

ONE USA TO ONE DOLLAR, ONE EURO TO ONE EUROPE:
FRENCH & DUTCH REFERENDUM
M. DUTTA

Under the EU charter, each of the 25 member states will have to ratify the European Union's draft constitution, signed on October 29, 2004, before it will be adopted. With Austria, Cyprus, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Slovenia, Spain, having ratified the Constitution, we now have thirteen "yes" and two "NO" votes. Luxembourg's affirmative referendum on July 10, the first since the two negative referendums in May in France and the Netherlands, proves that the EU constitution is alive. The EU leadership has elected to give the people of Europe a "pause for REFLECTION" and extended the time table for ratification of the constitution from November 2006 to mid-2007. Europe's commitment to the Europeanization of Europe, enabling the EU to become a competitive actor in the world market is all too real. The United States of America, one political union in 1776-1789, came to adopt one currency under one central bank in 1911-1913. With one money under the European Central Bank (ECB) January 1, 1999, the passage to one Europe will take place much sooner, I venture to suggest.

Be it noted that neither the French nor the Dutch voted on the substantive issues of the draft EU constitution. First, there is a resentment against Turkey's potential membership in the EU, which is strongly supported by the USA and UK. Turkey's belonging to the map of Europe is token and I would argue against Turkey's EU membership. Geography is the point of unity, independent of diversities of language, religion, caste, race and life-style. Returning to the two elections, the left in both countries voted against too little government support for the welfare programs and the labor unions joined them against inflows of immigrant labor from low wage countries, often former colonies. The right in each country saw little market freedom and voted against the EU constitution. The internal political debates and slow economic growth, not the core issue of "ONE EUROPE WITH ONE GOVERNMENT" became voters' choice.

Will France and the Netherlands approve the constitution at a second referendum? For the UK, the story has been one of hesitation. The UK did not sign the Treaty of Rome in 1957 and did not join the European Community until 1973. In 1999 the UK chose not to join the Euro regime, albeit the UK continues to be a member of EU Single Market.

The NEW Europe relates to the EU, an integrated economic unit on the continental map of Europe. The EU-25 will have larger shares of world output and trade, and outcompete the USA. Intra-EU free flows of trade and investment and free movement of labor with a shared commitment to an intra-regional macroeconomic agenda have been a fact. With an agreement for "growth with stability", on January 1, 1999 twelve of the fifteen EU members voluntarily surrendered their monetary sovereignty, adopting one common currency, the EURO, managed by one common central bank, the European Central Bank (ECB). Denmark, Sweden and the UK, the three "outmembers", will expectedly join the Euro regime. The ten new members from Central and Eastern Europe will have to go through a process of evaluation before becoming members of the euro regime. All 25 members, however, constitute one membership in the World Trade Organization (WTO), one member with one vote. The European Commission continues to do the EU's executive job while the European parliament and judiciary discharge legislative and judicial duties, respectively. The adoption of the draft constitution will make the EU a common political entity, the United States of Europe, with one flag and one Executive Head.

Following the landmark dates of 1958, 1986, 1992, EU adopted the Amsterdam Treaty in 1998. Under the EU protocol, the Treaty could be effective only with the approval of all 15 members. Let us recall that when the 14 other EU members adopted the Amsterdam Treaty, Ireland faced opposition and only in a second referendum in October 2002, did the Irish overwhelmingly vote in favor of the Treaty. In 2004 expansion of EU-15 to EU-25 became a reality.

The French and Dutch referendums have NOT heralded the end of the NEW Europe, and a return to the OLD Europe consisting of a group of small states, each with a marginal share of world output and trade. For many of them, shares were less than one percent of world output and trade. Even the big four, Germany, France, UK, and Italy, each had shares less than Japan's. Japan was the second largest economy, next to the USA. In the case of retrogression, the 25 sovereign nation states of OLD Europe will have their independent constitutions with their own national currencies, carrying the imprints of their respective kings or queens or national heroes. The two post-WWII institutions, NATO under the command of the USA, and OECD will continue to provide trans-Atlantic defense and economic cooperation.

The suggestion for an ANGLO-SAXON currency regime with the currencies of the U.K., the U.S., Canada, Australia and New Zealand will be a revisit with the British imperial regional model, albeit truncated.

M. Dutta, professor of economics, Rutgers – the State University of New Jersey, has done research on “EU and the Euro” and is the author of a forthcoming book, EURO-DOLLAR CURRENCY REGIMES: THE THEORY OF OPTIMUM CURRENCY AREA REVISITED.

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