

## BORN IN PAIN, BORNE BY CRISES : THE EURO

Quentin Dickinson



From the immediate post-war years to the present day, the root-thought of all those involved in knitting, as the Treaties' preamble always recalls, an ever-closer union among Member-States, is that, in politics and in economics, no country in Europe is any longer in a position to stand alone, and that, willy-nilly, salvation may only be found in numbers.

This, of course, can hardly lay claim to novelty ; originality, however, may be found in the method chosen to further the aims of the founding fathers of what has to-day evolved into the European Union.

The idea that Messrs. Monnet, Schuman, *et al*, sought to popularize, is that the needs and scale of the economy shall always prompt political leaders to acknowledge the common-sense solutions derived from pooling resources and from identical or compatible decisions.

Despite the opportunities proffered by a globalized economy, stability and growth remain dependent on one's home market. This is obviously true of the European Union, whose long-planned internal market was persistently stunted in its development by constant fluctuations between Member-States' currencies – not to mention frequent competitive devaluations.

Hence, plans for a common or single European currency started to emerge as early as the mid-1960s ; yet it was 1989 before the definitive blueprint for the introduction of the Euro was finally accepted by an effective majority of Member-States, and a further ten years lapsed before accountants and, later still, citizens, began to use the new currency.

To date, the Euro has considerably stimulated trade within the European Union and has – to a degree – protected the Eurozone countries' economies from the international credit-crisis, following the failure of Lehman Brothers.

In a commendably short period of time, the Euro has become one of the five global currencies.

Nevertheless, the extension of the woes of the world from a purely financial problem to a full-blown economic crisis revealed what was hardly a secret : the Eurozone can boast a European Central Bank, whose remit is to issue banknotes and curb inflation (and little else) and monthly Eurogroup meetings of finance ministers. Back in the 1980s, many had advocated the creation of a specific political institution to govern the Eurozone, as well as dedicated regulatory bodies ; neither were then deemed politically expedient, and plans, where they existed, were duly shelved.

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-2-

Europe has always suffered from its collective inability to reach necessary decisions speedily, and long-overdue measures are hastily taken at the eleventh hour and in a flurry of brinkmanship. Naturally, considerable time – and vast amounts of money – go wasted in the process.

At the time of writing, *i.e.*, on the eve of a special Council of EU Heads of State and Government, the political and technical governance of the Eurozone is slowly but surely emerging ; and, all the while, EU Member-States are wrestling with the *sui generis* crisis in Greece and propping up the Spanish and Italian economies.

The outlook is hence marginally less bleak than forecast just a few weeks ago ; the heat appears to have dropped and some measure of rationality seems to have returned.

Nevertheless, when in time one will look back at the 2008-2013 period, it may well be discovered that the prime victims of the crises' collateral damage are the United Kingdom and the rating-agencies - these have in common that they remained utterly convinced of their respective positions, and consequently overplayed their hand to the point of appearing irrelevant.

In Europe, history does not crush the unwily, it passes them by.

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