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# Putting the Economic and Monetary Union on a sustainable footing

## the Greens-EFA roadmap

### Introduction

The global financial crisis that hit the European Union, especially the Eurozone, has exposed the fundamental design failures of the monetary union, some of them having been instrumental in aggravating the crisis in certain Member States. Indeed, instead of a genuine socioeconomic convergence among regions/States joining the euro, a common currency with limited common fiscal and economic policies and with Member States unwilling to adapt their economic policies to what is needed in a common currency has exacerbated their disparities and divided the continent. Currently, some Member States are almost at full employment while others have record unemployment. Such situation, combined with the inability or unwillingness of the European leadership to address these shortfalls, have severely damaged the popular support for the idea of European political integration just when such support is most needed.

The EMU needs to be deeply transformed so as to make it both resilient and fit for purpose. There can be no monetary union without strong financial solidarity but there will also be no lasting solidarity without a renewed commitment to commonly adopted rules and without an equally strong sense of mutual discipline and responsibility, which effectively addresses moral hazard risks, among its members. The monetary union is not an end in itself. It is here for a reason: enabling all Europeans to share a sustainable prosperity. This in turn requires a rebalancing of the current policy-mix towards a Green New Deal, focused on overall resilience, sustainable investment, social justice and environmental sustainability. But the above will only become possible, acceptable and even desirable to our fellow citizens with a profound transformation of the EMU institutional set-up in order to ensure the strongest democratic legitimacy. Adopting a common currency managed by a common central bank has been a major step towards a united Europe. What is now required is to complete similar steps on economic, democratic, ecological and social, levels.

If we Europeans, who represent 7% of the global population, want to retain, actually to regain democratic power for our democracies, which is the ability to shape our own future and to meet the challenges of this century, and enhance our living standards we need to act together. In that perspective, we refuse to stand

idle in front of the foreseeable break-up of the Eurozone which would occur if the fundamental issues affecting it would be left unaddressed. And such a break-up would, in our view, be the first step of the political disintegration of the European Union. Conversely though, any enhanced political integration of the Eurozone should not lead to the crystallization of a two-speed Europe; it is necessary to democratise and reform the common economic governance system in the Eurozone, but this should not lead to an exclusion of any other EU Member State. Likewise, non-eurozone Members should not hold a final veto over urgently needed reforms of the Eurozone. However further European integration can only arise from a common project for the future of Europe based on a reinforced community method putting an end at the intergovernmental approach and at ambiguous shortcuts based on the establishment of new technical bodies. Hence, deeper coordination of public policies can only be the result of a democratic and transparent debate on the division of competences between EMU, national states and regional governments to discuss additional transfer of sovereignty to the EMU level.

The so-called "5-presidents paper", while providing some interesting proposals, falls short of fixing the fundamental shortcomings of the Eurozone; even if fully implemented, it would not ensure the sustainability of the monetary union. But we strongly oppose those who claim that in order to build a socially just, carbon neutral, environmentally sustainable and a more democratic Europe, we first have to deconstruct the European Union and the Eurozone as we know them so as to be able to start from a blank sheet and within the remit of Nation-States. Not only is this unrealistic, but in our view, such a move would only strengthen the hand of those who bank on fuelling narrow-minded nationalism. We do not need a plan B for the Eurozone but a plan D for the democratic development of our common currency. Our choice is rather to make the most of the current debate to foster political majorities to structurally address the fundamental shortcomings of the Eurozone and work politically towards three main objectives: (1) to make the EMU more crisis resilient; (2) to democratise the institutions of the EMU and to enhance its legitimacy, particularly of the Eurogroup; (3) to promote the ecologic transformation of the EU economy going hand in hand with a revived and strengthened European Social model.

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