Resolution 1109 (1997)[1]

Implications for Europe of economic and monetary union

Parliamentary Assembly

1. The European monetary union foreseen in the European Community's Treaty on European Union - signifying the replacement of national currencies by a single European one and the latter's management by a European central bank - will, if realised, have far-reaching consequences not only for European Union member states but for all of Europe.

2. It is a central concern of the Parliamentary Assembly, representing as it does the parliaments of forty member states and four special guest delegations, to promote pan-European economic co-operation, in conformity with the aim of the Council of Europe's Statute to facilitate the economic and social progress of its members, and in pursuance of the Assembly's Recommendation 1195 (1992) on European economic monetary union - consequences of the European Community's Treaty on European Union and its Order No. 481 (1992) on the political consequences of Maastricht. The Assembly, therefore, considers it vital that all European countries should examine jointly the likely overall consequences of economic and monetary union (EMU).

3. The Assembly believes that the single currency can facilitate trade, investment and economic growth in many regions by eliminating currency uncertainty and reducing transaction costs where relevant; permit European countries better to face fluctuations in other world currencies; and, to the extent it remains stable, contain inflation and attract foreign capital. Above all, a single currency will require, and therefore rapidly lead to, common economic policies among the participating countries and the formation of a federal Europe.

4. The Assembly recognises that membership of a single currency area involves a pooling of sovereignty by the member states and requires a close correlation between the economic performance of each state both on joining and continuing thereafter. It is, therefore, essential that the parliaments of the member states consider before joining:

4.1. whether the gap between the economies of the proposed member states has in reality narrowed sufficiently;

4.2. how the national economies of the member states will adjust to differences of performance by means of mobility of the work-force, or by financial transfers through regional aid and unemployment support, or by some other means;

4.3. the arrangements to be made for ensuring democratic accountability to national electorates for the management of the single currency area.

5. Furthermore, the Assembly, believing that an economic and monetary union should have as its goal to heal rather than widen the economic divisions in Europe, calls on the member states of the European Union:

5.1. to ensure democratic accountability of the European central bank;

5.2. to ensure that the important task of European Union enlargement is not hampered by parallel progress towards EMU, and that economic relations between the European Union and other European countries, whether European Union applicants or not, are not made to suffer for the same reason;

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1. Assembly debate on 28 January 1997 (2nd and 3rd Sittings) (see Doc. 7711, report by the Committee on Economic Affairs and Development, rapporteurs: MM. Elo and Townend; and Doc. 7731, opinion by the Social, Health and Family Affairs Committee, rapporteur: Mr Gusenbauer). Text adopted by the Assembly on 28 January 1997 (3rd Sitting).

5.3. to ensure that a single currency amongst some European Union member states is not allowed to disrupt the principles or functioning of the internal market resulting from the 1987 Single European Act;

5.4. to ensure that EMU serves not only political but also economic and social goals of which the most fundamental are economic growth, employment and rising living standards for all.