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The Euro – A Currency without a State

Otmar Issing

Center for Financial Studies
an der Universität Frankfurt ▪ Mertonstraße 17-21 ▪ D-60325 Frankfurt am Main
Telefon: +49 (0)69 798-30050
Fax: +49 (0)69 798-30077 ▪ http://www.ifk-cfs.de ▪ E-Mail: info@ifk-cfs.de

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Center for Financial Studies
Goethe-Universität ▪ House of Finance
Grüneburgplatz 1 ▪ 60323 Frankfurt am Main ▪ Deutschland

Telefon: +49 (0)69 798-30050
Fax: +49 (0)69 798-30077
http://www.ifk-cfs.de ▪ E-Mail: info@ifk-cfs.de

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Otmar Issing[1]

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1 Center for Financial Studies, Goethe University, House of Finance, Grüneburgplatz 1, 60323 Frankfurt, Germany

Concerning the terminology

The origin of the word “Europe” lies deep in Greek mythology. It is a purely geographical term. The Hellenic poet Moschus calls Europe “the other continent”, the place to which the bull carries the beautiful princess from Tyre on his back. Up until today, the geographical element remains one facet of a concept that has broadened into other spheres. Yet even in geographical terms we find it hard to determine the boundaries of what we call “Europe”, and for the other dimensions this becomes still more difficult.

In his book “The Birth of Europe”, Jacques Le Goff described the “layers”, as he calls them, which form the foundations of Europe. This is not the appropriate place to pursue this and many other interesting approaches to exploring the origins of Europe. In a splendid lecture at the Center for Financial Studies in Frankfurt, Cardinal Lehmann remarked in this connection: “Right from the beginning, and more especially in recent times, Europe has always been a unity in diversity. Its culture has grown from Greek, Roman, Judaeo-Christian, Islamic and humanist roots. The core ideas have always been liberty, human dignity and responsibility, which have increasingly been protected by democratic institutions.”

In this sense, the Iron Curtain excluded the dictatorships in the east from “Europe”, politically speaking. But large sections of the population, notably the intelligentsia, refused to accept this segregation.

From 1945, the West basically appropriated the term “Europe” and claimed it for its own sphere of influence. Even in the first steps towards integration, with initially only six member states, people were not afraid to speak of the “European Coal and Steel Community”. This choice of terminology continued inter alia in the “European Economic Community”, the “European Monetary System” and finally “European Monetary Union”. The openness towards new countries only partly mitigates this claim, since in the end it is the members who determine who may join and who not. It remains to be seen how many will ultimately reside in the house called “Europe”.

It would be tempting, although I dare say ultimately not very fruitful, to speculate further about the terminological aspects and their factual basis, for example about what it means when the English even today talk about “Europe” as something from which they are separated by the Channel. In his famous speech in Zurich in September 1946, Winston Churchill foreshadowed this attitude in speaking of Europe as a "family" to which Great Britain, with its interests centred on the Commonwealth, did not feel it belonged. One may wonder where its special role is today, outside its relations with the USA.

Europe as a political goal

After 1945 efforts were directed above all to preventing a recurrence of the horrors of the two world wars at any price. The objective of European integration in the West was clearly political in nature. There could be no question of embarking on a major project with common state structures and a sizeable number of countries. Thus high-flown plans for the Council of Europe, which finally came into being on 5th May 1949, turned out to be illusory. With respect to European integration, the Council proved rather to be a blind alley.

Successful initiatives could only be expected from concrete projects with a smaller group of countries as nucleus. What far-sighted politicians at the time realised was indispensable, and with hindsight was obvious: there was no getting around the need for a lasting reconciliation between the arch-enemies France and Germany as the kernel of European integration.

On 9th May 1950 the French foreign minister Robert Schuman announced that the French Government "proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe."[1] The production of coal and steel, the material basis for warfare, was to be removed from national responsibility and placed under a supranational authority, the objective being "that any war between France and Germany becomes not merely unthinkable, but materially impossible."

The Schuman Plan of 1950 may justifiably be regarded as the trigger that started the process of European integration moving, a process that has since then repeatedly stalled and suffered setbacks, but has each time been spurred on and imbued with new momentum.

[1] Quotations taken from the Schuman Declaration, http://europa.eu/abc/symbols/9-may/decl_en.htm .

With the establishment of the European Coal and Steel Community (ECSC), the Schuman Plan became a reality. Since that time France, Germany, Italy and the three Benelux countries have been at the heart of European integration.

Integration via the economy

Even if the motive for setting up the ECSC was purely political – tellingly, the initiative came from a foreign minister – the political end used the means of economic co-operation. It soon emerged that the economic route was the obvious one to take – and likely also the only viable one – in order to advance the further-reaching goals as well.

This became clear first of all with the failure of efforts to make progress along political lines. This was true both of the plan for a European Defence Community and of the proposal to set up a European Political Community. After their initial "founding euphoria", those responsible were forced to recognise that, as Schuman had realised from the start, "Europe will not be made all at once", but could only be advanced step by step, not through overarching concepts but through concrete achievements.

Following a series of initiatives, the foreign ministers' conference at Messina in early June 1955 set in motion the process that would lead to the creation of a European Economic Community (and a European Atomic Energy Community, known as Euratom).

The Treaty on the European Economic Community (EEC) and on Euratom entered into force on 1st January 1958. The EEC began with the same six countries that already belonged to the ECSC. After a number of failed attempts, in January 1973 the EEC was enlarged to include a further three member states, namely Great Britain, Ireland and Denmark. The negotiations on UK accession, with Britain being torn between the desire to join on the one hand and its Commonwealth links and "Atlantic" considerations on the other, as well as the attitude of France, chiefly embodied in the resistance of its President Gaulle, were particularly revealing of the political interests and positions that lay behind the economic considerations.

The EEC, which was ultimately absorbed into the European Union in 1992, may be regarded as the most successful integration project in history. The fall of the Iron Curtain had opened up the possibility of eastward enlargement. The fact that the Union meanwhile numbers 27 members, with more hoping to join, testifies to its attractiveness, which it owes to its undeniable success.

Looking at the process of European integration since the end of the Second World War, the following elements stand out:

1. While the motivation was political, the means adopted was that of economic integration.

2. This end could not be achieved by further sectoral integration along the lines of the ECSC, but only through an approach that embraced the national economies in their entirety.

3. Again unlike the ECSC, the Community did not take the path of a supranational authority with centralised planning powers, but aimed for the establishment of a single internal market. In principle, economic relations within the Community should not differ from the processes within a single nation state.

The aimed-for "market integration" could only be achieved through competition that was free of distortions. This obviously entailed removing all barriers to cross-border trade, that is, establishing the four economic freedoms: the free movement of goods and of services, the free movement of capital, and the free movement of persons. The question of how far the harmonisation of national economic and social policies, legislation and regulations of all kinds needs to be regarded as an indispensable prerequisite for a single market is still being wrestled with to this day.

The role of the single currency

Even if, over the decades, those in positions of responsibility have never lost sight of the political objective of European integration, none of the attempts to achieve this goal by a direct route got off the ground. The train bound for “Europe” ran essentially on a track labelled “economy”.

The start of monetary union raised integration to a new level. On the one hand, the introduction of a single currency represents the completion of the single market. The risk of exchange rate changes creates uncertainty and, depending on the circumstances, drives a greater or smaller wedge between decisions, such as on investment, inside or outside the national territory and hence the currency area. The crisis of 1992–93 was a further, drastic reminder of the dimension of this risk. Abrupt revaluations or devaluations of individual currencies – in the case of the D-Mark/lira exchange rate, by more than 30% – changed the terms of competition at a stroke and provoked calls for restrictions on intra-Community merchandise trade.

In the meantime, the wherewithal for potential speculative attacks on individual currencies has increased by several orders of magnitude. Just imagine, for instance, what waves of speculation would have been unleashed on the foreign exchange market by the most recent crisis in the financial markets if we had still been living under a regime of national currencies. Massive interventions by the central banks would not have been able to prevent the collapse of the exchange rate system. Not only economic but also political tensions would have been bound to ensue. And would the single internal market and the four freedoms referred to earlier have survived such a shock unscathed?

To this extent, therefore, the introduction of the single currency extends – and completes – the process of integration via the economy.

At the same time, abolishing national currencies and introducing a single one in their place has ramifications beyond the economic sphere. Nowhere was this awareness greater than in Germany, where the loss of the D-Mark was deeply and painfully felt. The transfer of responsibility for monetary policy from the Bundesbank, held in high esteem by virtue of its stability-oriented policy, to the European Central Bank as a new supranational institution meant a significant relinquishment of sovereignty. The same naturally goes for all countries that join European Monetary Union.

A central bank on its own does not make a state. But it is an important element of national sovereignty and the bearer of major (monetary) policy responsibility. Over and above this, the common currency can help the citizens in the various countries identify with “Europe”. During a debate in the European Parliament in 1966, MEP Dichgans still trusted in the symbolic power of a coin with the image of a shapely young woman on the back of a bull. Today’s euro banknotes and coins lack such an appeal. But, let’s be honest, who nowadays would bet on people being familiar with the Greek myths? We need to look to other sources in order to forge a sense of identity.

<u>The single currency as catalyst for political union?</u>

Even if the abolition of national currencies and introduction of the single currency mark the crossing of the Rubicon of purely economic integration, they first of all extend the process that began with the dismantling of trade barriers and bring the integration of the market to completion.

In the 1960s and 1970s, economists (and politicians) debated at length on what was the most promising, the “right” path to comprehensive European integration. The so-called “economistic” camp, which included most German economists, as well as Karl Schiller as political protagonist, put their faith in the pragmatic approach of a gradual dismantling of all intra-Community barriers with the resultant ever-closer integration of the national economies. The introduction of a common currency would then form the inevitable keystone, amounting, as it were, to a kind of “coronation”. This approach has economic logic on its side, and cautions against a premature transition to the single currency and a single monetary policy. Its weakness is that this “final” step requires a political decision on a substantial alteration to the Community’s institutional arrangements, and does not simply occur “by itself”. Moreover, there will always be particular shortcomings that need to be overcome “beforehand”.

In contrast, the “monetarist approach” turns the sequence of steps on its head. Monetary integration comes first, with the irreversible fixing of exchange rates “forcing” the necessary economic adjustment. This persuasion is born of a mindset which considers that much, and maybe even everything, can be achieved through sovereign political action. Considerations such as those underlying, for instance, the theory of optimum currency areas together with the prerequisites for the functioning of a single monetary policy are completely alien to this way of thinking. Alongside other fundamental weaknesses, not least the lack of any answer to questions such as how monetary policy would be formulated following the definitive fixing of exchange rates, what argues against the view of the "monetarists" (not to be confused with the usual label applied to economists espousing the quantity theory of money) is the high risk of failure of such a "big bang" with incalculable economic and political repercussions.

Even if it appears to be pointless to discuss this – from an economist's standpoint highly questionable – approach after the event, there are in fact two reasons why it should not simply be filed away among history's forgotten ideas. On the one hand, it is true that the Maastricht agreements reflect economistic persuasions insofar as a country has to demonstrate that it is ready for accession and hence suited to participation by fulfilling the convergence criteria.

On the other hand, the monetarist method prevailed insofar as a starting date was fixed in advance. As witness in particular the political interpretation of the government debt criterion in the case of Belgium and Italy (over 100% instead of the "permissible" 60% of GDP), the dominating factor here was faith in the positive impact of the *fait accompli* of the start of monetary union.

Leaving economic considerations largely out of account, politicians repeatedly assigned to monetary union and the single currency the role of pacemaker towards political union.

As is well-known, Jacques Rueff declared in 1950: "L'Europe se fera par la monnaie ou ne se fera pas." In his government statement on 6th November 1991, the German Federal Chancellor Helmut Kohl emphasised: "It cannot be repeated often enough. Political union is the indispensable counterpart to economic and monetary union." (The minutes of the Bundestag session indicate applause at this point from all sides of the house, which in those days still meant a straightforward mix of the CDU/CSU, the FDP and the SPD.) He continued: "Recent history, and not just that of Germany, teaches us that the idea of sustaining an economic and monetary union over time without political union is a fallacy."

While Chancellor Kohl emphasised the need for a parallel approach towards monetary union and political union, not a few politicians saw – and continue to see – monetary union as playing a leading or pacemaker role on the way towards political union.

The former German President Richard von Weizsäcker, for instance, confirmed this view of the instrumental role of the single currency in an interview (Focus, 28th November 1994): "If this common foreign policy comes about, it will only be via monetary union. Monetary union will naturally take time in coming. It will also not be cheap. If the currencies of areas at different stages of economic development can no longer fluctuate against each other, equalisation payments will be needed. Getting people used to the idea of monetary union is the only way I can see of ultimately also achieving a common foreign policy."

But even within a single country – take Germany as an example – experience does not exactly favour the notion that "not cheap" transfer payments between countries could foster a sense of community. From an economist's standpoint, one fails in any case to see the logic of how the common currency was supposed to promote a common foreign policy. One line of thought, long popular among the French in particular, starts from the rivalry with the USA in this context. Thus the former French President Jacques Chirac emphasised (Focus, 38/1997): "The dollar currently rules the world economy, and the dollar depends on the economic might of the USA. The euro is based on an European economic power that is already greater than that of America. In the euro, Europe will have a strong and stable currency with which to meet the challenge of international competition ...".

Making the euro as strong as possible on strategic foreign policy grounds – but what about the economic aspect? Are French politicians and industrialists not the first to bemoan the damage to the export industry? On account of this contradiction alone, there is every reason to warn against overburdening expectations of the single currency with a political "mission". In any event, central bankers did well to steer clear of any such ambitions. The ECB made it clear from the outset that it would not attempt either to promote or to hinder the international role of the euro. This neutral position was, for the rest, directed only towards the economic role of the euro as an international currency.

Expectations of the single currency reached their climax in the raptures of the then Portuguese Prime Minister Antonio Guterres at the Madrid Summit of Heads of State or Government in

1995: “When Jesus resolved to found a church, he said to Peter ‘You are Peter, the rock, and upon this rock I will build my church’. You are the euro, and upon this new currency we will build our Europe.”

Quite obviously, it was precisely the expectations of monetary union that went beyond purely economic aspects which aroused resistance among politicians who were opposed above all to political consequences. As was to be expected, Margaret Thatcher did not mince her words: “The most substantial manifestation of the design to create a fully-fledged superstate so far is the European single currency. This project is essentially political, rather than economic. The power to issue a currency is a fundamental attribute of sovereignty, not some symbolic or technical matter.”[2]

She deplores the loss of sovereignty in monetary policy and fears the same effect on fiscal and tax policy. In her view, the Stability and Growth Pact, imposed by the Germans as a price for accession to monetary union, already makes the consequences manifest, and is unacceptable for sovereign states. As for the rest, the entire project cannot succeed: “I believe that the European single currency is bound to fail, economically, politically and indeed socially, though the timing, occasion and full consequences are all necessarily still unclear.”[3]

As we can see, therefore, there was a broad spectrum of hopes – or fears – bound up with the introduction of the single currency. This divergence of opinions reflects the dual nature of monetary union, with, on the one hand, the completion of the single market and, on the other, profound changes to the institutional arrangements of the European Community. This is also revealed not least in the fiscal policy consequences.

The consequences for fiscal policy

The Stability and Growth Pact is intended to close the “exposed flank” of a monetary union without a unified state. The rules of the Pact aim essentially at avoiding excessive indebtedness of the part of individual countries and at keeping changes in aggregate national budget deficits in line with the stability-oriented monetary policy of the single central bank.

[2] M. Thatcher, Statecraft – Strategies for a Changing World, London 2002, p. 351.
[3] Ibid, p. 354.

Neither the Pact nor the economic logic of monetary union entails completely surrendering sovereignty in, for instance, matters of tax policy. Nor would national governments and parliaments be willing to do so. Western democracy is rooted in the control of public revenues and expenditures by parliament. Governments are accountable to their national parliaments and ultimately to their voters "at home". Were tax and fiscal policy as a whole to be made a European *causa*, there would indeed have to be a European statehood, a European government, and the legitimacy conferred by a parliament elected on established democratic criteria (one person, one vote).

In a sense, the Stability and Growth Pact balances on this knife-edge. Monitoring takes place at the European level, through the European Commission. But decision-making, not least on sanctions, lies in the hands of (the majority of) the national governments. As signatories to this Pact, the national governments accepted these rules. But can one really expect the Council of Ministers to see its way to imposing sanctions – especially on a big country – in the case of an excessive deficit? And if so, will the sanctions actually be enforced? What happens if a national government is not just encouraged but perhaps even forced by the national parliament to disregard the rules?

The logic of monetary union demands that the European obligation take precedence. Political reality at the national level may come into conflict with this.

This reveals the tension that inevitably arises from a monetary union established under the roof of the unfinished house of political union. The call to give priority to "European demands" runs up against the barrier of national constitutions and sovereignty. This conflict cannot simply be resolved by gradually shifting competences *de facto* from the national level to "Europe". Nor can a substantial expansion of the EU budget resolve this conflict. Under the existing institutional circumstances, political responsibility for higher transfer payments and their financing remains with the national governments, controlled by national parliaments and a national electorate.

Political union in Europe cannot be attained through the back door by eroding national fiscal policy sovereignty. Any attempt to follow this path would be bound to lead to tensions that might even jeopardise the degree of integration that has been achieved to date.

Among the attempts at overcoming the tensions between European and national powers and responsibilities that are not just useless, but even dangerous, is the idea of creating a "European economic government", as repeatedly pushed for by the French in particular. The Stability and Growth Pact contains the rules that are necessary for monetary union to function. There is no need for coordination of macroeconomic policy to go any further than this. Besides, the chief reason why such calls are unconvincing is that it is precisely those politicians who, in many matters of European importance, stress that national concerns take priority.

Insofar as it is called upon to take decisions under the Stability and Growth Pact, the Council of Ministers is, one might say, a sort of embryonic European economic government, endowed with exactly those powers required to ensure pursuit of an appropriate macroeconomic policy. The best way of demonstrating one's "European" outlook and responsibility, therefore, is to adhere to the rules of the Pact to which all are signatories. Violations of the Pact are proof of the opposite, and the call for a "European economic government" is aimed only at distracting attention from that fact. For the rest, the barely concealed intention behind this idea is to create a political "counterweight" to the ECB. In light of the fact that there is no lack of forums for the exchange of information and opinions – from the Eurogroup to the Macroeconomic Dialogue – this can only be an attempt to rein back the constitutionally guaranteed independence of the ECB. Such an intention runs counter to both the letter and the spirit of the Treaty. A weaker ECB is the last thing the Community needs.

"Europe" in the financial market crisis

The financial market crisis, and the resultant calls on policymakers to take action, testify once again to the uncompleted nature of the "political house". No country is unaffected by developments in the other member states. Where might one find a more telling example of spillover, of external effects? And yet it is extraordinarily difficult to strike the necessary balance between national and European-level actions.

Going it alone in response to the pressure of rapidly unfolding events may be understandable from a national perspective, but it is virtually bound to create typical beggar-my-neighbour situations, with the risk of sizeable adverse effects on other member states. Unilateral action inevitably leads to competitive distortions. The principle of the single market calls for unified rules, and the Community cannot and must not evade its responsibility in this regard. Unrestricted competition is the very foundation stone of an integration process that is based on market relations.

Quite a different matter, in my opinion, is the injection of money. To produce a system-wide effect, one would need to pool resources on a huge scale, but without being able to adequately specify their uses beforehand. No government can go down this path without parliamentary assent and, moreover, popular approval. Even in times of crisis, the border between responsibility to Europe and national democratic legitimacy is not easily crossed.

The financial market crisis will give fresh impetus to the already long-debated calls for "European" solutions in banking, market and insurance supervision. It will be interesting to see how far this will give rise to new elements of a European statehood.

Can monetary union survive without political union?

As already mentioned, in 1991 Helmut Kohl voiced a widespread conviction, namely that monetary union without political union is doomed to failure. Whatever one may understand by "political union", the status quo certainly does not come up to expectations in this regard, and any fundamental advance in this direction in the foreseeable future is out of the question. The euro therefore looks likely to remain a currency without a state for some time to come, the embodiment of a process that – for a paper currency – is without historical precedent.

So is one to conclude that the – in that respect "one-sided" – start of monetary union on 1st January 1999 created a constellation that, for want of a political complement, risks collapsing? Can monetary union function and survive without political union?[4]

Forging ahead with monetary union has in a sense given the Community no choice but to create the further conditions needed for success alongside the provisions that govern the ECB and its monetary policy. Briefly put, these comprise at a minimum:

[4] On this question, see: O. Issing, The Birth of the Euro, Cambridge 2008.

(1) An institutional arrangement for the alignment of fiscal policy with the stability-oriented monetary policy of the ECB. In institutional terms, this condition is fulfilled by the Stability and Growth Pact – the Pact “only” needs to be adhered to.
(2) The further requirement follows the criteria of the theory of optimum currency areas. Roughly speaking (and sufficient for practical functioning), this means creating the necessary flexibility in markets, above all the labour market, so that the single monetary policy can yield its full benefits. Here a great deal undoubtedly remains to be done, as the governments themselves have conceded, for example at the Lisbon Summit in 2000. Even if the criteria for a successful monetary union can still be improved after its inception, this will not happen “automatically”, but requires the appropriate reforms to be undertaken.

The further success, and in an extreme case even the continued existence, of European Monetary Union depends crucially on whether the two above-mentioned “minimum conditions” are met. Some proposals that go further, in the direction of political union, threaten rather to produce the opposite effect. This is true in particular of the call for the establishment of a “social union” alongside monetary union. To the extent that this means harmonising social security at the highest level achieved among the member states and a further tightening of labour market rigidities, such ideas will likely complicate the working of the single monetary policy and be harmful to growth and employment.

Under the prevailing circumstances, the operation of the single monetary policy and ultimately the cohesion of monetary union will depend importantly on whether those countries that for years have strayed from the average, with markedly higher inflation rates and large current account deficits, can bring themselves back to a sustainable position by following a course of national austerity.

For the rest, the debate about moving further towards political union is centred mostly on areas that have little, if anything, to do directly with monetary union. One example is the calls for a common foreign and defence policy. This will only impinge on monetary union when the financing of ambitious projects becomes an issue. Whether the Community will make progress in this area depends on political will and ultimately on the approval of the electorate. At any rate, political union cannot be attained through the back door of monetary union.

During the Cold War period, the external threat fostered internal cohesion and the willingness to surrender national competencies. Examples of such effects can be found a long way back in history. In the year 732, the Arab commander Abdul Rahman Al Ghafiqi came up against the army of the Frankish major-domo Charles Martel near Tours. The chronicler chose to call the motley collection of soldiers from different tribes “europenses” – Europeans. After the battle had been won, the chronicler recounts, “europenses se recipiunt in patrias” – they returned to their homelands.[5]

The central importance of stable money

Let us return to our starting point. After 1945, efforts were concentrated on saving Europe from a recurrence of the horrors of two world wars. The objective of integration – initially confined to the West – was political in nature. It was more the force of circumstances than deliberate intention that subsequently led an initially small and then growing group of countries to pursue integration through a drawing-together of the national economies. Today, the European Union stands between the single market that extends to all member states, the group of countries linked by a common currency, and the conflict over further steps in the direction of political union.

What would a blueprint for the objective of political union look like from today’s vantage point? Jean Monnet once said: “If I were to begin again, I would begin with culture.” Although much the idea of “Europe” is founded on the values of its culture, would the Community really have progressed very far if it had followed this path?

There is no shortage of interesting ideas on how one might proceed. Whether they hold out any prospect of success is another matter. But there is one thing that no-one who holds Europe dear should forget:

Regardless of whether one considers the path taken to be the right one, or the outcome to be desirable, or would consider other constellations preferable, in its current form “Europe”, the European Union, owes its attractiveness and its success overwhelmingly to the drawing-together of the national economies via the market mechanism. With monetary union, the principle of competition has been joined at the European level by that of monetary stability.

[5] As quoted, for example, in Werner Stegmaier (ed.), “Europa-Philosophie”, de Gruyter, 2000.

As economic theory and practical experience consistently tell us, monetary stability under a paper standard can only be ensured through a statute for the central bank that guarantees it independence in its decision-making and gives it a clear objective to maintain price stability. This knowledge and conviction found expression in the Statute of the European Central Bank. The euro is the product of the will manifested in the Maastricht Treaty that money should be depoliticised, removed from the influence of governments, party-political interests and vote-winning considerations.

Those who attack this Statute evidently have quite different ideas of the right monetary constitution. If one strips away all the decoration from such statements, what remains is the intention to re-politicise money. To expose them as a renunciation of the principle of stable money is not just to follow economic logic and historical experience, but to properly defend what has been achieved to date in the area of European integration.

The economy and the currency are not everything, and not even the most important thing. The most important achievement of policy in the post-World War II period has been to avoid any renewed outbreak of hostilities. Economic success has undoubtedly played a part in this. Economic success is no guarantee, but economic failure, low growth and high unemployment are bound sooner or later to give rise to political tensions.

It is only under a regime of monetary stability that free citizens can successfully shape their own lives and that markets can function in an optimal way. Not for nothing did Lenin reportedly declare that the way to destroy bourgeois society is to debauch the currency.

It remains to be seen how far the common currency, the euro, transcends the economic context to help foster a sense of identity and hence carry Europe further along the path to political union. A stable euro is an important pillar of the status quo. Any expectations that go beyond that are predicated all the more on the maintenance of monetary stability. Those who seek to undermine these principles do not just destroy the chances of stable money. Such attacks also threaten Europe’s chances of continuing to prosper. And this would also inevitably spell the end to hopes of achieving political union.

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