



European economic policy priorities

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**CEPS Corporate Breakfast
Brussels, 7 September 2017**

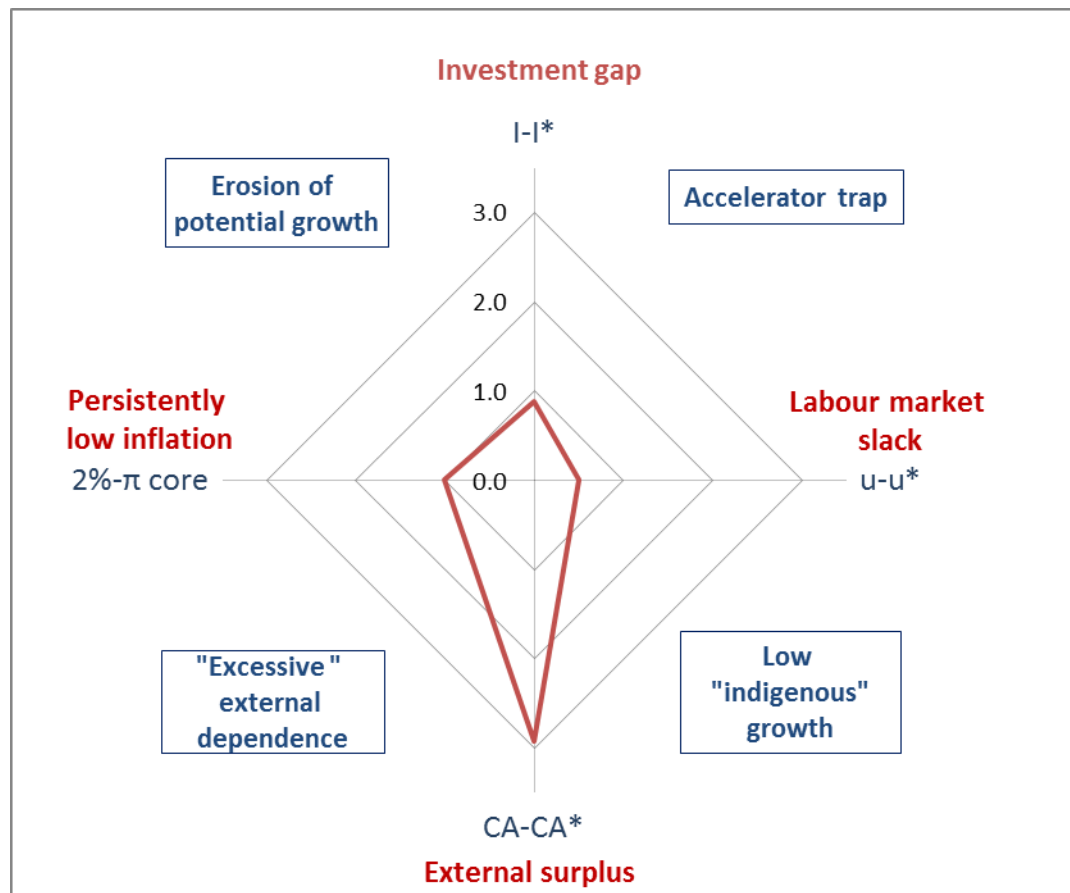
Setting the scene: a time for action

- Two more years of Juncker Commission: legacy being set in next 12-18 months
- Domestic political risks have abated: but tail risks of populism, Brexit and geopolitical risks loom large
- Economic conditions are better: avoid ultima ratio curse



European
Commission

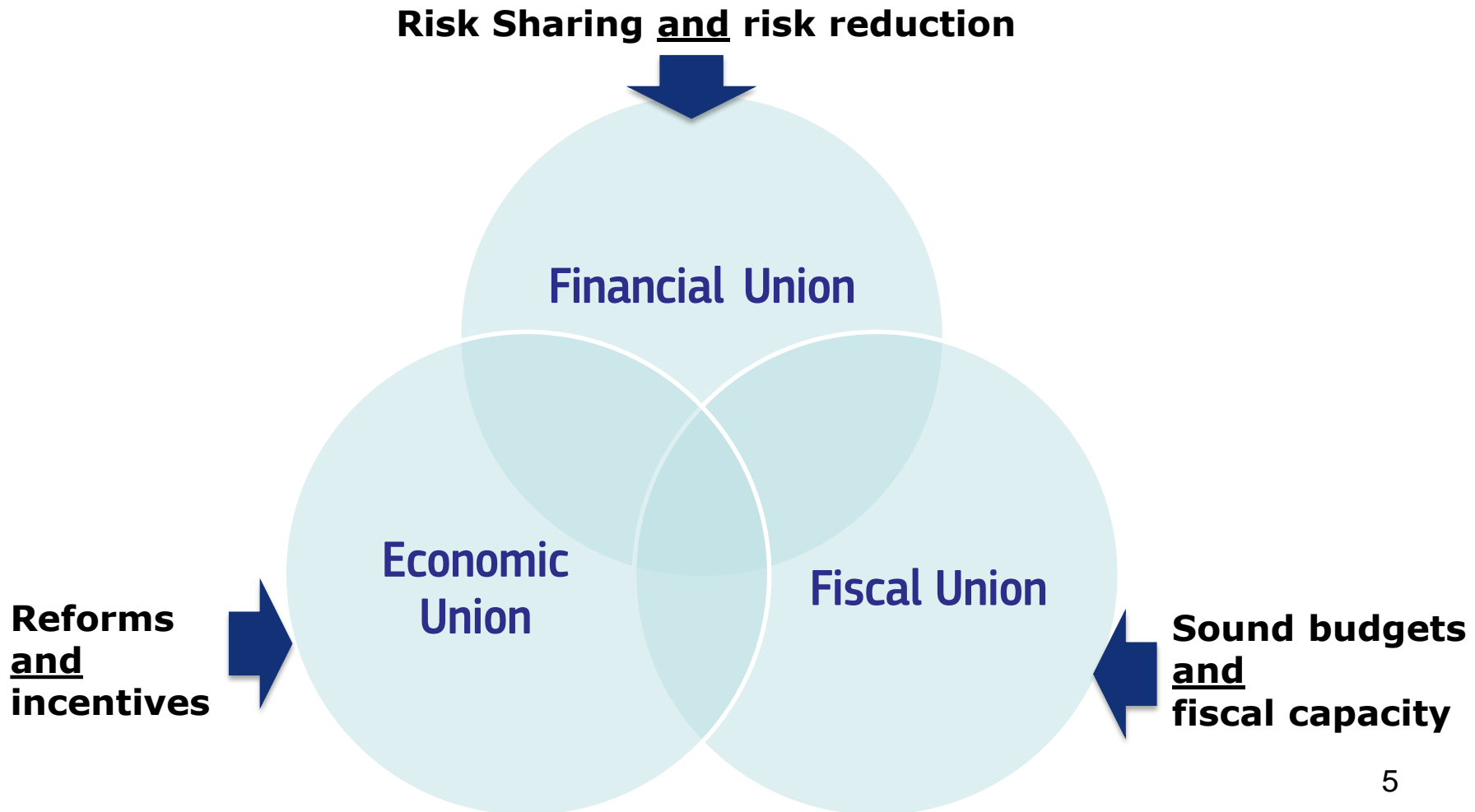
Euro area: better times but still an incomplete recovery



Big policy areas

- Refugees/migrants question: still in search of a durable solution
 - **External Investment Plan**
- Threat of terrorism and uncertainty in stance of USA: defence an important topic
 - **European Defence Fund**
- The new Multiannual Financial Framework:
 - **Reduced budget with departure of the UK**
 - **Changing priorities: new European public goods**
 - **Use of financial instruments**
 - **EA budget in the MFF?**
 - **EU budget and incentives for reform**

EMU today: A new political synthesis is needed



A European Monetary Fund?

- One name, 3 models:
 - 1. Sole institution in charge of economic and fiscal surveillance**
 - It would mean moving from Community method to an intergovernmental approach: less efficiency and democratic accountability
 - 2. Independent crisis mechanism, in charge of programme implementation**
 - Mimicking divisions of tasks between SRB and SSM – But conditionality for programme countries touches upon COM competencies (not only macro)
 - 3. Debt management office and BU backstop**
 - Could be part of Euro Area Treasury (surveillance, stabilisation, safe asset): it is the idea of the RP

Preconditions for progress: deal with fiscal and financial fragilities

