

Organizing principals:

The European Commission as an agent for monetary integration

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The role and significance of the European Commission as an independent actor in the process of European integration is much debated. Beginning with the functionalists and neofunctionalists, some have regarded the Commission's ability to act as an entrepreneur of both ideas and interests as a key feature, if not *the* key feature, of political developments in postwar Europe.¹ Others make the opposite case, maintaining in the extreme that "the entrepreneurship of supranational officials...tends to be futile and redundant, even sometimes counterproductive."² These latter arguments are typically advanced by theorists, whether under the rubric of realism, neorealism, or intergovernmentalism, that regard European relations, like international relations generally, as best understood in terms of governments pursuing narrowly conceived national political and economic interests.

This debate sometimes takes on almost theological characteristics, especially when conducted in the abstract.

While careful case studies are unlikely to resolve the issue decisively one way or the other, they nevertheless have the merit of obliging scholarly theories to confront the facts rather than the other way around. Monetary integration is one interesting domain for exploring the efficacy of Commission efforts to advance the integration agenda more generally. Partly this is because a number of historically discrete instances of Commission activism in this domain lend themselves to comparative analysis. In addition, the success of these efforts varied substantially—that is, the realization of the

¹ Among the functionalists, Mitrany 1943 was published before the establishment of the European Commission (or its predecessor, the High Authority), but envisioned an important role for technocratic supranational institutions. With respect to the role of the Commission itself, see Monnet 1962 and Hallstein 1972. For reformulations of functionalism, see Haas 1968 and Lindberg and Scheingold 1970. Writing much later, Sandholtz and Zysman 1989 nevertheless regard the Commission's entrepreneurial role in much the same terms.

² Moravcsik 1998, p. 8.

ambitions identified by the Commission itself in each instance—varied substantially. Such variation opens the door for exploration of the particular circumstances under which Commission activism is more or less likely to be successful, and of the relative effectiveness (again, defined in terms of the Commission’s own objectives) of the strategies and tactics employed by the Commission over the years.

It is this more modest agenda—exploration of the circumstances under which the Commission’s activism is likely to be more or less successful—that motivates this preliminary study, rather than an attempt at definitive resolution of the larger debate. To that end, the body of the paper is divided into three sections. *Section 1* briefly surveys five instances in which the Commission pressed for some new institutional framework to advance European monetary cooperation. *Section 2* examines the first of these cases in greater detail. In 1962, the Commission submitted its “Action Programme for the Second Stage” of the development of the European Economic Community (EEC), which included a substantial monetary component. Upon close examination of archival materials only recently made available, both the European Commission in general and particularly Robert Marjolin, the Commissioner responsible for the monetary dimension of the Second Action Programme, are found to have played a far more activist role than previous accounts of this episode (including Marjolin’s own memoirs) suggest. Delors, on the other hand, is found to have played a far more passive role on the Committee that sometimes bears his name than is generally thought.

This suggests that, in addition to the very important changes in the overall political and economic environments between the two periods, the Commission played its hand rather more discreetly—no to mention successfully—in the late 1980s than in the

early 1960s. *Section 3* assesses this endeavor and offers some tentative conclusions about the Commission's efficacy based on this evidence.

1. Five cases of Commission activism

Between its founding 1958 and the passage of the Maastricht Treaty some four decades later, the European Commission periodically played an active role in promoting enhanced European monetary cooperation with the consistent underlying objective of the establishment of a monetary union among the Community's member states. These efforts varied considerably in the scope of both their ambitions and their accomplishments, as surveyed briefly here.

The first instance of genuine activism by the European Commission in the monetary domain was the publication in 1962 of the Second Action Programme. While the Second Programme was sweeping in nature, its monetary provisions were inspired by the March 1962 decisions of the German and Dutch governments to revalue their currencies within the Bretton Woods par system. These decisions were taken unilaterally, without prior consultation by these two governments with their EEC partners.³ The absence of prior consultations was criticized in a report of the EEC's Monetary Committee, and the European Parliament subsequently held hearings (and passed a resolution) on the subject. The Commission followed up on these developments by publishing, as part of the Second Action Programme, a series of recommendations for enhanced European monetary cooperation, including several new institutions and mandatory consultations on a variety of subjects. Little came of these recommendations, although the creation of the Committee of Governors of the Member States of the

³ The two decisions were taken independently of one another as well, with Dutch authorities responding to the German move by revaluing the guilder's one day after the D-mark's parity was changed.

European Economic Community (hereafter the Committee of Governors) did follow in 1964 and the Commission—in particular Commissioner Robert Marjolin—took advantage of this and other forums to press for further change.

The next major Commission initiative in the monetary domain was the “Monetary Plan of Action for the Community” of February 1968, or the first Barre Plan (named after Commissioner Raymond Barre). This included proposals for a system of prior mutual consent before changes in exchange rate parities could be undertaken, elimination of the margins of mutual exchange-rate fluctuation permitted within the Bretton Woods system, the establishment of a system of mutual balance-of-payments assistance, and the creation of a single European unit of account. This report was subjected to intense criticism by the EEC’s Monetary Committee, and a revised set of recommendations—the second Barre Plan—was submitted in February 1969. This second report, which later became known simply as the Barre Plan, formed the basis for the declaration of the heads of state and government of the Community member states, meeting in the Hague in December 1969, that the Community had as its objective the eventual establishment of an economic and monetary union (EMU).

Plans for the implementation of this grand aim were undermined by the collapse of the international system of pegged exchange rates in the early 1970s. It was in these difficult circumstances that European Commission President Roy Jenkins revisited the topic of EMU in a major policy speech in 1977. His pleas fell on largely deaf ears, however, until French premier Valeri Giscard d’Estaing and German Chancellor Helmut Schmidt decided to launch secret negotiations during 1978 that led to the establishment of the European Monetary System, or EMS. These talks initially excluded both the Commission and even the two states’ central banks, nor did the EMS contain (except in

highly coded language, with its reference to a European Monetary Fund) any initiative towards the establishment of a formal monetary union; consequently, the creation of the EMS can hardly be regarded as a success for the Commission.⁴

The fourth major push by the European Commission for monetary integration went almost wholly unheralded in either the press or the academic world. The Commission, in conjunction with Belgium (and to a lesser extent France), insisted that the Single European Act contain a reference to the eventual goal of monetary union in exchange for the commitment to fully liberalize financial markets. With German, Dutch, and British authorities opposed, tense negotiations ensued. In the end, references to EMU were confined to the Treaty's preamble; this was, nevertheless, the first time that monetary union had achieved treaty status of any sort.⁵

The fifth and final instance of Commission activism with respect to monetary integration—final, that is, in that all subsequent interventions took place within the context of the Maastricht Treaty's legal framework calling for the phased introduction of EMU—took place during 1988 and 1989. The European Council, in its June 1988 Hanover meeting, asked Commission President Jacques Delors to head a committee charged with developing a technical framework for achieving monetary union, should the political authorities eventually decide to embark on such a course. The results of the Commission for the Study of Economic and Monetary Union, popularly known as the Delors Report, were published in the spring of 1989 and later framed the negotiations on EMU undertaken at Maastricht.

Of these five instances, the choice of the 1962 case is largely a practical one. The relevant internal records for the earlier episode are now largely accessible to scholars,

⁴ On the establishment of the EMS, see Ludlow 1982.

⁵ The best published account of this episode is Louis 1988.

while the role of the Commission in the formation of the EMS and in the Single European Act negotiations, together with the proceedings of the so-called “Delors Commission,” cannot be directly scrutinized. Thus rather than arguing that the 1962 episode is a “crucial” case, I instead observe simply that we know more about it (or that we can know more about it) than we do about the other cases. In addition, the two cases—though admittedly quite different in some important respects—nevertheless have certain substantive similarities. Both episodes were initially stimulated by exchange rate crises (in 1961 and 1987, respectively). Both involved the Commission in developing a set of recommendations (as opposed, in the case of the SEA, in participating in the negotiation of a Treaty). Finally, the two cases represented the high points of monetary activism on the part of the two Commission administrations (those of Presidents Walter Hallstein and Jacques Delors) that are widely viewed as the most active and successful in the institution’s short history.

This is not to suggest that there were not important differences between the two cases. The situations of both the international economy (most notably with respect to differences in the international exchange-rate regime and the level of international capital mobility) and the political system (with the first case coming at the height of the Cold War and the second as that contest was rapidly coming to an end) were considerably different. Institutional historians would insist as well on the weight of history itself as an important distinction, with awareness of the prior episode shaping its later counterpart. None of these differences should be altogether discounted. Nevertheless, both the substantive similarities and the pragmatic considerations identified earlier suggest that comparison of the two cases is likely to be fruitful, particularly with respect to assessing differences (if any) in the role played by the Commission. The following section

therefore outlines key aspects of the Commission's role in this episode and briefly reviews the conventional scholarly wisdom regarding the case before examining the historical record more closely.

2. The 1962 Action Programme: a case of administrative overreach

As briefly noted in the previous section, the 1962 Action Programme arose in response to the March 1961 revaluations of the German mark and Dutch guilder. These parity changes took place without prior consultation among the EEC partners, a fact that was negatively remarked upon in the annual report of the Monetary Committee (a body composed of the EEC member states' finance ministers and central bank governors, and the only institution with a mandate to review the member states' monetary policies in the Treaty of Rome). The incident provoked a series of hearings in the European Parliamentary Assembly, the publication of a report (the "van Campen Report"), and a resolution in early October 1962. Shortly thereafter, the Commission published its Second Action Programme.

The received wisdom in the scholarly community is that, while the Action Programme contained an ambitious set of monetary objectives, the Commission did not seriously pursue this agenda; it was instead a hobby horse of Commission President Walter Hallstein, and was not taken particularly seriously in Brussels or elsewhere. Indeed, in recent general histories the Second Action Programme is barely mentioned. Neither Dinan's (1999) 200-page historical survey nor Moravcsik's (1998) 500-page investigation refers to it at all. Specialized accounts, of course, lend it greater weight. Henning, in his 1998 survey of European monetary initiatives since the founding of the Community, refers to the Action Programme as "the Hallstein initiative," suggesting that

the leading role in formulating and advancing the agenda, including its monetary components, belonged to the Commission president. Dyson and Featherstone's 1999 account instead identifies (correctly) Marjolin as the primary instigator of the Action Programme's monetary proposals, but even their 800-page history of the origins of EMU devotes only a couple of pages to the period of the report (which they do not cite by name).

Older sources, therefore, typically have to be employed for exploration of the period and of the Commission's intentions and actions during it. Until recently the leading sources were the memoirs of participants (chiefly Hallstein and Marjolin themselves), and the report of "The Study Group, Economic and Monetary Union 1980," the latter published by the Commission in 1974. Since Marjolin was himself the primary author of this report, he was well positioned to create a stylized account of the Commission's (and his own) activities. We will begin by examining this account before comparing it with primary source materials that have recently come to light.

In 1974 Marjolin was appointed by the Commission to head a group of three experts ("wise men") asked to study the problems associated with the Community's project—by then very substantially derailed—to achieve EMU by the end of the decade. In the resulting report, Marjolin and his colleagues "decided to prick the bubble and say aloud what everyone was secretly thinking."⁶ They concluded, among other things, that

Although some progress of a technical nature has been accomplished, notably as regards cooperation between central banks...Europe is no nearer to EMU than in 1969. In fact, if there has been any movement it has been backwards.

The reasons for this backsliding were, in Marjolin's summary, threefold: "adverse events, a failure of political will, and *an insufficient understanding of what constituted an*

⁶ Marjolin 1989, p. 362.

*economic and monetary union and of the conditions that had to be met for it to come into existence and to be able to function.*⁷ The latter point was emphasized as crucial: “what seemed to my colleagues and me to be the chief reason for the failure of the venture to create an economic and monetary union was the absence of any real understanding of what was involved.” Moving on to cite the text of the report itself, Marjolin added:

It was as if the governments had undertaken the enterprise in *the naïve belief that it was sufficient to decree the formation of an EMU for this to come about at the end of a few years, without any great effort nor difficult and painful economic and political transformations.*

“The general thinking,” Marjolin’s memoirs continue, “seemed to be that EMU was just an extension or development of the customs union, without any appreciation of the fact that the two concepts were profoundly different... Truth to tell, the notion of an economic and monetary union was closer to that of a political union, federation or confederation, than to the notion of a customs union. Practically identical, in fact, to a political union, it would have to include a European political power, a Community budget, and an integrated system of central banks. *All this would require profound changes for which the member countries were obviously not ready.*”⁸ Instead, as the Study Group’s report concluded, the Community’s (and hence the Commission’s) focus should be on immediate, practical problems: inflation, the balance of payments, and unemployment.

The only reasonable and possible course for member countries is to tackle these perils together, and in cooperation with North America and Japan, without asking too many questions about longer-term issues. If not even a modicum of cohesion and unity can be established in opposition to these grave threats, there is not much point in continuing the discussion on EMU or European union...

⁷ Marjolin 1989, p. 362, emphasis added.

⁸ Marjolin 1989, p. 363, emphasis added.

Marjolin concludes emphatically: “Basically what we were saying to governments was: ‘Gentlemen, let us be serious! Let us not lose sight of the concrete, immediate problems amid a lot of empty talk about inaccessible objectives. Let us do what it is possible to do now and leave the rest until later, where there is definite proof of the existence of a political will that is not purely verbal.’”⁹

To summarize, while both the report and Marjolin himself, in his memoirs, cite the far more challenging national and international circumstances of the 1970s as important influences on EMU’s demise, the focus in both cases is instead on the failure of officials to fully grasp what EMU entailed. There was “an insufficient understanding of what constituted an economic and monetary union and of the conditions that had to be met for it to come into existence,” “the absence of any real understanding of what was involved,” “the naïve belief that it was sufficient to decree the formation of an EMU for this to come about at the end of a few years, without any great effort nor difficult and painful economic and political transformations,” transformations “for which the member countries were obviously not ready.” Absent this understanding, discussions of EMU were not “serious,” and serious individuals realize that there is no point in “asking too many questions about longer-term issues” and hence “not much point in continuing the discussion on EMU or European union.”

...

A close reading of both the Study Group’s report and of Marjolin’s memoirs reveals no hint of *mea culpa* in this assessment of the situation. Indeed, Marjolin’s memoirs—published in 1986, with the benefit of twenty years hindsight on the activities of the Commission and its role in European monetary affairs—makes a point of

⁹ Marjolin 1989, p. 364.

characterizing his role as pragmatic, far-sighted, and effective. Instead, he strongly differentiates himself from both Jean Monnet and Walter Hallstein, whom he characterizes as visionary but ultimately naïve. To the extent that the Commission was involved in promoting such impractical projects as EMU during the 1960s—an extent that Marjolin would prefer to have us believe was limited—it was presumably the result of interventions by Hallstein, and not by himself.

Marjolin is quite clear on this matter. He speaks derisively of “fervent ‘Europeans,’ who were quite a strong force during the fifties and early sixties,” and for whom “federal Europe was within reach, if the political will were there. Practically speaking, once the first step had been taken in this direction, events would necessarily follow on from one another and inevitably lead to the desired result. This is the gist of the so-called theory of *engrenage* [chain reaction] or the ‘spill-over effect’. It is set out in the fullest detail in what maybe [sic] regarded as the political testament of Walter Hallstein” (referring to Hallstein’s memoirs, *Europe in the Making*.)¹⁰ Marjolin’s characterization of these ideas bears noting in some detail:

My own reaction to these ‘federalist’ ideas was one of extreme scepticism. I did not believe in the *engrenage* or ‘spill-over’ theory...it would be a fundamental error to think that a government having to contend with acute domestic problems, often threatening its very existence, could be constrained to take crucial decisions involving relinquishments of sovereignty, simply because an ‘inner logic’ [Hallstein’s preferred term], the reality of which is moreover debatable, left it no alternative.

Marjolin then carefully qualifies his remarks to suggest that, while his better judgment prevented him from being seduced by the rhetoric of these ambitious and even “fervent” Europeans, his heart was nonetheless with them:

¹⁰ Marjolin 1989, 264.

However, with these reservations, I was not then, nor am I now, in profound disagreement with the ‘federalists’. I would be one myself, if events were to take a turn that allowed me to think that the goal of European federation could be achieved in the foreseeable future. At present I can do no more than ask myself sometimes whether the European peoples, or at any rate some of them, have a genuine aspiration, however confused, towards European unity?... Was Walter Hallstein right in stating that Europeans are intuitively aware that, beyond their native countries, there is a greater homeland, Europe?...

Once again, it is Hallstein who is associated with the “extreme” Europeanist position.¹¹ Marjolin (who doubtless really was more conciliatory than Hallstein) further distances himself from these tedious disputes, and identifies himself instead with an entirely pragmatic approach.

The institutional quarrel has always seemed rather pointless to me. Between maintenance of national sovereignties *in toto* and dismantlement of the latter, there is a middle way... The middle way was a treaty whereby the signatory states would pledge themselves to one another indefinitely and undertake to carry out certain acts by specified dates, such as the progressive abolition of customs duties and import quotas, the gradual derestriction of movements of labour and capital, the organization of agricultural markets, and so on. After a transition period, which might vary according to the circumstances, the result would be a Europe which, if perhaps not wholly unified economically, would nevertheless present a degree of unity unachieved hitherto.¹²

In short, Marjolin presents himself as supremely practical, unconnected with “the failure, in 1965, of ‘federalist’ Europe with supranational institutions,”¹³ a project that he describes dispassionately and links instead to Hallstein. Marjolin himself knew better than to be seduced by such “mental constructs”¹⁴ and instead confined himself to practical projects that could be achieved within the framework of existing political realities.

¹¹ Indeed, Marjolin fairly cleverly shifts from a survey of George Ball’s flattering account, in his own memoirs, of the distinctions between the former Commissioner’s views and those of Jean Monnet, to a searing rejection of Hallstein’s “inner logic of integration” cited above. “The difference in standpoints which George Ball noticed between Jean Monnet and me was even more pronounced, as far as I am concerned, when it came to certain theories representing the views of a number of fervent ‘Europeans’...” See Marjolin 1989, pp. 264-265.

¹² Marjolin 1989, pp. 266-267.

¹³ Marjolin 1989, p. 327.

¹⁴ Marjolin 1989, p. 267.

Above all, he was too far-sighted to imagine that European monetary policies could be unified in the same fashion as tariff or agricultural policies. It was for these reasons that “I felt so uncomfortable with extreme European views” and “I never spoke of the ‘United States of Europe’”, a term that “creates illusions in minds that are ignorant of history.”¹⁵

...

It bears noting that Marjolin makes no mention of the Second Action Programme in his memoirs. Part 8 of the Action Programme—which was later referred to as “the Marjolin memorandum” by the central banking community—focused on monetary relations and called for several institutional innovations, including the formation of a council, or committee, of the governors of the European Community’s member states. And the chief (indeed, the only) achievement of the Second Action Programme in the monetary domain was the eventual creation, by virtue of a Council decision in April 1964, of the Committee of Central Bank Governors. The Programme itself was, of course, part of the public record, but its contents were largely forgotten (as the preceding survey of the scholarly literature suggests). One might be tempted to rewrite history and maintain that, particularly given its actual track record, the monetary objectives of the Action Programme were similarly limited and largely technical in nature. Such an interpretation would be consistent with Marjolin’s representation of the episode. But the archival records suggest exactly the opposite.

The minutes of the early meetings of the Committee of Governors are quite revealing; so much so, in fact, that the Committee soon decided to record its activities at a much higher level of abstraction than initially obtained. But it will be sufficient here to review the minutes of the Committee’s first official meeting, in July 1964, in order to

¹⁵ Marjolin 1989, p. 268.

thoroughly refute Marjolin's stylized account of his own role and objectives during the 1960s, as well as those of the Commission more generally, in the realm of monetary affairs.

In fact, the Governors met together informally several times prior to the Committee's official convocation in July 1964, largely in order to organize their affairs independently of Marjolin's interference. Marjolin's ambitions for the Committee were widely suspected, and in fact he had made little secret of them in numerous public utterances.

This caution on the part of the Governors proved to be entirely justified. When the Committee held its first formal session, the body's president-designate, Dr. Marius W. Holtrop of the Nederlandsbank, opened the meeting by formally welcoming both his central banking colleagues and Marjolin. He summarized the informal talks which had taken place between the Governors during recent months regarding the establishment of the Committee and drew his colleagues' attention to the meeting's formal agenda: approval of the Committee's rules of procedure, formal appointment of the Committee's President and the Secretary-General, and finally an exchange of views on the Committee's future activity.

Marjolin did not hesitate to jump into the fray. He immediately thanked President Holtrop "for the assistance given to the Commission by the Governors and Presidents of the Central Banks during the talks which had taken place in connection with the establishment of the Committee," and noted that "*this Committee represented a natural development of the activities of the Commission of the European Economic Community.*" He went on to note that "the Commission had quite ambitious views with regard to the Committee's future activity, since it believed that *the Europe of Six may also achieve*

union in the monetary field.” This overarching objective was not inconsistent with the Committee beginning its work slowly, of course, with the aim of gaining greater knowledge of one another through the new tasks involved. He concluded his initial remarks by reserving the right to “make suggestions in the future in the hope of contributing to the development of European construction.”¹⁶

Following this ambitious opening salvo, the meeting proceeded to attend to the items previously outlined by Holtrop (adoption of the Committee's rules of procedure, etc.). Discussion then turned, as promised, to an exchange of views on the Committee's future activity.

Holtrop began by pointing out that the Governors of the central banks were already cooperating closely in Basle, but also on a much wider cross-Atlantic scale that included the United States. They were doing this because they were convinced of the need for geographically extended monetary cooperation as a result of the world-wide repercussions that monetary events produced under fixed exchange regulations. Holtrop nevertheless argued that it would be desirable to have still closer cooperation within the Community, while acknowledging that it was difficult to state of what this special cooperation should consist. As it stood, this was not an easy task, since Europe was still a collection of sovereign states with different traditions. Additionally, it could be seen that there were sometimes “exaggerated” or “faulty” leanings towards European

¹⁶ For this and subsequent paragraphs, the source is the Minutes of the First Meeting of Committee of Governors of the Central Banks of the Member States of the European Economic Community, 6 July 1964. Author's translation; emphases added.

monetary union. Discussion, coordination and examination within the framework of the central banks' policy were above all needed in order to achieve two balances, one internal and one external.

Governor Holtrop's central banking colleagues essentially concurred and modestly expanded upon his remarks. For example, Governor Brunet of the Banque de France acknowledged that monetary cooperation amongst the Six could be more precise than it currently was within a wider framework, and remarked in passing that the new Committee could, for example, play an important role in harmonizing monetary terminology so that the same issues could be defined in similar terms. He cited as an example the Dutch central bank's recent research into developments in the money supply, which did not enable exact comparisons to be made between the Six, mainly as a result of differences in definition. Governor Ansiaux of the Banque Nationale de Belgique likewise emphasized the desirability of strengthening common action amongst the Community's central banks, pointing out that there were still considerable differences in opinion and that the Committee could play an important role in trying to bring the views of the respective governments more closely together with the aim of establishing common positions in such institutions as the Group of Ten (the monthly central banking forum in Basle).

These points were essentially technical in nature, and suggested a highly restricted work program for the Committee. President Holtrop then called upon Marjolin to give his views on the future work of the new institution.

After once again thanking his hosts, Marjolin indicated that he preferred instead to "set this issue aside until the next meeting, restricting himself for the time being to a few preliminary informal comments and thoughts." Following this demurral, however, he

proceeded to lay out an agenda for the Committee that was entirely different from that proposed by the Governors.

Marjolin began by noting that “although it appeared to be difficult to go further with monetary and economic cooperation, this was not impossible. For example, integration in the sphere of agriculture had recently made more rapid progress than could have been imagined. *It would not consequently be surprising if the same phenomenon were to be observed in the monetary sector.*”

Marjolin continued, indicating that he wished to make three primary points at that time. The first point was the prospect that, as a result of the progress made in agricultural cooperation and the fact that common agricultural prices had to be specified in units of account, that any change in the value of a currency would automatically involve a comparable change in agricultural prices. A second area in which Marjolin foresaw an important task for the Committee related to the inflationary trends that were appearing within the Community and against which the governments were not always sufficiently active, being inclined to leave the central banks to act alone through the tightening of credit controls (resulting in a brake on investment capacity). The last point related to restrictions on the importation of foreign capital that Germany was intending to introduce shortly. He considered that was also an issue that could be usefully studied by the Governors, particularly in view of the fact that “it was not easy to bring in such restrictions within the framework of the directives adopted by the Commission.” He added that the Commission would not willingly accept recourse in the future to the safeguard clauses under Articles 73 and 108 of the Treaty of Rome. Finally, Marjolin concluded his presentation by expressing the view that it would be desirable, perhaps at

the next meeting, to suggest a practical division of tasks between the Monetary Committee and the Committee of Governors, in order to avoid duplicate work.

The minutes of the meeting then indicate, in understated fashion, that “several members of the Committee spoke following Mr. Marjolin's comments.” As well they might. For Marjolin had thrown down the gauntlet, making it clear that he intended to use the Committee as a platform to advance the Commission's (and his own) policy agenda, an agenda that included not only enforcement of the formal decisions of the Council of Ministers but an ambitious plan to rapidly advance unification “in the monetary sector.” This agenda originated in the Commission, not the Council, and was expressly compared by Marjolin to developments in the agricultural field, where “more rapid progress than could have been imagined” had in fact already occurred—a comparison that he would later come to deride.

3. Analysis

Plainly the Commission's role, as well as Marjolin's personal involvement, in promoting monetary unification in the mid-1960s was substantially greater than suggested either by his 1986 memoirs or the 1974 report of “The Study Group.”¹⁷ However, lest one imagine that the early interventions cited above were uncharacteristic, or that Marjolin eventually adopted a more conciliatory tone (or a more limited set of objectives) while still sitting on the College of Commissioners, it is worth underlining that the October 1962 Action Programme was followed by an even more ambitious memorandum—referred to in central banking circles as “the Marjolin memorandum”—in December 1962. The Commission then reiterated and expanded upon its 1962 agenda in an

¹⁷ 1986 was the date of the original, French publication; the English translation followed in 1989.

additional formal report in June 1963. Indeed, as late as 1965 Marjolin was continuing to make public pronouncements on EMU and its “inevitability”—the sort of phrase he later assiduously ascribed exclusively to Hallstein and his “federalist” fellow travelers. For example, in a January 1965 he published an article arguing that

The only way to assure the maintenance of the common agricultural prices, without major crises, is to fix exchange rates, a *de facto* fixation which will soon have to become a *de jure* fixation in order to establish and maintain the necessary confidence. Thus, Monetary Union has ceased to be a dream or even a project of which realisation is uncertain. It has become an inevitable obligation. It will be achieved by the adoption of rules and norms that apply to the totality of the economic action of the Member States.¹⁸

None of this, of course, appears in his memoirs. In his later years, Marjolin instead wanted to associate himself with the comparative success of the European Monetary System (for which he claims partial and indirect credit¹⁹) rather than the more ambitious agenda he had embarked upon some twenty-five years earlier.

The EMS, as mentioned earlier, maintained only the most modest connection with the earlier objective of EMU, instead aiming at limiting exchange-rate fluctuations among the states participating in its exchange-rate mechanism. But the institution charged with making the EMS work was none other than the Committee of Governors, a body whose creation was the sole objective accomplishment of the Second Action Programme and its bold monetary agenda.

But before dismissing that earlier phase of Commission activism altogether, it is perhaps best that we look at the very long-run accomplishments of the European

¹⁸ “Le chemin à suivre,” *Communauté Européenne*, no 1, 1 January 1965; cited (and English translation) by Szász 1989, p. 8. Szász, who was the longest serving member of the Monetary Committee, makes his distaste for Marjolin’s eleventh hour conversion to a “serious” approach to EMU evident in his account (pp. 8-9), although he was obliged to limit his analysis of Marjolin’s earlier views to the Commissioner’s public comments.

¹⁹ See Marjolin 1989, p. 364.

Community (now European Union) in the monetary domain. In 1962, the Commission outlined a program calling for the permanent fixing of exchange rates and introduction of a formal monetary union. Although it took almost thirty years, that objective has since been accomplished. Marjolin argued that the Committee of Governors would serve as a prototype for a federal-style monetary authority; that too has come to pass.²⁰ Marjolin likewise argued that the integration of European agricultural, industrial and financial markets would create increasing pressures for the introduction of monetary union. While they might disagree with the use of the adjective “inevitable” in describing this process, leading political economists had, by the last decade of the twentieth century, largely come to share these views.²¹

In describing the Commission’s role as a supranational entrepreneur of this and other projects, Andrew Moravcsik argues that the historical record is decisive: the Commission’s proposals were either redundant or futile. The Commission, in his view, “possessed no apparent expertise in monetary affairs comparable to...national sources;” it periodically offered proposals or studies, “but its actions added little.” More generally, in this as in other projects, “information and ideas were plentiful; at no time was there a shortage of policy initiatives mediators, and social mobilization.”²²

The historical record does indeed make it clear that the Commission could not force the member states to accept proposals that were alien to the interests of a decisive majority of them. Of course, *no institution*, including national governments, is capable of imposing its will under such circumstances. In this respect at least the Commission was no different than the other negotiating parties. The critical question is whether the

²⁰ On the transformed role of the Committee of Governors within the new monetary regime, see Andrews 2000.

²¹ See, e.g., Eichengreen and Ghironi 1995.

²² Moravcsik 1998, pp. 205, 397.

participation of the Commission altered the outcome of these discussions, even in ways that do not reflect the Brussels executive's most-preferred outcome.

In assessing such matters, historical judgments are necessarily tentative and subject to dispute. But there is no reason to believe, for example, that the Committee of Governors would have been established in the mid-1960s absent the Commission's intervention. Absent both the Committee and the Commission, it is unclear what response the member state governments would have had to, for example, the exchange rate crises of 1968-1969. It seems unlikely, frankly, that the member states would have drawn up a framework for EMU in time for the heads of state and government to endorse it in a meeting in the Hague in 1969. Or that there would have been the necessary institutions to operationalize the Hague summit's directives in coming years, by for example organizing the European currency snake—the forerunner to the EMS.

In short, Moravcsik's judgment about the role of the Commission is far too harsh. The Commission's continuous advocacy for monetary union during the 1960s may not have resulted in achievement of this lofty goal according to its preferred timetable, but it kept the subject on the table even when no government was actively promoting the idea. And although the Committee of Governors eventually demonstrated its independence from the Commission, that body would not have come into existence (at least not as early as 1964) without Brussels' prodding. Somewhat ironically, the work done by the Committee in coming years would provide the central bank governors with increased leverage on the Commission in monetary discussions. But this was not because the Commission lacked the necessary expertise to stimulate productive discussion; indeed, it was largely because of the Commission's technical capacity (and undoubted political will) that the EEC's central banking community began to develop its own incipient

capabilities to coordinate both behavior and analysis. True, these developments would probably have taken place eventually even in the absence of the Commission's meddling, but much later—too late, in fact, to have served as the basis for the relaunch of Franco-German reconciliation on the basis of a heightened commitment to regional integration at the Hague summit of 1969. Instead, because of the Commission's intervention and the Committee of Governors' early formation, a rudimentary capability for cooperative monetary response was already in place when the exchange-rate crises of 1968 and 1969 suddenly made it imperative.

If Moravcsik's dismissal of the Commission's role was too harsh, so too that of Marjolin's highly stylized retrospective. Indeed, in his memoirs Marjolin managed not only to cut himself off from his own past but from the Community's immediate future. While the original French version of his memoirs bore the innocuous title *Le travail d'une vie*, the English translation's moniker was more grandiose: "architect of European unity." It was published in 1989, almost simultaneously with the "Report on economic and monetary union in the European Community" of the so-called Delors Committee. Had Marjolin chosen to correctly represent his own tireless role in promoting that very objective, "architect of unity" might indeed have seemed a fitting requiem for his life's work. Instead, Marjolin entitled the relevant section of his memoirs "The illusion of Economic and Monetary Union." By disavowing his own contributions, he disowned a legacy on the verge of assuming truly historical dimensions.

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