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*A Constitutional Treaty
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Institutional and Economic
Implications for Economic
and Monetary Union*

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A Constitutional Treaty for an Enlarged Europe: Institutional and Economic Implications for Economic and Monetary Union

Opening Address

Josef Christl

*Director
OeNB*

Ladies and Gentlemen,

it is a great pleasure to welcome you here at the premises of the Oesterreichische Nationalbank in Vienna. The topic of our workshop, *A Constitutional Treaty for an Enlarged Europe: Institutional and Economic Implications for Economic and Monetary Union*, and its timing are well-chosen. We are proud that our event, just like the last years seminar on the European Convention, attracts again a distinguished international but also national audience and high-level speakers and discussants. Your positive response indicates that there is need and demand for our activities. I think it is very important to intensify the dialogue on the institutional issues of European integration and EMU.

It is needless to say that we are experiencing exciting times. The last round of enlargement of the European Union was completed almost exactly half a year ago. Only last week the Heads of State and Government of the European Union signed the EU-Constitutional Treaty, which marks, of course, a further milestone in the process of European integration. It is the Constitutional Treaty that provides the steps needed to make an enlarged Europe work in a better way. Its objective is to render the Union more effective, transparent and democratic. After its ratification, the Constitutional Treaty will consolidate and simplify the existing treaties. The process of ratification in itself will be a major challenge but also an opportunity to bring Europe closer to its citizens. An opportunity, which should not be missed. A multilevel debate will be started about what kind of Europe people really want. And the necessary dialogue that, in the end, can help bridging the gap, which, in

my opinion, exists at the moment between the political elite in Europe and the people in the different Member States.

The new constitutional architecture offers a unique opportunity to further deepen the integration process. In this context of constant development and challenge we have to provide stability in a broad sense: political stability, macroeconomic stability, financial market stability and, of course, price stability. The current framework is a good basis and provides for such a broad concept of stability.

Ladies and Gentlemen,

it is the euro that today provides a stable anchor in not so stable times. The single currency has triggered considerable fiscal and structural reform in Europe, but a lot remains to be done.

The common currency also holds out the promise of fostering European integration in areas far beyond Monetary Union. Indeed, in many respects, the euro has proven to be a driving force and catalyst for Europe's political integration and economic reforms. I consider the euro as an important token of identity for a modern, dynamic and open Europe. More than any complicated legal act our common currency tells the simple story of successful integration. The euro communicates the European idea.

But EMU requires strong political fundamentals in the sense of a closer political union. Therefore, it is essential for economic governance that significant progress is made in the general political governance of the Union. With the Constitutional Treaty the Union wants to take an important step forward.

Ladies and Gentlemen,

the ECB and the national central banks closely followed the debates within the Convention and the negotiations during the Intergovernmental Conference. Together, we contributed to them at various stages. This was motivated by the fact that the ECB and the ESCB are part of the Community framework and we therefore have a natural interest in institutional developments within the EU and, of course, within EMU. Let us not forget that these developments, at the end of the day, determine the framework conditions under which we operate. The Treaty of the European Union requires that the ECB, and thus the national central banks, are to be consulted on any institutional changes in the monetary area. It was and it will be essential for us, to monitor the integration process at all stages and express our opinion whenever appropriate and necessary.

Let me now come to the program of today's workshop which aims at discussing the possible institutional and economic implications of the Constitutional Treaty for EMU.

We will start with a first-hand assessment of our key-note speaker Professor Smits, who is Jean Monnet Professor of the Law of EMU at the University of Amsterdam. He will give us an overview of the constitutional process and will emphasize the economic and monetary issues, which were at the core of discussion in the Convention and the Intergovernmental Conference.

The key-note speech will then be followed by three sessions:

In the morning-session Ms. Lindner and Ms. Stubits of the Oesterreichische Nationalbank will evaluate whether the Constitutional Treaty actually introduces new elements and fundamental changes for EMU. Their presentation will analyse possible developments in the area of efficiency, effectiveness and institutional balance of economic governance.

Another matter of interest is, of course, the external representation of the euro. EMU has clearly strengthened Europe's international position. In this respect it will also be interesting to discuss the role of the newly created President of the Eurogroup.

This first presentation will be discussed by Professor Breuss, who is Jean Monnet Professor of European Economic Integration of the University of Economics and Business Administration in Vienna.

After lunch, in session 2, Professor Wolf of Georgetown University will present his views on the development of the new institutional setting for financial stability in Europe. This presentation touches upon a topic that is crucial in our efforts to deepen the European Integration process. The speaker will look on whether the supervisory structures are adequate to accompany a stable financial market integration in Europe.

This presentation will be discussed by Ms. Hrdlicka of the Oesterreichische Nationalbank.

And finally in section III Professor Collignon of the London School of Economics, will talk about fiscal policy and the Stability and Growth Pact in the enlarged European Union. There is an intensive discussion going on where the different standpoints of Central Banks and the Ministries of Finance are brought to the surface. For us central bankers, the Stability and Growth Pact is a corner stone of EMU and absolutely crucial for its smooth functioning.

The viewpoints of Professor Collignon will be evaluated by José Marin, head of Fiscal Policies Division at the ECB.

In concluding – again a warm welcome to all of you and I would like to thank in advance all speakers and discussants for their work and their important contributions.

Ladies and Gentlemen,

I wish you a fruitful, stimulating and successful workshop.