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An European Finance Minister: an opportunity or utopia?

Would an European Minister of Finance be able to take economic and monetary union out of the deadlock in which it finds itself, stimulate structural reforms and reinforce the contribution of national budgetary policy to the growth of the area? Does such a Minister need his own budget or a centralised management of the crisis is enough? And what happens to the role of European Commission if any European Finance Minister will be? The all-embracing considerations of two national bank governors, François Villeroy de Galhau for France and Ignazio Visco for Italy, moderated by journalist Ferruccio De Bortoli.

“There are good news on European economy, on growth as well as on inflation - Villeroy says – thanks also to our monetary policies, that cannot be the only solution. In Maastricht we planned Economic and Monetary Union, second one has been achieved first one not yet”. Seen the growing Euroscepticism it makes sense to talk about a tighter European Union? “Since the beginning of the crisis, the lack of coordination within EU had an estimated cost of 2-5% of GDP – explains Villeroy -, so the first task of an European Finance Minister should be a centralised management of crisis. Second, to identify incentives instead of sanctions, as is doing now the European Commission. Third, to find stabilisation tools (as for instance the Eurobond). Forth, to set up a communitarian budget. All these steps represent a progressive process, that has to bring us a day towards an unique fiscal European budget”.

“What president Villeroy has just exposed – adds Visco - is a third way between tow paths: respect of rules with sanctions or an economic, political union that bring us towards United States of Europe. Moreover, I agree with my French colleague when he stated that monetary union is not enough, nevertheless Euro is the only decisive step of European integration we have done since Maastricht. We passed the risk also of a return to national currencies, but this option was overtake with success”. Yet since criteria of national budget flexibility were introduced and adopted, in Visco opinion, the risk is that the role of European Commission will turn from “watchdog” to “interpreter” of European rules. In conclusion, last wish of Visco is that if any European Finance Minister should be, an important feature would be his “renowned moral authority”.

One of the question proposed by De Bortoli to the two central bankers concerned the consequences of a Brexit on the European Union. “We should adapt to a similar scenario – is the diplomatic answer of Villeroy - even if my wish is that it would not happen”. “I agree with Villeroy at all – closes Visco – my only fear is an eventual emulation-effect that a Brexit could have on other European countries”.

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