

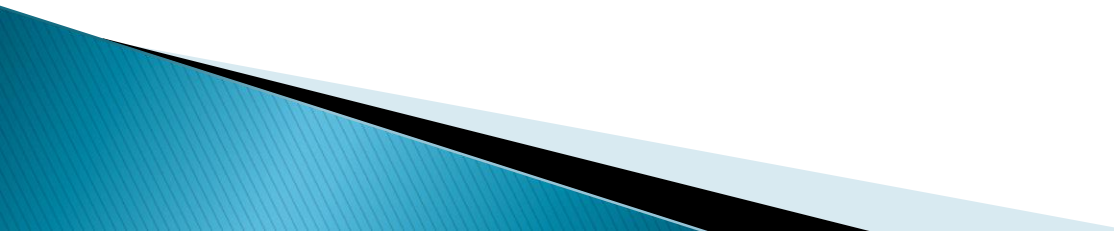
Consolidation of the EMU

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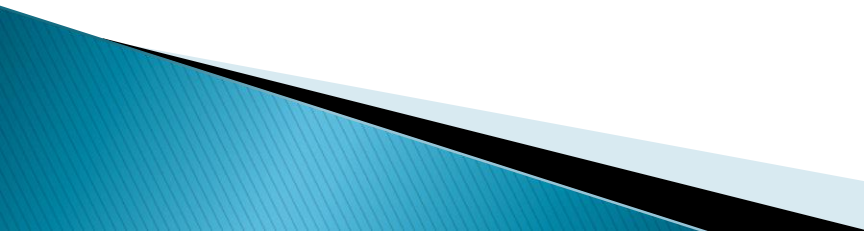
Objectives:

- ▶ identification of reasons and attributes for the EMU consolidation
 - ▶ definition of the EMU originally and now
 - ▶ discussion of the EMU as a source of problem and as a problem-solving mechanism
 - ▶ discussion of the EMU reform agenda
 - ▶ conclusion
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EMU Consolidation – what is it?

- ▶ OED (Vol. 1, 527): to make firm or strong; to strengthen (e. g. a system)
 - ▶ EMU – complex and economically/politically important enough structure to undergo continuous reform
 - ▶ the real question is whether the reform is adequate (in terms of pace and content)
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Back to fundamentals: Basic reasons for consolidation

- ▶ Schmitt'esque solution
 - ▶ „stuck-in-the-middle” compromise between the economists and the monetarists
 - ▶ format designed for „good times”
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EMU originally and now

Originally:

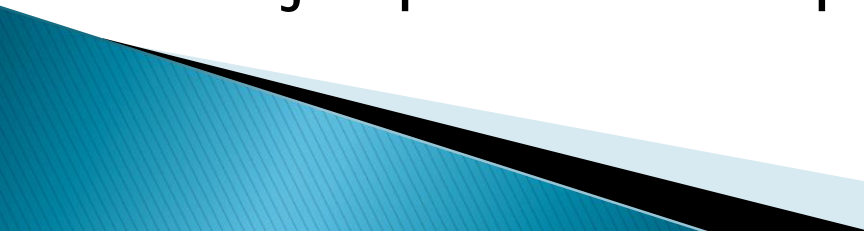
- ▶ egalitarian
- ▶ catching-up orientation
- ▶ structurally uniform

- ▶ conceived stable
- ▶ solidarity-concerned
- ▶ internal and external credibility-concerned
- ▶ enlargement focused

Now:

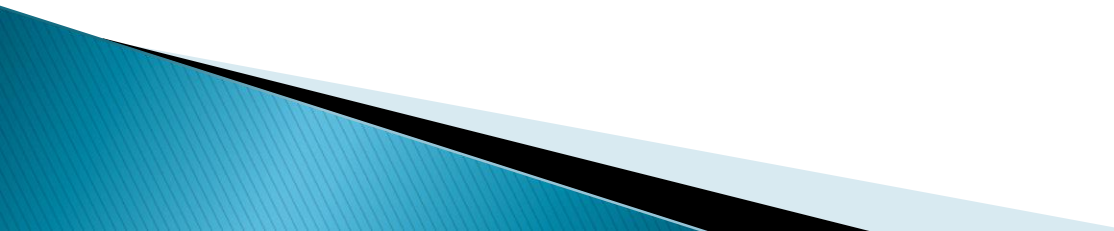
- ▶ elitarian
- ▶ inversive
- ▶ structurally fragmentarized
- ▶ reformist
- ▶ responsibility/accountability-concerned
- ▶ external credibility concerned
- ▶ consolidation-seeking

EMU: A source of problem or a problem-solving mechanism?


- ▶ EMU incomplete, thus vulnerable
 - ▶ EMU sustainable:
 - economic and political interest/variety of stakeholders
 - effective institutional framework
 - sustainability mechanisms flexible and mendable
 - the EMU main product, the euro, credible
 - ▶ Major problem: no polity
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EMU reform agenda: Main components

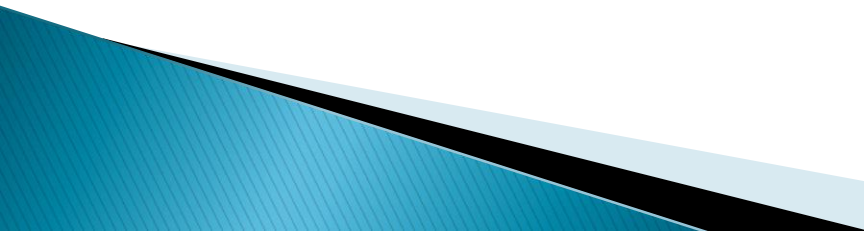
- ▶ EFSF » ESM (based on new art. 136(3) TFEU)
 - ▶ EuroPlus
 - ▶ Fiscal Pact

 - ▶ Stability and Growth Pact
 - ▶ Six-Pack
 - ▶ Two-Pack
 - ▶ Banking Union
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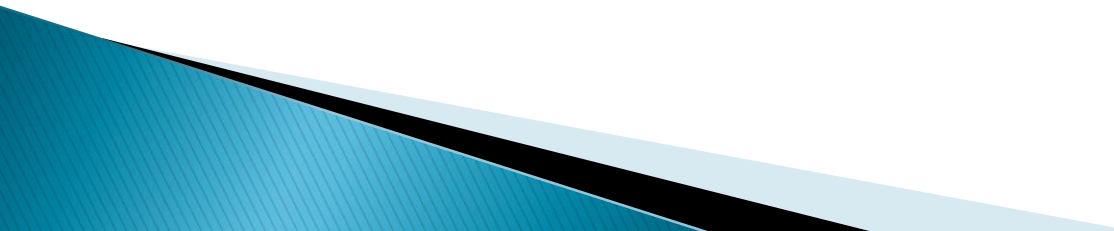
Fiscal Pact: Composition and Fragementarisation

- ▶ Budgetary pact (Title III)
 - ▶ Provisions on economic policy and convergence (Title IV)
 - ▶ Provisions on the Eurozone governance (Title V)
 - ▶ Intergovernmental/extra-EU/fragementarising
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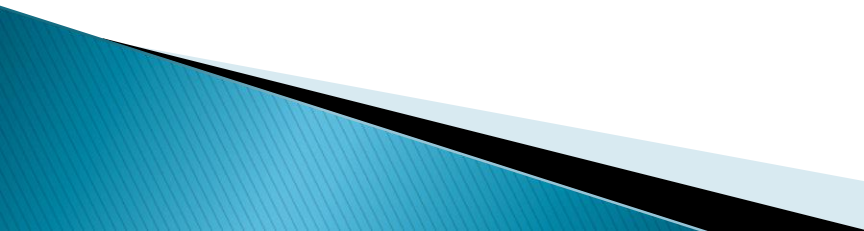
Six-Pack: Components

- ▶ budgetary surveillance in the EZ (R, EZ)
 - ▶ correction of macroeconomic imbalances (R+EZ)
 - ▶ budgetary discipline and economic policies coordination (R, UE)
 - ▶ EDP (R, UE/EZ)
 - ▶ budgetary framework (D, UE)
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Two-Pack

- ▶ EDP – enforced surveillance (R, EZ)
 - ▶ advance scrutiny and monitoring of budgetary planning (R, EZ)
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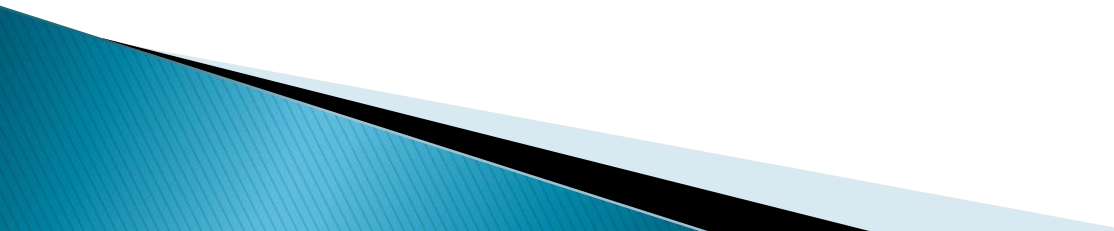
Towards a „genuine” EMU: The Commission (2012)

- ▶ short-term (till 2014): European Semester, Convergence and Competition Instrument, enforcement of the EZ external representation
 - ▶ medium-term (till 2017): budgetary policy consolidation, establishment of EZ’s „own financial capacity”
 - ▶ long-term (after 2017): complete banking, fiscal and economic union
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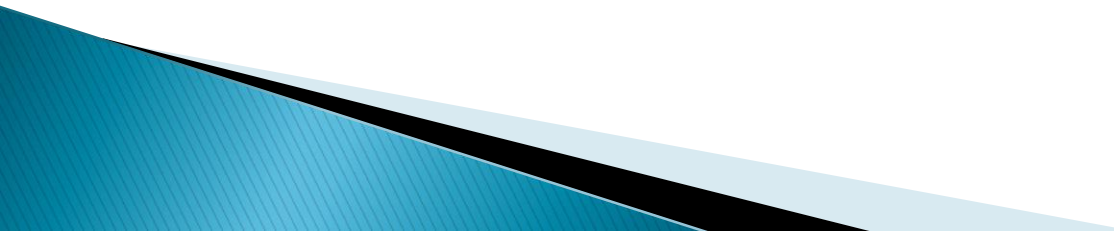
Towards a „genuine” EMU: The Report of Five Presidents (2015)

- ▶ Stage 1: 07/2015–06/2016: consolidation of existing arrangements, completion of banking union, commencement of capital markets union, inclusion of Fiscal Pact to EU *acquis*
 - ▶ Stage 2: formalisation of convergence process, creation of macroeconomic stabilisation mechanism for EZ, inclusion of EMS to EU *acquis*, establishment of EZ budgetary authority
 - ▶ Stage 3: Complete EMU
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Conclusions:

- ▶ increased density of the EMU regulatory network
 - ▶ increased fragmentarisation of the EMU regulatory network (EZ v. non-EZ)
 - ▶ increased institutionalisation/emancipation of the EZ
 - ▶ hence, EZ late-coming would require „quasi-accession effort”
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EMU after consolidation:

- ▶ showed it is flexible and apt to react
 - ▶ increased thresholds for entry
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Thank you for your attention