

Reconciling risk sharing with market discipline: A constructive approach to the euro area reform

Agnés Benassy-Quéré

Abstract

The euro area continues to suffer from critical weaknesses that are the result of a poorly designed fiscal and financial architecture, but its members are divided on how to address the problems. We propose six reforms which, if delivered as a package, would improve the euro area's financial stability, political cohesion, and potential for delivering prosperity to its citizens.