

European Monetary Union: The Kingsdown Enquiry

**The Plain Man's Guide and the
Implications for Britain**

Ian D. Davidson

Editor: Christopher Taylor

for Action Centre for Europe

Foreword by Lord Kingsdown



Contents

<i>List of Contributors</i>	viii
<i>Foreword by the Rt Hon Lord Kingsdown, KG</i>	x
<i>Preface</i>	xiii
PART I THE REPORT – Edited by Ian D. Davidson	1
1 Introduction	3
2 Why Monetary Union?	5
3 The Enquiry: An Overview	8
4 Some Economic Benefits of Monetary Union	10
5 Some Economic Uncertainties of Monetary Union	19
6 Some Political Aspects of the Choice	28
7 Monetary Union and European Integration	36
8 Britain's Choice	40
PART II THE ENQUIRY – Edited by Ian D. Davidson	47
9 Preface	49
10 Introduction	51
11 Inflation	54
12 Interest Rates	61
13 Foreign Investment	67
14 Pensions	72
15 Single Market	76
16 Sovereignty	83
17 Political Union	89
18 Options for Britain	97
19 Converting to the ECU	100
20 Stock-taking	102
21 The Seminars	106
Guildhall Seminar	106
Birmingham Seminar	107
Edinburgh Seminar	108
House of Commons Seminar	110

PART III SUBMISSIONS TO THE ENQUIRY – Edited by Christopher Taylor	115
1 The Main Economic Issues	117
22 Would European Monetary Union Help Britain to Control Inflation? – <i>Andrew Britton</i>	119
23 Could a Single Currency Lead to Higher Unemployment? – <i>Charles Bean</i>	127
24 Can You Have a Single Market without a Single Currency? – <i>Christopher Stewart-Smith</i>	137
25 One Market, One Money – <i>Martin Wolf</i>	143
26 Dubious Arguments Against EMU – <i>Samuel Brittan</i>	153
27 Opting out of Stage 3: Life in the Lower Tier of EMU – <i>John A. A. Arrowsmith</i>	161
2 Sovereignty and the Political Dimension	181
28 Can You Have a Monetary Union without a Political Union? – <i>Niels Thygesen</i>	183
29 Would Parliament Retain its Power to Tax and Spend if Britain Participated in a European Monetary Union? – <i>Philippe Lagayette</i>	191
30 Would it Matter if the British Chancellor of the Exchequer No Longer Controlled Monetary Policy? – <i>Charles Goodhart</i>	195
31 Monetary Sovereignty under Different International Systems: A Historical Comparison – <i>M. Panić</i>	200
32 How Much Political Union is Required for a Single Currency? – <i>Graham Bishop</i>	206
33 Could Monetary Union Work without Political Union? – <i>Tim Congdon</i>	211
34 Britain and European Monetary Union – <i>John Stevens</i>	224
3 How Does Business Regard EMU?	231
35 Monetary Union and the Single Market – <i>Bertrand de Maigret</i>	233
36 EMU and Industry – <i>Kate Barker</i>	241
37 The Single European Currency – <i>Lord Cobbold</i>	245

38	The Impact of European Economic and Monetary Union on British Industry – <i>Andersen Consulting</i>	250
4	Implications for Inward Investment and Regional Aspects	277
39	Would Being Outside a European Monetary Union Discourage Overseas Investment in Britain? – <i>Manfred Graf von Roon</i>	279
40	EMU and Overseas Investment in Britain – <i>Tsuneaki Kaku</i>	282
41	Monetary Union and Peripheral Regions – <i>Gavin McCrone</i>	285
5	Implications for Saving and Investment	291
42	The Potential Impact on Savings and Investment in Britain of Membership of the European Monetary Union: An Institutional Investor's Perspective – <i>Christopher Cheetham</i>	293
43	European Monetary Union Project: Position Paper – <i>LIFFE</i>	307
6	Practical Steps: The Transition and Introducing the Single Currency	311
44	The Transition from Stage 2 to Stage 3 of EMU – <i>Sir Michael Butler</i>	313
45	Implementation of a Single European Currency: Report on a Survey of British Banks and Building Societies – <i>British Bankers' Association</i>	317
46	Introducing a Single European Currency – <i>Malcolm Levitt</i>	326
47	EMU: Unresolved Issues Relating to Stage 3 – <i>Paul Richards</i>	332
	<i>Index</i>	351