

The death throes of the “Confederation of Europe”?

By [Jacques Le Cacheux](#)

Will the institutions that the European Union has developed – from the Treaty of Maastricht in 1992, which created it and defined the roadmap that led to the launch of the euro in 1999, to the Treaty of Lisbon in 2009, which took up the main articles of the constitutional treaty that the French and Dutch had refused to ratify in referendums in 2005 – be sufficient to resolve the crisis facing the EU today? After five years of economic stagnation and nearly four years of persistent pressure on national debts, it had seemed that fears about the sustainability of the European Monetary Union had been appeased by the determination shown in early autumn 2012 by Mario Draghi, President of the European Central Bank, to ensure the future of Europe’s single currency at any cost. But the results of the recent general elections in Italy have once again unsettled the European sovereign debt markets and revived speculation, while the euro zone has plunged back into a recession even as the wounds of the previous one lay still unhealed.

How much longer will we be content with mere expedients? Would it not be better to make a real institutional revolution, like the one undertaken between 1788 and 1790 by the framers of the Constitution of the United States of America, as they faced an acute crisis in the public debt of the Confederation and the confederated states? In his Nobel Lecture, which the OFCE has just published in [French](#), Thomas Sargent invites us to consider this through an economic and financial reading of this critical episode in the institutional history of the United States, and through a parallel with the current situation of the euro zone that some may find audacious, but which is certainly enlightening.

There are of course many differences between the situation of the former British colonies ten years after independence and the Member States of the European Monetary Union. But how is it possible not to see certain similarities, such as the inability to find a collective solution to the national public debt crises or the inanity of the agreement in February 2012 on the future EU budget? *Mutatis mutandis*, it is a question of fiscal federalism, as well as political, in one case as in the other.