

# OUTSIDE VIEWS ON EMU REFORM

Iain BEGG

European Institute

London School of Economics and Political Science

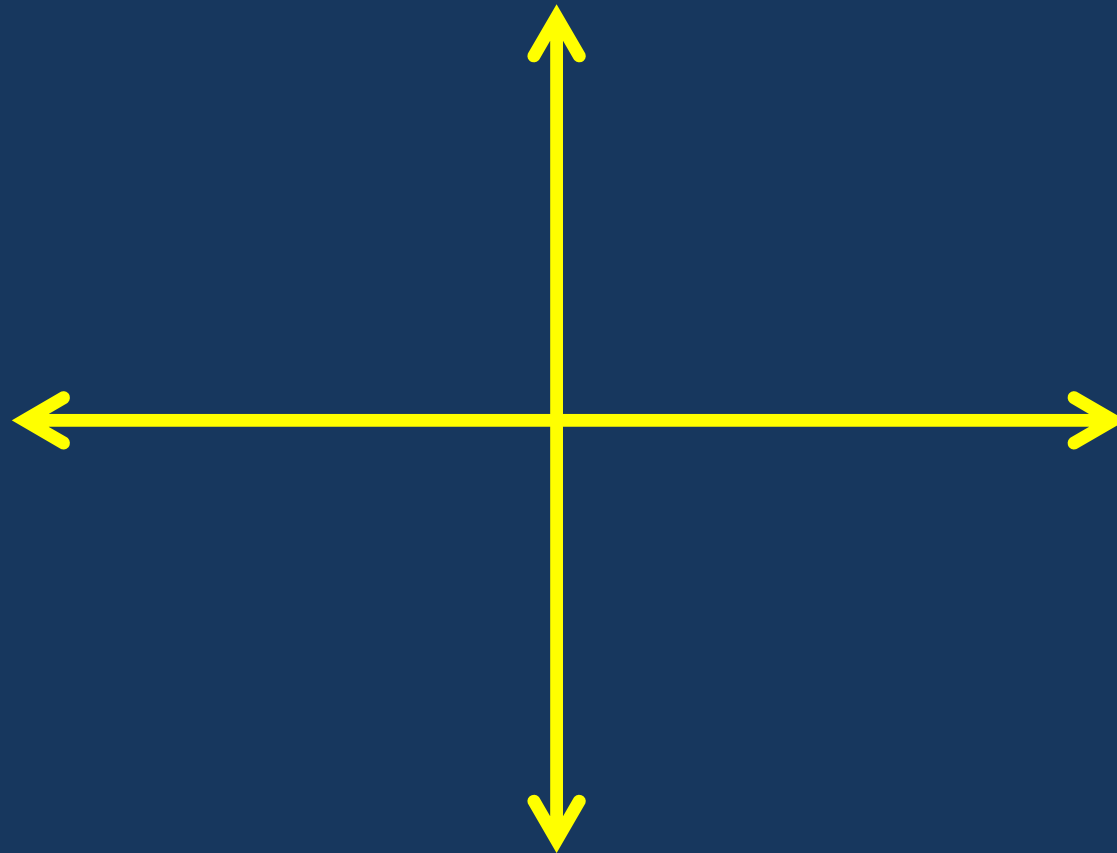
# IMPLEMENTATION AND COMPLIANCE

- Has long been the Achilles' heel of EU governance
  - Lack of hard incentives: Lisbon/Europe 2020 Strategies
  - Political over-rides: 2002/3 SGP – France and Germany
    - >> Signal to others: you do not need to make much effort
  - And again summer 2016 – Spain and Portugal
  - Similar for excessive imbalances
- The dubious relevance of the semester cycle
- Even EFSI floundering

# RISK OR CONTROL: THE NUB OF THE PROBLEM

HIGH DEGREE OF SHARING

LAX RISK  
CONTROL

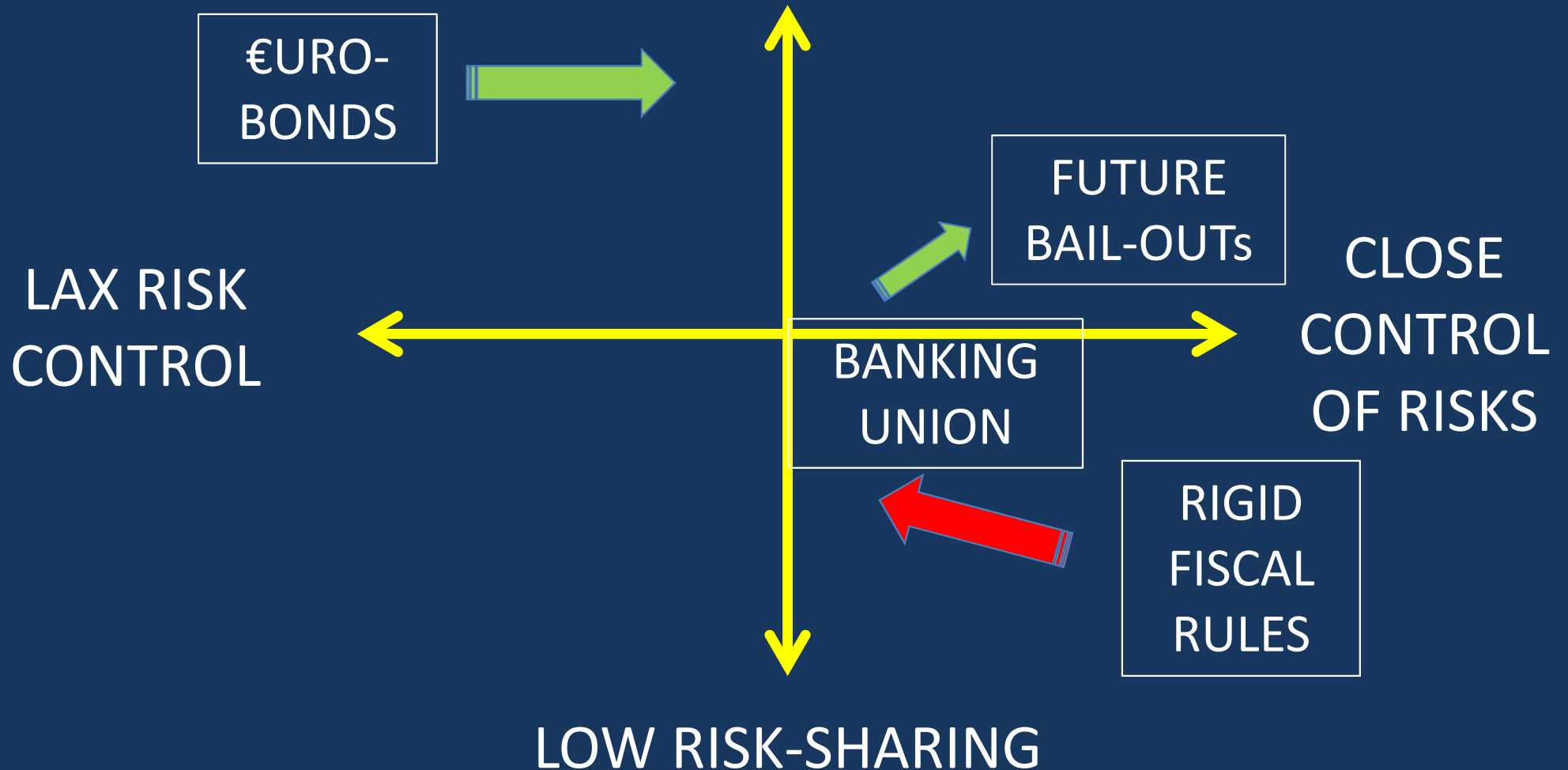


CLOSE  
CONTROL  
OF RISKS

LOW RISK-SHARING

# RISK-CONTROL TRADE-OFF: WHAT?

HIGH DEGREE OF SHARING



# EXPECTATIONS-DELIVERY GAPS

A €URO AREA  
FISCAL STANCE



PRESSURE TO USE  
AVAILABLE FISCAL  
SPACE

COORDINATION  
RESISTED

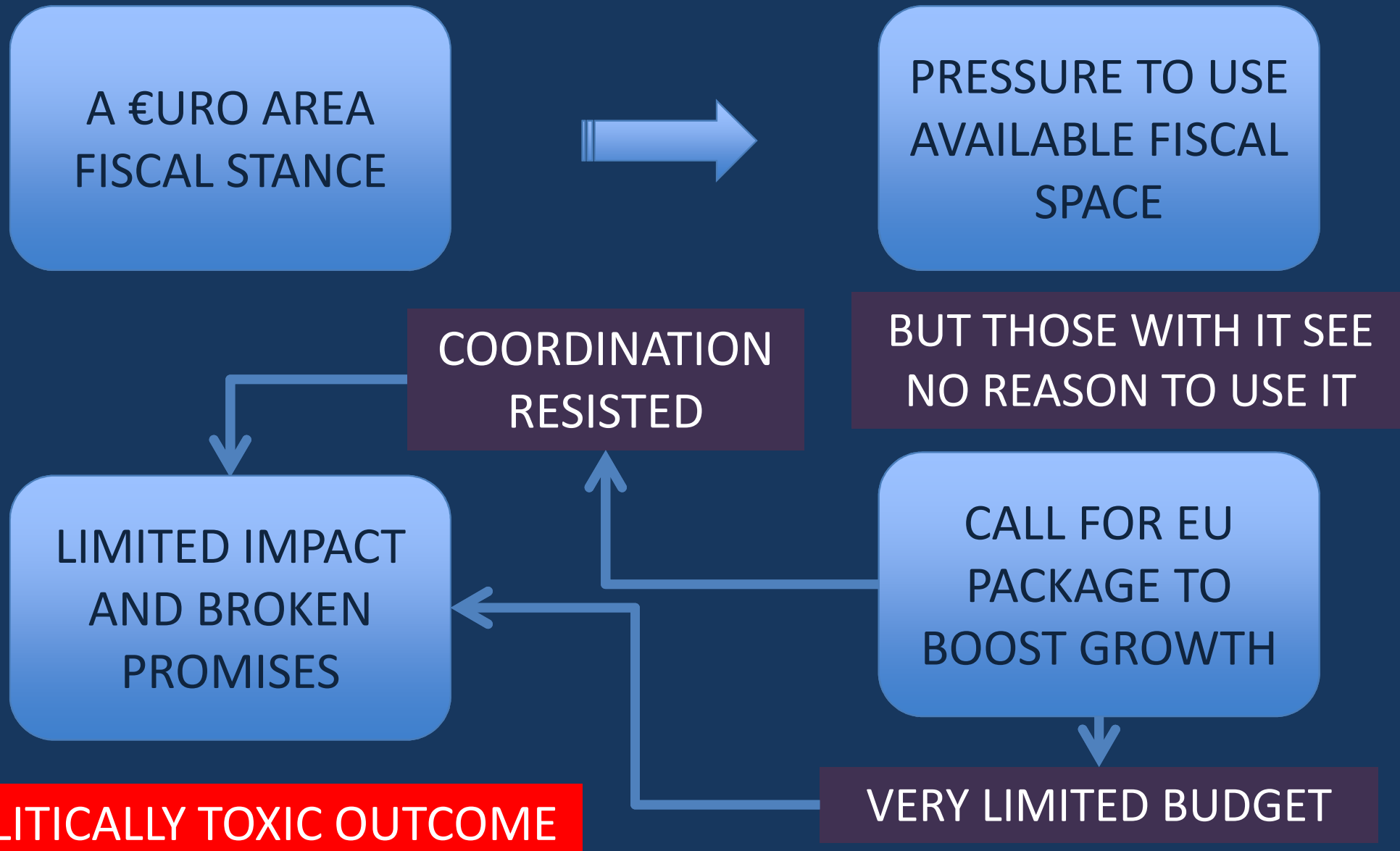
BUT THOSE WITH IT SEE  
NO REASON TO USE IT

LIMITED IMPACT  
AND BROKEN  
PROMISES

CALL FOR EU  
PACKAGE TO  
BOOST GROWTH

POLITICALLY TOXIC OUTCOME

VERY LIMITED BUDGET



# CONCLUDING REFLECTIONS

- Lack of growth still having a debilitating effect
  - Accentuating political risks, including 'reform fatigue'
- New economic/fiscal governance framework
  - Still more on stability (control) than solidarity (sharing)
    - Lacks sufficient EU cross-border commitment
  - The risk that process overshadows content
  - Compliance and appropriateness can be in conflict
- Harsh questions have to be asked about rules
- Aggravated by growing trend to non-compliance

“Useless laws weaken the  
necessary laws”

Montesquieu, *The Spirit of the Laws*