

## **Hamburg 5 November 2008: European Monetary Policy and World Capital Markets**

### **Notes by William Keegan**

1. Tribute to Schmidt.
2. Tribute to Sir Samuel Brittan with whom I worked from 1967 to 1976 at FT during the continual crises that led up to the Schmidt/Giscard decision to form the EMS.
3. Memories of 1967 devaluation, all the subsequent ado over a mere 5 pc DM revaluation; conflagration of Bretton Woods in 1971-73 ; Werner Report/Plan .
4. Snake and UK's six week membership in spring 1972.
5. 1973 UK joins EEC thanks to good relationship between Heath and Pompidou.
6. 1974 - Schmidt's memorable contribution to Labour Party conference - wows them and has major influence - none of the predicted left wing walk-outs.
7. 1975 referendum - which was first proposed by Ton Benn when he was FOR EEC membership, but which he fought prominently against. 66 pc pro staying in. Keegan theory Brits ARE conservative: wary of moving forward, but also of dropping out.
8. 1976 - IMF crisis - Callaghan leans on Schmidt friendship seemingly to try to avoid IMF but perhaps to soften terms.
9. Regarding run up to EMS: Roy Jenkins Florence speech
10. 1978 clear UK not joining ERM- anecdote of Schmidt/Callaghan in Bonn when they come to rostrum and instead of an announcement re UK and ERM they start talking about situation in Namibia.
11. Classic compromise of UK joining EMS but not its main manifestation, i.e. ERM, in 1978-79.
12. Shadowing of DM in 1987
13. Thatcher signs Single European Act 1986 thinking, on assurance from Kohl, that there won't be a single currency. 1989 wall comes down and changes all that!
14. 1990-92 UK in ERM – Maastricht.
15. G. Brown had been pro ERM but Major Government got the blame. Ed Balls joins Brown as assistant and tells him that it's not good joining ERM or a single currency as a

discipline; UK has to discipline itself first. Hence golden rules, independent Bank of England and so on.

16. UK Government praises its economic model a lot. This doesn't look so good now.

17. Well-known G. Brown hostility to Brussels, but he does cultivate other leaders, cf recent discussions regarding banking crisis.

18. Will present crisis bring UK closer to joining euro? Not a chance - in short, medium or long term.