

Willem F Duisenberg: Maastricht and the future of Europe

Speech by Dr Willem F Duisenberg, President of the European Central Bank, at the presentation of a stamp commemorating the ten-year anniversary of the Maastricht Treaty, Bundesfinanzministerium, Berlin, 22 October 2003.

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Dr Eichel,
Dr Genscher,
Dr Waigel,
Excellencies,
Ladies and gentlemen,

It is a great honour for me to make one of my final public appearances as President of the European Central Bank on the occasion of the launch of a "Sonderpostwertzeichen" - a special stamp - to commemorate the Treaty on European Union, better known as the Maastricht Treaty.

It is not as a Dutchman that I consider this Treaty to be one of the most important milestones of the European integration process, but as a truly convinced European. Together with the Governing Council of the ECB, I have been responsible for managing the single monetary policy and the single currency of the euro area, and I will not deny that my job has been inextricably linked to the wider historical process of building an "ever closer union" of the peoples of Europe. In this respect, I consider that the Maastricht Treaty embodies the most decisive impulse in the deepening of the European Communities established in the 1950s and strengthened by the Treaty of Rome. The move to Economic and Monetary Union (EMU) was a profoundly political act - despite the fact that the underlying rationale was predominantly economic, namely that a single market requires a single currency.

Having been instrumental in laying the foundations for the euro, the principles of the Maastricht Treaty will remain vital for the successful functioning of EMU. The medium-term macroeconomic policy framework laid down in the Maastricht Treaty has contributed to a stable macroeconomic environment, and will continue to do so. In addition, the Treaty provides for a clear allocation of responsibilities between EU institutions and Member States, as well as clear mandates for all involved. The maintenance of price stability (the ECB's primary objective), the independence of the Eurosystem and the provisions safeguarding fiscal discipline, in particular as enshrined in the Stability and Growth Pact, are among the hallmarks of this framework. Furthermore, the path towards participation in the euro area mapped out in the Maastricht Treaty, focusing on sustainable economic convergence as a prerequisite for adoption of the euro, will also serve to guide prospective Member States. The name "Maastricht" will therefore always be connected with the euro and will forever have a prominent place in the history of Europe.

When the Maastricht Treaty was ratified ten years ago, many doubted whether EMU would ever amount to more than the solemn words of a Treaty or a laudable objective to be reached at some point in the distant future. However, during the 1990s, policy-makers, governments, central bankers and other political and economic agents showed great resolve and determination to ensure that the single currency would become a reality. Today, we can look back on a period of more than five years in which the ECB has successfully pursued a stability-oriented single monetary policy serving more than 300 million citizens. And we all have the tangible proof of Monetary Union in our pockets, following a highly successful cash changeover process, which represents another historic milestone in the process of European integration. With the euro, this network of interrelations and mutual dependencies in Europe has undoubtedly reached a new level.

When talking about the possible *political* implications of the euro, there are fundamental questions about the future of Europe to be answered, and I hope that my subsequent remarks will provide some interesting insights. Can Monetary Union function properly without some form of political union? Is a "currency without a state" a viable construct? Indeed, the question of whether a single currency requires - or inevitably leads to - a single state is hotly debated.

I think that one of the reasons for this confused state of affairs is that "political union" is a rather abstract concept. It can mean different things to different people. On the one hand, political union can be broadly understood as a dense network of integrated policies, common rules and established

procedures, as a union with strong and active supranational institutions, with common symbols and a common identity. The European Union already exhibits many of these features.

If, on the other hand, we understand political union as the establishment of an entity that resembles the traditional nation state, the European Union may still have some way to go, if indeed this is the direction that Europeans want to take. Today's Union is not a European Federation, for example, or a United States of Europe, with a constitution and a single executive.

The euro marks the achievement of full integration in the monetary field. In purely functional terms, it is therefore an end point, rather than an intermediate step. However, with the euro, we now form a "Schicksalsgemeinschaft", a community with a shared future. Our economies are linked, and so our policy decisions have become a matter of concern for all. We have a legitimate interest in developments and political actions in other euro area countries, since we are affected by them - for better or for worse. If I may use a "domestic" metaphor, the marriage in which the euro has joined our countries is about more than just living under the same roof, it is about sharing a common vision and about managing life together.

Concluding remarks

In the context of the current attempts to help the European Union work smoothly and on a sustainable basis following its future enlargement, I would like to conclude by mentioning the draft Treaty establishing a Constitution for Europe. The process of European integration has delivered half a century of stability, peace and prosperity. It has helped to raise living standards, built a single European market, launched the single European currency, the euro, and strengthened Europe's voice in the world. As a central banker, I would argue that the draft Constitution has incorporated the substance of the EMU chapters of the Maastricht Treaty, while also introducing clarifications, additions and updates to the existing texts where necessary and appropriate.

Clearly it is now up to the governments of the Member States to move forward in the Intergovernmental Conference. My wish for the draft Constitution is that it will achieve the same success as the economic and monetary policy part of the Maastricht Treaty.

Thank you for your attention.