

'Triumph of compromise' from The Irish Times

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Triumph of compromise

In a triumph of compromise over confrontation, the European Council in Dublin yesterday agreed the terms of a stability and growth pact to accompany the introduction of a single currency. The agreement came after intelligent political networking and brokerage by the Minister for Finance, Mr Quinn, his finance minister colleagues and the Irish EU presidency. It puts a definite stamp of success on this summit and adds substantially to confidence that economic and monetary union will be introduced on time in 1999. The simultaneous launch of the euro banknotes yesterday will add to the public perception of a sustainable project.

The agreement has all the hallmarks of a classical EU compromise, but that does not take from the significance of the achievement nor from the skill with which it was put in place. The argument over a stability pact raised basic issues of politics and economic management; it pitted France and Germany against each other in a confrontation which could have put paid to hopes that the single currency would meet its timetable; and a failure to agree would certainly have been interpreted by the international markets as a clear signal that the project would not succeed.

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The agreement reached after long hours of negotiation, has something for both sides of the argument. For the Germans and those who share their approach, it will ensure that a strict fiscal regime surrounds the introduction of the euro and that whatever political bending of the rules is necessary to ensure a wide initial membership will not be projected into the future. The reference values spelled out yesterday are outside the range of the ordinary business cycles. Together with the rules already agreed about fiscal discipline, they should help to dispel fears by German public opinion that the euro will be a weaker currency than the deutschmark. For the French and those states that share their approach, the compromise ensures that political discretion will apply when it comes to making judgments about how to respond to economic shocks.

This agreement completes the rule making for currency union that has been perhaps the main achievement of the Irish EU Presidency. There is still room for argument about whether its design is flawed or incomplete, including debate about whether there is sufficient provision for fiscal transfers. Political argument will continue on these matters in coming years. But there can be no doubt that the agreement is a milestone in this crucial phase of the project. Progress made yesterday on other parts of the Irish presidency agenda – including crime and drugs, employment and the draft treaty for the Inter Governmental Conference (IGC) – look set to mark this Dublin Council out as a successful occasion when it concludes today.

The findings of the Irish Times/MRBI opinion poll on public knowledge of what the IGC is discussing, demonstrate dramatically that there is huge ground to be made up when it comes to convincing the public that the outcome of the negotiations should be accepted. The electorate is self confessedly ignorant and confused about its objectives. When asked about enlargement of the European Union a majority is opposed if it is assumed that Ireland would get less in EU funds. These findings underline the fact that favourable attitudes towards the EU cannot be taken for granted. The Coalition parties may reflect that there seem to be few votes in Foreign policy, but they deserve recognition for their conduct of this Irish presidency, which has brought them well deserved praise at this European Council.