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Germany, do your duty and save the euro today

By Mario Monti

By a vote of the Bundestag on Thursday, Germany just may decide to kill its own best product – and precisely when it is really beginning to work. Such would be the result of a rejection of the eurozone package supported by Angela Merkel, the chancellor, and endorsed by many in the opposition.

When the euro was launched, it was given two almost impossible tasks. First, it had to provide a number of countries with a single currency that would prove as stable as had been the Deutschmark. Germany, which had inflicted immense tragedies to itself and the world partly as a consequence of hyperinflation between the two wars, could not settle for anything less. Most other European Union countries were keen on having themselves an "anchor of stability" on which to base economic growth.

The second, even more difficult, task was to induce a profound transformation not just of economic policies and structures but also of the institutions and the culture determining them. The agents of change were to be the principles and the rules underpinning the euro, enshrined in the Maastricht treaty, the stability and growth pact and in the Lisbon treaty, where the blueprint of a "highly competitive social market economy", first experimented with in Germany in the 1950s, was adopted by the whole EU. National specificities, a richness of Europe, would of course persist, but as a consequence of sharing the euro all eurozone countries would gradually become somewhat more similar to the template developed in Germany as *ordnungspolitik*, the orderly structured application of liberal principles.

After 13 years, it is clear the euro, largely thanks to the European Central Bank, has achieved remarkably well the first objective. The second, more difficult, objective – the structural convergence of economic cultures and policies – is being reached in a rather less straightforward manner.

Particularly damaging was the breakdown of credibility of the stability pact in 2003 when none other than Germany and France, with the complicity of Italy then chairing the Council, overruled the European Commission to avoid being disciplined, thus sending the message "don't worry about fiscal discipline" to Greece and all the others.

After the Greek crisis – facilitated by the fact that, sorry to say, Germany and France had been among those who opposed the Commission's proposal for stronger inspections on national accounts – there has been a belated upgrade in the ways of enforcing discipline. Witness Wednesday's adoption of a new governance package by the European parliament and the announcement by José Manuel Barroso, the Commission president, that it will consider options for a eurobond.

Greece is the best case in point. It may well be that implementing some of the measures agreed with the International Monetary Fund, the Commission and the ECB is not exactly on track. But what Greece has decided and has implemented is the best signal to date that the euro as a means of structural transformation is working. To anyone with a sense of history and an appreciation of the complexity of politics it is astonishing how quickly Greek politicians and society, with its record of corruption, tax evasion, nepotism and clientelism, and its rejection of merit and competition as guiding principles, have engaged in changes that would normally have required a generation to effect.

Germany has to reflect, ahead of today's vote, on the fundamental question at stake. While maintaining appropriate pressure on Greece, surely it is worthwhile to explain to public opinion that the euro is proving it can gradually transform economies in a way which corresponds to German inspirations and shared European values.

With all respect, we can probably not expect from the "True Finns" or xenophobic political figures in the Netherlands an awareness of what European integration means. But this can and must be expected from Germans, who have, with their persistence and example, brought most of us closer in line with their template.

Other countries experiencing turbulence and exporting turbulence have to give more convincing proof of their commitment. Due to its size and potential role in the process of further European integration, Italy has a particular responsibility in this respect. But Italy too, I believe, will feel a more compelling duty to comply with what Europe expects of it if Germany today does not derail the process by giving in to the temptation of short-termism while it rightly condemns short-termism in financial markets.

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Feedback?