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Cameron prepares to defend Europe veto

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By George Parker in London



David Cameron, UK prime minister, will on Monday defend his decision to veto a new EU treaty to enforce fiscal discipline in the eurozone, amid warnings from his coalition deputy that it could leave Britain “isolated and marginalised”.

Nick Clegg, deputy prime minister, said the veto was “bad for Britain” and could make it harder for the UK to punch its weight in Europe and to persuade Washington that it was a serious player in the EU.

Mr Clegg’s pro-European Liberal Democrats – the minority partner in Britain’s coalition with David Cameron’s Conservatives – are furious at the way the UK was left isolated at a European summit in Brussels last week.

Mr Cameron decided to veto the EU treaty in the early hours of the morning, bowing to pressure from his fiercely Eurosceptic party to withhold his support unless he won “reasonable” concessions at the Brussels talks.

His actions have been hailed by Conservatives who had urged him to show the “bulldog spirit” in the negotiations and Mr Cameron is expected to receive a hero’s welcome from his own MPs when he reports back to the House of Commons on Monday.

Mr Clegg has warned Mr Cameron not to exacerbate tensions in the coalition – or further worsen Britain’s relations with its 26 European partners – by behaving in a triumphalist manner.

The deputy prime minister approved of Mr Cameron’s negotiating tactics – which included demanding a number of safeguards for the City of London – but says he was not told the talks had “spectacularly unravelled” until after the prime minister issued his veto.

Other member states agreed instead to press ahead with a separate inter-governmental treaty to enshrine more fiscal discipline in the eurozone – including automatic sanctions for high deficits. Britain was the only country among 27 which has said it will definitely not sign the treaty.

Mr Cameron will tell MPs it was the “right decision” for Britain and that he could not sanction a new treaty unless he won assurances it would not lead to eurozone countries exerting more regulatory pressure on the City.

But recriminations are flying around the British government at what happened. Mr Clegg believes Mr Cameron was forced to issue the veto by the overwhelming might of his Eurosceptic backbenchers, although he said French and German “intransigence” was also to blame.

‘There’s nothing bulldog about Britain hovering somewhere in the mid-Atlantic, not standing tall in Europe, not being taken seriously in Washington,” Mr Clegg said.

Meanwhile Britain’s diplomatic service are furious at what they see as heavy-handedness by Number 10, which only presented its demands for City safeguards shortly ahead of last week’s summit.

Mr Clegg has said Britain must now work hard to claw back its influence and to start making friends in Europe again to ensure its economic interests in the 500m European single market are protected.

He has also warned Mr Cameron that Britain must not try to stop the eurozone countries from using EU institutions – such as the European Commission and European Court of Justice – to ensure that the new eurozone “fiscal compact” has teeth.

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