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The Central and Eastern European Perspective on the Euro Area: A Key-Note Speech (June 25, 2013)

For a long time, an economic and monetary union has been perceived as a necessary step in ever-closer integration in Europe. The first fully-feathered attempt to achieve this goal/instrument was well-known Werner Plan of 1970 which saw its not-at-all complete implementation in the period of 1970-1974. The most important preconception of the Werner Plan was that all states participating in it would implement it in a simultaneous manner.

One of the strongest contributors to the failure of the Werner Plan was the EEC Member States' diverse response to the critical tensions arising from the oil crises of the early 70's. Most importantly, the oil supply shock absorption mechanisms of respective Member States were so different that they resulted in a significant divergence of their economic performance (e. g. in terms of resulting inflation). As a result, the whole project was aborted.

The abortive experience with the Werner Plan resulted with a sort of a bias of the EEC in favour of integration projects which were meant to require a worthwhile degree of symmetry in any proposed integration endeavours. Yet, in the monetary realm, some cushions for asymmetry were always present. Most significantly, constitutive mechanism of the European Monetary System allowed for some asymmetry (in terms of exchange rate regime, foreign exchange rate fluctuation bands, and even the very participation in the ERM).

The Delors Plan of 1989 for the EMU allowed asymmetry, but it never envisaged it to be at a wide scale and persistent over a longer period of time. Regardless of their very light predisposition for asymmetry, were the proposals of the Plan considered a turning point of European integration, as they allowed for "Europe of two (or even multiple) speeds", together with the legal mechanisms defining these speeds.

The very intriguing solution eventually adopted for the EMU 1992 (enacted in Maastricht Treaty) was its Schmittian kind of irrevocability and perpetuality as well as a diligently defined, basic, and having significant economic and political ramifications, distinction between the Euro-zone states and non-Euro-zone ones. These ramifications were only partially visible in the early stages of the EMU. They transpired and even become more elaborated with the development of the EMU: practical application of convergence criteria evolved, so did the rules applicable to Euro-zone Member States. Also, the Euro-zone also developed its own mechanism of economic policy coordination – this development represented an extension of the original arrangements set forth in the Treaty.

The economic crises which emerged in 2007/2008 only re-enforced the phenomenon of emancipation of the Euro-zone from the original general scheme of the Treaty: subsequent legal arrangements resulted in:

- the reinforcement of the macroeconomic policy dialogue in which the Eurogroup started to play significant role;
- the emergence of a network of political/legal arrangements for a better economic governance (EuroPlus Accord 2009, Fiscal Treaty 2012);
- the creation of various supporting funds which somewhat filled the performance gaps of various Treaty clauses concerning economic solidarity;
- the mustering of a vast myriad of legal arrangements for a richer instrumentarium of economic policy coordination (especially re-enforcement of MSP, EDP, and the introduction of a new framework for economic policy coordination in the Six-Pack of November 2011 and Two-Pack of March 2013);
- the proposal of a new, functionally rectified and largely expanded, framework for prudential supervision of financial and money markets.

Generally speaking, these new arrangements widened the distance between the Euro-zone and non-Euro-zone countries in both economic and political terms as it immensely diversified their interests and polarized the public opinion stance over the EMU agenda.

These phenomena refer also to the Central and Eastern European EU Member States which, because of it, face an increasingly difficult challenge of redesigning their own position in the EU: most importantly, they have to somehow address the issue of being in increasing minority over EU economic agenda resulting from the continuously increased size of the Euro-zone.

This all means that the choice of the topic for the Project and the forthcoming PISM workshop has its momentum. We can take it almost for granted that it would contribute to a better understanding of the EMU and its complex economic and political context. As a result, this intellectually challenging workshop is bound to yield politically valuable outcome.