

Declaration by Tony Benn on EMU (21 April 1998)

Caption: On 21 April 1998, in the House of Commons, Tony Benn, British Labour MP, criticises the report by the British Government on the United Kingdom's position towards on Economic and Monetary Union (EMU) and outlines the dangers of the single European currency.

Source: European Community (Convergence Criteria) 21 April 1998. Commons Hansard, Parliamentary Debates. [ON-LINE]. [London]: Her Majesty's Stationary Office, [24.08.2005]. Disponible sur <http://www.publications.parliament.uk/pa/cm199798/cmhansrd/vo980421/debtext/80421-38.htm>.

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European Community (Convergence Criteria)

Mr. Tony Benn (Chesterfield): I have not participated in the debate on Europe since the election, because my view on the matter is known: I voted against the Maastricht treaty, and I am opposed to the single currency.

The reason I speak in this debate is that it is held against the background of a clear Government statement of intent to join the single currency, when the conditions are appropriate. The convergence report is a progress report--the Government ask us, not only to note, but to approve the progress they are making toward entry into the single currency when the referendum has occurred. We are told that that will be after the next election, but, if Rupert Murdoch alters his view, it might come earlier.

Two passages in the report are of importance, not just in a debate of this kind in the House, but to many people outside. On page 6, the report refers to

"Denmark, Spain, Ireland, the Netherlands, Portugal, Finland and the United Kingdom."

It says:

"These Member States need to exercise firm control over domestic price pressures with regard to, inter alia, wage and unit labour costs. Support is also required from fiscal policies, which need to react flexibly to the domestic price environment."

If I were a nurse whose pay claim had been phased, I would ask why. If a nurse asked me that question, I would reply, "The answer is in this book, because it is a requirement that these controls be exercised in order to equip us for the single currency." I come from Derbyshire, where we are rate-capped, and if, in Derbyshire, people ask me, "Why is Derbyshire, which suffered so much under the previous Government, being rate-capped?" I would answer, "Because of page 6 of the convergence report."

We must relate these arguments to real life. We cannot speak as though we were amateur economists; we must relate them to the real lives of those we represent. The reality is that the framework, set by the European Monetary Institute and adopted by the Government, is forcing a squeeze on people, who will suffer as a result.

My second point--I do not want to take too long--relates to the independence of national central banks. On page 12, the report says clearly that a list of practices by Governments or Parliaments are

"incompatible with the Treaty and/or the Statute"

if they endanger institutional independence--that is, from Governments or Parliaments. So here, tonight, we are being asked to accept that we have no right in the following areas. We have no right to give instructions to central banks or their decision-making bodies, not just on interest rates but on anything that they do. Eddie George is free--protected by the treaty from any pressures that may be put on him by the Government

elected overwhelmingly by the people in May 1997.

Indeed, it would be incompatible with the treaty to

"approve, suspend, annul or defer decisions of national central banks;"

or to

"censor a national central bank's decisions on legal grounds".

Whatever the legislation might be, the courts would not be allowed to take action that would hamper the independence of the central banks. Indeed, we cannot

"participate in the decision-making bodies of a national central bank with a right to vote".

Therefore, if the Chancellor appoints people to the Monetary Policy Committee and they vote on a matter, they are in breach of the Maastricht treaty. Finally, third parties could not be

"consulted (ex ante)"--

in advance--

"on any national central bank decision."

Tonight, not only are we approving a policy--which is causing hardship to many people because of the restriction on public expenditure, and because, as has been said, the currency valuation affects jobs--but we are being asked to approve an abandonment of our right ever to do anything in those areas that might relieve those pressures.

I object to these arrangements, not as a British person but as a European, because they destroy democracy in Germany and France, too. For example, the German people will be unable to influence the decision of their bankers. My hon. Friend referred to the limitation on our opportunity, as a nation, to try to influence the European central bank, but it applies also to attempts to influence our own Bank.

To summarise, we are tonight consenting to an act of unilateral economic, industrial and financial disarmament. From now on we are saying to our electors--who are, after all, the people who have sent us

here and can remove us, because we are still candidates--"You can remove us next time, but you will never be able to change the policies that may lead you to want to remove us."

That is a big question. It is something that we do not often discuss, and if we do, sometimes in the heat of the day and in argument we get strong and personal, because it is a matter which cuts across political allegiances. It is a European, and a democratic, question.

We are all, inevitably, influenced by our own experience. The earliest election that I remember was that in 1931, when the conflicts within the Labour Cabinet on whether the gold standard should apply led to the fall of that Government. My father lost his seat in that election. He had the unhappy experience of fighting Aberdeen, whose electors were cautious when the Post Office scare appeared, Aberdonians being known for their caution.

In the 1930s, I remember vividly Hitler coming to power when there were 5 million or 6 million unemployed in Germany. I bought "Mein Kampf" when I was 11. I have it on my shelf at home. Unemployment leads to despair, and despair destroys democracy, just as political impotence destroys democracy. If, when we vote, we cannot change anything, that destroys democracy. There are now 15 million unemployed in the European Union. I am not saying that what happened in the 1930s will return, but we are dealing with big questions.

We are dealing with the question whether it is legitimate in countries that boast of democracy for the electors to elect a Government and a Parliament that can influence the form of their own lives. It applies throughout the EU. This is not a British objection--I would feel just as strongly if I were a Frenchman, a Spaniard, a Greek or from any other country.

We shall have more of this when we come to the debates on the single currency, but it is important to put down a marker now, before we go along quietly approving things which are already taking place, beginning with the independence of the Bank of England, and denying those who sent us here the rights that they are entitled to expect when they cast their vote. For those reasons, I shall not be able to support the motion tonight. It runs counter to my deepest convictions, and that is a view that I hope people will understand, even if they do not agree with it.