

Understanding British doubts about EMU - the need for historical and economic
knowledge

Delors & Britain

The prospect of a major loss of political and economic control by national government which the Delors report would involve has aroused particular anger and opposition in Britain. Naively, one wonders why? Why should this loss seem so much worse for Britain than for anyone else? This is of especial interest because it is an excellent example of how understanding a burning contemporary question requires historical knowledge.

What is relevant here is the length, and, more particularly, the peculiar nature, of Parliamentary sovereignty in this country. And straight away, one must ask "which country?" The vociferous opposition to the strong federalist overtones and intentions of the Delors vision of EMU is largely confined to England. Many Scots would welcome it as "independence within Europe". It is to English history that we must look for an explanation of a mainly English hostility to Delors' proposals.

"Whereas by divers sundry old authentic histories and chronicles it is manifestly declared and expressed that this realm of England is an empire, governed by one Supreme Head and King, unto whom a body politic, compact of all sorts and degrees of people, be bounden and owe to bear next to God a natural and humble obedience; he being also institute and furnished by the goodness of Almighty God with plenary, whole and entire power and jurisdiction to tender and yield justice and final determination to all manner of folk residents (resident) or subjects within this his realm, in all causes happening to occur within the limits thereof, without restraint to any foreign princes or potentates of the world ..." (Act in Restraint of Appeals to Rome, 1533)

"This realm of England is an Empire". Here is the first overt declaration of sovereignty in English constitutional history - the assertion of the insular independence of the nation state, (and of the nation-church within it). So far from "empire" having connotations of outward expansion, it means here the opposite - "the nation-state contracting itself upon its insularity" and focusing all power and authority within its own institutions "without the intermeddling of any exterior person or persons". And where is the statement found? It is in an Act of Parliament. And this, for our purpose, is the vital point. The revolution - for Henry's Reformation was little less - was carried through with the help and agreement of Parliament. Of course the King was very much the senior partner, but nonetheless, because of the truly momentous changes it was used to help bring about, Parliament became so closely identified with the Constitution that before long nothing which Parliament did could be viewed as unconstitutional. Of course, for the time being, and for long after, it was the King (or Queen) in Parliament, not Parliament alone, which could "do anything except change a man into a woman, or a woman into a man"; but as the balance between the parties shifted - notably in the seventeenth century - it became Parliament (and ultimately, of course, the House of Commons) which wielded "plenary, whole and entire power" - "whole and entire" for two reasons: because the nature of this constitutional evolution never involved formulation of a written constitution which might have limited the sovereignty of Parliament, and because the traditional royal prerogatives were gradually absorbed by Parliament - which had the effect of concentrating enormous power in the hands of the Prime Minister. (It is quite impossible to understand the nature and exercise of Prime ministerial authority apart from its royal origins.)

No other European country has had a similar, or even comparable, constitutional development either in length, in depth, or in nature. The

English, therefore, are uniquely unused to any division or sharing of political power - and it may be that their recent imperial past with its unquestioned exercise of authority, albeit under the law, has strengthened this attitude. Especially are they unused to any idea of power exercised from "abroad". For Britain is an island. This has had two related effects. First Britain has, for centuries, enjoyed - if that is the word - a detached relationship with the Continent, involving herself in continental affairs only to the extent necessary to guard her one vital European interest - the maintenance of the balance of power so that no one State should become so powerful as to threaten her own security. Her experience of Europe has thus been largely negative. Its main component has been the need to maintain, over centuries, a wary watchfulness over the potential threat posed by machinating foreigners (!), punctuated by the need to spill and spend her blood and treasure to frustrate those machinations when the threat became direct. Second, her insular position enabled her to throw herself into economic and imperial expansion so that the main exercise of her energies was away from Europe. Here, indeed, her commercial and financial supremacy enabled her to exercise something like economic hegemony. So, until the very recent past, her interest and her energy have led her away from Europe.

No one any longer believes - at least, one hopes not! - that "wogs begin at Calais" but England's insular attitude is based on age-old constitutional practice, long-standing political tradition, and a century and half of profitable experience. These factors make her feel separate, and different, from (and superior to? - one hopes not, still!) "the Continentals - foreigners" (!) whom some would say, there are "good" reasons, rooted in History, to distrust.

Obviously, my tongue has been occasionally in my cheek as I write this, but the point is substantial and must be understood by those of us who are "pro-

Europe". Both Economics and History contribute to the strong anti-federalist strand in English thinking. Without both, it cannot be understood but will be disastrously misinterpreted as mere sentimental and nostalgic chauvinism.

The significantly different view of many Scots springs from the different historical experience of the two countries. Scotland shared only in the later stages of British constitutional developments. (Many Scots view "Great Britain" as, in reality, "Greater England"). She has, moreover, and understandably, constitutional traditions of her own (such as the old Covenanter doctrine of consent) which do not fit easily into the theory and practice of parliamentary sovereignty. It is interesting that this different tradition surfaces today in such forms as opposition to the "poll tax" in Scotland and in Unionist opposition to disliked constitutional proposals, though approved by Parliament, in Northern Ireland. (The connection between Ulster Protestants and Scotland is, of course, fundamental. As De Tocqueville remarked long ago "Ulster is Scotland in Ireland").

Historical knowledge is also relevant to a more specific analysis of the Delors Report. Economic union is a system under which all obstacles to the free movement of goods, services, labour and capital between the partners are removed, so that they become completely mobile throughout the area of the union - in our case, the 12 EC member countries. This could be achieved without proceeding to a common currency and without embracing the other stringent limits upon national sovereignty (such as coordination of fiscal policies).

The important and relevant historical analogy is with the gold standard. In the 30 years or so before 1914 the currencies of the leading industrial and trading nations were locked together by their common basis in gold - the gold

contents of their various standard coins. Since, for example, the standard coin of the pound sterling, the sovereign, contained nearly five times as much gold as the dollar (actually 4.86), the exchange rate between the pound and the dollar could never move far from £1=\$4.86, and the same fixity of exchange rates hold between all countries on the gold standard. Gold was free to move from country to country as the needs of trade or investment required: there was very considerable freedom of movement for people - remember the huge migrations from Europe to America and Australasia - and the gold standard countries could have made up a free-trade area had they so wished. In other words, they were close to, and could have embraced, full economic union. But no-one dreamed of suggesting that all this required them to adopt common fiscal policies (eg, common tax rates) or a common currency, as the Delors "strong" version of EMU requires.

This is not an argument against a common currency and certainly not against European union. It does, however, challenge the Delors Report by showing that the strong version of EMU, despite the Report's assertion to the contrary, is not the only one possible. If, for example, a common currency is embraced, this should be done not because we think we have no choice if the desired economic union is to be achieved, but because it is judged advantageous in its own right. It is historical knowledge (of, for example, the gold standard) which can alert us to this fact and save us from an uncritical and wholesale acceptance of the Report's arguments. Moreover, historical perspective enables us to interpret these. The Report's main motivation is political - European Union is thought to be A GOOD THING - and that motivation must be understood if the Report's arguments are to be appraised. Of course, the search for such understanding leads inevitably to the historical review of the "track record" of disunity - the disaster and destruction which national rivalries have caused.

Just as important, it enables the English case that dubious economic arguments are being used covertly and dishonestly to further a case which is really political, to be understood and assessed.

With "inevitability" unmasked, and discredited as a reason for the "strong" form of union, the other arguments for the Report must be assessed. Here, of course, economic knowledge is essential - as, indeed, it is for understanding the gold standard. The imperative need for both historical and economic knowledge, and their near inseparability if crucial contemporary issues are to be understood, is clear.

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