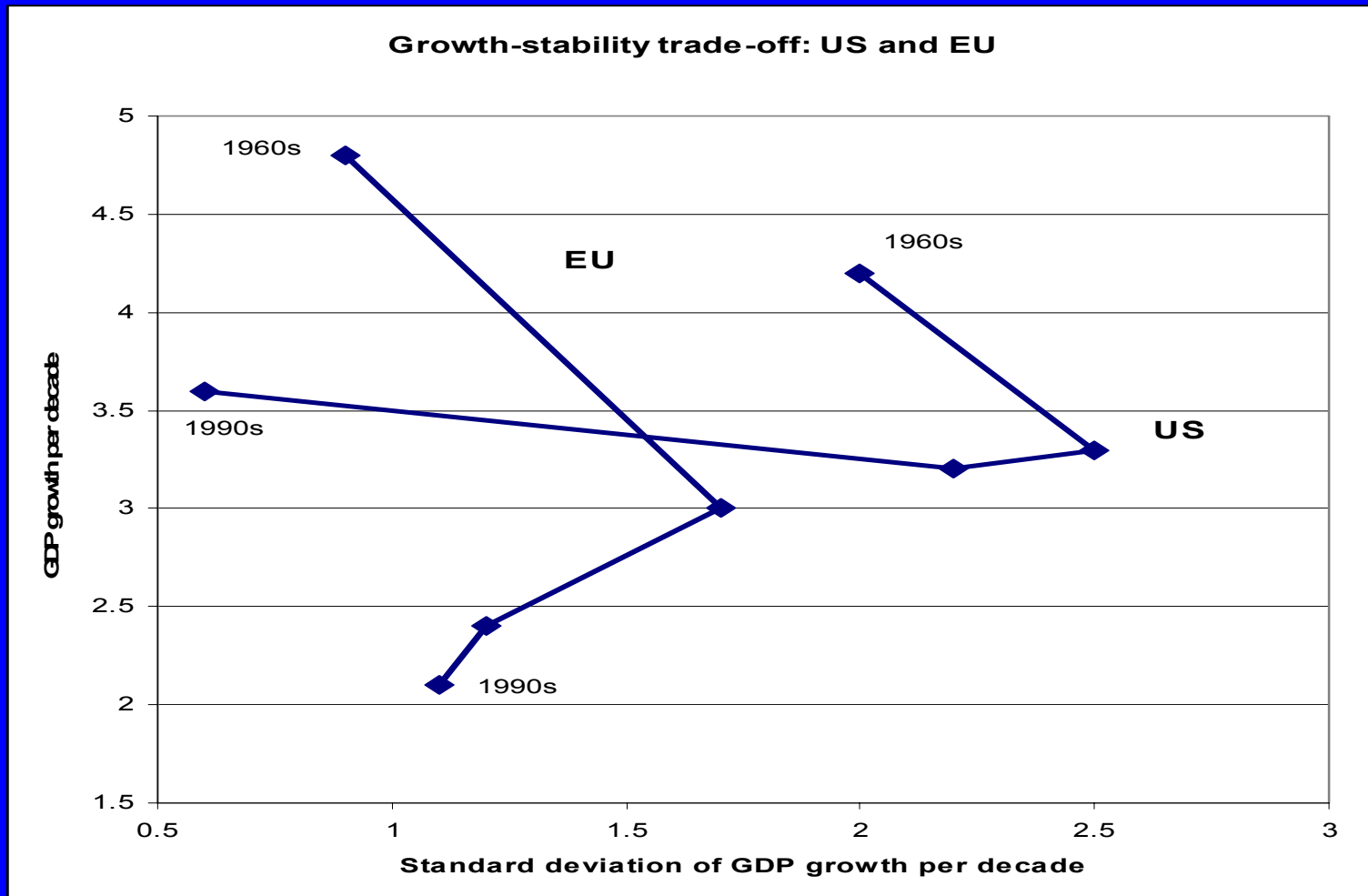


Trade-off: Growth - stability



The policy assignment

| | Micro | Macro |
|----|-------------------------|-------------------------------|
| EU | Goods & capital markets | Monetary policy |
| MS | Labour markets | Fiscal policy (within limits) |

Responses to recessions

| | EU | US |
|------------------------|--------------|------------|
| Stabilisation | | |
| - Credit markets | Weak | Strong |
| - Fiscal policy | Automatic | Aggressive |
| - Monetary policy | Moderate | Aggressive |
| Reallocation | | |
| - Labour markets | Low | High |
| - Productivity sources | Within firms | Entry |

The governance methods

| | Micro | Macro |
|---------------------|-----------------|--------------------------|
| Delegation | Trade, CAP | Monetary policy |
| Commitment | State aids | Fiscal policy (Art. 104) |
| Coordination | Labour markets | Fiscal policy (Art. 99) |
| Autonomy | Direct taxation | Level of spending |