

'Fears for Europe', from Frankfurter Allgemeine Zeitung (30 January 1974)

Caption: On 30 January 1974, the German daily newspaper Frankfurter Allgemeine Zeitung comments on France's decision to withdraw from the European currency snake and expresses anxiety over the repercussions that such a decision may have on the implementation of European economic and monetary union.

Source: Frankfurter Allgemeine Zeitung. Zeitung für Deutschland. Hrsg. Benckiser, Nikolas; Deschamps, Bruno; Eick, Jürgen; Fack, Fritz Ullrich; Fest; Joachim; Welter, Erich. 30.01.1974, Nr. 25. Frankfurt/Main: FAZ Verlag GmbH. "Angst um Europa", auteur:Benckiser, Nikolas , p. 1.

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Worries about Europe

by Nikolas Benckiser

So what actually is this terrible event that has taken place? It is simply that one of the nine Member States of the European Community has withdrawn from its commitment to tie its currency closely to the currencies of four other Community countries. France has shied away from using its reserves or taking out loans, which is a little reminiscent of the country's proverbial thrift, like being prepared to keep its gold under the mattress. All that it has wanted to do, in the words of its politicians, is simply to put its own house in order so that it can cooperate much more effectively, and more influentially, with its European partners.

So, what is so wrong with that? To date, it has been quite calmly accepted that two major partners, Britain and Italy, have not been involved in the European currency snake. We should also remember that the United States (admittedly not a European partner, but in currency matters a partner of considerable importance) decided a few months ago to allow the dollar to float on the exchange markets. So, why is this French move looked on with such disapproval, especially as it seems that the exchange rate established on the free market is not so very different from the fixed rate hitherto?

Still, there was, and still is, some concern well after the event in the recognition that it is not just a temporary shock: the shout of alarm from the Foreign Minister of the host country of the Community — reported in this edition — also makes it clear that the decision on the currency has triggered off a more deep-seated and only too well founded agonising concern.

It is easy to recognise the reasons for this: the same event can vary in importance depending on its timing and on the circumstances under which it occurs. The moment when the exchange rate of the French franc was allowed to float was significant because, according to the European Programme, it was the very time when the phase of economic and monetary union — with the ultimate aim of political union — was supposed to be moving ahead. As a result, speeches on Europe by various statesmen began to sound increasingly cliché-ridden and hollow in the context of this ambitious target and the short period remaining in which to achieve it. The already wide disparity between ambitious future targets and present actions was constantly growing: the negative effect of the French decision is for that very reason doubly serious. This seriousness was all the greater because one economic link between France and Germany was cut, a link between those very countries that form the central core of Europe and that had remained the only heavyweights involved in the currency bloc. Does this not also undermine the ability of the Community to integrate that difficult new partner, Great Britain? The trouble is also exacerbated by the fact that, with this decision, France has abandoned one of its hitherto firmly held principles — a policy orientated towards currency stability — in favour of what has also been dubbed by French critics a policy of 'every man for himself'. So, what reliance can be put on any future declaration of principle?

The list of reasons for alarm could be extended. The transition from shock to a lasting concern and then to anxiety about Europe parallels the widening of the field of vision from relatively specialised currency matters to the perspectives of major policy. We have had the experience — particularly deplored by France — of the pathetic part played by the Europeans in the Middle East conflict and in the oil crisis, and we have noticed how Soviet diplomacy, to put it bluntly and not too politely, has been quite successful in pursuing its policy of Finlandisation towards Europe. As this pressure is expected to grow in the future, what will be its effect on that very Europe whose only reality — as Pompidou quite rightly declared one day on his tour of the French regions — lies in an industrial customs union and a faltering common agricultural market?

Perhaps this is the first time that a setback has resulted in a mood of resignation. Indeed, politicians on our continent who have focused on the long view towards European objectives may already have been frequently close to despair, not to mention the disappointments suffered by the earlier post-war enthusiasts. However, it has been demonstrated over and over again that, fundamentally, there is no alternative to the European ideal, or, more precisely, that the alternative of an expansionist Soviet bloc (or at best of a satellite relationship to America) was totally unacceptable. Today, policy towards Eastern Europe sometimes threatens to be seen as if such expansion of power were both inevitable and tolerable. So, should not the

European states, with generally altered future prospects, now perform a U-turn and for once follow the example of the French, who believe that they have rediscovered the nation state as the sole reality, and devise their day-to-day policy without reference to common European goals? Everything militates against answering 'Yes' to this question, but more is at stake than the 4 or 5 % by which the French franc has been devalued on the international currency markets.