EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT
ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ
EUROPEAN PARLIAMENT
PARLEMENT EUROPEEN
PARLAMENTO EUROPEO
EUROPEES PARLEMENT

Generalsekretariat
Generalsekretariat
Γενική Γραμματεία
Secretariat
Secrétariat Général
Secretariato Generale
Secretariaat Generaal

Generaldirektoratet for Forskning og Dokumentation
Generaldirektion Wissenschaft und Dokumentation
Γενική Διεύθυνση Ἐρευνῶν καί Τεκμηρίωσης
Directorate General for Research and Documentation
Direction Générale de la Recherche et de la Documentation
Direzioni Generale della Ricerca e della Documentazione
Directoraat-generaal Onderzoek en Documentatie

UNDERSØGELSER OG DOKUMENTATION
SAMMLUNG WISSENSCHAFT UND DOKUMENTATION
ΣΕΙΡΑ ΕΡΕΥΝΑ ΚΑΙ ΤΕΚΜΗΡΙΩΣΗ
RESEARCH AND DOCUMENTATION PAPERS
DOSSSIERS DE RECHERCHE ET DOCUMENTATION
DOSSIERS DI RICERCA E DOCUMENTAZIONE
DOSSIERS ONDERZOEK EN DOCUMENTATIE

Okonomisk Serie nr.
Reihe Wirtschaftsfragen Nr.
Οἰκονομική σειρά Ἀρ.
Economic Series No
Série économique n°
Serie economica n.
Economische serie nr.

3

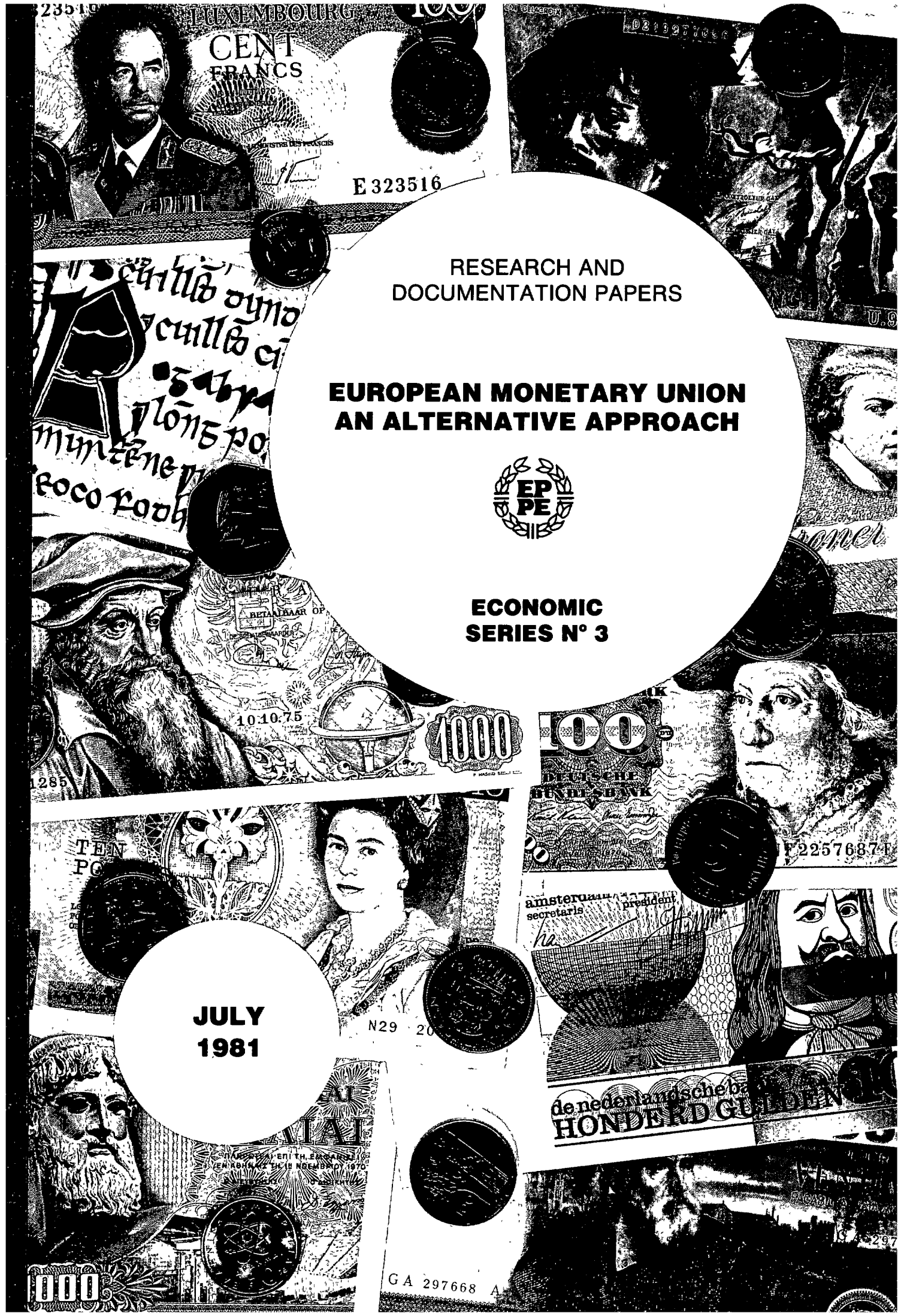
[redacted]

Den Europæiske Monetære Union - en alternativ løsning
Europäische Währungsunion - Ein alternativer Lösungsansatz
Εὐρωπαϊκή Νομισματική Ἕνωση - Μία ἐναλλακτική προσέγγιση
European Monetary Union - An alternative approach
Union Monétaire Européenne - Une appproche alternative
Unione Monetaria Europea - Una possibilita di soluzione alternativa
Europese Monetaire Unie - Een alternatieve benadering

Juli
Ἰούλιος
July

1981

Juillet
Luglio
Juli



RESEARCH AND
DOCUMENTATION PAPERS

EUROPEAN MONETARY UNION
AN ALTERNATIVE APPROACH

EP
PE

**ECONOMIC
SERIES N° 3**

**JULY
1981**

Vedlagte studium, der er foretaget af Nicholas KYRIAZIS og Thierry PACCOUD, foreligger kun på engelsk. Imidlertid vil Sekretariatet søge så vidt muligt at imødekomme anmodninger fra medlemmer, som måtte være interesserede i at modtage supplerende oplysninger, herunder et mere udførligt referat eller i særlige tilfælde en oversættelse af teksten til deres eget sprog.

Anliegende Studie, aufgestellt von den Herren Nicholas KYRIAZIS und Thierry PACCOUD, liegt nur in englischer Sprache vor. Das Sekretariat wird sich jedoch im Rahmen des Möglichen darum bemühen, den Anforderungen von Parlamentsmitgliedern um ergänzende Informationen nachzukommen. Dies kann unter Umständen in Form einer ausführlicheren Zusammenfassung oder - in Ausnahmefällen - in einer Übersetzung in die Muttersprache des Mitglieds geschehen.

The paper attached hereto which has been prepared by Mr Nicholas KYRIAZIS and Mr Thierry PACCOUD, is available only in english. However, the Secretariat will try to satisfy, if possible, requests of Members who would be interested in receiving supplementary information, including possibly a more extended summary or, in exceptional cases, a translation in their own language of the text.

L'étude ci-jointe réalisée par MM. Nicholas KYRIAZIS et Thierry PACCOUD est disponible uniquement en langue anglaise. Le Secrétariat essaiera toutefois de satisfaire dans toute la mesure du possible les demandes des Membres qui seraient désireux de recevoir des informations supplémentaires, comprenant éventuellement une note de synthèse plus détaillée, voire, exceptionnellement, une traduction du texte dans leur propre langue.

Lo studio allegato, elaborato da Nicholas KYRIAZIS e Thierry PACCOUD, è disponibile soltanto in lingua inglese. Il Segretariato cercherà comunque se possibile e se gli Onorevoli Membri lo richiedono, di fornire maggiori informazioni e eventualmente anche un più ampio riassunto. Solo in casi eccezionali, si potrà esaminare la possibilità di una traduzione integrale del testo del documento.

Bijgaande nota, opgesteld door de heren Nicholas KYRIAZIS en Thierry PACCOUD, is slechts beschikbaar in de engels taal. Het Secretariaat zal evenwel, voor zover dat mogelijk is, de leden die zulks wensen, uitvoeriger inlichtingen doen toekomen. Eventueel kan een meer gedetailleerde samenvatting worden gegeven, of in uitzonderlijke gevallen een vertaling van de tekst.

Η μελέτη πού άκολουθεῖ προετοιμάσθηκε άπό τούς κ.κ. Νίκο Κυριαζή καί Τιερρύ Πακού καί ύπάρχει μόνο στά άγγλικά. Η Γραμματεία θά προσπαθήσει ὅμως νά ἱκανοποιήσει, στά πλαίσια τοῦ δυνατοῦ, τά αἴτημα μελῶν τοῦ Κοινοβουλίου πού θά ἐπιθυμοῦσαν νά λάβουν πρόσθετες πληροφορίες, πού θά συμπεριλαμβάνουν ἴσως μία πιό ἐκτεταμένη περίληψη, ἤ σέ ἐξαιρετικές περιπτώσεις, τή μετάφραση τοῦ κειμένου στή γλώσσα τους.

DEN EUROPÆISKE MONETÆRE UNION

Stats- og regeringscheferne for Fællesskabets medlemsstater erkendte betydningen af en europæisk monetær union, da de vedtog at etablere Det europæiske monetære System i 1979. De forventninger, man stillede i den forbindelse, er imidlertid stort set ikke blevet indfriet. Dette skyldes naturligvis, at medlemsstaternes regeringer har været tøvende over for den gradvise gennemførelse, man havde vedtaget, idet hvert skridt forudsatte en politisk afgørelse.

Generaldirektoratet for forskning og dokumentation har efter anmodning fra flere medlemmer udarbejdet en kort redegørelse for en alternativ vej til den europæiske monetære union, der har fundet stadig bredere tilslutning især i visse akademiske kredse. Denne skulle gennemføres ved hjælp af en stabilitetssikret ECU og en proces, der involverer markedskræfterne, således at politiske modsætninger og national tilbageholdenhed undgås.

Generaldirektoratet for forskning og dokumentation har ligeledes udarbejdet et dokument indeholdende en vurdering af Det europæiske monetære Systems hidtidige effektivitet samt statistisk materiale.

Det er vort håb, at de to vedlagte dokumenter vil være af interesse for de medlemmer af Europa-Parlamentet, der beskæftiger sig med disse spørgsmål. Såfremt De ønsker en oversættelse af disse dokumenter, bedes De henvende Dem til generaldirektoratet for forskning og dokumentation, der vil forsøge at få oversættelsen foretaget.

John P.S. TAYLOR
Generaldirektør

EUROPÄISCHE WÄHRUNGSUNION

Nachdem die Regierungschefs der Mitgliedstaaten der Europäischen Gemeinschaften die Wichtigkeit einer Europäischen Währungsunion erkannt hatten, beschlossen sie im Jahre 1979 die Errichtung des Europäischen Währungssystems. Die Erwartungen, die seine Errichtung begleiteten, blieben jedoch weitgehend unerfüllt. Dies ist natürlich auf die schwankende Haltung der Regierungen der Mitgliedstaaten zurückzuführen, da im Rahmen des beschlossenen schrittweisen Vorgehens jeder Schritt eine neuerliche politische Entscheidung erforderlich macht.

Die Generaldirektion Wissenschaft und Dokumentation des Europäischen Parlaments hat auf Wunsch einiger seiner Mitglieder in Kurzfassung einen alternativen Weg zur Verwirklichung der Europäischen Währungsunion erarbeitet, der eine zunehmende Anzahl von Befürwortern gefunden hat, besonders in akademischen Kreisen. Dieser Weg würde unter Nutzung der Marktkräfte über eine ECV garantierte Stabilität führen und so politische Reibungsverluste und einzelstaatliche Inertie vermeiden.

Weiter hat die Generaldirektion Wissenschaft und Dokumentation ein zweites Papier aufgearbeitet, in dem anhand von Statistiken das Funktionieren des Europäischen Währungssystems bis heute beurteilt wird.

Wir hoffen, daß diese beiden Arbeiten, die in der Anlage beigefügt sind, für die Mitglieder des Europäischen Parlaments, die sich mit diesen Fragen befassen, von Interesse sind. Für den Fall, daß eine Übersetzung eines der beider Dokumente gewünscht wird, ist die Generaldirektion Wissenschaft und Dokumentation zu kontaktieren, die die entsprechenden Vorkehrungen treffen wird.

John P.S. TAYLOR
Generaldirektor

The importance of European monetary union was recognized by the Heads of the European Community member-states when they decided to establish the European Monetary System in 1979. However, the expectations which accompanied its establishment have remained largely unfulfilled. This has, of course, been due to the hesitations of member-governments in the step-by-step approach adopted, each step making a new political decision necessary.

The Directorate General for Research and Documentation of the European Parliament has produced, at the request of some Members, a summary of an alternative approach to European Monetary Union, which has been increasingly widely advocated, particularly in some academic circles. This would operate through a stability guaranteed ECU, through a process involving market forces, thereby avoiding political friction and national inertia.

A second paper, evaluating the working of the European Monetary System to-date with statistical illustrations, has also been produced by the Directorate General for Research and Documentation.

It is hoped that these two papers, enclosed herewith, will be of interest to Members of the European Parliament concerned with these subjects. For a translation of either or both these papers, please contact the Directorate General for Research and Documentation who will try and arrange for this.

John P.S. TAYLOR
Director General

UNION MONETAIRE EUROPEENNE

Les chefs d'Etat et de gouvernement des Etats membres de la Communauté européenne ont reconnu l'importance que revêt l'Union monétaire européenne en décidant l'instauration du système monétaire européen en 1979. Cependant, les espoirs suscités par sa création sont dans une large mesure restés vains. La responsabilité en est naturellement imputable aux hésitations des gouvernements des Etats membres dans la procédure échelonnée qu'ils ont adoptée, une nouvelle décision politique s'imposant pour chaque phase.

A la demande de certains membres, la Direction générale de la Recherche et de la Documentation a élaboré un document présentant brièvement une nouvelle approche de l'union monétaire européenne, dont les partisans se font de plus en plus nombreux, notamment dans certains milieux universitaires. Cette nouvelle approche garantirait la stabilité de l'Ecu et mettrait en oeuvre un processus associant les forces du marché éliminant, ainsi les frictions politiques et l'inertie nationale.

La Direction générale de la Recherche et de la Documentation a élaboré un second document évaluant le fonctionnement du système monétaire européen jusqu'à présent, avec données statistiques à l'appui.

Nous espérons que ces deux documents joints en annexe seront utiles aux membres du Parlement européen intéressés par ces questions. Les membres désirant obtenir la traduction de l'un de ces documents sont priés de s'adresser à la Direction générale de la Recherche et de la Documentation qui s'efforcera de prendre des dispositions dans ce sens.

(s) John P.S. TAYLOR
Directeur général

UNIONE MONETARIA EUROPEA

L'importanza dell'Unione monetaria europea è stata riconosciuta dai Capi degli Stati membri della Comunità europea al momento in cui, nel 1979, essi hanno deciso di creare un Sistema monetario europeo. Le aspettative connesse a tale creazione sono tuttavia rimaste in gran parte deluse, a causa delle esitazioni avute dai governi degli Stati membri nella linea di condotta da essi prescelta, ovvero "un passo alla volta", che ha reso necessaria una nuova decisione politica per ogni nuovo passo.

La Direzione generale della Ricerca e della Documentazione del Parlamento europeo ha elaborato, su richiesta di alcuni Membri, un quadro sintetico di un approccio alternativo all'Unione monetaria europea, che trova sempre più fautori, soprattutto in taluni ambienti accademici. Esso opererebbe sulla base dell'ECU, la cui stabilità sarebbe garantita, tramite un processo che coinvolgerebbe le forze di mercato, evitando in tal modo le frizioni politiche e l'inerzia nazionale.

La Direzione generale della Ricerca e della Documentazione ha anche elaborato un secondo documento, contenente una valutazione del funzionamento del Sistema monetario europeo fino ad oggi, con illustrazioni statistiche.

Ci auguriamo che i due suddetti documenti, allegati alla presente, riscuotano il consenso dei Membri del Parlamento europeo interessati a tale argomento. Per la traduzione di uno o di entrambi i documenti, i Membri sono pregati di mettersi in contatto con la Direzione generale della Ricerca e della Documentazione, che si adopererà per ottenerla.

John P.S. TAYLOR
Direttore Generale

EUROPESE MONETAIRE UNIE

Met het besluit van de staatshoofden en regeringsleiders van de lid-staten van de Europese Gemeenschap tot instelling van het Europees monetair stelsel in 1979 gaven zij blijk van hun besef van het belang van een Europese monetaire unie. Aan de meeste verwachtingen die aan de invoering van het EMS waren verbonden, werd echter niet voldaan. Ongetwijfeld is dit toe te schrijven aan de aarzelende houding van de lid-staten bij hun beleid van kleine stappen, waarbij voor elke stap een nieuwe politieke beslissing nodig was.

Op verzoek van enkele leden heeft het Directoraat-generaal Onderzoek en Documentatie van het Europese Parlement de grote lijnen ontworpen voor een alternatieve oplossing voor de totstandbrenging van een Europese monetaire unie, die steeds meer aanhangers vindt, met name in academische kringen. Deze oplossing is gebaseerd op een gegarandeerd stabiele ECU en een marktmechanisme waardoor politieke spanningen en nationale lethargie worden vermeden.

Daarnaast heeft het Directoraat-generaal Onderzoek en Documentatie een tweede document opgesteld waarin, naast statistische gegevens, de werking van het Europees monetair stelsel tot dusver wordt beschreven.

Bijgaande twee documenten zijn voor de leden van het Europese Parlement die met deze onderwerpen te maken hebben, ongetwijfeld van belang. Wie een vertaling van een van de twee of van beide documenten zou wensen, wordt verzocht daartoe contact op te nemen met het Directoraat-generaal Onderzoek en Documentatie.

J.P.S. TAYLOR
Directeur-generaal

ΕΥΡΩΠΑΙΚΗ ΝΟΜΙΣΜΑΤΙΚΗ ΕΝΩΣΗ

'Η σημασία τῆς Εὐρωπαϊκῆς Νομισματικῆς 'Ενώσεως ἀναγνωρίσθηκε ἀπό τούς ἀρχηγούς τῶν Κρατῶν μελῶν τῆς Εὐρωπαϊκῆς Κοινότητας ὅταν ἀποφάσισαν νά δημιουργήσουν τό Εὐρωπαϊκό Νομισματικό Σύστημα τό 1979 . Παρ'ὅλα αὐτά, οἱ προσδοκίες πού συνόδευσαν τήν ἵδρυσή του ἔχουν κατά μεγάλο μέρος μείνει ἀνεκπλήρωτες. Αὐτό ὀφείλεται φυσικά στούς δισταγμούς τῶν κυβερνήσεων τῶν Κρατῶν μελῶν στήν κατά στάδια προσέγγιση πού υἱοθετήθηκε, κάθε στάδιο τῆς ὁποίας καθιστοῦσε ἀναγκαία τή λήψη μιᾶς νέας πολιτικῆς ἀποφάσεως.

'Η Γενική Διεύθυνση 'Ερευνῶν καί Τεκμηριώσεως τοῦ Εὐρωπαϊκοῦ Κοινοβουλίου, μετά ἀπό αἴτημα ὁρισμένων Μελῶν, παρουσίασε σέ γενικές γραμμές μιά ἐναλλακτική προσέγγιση γιά τήν πραγματοποίηση τῆς Εὐρωπαϊκῆς Νομισματικῆς 'Ενώσεως, ἡ ὁποία ἔτυχε εὐρείας ὑποστηρίξεως, εἰδικότερα ἀπό ὁρισμένους ἀκαδημαϊκούς κύκλους. Αὐτή θά λειτουργεῖ μέσω μιᾶς ἐγγυημένης σταθερότητας ΕΝΜ καί μιᾶς διαδικασίας πού θά λαμβάνει ὑπόψη τίς δυνάμεις τῆς ἀγορᾶς, ἔτσι ὥστε νά ἀποφεύγονται οἱ πολιτικές διενέξεις καί ἡ ἐθνική ἀδράνεια.

'Η Γενική Διεύθυνση 'Ερευνῶν καί Τεκμηριώσεως ἔχει ἀκόμη συντάξει ἕνα ἐνημερωτικό ἐγχειρίδιο, ὅπου προβαίνει σέ ἐκτίμηση τῆς μέχρι σήμερα λειτουργίας τοῦ Εὐρωπαϊκοῦ Νομισματικοῦ Συστήματος διά τῆς παραθέσεως στατιστικῶν πινάκων.

Τά δύο αὐτά ἐνημερωτικά ἐγχειρίδια πού ἐπισυνάπτονται ἐδῶ θά ἐνδιαφέρουν τά μέλη τοῦ Εὐρωπαϊκοῦ Κοινοβουλίου πού ἀσχολοῦνται μέ τά θέματα αὐτά.
Γιά τό μεταφρασμένο κείμενο καθενός ἀπό τά δύο αὐτά ἐνημερωτικά ἐγχειρίδια, παρακαλῶ νά ἀπευθύνεσθε στή Γενική Διεύθυνση 'Ερευνῶν καί Τεκμηριώσεως πού θά μεριμνήσει γι'αὐτό.

JOHN P.S.TAYLOR
Γενικός Διευθυντής

C O N T E N T S

A/ A STABLE CURRENCY

As a goal, European Monetary Union has been endorsed by all member governments, but the gradualist route being followed proves to be unhappily slow and once again behind the time schedule which was decided. After more than two years since the introduction of the European Monetary System and the ECU, the step leading to the second stage of the EMS has not been taken and seems to lie far in the future.

Two solutions are possible to further progress towards a European Monetary Union. The first is the adoption of the ECU in its present form as a European currency. The second solution is the introduction of the ECU with a stability guarantee as a parallel European currency.

1. The ECU in its present form as a European currency.

This solution appears to be easier since it would only entail one further step in the road already chosen. Only minor modifications of the European Monetary System would be necessary. Although this solution has certain advantages it is bound to encounter major difficulties without achieving the best possible results in striving for European Monetary Union. It constitutes only a second-best solution:

A proportion of national reserves could be pooled and held by the European Monetary Cooperation Fund (FECOM). The FECOM could then issue ECU's backed by these national reserves in settlement for operations by the central banks. In that case, the Community would move towards the creation of a Community-wide currency and a Community Central Bank or European Currency Authority (ECA). The ECU would become a reserve currency and cease to be a mere calculation. But there are several disadvantages linked with this approach.

The ECU would in fact display most of the deficiencies of the Special Drawing Rights, because it would be less attractive to hold than the strongest of the EMS currencies. Secondly, if it were made available to the public through its introduction in the market, either in the form of a real alternative currency or in ECU-dominated obligations and bonds, its attraction for Europe's citizens would be limited, because in its present form the

ECU is not protected against inflation and has depreciated in the past more than some of the currencies which are part of the basket, eg the DM and the English Pound sterling.

The ECU in its present form must further satisfy some other conditions in order to be viable. A regime of almost fixed exchange rates, as the EMS now has, implies that the rate of inflation will be approximately equal in all the participating countries. It also implies that a country's monetary policy in the long run cannot be independent of the world price level, which is largely dominated by the leadership role of the key currency. The countries which participate now in the EMS show widely differing inflation rates, which make readjustment of exchange rates necessary. Three such readjustments have already taken place since March 1979 and others will certainly take place in the future. So long as multiple currencies coexist and national authorities retain the right of parity readjustment, economic operators and the public will not be convinced of the fixity of the relative price of monies. Inflationary expectations and uncertainty are not eliminated. The public has no incentive to prefer holding ECU's (in the form of cash balances, or in ECU-denominated bonds and obligations in their portfolios or both) instead of strong national currencies, since the strong national currencies may prove to be more stable than the ECU. The introduction of the ECU in the market in its present form does not lead to European Monetary Union because the ECU will certainly not be accepted by the market.

The fixed exchange-rate arrangement does, however, not eliminate the socially unproductive use of resources which goes into exchanging one currency into another. More important still, the implementation of fixed exchange-rates creates substantial balance of payments difficulties and instabilities. Lastly, the fixed exchange-rate system imposes high adjustment costs for high-inflation countries and grants quasi-seignorage[1] gains to other countries.[2]

---

1. Seignorage is the monopoly profit from the production of money. A monopolist who issues money in exchange for real resources obtains from the holders of his money a loan which is both interest-free and permanent (non-repayable).
2 See Herbert Christie, Michele Fratianni "European Monetary Union, Rehabilitation of a Case and Some Thoughts for Strategy" in "One Money for Europe". Macmillan, London. 1978.

2. The ECU as a stable parallel currency

A major weakness of the EMS and the ECU in its present form is its non-automatic nature and its reliance on the political discretion of the member governments that act as a brake to the progress towards EMU. An alternative solution which promises more success and greater economic efficiency is the introduction of a stable ECU on the market and the reliance on gradualism and automaticity through market processes for the achievement of European Monetary Union.

A modified ECU should be launched as a parallel European currency of constant purchasing power. This modified ECU would be issued in accordance with a European monetary treaty which would allow its circulation along with the existing national currencies of the member states. The free interplay of market forces would thus bring EMU along.

The essence of the mechanism for maintaining a stable ECU is to keep the price level of a representative commodity basket constant in terms of ECU's.[3]

ECU's will then be exchanged against the basket of national monies at a variable exchange-rate that would result in the maintenance of a constant purchasing power of the ECU on the one hand, and the fluctuating (decreasing) purchasing power of the national currencies due to inflation on the other hand.[4]

The ECU would thus replace gradually and automatically national currencies on the market and European Monetary Union would thus be achieved.[5]

---

3 Such a commodity basket can be defined as the weighted sum of the national commodity baskets used to calculate the national consumer price indices. The weights ought then to reflect the relative share of each member state in the EEC's GNP, intra-Community trade etc. The ECU could be still expressed in its modified form in terms of a weighted basket of national monies, as is the case now. For a detailed construction, see Theo Peters, Paul de Grwauve and Roland Vaubel "The inflation proofed Europa: How it might work" in "One Money for Europe".

4 In practice the exchange-rates between the ECU and the national currencies could be adjusted according to a crawling peg formula, whose timing would depend on the publication of the relevant price indices. This amounts to adjusting the exchange-rate between the ECU and each of the national currencies by a weighted average of inflation rates of consumer prices expressed in national currencies.

5 See Giorgio Basevi, Michele Fratianni and others "The All Saints Day Manifesto for European Monetary Union" in "The Economist", London, 1 November 197

3. The benefits of the introduction of the stable ECU

Economic and monetary unification is equivalent to a once-and-for-all jump in efficiency with corresponding beneficial effects on employment. European Monetary Union leads to an increased mobility of goods and factors and an improved allocation of resources. The benefits which the individual receives from any medium of exchange increase with the size of the market where this medium can be used, because the bigger the transaction area, the lower the exchange-rate uncertainty and the conversion costs. Furthermore, a European Monetary Union achieves economies of scale in the holding of international reserves because external shocks tend to cancel each other out in accordance with the law of large numbers.[6]

The benefits of a European Monetary Union are positively related to the openness of an economy, because

1. the smaller economy tends to produce a less diversified range of output with a relatively large concentration of traded goods, so that external shocks have a larger impact on the small economy than on a bigger economy with greater diversification. Risk pooling through the formation of a European Monetary Union lowers these risks;
2. to the extent that changes in world prices or in the exchange rate affect a large proportion of items in the domestic price index, price movements inside the country are heavily influenced by external disturbances, so that this constitutes a major source of instability. The formation of EMU mitigates this effect and reduces instability;
3. the price elasticities of exports and imports tend, in a small currency area, to be reduced because of the low degree of diversification of the output, so that the changes in domestic economic activity necessary to correct external imbalances must be large. Again, EMU partly ameliorates this situation;

---

6 Another form of expressing this is that the risk from output fluctuation is reduced. Countries with less than perfectly synchronized output fluctuations would earn a seignorage equal to the amount of international reserves saved. For the use of a Monetary Union's common currency by one member implies involuntary lending on the part of the remaining members. See Robert A Mundell "Uncommon Arguments for Common Currencies" in Harry G Johnson and Alexander K Swoboda "The Economics of Common Currencies". London, George Allen and Unwin, 1973.

4. the small economy with its modest currency size faces a higher probability that collusive behaviour among speculators will alter the value of the exchange-rate.

\+ + +

Due to the existence of inflation and of progressive tax systems in the EEC Member States, an implicit inflation tax accrues to the governments. The presence of a stable ECU as a parallel currency will compel governments to replace the implicit inflation tax on holders of money with explicit taxation. That may not be very pleasant to governments; but, since it increases the clarity of the taxation system for the public, it is surely a much more democratic way of doing things than the hidden taxation through inflation that goes on at present.

Finally, the inflation expectations whose inertia underlies the real stagnation that accompanies any attempt to reduce the inflation rate and partly defeats it, are by their nature, always specific to a particular currency. If that currency ceases to exist and is replaced by a new one, then the formation of expectations starts anew. This is why tackling inflation by way of currency reforms is more successful than the efforts to reduce inflation without currency reform. The launching of the ECU (in whatever form one chooses) as a parallel currency, is equivalent to a simultaneous currency reform in all Member States and will result in a drastic reduction of inflationary expectations, all the more so if the ECU also carries a purchasing power guarantee.[7]

---

7 See Allen, P.R. "Organization and Administration of a Monetary Union", Princeton Studies in International Finance No. 38, Princeton 1976, Harry G. Johnson "Theoretical Problems of the International Monetary System", Amsterdam 1972, Edward Tower and Thomas D. Willet "The Theory of Optimum Currency Areas and Exchange Rate Flexibility" Special Papers in International Economics No. 11, Princeton May 1976, Roland Vaubel "Plans for a European Parallel Currency and SDR Reform: The Choice of Value-Maintenance Provisions and Gresham's Law" Weltwirtschaftliches Archiv 1977 No. 3, Herbert Christie and Michele Fratianni "EMU: Rehabilitation of a Case..." in "One Money for Europe".

4. The costs of the introduction of the stable ECU

The costs of Monetary Union are mostly temporary adjustment costs.
1. All countries in the EMU will necessarily have the same ex-post rate of inflation when the ECU becomes the only European currency after it has replaced the national currencies. Any discrepancy between a region's ex-ante rate of inflation and the common rate of inflation will be accompanied by movements of real resources, since exchange rates will no longer be available as a means of making the necessary adjustment. Thus, the creation of EMU introduces a risk of high unemployment in the more inflation-prone Member States. The downward harmonization of the rates of inflation is liable to result in temporary reductions in the level of employment because inflation expectations are slow to adapt. Since the current and not the future (anticipated) rate of inflation tends to be built into contracts concluded in nominal terms, reductions in the rate of inflation cause real wages, real interest payments and real debt principal to be higher than expected. This produces an unanticipated profit squeeze destabilization, business failures, lay-offs, a slackening of investment activities and a slow-down in the creation of new employment opportunities. Stated differently, we have a situation where nominal factor payments tend to be equalized throughout a monetary union under conditions of regional productivity differentials. The result is higher real wages in the peripheral areas (or the ex-ante high inflation countries) and lower real wages in the more developed central areas. The result is out-migration of capital from the periphery, which is less the greater the labour mobility.

The introduction of the stable ECU as a means of achieving EMU is the best solution in view of "reducing the cost of reducing inflation". There are three ways of reducing stabilization-unemployment:
1. Inflation should decelerate gradually;
2. The decreasing rate of monetary expansion should be announced in advance so that inflation expectations can adjust in time;
3. Indexation of contracts should be permitted.

In all these aspects, the introduction of a stable ECU as a parallel currency offers the best possible solution, because the introduction of a new indexed money permits the spot market for goods to deal in a currency which need

not be stabilized, because it is stable through the purchasing power guarantee. Inflationary expectations will not have to be adjusted, since the ECU will be a new money, while the national currencies would not have to be stabilized because they would be gradually displaced as more and more contracts were denominated in the new stable ECU and were being paid into it. In this way, the return to price level stability would take the form of currency substitution instead of stabilization. The stabilization unemployment would be avoided because there would be no time-lags in the adjustment of expectations and contracts, since there would be no stabilization of an old currency but a fresh start with a stable ECU.[8]

2. The EMU imposes serious constraints upon the public sector. An excessively rapid pace of monetary expansion occurs usually because the governments resort to generating revenue by money creation, having difficulty in meeting their budget constraints by other means. A currency reform must, therefore, be accompanied by measures to make it possible for the public sector's budget constraint to be met by other means. On the other hand, a currency reform like the introduction of a stable ECU will make a major contribution to the government's ability to meet its budget constraint, to the extent that inflation itself is a major contributor to the government's fiscal problems.[9] One could almost speak of a vicious circle: because of inflation, governments have difficulty in meeting their budget constraints and so resort to increased monetary rates of expansion, which again fuels inflation and increases government's fiscal problems. The introduction of the stable ECU breaks the circle and so contributes substantially to the solution of governments' fiscal problems.

Another argument against EMU is that a flexible exchange rate system permits a country to choose a given inflation level and, consequentially, a corresponding level of unemployment. This argument is based on the idea of a negative relationship between inflation and unemployment, as exemplified by the famous Phillips curve. The European Monetary System in its present form is, of course, not a complete flexible exchange rate system, but more a system of locked exchange rates. The above argument is still valid, since the option is given to every participating Member State to choose its own

---

9 See David Laidler "Difficulties with European Monetary Union" in "One Money for Europe".

inflation rate and since the option to devalue or revalue is always there. Inside an EMU, individual Member States would lose the possibility of determining their preferred level of unemployment. But this argument rests on a very much contested economic theory. On the contrary, there is ample empirical evidence to suggest that, in the long run, inflation and unemployment co-exist, even reinforce each other, or at least, that, in the long run, employment is independent of inflation. This does not deny that in shorter periods an acceleration of unanticipated inflation may temporarily lower unemployment. But inflation is no way to achieve permanent high (or full) employment and to the extent that the goal of lower unemployment requires that the government inflate in a manner that is not expected, even for brief periods, inflation becomes very costly to Society. Finally, a last alleged disadvantage is that individual Member States would forfeit a potential adjustment mechanism when they adopt the ECU, ie the possibility of regaining external balance and full employment by altering exchange rates. Member States, under the existing European Monetary System, are now very much constrained in this aspect, but a full ECU would exclude that possibility. But such a strategy is possible only for the period during which workers do not obtain full compensation for the cut in real wages which has come about as a result of the devaluation. The devaluation is effective only so long and to the extent that a high degree of "money illusion" persists among workers. Empirical evidence again suggests that, in recent years, this has been greatly reduced.[10]

Thus, it appears that the costs of EMU are mainly frictional short to medium-term adjustment costs, while the benefits are long-run substantial gains in economic efficiency. Still, regions within a EMU will suffer from payments imbalances with net private capital flows from the periphery to the centre.

Within the EMU there is an increase in welfare on the whole, but a temporary welfare decrease in some regions is possible, so that redistribution away from the richest regions (who benefit most from EMU) is necessary to maintain the EMU and spread more evenly the net benefits it generates.

---

10 See Commission of the European Communities, Optica Report 1976, Inflation and Exchange Rates: Evidence and Policy Guidelines for the European Community, Brussels, February 10, 1977.

EMU must, therefore, be accompanied by a comprehensive set of regional, fiscal and structural interventions. Fortunately, the framework for such interventions already exists within the Community. The Regional and the Social Funds, the Ortoli Facility and the EIB can assume this task. But of course, in order to be able to deal effectively with this task, the volume of financial means at their disposal must increase substantially.

The EMU situation is optimal (Pareto optimal) if the net gain of integration defined as gross overall gain minus regional loss, is positive. In this case, a part of the net gain can be redistributed to offset the regional loss so that there is a net welfare gain over the whole range of the EMU.[11]

5. The market adoption process of a stable ECU

In the foregoing discussion the assumption was made that a stable ECU, once it was introduced as a parallel currency, would gradually replace the national currencies and so bring about EMU through a market adoption process. This section deals in more detail with the questions why and how this market adoption process can take place.

In making their currency choice, the public weighs up the competing currencies' usefulness as a

1. standard of value;
2. store of value;
3. means of payment.

The usefulness of a standard of value depends on the quality of information it offers and the cost of information in contract denomination. High information quality implies low risk. Price risk is larger the longer the period of a contract and aversion to price risk is stronger, the larger the amounts at risk. It follows that the ECU will spread faster the lower the quality and the smaller the supply of substitute instruments to reduce price risk. The ECU will be the more attractive the smaller the cost of introducing it.

---

11 See Dwight Jaffee and Ephraim Kleiman "The Welfare Implications of Uneven Inflation" in Erik Lundberg's "Inflation Theory and Anti-Inflation Policy" Boulder. Col. 1977.

So one can expect that the stable ECU will first displace those national currencies which are subject to the most variable and least predictable rates of inflation. Variations in the rate of inflation and awareness of their unpredictability tend again to be greater the higher the rates of inflation, so that demand for stable ECU's will mainly come from the high inflation countries like Italy, Ireland and Greece. As regards the real exchange rate risk, the stable ECU will be primarily used by the economic agents who suffer most from real exchange rate risks. This means that the stable ECU will, in the first place, be used by those companies and individuals who are most active in trade, travel and capital transactions between the member countries and on an international scale. It will have a much smaller appeal to the simple consumers, like housewives, workers, retailers, etc, who normally do not enter into international transactions and who would face particularly high costs of information and of portfolio management if they employed the stable ECU.

The stable ECU as a store of value will spread primarily once again in those Member States in which the rate of inflation is high, because it will offer a higher yield compared with non-interest bearing forms of inflation prone to such currencies. On the other hand, the loss of purchasing power to which national currency deposits are subject may be offset through higher interest payments on these deposits. The conclusion is that the inroads which the ECU will make into national currencies will tend to be greater the larger the proportion of notes, coins and non-interest bearing demand deposits in the national money supply.[12]

A money is the more attractive as a means of payment the lower the transaction and information costs. In this respect, the ECU will be initially inferior to the national member currencies, especially in domestic transactions, because it is only in transactions with residents of other countries and currencies that currency information costs arise. Since information cost is fixed cost, the disincentive to use the stable ECU as a means of payment will be smaller for an economic agent the larger his volume of transactions across currency frontiers. This means that the stable ECU is more likely to

---

12 For an estimation of these proportions (national money supply M2) see Roland Vaubel "Minimizing Imbalances in "Monetary Union", in "One Money for Europe", Table 5.1, Page 120.

be used in those regions which are most open vis-à-vis the other Member States and in those industries which are most actively engaged in international and intra-Community transactions.

On the whole, the stable ECU will be used more widely, the higher the predominance of the precautionary and insurance motive of money demand among the economic agents and the public.

The stable ECU can play an important part in stock market transactions. In order to be acceptable to prospective lenders from the strong currency countries, interest rates on ECU denominated obligations would have to be higher than on obligations denominated in appreciated national currencies.

The development of a private market in short, medium and long term ECU obligations could be helped by official transactions in ECU's. This market would bring substantial advantages to the Community both on the Community and on the international level. It would provide the Community and the governments of Member States and their organizations with a currency unit alternative to those now in use (ie primarily the US dollar) for the denomination of their borrowing and lending operations and investments.

Most important from an international point of view, it could become a far more appropriate instrument than a widely fluctuating dollar for central banks' interventions on the foreign exchange markets. That would enhance the economic position of the Community in all international monetary transactions and within the international banking organizations (IMF and the World Bank). The ECU could become the leading world currency, taking the place of the dollar, which would very much strengthen the political weight and importance of the Community internationally.[13]

It is highly probable too, that the OPEC countries would prefer to denominate their oil prices in stable ECU's rather than in widely fluctuating dollars, and receive payment for their exports in ECU's. This would be a major stimulus to the ECU towards becoming the leading international currency and, at the same time, help stabilize an important part of international transactions. The OPEC countries would no longer have to increase their dollar-

13 See Robert Triffin "Units of Account and Parallel Currencies in Transnational Transactions" in "the Money for Europe".

denominated prices constantly, due to devaluations in the dollar as they did in the past. Once again, this would very much facilitate the payment of Member States' oil bills and greatly reduce the pressures of imported inflation. If this happened, the introduction of a stable ECU and the denomination of oil prices in ECU's would help the fight against inflation, even in those non-EEC countries which depend on oil imports.

6. The Institutional Setting

If we accept that there are no long-term gains from inflation and that the Community needs a monetary reform of its inflationary policies, then there is no basis for preferring inflation and no strong argument against monetary union through a stable ECU. For the EMU the existence of a European Currency Authority is necessary. In order to achieve stable monetary policies together with stable and low inflation rates there is no reason why a unified monetary constitution should await full political union. Stable monetary policies may be enhanced by political decentralization. What is required is a "constitutional" attitude: there must be agreement on the basic rules that define the operation of a monetary system and then agreement to abide by the rules adopted.

If the objective is to achieve monetary stability, then a European Currency Authority (European Central Bank) with a clear statutory and attainable monetary objective should be established. This objective could be the achievement of a growth rate of the aggregate money supply which approximates the real growth of output. This would only produce neglible movements in the price level depending on the income elasticity of demand for the new currency.

The question then arises as to what should be done with the existing Central Banks of the Member States. One should bear in mind that a Central Bank has two distinct functions:

1. Policy Making;
2. Regulation and Control of the banking and finance industry.

If the above-mentioned monetary rule for the European Currency Authority is accepted and adopted, then the operations of the Central Banks would be

limited with regard to their first function, but no restrictions would be placed on their regulatory function. That function would be enhanced.

Institutionally a European Communities Reserve System - ECRS (along the lines of the Federal Reserve System in the USA) could be formed. The Board of Governors of the ECRS would be responsible for the achievement of the overall money supply growth target. This could be achieved with the known instruments of open market and rediscount policies implemented by the Central Banks of the Member States and especially those in the major financial centres, such as London, Frankfurt and Luxembourg. There is no reason why the existing national Central Banks should not retain their national titles in order to lay emphasis on stability and continuity. In this way, they would be the agents of the Board of Governors in the implementation of and attainment of the broad monetary policy objective.

Each national Central Bank would continue to regulate and monitor the finance sector in its own country. An overall homogeneity of all the rules and regulations concerning domestic banking would not even be needed, although some homogeneity would emerge.

During a transition period, as long as parallel national currencies still circulate along the lines of the ECU, some transition rules for the operation of the ECRS which differ from that of maintaining a steady growth rate of the European money aggregate, would be required. During that period, the European Currency Authority would have to manage the purchasing power guarantee of the ECU. It would have the task of collecting together the various price indices for the purpose of establishing a monthly exchange rate between the ECU and the basket of national currencies. It will also be necessary to provide in the "constitution" of the European Currency Authority for detailed arrangements concerning the procedures for replacing national currencies with the ECU and also to pre-specify the conditions under which the European Currency Authority would switch from providing a purchasing power guarantee of the ECU to controlling the aggregate monetary growth rate.

Another question concerns the membership of the European Currency Authority. The EEC has two institutions which could be considered:

1. The Monetary Committee which was provided for in the Treaty of Rome,

Article 105. It includes officials from treasuries and Central Banks, and its function is to advise the Council.

2. The European Monetary Cooperation Fund, FECOM, with a Board of Governors of Central Banks.

Three solutions can be envisaged for the European Currency Authority:

1. The FECOM takes over this task and expands to form a European Currency
2. The Monetary Committee expands to form a European Currency Authority
3. A new institution is created.

The third solution can again take two forms:

a. The Member States appoint their representatives who then act independently, according to the model of the German Bundesbank

b. The Member States appoint their representatives who then elect further members for the European Currency Authority, with a specific proportion of government and non-government representatives. This solution follows the model of the Swiss Central bank.

Solution 3a or 3b seems best from the point of view of the implementation of the monetary rule, because it guarantees the maximum independence of the European Currency Authorities from Member governments.

A monetary constitution giving considerable discretionary power to a European Currency Authority would have to be accompanied by concurrent centralization of significant fiscal and political authority. Only this would enable coordinated political economic decisions to be made on the same hierarchical level. On the other hand, a legislated monetary growth rate, as proposed here, would make possible a monetary union without significantly greater political or fiscal centralization than now exists in the EEC. The monetary growth rule thus avoids the problem of further enforced fiscal harmonization within the EEC.[14]

7. Conclusion

The proposal put forward in this paper for the introduction of a stable ECU as a parallel currency offers the easiest way towards European Monetary Union because it combines graduality with automaticity and, by letting the

---

14 See European Parliament Doc 1-63 180, 11 April 1980, Report Ruffolo on the European Monetary System as a part of the International Monetary System and Michael Parkin "In search of a Monetary Constitution for the European Communities" in "One Money for Europe".

public, through the market process, decide about its desirability, constitutes the most democratic solution. It also helps to avoid permanent friction between governments with regard to the implementation of further steps towards European Monetary Union because, once the first step is taken (ie the introduction of a stable ECU as a parallel currency) no other steps need be taken by the Member governments.

The commitment of the governments to the new stable ECU must include an agreement on a monetary constitution for the European Union and a willingness to give up implicit inflation tax. If such political will exists, the new stable ECU offers a reasonable and promising means of moving towards European Monetary Union, with the additional benefits of minimizing political friction and of reducing the transitional costs of monetary reform.[15]

---

15 The idea of introducing a purchasing power guaranteed ECU is at least 12 years old and has been suggested by many economists, for example C.C. von Weizsäcker "Ein Vorschlag zur Währungsunion" in "Beiträge und Stellungsnahmen zu Problemen der Währungspolitik", Kieler Diskussionsbeiträge 10, June 1971, H. Giersch "On the Desirable Degree of Flexibility of Exchange Rates" Weltwirtschaftliches Archiv Bd CIX, 1973, A Lambinet, "L'or indexé clef de l'unité politique de l'Europe Bruxelles October 1969, K. Walter "Neue Europäische Währungsordnung, Indexwährung, flexible Wechselkurse, Europa-Mark" Lauf bei Nürnberg 1962.

B/ STATISTICAL NOTE

1. Relative stability of exchange rates between the currencies of the EMS

Since 12 March 1979 the currencies of the Member countries of the EMS have fluctuated within very narrow margins. In relation to the ECU (Table 1, graphs 1a, 1b and 1c) the average monthly variation has not exceeded 0.5% between January 1980 and January 1981. In the period January 1980 to May 1981, the maximum monthly variations were +1.7% for the DM, -1.36% for the FF, -1.58% for the Lit, -1.82% for the Florin, -0.71% for the FB, -1.07% for the £ irl and -1.16% for the Dkr.[1] Graphs 1a to 1c reflect the trends shown in Table 1.

Two conclusions can be drawn from this initial observation:

1. The fluctuation of the Lit exceeded that of the other currencies (average monthly variation 0.5% between January 1980 and January 1981). This is attributable to the wider fluctuation margin (±6%) allowed for the Lit.

2. The latter part of the period between January 1981 and May 1981 was marked by wider movements than in the previous periods for 3 principal currencies, the DM, FF and Lit. Those 3 currencies showed maximum monthly fluctuations early in 1981.

However, observation of the parity of EMS currencies in relation to the ECU is not at present the best way of assessing the stability of exchange rates within the system. There are two main reasons for this:

---

1 These maximum figures are underlined in Table 1.

1. Variations of the ECU are moderated by the basis on which it is constituted[1]. An appreciation of the FF by 2.25% in relation to all the currencies of the basket will only be reflected in a depreciation in the value of the ECU of 1.8% in relation to the FF.

2. Within the basket, the £ poses a real problem. The £ does not participate in the EMS agreements but is nevertheless a component in the basket of currencies (with an important weighting of 17.5%). Fluctuations in the £ thus influence the value of the ECU.

To arrive at an objective assessment of the stability of exchange relations between the currencies constituting the basket, it is therefore necessary to consider bilateral relations between the currencies concerned.

Tables 2a, 2b, 2c and 2d show the evolution of the central rates and bilateral central rates of the EMS currencies in 4 periods:

---

[1] If a currency appreciates or depreciates in relation to the others, the ECU will only move (upwards or downwards) to the extent of the weighting accorded to that currency within the basket.
Example: assumption = devaluation of all the currencies of the basket by 2.25% in relation to the FF

	(1) Number of fixed monetary units in 1 ECU (since 21.4.75)	(2) Parity of each currency in FF (12.3.79)	(3)=(1)x(2) FF equivalents (a)	FF equivalents (b)
FF	1.15	1	1.15	1.15
DM	0.828	2.30944	1.91222	1.869195
£	0.0885	8.74271	0.77373	0.75632
Lit	109	0.00507	0.5531	0.54065
Fl	0.286	2.13727	0.61126	0.5975
FB	3.66	0.14566	0.53312	0.52112
Dkr	0.217	0.91828	0.17801	0.1740
£ irl	0.00759	8.73913	0.06633	0.06483
Flux	0.14	0.14566	0.02039	0.019931
1 ECU	-	-	5.79831	5.69354
% depreciation of ECU				1.806%

(a) Each European currency at par with FF

(b) Appreciation of FF = 2.25% in relation to all other currencies.

Table 2a: from 13.3.79 (entry into force of the system) to 24.9.79 (date on which the DM was revalued by 5% against the Dkr and 2% against the other currencies of the system).

Table 2b: from 24.9.79 to 30.11.79 (date on which the Dkr was devalued by 4.6% against all the currencies).

Table 2c: from 30.11.79 to 31.3.81 (date on which the Lit was devalued by 6% against all the currencies).

Table 2d: since 31.3.81.

Whenever a currency in the basket is devalued or revalued, the central rates in relation to the ECU are adjusted and the bilateral central rates recalculated[1]. For guidance purposes, the maximum and minimum rates which cannot be exceeded within the limits of the ± 2.25% margin (± 6% for the Lit) have been calculated around the bilateral central rates.

Scrutiny of the evolution of the bilateral rates within the accepted margin reveals three facts :

1. Bilateral relations between the EMS currencies have remained within the authorized margins of fluctuation at all times since March 1979.

2. Realignment of the central rates has had little or no influence on relations between the currencies not directly concerned.

3. Nevertheless fluctuations in the bilateral rates have been more marked than fluctuations in the rates against the ECU.

---

[1] The bilateral central rates are calculated as follows:
Bilateral central rate between the Florin and DM from Table 2d
(100 DM = x Florin)
(100 DM = x Florin) = $\frac{\text{central rate of Florin against ECU}}{\text{central rate of DM against ECU}} \times 100 =$

$$\frac{2.72812}{2.46805} \times 100 = 110.537$$

Table 3 has been compiled to give a better picture of this third observation.

This table represents the monthly variations for 1978, 1979 and 1980 in the exchange rates between the EMS currencies, the £, the dollar and the yen. The exchange relations of interest to us in this paper appear in the first triangle. The mean value of the average monthly variation in the bilateral rates between the EMS currencies[1] was 0.66% in 1979 and 0.32% in 1980.

---

[1] These mean figures are relatively speaking very low measured against the parallel variations within the EMS between the Dkr and the Lit on the one hand and the DM on the other.

2. Relative instability of the £ sterling

Table 1 (rate against the ECU) shows that the monthly variations in the £ against the ECU are much more pronounced than those of the other member currencies of the ECU. The average monthly variation (January 1980 to January 1981) in the £ against the ECU is 1.47% or 3 times the average monthly variation of the Lit and 6 times that of the Florin.

Comparing now the variations in the parity of the £ against the DM, the FF or the Florin with those of other EMS currencies, the disparity is even more marked[1]. This trend is reflected in Tables 4a and 4b which should be read in conjunction with graphs 2a and 2b. The average monthly variation (in 1980) of the Lit against the DM (0.54%) is almost 6 times lower than that of the £ against the DM (2.89%) (Table 4a). The average monthly variation (in 1980) of the Florin against the FF (0.35%) is more than 7 times lower than that of the £ against the FF (2.54%) (Table 4b). Between January 1979 and January 1981 the £ appreciated by 26.53% against the DM and 26.62% against the FF. In the same period the Lit depreciated by 4.52% against the DM and 4.13% against the FF.

Returning to Table 3 there is a perceptible difference between 1978 and 1979. In 1978 the average monthly variations of the £ against the EMS currencies were of much the same order as those of the EMS currencies between each other (although already slightly higher). In 1979 the average monthly variations of the exchange rates of the £ remained at the same level while those of the EMS currencies showed a sharp drop (e.g. 1.73% to 0.32% for the FB against the FF).

---

[1] In 1980, the monthly variations of the £ against the ECU twice exceeded the maximum margin of ± 2.25%: + 2.63% in October and + 2.81% in November. The monthly variations of the £ against the DM were higher than the maximum margin on 6 occasions (in January, March, April, October, November and December).

Mean average monthly variation of the DM and £ against other ECU currencies[1]

	DM	£S
1979	0.51	1.74
1980	0.27	1.62

Mean average monthly variation of the FF and £ sterling against other ECU currencies[2]

	FF	£S
1979	0.52	1.73
1980	0.28	1.64

Mean average monthly variation of HFl and £ sterling against other ECU currencies[3]

	HFl	£S
1979	0.65	1.73
1980	0.41	1.64

---

[1] Mean variation of DM and £ against FF, Lit, HFl, FB/L, £ Irl and Dkr

[2] Mean variation of FF and £ against DM, Lit, HFl, FB/L, £ Irl and Dkr

[3] Mean variation of Florin and £ against DM, FF, Lit, FB/L, £ Irl and Dkr.

3. Benefits of relative exchange stability

Since the abandon of fixed exchange rates and the Jamaica Agreements in 1976, the disadvantages of variable exchange rates have been the subject of much discussion. The advantages of stable exchange rates fall under 3 headings: the first concerns capital movements, the second the uncertainty of the commercial markets and the third the attenuation of cyclical fluctuations.

(a) Stabilized exchange rates have the effect of discouraging speculation on the stable currencies. Since the maximum variations are known in advance, speculation on upward or downward variations in the parity of a currency within the basket is only possible within a limited range of fluctuation and will therefore not be profitable. Furthermore, monetary speculation may have a stabilizing effect on the exchange markets. If a currency moves however slightly from its parity against another, the operations of institutional and also private dealers will tend to pull the rate back to par. For example, if the rate of the FF moves up against its parity with the DM, anticipation of a readjustment in the rate will lead to sales of the FF against the DM thus tending to pull the rate down again before the French or German monetary authorities have taken any action. Conversely, if the parity of the FF moves down against the DM, buying of the FF against the DM will stimulate demand for the FF and push its rate up again. Anticipation by speculators of the compulsory readjustment of rates may therefore tend to be a stabilizing factor when the exchange fluctuation range is limited.

In the case of a system of genuinely floating rates, the exchange value of a currency will be determined by the relation between supply and demand. Speculative movements will exert pressure on demand pushing it upwards when the prospects seem favourable or downwards when they appear unfavourable. It is well known that the supply of a particular currency is difficult to control as evidenced by the monetarist experiments pursued in certain European currencies. The parity of a currency, following variations in demand, is thus automatically adjusted. In theory a situation of this kind has few drawbacks and

enables the economic policy of the governments concerned to be simplified. However, variability in exchange rates, amplified by speculative capital movements, may be fatal to a country's external trade.

Since the 1976 Jamaica Agreements, the international monetary system has been governed by a limited float supervised by the International Monetary Fund (IMF). The EMS is therefore an island of monetary stabilization. While capital movements may be stabilized within this zone, relations between the countries of the zone and third countries are governed by the rules of floating exchange rates. The EMS has been adversely affected by this contradiction since its inception, ie by the fact that it is a stable zone which has not stabilized its relations with non-member currencies. The monetary relations between ECU currencies and other currencies on the international market are still in fact governed by the machinery of floating exchange rates which causes serious disturbance within the zone when these relations are not identical in relation to all the EMS currencies. The appreciation or depreciation of an EMS currency in relation to a non-member currency may cause serious tension within the zone.[1]

The pivotal problem concerns relations between the EMS and the dollar.[2] In the absence of a common policy on this matter, the necessary powers have been tacitly delegated to the monetary authorities of the country whose currency is the strongest (the DM within the EMS) which resolves these problems in the context of agreements concluded with the American authorities.

---

1 In the spring of 1979, the appreciation of the dollar was accompanied by varying reactions within the EMS (if a Member State wishes to prevent the devaluation of its currency in relation to the dollar, the arbitrage process results in the depreciation of currencies which show the same weakness but do not benefit from the same intervention. Measures to support those currencies are then considered contrary to the system). The same tension occurred in the other direction in the autumn of 1979 when the dollar depreciated: the Deutsche Mark which was in much greater demand than the other European currencies, appreciated within the EMS. New parities had to be fixed in September.

2 A motion for a resolution by Mr Bonaccini, Mr Fanti, Mr Leonardi and others (with a request for urgent debate pursuant to Rule 48 of the Rules of Procedure), on the repercussions of the dollar exchange rate on the European economy was tabled on 15 June 1981 (Doc 1-288/81).

This situation of 'dependence'[1] has elicited national monetary support actions aimed at defending national interests rather than Community based action.

Coordination of monetary policies against the dollar is essential for more than one reason:

- firstly, three-quarters of all interventions within the EMS agreements have taken place in dollars (for an amount estimated at 60 million dollars);
- the American currency remains the most widely used international standard (despite efforts by the IMF to develop the use of SDIs) and therefore serves as the unit of account for most international transactions and also for the majority of aid operations for the third world;
- capital movements which follow the smallest differential in interest rates and the least fluctuation in exchange parities, would be greatly discouraged by a policy of coordination based on an agreement to put an end to the interest rate war[2].

It follows that if the EMS is to be a component part of a new international monetary order, a common policy must be defined against the dollar. The following table shows that a real effort was made in 1980. The EMS currencies showed a parallel variation against the dollar following the same cycles (periods A and C: depreciation; period B: appreciation). Nevertheless, even though the movements are coordinated, the scale of the fluctuations is too large. In period C, the average monthly depreciation was 2.7% in the case of Italy and 2.26% for Denmark, these two figures being the maximum and minimum values.

---

[1] The term dependence is used here with reference to the dollar as an international currency and to its regal prerogatives within the Bretton Woods system.

[2] Even if high interest rates are an integral part of the American anti-inflation policy and despite the fact that a reduction in the American rate of inflation has always been desired by the Europeans to restrain monetary expansion, interest rates have now reached prohibitive levels for investments in Europe; these investments do not benefit from the same system of tax abatements which applies in the USA.

MONTHLY VARIATION OF THE EXCHANGE RATES OF EUROPEAN CURRENCIES

AGAINST THE DOLLAR (1980) AS A PERCENTAGE

	MONTH	U.K.	×	IRELAND	×	DENMARK	×	BELGIUM	×	NETHERLANDS	×	ITALY	×	FRANCE	×	F.R.G.	×	
	J. 80	2.8	+	0.89	+	0.2	-	0.74	+	0.73	+	0.8	+	0.68	+	0.63	+	
A	F.	1.15	+	1.24	-	1.31	-	1.28	-	1.20	-	0.63	-	1.41	-	1.39	-	A
A	M.	3.8	-	5.4	-	5.84	-	5.56	-	5.39	-	6.93	-	5.32	-	5.83	-	A
A	A.	0.46	+	0.56	-	0.91	-	0.4	-	1.37	-	1.95	-	0.67	-	1.24	-	A
B	M.	0.57	-	3.6	+	3.81	+	4.32	+	4.13	+	3.94	+	3.70	+	4.32	+	B
B	J.	5.77	+	1.92	+	2.01	+	1.63	+	1.72	+	0.93	+	1.65	+	1.34	+	B
B	J.	1.47	+	1.60	+	1.45	+	1.16	+	1.44	+	0.35	+	1.38	+	1.13	+	B
C	A.	0.11	-	1.91	-	2.32	-	2.35	-	1.98	-	1.89	-	2.34	-	2.46	-	C
C	S.	1.35	+	0.16	-	0.01	+	0.24	-	0.15	+	0.44	-	0.19	-	0.05	+	C
C	O.	0.57	+	2.88	-	2.34	-	2.75	-	2.56	-	2.6	-	2.16	-	2.85	-	C
C	N.	0.72	-	4.94	-	4.21	-	4.64	-	4.25	-	4.14	-	4.73	-	4.34	-	C
C	D.	2.39	-	3.09	-	2.47	-	2.78	-	2.88	-	4.78	-	2.65	-	2.70	-	C

× + = appreciation against the dollar

\- = depreciation against the dollar

Source: Eurostat (Chronos EDP System)

Significantly enough, table 4c[1] shows that the fluctuation of the pound sterling against the dollar was less than its variation against the DM and Lit in 1980. The variation of the pound sterling against the dollar (a currency not participating in the agreements) was substantially lower than against the DM and Lit in 1980 (average monthly variation of 1.75% for the dollar in 1980 and 2.46% and 2.32% for the DM and Lit respectively) whereas an opposite effect was observed in 1979.

Variations in the parity of the pound sterling, DM and Lit against the yen (shown in table 4d[2]) followed the same trend. In 1979 the average monthly variation of the DM, Lit and pound sterling against the yen showed a comparable level; in 1980 the variation of the pound sterling was much lower (2.9% as against 4.46% and 4.43% for the DM and Lit). This fact tends to prove that, all other considerations being equal, currencies subscribing to the exchange agreement show a more marked mean variation against non-member currencies than the variation between non-member currencies themselves. Thus the EMS tends to amplify variations.

To sum up, the EMS currencies follow a parallel trend in relation to non-member currencies but the levels of variation are higher than they would be if the exchange agreement did not exist. A common policy for the European currencies against third countries should therefore take account of the two following facts:

- a common attitude vis-a-vis third countries in the matter of exchange rates to consolidate the objectives of the European zone, accompanied by

- a reduction in the level of variations through an international consensus in order to move towards a redefinition of the international monetary order within which the EMS can serve as an example[3].

---

[1] The data from the table have been plotted on graph 2c.

[2] The data from table 4d are plotted on graph 2d.

[3] Discussion of the new international monetary order should give greater attention to an agreement on interest rates.

(b) The second argument in favour of stable exchange rates is the reduction in the uncertainty (linked with exchange risks) felt by heads of undertakings in Community countries. Stable exchange rates will avoid the need for exporting or importing industrialists to become exchange specialists rather than company directors.

Elimination of the risk resulting from the time gap between delivery and payment will remove hesitation to engage in external trade.

Table 5 shows the evolution of intra-Community trade between 1973 and 1980. Examination of this table shows that there have been several different periods:

- in 1973 and 1974 intra-Community trade grew at a rate of ± 25%;
- 1975 saw a sharp fall in both imports and exports (± 1.3%);
- in 1976 there was a sharp up-turn (± 27%);
- finally, between 1977 and 1980 the annual evolution of intra-Community trade stabilized round the 10 to 15% mark.

The entry into force of the EMS does not seem to have restored to intra-Community trade the vigour which existed before 1974. The gains (+ 5.25% and + 4.62% on imports and exports) recorded on the annual variations between 1978 and 1979 do not seem to have been maintained in 1980 (on the contrary, the growth rates showed a slight drop in relation to 1979).

Considering now the evolution in trade between the Community and the rest of the world (table 6), a fully parallel dynamic (high rates in 1973-1974, decline in 1975, up-turn in 1976 and stabilization after 1977) can be observed.

However, the rate of increase in 1979 was much more marked than in the case of intra-Community trade (21.3% against 14.5% on imports and 16.4% against 14.9% on exports). On the other hand, the reduction in 1980 is analogous.

While it may be assumed that the EMS has given a new impetus to the development of intra-Community and extra-Community trade, it must also be recognized that the rates of growth are well below those obtaining before 1974 and the positive trend has not continued in 1980. There has of course been a fundamental change in international trade since 1974: interdependence has increased and international competition has grown stronger.

The examination of the monthly trend by Community country of world trade and intra-Community trade for 1978, 1979 and 1980 shows the parallel development in these two patterns of trade. Nevertheless, as in the case of Community trade, the evolution of trade between the Member States and the rest of the world has been much more marked than the development of intra-Community trade (exception: increase in French intra-Community exports of + 21.3% in 1980 as against an evolution of its world-wide exports of + 12%).

Contrary to a widely-held idea, non-participation by the United Kingdom in the EMS exchange agreements has not been unfavourable to the development of its trade in value terms. Table 7 shows the share of U.K. trade in intra-Community trade of the FRG, France, Italy and the Netherlands.

Between 1977 and 1980, imports by the 4 EMS countries from the United Kingdom increased constantly (from 9.2% to 14.4% in the case of the FRG, 10.5% to 11.7% for France, 8.6% to 9.9% for Italy and 12.2% to 15.3% for the Netherlands). Exports, on the other hand, showed a slight drop between 1979 and 1980. Moreover, detailed examination of the table 8 shows that British intra-Community trade has developed more strongly than its world trade, contrary to the evolution of trade by the EMS countries. Tables 9a to 9d which show the development of trade between the FRG, France, Italy and the Netherlands with third countries, the Community (excluding the United Kingdom) and the United Kingdom, reveal a higher rate of growth for the trade of those 4 countries with the United Kingdom than the growth-rate of intra-Community or world trade. The evolution of exports alone was lower in 1980 (and even negative in

the case of Italy). This clearly demonstrates[1] that the figures expressed in value terms must be adjusted by two factors:

- the substantial appreciation of the pound sterling in relation to the European currencies in 1980,
- the higher rise in prices in the United Kingdom than in most other countries (see Part 4: price divergence).

Despite these reservations, it is clear that non-participation by the pound sterling in the EMS has not had a negative effect on British trade. The only conclusion which can be drawn from graphs 3a, 3b and 3c is that the monthly trend in trade between the Community countries and the United Kingdom has fluctuated more sharply than in the case of intra-Community trade. In all the graphs, the fluctuations are more pronounced in the case of trade with the United Kingdom.

(c) The role of the EMS in attenuating cyclical fluctuations is more difficult to define for several reasons:

- firstly, there is not a direct relationship between stabilization of exchange parities and growth so that it is difficult to highlight significant variables;
- fluctuations in the GNP take account both of the evolution in exchange parities and of price trends making consideration of the aggregate values and volumes necessary;
- repercussions of the stabilization of exchange rates through the intermediary of trade development are not immediate.

Table 10 (the data from which are plotted in graph 4) nevertheless shows that the effect of 'camouflaging' unfavourable GNP volume growth by gains in terms of price rises and monetary appreciation has been less favourable in the case of the EMS countries than for the United Kingdom and the USA. Although Italy shows an evolution in value terms equivalent

---

[1] The value of exports by Community countries to the United Kingdom has fallen although the value of U.K. exports to the EEC has increased: the terms of trade have moved favourably for the United Kingdom (amount of exports necessary to pay for imports.

to that of the United Kingdom in the second quarter of 1980, the evolution of its GNP in volume terms remains positive.

The same reservations apply to industrial production: it will be noted first and foremost that the member countries (except Luxembourg) all show better rates than the United Kingdom (table 11, graph 5).

4. Divergences between the Community economies

Consideration of the objectives and instruments of economic policy of the Member States shows that they almost all pursue identical goals. All the member countries feel a need to embark upon structural adaptation to the new economic conditions of the 1980s while maintaining the fight against inflation and unemployment. Although the priorities for action differ somewhat, all the Member States agree on the objectives to be attained. The main divergences occur at the level of the instruments used by each country for the purpose of internal regulation.

All the Community countries (including the United Kingdom) are pursuing a restrictive monetary policy (reduction in the money supply to economic operators). The procedure is identical: fixing of interest rates and quantitative norms for the growth of monetary supply. This policy has two main effects:

- it allows measures to control inflation to be taken by limiting the amount of money available within the economy;

- it enables stable exchange rates to be maintained (and in the case of EMS member countries, currency buying and selling operations to be limited) by preserving an identical real return on capital throughout the Community[1].

However, this policy does have drawbacks:

- investment is discouraged by high interest rates[2],

---

[1] Nominal return corrected for price rises and international investment trends

[2] A low investment level will signify a loss of future competitive capacity for the economy since only those investments which are profitable in the short term (rationalization) will be effected and infrastructural investments will be postponed.

- consumption is held down by high interest rates[1],
- production is also reduced since supply must adjust to the new level of demand,
- growth and employment are also adversely influenced.

The real divergence between the economic policies pursued by the EEC Member States occurs at the level of the additional actions taken to counteract these negative effects. These measures may affect supply policy (incentives to industrial dynamism, restructuring of sectors in crisis, action to influence competition), taxation policy (level of taxes levied and public expenditure) or incomes policy; in all these cases social and cultural habits and national political systems will influence the action taken[2].

The divergence may also be expressed in terms of economic structures. The Maldague report completed in October 1979[3] classified the European countries in terms of their success in adapting their structures to the new international constraints which have appeared since 1974. These constraints were:

- dependence on imported energy,
- growing share of international trade in the regulation of economic activities,
- price and parity trends.

---

1 One aim in reducing internal consumption is of course a desire to reduce imports (e.g. in the case of Belgium). But it does not automatically follow that the surplus capacity resulting from a fall in consumption will move to the external market. This shift will depend on the competitivity of the economy and on the level of prices.

2 One of the most important divergencies existing at present between the Community countries in respect of additional measures can be observed between France and the United Kingdom. France has undertaken a policy to stimulate consumption (financed by additional taxes on high incomes) with a view to encouraging demand growth and thus creating new jobs. The United Kingdom is maintaining its restrictive objectives (to compensate for its public deficit and control inflation) in its budgetary policy.

3 Report of a committee of experts chaired by Mr R. Maldague, Commissioner for the plan of the Belgian Government, requested by the EC Commission and published by 'European Economies' in 1979.

The European response differs and the nine countries may be classified as follows:

- Germany has pursued a rapid process of adjustment since 1970 thanks to moderate cost increases, high levels of productivity and traditionally strong exports;
- Belgium (affected by its greater dependence on the crisis-hit sectors of industry)[1], the Netherlands (suffering from a disadvantage in the sector of capital goods and motor vehicles) and Denmark have been less successful;
- France had to make good a backlog because its process of economic adjustment began later;
- finally, Italy (steep rise in costs and monetary depreciation) and the United Kingdom (low investment rate and rising costs) have been hit by a crisis.

While the situation of the individual countries has evolved since 1978, structural divergencies have remained very marked. In 1980 gross fixed capital formation varied widely: annual variation ranging from - 6.4% to + 11.5% with Ireland and Denmark at the two extremes. The share of gross fixed capital formation in GNP varies 100% between Ireland and the United Kingdom. Price differences also remain substantial: the maximum difference in consumer prices between the EMS countries is 15.8% (between Germany 5.4% at one extreme and Italy 21.2% at the other; the disparity is likely to be 13.4% in 1981) (table 12). The distribution of the components of consumer price movements is by no means identical for the Community countries. In the case of the fuel and electricity category the variation is from 7% in the Netherlands to 39.2% in Denmark. Wage cost variations show a disparity of 18.8% between the increase in the nominal wage cost per unit of production in the United Kingdom and the Netherlands.

In the face of these disparities, the EMS can serve three objectives:

- by imposing stringent monetary discipline on the participating countries it favours the structural adjustments necessary to improve competitivity;

---

[1] Textiles, steel industry

- through the financial solidarity included in section B of the resolution adopted by the European Council meeting in Brussels, it makes available to the least prosperous economies of the system resources to attain convergence;
- finally (as we have seen in section 3 above), through the stabilization of exchange rates it enables external trade to be regulated by limiting monetary appreciation or depreciation which has an adverse effect on imports and exports.

Nevertheless, if it is to fully attain its objectives, the EMS must be strengthened in a number of ways. Firstly the institutions required for its completion must be established rapidly[1] in order to strengthen the convergence of economic policies[2]. The procedures and structures of these institutions are analysed in the second attached note. Completion of the system must also be understood to include participation of the pound sterling[3] and an effective definition of the role of the ECU within the system.

Finally, the Community must pursue the effort already commenced in the area of borrowing and lending operations and in that of the Ortoli facility (new Community instrument). By widening the areas of application, the ceilings on the commitment of funds and the deadlines imposed, the EMS should enable the less prosperous economies to resort more readily to these support mechanisms. It will then have contributed towards the economic convergence which is so necessary if it is to develop successfully.

---

1 How can a system be accused of not working when it has not been completed?

2 Here too there is the political problem of the abandon of national autonomy to the Community institutions. Discussion of the many advantages of the EMS and information campaigns should enable all Europeans (leaders and the population at large) to become aware of the need for the EMS to exist.

3 In section 2 we saw how fluctuations of the pound sterling within the ECU create imbalance.

References

Allen, P.R. 'Organization and Administration of a Monetary Union', Princeton Studies in International Finance No. 38 (Princeton, N.J., 1976).

Basevi, Giorgio, Michele Fratianni, Herbert Giersch et al 'The All Saints' Day Manifesto for European Monetary Union' in 'The Economist', London, November 1, 1975.

Commission of the EC Optica Report 1976, 'Inflation and Exchange Rates' Evidence and Policy Guidelines for the EEC' Brussels, 10 February 1977.

Christie Herbert, Fratianni Michele 'EMU - Rehabilitation of a Case and some Thoughts for Strategy' in 'One Money for Europe', McMillan, London 1978.

Jaffee, Dwight and Ephraim Kleiman, 'The Welfare Implications of uneven inflation' in Erik Lundberg (ed) 'Inflation Theory and Anti-Inflation Policy' Boulder, Col. 1977.

Johnson Harry G. 'Theoretical Problems of the International Monetary System', Amsterdam, North Holland, 1972.

Laidler, David 'Difficulties with European Monetary Union' in 'One Money for Europe'.

Mundell, Robert A. 'Uncommon Arguments for Common Currencies' in Harry G Johnson and Alexander K Lwoboda (eds.). 'The Economics of Common Currencies' London, George Allen and Unwin, 1973.

Parkin, Michael, 'In search of a Monetary Constitution for the European Communities' in 'One Money for Europe'.

Peters, Theo, Paul de Grwauve and Roland Vaubel 'The inflation proofed Europe: How it might work' in 'One Money for Europe'.

Ruffolo, Giorgio, 'Report on the European Monetary System as a part of the International Monetary System' European Parliament, Doc. 1-63/80 11 April 1980.

Tower, Edward and Thomas D. Willet, 'The Theory of Optimum Currency Areas and Exchange Rate Flexibility' Special Papers in International Economics No. 11, Princeton, N.J. May 1976.

Triffin, Robert 'Units of Account and Parallel Currencies in Trans-national Transactions' in 'One Money for Europe'.

Vaubel, Roland, 'Plans for a European Parallel Currency and SDR Reform: The choice of value - maintenance provisions and Gresham's Law' Weltwirtschaftliches Archiv, 1974 no. 2.

Vaubel, Roland 'Free Currency Competition'. Weltwirtschaftliches Archiv, 1977 no. 3.

EEC Treaty, Article 105 Monetary Committee.

Weizsäcker, C.C. von 'Ein Vorschlag zur Währungsunion" in 'Beiträge und Stellungsnahmen zu Problemen der Währungspolitik' Kieler Diskussionsbeiträge 10 June, 1971.

VARIATION MENSUELLE DES MONNAIES EUROPEENNES ET DU DOLLAR PAR RAPPORT A L'ECU

(Taux mensuels en moyenne périodique)

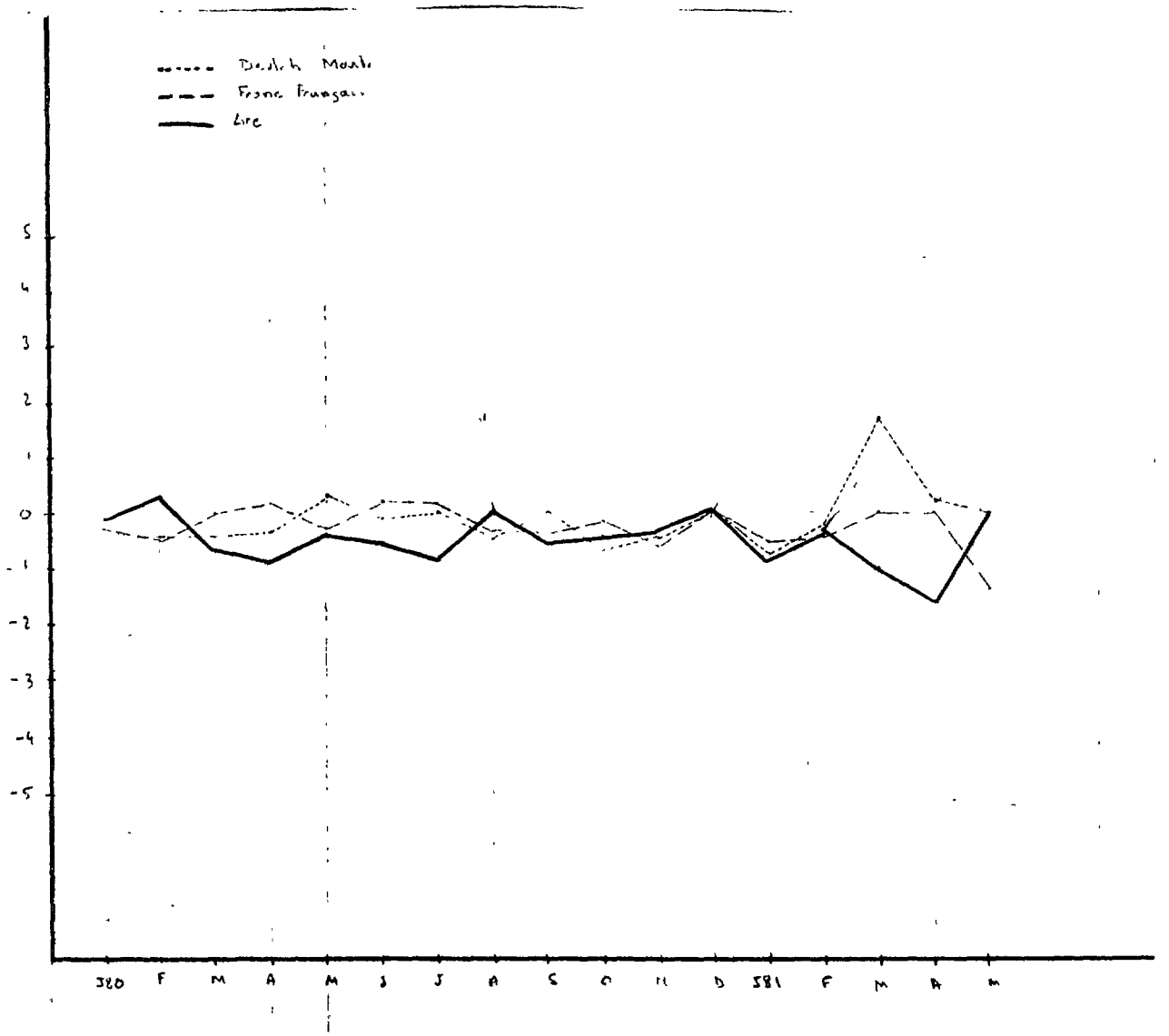
	D.M.		F.F.		Lit.		Fl.		F.B.		£		£ irl.		C.D.		$	
Mois	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)	Taux de change	% (1)
Déc.79	2,47999	-	5,811	-	1.159	-	2,739	-	40,33	-	0,65	-	0,671	-	7,681	-	1,429	-
J. 80	2,48850	-0,34	5,830	-0,31	1.161	-0,12	2,747	-0,27	40,42	-0,21	0,637	+1,96	0,673	-0,24	7,771	-1,16	1,443	-0,98
F.	2,49912	-0,42	5,856	-0,45	1.158	+0,28	2,754	-0,26	40,57	-0,36	0,624	+1,99	0,675	-0,30	7,800	-0,38	1,430	+0,91
M.	2,51004	-0,43	5,852	+0,07	1.166	-0,70	2,753	+0,03	40,62	-0,12	0,615	+1,48	0,676	-0,17	7,832	-0,39	1,357	+5,07
A.	2,51950	-0,37	5,843	+0,16	1.176	-0,87	2,765	-0,42	40,46	+0,40	0,607	+1,26	0,674	+0,33	7,850	-0,23	1,346	+0,81
M.	2,51141	+0,32	5,861	-0,31	1.181	-0,41	2,765	-0,0003	40,34	+0,29	0,608	-0,20	0,676	-0,26	7,851	-0,009	1,402	-4,11
J.	2,51492	-0,13	5,850	+0,18	1.187	-0,54	2,758	+0,25	40,27	+0,17	0,608	-0,01	0,673	+0,39	7,811	+0,5	1,423	-1,47
J.	2,51669	-0,07	5,841	+0,16	1.198	-0,86	2,752	+0,21	40,27	-0,01	0,607	+0,26	0,670	-0,42	7,794	+0,21	1,440	-1,25
A.	2,52922	-0,49	5,860	-0,33	1.197	+0,07	2,753	-0,03	40,44	-0,41	0,596	+1,83	0,670	+0,07	7,819	-0,32	1,413	+1,92
S.	2,53138	-0,08	5,882	-0,37	1.204	-0,57	2,752	+0,04	40,59	-0,38	0,588	+1,27	0,672	-0,31	7,830	-0,14	1,414	-0,11
O.	2,54891	-0,69	5,891	-0,16	1.209	-0,45	2,764	-0,44	40,84	-0,61	0,573	+2,63	0,678	-0,84	7,847	-0,21	1,385	+2,09
N.	2,56137	-0,48	5,928	-0,62	1.214	-0,37	2,775	-0,4	41,13	-0,71	0,556	+2,81	0,685	-1,07	7,872	-0,32	1,335	+3,59
D.	2,56128	+0,003	5,933	-0,07	1.215	-0,09	2,781	-0,21	41,22	-0,2	0,554	+0,40	0,687	-0,30	7,858	+0,18	1,299	+2,70
J. 81	2,58065	-0,75	5,965	-0,54	1.225	-0,86	2,804	-0,82	41,49	-0,65	0,534	+3,61	0,691	-0,65	7,939	-1,03	1,286	+0,99
F.	2,58519	-0,17	5,992	-0,45	1.230	-0,4	2,818	-0,49	41,68	-0,45	0,525	+1,71	0,696	-0,57	7,969	-0,37	1,206	+6,63
M.	2,54187	+1,7	5,99	+0,03	1.243	-1,04	2,813	+0,17	41,66	+0,04	0,540	-2,77	0,695	+0,14	7,966	-0,21	1,205	+0,08
A.	2,5367	+,02	5,994	-0,06	1.263	-1,58	2,814	-0,03	41,48	+0,43	0,539	+0,18	0,694	+0,14	7,985	+0,01	1,174	+2,64
M.	2,53848	-0,07	6,077	-1,36	1.262	+0,07	2,822	-0,28	41,41	+0,16	0,529	+1,89	0,694	0	7,984	+0,01	1,106	+6,14
(2)		0,35		0,285		0,5		0,25		0,359		1,47		0,42		0,32		2,085

(1) + = appréciation par rapport à l'ECU et - = dépréciation par rapport à l'ECU.
(2) Variation moyenne mensuelle de la période janvier 1980 à janvier 1981.

TABLEAU 1

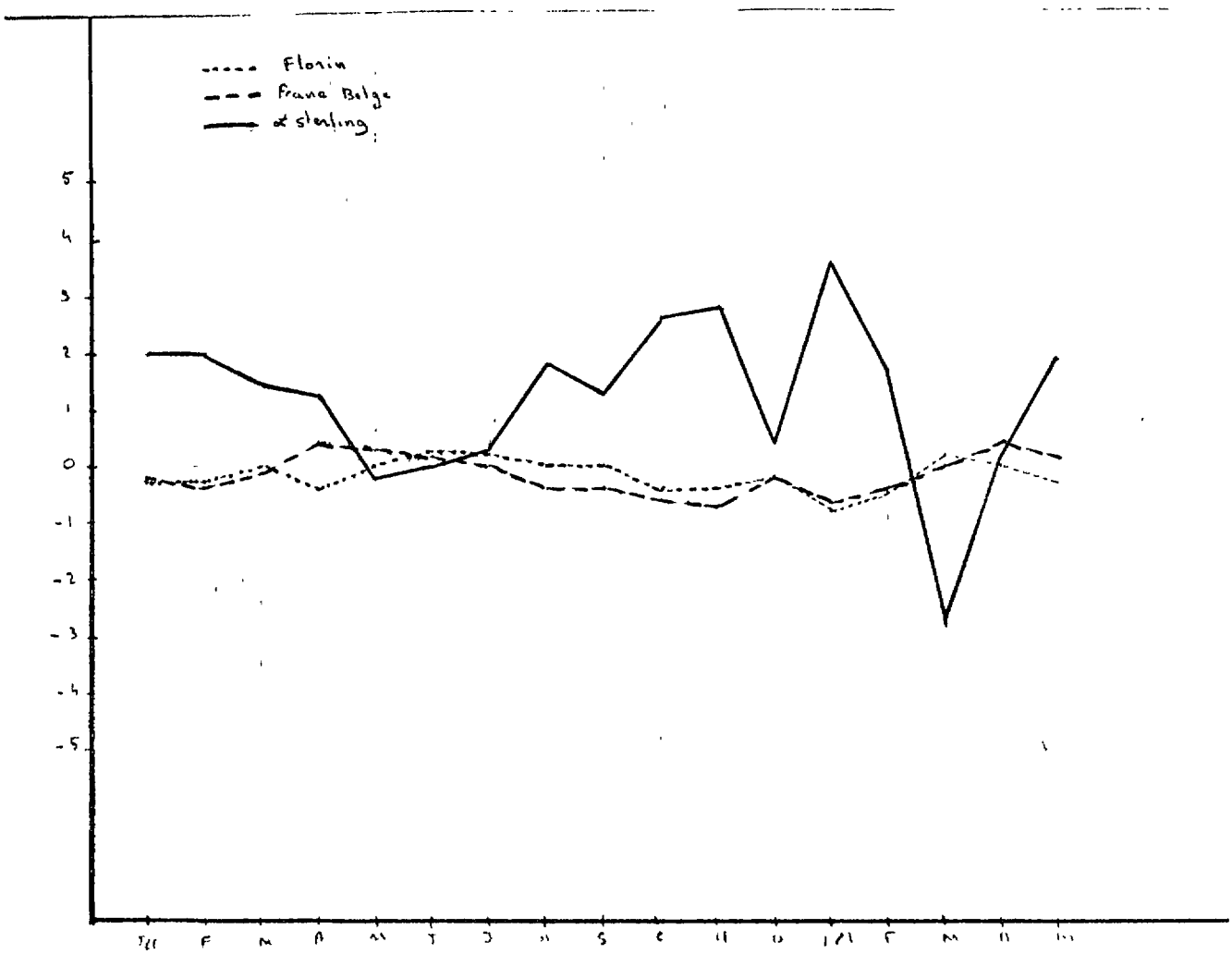
Graphique 1a

Variation mensuelle (moyenne périodique) des taux de change de l'Ecu avec le DM, le FF et la Lit



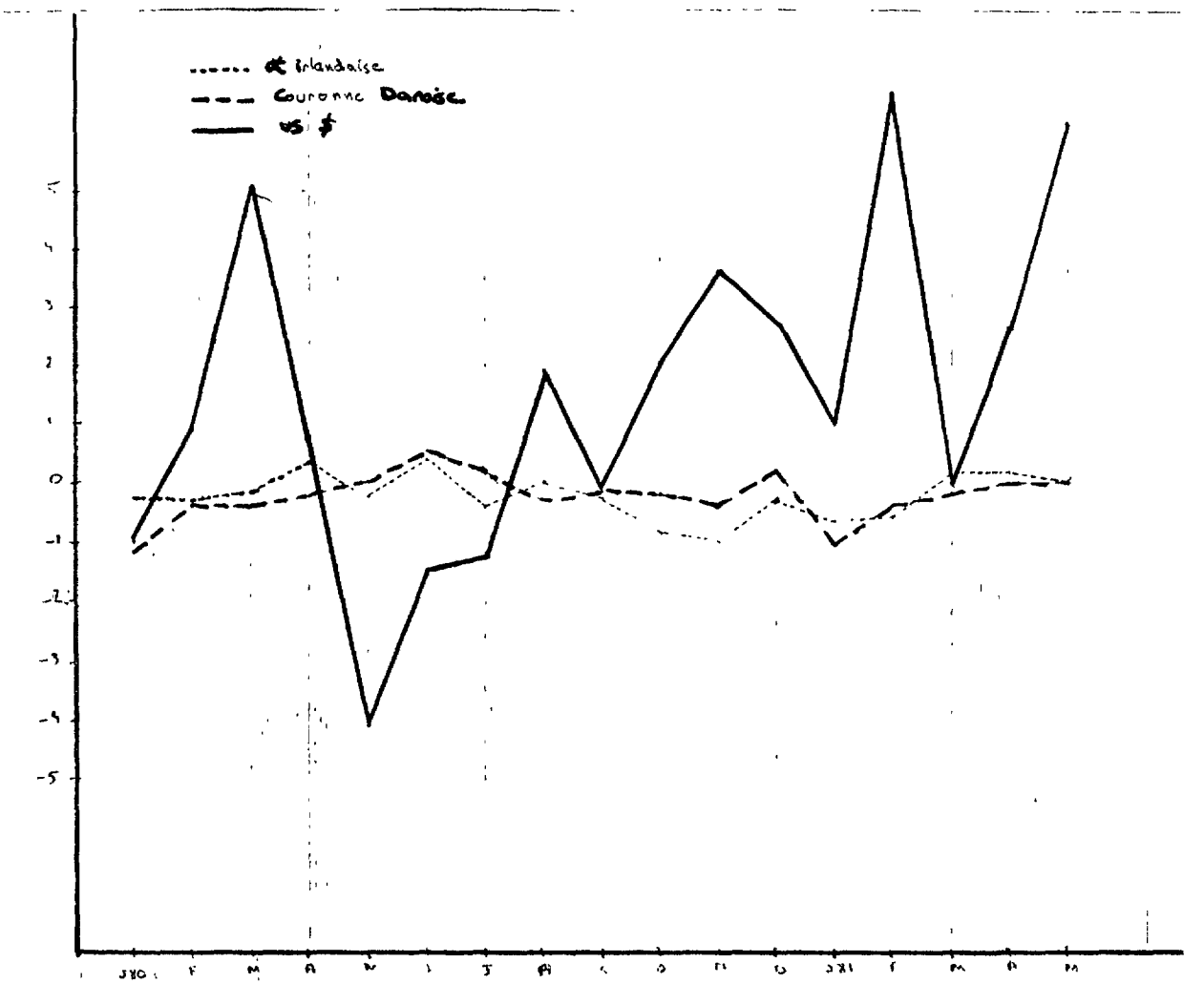
Graphique 1b

Variation mensuelle (moyenne périodique) des taux de change de l'Ecu avec le HFL, le FB-Lux et la £



Graphique 1c

Variation mensuelle (moyenne périodique) des taux de change de l'Ecu avec la £irlandaise, la DKr et le $



Du 13.3.79 au 24.9.79

Marché des changes Monnaies		Amsterdam (en HFL)	Bruxelles (en BFR/LFR)	Dublin (en IRL)	Francfort (en DM)	Copenhague (en DKR)	Londres (en UKL)	Paris (en FF)	Rome (marge ± 6%) (en LIT)
1 Ecu	cours-pivots	2,72077	39,4582	0,662638	2,51064	7,08592	-	5,79831	1.148,15
100 HFL	+2,25%		1.483,25	24,9089	94,375	266,365		217,96	44.807,4
	cours-pivots bilatéraux	100	1.450,26	24,3548	92,2767	260,439	n.p. (1)	213,113	42.199,5
	-2,25%		1.413,00	23,8130	90,225	254,645		208,38	39.743,4
100 BFR/ LFR	+2,25%	7,0520		1,71755	6,508	18,3665		15,029	3.089,61
	cours-pivots bilatéraux	6,89531	100	1,67934	6,36277	17,9581	n.p.	14,6948	2.909,79
	-2,25%	6,7420		1,64198	6,221	17,5585		14,368	2.740,44
1 IRL	+2,25%	4,1995	60,9020		3,875	10,9365		8,9495	1.839,78
	cours-pivots bilatéraux	4,10597	59,5471	1	3,78886	10,6935	n.p.	8,75034	1.732,70
	-2,25%	4,0145	58,2225		3,705	10,4555		8,5555	1.631,85
100 DM	+2,25%	110,835	1.607,4	26,9937		288,66		236,21	48.557,6
	cours-pivots bilatéraux	108,37	1.571,64	26,3932	100	282,237	n.p.	230,95	45.731,4
	-2,25%	105,96	1.536,65	25,8060		275,96		225,81	43.069,8
100 DKR	+2,25%	39,2700	569,5	9,56424	36,235			83,69	17.204,5
	cours-pivots bilatéraux	38,3967	556,352	9,35146	35,4313	100	n.p.	81,8286	16.203,3
	-2,25%	37,5425	544,45	9,14343	34,645			80,01	15.260,5
1 UKL	+2,25% cours-pivots bilatéraux -2,25%	n.p.	n.p.	n.p.	n.p.	n.p.	1	n.p.	n.p.
100 FF	+2,25%	47,99	696,00	11,6881	44,285	124,985			21.025,2
	cours-pivots bilatéraux	46,9235	680,512	11,4281	43,2995	122,207	n.p.	100	19.801,5
	-2,25%	45,88	665,375	11,1739	42,335	119,49			18.649,0
1.000 LIT	+6%	2,5160	36,490	0,612801	2,322	6,553		5,362	
	cours-pivots bilatéraux	2,36970	34,3668	0,577136	2,18668	6,1716	n.p.	5,05013	1.000
	-6%	2,23175	32,365	0,543545	2,059	5,813		4,756	

(1) n.p. = non participant

Tableau 2a.

Du 24.9.79 au 30.11.79

Marché des changes Monnaies		Amsterdam (en HFL)	Bruxelles en BFR/LFR)	Dublin (en IRL)	Francfort (en DM)	Copenhague (en DKR)	Londres (en UKL)	Paris (en FF)	Rome (marge ± 6%) (en LIT)
1 Ecu	cours-pivots	2,7473	39,8456	0,669141	2,4855	7,36594	-	5,8552	1.159,42
100 HFL	+2,25%		1.482,98	24,89	92,50	274,14		217,91	44.734,2
	cours-pivots bilatéraux	100	1.450,35	24,35	90,47	268,11	n.p. (1)	213,12	42.202,1
	-2,25%		1.417,71	23,80	88,43	262,07		208,32	39.669,9
100 BFR/ LFR	+2,25%	7,0499		1,716	6,377	18,901		15,024	3.084,36
	cours-pivots bilatéraux	6,8948	100	1,679	6,237	18,486	n.p.	14,694	2.909,78
	-2,25%	6,7396		1,641	6,096	18,070		14,363	2.735,19
1 IRL	+2,25%	4,198	60,886		3,7979	11,255		8,9471	1.836,65
	cours-pivots bilatéraux	4,1057	59,547	1	3,7144	11,008	n.p.	8,7503	1.732.69
	-2,25%	4,0133	58,207		3,6308	10,760		8,5534	1.628,72
100 DM	+2,25%	113,019	1.639,19	27,526		303,01		240,87	49.446,1
	cours-pivots bilatéraux	110,533	1.603,12	26,921	100	296,35	n.p.	235,57	46.647,3
	-2,25%	108,046	1.567,04	26,315		289,68		230,26	43.848,4
100 DKR	+2,25%	38,136	553,11	9,288	34,49			81,27	16.684,6
	cours-pivots bilatéraux	37,297	540,94	9,084	33,74	100	n.p.	79,49	15.740,2
	-2,25%	36,457	528,76	8,879	32,98			77,70	14.795,7
1 UKL	+2,25% cours-pivots bilatéraux -2,25%	n.p.	n.p.	n.p.	n.p.	n.p.	1	n.p.	n.p.
100 FF	+2,25%	47,9763	695,82	11,685	43,404	128,631			20.989,5
	cours-pivots bilatéraux	46,9206	680,51	11,428	42,449	125,801	n.p.	100	19.801,5
	-2,25%	45,8648	665,19	11,170	41,493	122,970			18.613,4
1.000 LIT	+6%	2,5116	36,4288	0,61176	2,2723	6,7342		5,35311	
	cours-pivots bilatéraux	2,3695	34,3668	0,57713	2,1437	6,3531	n.p.	5,05011	1.000
	-6%	2,2273	32,3047	0,54250	2,015	5,9719		4,74103	

(1) n.p. = non participant

Tableau 2b.

Du 30.11.79 au 31.3.81

Marché des changes Monnaies		Amsterdam (en HFL)	Bruxelles (en BFR/LFR)	Dublin (en IRL)	Francfort (en DM)	Copenhague (en DKR)	Londres (en UKL)	Paris (en FF)	Rome (marge ± 6%) (en LIT)
1 Ecu	cours-pivots	2,74362	39,7897	0,668201	2,48208	7,72336	-	5,847	1.157,79
100 HFL	+2,25%		1.482,89	24,901	92,49	287,835		217,90	44.731,31
	cours-pivots bilatéraux	100	1.450,26	24,354	90,46	281,502	n.p. (1)	213,11	42.199,35
	-2,25%		1.417,62	23,806	88,42	275,168		208,31	39.667,38
100 BFR/ LFR	+2,25%	7,050		1,717	6,3782	19,45		15,02	3.084,35
	cours-pivots bilatéraux	6,8953	100	1,6793	6,2379	19,4104	n.p.	14,6947	2.909,773
	-2,25%	6,740		1,6415	6,0975	18,97		14,35	2.735,18
1 IRL	+2,25%	4,1982	60,886		3,7975	11,818		8,946	1.836,65
	cours-pivots bilatéraux	4,1059	59,5475	1	3,71457	11,558	n.p.	8,75036	1.732,69
	-2,25%	4,0135	58,207		3,6304	11,279		8,553	1.628,72
100 DM	+2,25%	113,024	1.639,13	27,526		318,16		240,868	49.444,70
	cours-pivots bilatéraux	110,537	1.603,07	26,921	100	311,16	n.p.	235,568	46.645,95
	-2,25%	108,049	1.567	26,315		304,15		230,267	43.847,19
100 DKR	+2,25%	36,305	526,777	8,8462	32,86			77,408	15.890,19
	cours-pivots bilatéraux	35,5073	515,186	8,6516	32,1373	100	n.p.	75,7053	14.990,75
	-2,25%	34,708	503,594	8,4569	31,413			74,001	14.091,3
1 UKL	+2,25% cours-pivots bilatéraux -2,25%	n.p.	n.p.	n.p.	n.p.	n.p.	1	n.p.	n.p.
100 FF	+2,25%	47,978	697,52	11,685	43,405	135,06			20.989,51
	cours-pivots bilatéraux	46,9235	680,51	11,428	42,45	132,09	n.p.	100	19.801,43
	-2,25%	45,867	665,19	11,170	41,49	129,11			18.613,34
1.000 LIT	+6%	2,5111	36,427	0,6117	2,2724	7,0702		5,3531	
	cours-pivots bilatéraux	2,3697	34,3669	0,577134	2,1438	6,6707	n.p.	5,05013	1.000
	-6%	2,226	32,304	0,5425	2,0151	6,2698		4,747	

(1) n.p. = non participant

Tableau 2

A partir du 31.3.81

Marché des changes Monnaies		Amsterdam (en HFL)	Bruxelles (en BFR/LFR)	Dublin (en IRL)	Francfort (en DM)	Copenhague (en DKR)	Londres (en UKL)	Paris (en FF)	Rome (marge ± 6%) (en LIT)
1 Ecu	cours-pivots	2,72812	39,5649	0,664426	2,46805	7,67973	-	5,81139	1.227,25
100 HFL	+2,25%		1.482,89	24,901	92,49	287,835		217,810	47.684,30
	cours-pivots bilatéraux	100	1.450,26	24,35	90,467	281,502	n.p. (1)	213,018	44.985,19
	-2,25%		1.417,62	23,80	88,42	275,168		208,225	42.286,07
100 BFR/ LFR	+2,25%	7,050		1,717	6,3782	19,45		15,018	3.287,97
	cours-pivots bilatéraux	6,8953	100	1,679	6,2379	19,41	n.p.	14,688	3.101,86
	-2,25%	6,740		1,6415	6,0975	18,97		14,357	2.915,74
1 IRL	+2,25%	4,1982	60,886		3,7975	11,818		8,9431	1.957,90
	cours-pivots bilatéraux	4,1059	59,574	1	3,7145	11,5584	n.p.	8,7464	1.847,08
	-2,25%	4,0135	58,207		3,6304	11,279		8,5496	1.736,25
100 DM	+2,25%	113,024	1.639,14	27,526		318,16		240,761	52.709,01
	cours-pivots bilatéraux	110,537	1.603,08	26,921	100	311,165	n.p.	235,464	49.725,49
	-2,25%	108,049	1.567,01	26,315		304,15		230,166	46.741,9
100 DKR	+2,25%	36,322	526,777	8,8462	32,86			77,373	16.939,19
	cours-pivots bilatéraux	35,5236	515,186	8,65168	32,137	100	n.p.	75,6718	15.980,37
	-2,25%	34,723	503,594	8,4569	31,413			73,968	15.021,54
1 UKL	+2,25% cours-pivots bilatéraux -2,25%	n.p.	n.p.	n.p.	n.p.	n.p.	1	n.p.	n.p.
100 FF	+2,25%	48	695,38	11,69	43,424	135,122			22.385,09
	cours-pivots bilatéraux	46,944	680,0816	11,433	42,4691	132,149	n.p.	100	21.118,01
	-2,25%	45,88	664,77	11,175	41,5135	129,175			19.850,9
1.000 LIT	+6%	2,356	34,172	0,5737	2,131	6,632		5,0193	
	cours-pivots bilatéraux	2,2229	32,238	0,5413	2,011	6,2576	n.p.	4,73529	1.000
	-6%	2,089	30,303	0,5088	1,890	5,881		4,451	

(1) n.p. = non participant

Tableau 3

VARIATIONS MOYENNES MENSUELLES DES CHANGES ENTRE LE DM, le FF, la Lit., le HFl., le FB/L, la £Irl., la Dkr, la £S, le $ et le Yen. (en %)

(1) = 1978 - (2) = 1979 - (3) = 1980

x Calculs basés sur les taux de change en moyenne périodique.

	DM	FF	Lit.	HFl	FB/L	£Irl.	Dkr	£S	US$	Yen
DM										
1	1									
2	1									
3	1									
FF										
1	1,51	1								
2	0,26	1								
3	0,29	1								
Lit.										
1	0,31	1,35	1							
2	0,41	0,65	1							
3	0,24	0,48	1							
Fl.										
1	0,31	1,62	1,31	1						
2	0,41	0,34	0,67	1						
3	0,24	0,22	0,42	1						
FB/L										
1	0,35	1,73	1,26	0,25	1					
2	0,34	0,32	0,71	0,32	1					
3	0,21	0,18	0,51	0,25	1					
£Irl.										
1	1,62	1,68	1,32	1,57	1,59	1				
2	0,65	0,61	0,64	0,64	0,53	1				
3	0,38	0,25	0,53	0,27	0,22	1				
Dkr										
1	0,65	1,52	0,93	0,48	0,45	1,39	1			
2	1,03	0,98	1,13	0,88	0,74	1,01	1			
3	0,28	0,27	0,55	0,25	0,35	0,39	1			
£S										
1	1,62	1,68	1,32	1,57	1,59	-	1,37	1		
2	1,75	1,80	1,42	1,78	1,84	1,38	2,22	1		
3	1,70	1,54	1,73	1,54	1,63	1,63	1,65	1		
US$										
1	2,24	2,11	1,27	2,15	2,15	2,05	1,81	2,07	1	
2	1,24	1,19	0,92	1,27	1,28	1,18	1,43	2,01	1	
3	2,34	2,22	2,17	2,28	2,32	2,35	2,24	1,68	1	
Yen										
1	2,8	1,99	2,48	2,96	2,93	3,06	2,92	2,98	3,28	1
2	2,33	2,24	2,01	2,28	2,25	2,4	2,44	2,66	2,16	1
3	2,89	2,83	3,01	2,82	2,83	2,92	2,87	2,53	2,75	1

VARIATIONS MENSUELLES (EN %) DES CHANGES DU DM AVEC LE FF, LA LIT ET LA £S (1)

MOIS	FF (2)	LIT (2)	£ (2)
F.79/J.79	-0,46	-0,45	+0,72
M/F	+0,24	+0,90	+3,18
A/M	+0,02	+0,90	+1,32
M/A	-0,66	-0,44	+0,72
J/M	-0,11	-0,44	+1,44
J/J	-0,35	+0,45	+4,5
A/J	-0,28	+0,44	-1,92
S/A	-0,88	-3,12	-7,41
O/S	+0,62	0	-2,10
N/O	-0,53	-2,3	+1,26
D/N	+1,09	+1,41	+1,32
J.80/D.79	-0,64	0	+2,44
F/J	-0,04	+0,46	+2,15
M/F	+1,57	0	+4,36
A/M	-1,18	-1,38	-3,25
M/A	+0,22	0	+1
J/M	+0,18	-1,4	-0,22
J/J	+0,33	+0,95	+1
A/J	-0,33	-0,94	+2,18
S/A	+0,17	0	+0,93
O/S	+0,67	+0,47	+6,99
N/O	-0,71	-0,47	-2,45
D/N	+0,25	+0,47	+2,81
J.81/D.80	+0,49	0	+7,40
F/J	-1,97	-1,42	-7,81
M/F	-0,39	-3,8	+0,52
A/M	-0,51	+0,5	+0,89
M/A	-0,34	0	+1,37
Jan.80/Jan.79	-1,95	-2,7	+5,84 (3)
Jan.81/Jan.80	+1,62	-1,86	+21,78
Jan.81/Jan.79	-0,36	-4,52	+26,35
Variation moyenne mensuelle 1979	0,43	0,9	2,36
" " 1980	0,51	0,54	2,89

(1) Les calculs sont basés sur les taux mensuels FF/DM, LIT/DM et £/DM en fin de période.

(2) Le signe + signifie que le FF, la LIT ou la £ se sont appréciées par rapport au DM.
Le signe - signifie que le FF, la LIT ou la £ se sont dépréciées par rapport au DM.

(3) Janvier 1981 a été marqué par un taux record de la £ contre le DM. Pour palier à cet état de fait, sont donnés les mêmes rapports pour les mois de février 1979, 1980 et 1981.
Fév.80/Fév.79 : +7,2
Fév.81/Fév.80 : +13,8
Fév.81/Fév.80 : +20,02

Tableau 4b.

VARIATIONS MENSUELLES (EN %) DES CHANGES DU FF AVEC LA LIT, LE FLORIN ET LA £S (1).

MOIS	LIT (2)	HFL (2)	£ (2)
F.79/J.79	0	+0,47	+1,19
M/F	+0,78	-0,09	+2,93
A/M	+0,78	-0,56	+1,33
M/A	+0,19	-0,37	+1,35
J/M	-0,38	-0,14	+1,55
J/J	+0,97	+0,37	+4,82
A/J	+0,38	+0,33	-1,65
S/A	-2,10	-0,18	-6,42
O/S	-0,78	-0,75	-2,70
N/O	-1,38	+0,19	+1,75
D/N	+0,2	+0,18	+0,26
J.80/D.79	+0,59	+0,33	+3,04
F/J	+0,39	+0,42	+2,21
M/F	-1,38	-1,03	+2,83
A/M	-0,6	+0,18	-2,04
M/A	0	+0,33	+1,62
J/M	-1,81	+0,04	-0,38
J/J	+0,82	+0,23	-0,67
A/J	-0,61	+0,42	+2,52
S/A	-0,20	+0,14	+0,69
O/S	0	-0,23	+6,42
N/O	+0,2	+0,42	-1,71
D/N	0	-0,56	+2,53
J.81/D.80	-0,2	-0,23	+6,92
F/J	+0,41	+0,18	-5,69
M/F	-3,47	-0,04	+0,99
A/M	+0,84	+0,23	+1,33
M/A	+0,42	+0,37	+1,68
Jan.80/Jan.79	-0,78	-0,23	+7,67
Jan.81/Jan.80	-3,37	+0,14	+20,51
Jan.81/Jan.79	-4,13	-0,09	+26,62
Variation moyenne mensuelle 1979	0,71	0,33	2,41
" " 1980	0,50	0,35	2,54

(1) Les calculs sont basés sur les taux mensuels FF/Lit, FF/HFl et FF/£S en fin de période.

(2) Le signe + signifie que la Lit, le HFl et la £S se sont appréciées par rapport au FF;
Le signe - signifie que la Lit, le HFl et la £S se sont dépréciées par rapport au FF.

Tableau 4c.

VARIATIONS MENSUELLES (EN %) DES
[illegible] DU $ AVEC LE DM, LA LIT
ET LA £ (2)

MOIS	DM (1)	LIT (1)	£ (1)
Fév./Jan.79	-0,48	-0,47	-0,04
M/F	-0,22	-0,12	+1,64
A/M	-1,8	-0,32	+1,71
M/A	-0,72	-0,94	+0,79
J/M	+1,3	+0,77	+2,51
J/J	+3,1	+2,92	+6,64
A/J	-0,28	+0,25	-0,98
S/A	+1,83	+0,88	-1,86
O/S	+0,36	-1,75	-2,32
N/O	+0,77	-0,01	-0,82
D/N	+2,29	+1,74	+3,18
Jan.80/Déc.79	+0,61	+0,81	+2,84
F/J	-1,36	-0,63	+1,16
M/F	-5,84	-6,26	-3,83
A/M	-1,26	-1,95	+0,41
M/A	+4,33	+3,94	-0,58
J/M	+1,37	+0,93	+5,76
J/J	+1,3	+0,35	+1,47
A/J	-2,46	-1,89	-0,12
S/A	+0,03	-0,44	+1,36
O/S	-2,86	-2,6	+0,57
N/O	-4,31	-4,15	-0,72
D/N	-2,73	-4,77	-2,41
Jan.81/Déc.80	-1,76	-0,02	+2,61
F/J 81	-6,77	-7,00	-4,73
Jan.80/Jan.79	+6,69	+3,77	+11,44
Jan.81/Jan.80	-16,47	-18,5	+5,85
Jan.81/Jan.79	-8,67	-14,03	+16,6
Variation mensuelle moyenne			
1979	1,14	0,91	2,11
" " 1980	2,46	2,32	1,75

(1) Le signe + signifie que le DM, la Lit et la £ se sont appréciés par rapport au $.
Le signe - signifie que le DM, la Lit et la £ se sont dépréciés par rapport au $.

(2) Les calculs sont basés sur les taux mensuels DM/$, Lit/$ et £/$ en fin de période.

Tableau 4d.

VARIATIONS MENSUELLES (EN %) DES CHANGES DU YEN AVEC LE DM, LA LIT ET LA £ (2)

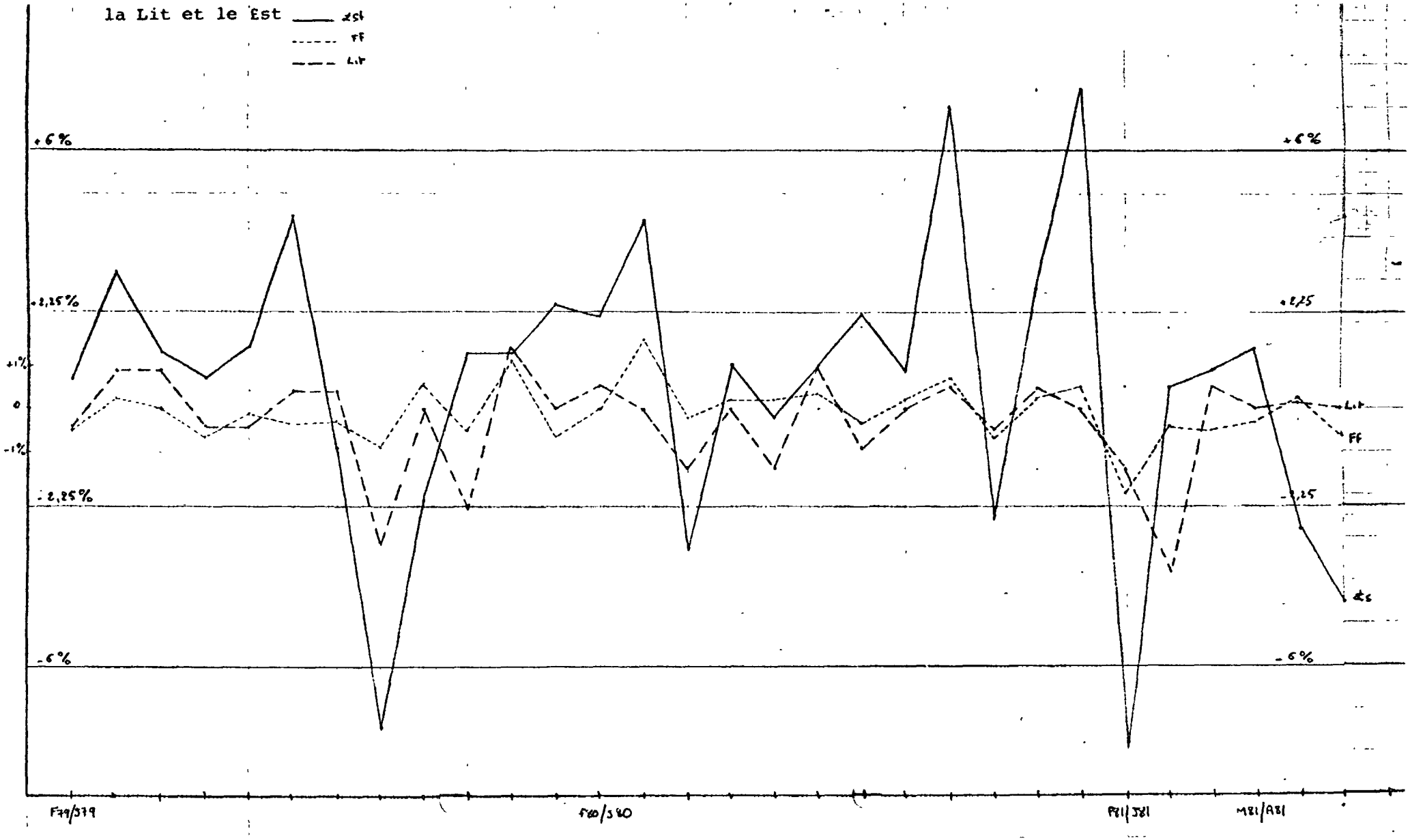
MOIS	DM (1)	LIT (1)	£ (1)
F/J 79	+ 1,28	+ 0,84	- 2
M/F	+ 2,65	+ 3,75	- 5,73
A/M	+ 4,01	+ 4,81	- 4,78
M/A	- 1,45	- 1,91	+ 0,45
J/M	+ 2,26	+ 1,95	- 3,63
J/J	+ 0,51	+ 1,14	- 4,71
A/J	+ 2,11	+ 2,27	- 0,49
S/A	+ 6,29	+ 2,96	+ 0,99
O/S	+ 2,72	+ 2,51	- 0,49
N/O	+ 9,25	+ 7,36	- 9,40
D/N	- 3,95	- 2,94	+ 2,73
J 80/D 79	- 0,57	- 0,33	- 2,12
F/J	+ 2,76	+ 2,69	- 4,89
M/F	- 8,91	- 8,85	+ 5,14
A/M	+ 3,03	+ 1,07	+ 0,54
M/A	- 5,27	- 4,98	+ 3,24
J/M	- 1,43	- 2,99	+ 1,57
J/J	+ 3,06	+ 4,24	- 3,60
A/J	- 4,31	- 5,18	+ 2,13
S/A	- 4,58	- 4,68	+ 3,66
O/S	- 4,80	- 4,09	- 2,02
N/O	+ 1,35	+ 0,85	+ 1,03
D/N	- 8,00	- 7,62	+ 5,61
J 81/D 80	- 6,09	- 5,96	- 1,44
F/J	+ 1,13	- 0,48	+ 6,86
M/F	+ 1,93	- 1,96	- 2,75
A/M	- 2,79	- 2,5	+ 1,88
M/A	- 1,13	- 1,02	0
J 80/J 79	+ 27,4	+ 24,3	- 26,1
J 81/J 80	- 29,3	- 30,7	+ 10,8
J 81/J 79	- 10	- 13,8	- 18,07
Variation mensuelle moyenne 1979	3,08	2,73	3,12
" " 1980	4,46	4,43	2,9

(1) Le signe + signifie que le DM, la Lit et la £ se sont appréciés par rapport au Yen.
Le signe - signifie que le DM, la Lit et la £ se sont dépréciés par rapport au Yen.

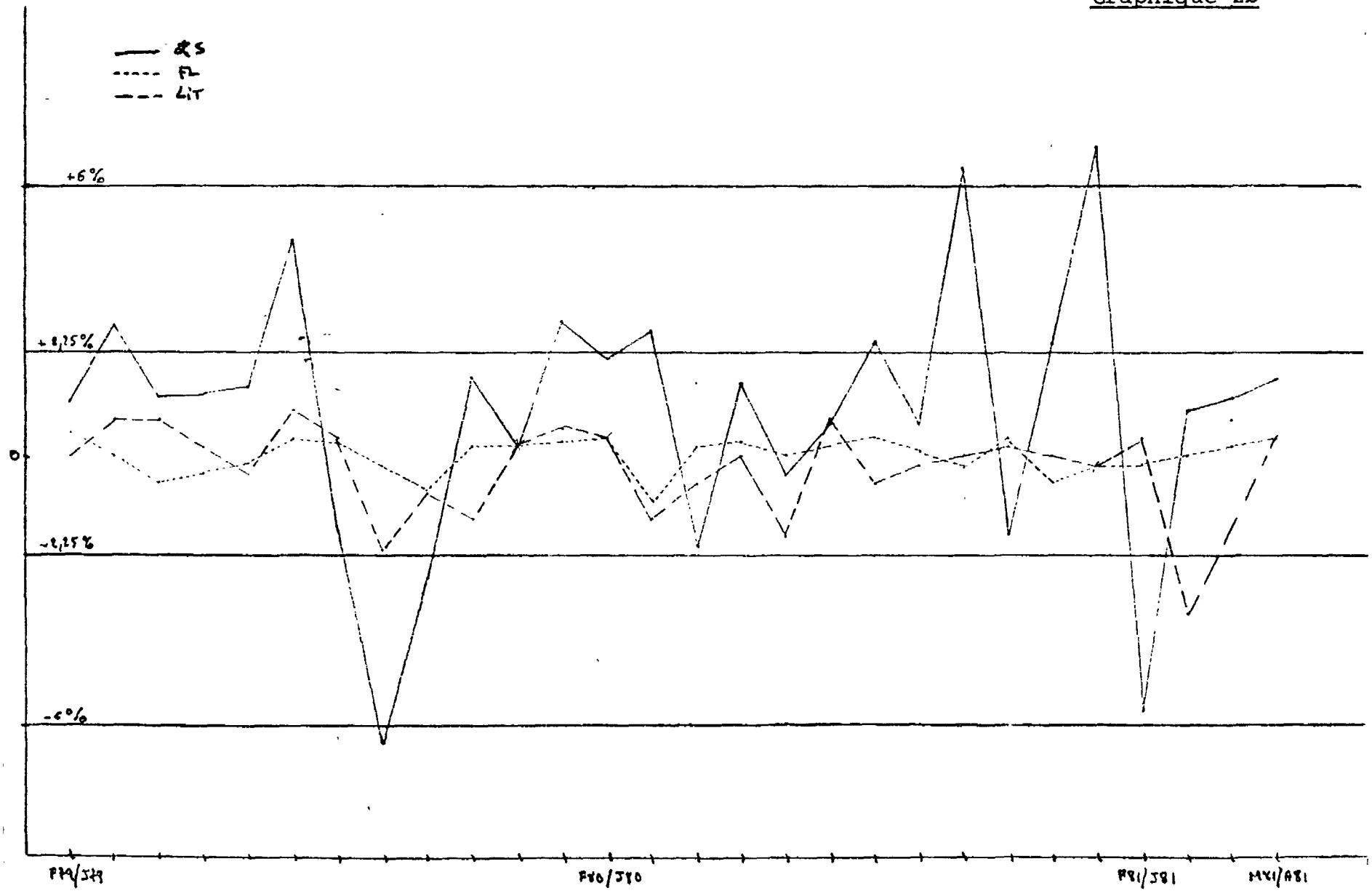
(2) Les calculs sont basés sur les taux mensuels Yen/DM, Yen/Lit et Yen/£ en fin de période.

Variation mensuelle (moyenne periodique) des taux de change du DM avec le FF, la Lit et le Est

Graphique 2a

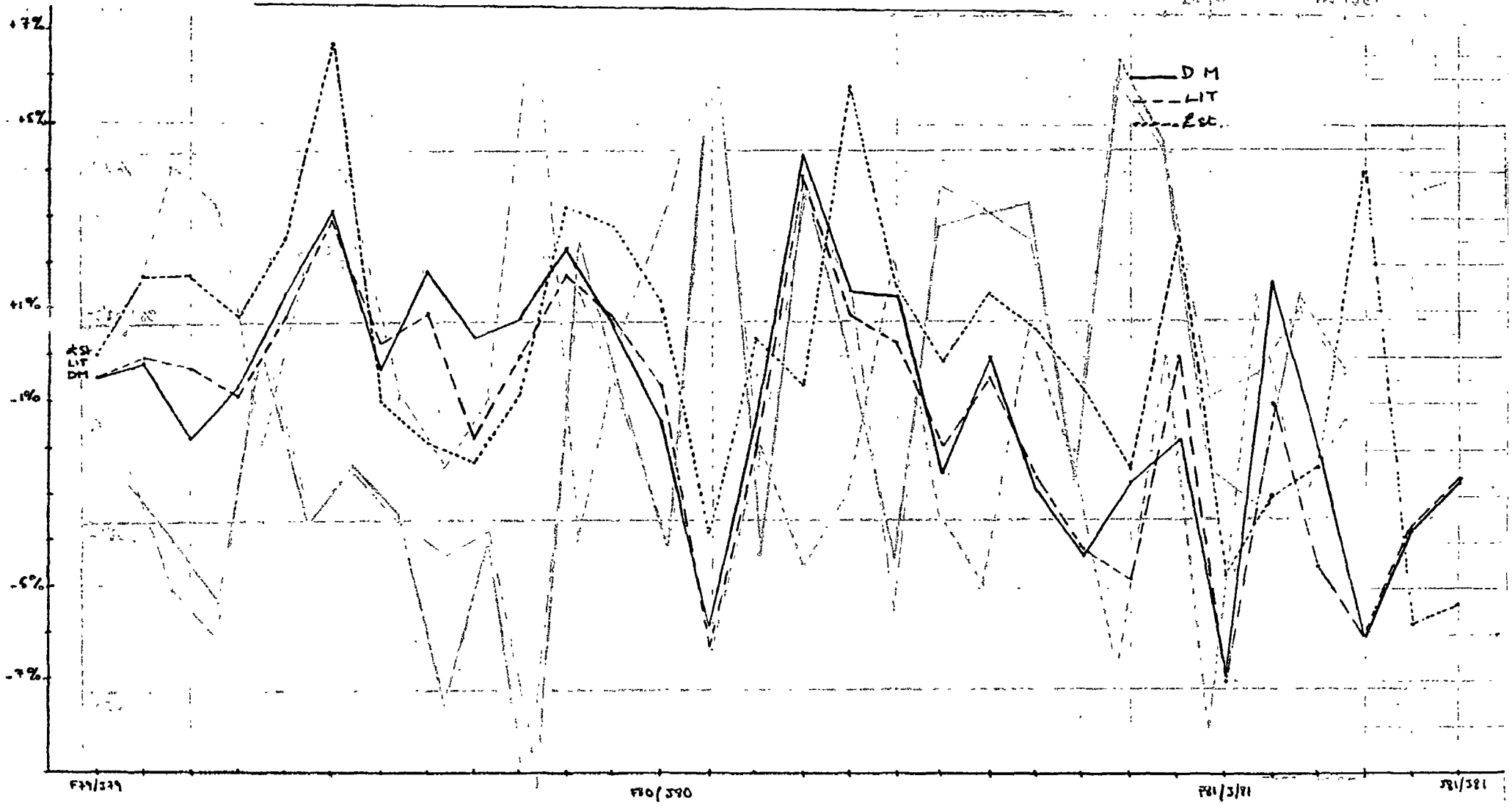


Graphique 2b

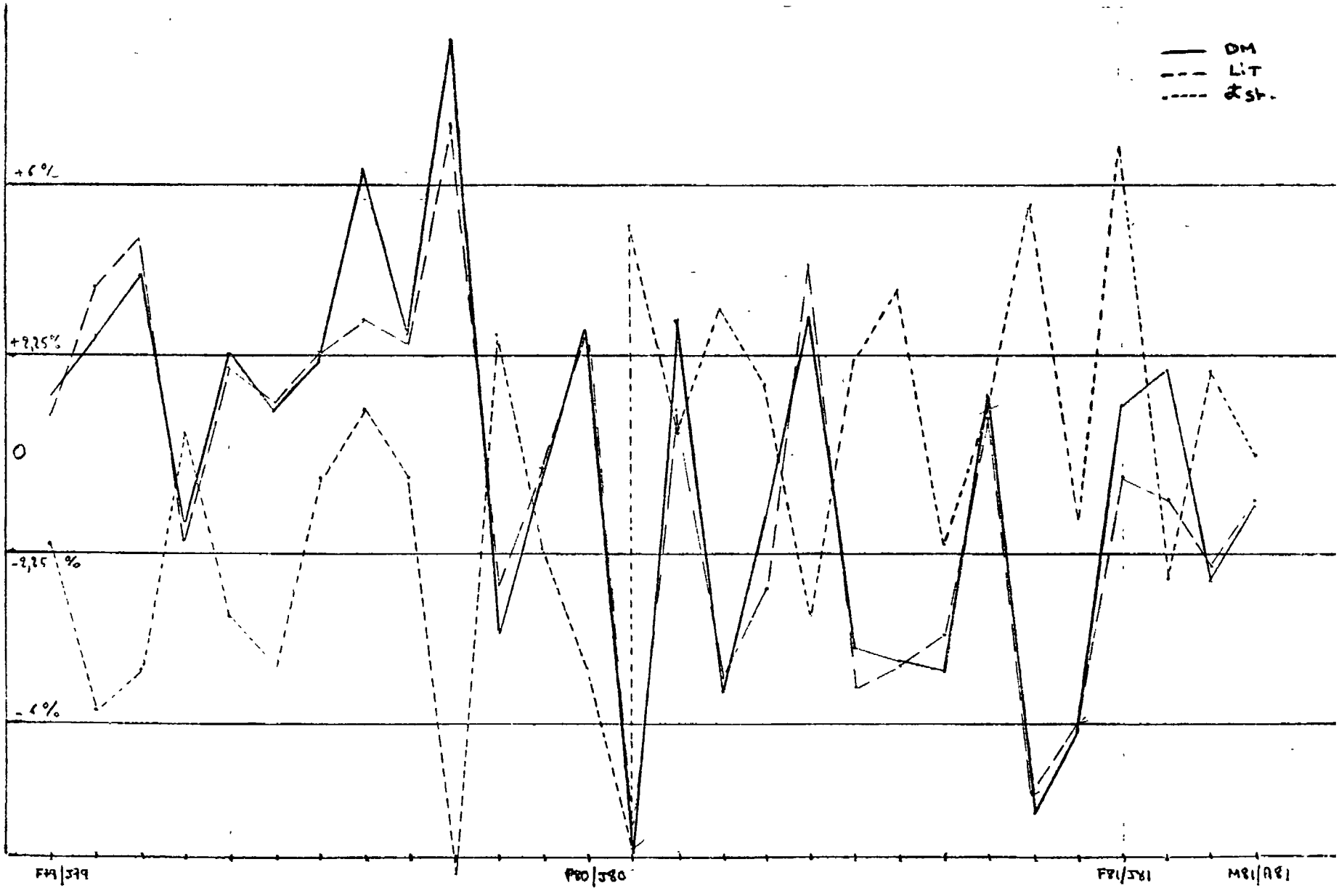


Variation mensuelle (moyenne periodique) des taux de change entre le $ et le DM, la Lit et la £

Graphique 2c



Graphique 2d



EVOLUTION DU COMMERCE INTRACOMMUNAUTAIRE

(1) Moyenne mensuelle (2) Total année

(Mio ECU)

Années	Importations	Evolution en %	Exportations	Evolution en %
1973	(1) 7 530 (2) 90 358	- + 25,8	(1) 7 502 (2) 90 031	- + 25
1974	(1) 9 642 (2)115 708	- + 28	(1) 9 755 (2)117 066	- + 30
1975	(1) 9 778 (2)117 336	- + 1,4	(1) 9 863 (2)118 359	- + 1,1
1976	(1) 12 415 (2)148 980	- + 26,9	(1) 12 612 (2)151 351	- + 27,8
1977	(1) 14 019 (2)168 229	- + 12,9	(1) 14 041 (2)168 501	- + 11,1
1978	(1) 15 314,882 (2)183 778,65	- + 9,25	(1) 15 485,735 (2)185 829,07	- + 10,28
1979	(1) 17 913,562 (2)214 962,83	- + 14,5	(1) 18 205,183 (2)218 462,2	- + 14,9
1980	(1) 20 598,901 (2)247 186,82	- + 13,0	(1) 20 850,698 (2)250 208,38	- + 12,68

Tableau 6

EVOLUTION DU COMMERCE COMMUNAUTAIRE AVEC LE RESTE DU MONDE

(1) Moyenne mensuelle (2) Total année

(Mio ECU)

Années	Importations	Evolution en %	Exportations	Evolution en %
1973	(1) 14 555	-	(1) 14 225	-
	(2)174 664	+ 27,1	(2)170 703	+ 23,9
1974	(1) 20 542	-	(1) 19 274	-
	(2)246 509	+ 41,1	(2)231 290	+ 35,4
1975	(1) 20 232	-	(1) 19 964	-
	(2)242 787	- 1,5	(2)239 571	+ 3,58
1976	(1) 25 714	-	(1) 24 387	-
	(2)308 570	+ 27	(2)292 651	+ 22,1
1977	(1) 28 331	-	(1) 27 732	-
	(2)339 972	+ 10	(2)332 789	+ 13,7
1978	(1) 30 181	-	(1) 29 972	-
	(2)362 176	+ 6,5	(2)359 669	+ 8,07
1979	(1) 36 632	-	(1) 34 898	-
	(2)439 590	+ 21,3	(2)418 787	+ 16,4
1980	(1) 43 242	-	(1) 39 587	-
	(2)518 906	+ 18	(2)475 047	+ 13,43

PART DU COMMERCE AVEC LE ROYAUME UNI DANS LE COMMERCE INTRACOMMUNAUTAIRE DE LA R.F.A., DE LA FRANCE, DE L'ITALIE ET DES PAYS BAS

EN %

(Commerce en valeur)

Pays \ Années	Importations	Exportations
1 - La R.F.A.		
1977	9,2	11,8
1978	10,1	12,9
1979	12,2	13,8
1980	14,4	13,6
2 - La France		
1977	10,5	12,9
1978	10,7	13,7
1979	11,1	14,5
1980	11,7	13,6
3 - L'Italie		
1977	8,6	11,3
1978	8,9	12,6
1979	9,1	13,2
1980	9,9	12,8
4 - Les Pays-Bas		
1977	12,2	10,6
1978	11,6	10,5
1979	13,6	11,5
1980	15,3	11,03

EVOLUTION DU COMMERCE DU ROYAUME UNI

(1) Moyenne mensuelle (2) Total annuel

(en Mio ECU)

1 - Commerce mondial

Années	Importations	Pourcentage d'augmentation	Exportations	Pourcentage d'augmentation
1978 (1)	5 136	-	4 674	-
(2)	61 641	+ 11,0	56 093	+ 11,5
1979 (1)	6 228	-	5 503	-
(2)	74 746	+ 21,2	66 041	+ 17,7
1980 (1)	7 137	-	6 838	-
(2)	85 652	+ 14,6	82 063	+ 24,2

2 - Commerce intracommunautaire

Années	Importations	Pourcentage d'augmentation	Exportations	Pourcentage d'augmentation
1978 (1)	1 949	-	1 765	-
(2)	23 395	+ 9,3	21 186	+ 15,1
1979 (1)	2 542	-	2 300	-
(2)	30 504	+ 30,4	27 608	+ 30,3
1980 (1)	2 741	-	2 890	-
(2)	32 899	+ 7,8	34 691	+ 25,6

(1) Moyenne mensuelle (2) Total année

(en Mio ECU)

1 - Commerce mondial

Années	R.F.A. (9a)				FRANCE (9b)				ITALIE (9c)				PAYS-BAS (9d)			
	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%
1978 (1)	7 949	-	9 277	-	5 351	-	5 009	-	3 692	-	3 664	-	3 460	-	3 274	-
(2)	95 398	+ 7,42	111 331	+ 7,75	64 216	+ 3,9	60 119	+ 7,9	44 313	+ 5,1	43 977	+ 10,7	41 530	+ 3,9	39 289	+ 2,62
1979 (1)	9 692	-	10 436	-	6 475	-	5 959	-	4 728	-	4 386	-	4 087	-	3 869	-
(2)	116 310	+21,9	125 243	+12,4	77 704	+21	71 509	+18,9	56 739	+28	52 636	+ 19,6	49 052	+18,1	46 433	+18,1
1980 (1)	11 270	-	11 565	-	8 091	-	6 679	-	5 983	-	4 675	-	4 614	-	4 432	-
(2)	135 242	+16,2	138 787	+10,8	97 102	+24,9	80 150	+12	71 804	+26,5	56 108	+ 6,6	55 368	+12,8	53 184	+14,5

2 - Commerce intracommunautaire (a)

Années	R.F.A. (9a)				FRANCE (9b)				ITALIE (9c)				PAYS-BAS (9d)			
	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%
1978 (1)	3 582	-	3 701	-	2 457	-	2 269	-	1 503	-	1 536	-	1 753	-	2 076	-
(2)	42 991	+ 8,86	44 413	+ 8,7	29 494	+ 8,06	27 228	+11,5	18 041	+ 8,6	18 440	+ 12,6	21 045	+ 5,4	24 915	+ 3,4
1979 (1)	4 196	-	4 338	-	3 000	-	2 416	-	1 895	-	1 878	-	1 991	-	2 483	-
(2)	50 355	+17,1	52 060	+17,2	36 001	+22	29 003	+ 6,5	22 751	+26,1	22 537	+ 22,2	23 900	+13,5	29 802	+19,6
1980 (1)	4 530	-	4 797	-	3 281	-	2 933	-	2 354	-	1 936	-	2 080	-	2 819	-
(2)	54 362	+ 7,9	57 564	+10,5	39 373	+ 9,3	35 198	+21,3	28 258	+24,2	23 240	+ 3,11	24 965	+ 4,4	33 831	+13,5

3 - Commerce avec le Royaume Uni

Années	R.F.A. (9a)				FRANCE (9b)				ITALIE (9c)				PAYS-BAS (9d)			
	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%	Imp.	%	Exp.	%
1978 (1)	403	-	549	-	294	-	362	-	147	-	221	-	231	-	245	-
(2)	4 843	+20,5	6 588	+19,43	3 536	+ 9,6	4 348	+20,1	1 770	+12,6	2 662	+ 27,2	2 781	+ 3,8	2 940	+ 2,8
1979 (1)	585	-	698	-	374	-	457	-	191	-	286	-	313	-	325	-
(2)	7 022	+44,9	8 377	+27,1	4 491	+27	5 493	+26,3	2 295	+29,6	3 439	+ 29,1	3 763	+35,3	3 905	+32,8
1980 (1)	763	-	756	-	437	-	465	-	265	-	284	-	376	-	349	-
(2)	9 162	+30,4	9 078	+ 8,36	5 245	+16,7	5 587	+ 1,7	3 181	+38,6	3 417	- 0,6	4 521	+20,1	4 196	+ 7,4

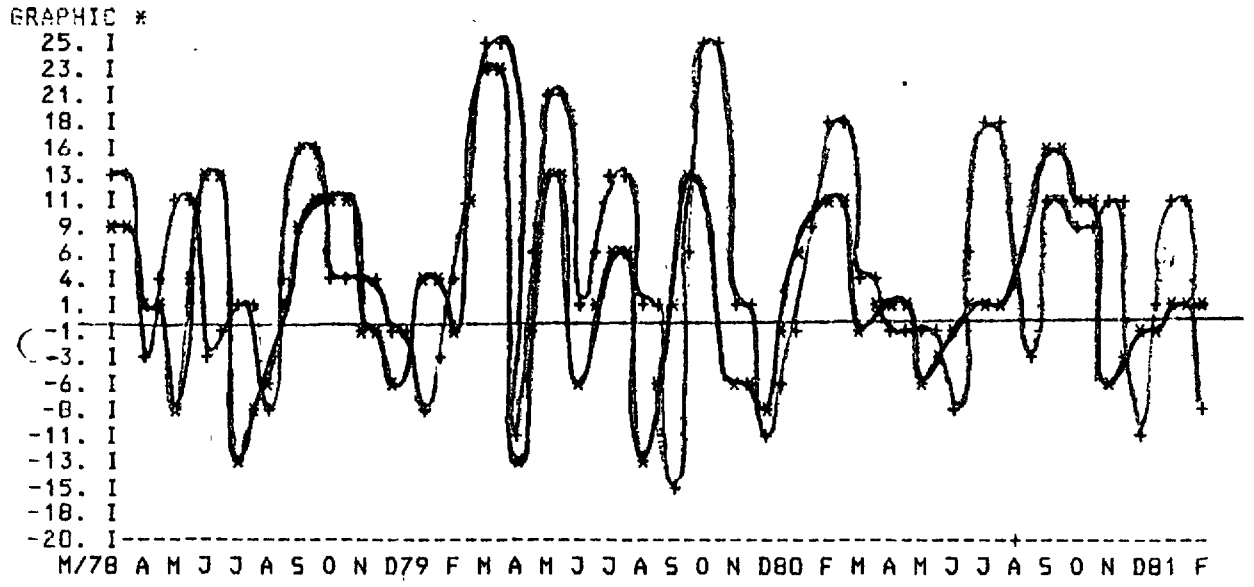
(a) Non compris le Royaume Uni

Graphique 3a

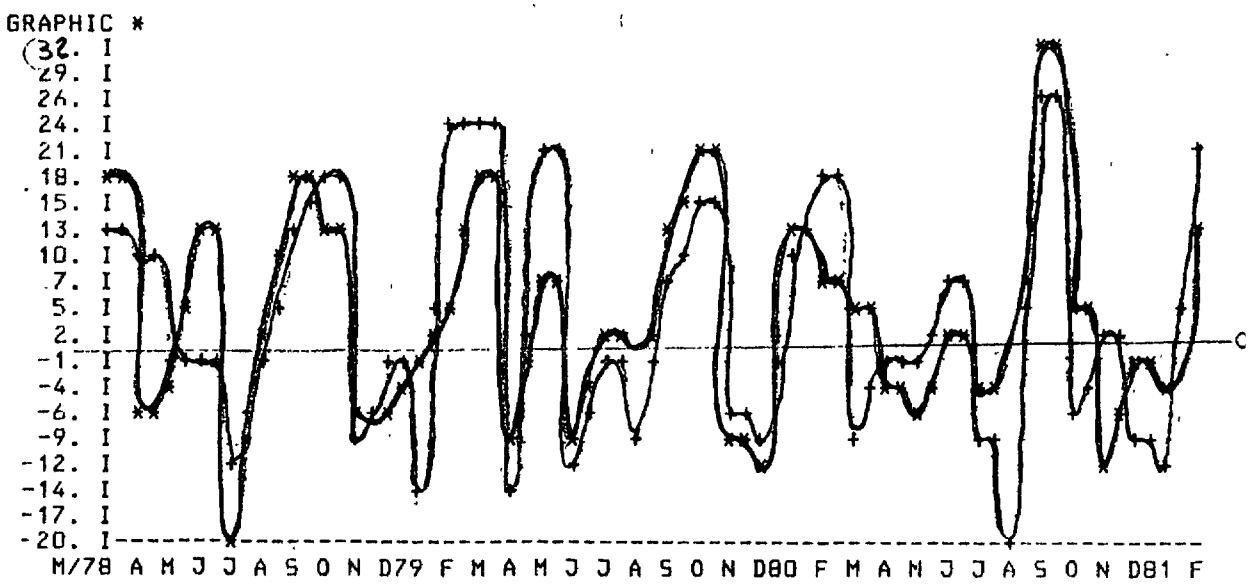
EVOLUTION MENSUELLE DU COMMERCE DE LA R.F.A., DE LA FRANCE ET DES PAYS-BAS AVEC LA COMMUNAUTE A 9 ET AVEC LE ROYAUME-UNI

I. REPUBLIQUE FEDERALE D'ALLEMAGNE

1. Importation : en provenance de la CE à 9 = *
en provenance du Royaume-Uni = +



2. Exportation : vers la CE à 9 = *
vers le Royaume-Uni = +

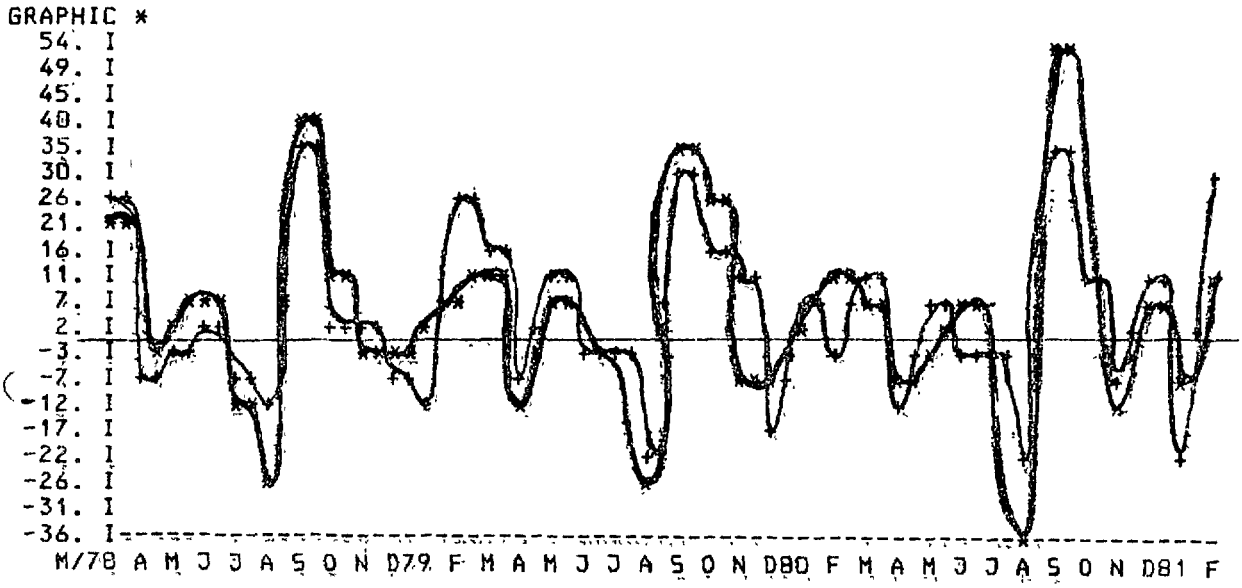


Graphique 3b

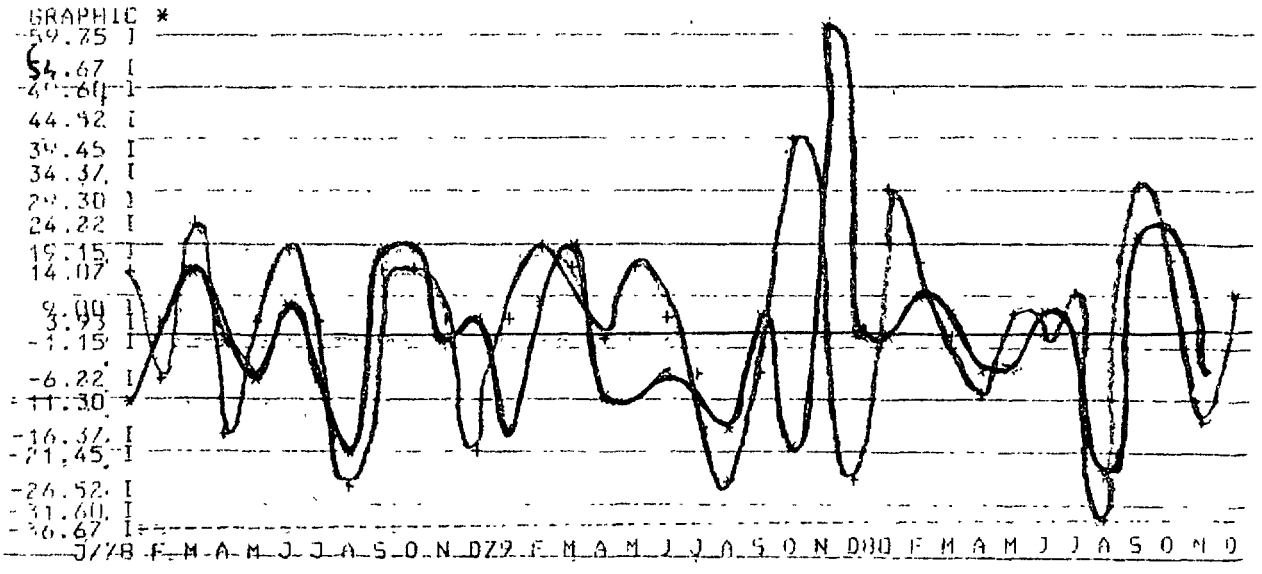
EVOLUTION MENSUELLE DU COMMERCE DE LA R.F.A., DE LA FRANCE
ET DES PAYS-BAS AVEC LA COMMUNAUTE A 9 ET AVEC LE ROYAUME-UNI

II. F R A N C E

1. Importation : en provenance de la CE à 9 = *
en provenance du Royaume-Uni = +



2. Exportation : vers la CE à 9 = *
vers le Royaume-Uni = +

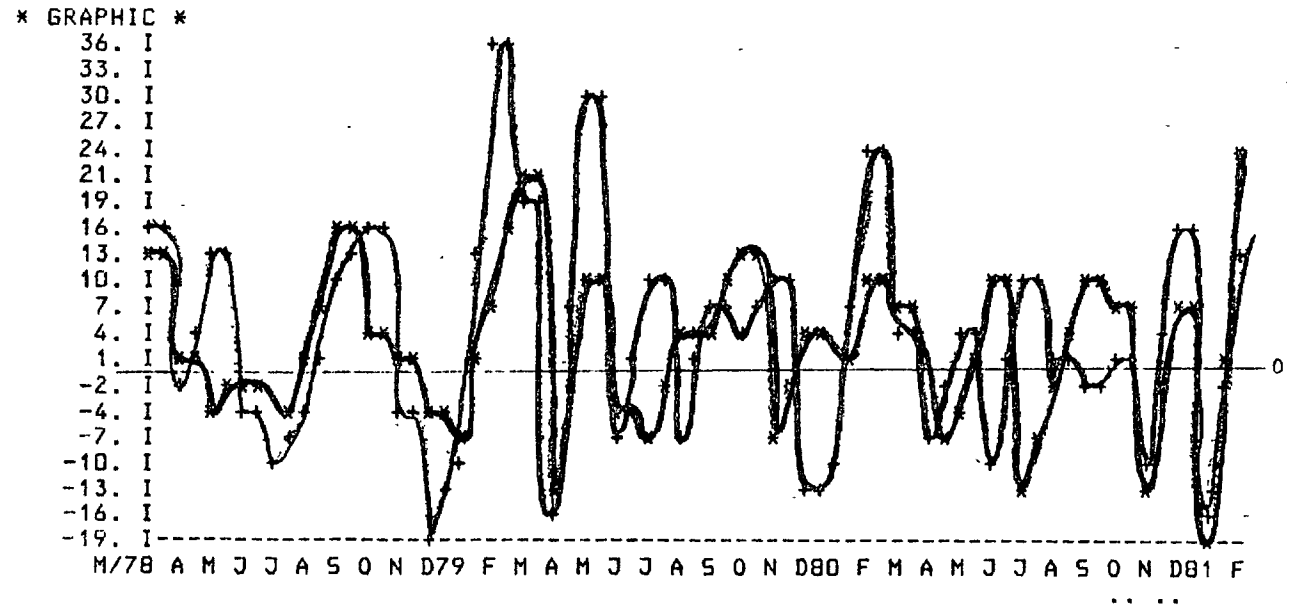


Graphique 3c

EVOLUTION MENSUELLE DU COMMERCE DE LA R.F.A., DE LA FRANCE ET DES PAYS-BAS AVEC LA COMMUNAUTE A 9 ET AVEC LE ROYAUME-UNI

III. P A Y S - B A S

1. Importation : en provenance de la CE à 9 = *
en provenance du Royaume-Uni = +



2. Exportation : vers la CE à 9 = *
vers le Royaume-Uni = +

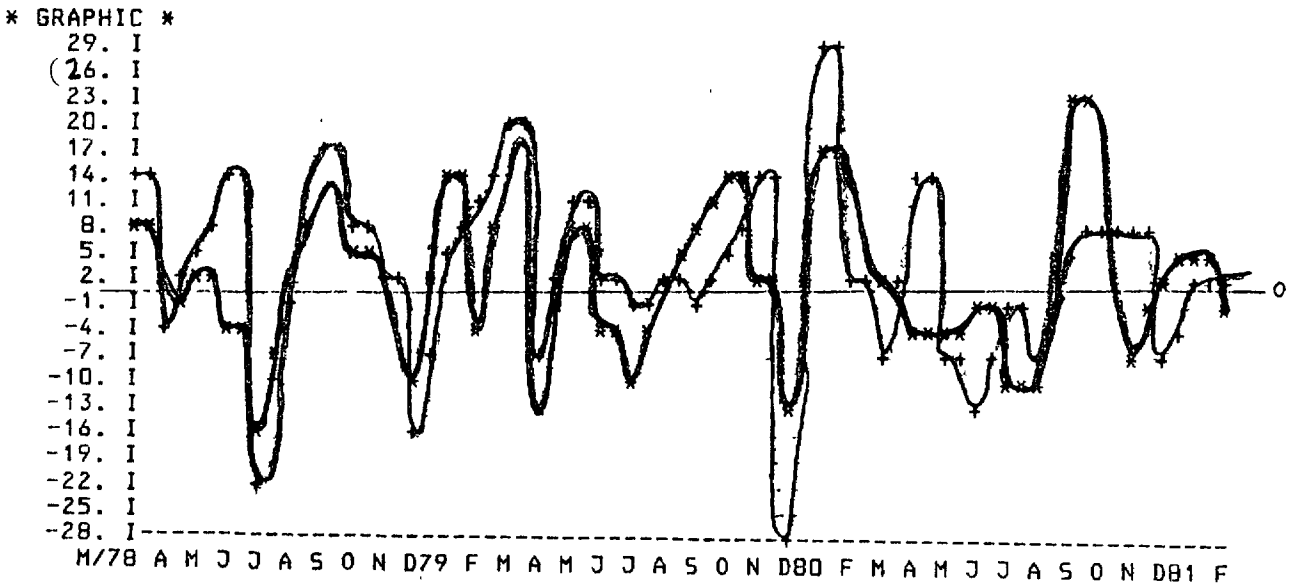


Tableau 10

P.I.B. (Volume et valeur) (1) Variation trimestrielle

Volume	R.F.A.	FRANCE	ITALIE	BELGIQUE	U.K.	U.S.A.
1/78	1,5	2,1	-0,1	1,5	3,8	4,7
2/78	4,0	4,3	2	0,9	4,2	5,2
3/78	3,8	3,7	2,8	2,1	4,1	4,7
4/78	3,8	4,8	5,6	4,6	2,5	5,2
1/79	4,5	3,6	5,1	1,1	0,4	4,5
2/79	5,1	2,4	4,0	4,6	2,6	2,0
3/79	4,3	4,3	4,6	4,2	-0,2	1,9
4/79	4,5	3,2	5,7	-	0,9	1,1
1/80	6,3	3,6	6,5	-	1,4	1,2
2/80	1,3	2,7	6,4	-	-4,2	-0,7
3/80	0,9	-	-	-	-	-
Valeur						
1/78	4	8,1	13,4	4,6	11,9	6,4
2/78	3,7	9	13,3	4,1	10,6	7,1
3/78	4,3	9,8	13,6	1,3	9,9	7,6
4/78	3,7	9,9	12,7	3,1	10,3	8,3
1/79	3,9	11,5	15,7	0,1	10,3	8,9
2/79	3,9	10,3	15,3	1,2	12,5	8,6
3/79	3,7	9,7	15,6	1,8	17,2	8,8
4/79	3,9	9,9	17,8	-	17,6	8,6
1/80	3,5	8,9	19,8	-	18,7	8,6
2/80	5,4	9,5	20,4	-	21,0	8,9
3/80	5,9	-	-	-	-	-

(1) Le calcul est effectué de la manière suivante :
$T_n : {}_{n-4}$ où T_n représente la fin du trimestre en cours et T_{n-4} représente la fin du trimestre précédent.
Ex. 1/78 = pourcentage de variation du PIB en volume et en valeur durant le premier trimestre 1978.

Tableau 11

EVOLUTION DE LA PRODUCTION INDUSTRIELLE (1)

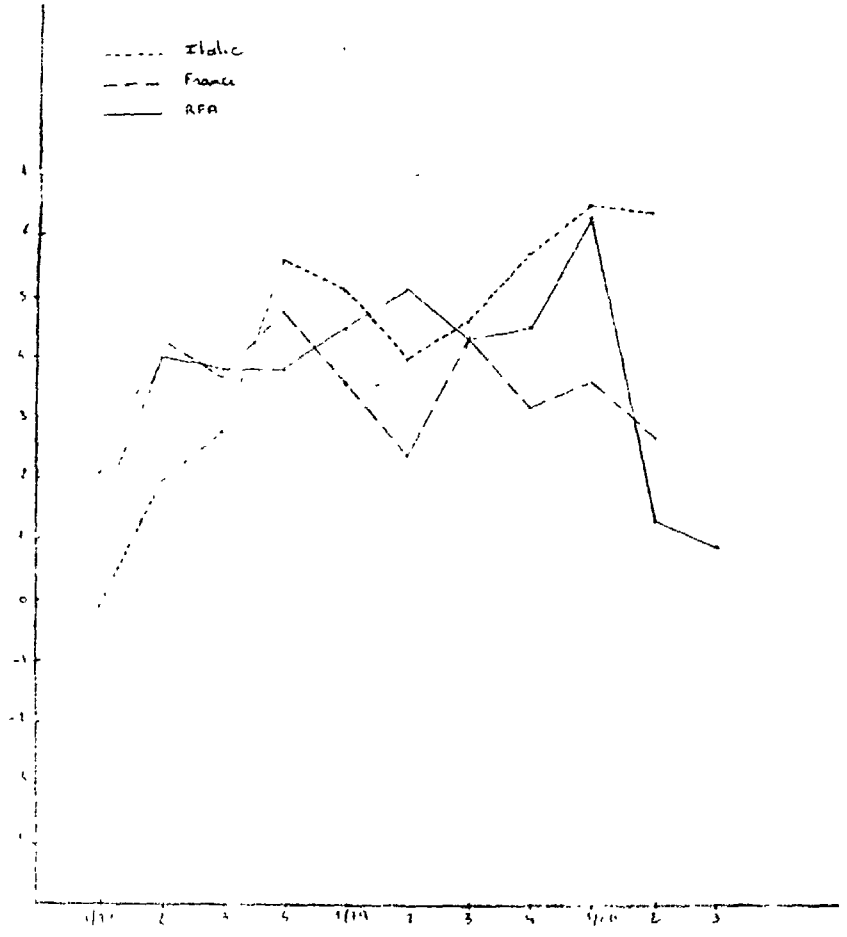
Moyenne mensuelle en %	R.F.A.	FRANCE	ITALIE	PAYS-BAS	BELGIQUE	LUXEMBOURG	U.K.	IRLANDE (*)	DANEMARK
3/79-3/78	+0,49	+0,275	+0,54	+0,40	+0,43	+0,85	+0,71	+0,62	+0,85
3/80-3/79	+0,53	+0,24	+0,85	+0,45	+0,64	+0,15	-0,44	+0,55	+0,5
3/81-3/80	-0,5	-0,61	-0,21	-0,45	-0,55	-1,275	-0,83	-0,2	-0,13
Variation totale									
3/79-3/78	+5,9	+3,3	+6,5	+4,9	+5,2	+10,3	+8,6	+7,5	+10,3
3/80-3/79	+6,4	+2,9	+10,3	+5,5	+7,7	+1,8	-5,3	+6,7	+6,1
3/81-3/80	-6	-7,4	-2,6	-5,5	-6,6	-15,3	-10,0	-2,5	-1,6

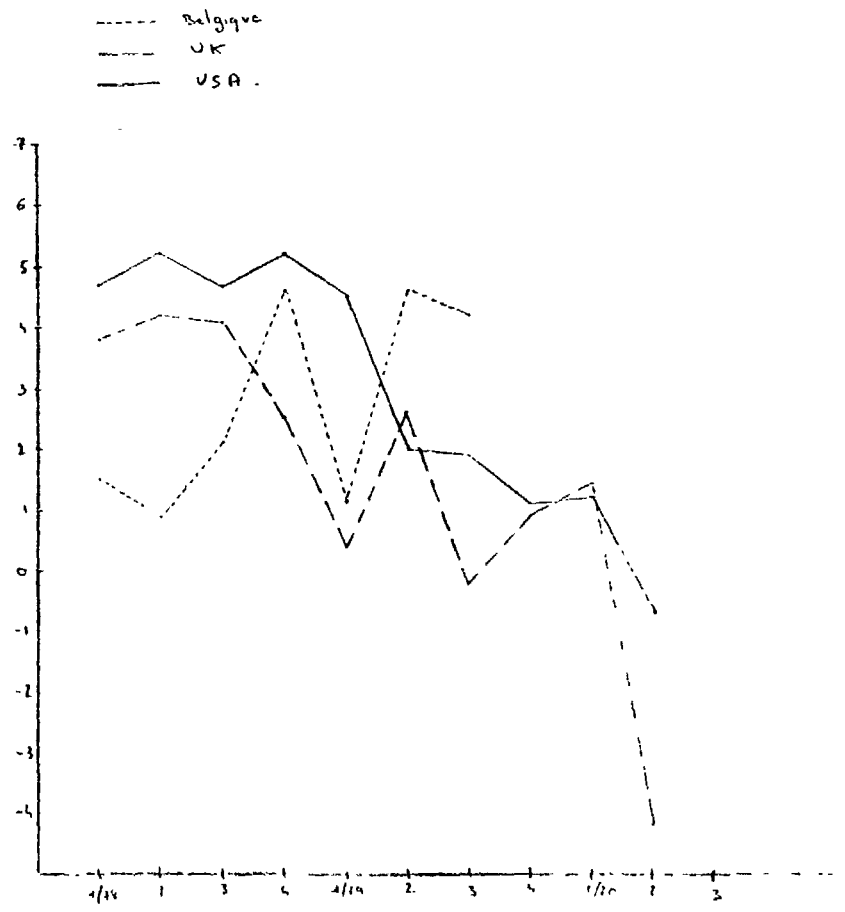
(1) Période du 31 mars au 31 mars de l'année suivante

(*) Du 28 février au 28 février de l'année suivante.

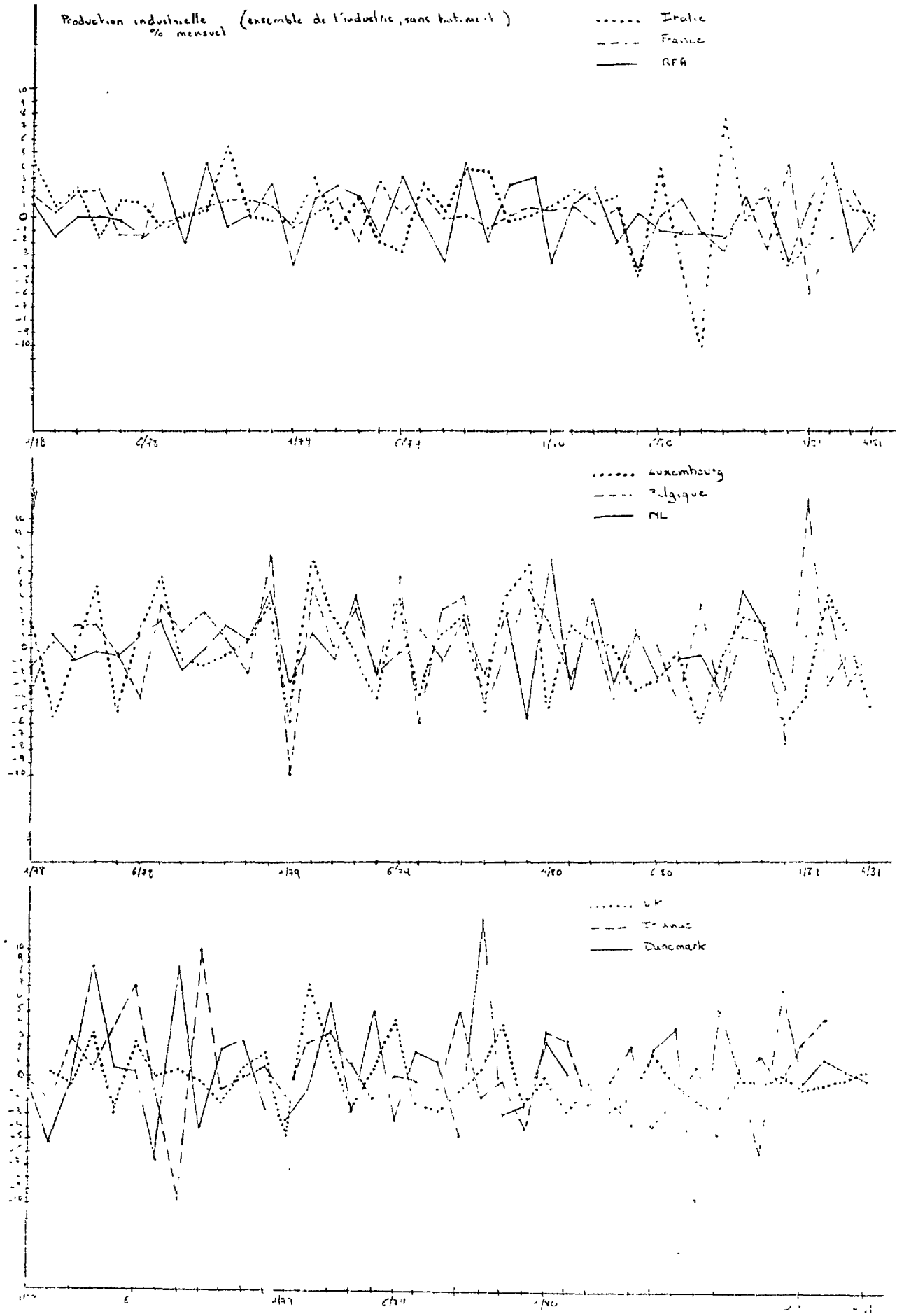
PIB en volume (%) (variation trimestrielle: T/T-4)

Graphique 4





Graphique 5


Production industrielle (ensemble de l'industrie, sans bâtiment)
% mensuel
Italie
France
RFA
Luxembourg
Belgique
NL
UK
Danemark

Annex

The stable ECU and the international monetary order

In the section on "The market adoption process of a stable ECU" some thoughts on the ECU's role in international transactions were put forward. In this section, the position of the ECU in the international monetary order is examined more closely.

Because of its stability guarantee the ECU will be much in demand in world currency markets outside the EC. One could envisage a similar market adoption process in the international market. to that proposed for the internal EC market, and for the same reasons. Of course there will be some limitations to its attractiveness, since the governments of non-member states may take different lines on the circulation of the ECU within their frontiers.

Although there is likely to be a relatively high international demand for ECU's, the supply will remain limited because of the monetary rule (growth rate of the aggregate supply of money which approximates the real growth output). High world market demand for ECU's combined with the presumed continuance of inflationary trends in non-EC member countries will result in a steady appreciation of the ECU against the other currencies.

A steady appreciation of the ECU vis-à-vis the other currencies could have the following effects:

1. There may be some negative influences on the competitivity of EC products which will be becoming dearer because of the ECU's appreciation. This effect should be offset by the competitivity and productivity gains inside the EC due to a better use and better allocation of resources as a result of the European Monetary Union. One might also expect a further increase in intra-industry EC trade because of the EMU.

   If the OPEC countries decide to denominate their oil prices in ECU's instead of dollars, that would probably facilitate

../...

the payment by the EC counties of their oil import bills. Imports on the whole (and not only oil imports) will become cheaper for the EC. The introduction of the ECU will thus have a positive influence on the EC's terms of trade.

2. An appreciating ECU which may be used for the denomination of oil prices and the payment of oil bills may result in substantial balance of payment difficulties for the developing countries. Special regulations and supporting mechanisms may have to be provided on an international level for that reason.

It is important not to forget that the introduction of a stable ECU and a European Monetary Union will have important secondary effects on the international monetary order. But because of the disadvantages it may bring to some non-member countries, the stable ECU may work as an incentive for better international monetary discipline and so result in a stabilization of the international monetary order.

EVOLUTION ET DIVERGENCE DES PRIX (1)

PAYS	MOYENNE 70/79	PRIX A LA CONSOMMATION (2) 1978	1979	1980	1981 (prév)	MOYENNE 70/79	PRIX IMPLICITES DU P.I.B. 1978	1979	1980	1981 (prév)
Belgique	6,7	4,4	3,5	6,2	6,0	7,2	4,5	4,0	5,1	6,1
Danemark	9,6	9,4	9,7	11,0	9,5	9,5	9,6	7,1	8,5	8,9
R.F.A.	5,1	2,5	3,9	5,4	4,5	5,4	3,9	3,8	5,0	4,4
France	8,6	8,5	10,5	13,5	11,8	8,9	9,3	10,3	11,9	11,3
Irlande	12,7	7,9	12,2	18,2	15,0	13,2	11,3	13,2	14,8	14,3
Italie	13,0	12,8	14,9	21,2	17,9	13,3	14,1	15,1	20,8	16,9
Luxembourg	6,3	3,5	4,5	6,3	6,3	7,0	4,4	9,4	4,4	6,7
Pays-Bas	7,4	4,2	4,6	6,5	6,3	7,7	5,1	3,9	5,6	5,2
Royaume-Uni	12,1	8,6	12,1	16,1	11,6	12,6	10,3	14,4	19,0	12,3
CE	8,7	7,3	9,6	12	10,4	9,0	8,5	8,7	11,5	10,0
Ecart type CE 9	2,8	3,2	4,1	5,6	4,3	2,8	3,5	4,3	6,0	4,1
Ecart maximun (3)	7,9	10,3	11,0	15,8	13,4	7,9	10,2	11,3	15,8	12,5
U.S.A.	6,3	-	-	10,5	-	6,6	-	-	9,5	-
Japon	8,1	-	-	6,3	-	7,2	-	-	2	-

(1) En monnaie nationale.
(2) Indice implicite des dépenses de consommation.
(3) Entre les pays participants au SME.

Tableau 12

FORMER WORKS OF THE D. G. V

1 - Mankind a turning point : the second report to the Club of Rome
February 1975

2 - Evaluation of the problems associated with the utilisation of the European Unit of Account for the Common Agricultural Policy
October 1977