

'A disunited Europe', from Corriere della Sera (10 March 1973)

Caption: On 10 March 1973, the Italian daily newspaper Corriere della Sera criticises the inability of the Nine to present a united front against the international monetary crisis.

Source: Corriere della Sera. dir. de publ. Ottone, Piero. 10.03.1973, n° 58; anno 58. Milano: Corriere della Sera. "L'Europa disunita", auteur:Sansa, Giorgio , p. 1.

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A disunited Europe

From our correspondent

Paris, 9 March.

Let us hope that the Finance Ministers of the 'Club of Ten' and the other participants at today's Paris Monetary Conference, which will resume in a week's time, can reach an agreement next Friday on how to deal with the speculation crisis. They failed to do so today. On Sunday, the Council of the 'Nine' will convene in Brussels to decide on a common strategy. But the outcome of these pressing negotiations among the different European Countries on the one hand and between Europe and the United States on the other will not be known until 16 March. The stakes are so high that on Friday we will be able, by analysing the decisions that will have been taken, to see whether or not Europe exists, not just as a theoretical but as a working unit. For the time being everything is open to doubt.

Today's session of the 'Group of Ten', extended for this occasion by four other countries, has highlighted more than ever both the antithesis between America and Europe and the persisting difficulty among the European nations in reaching a common agreement. The recriminations that the Community Members keep hurling at each other are not conducive to cohesion. Great Britain and Italy, for example, are accused of obstructing the adoption of an agreement on a harmonised and parallel fluctuation of the European currencies in relation to the dollar, because Rome and London do not want to link their currencies to the very strong German mark as it would entrain the pound sterling and the lira in its wake and thus compromise Italian and British exports. Rome and London, however, have suggested a system of mutual support which, although it might create problems for the other European economies, is in the spirit of Community solidarity and should therefore be adopted by all Members.

As a reaction to the proposals that the 'Nine' agreed in Brussels yesterday, George Shultz, the US Secretary of the Treasury, is said to have presented some counterproposals in which connections have been made between monetary and trade problems. The French Minister Valéry Giscard d'Estaing denied in tonight's press conference that there had been any talk about trade. But anyone who examines the press release closely will not share his optimism as to the outcome of the Conference. Apart from banalities like the statement that the current crisis is attributable to speculative movements, the document says that the recent agreement on parities reflects economic realities, a fact that is clearly refuted by the results of the fluctuation of the pound sterling, the lira, the Swiss franc and other currencies.

It has been agreed that a regulated system of exchange ratios will have to be guaranteed jointly. The Ministers and Governors attending the Conference have, however, given their deputies the difficult task of determining the technical instruments necessary to achieve this aim. It is also still uncertain how wholeheartedly the United States is committed to contributing towards maintaining the dollar at the parity of 13 February, which means that at next Sunday's meeting in Brussels the Community Ministers will lack an essential element for their negotiations. The aspiration, as stated in the press release, of achieving a reform of the international monetary system as quickly as possible is wishful thinking and nobody, as far as we know, has shown any willingness to accept sacrifices in order to make it come true.

One cannot help feeling that meetings such as today's or its sequel next Friday are merely an interim phase and that nothing practical will be done before the Nixon Round trade negotiations. Richard Nixon has sent his toughest financial diplomats to Paris: Secretary of the Treasury George Shultz, Under Secretary Paul Volcker and Federal Reserve Chairman Arthur Burns. What are his goals? According to French opinion, all the American declarations of the past months, although apparently made without rhyme or reason, were perfectly coordinated and in line with a precise plan of action. The American objective is to put pressure on the markets in order to lead to decisions that will confirm the primacy of the dollar as an international payment instrument, independently of gold.

On the subject of gold it is worth considering the views of Jacques Rueff, the famous French financial expert, who is optimistic in the long run and pessimistic in the short. He says he places more trust in the

wisdom of the Americans than in that of the Europeans. The Americans will sooner or later do what in his opinion is a categorical imperative, in other words revalue gold and restore the convertibility of the dollar. For the time being, however, and until such wise decisions have been taken, we are in a worrying situation, similar to the situation preceding the crisis of the thirties. Unless we listen to reason in time, Mr Rueff says, unless we clearly diagnose the illness and act energetically to treat it, we shall relapse into recession and unemployment. It is high time to wake up.

Supposing that no cooperation agreement between Europe and the United States can be reached next Friday, what will happen? What will the Europeans do? There are three possibilities: in accepting the flexibility theories of Great Britain and Italy, the Common Market countries could finally take a decision on a concerted fluctuation, from which other European Countries, outside the Community, will also be able to benefit; or a 'concerted' central group could be created in which Britain and Italy will try to keep close to the maximum; or, finally, every currency could fluctuate on its own. In this case, however, we shall have to say that 'European cohesion has not held up' and draw pessimistic conclusions as to the future. And we shall rightly have to conclude that Europe unfortunately does not yet exist.

Giorgio Sansa