is seen on the Continent as a solution to the problem of military conflict in Europe. As Chancellor Kohl graphically put it, "It is a question of war and peace in the 21st century."

In other words the single currency is politically driven, the culmination of a project begun in 1951 with the European coal and steel community. EMU is intended to amalgamate the states of Europe into a cohesive whole and to give them clout in the international arena. It is not seen as likely to increase prosperity. If anything, it is a cost that must be borne for the sake of political integration. In such a climate, many business people feel they have no option but to go along with the scheme.

However, in my opinion, the reasoning behind this line of argument fails even in its own terms. EMU will not bring the peoples of Europe together, but will drive them apart. Nothing is more likely to encourage extremism and xenophobia than a project that throws people out of work and leaves them blaming 'Europe'. But at least the other members of the EU are approaching EMU with their eyes open, prepared for an economic setback.