

A rare moment of common sense

The European Court of Justice (ECJ) is a political court. It actually has a most inappropriate name, as justice is not its overarching purpose. It exists rather to further the objectives of ever closer union. It therefore came therefore as something of a shock when the Court recently ruled against the European Central Bank and in favour of the UK government in a dispute about clearing houses. These financial institutions exist to ensure smooth completion of transactions of stocks and bonds. A good number are based in the City of London, even though they deal with transactions across the world in all manner of different currencies. The ECB argued that clearing houses that handle more than €5bn of euro-denominated securities should be based in a Eurozone country. However, the ECJ rejected this argument, saying that such a move goes beyond mere oversight of financial services. The ECB does have certain powers in this area according to the EU treaties, but no power to regulate market infrastructure companies. The court ruled that if the ECB wanted to regulate securities clearing houses, it must request the EU to give it such powers.

So for once, common sense has prevailed and the Government has seen off another threat to the City of London. However, that same quality was distinctly lacking in the comments of Open Europe's Raoul Ruparel as reported in the Daily Mail. He claimed that "If the ruling had gone against the UK it would have seriously undermined the single market and significantly increased the power of the ECB – and probably would have made Brexit more likely."

Well, if the ECB had won, perhaps a few employees of clearing houses might have been converted to outright withdrawalism, but is the issue of who supervises clearing houses really going to be the crunch issue in the electorate's decision as to whether we leave the EU or not? Think of Peter Baldwin, the

electrician in an aircraft factory who told Ed Miliband recently that working class people were leaning towards UKIP because of Labour's refusal to offer a referendum on EU membership. Is this setback for the ECB in its desire to increase its control of financial services regulation likely to change the mind of this man or his colleagues?

Even within the City of London, clearing houses are only one part of the UK's financial services sector. There are plenty of other people – stockbrokers, fund managers, investment bankers and so on. The EU is still keen to wrap its tentacles round this vital sector of the UK economy and will unquestionable try to do so in other ways. To think that a rebuff by one its institutions to another has been the knockout blow that will keep the UK in the EU is naïve in the extreme. There are hundreds of other reasons why we should seek our independence.

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