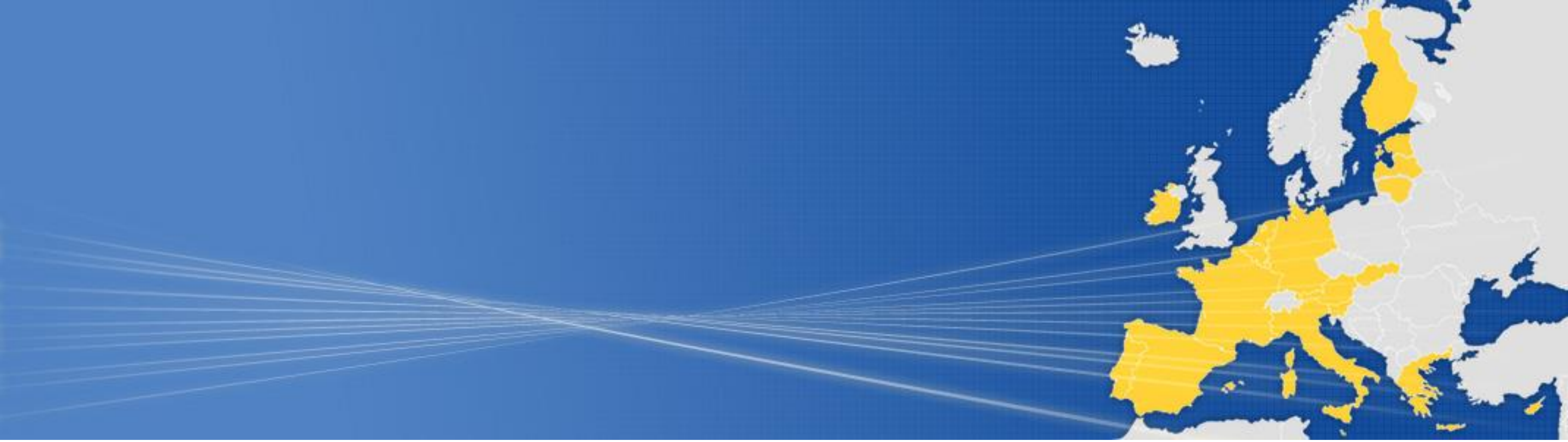


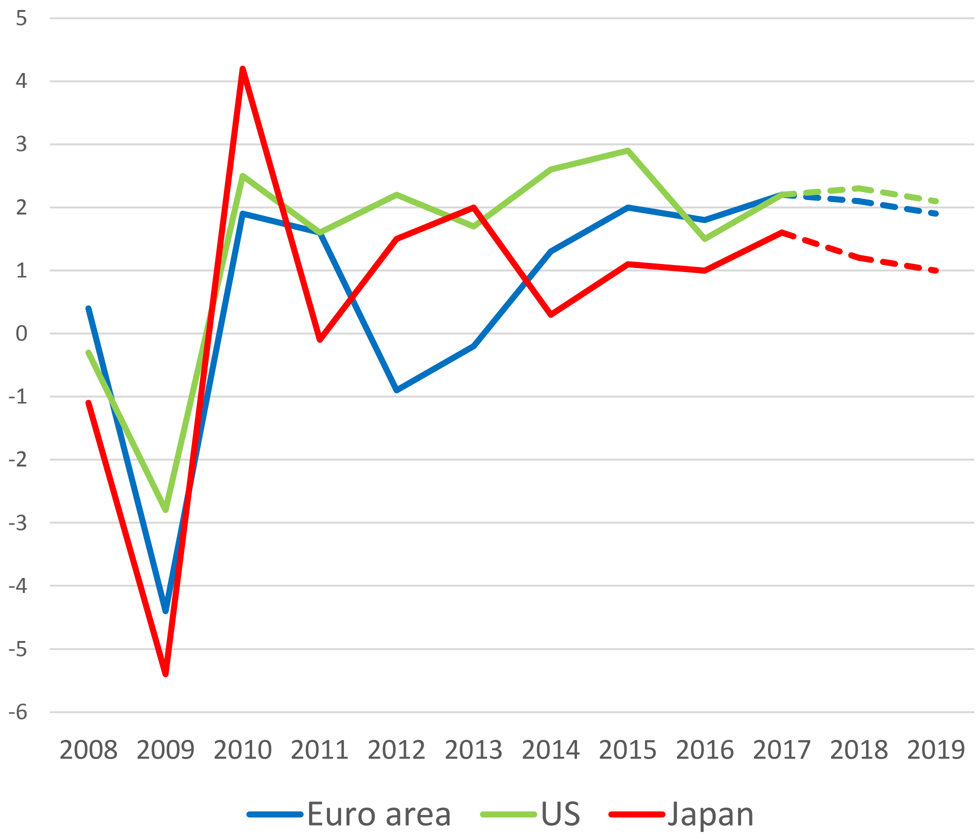
Building a stronger euro after the crisis

Christophe Frankel, ESM Deputy Managing Director and CFO

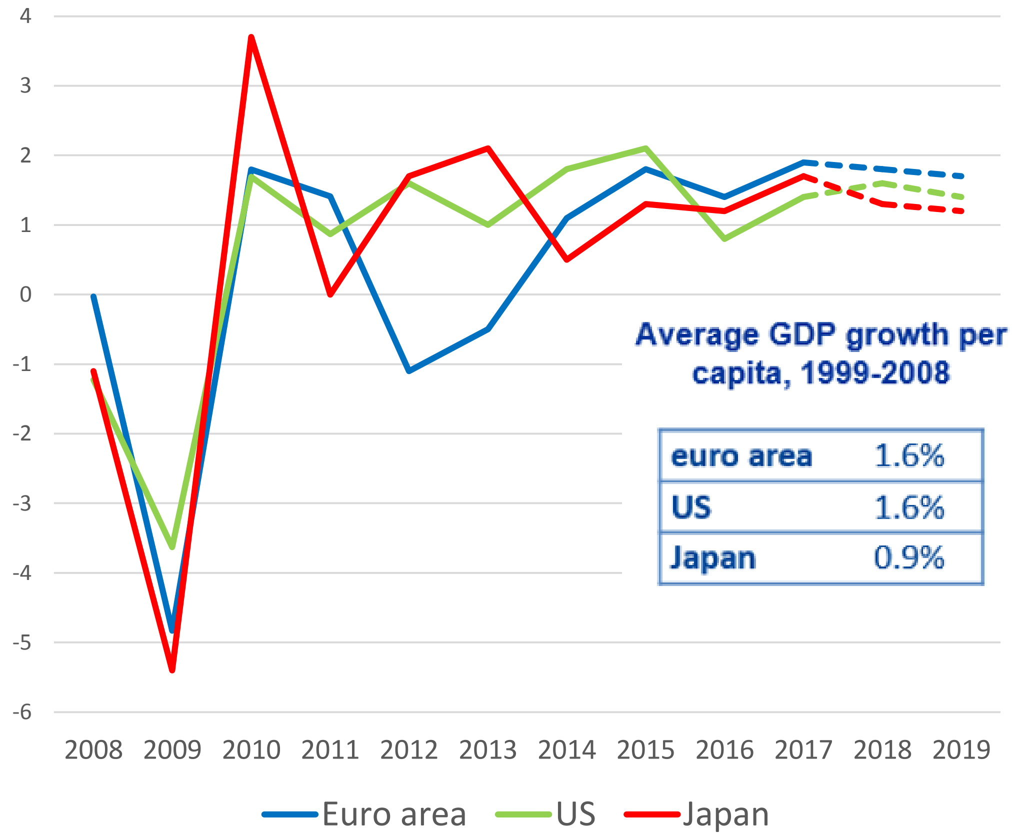
Paris, 24 November 2017

Per capita growth is in line with the U.S. again

Annual GDP growth (%)



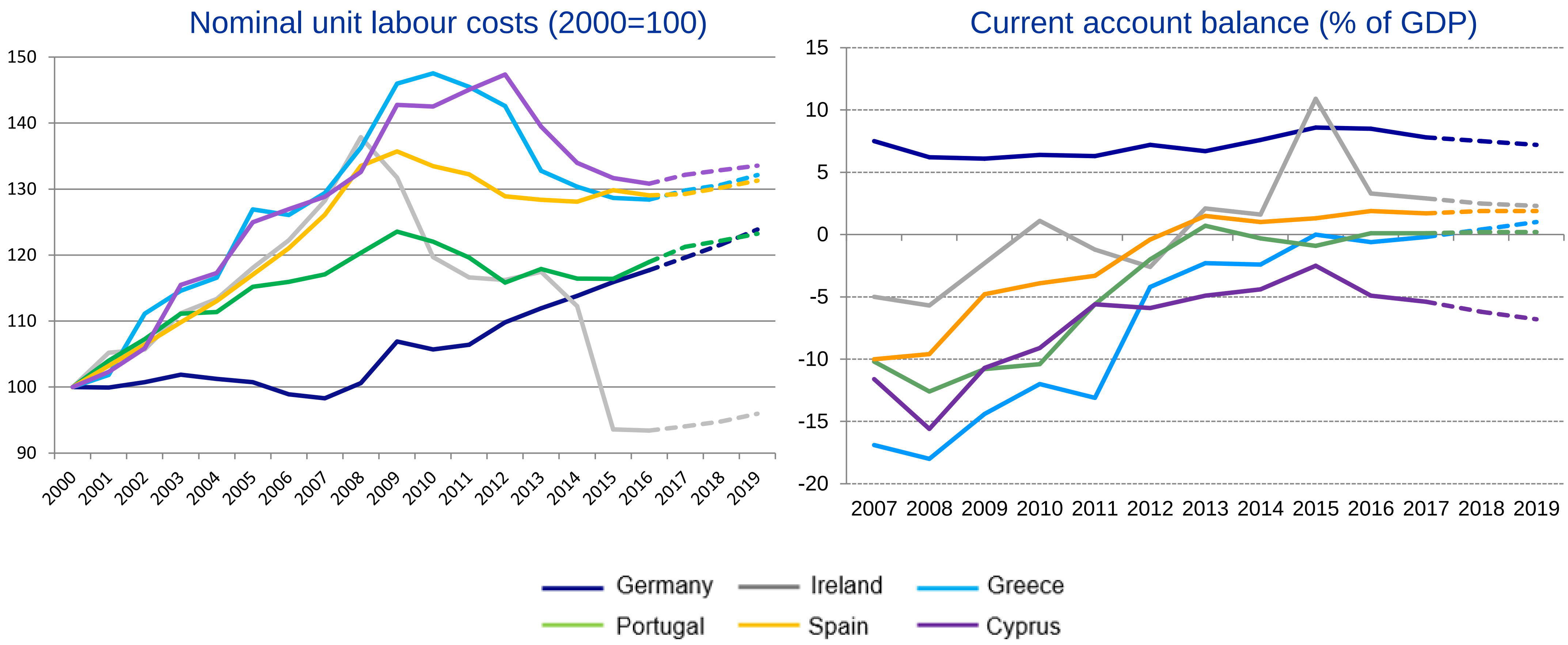
GDP per capita growth (%)



Source: EC European Economic Forecast – Autumn 2017, AMECO

Competitiveness is back, current account deficits disappeared

- Thanks to the convergence in competitiveness, unsustainable external imbalances in the periphery have disappeared

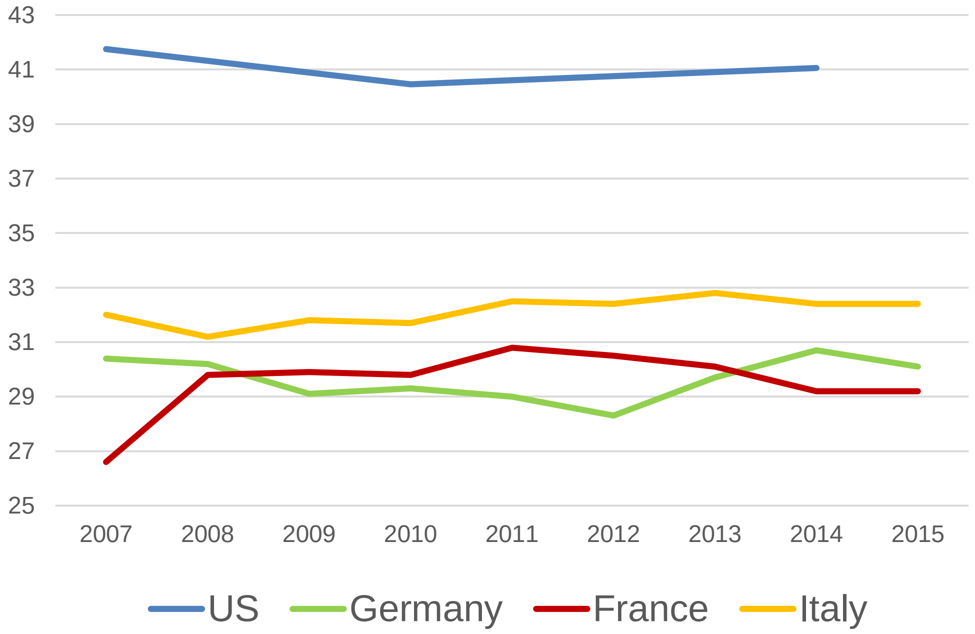


Source: EC European Economic Forecast – Autumn 2017

Income distribution much better than in the U.S.

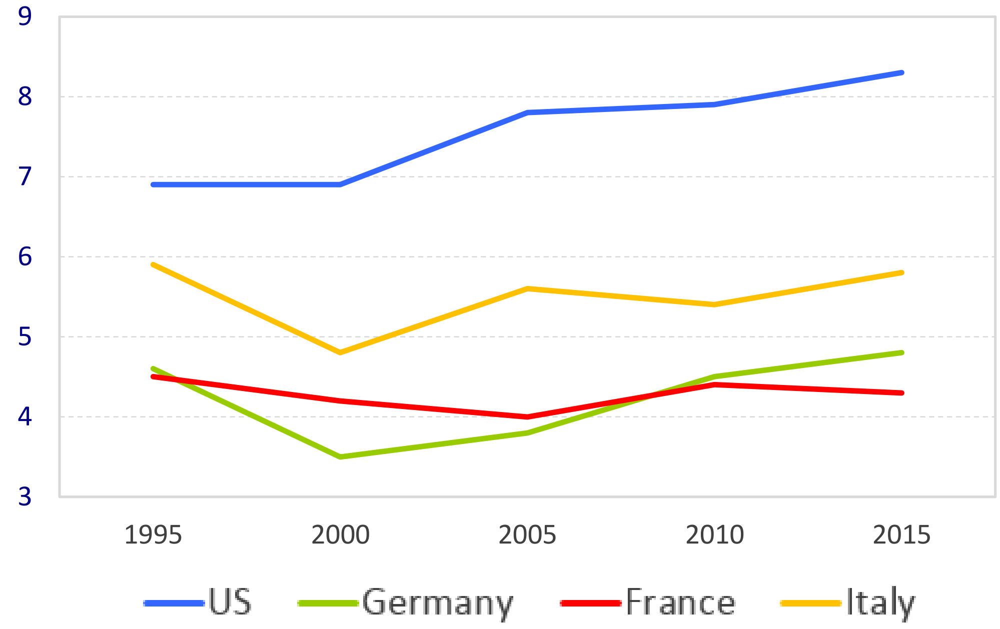
Gini coefficient

(0 = perfect equality; 100 = maximal inequality)



Source: Eurostat, World Bank

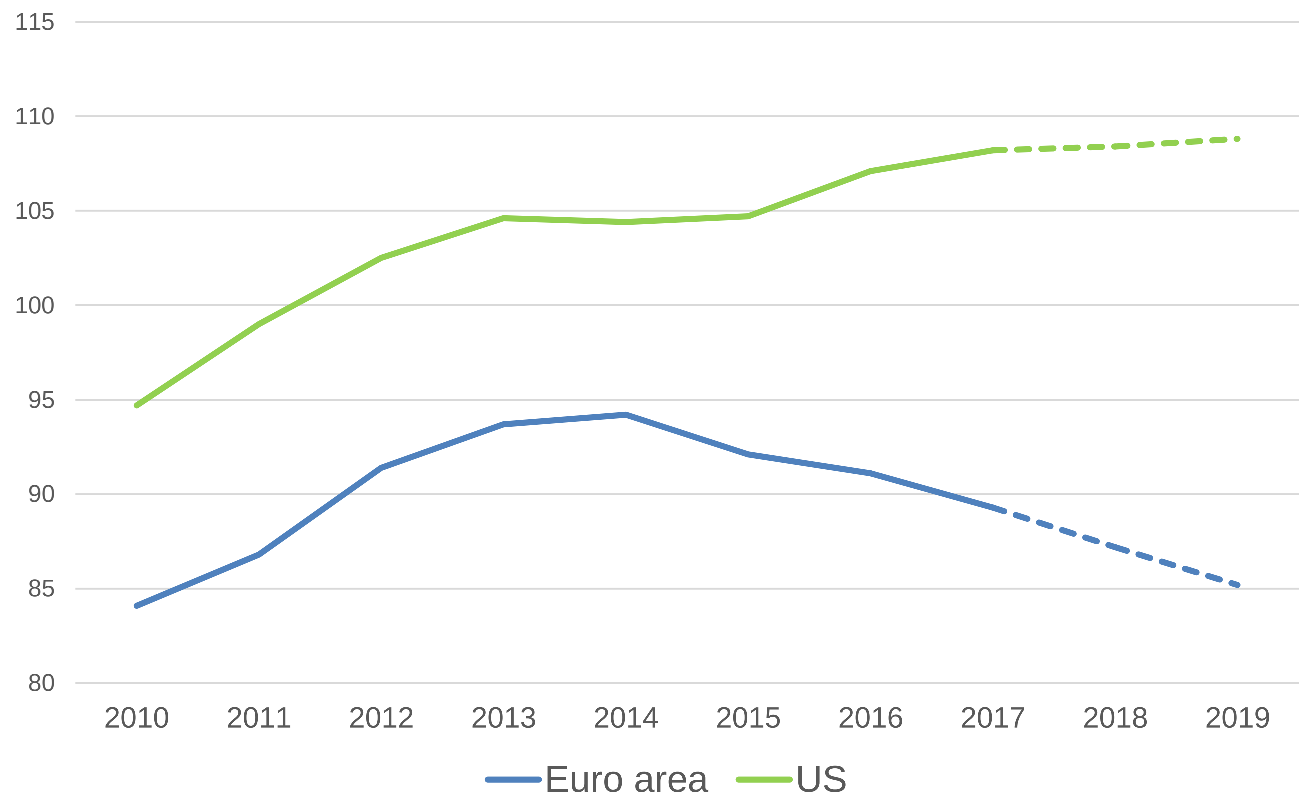
After-tax disposable income of top quintile share to bottom quintile share, US and selected European countries



Source: EU-SILC survey for EU countries and OECD statistics for the US.

Debt is decreasing overall in euro area but rising in US

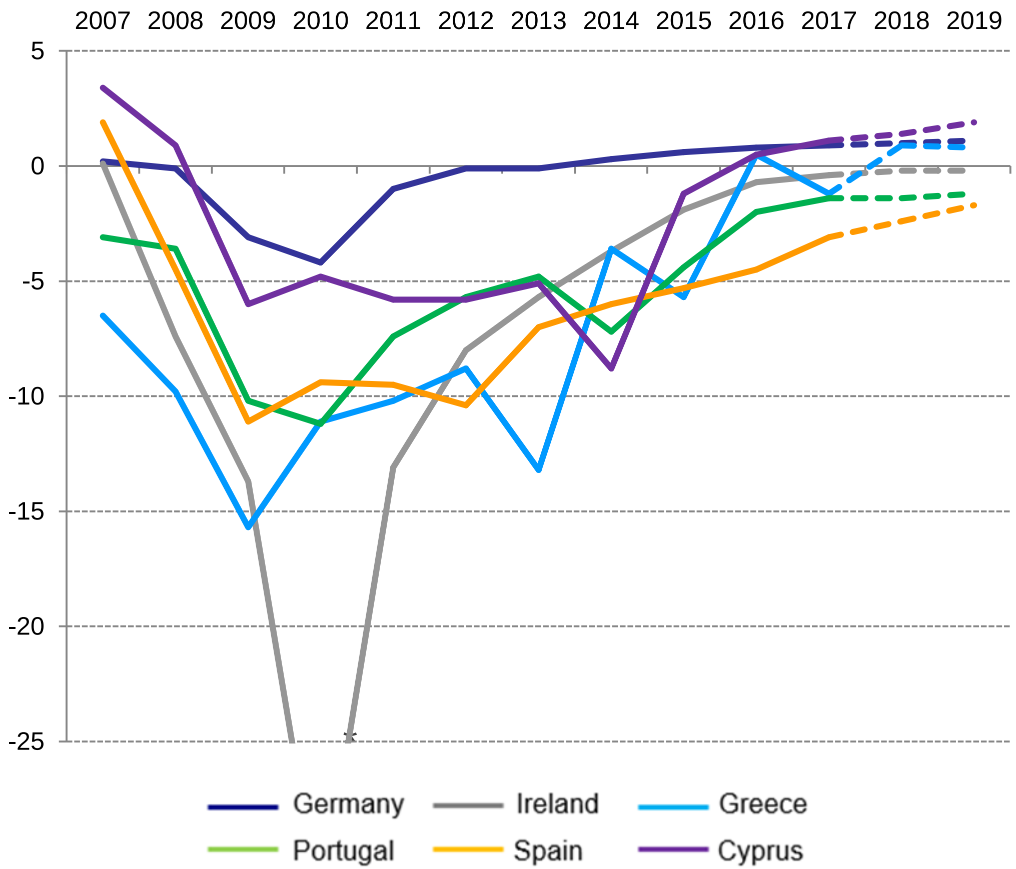
Government debt in euro area and US (% of GDP)



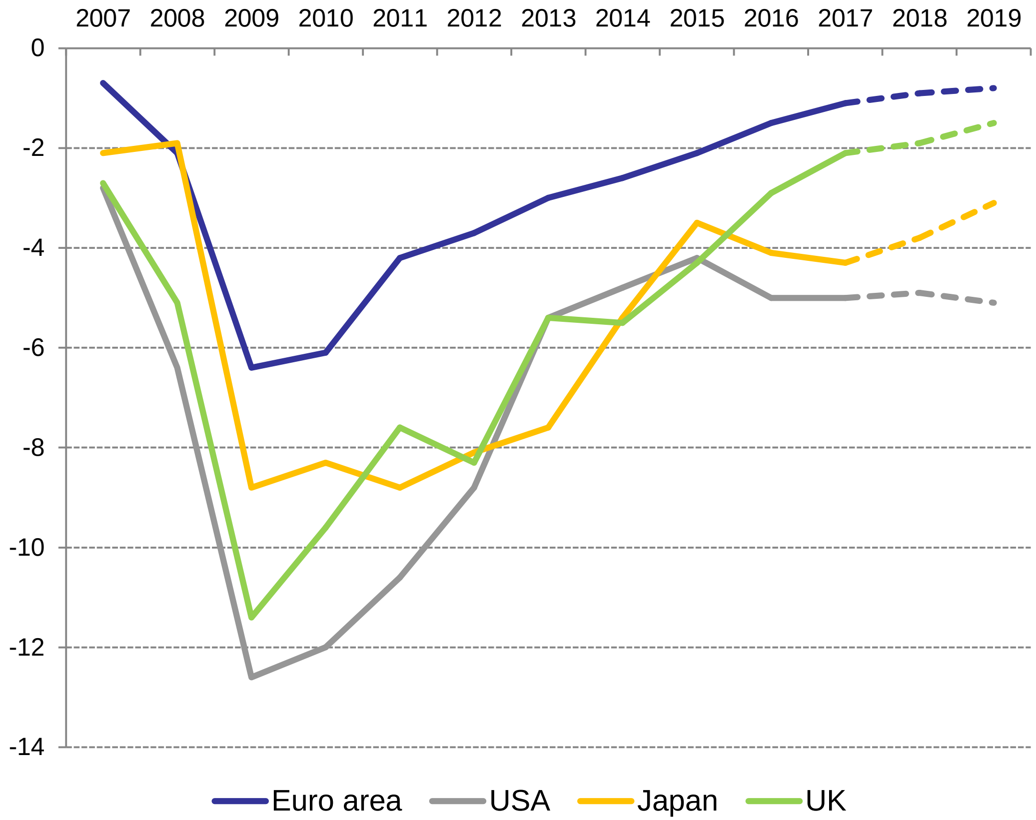
Source: European Commission's Economic Forecast Autumn 2017, AMECO

Public deficits continue to improve

Fiscal balance in programme countries (% of GDP)



Selected comparative fiscal balances (% of GDP)



Source: European Commission Economic Forecast – Autumn 2017

* Actual figure for Ireland in 2010: -32.4%

European Stability Mechanism

How to strengthen the monetary union further?

- **Financial**
  - Complete Banking Union: Backstop SRF, European Deposit Insurance
  - Capital Markets Union
- **Fiscal**
  What we don’t need:
  - Larger transfers
  - A special facility for symmetric shocks

  What we do need:
  - Simplify the fiscal rules
  - Facility for asymmetric shocks and macroeconomic stabilistion
  - Make sovereign debt restructurings more predictable
- **Institutional**
  - European Finance Minister
  - European Monetary Fund

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European Stability Mechanism