



IMPROVING PERFORMANCE AT THE NEXUS OF THE COMMERCIAL AND SOCIAL SECTORS

ABSTRACT

FISCAL INSTRUMENT BY DRAGHI AND MACRON (NOVEMBER 2018)

Some European leaders have long acknowledged the need to create some kind of fiscal instrument to strengthen the economic union, but without much progress up to date. The Eurozone already have shown progress in reforms of the banking, economic, and monetary sectors. However, there is no public and very little private risk-sharing. So, as Draghi states, some form of common stabilization function to prevent member countries from diverging too much during crises is needed. The monetary policy should be complemented by a fiscal instrument to deliver macroeconomic stability for member developed economies and the EU. This idea is advocated by Emmanuel Macron, who states that France is ready to undertake her contribution to defend an economic, fiscal convergence. But Macron and other reformers have run into resistance from Germany and other fiscally conservative nations like Finland and The Netherlands. However, Macron's plans have been redesigned as France has sought an understanding with Germany on this issue in June 2018 and countries have presented a proposal that could be in place by 2021.

