

to Europe, the EMS has had to be built on the basis of a confederal agreement and has been presented as a federal political project.

It is possible in this way to understand how aspects of the EMS that are in themselves contradictory can co-exist. It is equally possible to form an idea of the way in which the agreement may develop. It is likely that the period of transition which the European Community is now moving through will last for some time and will lead towards a strengthening of the European authorities within the areas under their jurisdiction. This possibility brings to light two basic constraints that will have to be observed when deciding future developments of the EMS:

- a) the "transition philosophy" that characterized the launching of the EMS will continue to be valid in the near future,
- b) as the EMS progresses towards monetary union the political and constitutional aspect of the choice (whether the currency and with it the management of the economy are a national or a European concern) will become increasingly evident and important ⁶.

These constraints can be regarded as different angles from which to tackle the strengthening of the EMS. A first approach might be to seek means to strengthen the existing or proposed monetary mechanisms (transition viewed as a reinforcement of the point of departure). A second approach might be to seek short-term solutions that anticipate projects of vaster scope, part of a constituent scheme (transition as an anticipation of the point of arrival). The two approaches are bound to find advocates with different unctons and to refer to different audiences: governments in the case of the first approach and the will of the European people in the latter.

All projects have the possibility of succeeding, but only on condition that they reconcile these two requirements; that is, on condition that they comply with the constraints that are a feature of the present phase of the integration process.

On the basis of these premises, the present paper contains first an attempt to assess the possible necessary progress of the EMS and subsequently a description of the implications of the choices available concerning monetary policy for the more general decisions regarding the formation of a European Union. To conclude the analysis, some solutions capable of satisfying the requirements outlined will be presented.

The strengthening of the EMS

The advocates of the creation of a European Monetary System were faced with the difficult situation of being able to use the experience of the failure of the Werner Plan and yet having to adopt solutions that were not dissimilar, from the point of view of their intrinsic limitations, to those that it embodied. In