

France and 1993

THE SINGLE MARKET OF 1993

On the eve of 1993, France continues to prepare actively for the single market, and to be deeply involved in the very construction of Europe. France is considered, together with Germany, to be playing the leading role in the building of Europe, and one of the key participants in the major strides toward the establishment of the European Community. Co-founder of the EEC in 1957, followed by the six-country tariff union in 1968, France was also a signatory of **the Single European Act** in 1986.

The Single European Act provides for the creation of a single market, that is "a region without internal borders within which the free flow of goods, people and capital is guaranteed". This market of 320 million people is scheduled to go into operation on January 1, 1993.

European construction will go beyond the single market, toward a stage called **European Union**, as defined in the treaty of Maastricht, which will give the European community a federalist type union with both a common foreign and defense policy, and an Economic and Monetary Union based on a single currency. Also, there is the desire to create a European citizenship and to strengthen the Community's scope of action, from research to environment, from large transportation and telecommunications networks to consumer protection, from industry to health, to culture, education and justice, and including also welfare programs.

The Economic and Monetary Union (EMU), a natural extension of the single market, will be achieved at the earliest in 1997, but no later than 1999, and will involve a common currency and a common monetary policy established by the European Central Bank. The member countries of such an institution will be required to make efforts to converge, in terms of economic performance and policy, on the basis of five economic criteria leading to the creation of a single currency. These criteria are price stability; acceptable levels of budget deficits, public debt, and interest rates; and respect of margins of fluctuation within the European Monetary System.

The process leading to this Monetary Union is to be irreversible and will be carried out in three stages, each requiring a continuously narrower convergence of the members' economic policy and progress in the monetary area. Thus, the first stage which started in July 1990, involved capital liberalization. This will be followed in 1994 by the second stage which is the establishment of the European Monetary Institute and a strengthening of the Ecu. The final stage, that of a single currency directed by the European Central Bank, will be implemented in 1997 provided at least seven of the twelve member countries meet the required criteria of convergence. Otherwise, automatic EMU will take place on January 1, 1999.

Ratification of the treaty of Maastricht by all member countries is a necessary preliminary condition for enforcement of the treaty on the set date of January 1, 1993. In the climate of uncertainty ensuing from questions about this process, President Mitterrand decided that in France, the ratification would be approved by referendum.