

***Robert Triffin and the international monetary system: past, present and future***

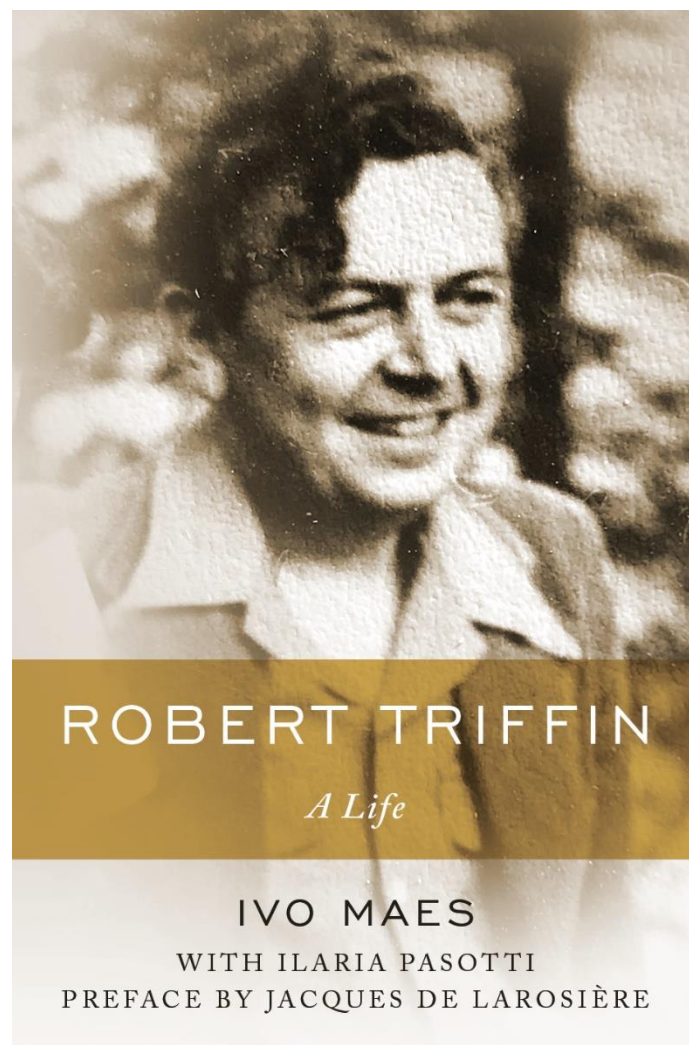
*Symposium for the publication of "Robert Triffin: A Life", Ivo Maes with Ilaria Pasotti, Preface by Jacques de Larosière, Oxford University Press, 2021*

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With World War II still raging, nations came together to create a new international monetary order, the Bretton Woods system. One man saw the political, economic, and moral tensions inherent in keeping the dollar, a national currency, as a global reserve currency. When the monetary arrangement collapsed in 1973, economist Robert Triffin had already predicted its downfall two

decades previously. Triffin played further a key role in Europe's EMU process, becoming one of the intellectual fathers of Europe's single currency, the euro.

The publication of the first comprehensive biography of the Belgian American economist is an opportunity to reflect on both the past and the future of the international monetary system with the main author, Ivo Maes, and two eminent economists who have known Robert Triffin well: Jacques de Larosière, former Managing Director of the International Monetary Fund and honorary Governor of the Banque de France and Niels Thygesen, the Chair of the European Fiscal Board.

### **Introduction by Governor Pierre Wunsch**

Ladies and gentlemen,

It is for me a great pleasure to be here with you for this colloquium '*Robert Triffin and the international monetary system: past, present and future*'. There are two important reasons for this. In first instance, I am very happy that Robert Triffin, Belgium's most famous economist, has finally a beautiful biography, written by Ivo Maes and Ilaria Pasotti. Secondly, there are the other speakers of this event, Jacques de Larosière and Niels Thygesen, who one might describe as living, but still very agile, monuments of the monetary and financial world, who have known Robert Triffin well. Introducing them is not an easy task.

Jacques de Larosière, after a high-level career in France, became Managing Director of the International Monetary Fund in 1978. In his autobiography he describes this period as '*les années magiques*', even if they coincided with the Latin American debt crisis. He tells how only a few people in Washington were worried about the rising Latin American debt levels. After the start of the debt crisis, Jacques was at the centre of efforts to contain it. In 1987, Jacques de Larosière returned to Paris as Governor of the Banque de France. It coincided with the relaunch of the EMU project. As a member of the Delors Committee, like also Niels Thygesen, Jacques fully supported the concept of central bank independence and manoeuvred to have it accepted in France. But Jacques de Larosière not only played an important role in Europe's monetary constitution. After his 'retirement' he became the President of the so-called 'de Larosière Committee', in 2008-2009, which was at the heart of a profound reform of the institutional architecture of financial supervision in the European Union. The new regime brought in a clear distinction between macro- and microprudential supervision and advocated the setting up of three new supervisory agencies: the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority.

Niels Thygesen played for nearly five decades an influential role as a policy orientated academic. Niels has always been an academic, a long-time professor at the University of Copenhagen. In his early career he studied and worked with Nobel Prize laureates as Michel Allais in Paris and Franco

Modigliani at the MIT. However, Niels had monetarist convictions and he proposed Milton Friedman for the Nobel Prize in economics. Niels Thygesen's involvement with the process of European monetary integration really started in 1974 with his membership of the Marjolin Committee (which provided an assessment of the failure of the 1970 Werner Report). Since then he has been involved in a multitude of committees and initiatives, like the All Saints Day Manifesto, the Committee for Monetary Union in Europe (an initiative of Giscard and Schmidt) and the Delors Committee. In 2016 he became the first Chair of the European Fiscal Board.

But first Ivo Maes will present *Robert Triffin: A Life*. According to former ECB President Jean-Claude Trichet, the book is a "must read". In his view, "It is remarkably well documented and gives a new and original perspective on one of the great monetary thinkers of our time." Ivo Maes had a long career at the Economics and Research Department of the National Bank of Belgium. He also pursued an academic path, with a wealth of publications. He is still a Professor, Robert Triffin Chair, at the Université catholique de Louvain, as well as at ICHEC Brussels Management School. He also served as the President of the Council of the European Society for the History of Economic Thought. Ivo recently retired from the NBB. Jacques and Niels are certainly examples for Ivo that, also after 65, one can contribute to serve society.

### ***Robert Triffin: A monk in economist's clothing***

*Ivo Maes*

Ladies and gentlemen,

When preparing for this presentation, I was confronted with two dilemmas: the Triffin dilemma and the dilemma of how to allocate my time for this talk. Clearly, my task here is to present the Triffin book. However, working on this biography, I have incurred many intellectual debts and I would like to acknowledge at least some of them.

This symposium comes at the end of my official career at the National Bank of Belgium, with corona even a bit later. Life at the Bank has passed quickly. I would like to express my gratitude to all my colleagues at the Bank for their cooperation over several decades. I have been privileged by a great openness by many people and stimulating discussions. I would also like to thank Governor Pierre Wunsch for chairing this session. A special word of thanks goes to Jacques de Larosi re. Not only has he written a thoughtful and elegant preface, but he has been constant in his encouragement and support. I have fond memories of many discussions in Paris and Bovelles. Several persons shared their memories of Triffin, offered access to archives and commented on the manuscript, among them Niels Thygesen and Bernard Snoy, the president of Robert Triffin International, which aims at preserving the intellectual heritage of Robert Triffin. I should certainly not forget Ilaria Pasotti. Since August 2006, when she considered devoting a PhD to Triffin, we have been in a constant

dialogue about Triffin, the international monetary system and European monetary integration. Lastly, thanks to all of you here, for your interest in Triffin and the international monetary system.

During my research, in June 2019, in a little pizzeria in New Haven, I had a very pleasant dinner with Eric and Kerry Triffin, the sons of Robert Triffin and Lois Brandt. We talked about the deeper motivations of their parents. Recurring themes were “the ring of truth: that’s where we need to go” and “if you buy your bread from me and I my butter from you, we won’t go to war”. Robert Triffin wanted to make the world a better place – more united, just and peaceful. At home, Triffin was often working, doing calculations on little pieces of paper. What his sons had initially seen as dry numbers was for Triffin the currency of trust and peace; “he was in fact a monk in economist’s clothing”.

As an economist, Triffin played a key role in the international monetary debates in the postwar period. He was not only an eminent academic but also an influential policy advisor. Triffin was the monetary expert of Jean Monnet’s Action Committee for the United States of Europe and an official advisor at the European Commission. He was also involved with the Kennedy administration and in many academic settings, like the Bellagio group.

Triffin’s power of analysis came to the fore in his trenchant analyses of the vulnerabilities of the Bretton Woods system. He earned fame with his book *Gold and the Dollar Crisis*, published in 1960, in which he predicted the end of the Bretton Woods system. In Triffin’s view, there was a clear dilemma, as the increase in foreign dollar balances to meet international liquidity needs was only sustainable when there was no doubt about their convertibility into gold. But, with ever increasing foreign dollar balances and diminishing US gold reserves, the credibility of this convertibility commitment was threatened. Triffin would stress time and time again the vulnerability of an international monetary system which was dependent on a national currency for its international liquidity. Moreover, for Triffin, the US balance of payments deficit was not only an economic issue but also a moral one. He was disgusted and outraged that the richest country in the world was financed by the poorer countries. Very much like Keynes, he was in favor of a true international reserve currency.

There was a remarkable continuity in Triffin’s vision. From his earliest writings, Triffin, very much marked by the Great Depression, became convinced that the international adjustment process was not functioning according to the classical mechanisms. This view was based on thorough empirical analyses of the Belgian economy during the Great Depression and shaped by a business cycle perspective, typical for the Louvain school, with an emphasis on disequilibria and the transition period. His doctoral dissertation at Harvard on imperfect competition theory and his Latin American experience, during his time at the Federal Reserve Board, further reinforced this basic view. So, as countries needed time for economic adjustment, Triffin argued that international liquidity should be at the core of the international monetary system.

Triffin put forward several proposals for reforming the international monetary system and was described as “the prophet of the International Central Bank”. Triffin welcomed the creation of the SDR, but he thought that the fundamental flaw of the system, the use of a national currency as an

international reserve asset, had not been tackled. Moreover, he was critical of the allocation key and advocated linking the creation of new SDRs to development policies and objectives, a topic which is still on the agenda today.

Already in the late 1940s, Triffin played an important role in the creation of the European Payments Union. Economic historian Barry Eichengreen described him as "the EPU's architect", and we found further evidence for this in the OECD and IMF archives. Triffin remained further involved in the process of European monetary integration and became one of the intellectual fathers of the euro. His plans were very much based on his experience with the European Payments Union, and focused on the creation of a European Reserve Fund and a European currency unit. Triffin was firmly in the so-called "monetarist" camp, paying less attention to the economic pillar of EMU. In Triffin's eyes, the regional and worldwide approaches towards monetary integration were complementary, aiming at a new multipolar international monetary system, with the European Community as an essential pillar, also a topic which is still on the agenda today.

Triffin was a very policy-oriented economist, and this influenced his approach towards economics, as he observed himself in an autobiographical article: "If my main concern were to make safe forecasts, I would agree with you and be proven right nine times out of ten. But I prefer to be wrong nine times out of ten, if I can contribute once in ten times to divert us from catastrophe, and help build a better future".

Triffin was part of a generation of economists marked by the Great Depression, with devastating trade and currency wars, contributing to the rise of fascism and World War Two. He never tired of pointing out the factual limits of national sovereignty in an interdependent world. In his analyses he always took a systemic perspective and sought an equitable division of the burden between deficit and surplus countries. Triffin made his contribution to the successful European recovery after World War Two, a stark contrast with the disasters of the interwar period.

Robert Triffin was the son of a butcher. His life was a story of exceptional social mobility. It is further remarkable that Triffin remained faithful to the ideals of his youth. The young Triffin was indignant about the Versailles Treaty, while the old Triffin fulminated against the Vietnam war. For him, economics was a way to contribute to a better and more peaceful world. He was a monk in economist's clothing.

**The topicality of Robert Triffin**

*Jacques de Larosière*

Mr. Governor, Ladies and Gentlemen,

It is with great pleasure that I participate in the presentation of my friend Ivo Maes' remarkable book on Robert Triffin.

It is an important book, and I will highlight its topicality. It should inspire us all.

**I – What are the “anomalies” of our international “system” such as Robert Triffin denounced them 60 years ago?**

1. The richest country in the world, the United States, lives on credit and thrives on being financed by others, even the poorest.
2. The players in the system are free to choose their exchange rate policy: sometimes they let it float, or they “manage” it avoiding appreciation in order to maintain the desired competitiveness (notably by buying dollars).
3. The effort to adjust balance of payments imbalances falls exclusively on deficit countries (with the exception of the United States) and not on countries with structural surpluses.
4. Supplying the world with liquidity is mainly due to the external deficit of the United States. (Creditors buy dollars).

One of the problems with these “anomalies” is that you get used to them and don't try to make things better anymore.

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## **II – The « dilemma ».**

Triffin has done a great deal to analyse these deficiencies and try to remedy them.

He was one of the first to understand the contradiction inherent in the “Bretton Woods system”, designed at the end of the war to restore a world economic and monetary order.

For about 15 years, the system set up around the International Monetary Fund in 1944 has worked fairly well: The United States combined a balanced current-account balance and capital outflows that irrigated the world in search of dollars. And the deficit countries - impoverished or destroyed by war - benefited from capital inflows and relative macroeconomic discipline.

But this system got out of hand at the end of the 1960s and it was to Robert Triffin’s credit that he was one of the first to understand it and to demonstrate it with a remarkable independence of mind, lucidity and foresight.

The rise in public expenditure in the United States was the cause of this disruption.

Indeed, it was necessary to finance the Welfare State that developed in the USA after the war, then the Vietnam War, which was a real abyss in terms of public spending.

Rather than finance these waves of spending through taxes – or savings –, the United States resorted to borrowing. The world - still looking for dollars to ensure its growth – thus financed the growing deficit of the United States by buying, with its savings, the debt issued by the Americans.

But in doing so, the ratio of US dollar debt to the US gold stock deteriorated. However, the “Bretton Woods system” was based on the gold convertibility of dollars held by foreign central banks.

Triffin was the one who formulated the famous “dilemma”:

- or the United States control their budget and current account balances by restricting domestic consumption and the world runs the risk of a recession;
- or they finance on credit their development as well as the Vietnam War and the abundance of dollars thus created will one day show the impossibility to ensure the convertibility of the dollar into gold.

It was the second branch of this alternative that came about and, on 15 August 1971, the United States put an end to the gold convertibility of the dollar. The international monetary system gave up - 30 years after instituting it - the system of fixed exchange rates.

### **III – The current “non-system” and the need to correct it.**

But the end of Bretton Woods was not going to solve the problems.

For a time, it was thought that abandoning fixed exchange rates would solve everything:

With flexible rates, it was thought that States – and first and foremost the United States - were going to recoup freedom to choose their policy mix: imbalances would naturally be resolved by exchange rate fluctuations on the markets and by capital movements now free from controls.

At last, the world was free !

But, in fact, the world has not “liberated”. It has become increasingly dependent on financial markets, which have, with accompanying innovations, taken the predominant place in the functioning of the international monetary system.

This “non-system” - the one where we live – is characterized by:

- Massive global indebtedness (always generating financial crises, bubbles and defaults);
- A preference for holding liquid assets rather than long-term investments (which we so badly need);
- Maintenance of the “exorbitant privilege” of the dollar: US deficits remain the central element of the supplying the world with reserves, and the US continues to live on credit;
- The extreme modesty of the attempt to create an international currency advocated by Keynes and Triffin (SDR).

Ultimately, the imperfections denounced by R. Triffin can only be resolved by moving towards greater international cooperation.

One of the lessons of the R. Triffin’s work is important to meditate on: it is the author’s interest in international “institutions”. He always believed that the IMF, and later the European institutions, should play a key role in the organisation of our system.

In this regard, I would like to recall the following episode:

When, in 1949, an orderly devaluation of the exchange rates of a large number of countries had to take place, Britain – whose other countries had been waiting for the decision before taking a position – did not want the IMF to intervene. The US Director at the IMF, Mr. Southard, therefore organized “informal” discussions at the IMF to assess reasonable amounts of future devaluations. But the British insisted that the Director General, Mr Gutt, should not participate in these discussions. Triffin - he was under 40 - vigorously denounced this attitude contrary to the IMF’s Articles of Agreement.

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In short, the following points remain highly topical and call for action.

- Any “orderly” international system cannot ignore exchange rate relations between large countries;
- It is therefore necessary to entrust an independent and competent monetary organization with the task of supervising exchange-rate relations. This does not mean a return to absolute fixed parities between major currencies. But this implies agreement on the idea of seeking a rational and desirable operational link between exchange rates and economic policy;
- This is important, especially in a context of “super leverage” like the one we know. In fact, the triggering of the economic cycle is now a matter of finance. It is the monetary policy of the United States that rules the world. Its changes make their mark on the financial cycle. It would therefore be logical to pay a little more attention to the international implications of monetary policy of large states from the point of view of financial stability.

Otherwise, there is a risk of a proliferation of exchange rate wars – by means of monetary policy – and protectionism, which always are ominous.

## ROBERT TRIFFIN AND EUROPEAN ECONOMIC INTEGRATION

*Niels Thygesen*

It is an honour and a great pleasure to be invited to recall the role of Robert Triffin. Ivo Maes and Ilaria Pasottie have provided us with a rich account of his life and of his importance as an economist and a policy adviser on global and European issues. I shall try to supplement Jacques de Larosiere's remarks on the importance for the perspective on global monetary issues of Triffin by evoking some personal memories of how he helped to shape progress in European integration over the decade after his return to Belgium in the mid-1970s.

At that point the European Economic Community, as it was then, was in dire straits. National economic performances were diverging, driven by very different responses to the challenges of the first energy shock and the dissolution of the external monetary environment provided by the

- Bretton Woods System. Inflation peaked at 20-25% in Italy and the UK;
- both countries had to negotiate an adjustment programme with the IMF.

Very little remained of the monetary cooperation designed in the outline for moving towards Economic and Monetary Union – the Werner Plan of 1970 – on which Triffin had advised the main actors.

Economists and policy makers showed very different reactions to these events. Some had become so critical of past efforts and of the ability of policy makers to rebuild integration that they wanted to move to new priorities in economic policy. Others looked further into the future and refined their evaluation of how a well-designed union could work while leaving it to others to make it possible to get there. A third category tenaciously retained the belief that progress could be restarted from the rumps of earlier efforts, giving policy makers the benefit of the doubt and engaging themselves in the painstaking reconstruction.

When preparing these remarks and recalling the apt image by Ivo Maes in labelling Triffin 'a monk in economist's clothes', I was struck by the need to supplement the image. Like economists, monks seem to have different ways of focusing their considerable talent for perseverance: some are primarily depressed by past sins, while others look more towards eternal values and rewards. But there is an intermediate and essential category, that could be called the oecuminical one – outward-looking and actively trying to deal with the daily challenges of contemporaries.

Robert Triffin was a prime example of such a monk. I could not help trying to put a face on the other two categories of monks among economists at the time. His contemporary and friend from the early post-war period, Robert Marjolin, had become almost cynical in his doubt about the future of the European project. Among leading academic economists the perspective was beginning to shift towards a longer-term future where the virtues of policy commitments and a stable policy framework seemed to make the advantages of monetary unification more transparent and persuasive. I come

to think of Robert Mundell, may be even of Robert Lucas, the father of new classical economics, as representative of this category of monks.

The role of the other economists that shared Triffin's first name, should not be underestimated; without the attention to long horizons and to the force of expectations in shaping outcomes we might not have the euro today. But Triffin's impact on the revival of momentum in Europe's monetary integration was essential. He came with a stock of viable ideas, with the advantage of not having lived through disappointments, and with an excellent network of contacts both at the technical and the political level.

Above all, he had the good luck of settling in Belgium at the moment when progress again became feasible. 1977-78 was a turning point:

In Europe the search for ways to bring France and Italy back into economic cooperation had begun, and policy coordination between the US and Europe came back on the agenda with the Carter Administration.

These two developments built up to the plans for the European Monetary System (EMS) from April 1978 and the Bonn Summit two months later.

This was an atmosphere in which Triffin was at his best. He was at the centre of an informal working group of leading European officials, including Yale graduate and Chair of the Monetary Committee, Jacques van Ypersele, and US and European academic colleagues already from 1977. And as the EMS initiative launched by President Giscard d'Estaing and Chancellor Helmut Schmidt advanced, Triffin sent an application to the Ford Foundation to obtain support for a series of four conferences and, ultimately, a European Centre for Policy Research, inspired by some of the main US think tanks in Washington D.C. I had the chance to serve, with another of Triffin's former Yale students, Alexander Swoboda, Rudi Dornbusch and John Williamson, on the Steering Committee for implementing these initiatives, which obtained financial support in record time.

The themes of the four conferences were well chosen by Triffin: the main principles for exchange-rate changes and policy coordination in the EMS, the evolution of a European Monetary Fund as a second stage, the contribution to integration of a parallel currency, and a stock-taking event after a couple of years.

I believe the first of these conferences was the high point in this late stage of Triffin's achievements. Not only had he assembled a unique list of about 30 participants from both sides of the Atlantic, including top policy makers, key officials from central banks and European institutions, and several academics who had contributed to the debate; the event was organized by the two institutions that had attracted him back to Belgium:

- Banque Nationale de Belgique (NBB) and Université de Louvain-la-Neuve.
- History and future seemed to merge to mark the continuity of his efforts.

This double dimension was further underlined by the coincidence of the death a few days prior to the conference of Jean Monnet for whose Action Committee for Europe Triffin had worked for many years, and the actual starting date of the EMS, delayed by a few months beyond end-1978 for technical reasons. And to boot it all, during the conference we learnt that Tommaso Padoa-Schioppa, the closest to a kindred spirit in the approach to European integration that Triffin could think of would shortly take over the position of Director-General for Economic and Financial Affairs, the key role in the Commission for implementing the EMS. It all looked very promising and solemn at the same time.

Triffin was very critical of both fixed exchange rates and floating. Neither extreme regime lends itself to international policy coordination, the core quality that Triffin saw in monetary relations between countries whether in a global or a regional setting. His preference was strongly for the intermediate regime of fixed, but adjustable rates that the EMS seemed to represent. Both under Breton Woods and in the regional system after 1972 – ‘the snake’ – changes in central rates had been insufficiently multilateral. In the EMS realignments appeared to finally become joint decisions and triggers for policy coordination. There was also hope that their size could be kept small enough not to cause major jumps in market exchange rates and associated difficulties in containing destabilizing capital flows. These prescriptions for the EMS, outlined in Triffin’s concluding remarks at the Louvain conference, were only matched in practice after some time; his concern that the system could become overly permissive by accepting realignment that just ratified past national inflation differentials was pertinent, as was his criticism of Williamson’s crawling peg as a model for EMS participants.

Triffin saw another element in the EMS that met his aspirations: the role of the basket European Currency Unit (ECU) in moving away from an intervention and credit system among central banks that relied only on national currencies. He welcomed the so-called divergence indicator, intended to rely on a currency’s performance relative to the average in the EMS rather than to that of one other national currency. And he had ambitious ideas for the ECU not only in bookkeeping, but also as the main asset in which credits built up among the central banks would be settled.

The proceedings of the conference came out within one month as a special issue of the Bulletin of the NBB, edited by Triffin. This was a degree of efficiency which must be a record in conference annals – and another testimony to Triffin’s energy and enthusiasm. And already later that year the second conference took place in Geneva, with the proper balance between global and regional monetary institutions at its core.

The high point was a debate between Jacques Polak, just retired as Economic Counsellor to the IMF and Triffin’s old colleague from the 1940s, and Padoa-Schioppa (TPS) on the planned EMF. Polak was concerned that the new institution would encroach on the turf of the IMF by performing surveillance of its participants and extending credits too liberally – too much financing relative to adjustment. He need not have worried since the EMF was quietly shelved in the course of 1980, mainly by the central bankers who resisted the idea that credits among them could be extended in time well behind the horizon necessary for the smooth functioning of the EMS. Neither the proponents of the EMS, nor Triffin gave sufficient attention to the notion that any lending across borders beyond

the short term is a political, rather than a central bank, task; it requires conditionality. TPS outlined in more technical detail, much along Triffin lines, how the EMF could develop some central bank functions short of transgressing the line to politics. But the debate foreshadowed the difficulties of moving beyond the EMS as an exchange rate mechanism and the attacks by some central bankers on TPS for trying to trick them into more than they were willing to do.

Triffin believed that progress in monetary and financial integration was not only a question of political decisions or institutional developments.

The evolution of a market for instruments denominated in ECU could provide a major additional impetus. The third conference, held in June 1980 in Luxembourg and hosted by Kredietbank which Triffin had long been advising, helped to develop this perspective. Progress was noted, but market size remained modest relative to those of national markets.

The fourth conference was held on the second anniversary of the EMS to take stock. The system had worked well in a technical sense, but remained challenged by the gyrations of US policy – first the Volcker disinflation, then the arrival of the Reagan Presidency with expansionary fiscal policy pushing the US policy mix into unknown territory. Though Triffin clearly had strong reservations about US policies, the degree to which they would challenge also the internal cohesion of the EMS was not yet perceived. And just below the radar in March 1981 was the arrival of the Mitterrand Presidency in France and renewed economic divergence, requiring realignments of unprecedented size, nearly ending the EMS.

There was certainly a need to build an Economic Policy Research Centre which formally started in Louvain-la-Neuve in the summer of 1981 with Triffin, a research assistant and some part-time associates, of which I was one. I recall with fondness a couple of visits, one of them staying in the house of the Triffins and sharing some of their social activities, including meals with their closest friends, the Kervyn de Lettenhoves.

After half a year or so the Board of the new Centre, now called the Centre for European Policy Studies (CEPS) decided it was too difficult to build up a new think tank outside Brussels, if it was to have significant outreach activities. Audiences and additional staff were unlikely to make the journey to Louvain. So, when Kredietbank came up with an attractive offer to CEPS rent a property in rue Ducale, it was readily taken up.

Triffin did not take the decision lightly, defending loyalty to the link with his university in the strongest terms. Yet he continued take a very active part in the initial CEPS annual conferences, including editorship (with Rainer Masera) of a major conference volume. But from 1982-83 on he seemed more focused on US policies than on the European integration process. He gave little benefit of doubt to the policies of the Reagan Administration which he regarded as economically irresponsible and morally wrong. In what must have been his last lengthy paper, meticulous analysis of the US current and capital account, based on new constellations of data from the IMF International Financial Statistics – of which he must have been the most assiduous user – and from Federal Reserve

publications is occasionally interrupted by sharp remarks about the foreign or domestic uses of US resources.

It is sad to think that Triffin towards the end of his long and active life seemed to lose some of the keen engagement in European integration to which he had contributed so much at times over more than three decades – and around the time when political ambitions to take it much further were rising. For someone more interested in the process than in a still distant end point, he had been disappointed by the resistance to taking up some of the institutional or ECU- related initiatives he advocated. When the outline for EMU in stages began to emerge at the end of the 1980s, he thought more attention should have been devoted to how to advance through the first stages rather than on perfecting plans for the final stage – a view shared by many. Triffin did not live to see how these imperfections were resolved by a mixture of careful preparations, led by Alexandre Lamfalussy, and the pull of positive expectations as to the attractiveness of full monetary unification.

In the end the efforts of the pragmatic or oecumenical monk in economist's clothing combined with the power of the vision of a better future to take a large part of Europe into a single currency and a single central bank. Robert Triffin would have been proud, probably amazed, but also ready to point out a number of improvements that still remain open. European integration remains very much work in progress. We must be grateful to Ivo Maes and Ilaria Pasotti for having brought to life the contributions of a great economist who assisted that process at several critical points.