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The Euro – more than just a currency

Since the beginning of the Euro crisis in 2010, the EU's Economic and Monetary Union has found itself in turbulent waters. To maintain course, the EU's fiscal policy must be realigned. After all, the Euro's fate will also determine whether Europe continues to have a Single Market.

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After more than 20 years of the Single Market and 15 years of the Economic and Monetary Union, the economies of EU member states are highly intertwined. In addition, they benefit from a cross-border exchange of goods and a reliable division of labor. Thousands of new jobs have been created, for example in Poland, the Czech Republic, the Netherlands and Romania. The demand in Germany alone for foreign goods has benefited many EU countries. German producers, in turn, are able to sell many of their products to their European neighbors. Yet following the 2008 financial crisis, the Euro, having promoted integration, became a source of division as well. Major imbalances and distortions between Europe's national economies have become more pronounced and solidarity among Europeans has been unexpectedly put to the test. In Southern Europe in particular, the crisis and the ensuing efforts to

implement reform and cut costs have resulted in social dislocation. At the same time, "euroskeptic" political parties have been gaining ground, making it increasingly difficult to form a majority in the European Parliament. Meeting their demands would mean risking the Economic and Monetary Union's ongoing existence – something that would prove fatal, and not only to the Single Market. Yet how can Europe continue to use the Euro and, simultaneously, prevent future financial crises? What is required to ensure financial and economic management that effectively serves the eurozone, and which steps should policymakers now take to achieve it?

The Policy Brief from our Brussels office examines the key contexts and attempts to provide a few answers.



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