



A new deal for the eurozone: Remedy or placebo?

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If the eurozone fails to win back the support of disaffected citizens, the bloc could face a serious threat from populist and eurosceptic politicians. But if it rushes to create new institutions and structures which turn out to be toothless and make no economic difference, it could do more harm than good. That's the conclusion in a new paper by the Centre for European Reform published on November 24th.

The eurozone is out of intensive care and recovering, but the economic crisis and the painful austerity measures that followed have left a dangerous legacy of disenfranchisement and disillusionment. The CER's new paper, '[A new deal for the eurozone: Remedy or placebo?](#)', examines the eurozone's democratic flaws, assesses the solutions put forward by French President Emmanuel Macron, and looks at reaction from other member-states and EU institutions and the likelihood for meaningful reform any time soon.

Macron's vision has fuelled some optimism about the prospects for putting the euro area on a more stable footing. But his proposals for a more flexible EU and a designated eurozone finance minister and budget face headwinds. Northern eurozone members-states oppose risk-sharing mechanisms, while EU countries that don't have the euro fear being marginalised. The European Commission also has competing ideas about how to improve the eurozone, which it is due to set out on December 6th, while a lack of appetite for changing the EU's treaties threatens to limit the scope of any reforms. To cap it all, little progress is likely until Germany has overcome its domestic political uncertainties.

"The eurozone is witnessing an economic upturn but it continues to suffer from a legitimacy crisis. EU leaders need to act and act decisively or eurosceptics will improve their standing in the European Parliament's elections in 2019. If citizens feel they are being palmed off with placebos, rather than being prescribed a remedy for their problems, they will turn their back on the European project," said Agata Gostyńska-Jakubowska, a research fellow at CER and author of the paper.

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