

After the single currency

also active neutrality?

The euro is a reality for the European Union (EU). But what is or should be the Old Continent's foreign policy? Should it reflect the history of expansion of some of its - once - great powers, dreaming of some form of "grandeur"? Or perhaps, more realistically, could the model be that of the active neutrality of the Swiss Confederation? The debate is not just for political scientists. Finance, too, will soon be called upon to understand the political underpinning of the now powerful monetary policy implemented by the European Central Bank (ECB). Recently, in *Corriere della Sera*, Sergio Romano, former Italian ambassador, expressed the hope that the EU would become like the Helvetic Republic so as to have "an army to defend its borders and as many cantons as there were European states in the past. Thanks to its beauty, its culture, and thanks to the wisdom of its neutrality, it

would be for its citizens the best Homeland in the world". ¹¹

On September 21, the *Fondation Jean Monnet pour l'Europe* invited, in Lausanne, the former Swiss Foreign Minister, Micheline Calmy-Rey, to discuss her latest volume, "*Pour une neutralité active. De la Suisse à l'Europe*"², with François Hollande, former President of the French Republic, who edited the preface. The Swiss politician began by recalling that "in 1515 Switzerland was the main military force in Europe, the main one! But at the battle of Marignano it was defeated. Why? Because the cantons were divided. It will be the birth of neutrality the only way to overcome those divisions". For Calmy-Rey, today's European Union is like the Switzerland of 1515, divided. This is the basis of its impotence.

¹ Sergio Romano, "Europe's Swiss future: here are what the benefits would be", *Corriere della sera*, October 24, 2021.

² Micheline Calmy-Rey, *Pour une neutralité active. De la Suisse à l'Europe*, Ed. Savoir Suisse, Losanna, 2021, 165 p.

To overcome it, it should choose active neutrality, "renounce power, force, to have a role in the world".

François Hollande's response well explicated the difficulties of finding solid ground on which to engage in constructive debate. "There is indeed - said the president, reiterating what was written in the preface - a certain audacity, on the part of a leading Swiss personality who has exercised the presidency of a country not a member of the European Union, to enjoin this so original political construction the alignment with Swiss neutrality!" For him, letting a certain annoyance show, it is a provocation to be pushed to imagine that Switzerland, which has kept its distance from Europe for decades, could become an example, a reference, a model for the definition of the Union's foreign policy. The French "grandeur", which perhaps seeks in the European project an instrument of support, cannot flatten itself on a neutral foreign policy even if armed and active. On the contrary, Hollande added, the Hexagon will find it increasingly difficult to admit such a scenario. All the more so if one takes into account that "France has the force of deterrence and that the

nuclear weapon certainly preserves the French sanctuary, but also constitutes, because of its credibility, an element of protection for all of Europe".³ Moreover, the United States seems no longer willing to be the world's gendarmes. It is therefore difficult, he admitted, to understand why Switzerland, in order to meet the needs of its air defense, has preferred to buy American F-35s instead of French Rafales, since it benefits, by the simple fact of being at the center of the continent, from the protection of France.

Yet, in spite of the idea that the EU must become a global power, even if not an aggressive one, but an evidently imposing one, Holland admits that the neutrality thesis is much more present in Europe than Micheline Calmy-Rey thinks: "There are many German and Scandinavian leaders - the president says and writes -, but also certain Southern European leaders, who without admitting it have positioned themselves in this diplomatic posture and military attitude".⁴ Moreover, not even the former French president will have missed how lightly Australia has torn up the "contract of the century", that is an order for twelve French submarines worth

³ Ibi p. 13.

⁴ Ibi, p. 9.

56 billion euros, converging instead on the nuclear ones of an Anglo-American consortium, supported by his friend Joe Biden. Holland is also aware that "on a global level and at the horizon of the end of the century, Europe will soon represent only 7% of the planet's population".⁵

At the end of the 1980s, Jacques Delors, then President of the European Commission, succeeded in relaunching the ailing European project. First of all, he chose the functionalist ideology of the father of Europe, the Frenchman Jean Monnet, whose archives are kept in Switzerland, in Lausanne: the progressive strengthening of economic integration, of the single market, brings with it the need for a common currency that will require a shared foreign policy, the prerequisites of a true federal state. The path is not automatic, it is reinforced by crises. Market and currency are now an integral part of an almost federal decision-making system. The financial crisis of 2008 and the policy of austerity, desired above all by the Germans, have put the European construction worksite in serious danger. But Mario Draghi's decision to do whatever was necessary to save the euro gave the

central bank the ability to go beyond interest rate policy and act as an instrument of growth and financial stability. That policy also infected the paralyzing Maastricht parameters that froze the growth capacity of the great European market for years. And so, in the pandemic, the European Central Bank was able, quickly, to inject into the market all the liquidity needed to overcome the crisis, also laying the foundations for "federalizing" the collection of money.

The stock exchanges continue to toast this event. The "deflationary" role of the European Union in the world economy has finally been greatly reduced. Brussels' room for growth could be ready to take over, alongside the United States, from the driving and anti-cyclical role of China, whose economy will tend in the medium term towards more "normal" growth rates for a power that is no longer emerging. If there is a basic reason that justifies the stock markets' rise (in October they recovered their losses of September, +5.3% for the Eurostoxx, +6.6% for the S&P), it is perhaps in the enfranchisement of a new important and decisive player in world financial flows: the ECB, which has

⁵ Ibi, p. 9.

joined the Federal Reserve and other independent forces in the world in a path that now essentially wants to promote growth, the only way to sustain the explosion of public debt after the pandemic. Even the increase in inflation continues not to frighten the stock exchanges: there is a strong belief that this, even if it will not be totally transitory, due to a supply that does not totally satisfy demand, will live with real rates that will be lower than the increase in prices. Tapering, i.e. the reduction of bond purchases, will also take this perspective into account for long-term rates. For now, therefore, there is optimism about growth. The ongoing slowdown would be the product of bottlenecks in the supply chains and the consequences of the delta variant in the third quarter, which for the stock exchanges means probably more cautious tapering. The European Union seems capable of following this path. But the strong challenge between the United States and China, the difficult energy transition, which re-evaluates the old geopolitics (decarbonization will be more difficult than thought only a few months ago), will force Brussels to make fundamental foreign policy choices. And perhaps, active and armed neutrality will

prove to be the only path that can involve both France and Germany, with Mario Draghi pointing everything on the ground of multilateralism, in a common vision of Europe's role in the world. Hoping not to have to go through a major crisis in international relations before defining the common goal.

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