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The Euro – A Tale of 20 Years: What Are the Priorities Going Forward?

Flashback to January 1999. On 2 May 1998, European leaders agreed to start the third and ultimate stage of the Economic and Monetary Union (EMU). On 1 January 1999 the exchange rates towards the common currency euro became irrevocably fixed and the European Central Bank (ECB) assumed responsibility for the monetary policy of a currency union made up of eleven countries and 293 million people. Three years later, the first euro coins and banknotes entered into circulation. The culmination of decades of European economic integration, the introduction of the euro, represents a historic milestone and much more than a monetary reform.

Fast-forward to January 2019. Nineteen countries belong to the Eurozone with a total population of 340 million. The euro has become the second currency used in world markets under any metric.

In spite of the existential crisis in 2011-2013, membership to the Eurozone has continued to grow. In its short lifespan, the euro has become an anchor of economic and financial integration. In late 2018, the Eurobarometer survey showed that around two-thirds (64%) of euro area citizens think that having the euro is a good thing for their country and about three-quarters (74%) think that having the euro is a good thing for the EU, the highest level since the question was first asked in 2004.[1] At the same time, more than two-thirds (69%) in the euro area also think that there should be more economic policy coordination.

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1 Eurobarometer: Flash Eurobarometer Report No. 473, October 2018.

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The 20th anniversary provides a good occasion to reflect on what the EMU has achieved and what remains to be done. First, we need to recall the initial objectives set for the euro and how these have changed over time, notably due to the weaknesses that came to the fore throughout the recent crisis. This also calls into question the policy choices made during the crisis and the priorities going forward.

The Maastricht assignment

The original motivations for creating a common currency in Europe were rooted in the collapse of the Bretton Woods world of the 1970s and were both economic and political in nature. From an economic standpoint, the common currency was considered a necessary complement to the Single Market that would remove exchange rate risks and conversion costs. As early as June 1982, Tommaso Padoa-Schioppa identified an "impossible quartet": free capital movements, free trade and exchange rate stability are jointly incompatible with independent national monetary policies.[2] In 1989, the 'Delors Report'[3] laid down the operational ground to build the EMU and realise Padoa-Schioppa's vision. Shortly after, in 1990, the 'One Market, One Money' study for the European Commission evaluated the costs and benefits of forming an economic and monetary union.[4] These economic arguments were soon reinforced by political imperatives: the reunified Germany had to be firmly anchored in the EU.[5]

The EMU institutional setting was based on a 'strong' version of the policymaking consensus that prevailed in the 1980s and considered macroeconomic stability as the overarching goal.[6] A centralised and independent

2 T. Padoa-Schioppa: Efficiency, Stability, Equity, Oxford 1987, Oxford University Press.

3 Committee for the Study of Economic and Monetary Union: Report on Economic and Monetary Union in the European Community (The Delors Report), Luxembourg 1989, Office for Official Publications of the European Communities.

4 Commission of the European Communities: One Market, One Money, An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union, European Economy No. 44, October 1990, Directorate-General for Economic Financial Affairs.

5 M. Buti, S. Deroose, V. Gaspar, J. Nogueira Martins (eds.): The Euro: the First Decade, Cambridge 2010, Cambridge University Press.

6 M. Buti, A. Sapir: Economic Policy in EMU: A Study by the European Commission Services, Oxford 1989, Clarendon Press.

monetary policy would credibly bring down inflation and keep output close to potential.[7] In order to avoid 'fiscal dominance' and possible government bailout, excessive government deficits and monetary financing of government deficit would have to be banned.[8] Moreover, in keeping with the tax smoothing theory,[9] tax rates would be held constant over the business cycle. Hence, fiscal policy was to be limited to automatic stabilisation during normal cycles. Financial markets were expected to allocate resources efficiently within and across Member States. Finally, the EU competencies in competition and trade policies as well as the progress in the internal market would suffice to increase market efficiency gains, notably through more competition.[10] These were expected to spread across the economies while trade integration would eventually help the Eurozone satisfy the Optimum Currency Area (OCA) criteria endogenously.[11]

These principles were enshrined in the Maastricht Treaty, which notably set the convergence criteria required for Member States to join the common currency. These criteria focus on price stability, government budget deficits, government debt-to-GDP ratio, exchange rate stability and long-term interest rates. While the convergence criteria ensured Eurozone Member States would nominally converge prior to introducing the euro, the Stability and Growth Pact, adopted in 1997, aimed at maintaining and enforcing fiscal discipline in the EMU over time. The independence of the European system of central banks (ECB and the national central banks of Member States) and its focus on the primary objective of price stability aimed at achieving macroeconomic stability. Finally, competition policy, with its unicum of State Aid policy, was meant to ensure efficiency and, together with macroeconomic stability, economic convergence.

7 R. Barro, D. Gordon: A Positive Theory of Monetary Policy in a Natural Rate Model, in: Journal of Political Economy, Vol. 91, No. 4, 1983, pp. 589-610; K. Rogoff: The Optimal Degree of Commitment to an Intermediate Monetary Target, in: Quarterly Journal of Economics, Vol. 100, No. 4, 1985, pp. 1169-1189.

8 T. Sargent, N. Wallace: Some Unpleasant Monetarist Arithmetic, in: Federal Reserve Bank of Minneapolis Quarterly Review, Vol. 5, No. 3, 1981, pp. 1-17.

9 R. Barro: On the Determination of the Public Debt, in: Political Economy, Vol. 87, No. 5, 1979, pp. 940-971.

10 European Commission: Europe 1992: the Overall Challenge, SEC(88)524 final Brussels, 13 April 1988.

11 J. Frankel, A. Rose: The Endogeneity of the Optimum Currency Area Criteria, in: The Economic Journal, Vol. 108, No. 449, 1998, pp. 1009-1025.

Has the euro delivered on its objectives?

It is convenient to use an 'augmented' Musgravian taxonomy for an analysis of the achievements of this institutional setup.[12] Musgrave focused on three different functions of the public sector: allocation, distribution and stabilisation, which refer to the notions of efficiency, equity and stabilisation. The necessity to augment the taxonomy comes from the fact that the goal of stability and sustainability played a key role in building the EMU and in the Maastricht policy assignments. Table 1 summarises the results of the analysis.

Efficiency is promoted through common market rules. These rules assumed that individual Member States would have increased the efficient use of domestic production factors autonomously via structural reforms. Through trade liberalisation in the EU, business cycle synchronisation was to be expected and would create a greater incentive to join the Monetary Union.[13] The common market has generally been a success: the efficiency in product markets has increased considerably and Europe has become more competitive than the US.[14] However, with regard to the financial markets, the construction was incomplete. Eichengreen had already noted in 1992 that the ECB was originally given very limited authority to undertake financial surveillance and regulation.[15] He anticipated risks of competitive deregulation and inadequate levels of regulatory oversight, as banks would operate cross-border without a lender of last resort beyond the national level. These risks materialised because capital allocation was not always efficient. Moreover, while financial markets should have originally acted as shock absorbers, they had a destabilising effect in the euro area and the EU at large during the financial crisis. Labour markets that were not under common rules saw structural reforms, in particular during the second decade of the euro due to the crisis, even though there were considerable reform needs in some countries.[16]

Equity refers to a 'fair' state of distribution. The EU budget concentrates on cohesion between countries and regions with all powers to redistribute directly to individuals at the national level. Interpersonal equity was outside the EMU framework and policy assignments. As a result,

12 R. Musgrave: The theory of public finance: a study in political economy, New York 1959, McGraw-Hill.

13 J. Frankel, A. Rose, op. cit.

14 G. Gutierrez, T. Philippon: How EU Markets Became More Competitive Than US Markets: A Study of Institutional Drift, CEPR Discussion Paper No. 12983, 2018, National Bureau of Economic Research.

15 B. Eichengreen: Should the Maastricht Treaty be saved?, Princetons Sudies in International Economics, No. 74, 1992.

16 M. Buti, A. Turrini: Three waves of convergence. Can Eurozone countries start growing together again?, VoxEU.org, 17 April 2015.

Table 1
Twenty years of Economic and Monetary Union (EMU)

	EMU@0	EMU@10	EMU@20
Efficiency	• Financial markets as shock absorbers • “Transparency shock” improves resource allocation • “There-Is-No-Alternative (TINA) argument” leads to structural reforms	• Anaesthetic effect of EMU on structural reforms • Capital allocation not always efficient	• Destabilising role of financial markets in absence of BU • Agglomeration effects • Positive incentives for structural reforms
Stabilisation	• “House in order” allows automatic stabilisers to cushion country-specific shocks • Monetary policy takes care of common shocks	• Pro-cyclical fiscal behaviour in good times • Aggregation of national fiscal stances do not necessarily give an adequate EA stance	• Need for a central stabilisation function • Divergence in fiscal space • Active fiscal policy needed under exceptional circumstances
Equity	• National redistribution done by MS • Cross-country cohesion via EU budget	• Real convergence being achieved	• Divergence between original EA members, convergence new members
Sustainability/Stability	• Strong emphasis on the credibility of the central bank • Expectations that MS would maintain sustainable public finances • No consideration of internal imbalances	• Established credibility of the ECB • Unsustainability of internal CA imbalances	• Political ownership of fiscal rules diminishes • More symmetric adjustment of external imbalances needed

Note: The following abbreviations are used: MS is Member State, EA is Euro Area, CA is Capital Allocation and BU is Banking Union.

Source: Authors’ analysis.

the necessary response to the crisis in the last decade was born at the national level. Whether or not the EU and EMU should actually engage in post-market distributive policies during times of increasing populist pressures remains controversial.[17]

Stabilisation corresponds to the objective of smoothing cyclical shocks in the EMU. Fiscal policy remains decentralised, with the only form of coordination being the Stability and Growth Pact (SGP). The original EMU architecture did not envision a common stabilisation function. National ‘automatic stabilisers’ could not fully play their role during the crisis, given the reduced fiscal buffers and high public debt in some countries, which, in certain cases, reflected the pro-cyclical fiscal policies that had taken place in the pre-crisis years. Fatas and Mihov find evidence for pro-cyclical fiscal effort (based on the cyclically-adjusted primary balance) and for a-cyclical total fiscal policy stance (based on the primary balance) in the EU before the Great Recession.[18] Moreover, the aggregation of fiscal stance at the national level did not necessarily lead to an adequate fiscal stance at the euro area level with the right national differentiation.[19] In this context, the need for a central stabilisation function has become more patent in the second decade of the euro.

17 M. Buti, K. Pichelmann: European integration and populism: addressing Dahrendorf’s quandary, Policy Brief, LUISS School of European Political Economy, 2017.

18 A. Fatas, I. Mihov: The Euro and Fiscal Policy, NBER Working Papers No. 14722, 2009, National Bureau of Economic Research.

19 European Commission: Report on Public Finances in EMU 2016, Part IV, European Economy Institutional Paper No. 045, 2016.

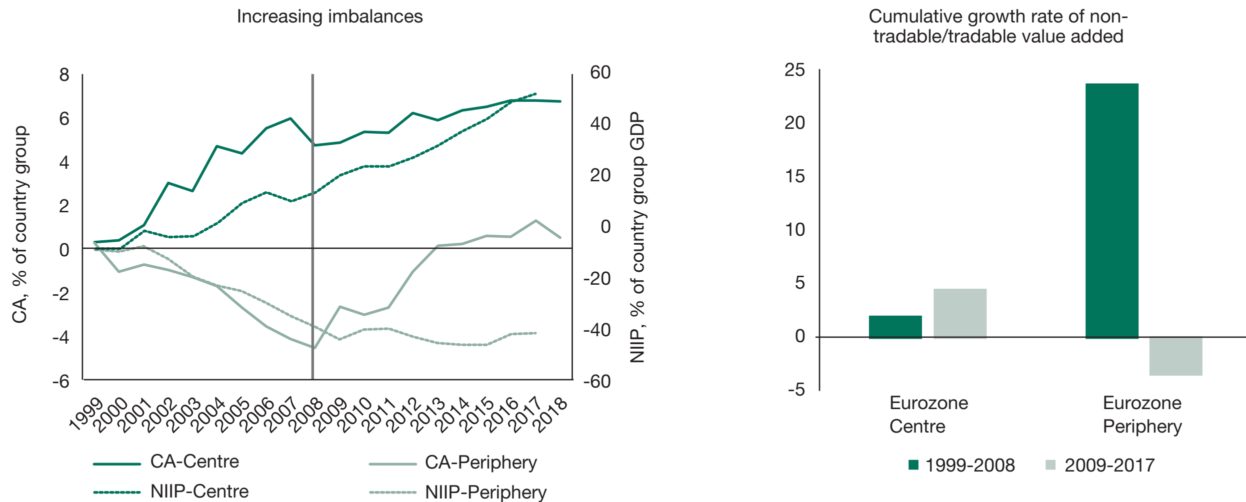
Sustainability/Stability refers to the long-term sustainability of public finance in the euro area, necessary to avoid fiscal dominance in the EMU.[20] The credibility of the ECB was very much prioritised and quickly established, with inflation broadly in line with the target and a stable external value. The SGP, however, did not generally secure a quick enough reduction in government debt at the beginning of the euro, with government debt at the aggregate euro area level at 65% in 2007 versus 68% in 2000 and a fiscal policy seen as pro-cyclical or a-cyclical. In the first decade of the euro, the internal imbalances have unfolded as the original EMU set-up did not take into account the risk of internal imbalances. In the last decade, the political ownership of fiscal rules has decreased and the fiscal spaces available at national levels have diverged.

The Eurozone throughout the crisis: Weaknesses of the EMU’s architecture come to the fore

During its first ten years, the Eurozone grew on average on par with the US in terms of GDP per capita and the ECB quickly gained credibility and was able to bring inflation in line with its target of “below but close to 2%”. At the same time, structural reforms stalled and the benefits of lower interest rates and easier access to credit, both in the public and private sector, gave rise to an ‘anaesthetic effect’, slowing down reform efforts and fiscal consolidation in peripheral countries. The financial crisis that started in the summer of 2007 stands as the first major test case for the Eurozone. The crisis, at least in Europe,

20 R. Barro, D. Gordon, op. cit.; K. Rogoff, op. cit.

Figure 1
Imbalances and resource allocation



Notes: Centre includes Austria, Belgium, Finland, Germany, Luxembourg and the Netherlands. The periphery includes Cyprus, Estonia, Greece, France, Ireland, Italy, Latvia, Lithuania, Malta, Portugal, Slovakia, Slovenia and Spain. Centre and periphery Eurozone countries grouped according to their external position. Updated from Buti and Turrini (2012).

Source: European Commission calculations based on AMECO and Eurostat.

was triggered by a conjunction of factors and unfolded through many channels: current account imbalances occasionally related to productivity developments, banking sector shocks and their relation to sovereign debt. It was thus a strong catalyst to test the solidity of the Maastricht institutions and revisit the validity of the underlying assumptions. The financial crisis revealed the weaknesses of the initial EMU architecture and the policy divergences of the first ten years of the euro.

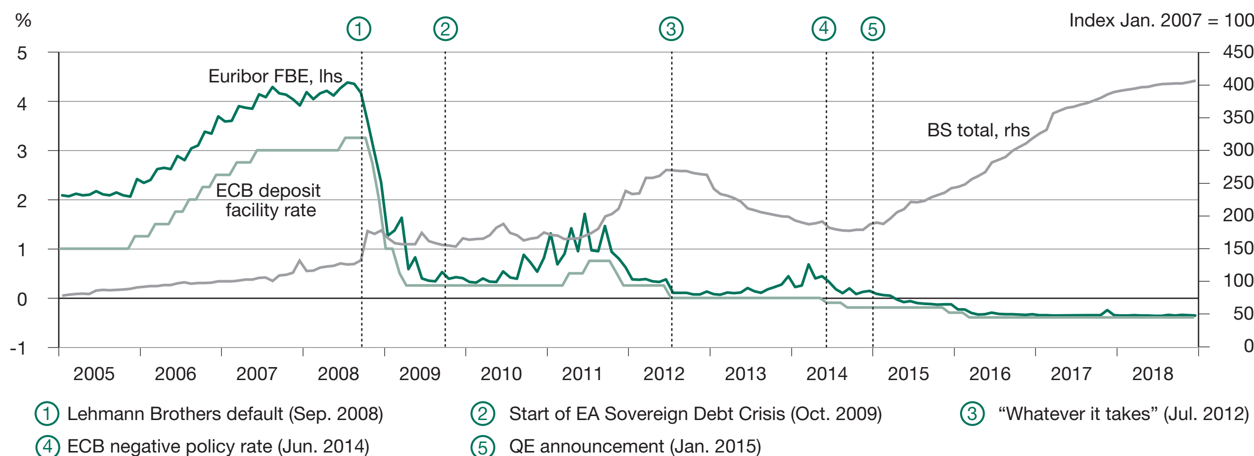
First, in the absence of exchange rate risks, investors did not take into account country-specific risks in the banking and government sectors. Secondly, economies in the periphery (like Ireland, Portugal, Spain or Greece) were expected to rapidly converge with core Eurozone countries as counterparts with sustained current account deficits thanks to capital and credit inflows.[21] However, part of those inflows went into government sovereigns and non-tradeable sectors (Figure 1), which drove prices up and eventually resulted in an appreciation of their real exchange rates.[22] While at the Eurozone level the current account was broadly in balance, divergences between creditors and debtors aggravated. In relative terms, the periphery became more intensive in the non-tradeable sectors while core countries gained competitiveness. The resulting changes in industrial structure led to agglomeration effects and contributed to diverging social and political preferences over time. During the crisis, the negative effects of capital misallocation and excessive debt levels that had accumulated came to the fore with the sudden stop of capital flows towards the periphery. These countries corrected their external accounts but the adjustment was asymmetric as surplus countries did not boost domestic demand. As a result, the current account rebalancing proved considerably more painful in terms of output losses. The collapse in flows among banks gave rise to a sovereign problem, while, in the opposite direction, tensions on the sovereign weighed on banks' balance sheets. The sovereign bank 'doom loop' amplified financial distress and was responsible for deepening the recession, notably through worsened lending conditions in the economy.

The only institution that had the mandate and the means to intervene, namely the ECB, did take action and interbanking short-term flows were replaced by central bank lending (Figure 2). This provided the space for EMU governments to create the institutions necessary to deal with extreme difficulties. However, the absence of a lender of last resort in the EMU made it impossible to prevent the geographically contained sovereign crisis to morph into a general crisis of the Eurozone. It was only in July 2012, when monetary policy transmission was completely im-

21 R. Baldwin, F. Giavazzi: The Eurozone Crisis: A consensus view of the causes and a few possible solutions, VoxEU.org, 7 September 2015.

22 M. Buti, A. Turrini, op. cit.

Figure 2
ECB policy and euro overnight rates, Eurosystem balance sheet size



Notes: BS stands for Balance Sheet, QE for Quantitative Easing.

Sources: Macrobond; ECB.

paired by the sovereign crisis that, in order to restore market confidence, ECB President Mario Draghi announced, "Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough."

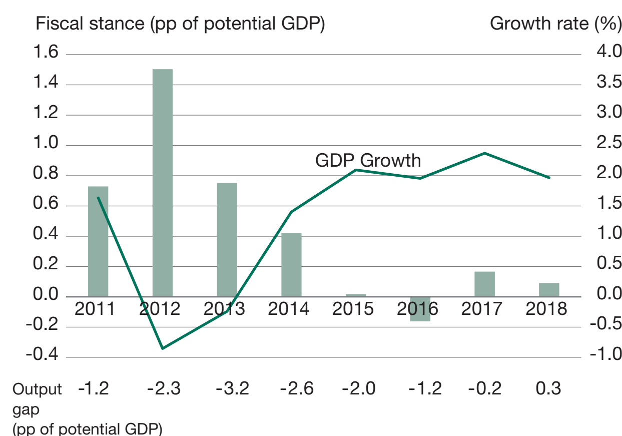
The pre-conditions for such a statement were laid out in the European Council conclusions of June 2012, in which leaders committed "to do what is necessary to ensure the financial stability of the euro area" and agreed to set up the Banking Union with the ultimate objective of tackling the negative loop between sovereign and bank risks.

Whilst the financial crisis was not fiscal in origin (with the exception of Greece), the missed opportunity of reducing public debt in the first ten years of the EMU and the lack of central fiscal stabilisation aggravated the slump. After the initial coordinated fiscal expansion in 2008, the lack of fiscal buffers at the national level meant that, in many countries, fiscal policy was no longer available to respond effectively to the demand shortfall. As a result and as shown in Figure 3, the aggregate euro area fiscal adjustment became pro-cyclical from 2011 to 2014. This view was shared by other institutions.[23]

Reforms during the crisis, but job still incomplete

Because of shortcomings in the construction of the EMU, countries in the Eurozone entered the financial crisis with excessive government debt and bank leverage and without the institutions or mechanisms to manage shocks. Since then, reforms have aimed at preventing the repetition of this crisis and have led to overhauling the toolbox

Figure 3
Euro area fiscal stance and growth rate

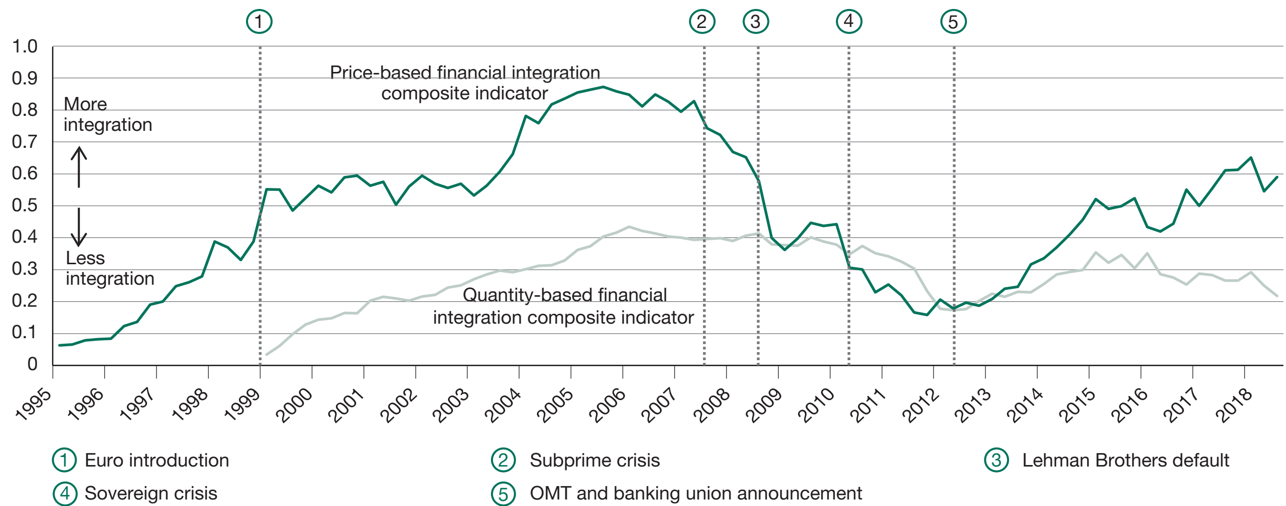


Note: Fiscal stance corresponds to change in structural balance (pp of potential GDP), real GDP growth rate in % and output gap in % of potential GDP.

Source: European Commission, Autumn 2018 forcast.

23 For example, N. Arnold, B. Barkbu, E. Ture, H. Wang, J. Yao: A Central Fiscal Stabilization Capacity for the Euro Area, IMF Staff Discussion Note No. 18/03, 2018, International Monetary Fund; and P. Ehmer: Fiscal policy in the euro area – greater focus on the economic cycle and closer coordination between member states, KfW Research Focus on Economics, No. 139, 2016.

Figure 4
Price-based and quantity-based composite indicators of financial integration



Notes: The price-based composite indicator aggregates ten indicators covering the period from the first quarter of 1995 to the third quarter of 2018, while the quantity-based composite indicator aggregates five indicators available from the first quarter of 1999 to the third quarter of 2018. The indicators are bound between zero (full fragmentation) and one (full integration). Increases in the indicators signal greater financial integration.

Source: ECB and ECB calculations, available at https://www.ecb.europa.eu/press/pr/date/2018/html/ecb.pr180503.en.html.

of the EMU.[24] Efforts have notably been made to detect and correct macroeconomic imbalances, to better coordinate economic and fiscal policies and to provide financial assistance to Member States in financial difficulties through the European Stability Mechanism.

One of the salient actions was to initiate a Banking Union in 2012. The Single Supervisory Mechanism became responsible for the supervision of banks throughout the euro area.

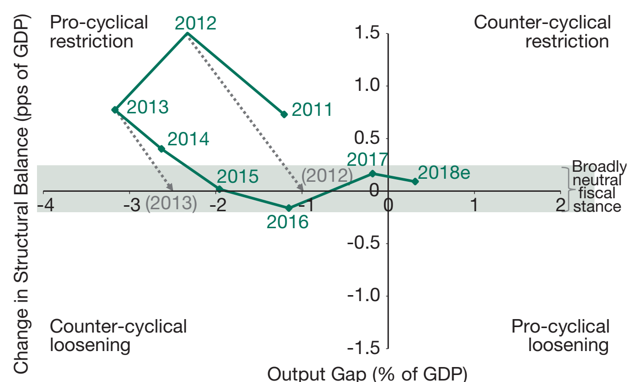
The Single Resolution Mechanism was set to sever the links between bank and sovereign stress by unifying the bank resolution and restructuring frameworks across countries and providing a common, industry-funded backstop. These two pillars of the Banking Union rest on the foundation of the single rulebook, which applies to all EU countries. The completion of the Banking Union requires a credible backstop and a common deposit guarantee.[25]

Figure 4 illustrates how financial integration in the EMU deteriorated during the financial crisis and has not reached its pre-crisis levels since its recovery at the end of 2012. The ECB differentiates a price-based versus a quantity-based composite indicator reflecting four market segments, namely the banking, money, bond and equity markets.[26] The quantity-based composite indicator measures relative portfolio shares of intra-euro area cross-border asset holdings. Price-based financial integration, though still below the levels attained in 2005-2007, has fared much better than quantity-based financial integration, which has stalled. As explained in the ECB financial integration report,[27] the ECB interventions during the crisis and "the ECB's ongoing injection of excess reserves into the euro area banking system, which as expected reduces the need for undertaking cross-border money market transactions" have led to this outcome. However, one can say that a complete normalisation and better risk-sharing are reached only once financial integration improves without direct ECB intervention. Still, it will be difficult to make progress towards private-risk sharing if the Banking Union is not complete. The remaining fragmentation is thus linked to the Banking Union and the Capital Markets Union.

Progress towards private risk sharing requires the completion of the Banking Union, the overcoming of remaining fragmentation and advancement in the Capital Markets Union. The latter will allow for the recycling of excess

24 European Commission: Reflection Paper on the Deepening of the Economic and Monetary Union, COM(2017) 291, 31 May 2017.
25 European Commission: Completing the Banking Union, COM(2017) 592, 11 October 2017.
26 European Central Bank: Financial integration in Europe, May 2018.
27 Ibid.

Figure 5
Fiscal stance over the economic cycle, euro area 2011-2018e



Note: This is computed with a multiplier equal to one, with monetary policy at zero lower bound, large underutilised capacity and high private debt. The letter e following 2018 indicates 'expected'.

Source: European Commission calculations based on Autumn 2018 Commission forecast.

savings for some Eurozone members via equity rather than via debt, which will considerably reduce the risks we witnessed in the pre-crisis period. In the medium term, a genuine Eurozone safe asset should also be contemplated.[28]

Another aspect for consideration is common fiscal capacity. A common fiscal stabilisation instrument for the currency union could have played an important role. Indeed, the presence of a euro area fiscal capacity allowing to fully compensate for the contractionary policy made by Member States in 2012 and 2013 (represented by the grey dashed lines in Figure 5) would have sensibly reduced the output gap during the crisis leading to reach almost the output gap levels of 2016 three years in advance. More reforms to improve the stabilisation capacity of the euro area economies are needed.[29] A central investment scheme could provide enough liquidity to compensate the effort made by the Eurozone members. To help monetary policy, some insurance mechanism is necessary to manage the impact of large shocks and ensure that Eurozone Member States are not constrained to carry out pro-cyclical fiscal policies in a downturn.[30] The first concrete proposal for euro area fiscal capacity in the context of a Multiannual Financial Framework (2012-2027) came in December 2017 and then detailed further in May 2018.[31]

Conclusion

Europe's currency union is still in its teenage years. The foundations of the EMU were laid in the Treaty of Maastricht in 1992, and in 2019, the euro marks its 20th year of existence. While the 20th anniversary is cause for celebration, it is also an occasion to stress that the common currency is at a turning point. During the European sovereign debt crisis, EU governments reformed (or started to reform) banking supervision, financial markets, and macroeconomic and fiscal supervision. The job, however, is still incomplete. Using an augmented Musgravian taxonomy to analyse future priorities, we put them into categories related to economic efficiency, stabilisation and sustainability/stability. The Monetary Union, which remains an essential political project of the EU, was imagined as a necessary complement to increase the efficiency of the single market. That theory proved partly wrong and therefore, recent single market reforms have been introduced. They aim to make financial markets less prone to propagating shocks, more apt to act as shock absorbers with the banking union and more efficient with the Capital Markets Union. Nevertheless, there is still scope to fulifil more of the potential of financial markets in the EU as well as to deepen the EMU by finalising the former and taking the latter further.

A second priority – in terms of efficiency – is to prepare the EU and Member States to weather another potential crisis using structural and fiscal policies. Moreover, the economic and financial crisis has fostered reform in the product and labour markets. These structural reforms, aimed at increasing the economic resilience of the euro area, are still on going. Related to this, but aimed at improving economic stabilisation, a central fiscal stabilisation and active fiscal policies may be needed under certain circumstances. This would lighten the burden on monetary policy as the first twenty years of the euro proved that the combination of a monetary policy centralised at the euro area level with fiscal policies decentralised at the national level had its limits. If properly designed, this could diminish the pro-cyclicality of fiscal policy and improve the adjustment of imbalances. To address the unsustainability of current account imbalances, the introduction of the Macroeconomic Imbalances Procedure could help Member States

28 M. Buti, S. Deroose, L. Leandro, G. Giudice: Completing EMU, VoxEU.org, 13 July 2017.

29 M. Buti, N. Carnot: The Case for a Central Fiscal Capacity in EMU, VoxEU.org, 7 December 2018.

30 European Commission: Reflection Paper…, op. cit.

31 European Commission: Further Steps Towards Completing Europe's Economic and Monetary Union: a Roadmap, COM(2017) 821, 6 December 2017; European Commission: Proposal for a regulation of the European Parliament and of the Council on the establishment of a European Investment Stabilisation Function, COM/2018/387 final, 31 May 2018.

to use the new macroprudential tools and reduce the generation of imbalances in the first place. Time will tell whether the new toolbox is sufficient.

Two euro summits took place in June and in December 2018 that concentrated on the concrete implementation of the most urgent EMU priorities. Leaders have endorsed the terms of reference for the common backstop to the Single Resolution Fund and the term sheet on the reform of the European Stability Mechanism. They have agreed on next steps to pursue a European deposit insurance scheme. They also mandated the Eurogroup to work on the design, modalities of implementation and timing of a budgetary instrument for convergence and competitiveness for the euro area.

While such reforms are important steps, a unified approach to the EMU's 'final equilibrium' is still missing. In order to achieve it, a number of fundamental dilemmas will need to be addressed.[32] First, as proposed both in the EMU reflection paper,[33] and the Five Presidents report (2015),[34] the EMU reforms must ensure the continuity between some of the intergovernmental solutions that were found during the crisis and the move to a more efficient and more accountable community method. Second, the links and especially the mutual benefits between the national and EU concerns must be fully acknowledged. 'Brussels' cannot be considered the eternal scapegoat. Third, the euro is one of the most powerful tools for Europeans to position themselves on the global scene. But the euro's global role is still not commensurate to the political, economic and financial weights of the euro area. Studies on the international role of the euro propose ways to improve that.[35]

Finally, to bridge competing visions on the way forward, mutual trust has to be rebuilt. In order to move to a genuine EMU, we need to recreate the 'veil of ignorance' keeping in mind that the creditors (and debtors) of today are not necessarily the creditors (and debtors) of tomorrow.[36] This will require that policy authorities develop a vision of common interest in decision-making. The upcoming campaign for the European Parliamentary elections is an opportunity for a mature debate on the euro's next frontier.

32 M. Buti: A consistent trinity for the Eurozone, VoxEU.org, 8 January 2014; and M. Buti, M. Lacoue-Labarthe: Europe's incompatible trinities, VoxEU. org, 7 September 2016.

33 European Commission: Further Steps Towards Completing Europe's Economic and Monetary Union: a Roadmap, COM(2017) 821, 6 December 2017.

34 European Commision: Completing Europe's Economic and Monetary Union, Report by Jean-Claude Juncker, May 2015.

35 European Commission: Reflection Paper…, op. cit.

36 J. Rawls: The Law of Peoples, 1999, Harvard University Press.