

Invitation

wiiw seminar series

"Policy Perspectives for European Integration"

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Eurozone governance – squaring the trilemma

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wiiw, Vienna 6, Rahlgasse 3, Library (2nd floor)

Abstract

The euro crisis has revealed major shortcomings in the architecture of the eurozone. At the same time, citizens in Europe want to be governed by national democracies. Can the euro work with national democracies? This paper argues that in order to make the euro viable, economically and politically, policy-makers need to start from the assumption that all policies should be in the hands of national democracies, and only integrate those areas in which a common response is crucial for the survival of the eurozone. Such an approach would focus on banks and capital markets; the lender-of-last-resort function of the ECB to both banks and sovereigns; monetary policy and overall demand; and finding national, central-bank-like mechanisms to enforce strongly counter-cyclical regulatory and fiscal policies. A European approach to structural reforms, however, would play a minor role at best.

Christian Odendahl is chief economist at the Centre for European Reform (CER) in London, where he works on the eurozone, its institutions and political economy; monetary and fiscal policy; as well as German politics and economics. Before joining the CER, he worked as a senior economist at Roubini Global Economics. Until 2012, he was a regular contributor to The Economist's Free Exchange blog and has also worked on the editorial team of The Economist as a Marjorie Deane financial journalism fellow. Christian holds a PhD in economics from Stockholm University.

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The wiiw seminar series '**Policy Perspectives for European Integration**' is the continuation of three earlier wiiw seminar series: 'Crisis management in Central, East and Southeast Europe: What is to be done?'; 'Policy options for the post-crisis economy in Central, East and Southeast Europe'; and 'EU in Crisis'. In this series, our emphasis is on issues that affect the future of the European Union: we look at the policy perspectives which may emerge after the crisis and affect the EU and its neighbourhood. Reforms of the EMU, the closer fiscal and economic cooperation of the Member States, bail-out schemes, solutions to the prevailing debt problems in the Southern Rim of the Union, the controversial relations between the EU and Russia affecting border countries and, furthermore, migration policy challenges within the EU and with neighbouring regions are topics we expect to remain of utmost importance in this and the coming years. Policies impacting on the further integration of the new Member States and future enlargements of the EU will remain an integral part of the discourse in this seminar series as well.

Univ.Prof.Dr. Michael Landesmann
Scientific Director wiiw

Dr. Sándor Richter
Organizer