

'A single currency in a federal system' from Europe (18 April 1990)

Caption: On 18 April 1990, Emanuele Gazzo, Director of Agence Europe, sees the implementation of Economic and Monetary Union (EMU) as the logical consequence of a federal European Union.

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A single currency in a federal system

The political union of Europe, whatever its final content and its institutional structure (federal or other), was never conceived in abstracto: it is based on cultural, economic and social realities. This appeared already in the first attempts, sometimes incoherent but going in the right direction, of the forerunners. And it appeared very concretely, following the action of the “founding fathers”.

The document to which Adenauer, De Gasperi and the leaders of the Benelux countries adhered fully and immediately established a Community, the explicit starting point of a future federation “indispensable for the preservation of peace” and already led by a supranational High Authority whose immediate object was relatively limited (but of major scope at the time), namely putting in common the basic productions (coal and steel) of six countries (which had made war against each other).

This must always be borne in mind. Each time the “economic basis” of the Community was threatened by delays and divisions, the Europeans relied on the “spirit of the laws”: i.e. they looked for a solution in political, or even institutional relaunch. Sometimes they succeeded, and sometimes they did not.

The institutional innovation that was, in 1979, the first direct election of the European Parliament, led the latter, under the inspired impulse of Altiero Spinelli (Mr. Cot was right to say yesterday how badly the latter is missed at this time), to be bold and present his draft treaty of union in 1984. The governments were afraid to go too far, but they were unable to dismiss the combined effect of this political relaunch and of the action programme through which the Delors Commission proposed the creation of the large market without borders. Consequently, they practically suffered through the Single Act which, despite its deficiencies, finally produced the famous spillover effect and pushed the Community to deal with the next link in the chain. This is how, not much later, economic and monetary union became an “ardent obligation”. And the new perspective that it unveiled made it necessary to amplify the institutional discourse and take it over from its very beginning. Which is nothing else but federal union. Those who say today that, “alas! federal union is not yet possible”, are 40 years late. For Robert Schuman, it was already valid and even necessary, but not yet practicable. So nothing happened during the last 40 years? Really, dear friends, pull yourselves together!

Our readers have probably noticed that the debate on the Herman report on EMU, which has just taken place at the EP, provided ample evidence that:

- the management of monetary union requires the existence of a central institution which is nevertheless the contrary of a “centralisation” in the literal meaning of the word, but rather a federal-type organisation of the respective autonomies of the central banks of each country;
- this central institution must be independent but submitted to political and democratic control, which implies the existence of similar institutions, at governmental and parliamentary level, capable of exercising this control (and control over national budgetary policies);
- the objective to be reached (see also in this issue of the Bulletin the results of the colloquium held today in Brussels by the “Association for the monetary union of Europe”) is the creation of a single currency;
- it is precisely in federal unions with a single currency that there exists a greater flexibility of action in the area of economic and budgetary policies.

The President-in-Office of the Committee of Central Bank Governors of the Committee — Mr. Pohl himself — appeared before the competent EP Committee to explain what the Eurofed will be and how it will work. Do you remember that he was described as the main adversary of EMU? Does that tell you anything?

Emanuele Gazzo