



European  
Commission

# EUROPE: REWRITE THE RULES FOR SHARED PROSPERITY

European Dialogue 2017

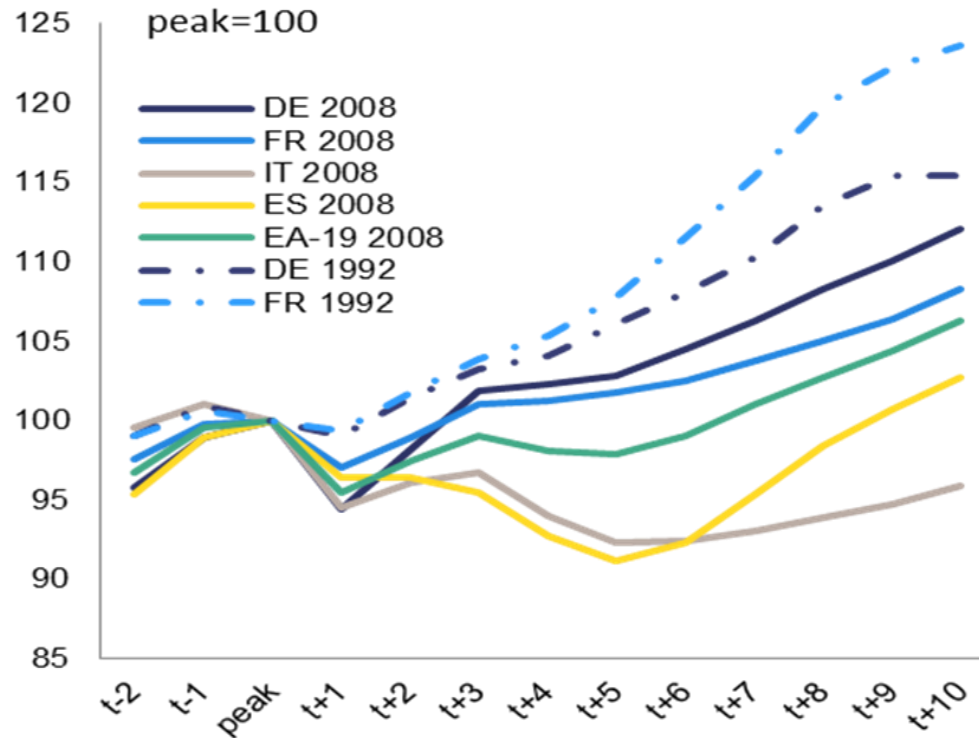
[#EUdialogue17](#)

What reforms to enable Europe  
to grow together?

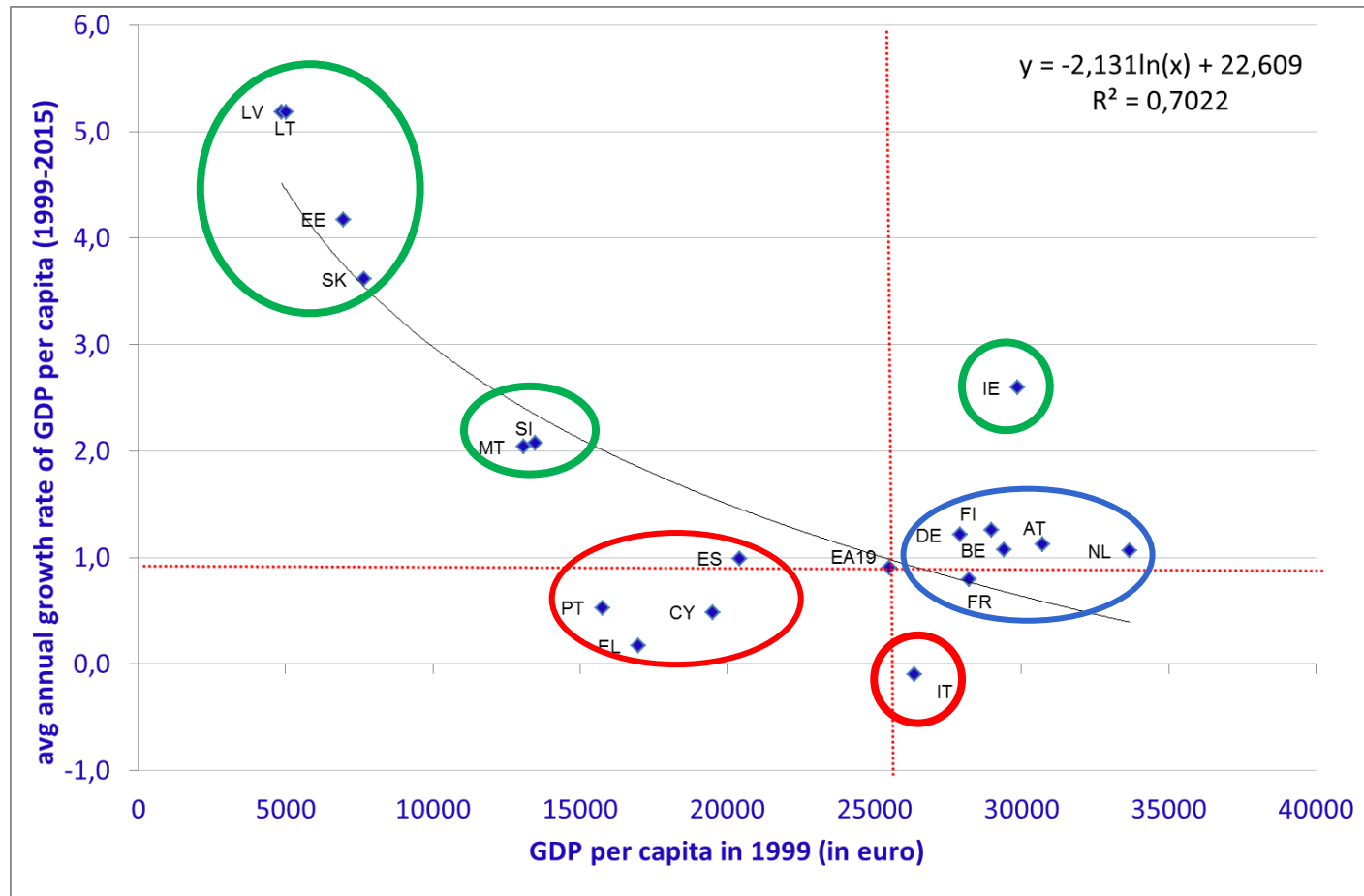
A couple of comments

Karl Pichelmann  
Senior Adviser

# A <insert adjective> recovery with persistent economic divergences



## Longer-term convergence and divergence patterns in the EA



## TWO COMPETING MODELS FOR EMU

### "Back-to-Maastricht"

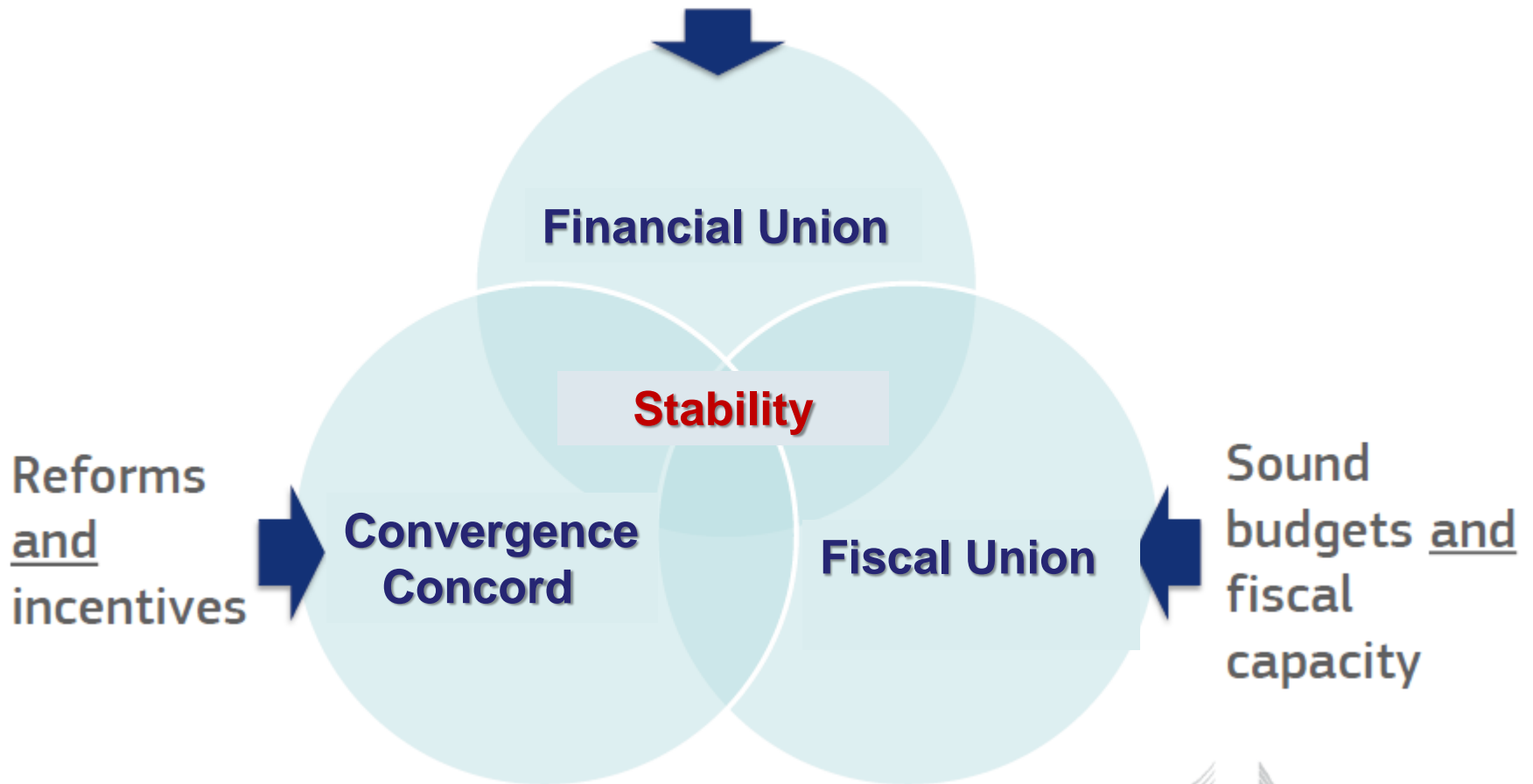
- Stronger enforcement of EU fiscal rules to rein debt and deficits
- MIP focused on competitiveness of lagging countries
- Banking Union does not need common deposit insurance
- End to the risk-free status for sovereign debt and establish sovereign debt restructuring mechanism
- More market discipline

### Fast forward to federalist EMU

- Distribution of fiscal efforts to achieve an appropriate aggregate fiscal stance
- Symmetric adjustment to help weak countries and reduce Euro area current account surplus
- Full Banking Union to ensure financial stability and private risk sharing
- Fiscal capacity for public risk sharing and eventually sovereign debt mutualisation
- Euro area Treasury

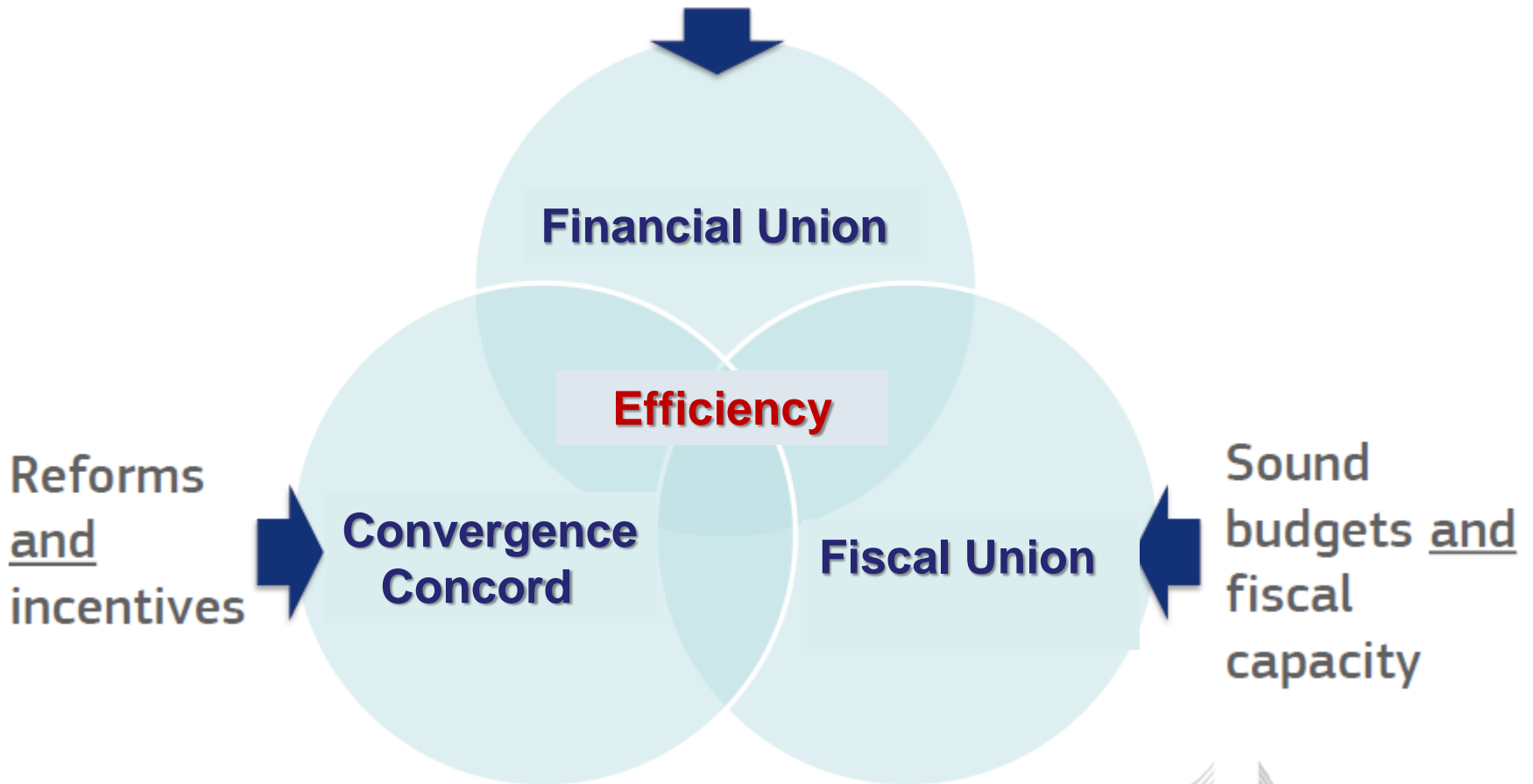
## A NEW POLITICAL SYNTHESIS IS NEEDED

Risk Sharing and risk reduction



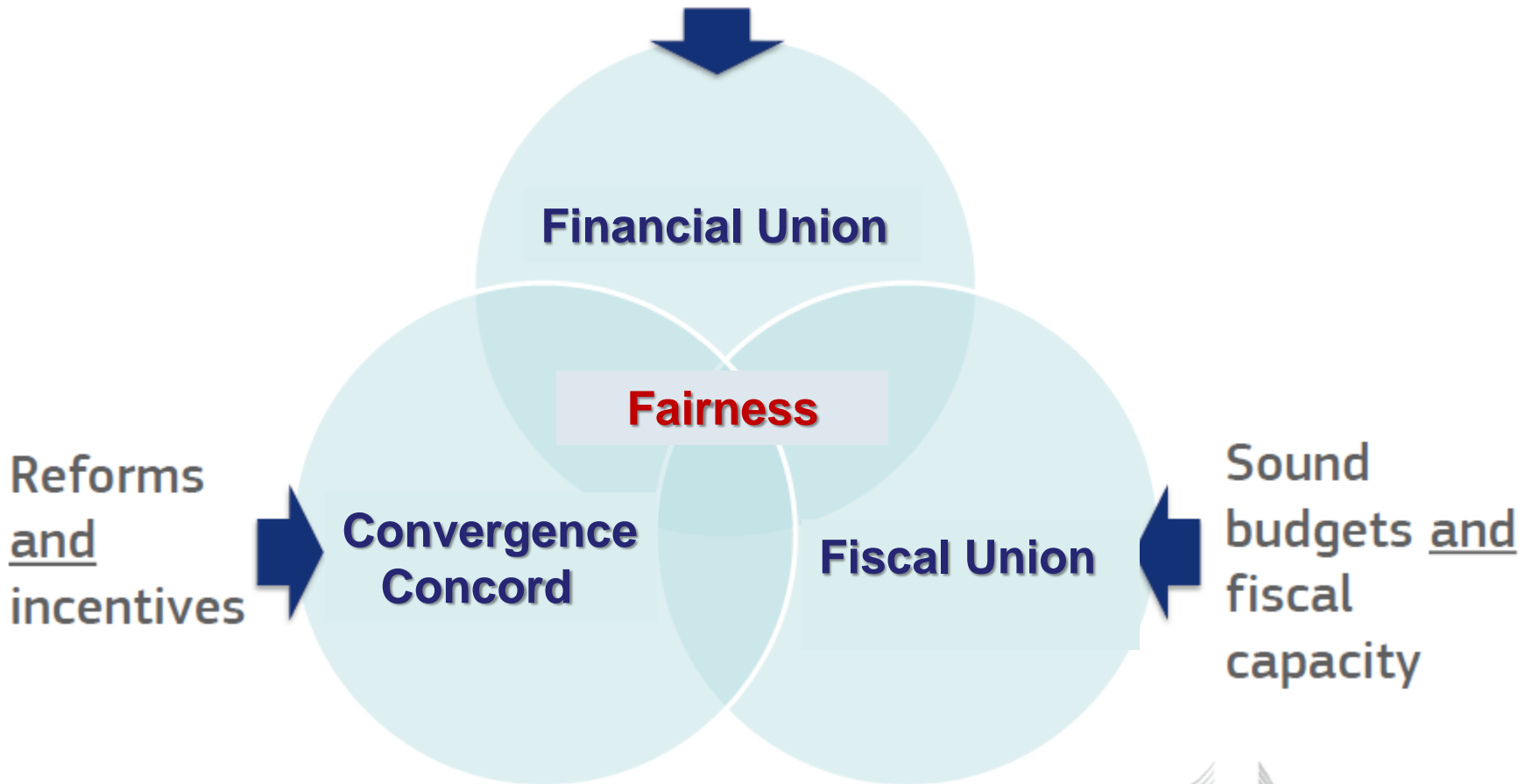
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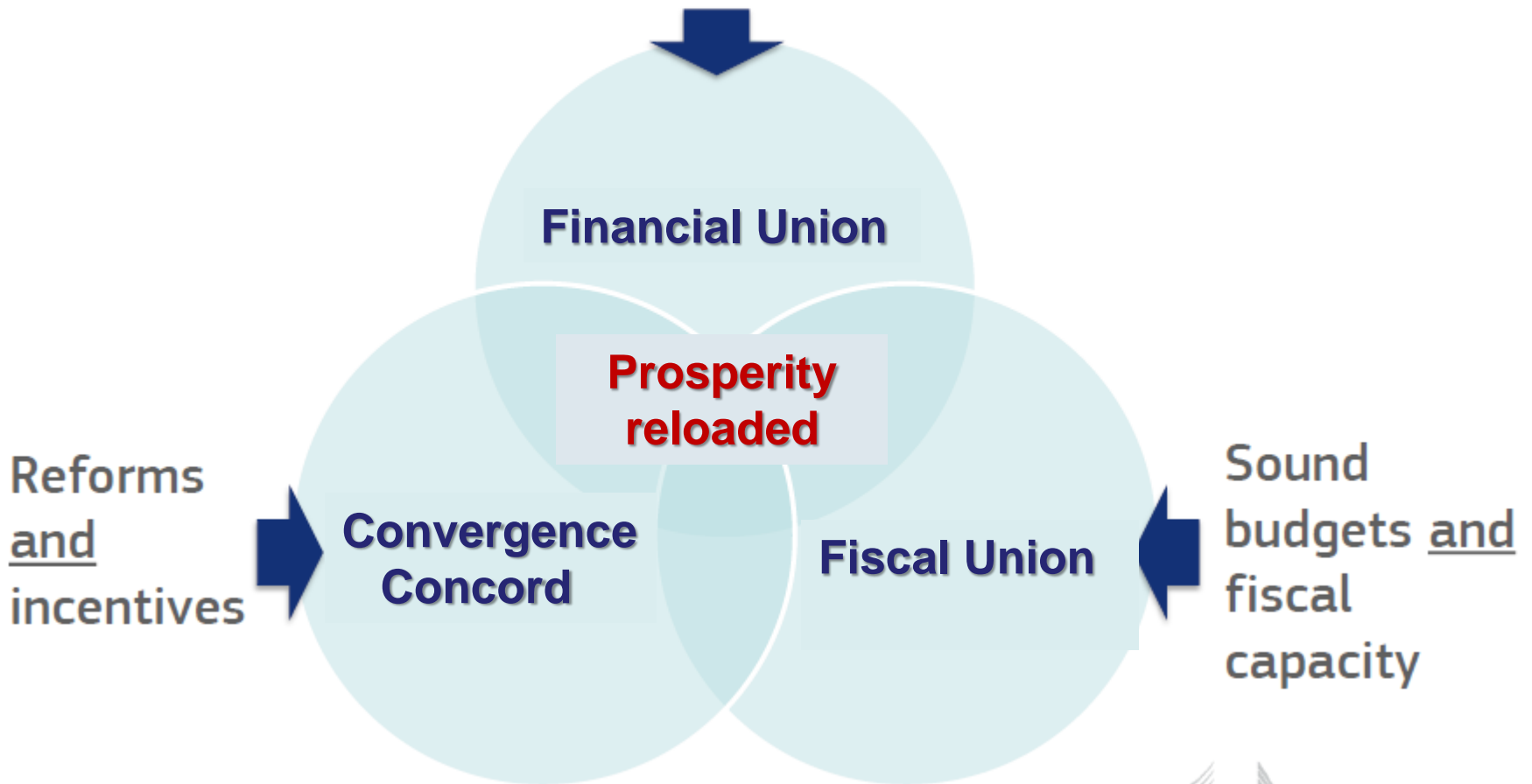
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**Thank you very much  
for your attention!**