Jens Weidmann: Euro crisis and no end in sight?

Speech by Dr Jens Weidmann, President of the Deutsche Bundesbank, at the industry soirée of the industry confederation for the district of Gütersloh (Unternehmerverband für den Kreis Gütersloh e. V.), Gütersloh, 23 September 2015.

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1. Welcome

Dr Miele

Ladies and gentlemen

Thank you for inviting me to your industry soirée. I am happy to see that there are so many people who are interested in listening to my speech.

According to the astronomical definition, autumn began this morning at precisely 10.21. Summer has, therefore, definitely come to a close now.

The refugee crisis has been the political topic dominating the press these past few weeks, and I am sure it will continue to make the headlines in the autumn.

The troubling pictures of death and forced displacement in the crisis regions of the Middle East give us an idea of the scale of suffering endured by the refugees of war and have set in motion a wave of willingness to help here in Germany. Giving a helping hand to people whose lives are in danger should be the most natural thing in the world in a civilised country. However, the large influx of refugees undoubtedly also represents a colossal challenge which will ask a lot of us – not only in financial terms. There are also language and cultural barriers that need to be overcome.

But if we manage to integrate those who are allowed to stay into our society, migration also offers long-term opportunities. Demographic change means that we are going to need additional workers in the future to maintain our level of prosperity. According to the current population projection by the Federal Statistical Office, the working-age population will diminish by up to 15 million persons by 2060, which represents a decrease of 30%.

"Work is the best path to integration." This wise remark by the deputy chairman of the Gütersloh industry confederation, Dr Ernst Wolf, was quoted last week in the context of an initiative that was launched by the confederation to offer these people greater job opportunities, which is something I can only support. Integration can only be a success overall if people are swiftly and sustainably integrated in the labour market.

If we cast our minds back to the beginning of the summer, the headlines were dominated by a different topic altogether – the "Greek drama".

Following what could be described as a showdown in the night from 12 to 13 July in Brussels, a political agreement brought to an end a marathon session of negotiations.

Since then, the third assistance programme for Greece has been concluded in formal terms, too. On top of the more than €200 billion in fiscal assistance already granted, Athens is set to receive further loans from the European Stability Mechanism (ESM); however, in return, Greece must undertake lasting consolidation and reform steps.

Unfortunately, a great deal of time and trust have been squandered recently. Last Sunday, the Greek people were asked to vote in yet another early general election. It is now up to the re-elected government to put the country on a course that will overcome the crisis once and for all. It now needs to deliver on its political promises.

It will be crucial for Greece to implement reforms aimed at creating a competitive economic structure and a more efficient public administration, and for the country's public finances to be consolidated in a sustainable manner.

Admittedly, the problems faced by Greece cannot be compared with those of other countries as they run far deeper; but what other crisis countries have experienced ought to encourage the Greeks. They have shown that austerity and reform programmes do work – provided, of course, that they are not implemented only half-heartedly. The trending concept of "ownership" is also part and parcel of this. The more reluctant a government is to embrace reforms and consolidation, the more questionable their success will be.

Spain and Ireland have made clear progress on the path out of the crisis, as have Portugal and Cyprus. At the same time, it would be short-sighted to imagine that the situation in Greece is the euro area's only problem.

The crisis in the euro area, which has been lingering on for more than five years now, is a clear lesson that the monetary union as a whole has weaknesses. These weaknesses and the steps that are needed to eliminate them and to preserve monetary union as a lasting union of stability will be the topics of my speech this evening.

2. Monetary policy in the spotlight

After all, as a monetary policymaker, I have a vital interest in making sure that the European framework in which we create monetary policy is a coherent one. Without such a framework, monetary policymakers will find it difficult to deliver on their key remit of safeguarding price stability.

The crisis laid bare that the success of monetary policy also hinges on factors over which it effectively has no control, such as the state of public finances, the financial system or the economy's competitiveness. It showed that central banks can quickly be pushed to offer a quick fix by providing cheap money.

Now, as then, European monetary policymakers are facing unrelenting pressure, and central banks are being expected to perform a multitude of different tasks. Before I delve into the topic of reforming the regulatory framework, I would therefore like to say a few words on the Eurosystem's monetary policy.

European monetary policy has been in a state of emergency for the past seven years.

In order to prevent the global financial and economic crisis from escalating, the ECB Governing Council began drastically reducing the key ECB interest rates from the autumn of 2008 onwards and also agreed on a number of far-reaching unconventional measures. These measures aimed at shoring up liquidity levels at banks which had lost confidence in each other. A further objective was to uphold the supply of credit to the economy.

With the onset of the euro-area sovereign debt crisis in 2010, European monetary policymakers came under even greater pressure to act, and the focus increasingly shifted to the Eurosystem central banks. One major reason for this was that the political coordination processes within Europe are sometimes cumbersome and central banks have powerful instruments at their disposal to prevent the crisis in the euro area from coming to a head.

Some would even say that it was ultimately the Eurosystem which kept monetary union alive. This should, however, have primarily been the task of politicians. At the end of the day, the instruments used by central banks are more like a painkiller, ie they temporarily make the problems more bearable, but they do not tackle the root causes and are even associated with risks and side-effects.

You could say the central banks played a "sweeper" role, and they did so by implementing measures that took them to the outer bounds of their mandate. And by that, I particularly mean the targeted purchases of government bonds of individual crisis-stricken countries.

Given that the profits and losses on this paper are distributed among the Eurosystem central banks, the purchases are, in economic terms, nothing more than the introduction of euro bonds through the back door.

Ladies and gentlemen

The Eurosystem's mandate is to ensure price stability within the euro area. It is not to ensure the solvency of the individual member states through the "communitisation" of such liability risks via the central banks' balance sheets.

Democratically elected politicians, ie parliaments and governments, should be the ones who decide whether liability risks should be mutualised. And it is important to remain within the bounds set by the European Treaties when making these decisions. Furthermore, monetary policy must be wary of playing second fiddle to fiscal policy as this could make it increasingly difficult for monetary policymakers to ensure price stability.

As you are no doubt aware, the Eurosystem resumed its purchases of euro-area government bonds in March this year, this time on a very large scale as it is planned that these purchases will continue until at least September 2016. Unlike in the case of the previous purchase programmes, the national central banks are now restricting their government bond purchases to securities issued by their home country; any profits or losses arising from the purchases are not distributed within the Eurosystem.

This approach does at least, to a certain extent, take account of the concerns that were previously voiced, also by me, in connection with the previous purchase programmes. And yet, these purchases still blur the boundaries between monetary and fiscal policy. After all, the Eurosystem central banks are becoming the biggest creditors of their respective countries. That is why, in my opinion, government bond purchases are not a monetary policy instrument like any other and should therefore purely be used, if at all, as a contingency instrument.

As a result of a difficult weighing-up process, I therefore took a sceptical view of the recent decision of the ECB Governing Council to purchase government bonds. Nevertheless, I cannot deny that in 2015 we are now in a completely different monetary policy situation than we were at the beginning of the sovereign debt crisis back in 2010.

We are not expecting very dynamic price developments, also in the medium term, and interest rates have already been reduced to zero. Our definition of price stability states that the inflation rate in the euro area ought to be just under 2% in the medium term. However, much like at the beginning of the year when the most recent government bond purchase programme was adopted, the inflation rate currently stands at just above zero.

This is due to the sluggish growth in the euro area, the adjustment processes in the crisis-stricken countries and above all the sharp decline in crude oil prices. Factoring this effect out of the inflation rate, price inflation currently stands at around 1%.

Particularly, the dampening effect which the decline in energy prices is having on the inflation rate should be no more than a short-term phenomenon, and the adjustment processes, too, are only temporary. Hence the ECB's medium-term projection that inflation will climb back towards 2%.

I am still of the opinion that monetary policymakers should look through the energy price-driven inflation fluctuations since they are of a temporary nature and are in any case strengthening the economy owing to an increase in purchasing power.

In Germany alone, the decline in oil prices this year has saved consumers and enterprises something like €25 billion. That's almost 1% of GDP. Unlike the monetary policy debate back in January, the economic recovery in the euro area has now stabilised. The concerns about deflation, which had been overblown even at the start of the year, have now dissipated further.

There is no disputing the fact that the subdued economic development in the euro area and the muted outlook for inflation necessitate an accommodative monetary policy stance. So you might appreciate why a prospective normalisation of monetary policy is not currently on the agenda.

What you may not be able to understand, however, is how the ECB Governing Council defines price stability. You may be wondering: what is the problem if prices rise by significantly less than 2% on average?

From a consumer's perspective I can fully understand this argument, especially as the 2% inflation target is not necessarily a precise definition. Nevertheless, from an economic perspective there are good reasons why all major central banks worldwide, such as the Federal Reserve, the Bank of Japan and the ECB, too, now tend to set inflation targets of around 2%. The Bundesbank likewise assumed a "2% price norm" when it derived its money supply targets, which was, however, to be interpreted as "the maximum tolerable inflation rate in the medium term".

In essence, an inflation rate of 2% is ultimately a compromise between two countervailing objectives:

A low inflation rate helps to reduce the macroeconomic costs of inflation. These costs occur above all because in the event of inflation, prices can no longer serve to the same extent as an indicator of scarcity. For enterprises or consumers, it is more difficult to identify whether an increase in prices is the result of a rise in demand or a reduction in supply, or whether the price was merely adjusted during a wave of numerous price rises.

Conversely, a higher rate of inflation provides a safety margin to the zero interest bound, which, as we have seen in a number of countries, actually stands at somewhat below zero. The lower the targeted rate of inflation, the higher the risk of bumping into the zero interest bound, which is currently the case in the euro area. Furthermore, central banks consequently also have less scope to stimulate the economy using conventional instruments and also to prevent deflationary developments.

The latest research indicates that an inflation rate of "close to, but below 2%" is a good compromise between the permanently accruing inflation costs and the occasional benefits resulting from having a greater safety margin.

Moreover, the Governing Council's credibility would undoubtedly take a major knock if it were to redefine its objective now of all times. It would probably be like what happened when the deficit rules were relaxed in 2005 after several large countries had trouble complying with them. That put paid to the credibility of the Stability Pact once and for all.

When the time is right for the Eurosystem to exit the ultra-loose monetary policy, then that is precisely what it should do, undeterred by cries from finance ministers or financial markets. It should follow the example of former Chairman of the US Federal Reserve Paul Volcker, who once said: "Our credibility will be related more to making the right decision than to worrying too much about what the market says about it in the short run."

In short, the expansionary monetary policy should not be continued for longer than absolutely necessary because, over time, it also generates risks that can begin to play a role for monetary policy if they influence long-term price developments or the central bank's ability to safeguard price stability.

One risk is that low interest rates produce an illusion of sustainability, with the result that structural reforms and fiscal consolidation might end up being kicked further and further down the road.

Another that springs to mind is the risk to financial stability because the low-interest-rate setting can lead to excesses in the financial and asset markets. Low interest rates are also squeezing the earnings of banks, insurers, building and loan associations, pension funds, and so on.

The results of a survey of 1,500 small and medium-sized banks released last week by the Deutsche Bundesbank and BaFin show that these institutions are struggling to cope with the low-interest-rate environment. Looking at their own calculations and forecasts, the banks reported an aggregate drop in pre-tax profits of one-quarter up to 2019.

At the same time, I see the risk that zero interest rates might impede the process of economic mutation, that is to say, what Joseph Schumpeter once described as "creative destruction". The danger is that enterprises which are in fact insolvent continue to receive credit and therefore do not disappear from the market, whilst the growth of healthy companies is stunted. We also talk about zombie firms and evergreen lending in this regard.

But savers are also amongst the casualties of the low-interest-rate setting. Something that is often overlooked in this respect, however, is that the real rate of interest, ie adjusted for inflation, on savings deposits is not really all that low by historical standards. The real interest rate on savings deposits in Germany is currently somewhere around 0.25%, on a par with its average over the past ten years. And there were repeated spells of negative real interest rates in the 1970s, 1980s and 1990s.

3. The future of monetary union

Ladies and gentlemen

It's not the job of monetary policymakers to serve the interests of one group or another. The primary task of monetary policy is to ensure price stability. That is, and always will be, the most valuable contribution which monetary policy can make to our prosperity.

This also holds true, and notably so, in the euro area, which has been put to a very stiff challenge by the financial and sovereign debt crisis. It's a challenge, incidentally, that we are still a long way from overcoming. That brings me to the weaknesses I mentioned earlier in the institutional framework of monetary union that need to be eliminated.

The original structure sketched out in the late 1980s and early 1990s looked something like this. Monetary policy was to be entrusted to an independent central bank whose main task was to safeguard price stability. Fiscal and economic policy, on the other hand, would remain a matter for national policymakers.

In order to make this asymmetric structure safe and ensure that monetary policy would indeed be able to achieve the goal of price stability, various precautions were put in place.

1. The ban on the monetary financing of governments by the central bank – to prevent money from being "printed" to fund government debt.
2. The no-bail-out clause – which makes it clear that no member state is liable for the debts of another member state.
3. Debt rules – which were designed to prevent member states from accumulating excessive debt.

The founding fathers of the euro probably assumed that monetary union would sooner or later evolve into a political union anyway. Addressing the Bundestag in November 1991, the then Federal Chancellor Helmut Kohl remarked that "the idea of sustaining economic and monetary union over time without political union is a fallacy" – a view shared by the Bundesbank at the time.

His expectation that the euro would be no more than a stepping stone towards deeper political integration has been shown to be mistaken, at least it has so far. Monetary union will soon be seventeen years old and there is still no sign of a political union.

And anyhow, monetary union without political union doesn't seem all that far-fetched to me. I do indeed think that monetary union can function without political union provided that the principle of individual national responsibility is rigorously adhered to.

But the past few years have shown us that monetary union in its current form is a fragile creature and risks going astray. So perhaps we should take Kohl's remarks as more of a warning than a prophecy.

US investor Warren Buffett coined the phrase: "You only find out who is swimming naked when the tide goes out".

That's how it was in the euro area, where matters began to go astray very early on but didn't emerge clearly for all to see until the crisis erupted. Dwindling competitiveness, yawning current account deficits, the inefficient use of capital inflows, mounting private sector indebtedness – all these developments made the countries affected more prone to crisis, but they weren't addressed by the EU.

Indeed, unlike fiscal developments, matters that went awry at the macroeconomic level, such as excessive current account imbalances, weren't even given a second glance. And even an area which has been regulated since time immemorial – public finances – brought forth serious irregularities with the aid of the lax application of the agreed rules.

The crisis ultimately forced the countries concerned to correct the above-mentioned distortions. The fiscal assistance from the rescue programmes helped them to drag out the necessary adjustment process and thus perhaps make it a little more feasible at a political level.

The numerous rescue and crisis-response measures taken in recent years have therefore stabilised the euro area for now. But they've also effectively established elements of mutualised liability and thus upset the balance between liability and control. That is to say, risks have been mutualised, but the corresponding control rights have not been transferred to the Community level.

The principle of individual national responsibility has obviously lost some of its credence, but it has not been replaced by a compelling approach built around the principle of common responsibility.

Ladies and gentlemen

Perhaps some of you know the famous "The crooked picture" sketch performed by German comedian Loriot. Loriot plays a man who is shown to a waiting room where he notices that a picture on the wall is crooked; he tries to straighten it but everything goes wrong – lamps are knocked down, cupboards topple over, porcelain is shattered and the whole room descends into chaos.

The regulatory framework of monetary union is a little like Loriot's picture frame: crooked.

But unlike the crooked picture, the crooked regulatory framework is more than just an aesthetic problem: it threatens the structural stability of monetary union as a whole. Yet how can we right it again without unleashing chaos?

The multitude of proposals for the institutional reform of monetary union that have been voiced in the past few weeks can essentially be divided into three categories.

First, there are proposals that aim to strengthen the fundamental principle of the framework that was formulated in the Maastricht Treaty: they propose a continuation of decentralised decision-making powers in fiscal and economic policy matters alongside national liability, with the targeted removal of the weaknesses that this framework has revealed.

Second, there are proposals for a huge step forward into European integration; these envisage monetary union evolving into a fiscal union, perhaps even an all-encompassing political union – with joint liability, but also joint rights of control.

And third, there are a host of proposals blending elements of the first and second categories, mostly in the guise of expanded joint liability but largely unaffected national sovereignty.

These reform proposals follow the maxim of "having your cake and eating it, too". The problem with these mixed forms is that liability and control fall out of balance. To my mind, however, the unity of liability and control is a key prerequisite for the structural stability of monetary union.

Ultimately, then, I believe there are just two paths that lead to a stable monetary union. The middle path recommended by so many could, on the other hand, be a road to nowhere.

The Five Presidents' Report on the future of the euro area, which was authored by the President of the European Commission Jean-Claude Juncker together with presidents Donald Tusk, Jeroen Dijsselbloem, Mario Draghi and Martin Schulz, and which was presented at the end of June, appears to me to aim clearly for centralisation and risk-sharing.

But the five presidents say nothing about the transfer of effective control rights, not to mention sovereignty rights – understandably so, one might add. After all, there is very little willingness among European governments to veritably relinquish sovereignty. And the national parliaments insist on retaining their most prestigious right, the right to make the budget. Nobody likes having their affairs meddled with.

That's already a common response whenever the European Commission requests corrections be made to national budget plans. Last autumn, when there was the prospect of the European Commission rejecting the French budget, the French finance minister Michel Sapin said: "The Commission (...) has absolutely no power to reject or knock down or censure a budget. Here as elsewhere, sovereignty belongs to the French parliament."

Nobody would really dispute that comprehensive reform can only be achieved one step at a time. But if we don't want to stumble, the steps also have to be taken in the right order. I will give you two examples.

The five presidents call for the prompt establishment of a joint deposit guarantee scheme.

Given that we now have a system of joint banking supervision in the euro area, it would be logical in a way, at least for the institutions supervised directly by the ECB, to belong to a single deposit guarantee scheme. However, the fortunes of banks do not hinge solely on supervision, but are still heavily influenced by national economic policy and national legislation, too.

Consider the national insolvency codes, for example. More forgiving rules on the insolvency of corporates or private individuals can impair the profitability of banks and shift burdens from the private or public sector into banks' balance sheets. If this drives banks into distress, depositors from other European countries would then effectively have to foot the bill.

This is why I regard cross-border risk-sharing in respect of deposit protection as premature.

I feel similarly about another form of risk-sharing that is proposed again and again, specifically the creation of a single unemployment insurance fund.

As long as member states themselves control the main job creation levers – which is to say, they decide autonomously whether to implement labour market reforms, how high to set the minimum wage or even if they are investing enough in education and training – then risk-sharing would be premature here, too.

Using these or other instruments – sometimes there is talk of a euro-area budget, sometimes of "fiscal capacity", and at other times of a "macroeconomic stabilising function" – economic shocks affecting individual countries could, of course, be better cushioned.

But the big risk is that payments intended to cushion country-specific shocks become permanent one-way transfers.

Some have even come out and explicitly called for a revenue-sharing arrangement. France's economy minister Emmanuel Macron, for example, said in an interview with the Süddeutsche

Zeitung: “Monetary union without a revenue-sharing scheme – that’s impossible! The strong have to help.”

Macron concedes that advocating permanent fiscal transfers is breaking a taboo for Germany, but in turn, raises the prospect of reforms in France, arguing that we all have to change our ways.

In other words, France wishes to remain the sole decision-maker in questions of structural reform, but is indicating good intentions.

Ladies and gentlemen

If I may return to the image of a crooked frame: regular transfer payments, without setting up a genuine fiscal union, would be like skewing the angle of a crooked picture even more.

Genuine fiscal union or even political union categorically requires sovereignty to be surrendered to the union level. This would not only necessitate amendments to the European Treaties, but in many cases, to national constitutions as well. And questioning monetary union’s focus on stability would be taboo as well.

Transfer payments are unhelpful as long as there is a lack of political will to relinquish sovereignty. Strengthening and reinforcing the Maastricht framework is thus the right way to make monetary union more stable.

Decentralised decision-making powers in fiscal policy should, in principle, be retained. What needs to be strengthened is the liability principle, that basic law of the market economy which you, as businesspeople, also have to bear in mind. Walter Eucken once got straight to the heart of the liability principle with the succinct line: “Whoever reaps the benefits must also bear the liability.” Without liability, a market economy system cannot function.

The weaknesses of the decentralised approach can be eliminated, in my view. A host of institutional reforms have already been implemented, several of them somewhat half-heartedly, unfortunately.

First, the fiscal rules of the Stability and Growth Pact were tightened and a fiscal compact was agreed upon. The aim is for the fiscal rules to become more stringent and binding again in order to build confidence.

Second, a procedure for identifying macroeconomic imbalances at an early stage was established, in which the European Commission regularly examines whether private sector debt or member states’ current account balances, for example, are a source of harmful imbalances.

Third, a crisis mechanism was set up – a temporary one at first, then a permanent one – which is designed to serve as a “firewall”, safeguarding the stability of the financial system in the euro area.

Fourth, a banking union was resolved, introducing a Single Supervisory Mechanism under the aegis of the ECB and a Single Resolution Mechanism for ailing banks. After all, it had become clear that banks’ difficulties have knock-on effects across national borders, but that national supervisors are all too keen to put on “rose-tinted spectacles” when it comes to “their institutions”.

And fifth, financial market regulation was intensified. Here, too, it was important to enforce the liability principle more rigorously once again.

Of course, merely putting stricter regulations in place is not enough; these actually have to be applied. As far as fiscal regulations are concerned, a certain degree of doubt about the consistent implementation thereof is not entirely unwarranted. The leeway and discretion accorded for interpreting these regulations are immense and being used time and time again to delay budgetary consolidation.

Wolfgang Schäuble, Germany's Finance Minister, recently reiterated just how important it is for the European Commission to strike the right balance between its political function and its role as guardian of the treaties. As a result of this double mandate, the Commission often leans towards compromises to the detriment of budgetary discipline. By instead entrusting budgetary surveillance to an independent fiscal authority, the regulations could be interpreted more stringently.

Yet a stricter interpretation of the fiscal regulations alone is still not sufficient to safeguard sound public finances. We must also strengthen the disciplining function of the financial markets.

The "no bail-out clause" simply lacks credibility. This is one key reason as to why there were next to no risk premiums on government bonds of highly indebted member states prior to the financial crisis. Investors quite rightly assumed that the euro-area countries would not allow a member state to fail as this would have negative consequences for financial stability throughout the euro area.

Conversely, this means that the no bail-out principle can only be credible if there is an orderly procedure for winding up a sovereign without this having a knock-on effect on financial stability. We have to make the prospect of a sovereign default less frightening, as it were.

The collective action clauses implemented in 2013 have already signalled to investors that they should expect a debt haircut if a government becomes overindebted. In order to be in an even better position to hold bearers of government bonds liable for their decisions, it would be helpful to have in place a mechanism that automatically extends the maturities of government bonds should a country receive funds from the ESM. This would prevent a situation in which European taxpayers pay off private creditors.

However, to make the prospect of sovereign default less frightening, it is also essential to ensure that such an event does not endanger the stability of the entire financial system. The assistance granted to Greece was justified not least by the fact that a Greek default would have put the stability of the European financial system at risk.

And this is where banking regulation comes into play. The more equity and liable (ie bail-in-able) debt capital that banks have, the better equipped they are to withstand sovereign debt restructuring.

This is why it is so important that regulations on increasing liable capital are taken now at both international and European level. This will also boost the financial system's resilience if it is faced with a negative shock. If banks had been better capitalised, the consequences of the financial crisis would not have been so severe.

In order to effectively cut the toxic links between banks and sovereigns that the euro-area crisis intensified so dramatically, we must end the preferential regulatory treatment of sovereign debtors in the medium term. This preferential treatment comprises, among other things, the fact that banks do not have to hold any equity for loans to governments as these are assumed to be risk-free.

The consequence of preferential treatment is that banks have a strong incentive to invest in government bonds – precisely those banks that already have too little equity.

The Greek drama has shown beyond a doubt that government bonds are far from risk-free.

Gradually abolishing this preferential treatment is likely to inflate risk premiums on government bonds with a higher probability of default. In turn, this should have an additional disciplining effect on these countries. Conversely, lending to households and corporations becomes more attractive, spelling an improved credit supply in certain countries.

As it could become more expensive for countries to borrow funds, there is considerable resistance at international level to abolishing this preferential treatment. However, the topic is now on the agenda of the relevant committees, and my colleagues and I will not let up in the fight for change.

4. Conclusion

Ladies and gentlemen

I do not wish to take up too much of your time, so I shall refrain from going into further detail.

My aim is merely to demonstrate that centralisation is not the only route to a stable monetary union. The union can also be stabilised with a decentralised structure, as long as the conditions are right. And until member states are prepared to surrender sovereignty in return for improved risk sharing, this is also the better route.

Incidentally, strengthening the Maastricht framework would also relieve the strain on Eurosystem central banks, which all too often had to take on the role of “sweeper” during the crisis.

In the world of football, the position of sweeper has been outdated since back in the days of Franz Beckenbauer, and the emergence of the defensive back four has made it quite a rarity indeed. Let us do the same, then, for monetary union; let us replace the sweeper with a strong line of defence: a strengthened Maastricht framework.

Thank you for your attention.