



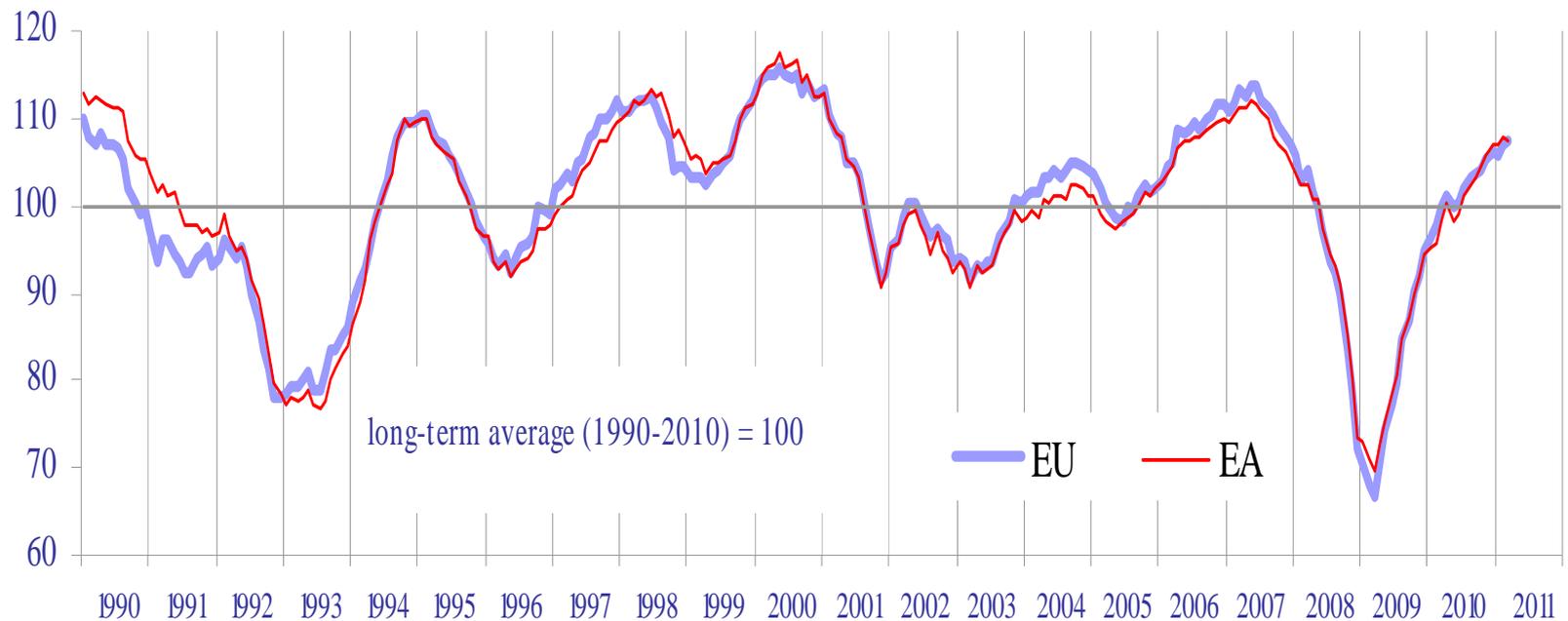
# Is the Euro Saved for Good?

**Olli REHN,**  
**European Commissioner for Economic and**  
**Monetary Affairs**  
**The Brookings Institution, April 14<sup>th</sup> 2011**



# Confidence back to above long-term average

## Economic sentiment indicator (s.a.)

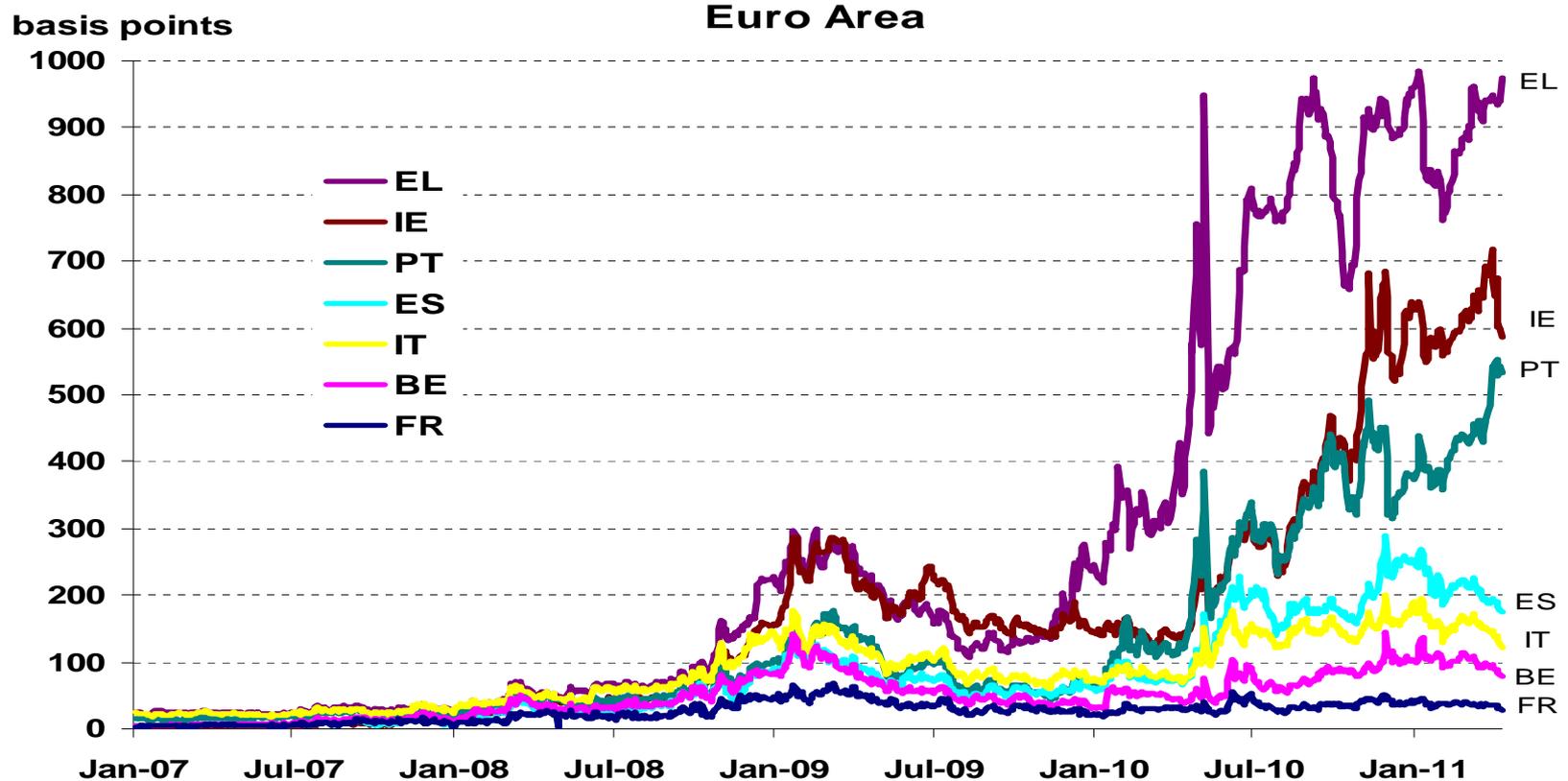


source: European Commission services



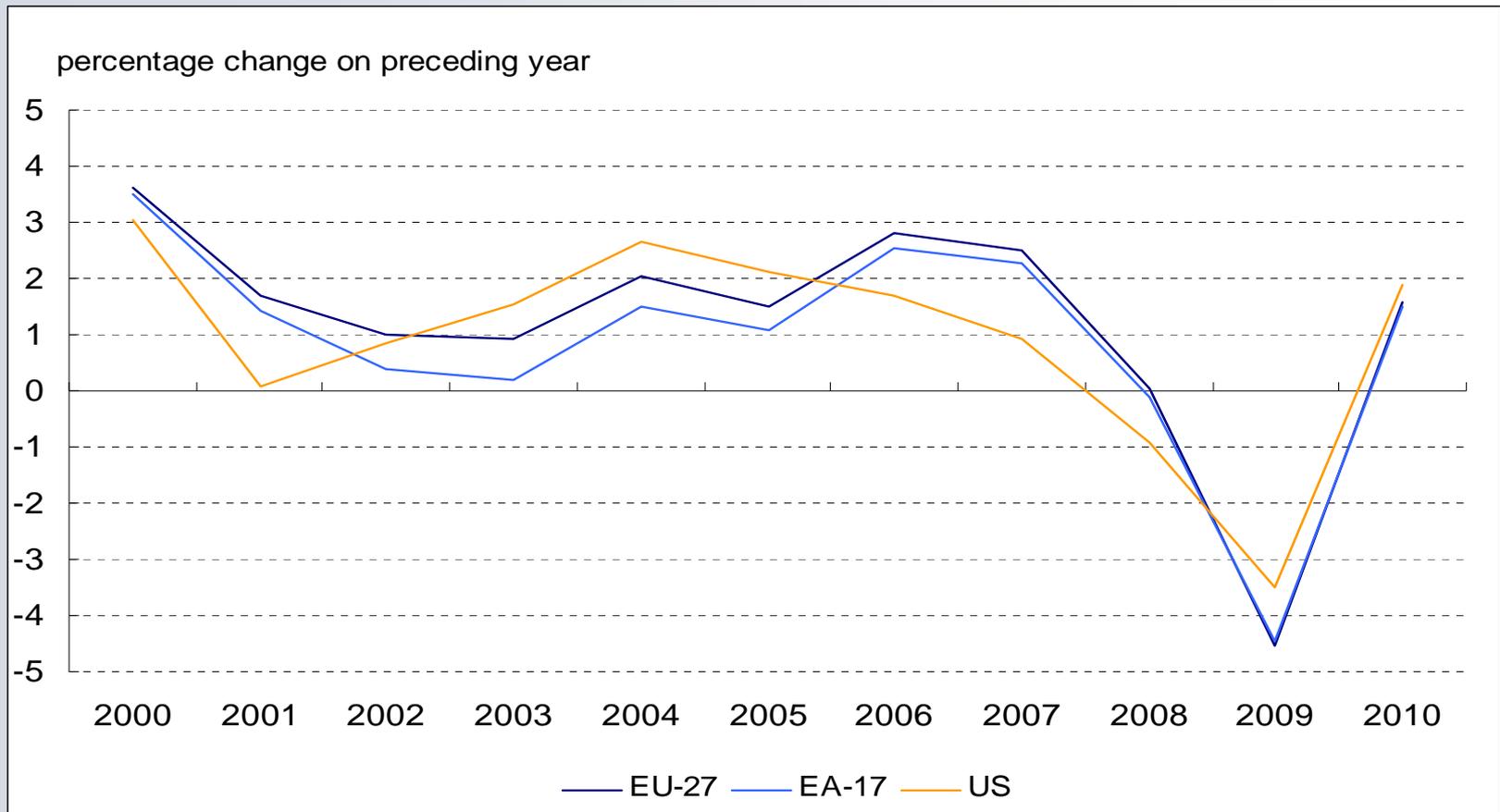
# Tensions remain in sovereign debt markets, but bond spreads differ

## Bond spreads to German bund (10-year maturity)



# Europe hit somewhat harder than the US but rebound equally strong

## GDP/capita growth



# Reforming EU policy coordination

- **Stronger Stability and Growth Pact**
  - Prudent fiscal policy making: expenditure growth rule
  - Numerical benchmark for debt reduction
  - Stronger national fiscal frameworks
- **Surveillance of macroeconomic imbalances**
  - Alert mechanism (scoreboard)
  - In-depth analysis
  - Excessive Imbalance Procedure
- **Better enforcement**
  - Earlier and stronger sanctions
  - Reverse majority decision-making in the EU Council
- **European Semester**
  - Integrated surveillance of fiscal and structural policies
  - Ex-ante budgetary guidance

