EMU: Between Coordination and Conflict

1. The launch of the euro
2. Interaction between the institutional levels
3. Problems that have arisen
4. Between subsidiarity and surveillance
   A. Nominal convergences
   B. Real convergences
5. The tax labyrinth
6. The debate so far
7. A few considerations
1. The launch of the euro

On January 1st 1999 Economic and Monetary Union (EMU) became an integrated economic system governed by a single currency ("euro") and therefore by a supranational monetary policy. Over the 3-year period 1999-2001 the euro will gradually replace the national currencies in circulation. The introduction of the new monetary regime was regarded as essential to ensure that the participating countries would gradually pursue the following path: a) micro-economic efficiency to secure the maximum competitiveness of goods and services in an international market of free competition; b) macro-economic equilibrium, in other words, the combination of a stable price level together with strong dynamics for the real economy; c) the phasing out of uncertainties linked to exchange rate fluctuations and hence the possibility for Europe as a whole to compete on equal terms in the financial capital market with other major currencies, in particular the dollar.

Regarding economic integration as a catalyst for technical progress and productive innovation and, as such, able to enhance the incentives that stem from the broader process of globalization, one of the aims of EMU was to use binding political choices in order to bring forward the timetable for implementation. Therefore as the European project was gradually being achieved, the hypothesis that the market can achieve better allocation of resources and the defense of economies of scale were combined with the surveillance of national institutions to ensure the removal of conditions on productive processes and to promote a general environment that was more congenial to growth in investment productivity.

The implementation procedures for EMU were set out in the Treaty of Maastricht, which was ratified in 1992, and in subsequent integrations and amendments introduced in 1997 by the Treaty of Amsterdam. These treaties also deal with other areas of European life, such as foreign policy and joint security, citizens’ rights etc.; subjects that are beyond the scope of this paper. Responsibility for the EU project is shared by the European Communities (EEC, European Economic Community; ECSC, European Coal and Steel Community;