On cosmopolitan currency

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A cosmopolitan currency is a currency common to many nations and explicitly based on a form of co-sovereignty (for a more in-depth analysis, see OFCE working paper 2013-09, June 2013). A currency like this is possible only by accepting a monetary policy and fiscal and taxation policies that are based on shared motivations, where each is responsible for the monetary commitments it makes and co-responsible for the ability of all to pursue a suitable economic policy. To be lasting, this currency requires sustained attention to macroeconomic divergences between the partners and the difficulties that each is encountering; it requires open dialogue about the reasons for these divergences and difficulties; it requires a determination to propose possible remedies over the short, medium and long term; and finally, it requires everyone to cooperate voluntarily, so long that is as they have the ability to do so.

Of all the classical sociologists, Simmel alone could have envisaged such a currency. Indeed, he was the only one to study socialization itself, to seek to understand society in the making, whereas Durkheim always started from an already established society, from an individual who was always already socialized, and Weber started from people always already constituted, "completed", without at the same time considering them as subjects likely to influence each other and make society deliberately. Yet a cosmopolitan union is precisely a union that is always trying to make itself; it is never definitively established. This type of union is weak by nature, but at the same time it only ever appears in contexts where it is objectively necessary for its citizens. Such a union is constantly renewed, constantly re-worked, because there is an objective terrain of neighbouring or overlapping interests, and everyone therefore considers it desirable to come to the best resolution of the neighbourhood's problems. Thus, in the name of the union, it becomes possible to resolve certain conflicts fairly and to develop tighter bonds.

From this perspective, the act of adopting a common currency is not a trivial matter in a cosmopolitan union. All of a sudden, everyone is committed to respecting their monetary promises to their neighbours. This is obviously a major change, which has immediate and foreseeable consequences: the transaction costs between partners disappear, and in particular there is no longer any risk associated with holding a foreign currency, as the currency is now common and politically guaranteed. But there are also less immediate, more hidden consequences. For instance, this common commitment often calls into question the economic culture of the nations concerned, by obliging them to explain some of the ways they operate: governments in the habit of solving their problems by inflation or a currency devaluation must now tell their citizens that it is necessary to raise taxes or spend less; banks that are "too big to fail" must now draw up wills instead of relying on the implicit guarantees of the citizens, and so forth. Finally, the cosmopolitan currency creates a new relationship between the partners, which in principle leads them to be concerned about their neighbours. In fact, the partners have made a commitment not only to keep their promises to everyone else, but also that each is able to uphold its own commitments (since trust is not divisible).

The cosmopolitan currency also introduces a kind of solidarity within the union. One must now be concerned about whether one's neighbour has the ability to meet its monetary commitments. This implies guaranteeing the latter a capacity for debt and / or a flow of investment into its territory. But unlike solidarity within a nation, this guarantee is more moral than legal: it is not entirely engraved in stone in the union, but must be discussed case by case. The risk of moral hazard is thus avoided.

The euro seems to be the paradigmatic case of a cosmopolitan currency. It is even the only case in history where cosmopolitanism actually laid the basis for a currency. This unprecedented feature also poses difficulties by upsetting national economic cultures. Since the beginning of the monetary crisis in 2008, everyone is discovering how Europe’s vertical institutions (European Commission, European Central Bank) address problems and respond to them. A culture of the euro, even a jurisprudence, is thereby forged. This is, incidentally, why the European Council should consider the impact of its decisions on this emerging culture: is the euro zone in the process of adopting a custom of “immediate returns”? Is this a doctrine born of distrust? If a cosmopolitan currency is possible, it is nevertheless necessary to accept both sides – the co-responsibility no less than the responsibility.