

Open letter to Herman Van Rompuy - III

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Dear Mr. Van Rompuy, I venture to write another open letter to you, like last year and the year before, with some thoughts on Euroland that you, as chair of the European Council, may reflect upon these days.

Euroland

The name 'Euroland' for the single currency area reflects the growing distance between States fully participating in Economic and Monetary Union (EMU) and the European Union, whose highest policy making institution you chair. In 2013, further steps have been taken to strengthen EMU and prevent a recurrence of its existential crisis, which is not yet over. These further steps have made the divide between the 'ins' and the 'outs' in Europe bigger. Just like the crisis has increased the divide between the 'haves' and the 'have-nots'. A formal split between the EU and Euroland seems no longer unthinkable, with the UK referendum on Europe approaching ('Brexit') and Treaty change on the agenda in London and Berlin. However, the Irish Prime Minister's reflection after the successful termination of Ireland's support program, that Ireland was retrieving its economic sovereignty, shows no sign of increased understanding of what it means to belong to a currency union. In this respect, the lessons of the crisis do not seem to have been learnt.

Strengthening of EMU

You should be congratulated on the fortifications of EMU in 2013. They concerned economic governance and banking union. The 'two-pack' legislation that further strengthens economic governance was adopted. In this first year of its application, the Commission had a strong involvement in budget-making in Euro Area Member States. But the actual impact of all the European advice on individual States' policies is meagre. It is said that less than 10% of all EU policy recommendations are followed up. Europe needs to improve this score to prevent that the exercise

becomes a paper one only. Last year also saw agreement on the three building blocks of 'banking union'. The regulation giving the ECB the final say in prudential supervision of the Euro Area's banks was adopted in October. Thus, as of November 2014, a 'Single Supervisory Mechanism' – with a central role for the ECB – will replace the dispersed national supervision of the Euro Area's banks. December saw political agreement on the 'Single Resolution Mechanism' (the second pillar of banking union) and on methods to secure banks' recovery and resolution across the wider European Union. There was also movement on the alignment of deposit insurance systems (the oft-forgotten third pillar of banking union). Due to compromises, legal technicalities and the backtracking by certain States from earlier strongly worded decisions, the texts adopted are regrettably far from straightforward. Plans to strengthen EMU with some form of mutualisation of public debt and a common budget to help absorb cyclical shocks in the monetary union are still just ideas. I find this deplorable as a true budget union remains the only way forward. Should you ask my advice, it would be this: return to these ideas and keep them on the agenda.

Connecting with the people

As in the past, I consider that connecting with the people should get more attention of the European Council. Grand words that are not followed up sound hollow in the ears of Europe's citizens. Why don't you include in European Council conclusions a paragraph on the follow-up of decisions taken the last time? This will make the efforts of Europe's leaders more transparent. In this vein, I repeat last year's question: when will people see the benefits of spending promised in June 2012, when you announced "We will boost the financing of the economy by mobilising around 120 billion euro for immediate growth measures"? On the Compact for Growth and Jobs agreed in June 2012, the December 2013 European Council conclusions state that "substantial progress has been achieved in a number of areas" but it doesn't specify where exactly. Actual visits by Europe's leaders to people in needy situations may infuse the soul of human stories into high politics and may

help reconnect citizens with their leaders. Thirty European Council members should be able to cover fifteen one-day visits a year to people and places affected by EU decisions: a Greek hospital in need of medicines, a Portuguese employment center, an Italian refugee camp, or a German solar panel manufacturer. And don't forget Polish or (soon) Romanian and Bulgarian people working in London, and Roma living in Hungary or France.

Happy New Year!

May the festive season give you room for reflection on Europe's political process and its outcome. Wishing you success in the New Year, I hope that 2014 will see more unity among Europe's people.

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