

Emerging Markets Forum

*The World in 2050: Striving for a more
just, prosperous, & harmonious
global community*

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The Challenge of an Efficient European Economic Governance as a Contribution to a Prosperous Global Community

François Villeroy de Galhau



Cost of crises

Euro area underperformance
vs the US:
5% of GDP/capita over
2011-15

Cumulated GDP losses
2008-13:
50% of annual EU GDP
(ESRB²)

Cost of fiscal spillovers

Simultaneous consolidation:
2 % of GDP decline
(NIESR,¹ 2012)

Intra-EA spillovers: additional
fall of GDP of 1.6-2.6%
(In't Veld, 2013)

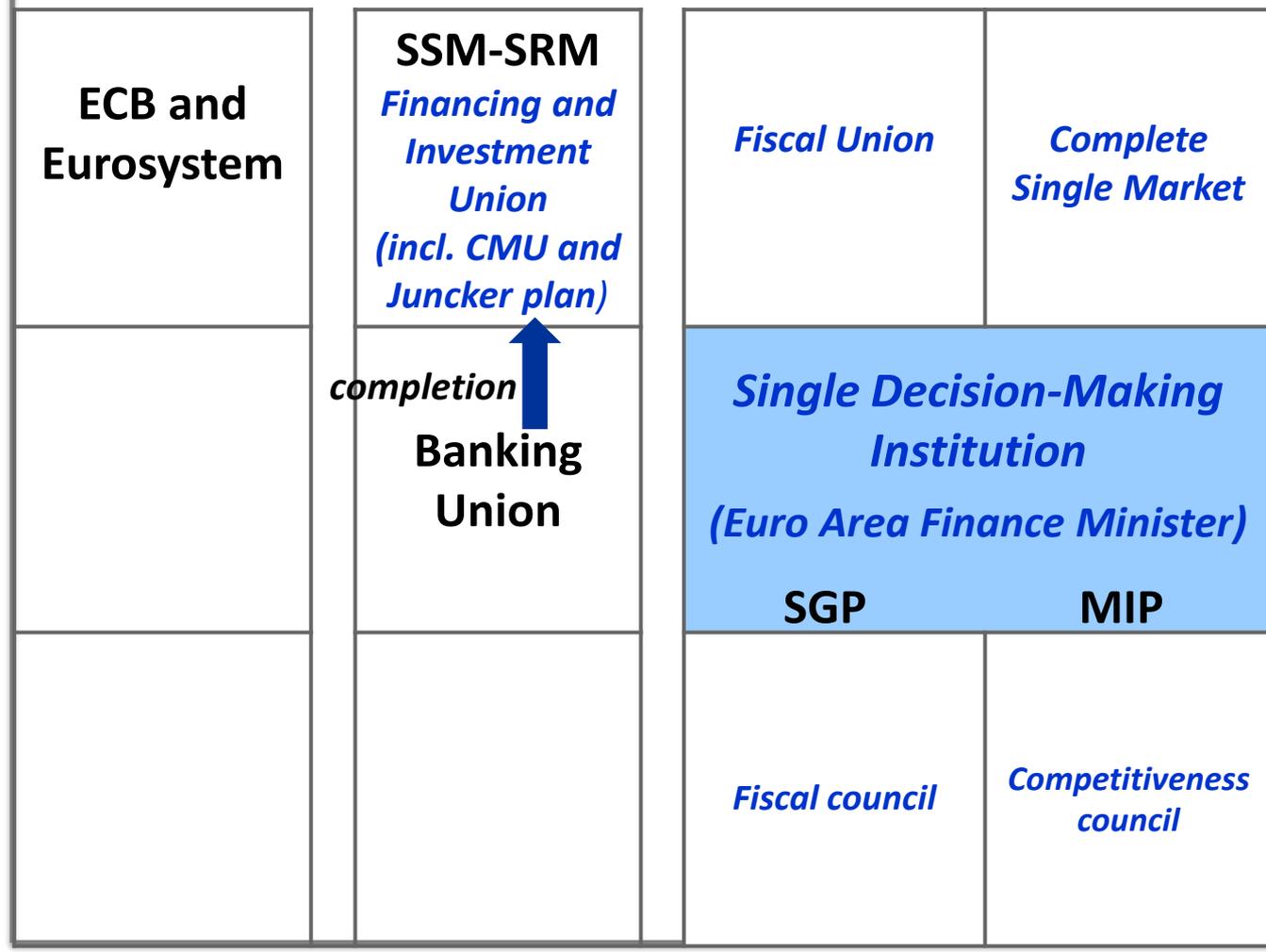
¹ National Institute of Economic and Social Research

² European Systemic Risk Board



**INTEGRATION
LEVEL**

- 3. Integrated policy and instruments**
- 2. Fully coordinated national policies**
- 1. Monitored policies**



Monetary Financial Fiscal Structural

**CONTENT/
POLICIES**



Prepare:

Euro area
collective
strategy

Supervise:

Implementation
of the
collective
strategy

Implement:

Centralized
crisis
management

Manage:

Euro area
convergence
fund, then
budget



A legitimate institution with a genuine administrative capacity

Legitimacy:

Appointment
process and
international role

Capacity:

Treasury
administration
and advisory
councils

Accountability:

Stronger
democratic
control over euro
area affairs