

We need to abolish the Euro and the European Union. Only a revitalization of the European Economic Community (EEC) will save the European project.

Jun 18 2012

Since the beginning of the crisis, politicians, governments and have struggled to find solutions to save the Euro and the European Union. [Yoav Tenenbaum](#) argues that these efforts are misguided. In order to save the European project, the Euro and the EU must be abolished.



Would Greece abandon the Euro? Should Greece abandon the Euro? These are the questions currently asked. The real question posed ought to be, though: Should Europe abandon the Euro and the idea of creating a federal state?

The European experiment which accelerated in 1992 with the Maastricht Treaty and its intent of forging a federal Europe is what ought to be at the centre of discussion, and the launching of the Euro in 1999 is what ought to lead it. In other words, rather than ask questions about the *effects*, we should be concentrating on the *causes* of the current crisis.

The comparison that Euro-enthusiasts like to draw with the United States is erroneous. The United States is a sovereign country to which people freely come to live in. The European Union (EU) is a federal structure composed of already existing sovereign, independent states which have precious little in common except for a shared history of enmity and conflict. Well, argue those in favor of the idea of a federal Europe, this is precisely the reason why the EU should have been forged – to prevent further enmity and conflict.

The problem with this argument is that the previously-existing economic confederation of states in Europe, known by the name of the European Economic Community (EEC), was already very capable of achieving this objective. There was no need to go further. There was no need to try to establish a federal Europe. The EEC served as a good basis to create an interdependent economy without engaging in an expensive, complicated and cumbersome experiment in mega-state building.

The only viable way out of the current economic problems is to return to the notion of an economic confederation of states, to go back to the EEC. Of course, it would not – indeed it could not – be a mirror image of the EEC as it existed prior to the setting up of the EU. It would – indeed it should – have a looser, more flexible structure than the one existing today; one that preserves economic coordination and cooperation but eschews political union; that formalizes diplomatic dialogue but avoids monetary harmonization.

The idea of a federal Europe is behind the Euro, and the Euro is behind the fear harbored at present by European decision-makers. If Greece was in the midst of an economic crisis within a framework akin to the EEC the ramifications would be different. If Greece, *and all the other members of the EEC*, had their own currencies, the scenarios currently being depicted of the dire effects of Greece leaving the Eurozone would be less ominous.

To be sure, in a global economy and interdependent economic system the danger of a contagion effect can occur even without the existence of the Euro. However, once so many countries share the same currency, within a quasi-federal structure, the dangers of a sharper and more widespread contagion effect become more evident.

The way out of the Euro-crisis is first to disentangle the EU from the Euro and then to disentangle the EU from its federal dream and re-forge a new vision of an economic confederation of sovereign states. Certainly, this process may be long and arduous, but the more the EU waits the more difficult it will become. An

organized, structured and coherent process leading the EU back into the future towards an EEC-like framework is what is needed if the aim is to solve the structural problem, and not only the passing crisis.

Many vested interests are involved for politicians to decide and for high-ranking officials in the EU to accept the dissolution of the current system. These should not be underestimated. Not only interests are involved. There is a coherent ideology behind the idea of a federal Europe and the notion of a single currency. Ideology can be a potent force both in igniting change and in opposing it.

However, the alternative to an orderly way out of the structural crisis in the EU is not, as some Euro-enthusiast argue, to forge ever closer federal links, representing a leap forward to the unknown, but to re-create a system which we already know has worked in the past quite well.

Back to the EEC

What would such a structured and organized process from the current EU to an EEC-like system look like? The transition has to be transparent, with a clear time-table, in order to mitigate, as far as possible, the adverse effects entailed in it for the markets and the consumers both within and outside the EU. People and institutions must be in a position to anticipate the next move, and even the one after that. Uncertainty ought to be limited to the greatest possible extent.

A coordinated process leading to the enactment of the necessary laws in each country in the EU aimed at the re-issuance of separate, national currencies would be the first concrete step, followed by the re-establishment of the different central banks as the sole monetary authority in the land; following which, the European Central Bank would be dismantled. Not until each country had completed the actual re-issue of its own currency would the euro be taken out of circulation. In the transition period, at least, each currency may be pegged to the gold, in one form or another, in order to facilitate the process and secure economic stability.

The political crust of the EU would be removed only after the aforementioned process had been completed. Thus, the EU Presidency would be abolished. Commissioners would be kept in order to safeguard the necessary coordination and supervision of the newly established economic confederation. However, the aim of achieving an ever closer foreign and defence policies would be modified for the more practical objective of securing a mechanism for consultation and coordination.

In this context it ought to be stressed that the aim of reaching consensus in the EU, and even in the EEC, has led more often than not to the lowest common denominator, hardly a formula for achieving an enhanced presence in the international system.

Finally, the European Parliament would be maintained its current form, though with the caveat that, constitutionally, it would not be endowed, under any circumstances, to have the same legal and political authority as national parliaments.

A [version of this article](#) was first published at Global Politics.

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