

Our Euro: Stable, Stimulating, Successful

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European citizens rightly expect and demand a euro that delivers. Creating the euro was a milestone in the European integration process and a symbol of European unity, but it must also be the foundation of economic growth and competitiveness for our Union, as well as prosperity and jobs for European citizens. The EPP Group considers that every **EU country without an opt-out should be a Member of the euro area** provided that all the criteria are met, as this will contribute to the success of all our economies.

The EPP Group's response to the euro area debt crisis - consisting of sustainable economic policies and fiscal discipline - has proven effective and successful, although we do not underestimate the efforts citizens have had to make in those difficult times. Now that our economies are recovering, we have to draw our lessons from the past and that means refining the euro area governance structure. To this end we need a euro that is stable, stimulating and successful.

A stable euro is a euro that allows us to play a strong role in a globalised world. The fact that the euro has become the world's second reserve currency alongside the dollar has allowed Europe to take control of its own destiny and set the rules for global financial markets. The 2007-2008 financial crisis and the sovereign debt crisis have shown that external shocks combined with over-indebtedness can hit European economies and societies harshly. We therefore need to make sure the euro area has the appropriate absorption capacities to counter future external shocks, otherwise we would not be able to prevent another economic crisis and we will not be able to create the conditions for people to have trust in the safety of their savings and investments.

A stimulating euro is a euro that boosts investment and promotes employment. To create more jobs, we need more investment in Europe and less debt. To achieve this, we need a trustworthy currency that encourages investment and a Union that stimulates reforms to keep Europe competitive and strong. This is the only way to provide our young generations with opportunities for their future. Unlike the political Left, we refuse to shift the burden to future generations.

A successful euro is a euro that protects and delivers in citizens' daily lives through sustainable economic policies and reforms that bring the living standards of all Europeans closer together, based on Social Market Economy principles, the completion of the Single Market, innovation-driven projects and fair trade priorities.

OUR ROADMAP FOR A STABLE, STIMULATING AND SUCCESSFUL EURO:

1. It's all about investing in people's futures

A European currency cannot only rely on national investment. The EU also has to create better conditions for attracting smart investments that stimulate competitiveness and create jobs.

- The EPP Group was at the forefront in setting up a European investment plan (EFSD) which has already drawn millions in public and private investments. We are committed to setting up an even more ambitious investment plan as quickly as possible to build on this success story.
- The existing EU budget should be better targeted to finance specific investment programmes that genuinely modernise our economies.
- The EPP Group wants to create **a budgetary capacity within the EU budget, but above the current ceiling, to:**
 - Safeguard investment in times of crisis;
 - Accompany the enforcement of structural reforms;
 - Assist with the convergence of non-euro Member States;
 - Help stabilise Member States' economies in difficult times;
 - Provide a short-term investment protection function to soften the social costs of necessary reforms.

2. Responsibility and solidarity go hand-in-hand

Solidarity needs responsibility: the EU must be able to help any Member State in financial crisis. However, we are opposed to reckless behaviour. Each Member State has the obligation to manage its finances responsibly in the first place and is liable for the financial assistance it receives.

- Financial assistance under this budget capacity would be conditional on compliance with the **necessary criteria**, most importantly the Stability and Growth Pact, to prevent moral hazard, including the implementation of the country-specific recommendations.
- Member States willing to be part of the euro area should receive **pre-accession assistance**. However, notwithstanding their legal obligation under the Treaties, Member States that politically reject joining the euro area should not have any say about the future of the euro.
- Member States accumulating debt are responsible for it. This is why we need **insolvency rules** for Member States in order to re-establish their **individual responsibility**.
- We need to avoid burdening the next generations with unsustainable levels of debt.

3. Europe must have its own Monetary Fund

In order to deter financial speculators seeking to attack individual Member States, the European Stability Mechanism should be turned into a fully-fledged **European Monetary Fund**. The EMF should provide for crisis prevention, **accompany debt-restructuring processes** and provide conditional financial support for necessary structural reforms in solvent Member States having difficulties in accessing financial markets.

- **The EMF should be under Union law**, independent and acting on the basis of expertise;
- **The Director of the EMF should be elected by the European Parliament;**
- **The Director of the EMF should report to the European Parliament;**
- **The EMF should not diminish the control held by national parliaments nor affect their rights.**

4. Increasing the democratic legitimacy of the euro area

People must have certainty that decisions impacting their economic future are not made by “hidden powers,” but by their legitimate representatives and authorities.

- The EPP Group wants to **strengthen the powers of the European Parliament** in the economic decision-making process. We therefore reject the idea of creating double structures by adding a euro area Parliament. The European Parliament must have a stronger say on the overall economic priorities decided by the euro area finance ministers. Involvement of and dialogue between the European Parliament and national parliaments also need to be improved. Decisions by national finance ministers should be based on and reflect these European-level targets.
- The EPP Group wants the euro to have a political face, a **Vice-President of the European Commission responsible for EMU** who is democratically accountable and responsible for upholding the rules of our euro area and making sure our policies are coherent and effective. To this end, we propose the Vice-President responsible for EMU to be:
 - The **external face of the euro area** in the relevant international organisations.
 - Responsible for proposing how the new **budgetary capacity** should be spent to provide investment and to accompany the necessary structural reforms in line with agreed rules, while having enhanced competences to enforce compliance with the economic governance framework and ensure the implementation of the country-specific recommendations.
- The EPP Group wants **more accountability at national level**: finance ministers must take full responsibility at national level for decisions they agree upon in Brussels. Commitments at European level on economic policies must be successfully implemented into national economic policies.

5. Our savings in safe hands

- **Keeping our banking sector in order**: we want banks to act responsibly and to complete the Banking Union to make it more robust and to strengthen its regulation and supervision. To achieve this, banks must reduce the amount of risky loans on their books. Those banks posing a serious risk to the stability of the banking system as a whole must be restructured or shut down if necessary, while avoiding the taxpayer having to foot the bill. We need a European deposit insurance scheme, when conditions are met.
- The EPP Group is very much attached to the **independence of the ECB** and recognises its monetary policy has brought valuable breathing space. However, in order to re-establish a balanced economy, and now that economies are recovering, we want the ECB’s exceptional measures to be **gradually and carefully phased out**. We should encourage and make it more attractive for people to save.
- As citizens are attached to their currency, the EPP Group will continue to preserve the **possibility to pay in cash**. We reject any step towards a cashless Europe.