
MADRID WILL PUSH FOR A EUROZONE BUDGET AND EUROBONDS

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The Spanish government is expected to put pressure on France, Germany and Italy to move to a deeper economic and monetary union by establishing a eurozone budget as well as a finance minister.

Spain's Prime Minister Mariano Rajoy said on Monday (7 August) that his country would call for a eurozone budget and finance minister to oversee it at a 28 August summit with France, Germany and Italy.

We are going to continue to work to deepen economic and monetary union, conservative Rajoy said after meeting King Felipe on Mallorca.

Spain is backing a European finance minister and a European budget which will progressively bring closer together living standards and the wealth of all European countries, said Rajoy, who will attend the summit in Paris hosted by French President Emmanuel Macron, a fellow backer of the policies.

Spain is going to bet on the existence of eurobonds, a European treasury emitting eurobonds, said Rajoy, adding that would bolster eurozone market credibility.

Spain calls for deeper eurozone integration, pooled debt

Spain's conservative government has added its voice to calls for deeper integration in the eurozone, suggesting to Brussels in a paper that members of the bloc should pool some aspects of their debt management and share a budget to fight crisis shocks.

Spanish Finance Minister Luis de Guindos in June urged deep reform of the eurozone to include the creation of a European monetary fund and decide on a certain percentage of national budgets.

De Guindos told the Financial Times that Brexit and the Trump presidency were both factors pushing Europe and the single currency zone towards greater integration, although the proposed reforms would require amending existing treaties.

German Chancellor Angela Merkel has indicated she would support the proposals although there is strong public resistance in Germany and she is up for re-election in September.

Macron and national debt

In an interview with French regional daily Ouest-France in July, French President Emmanuel

Macron, who also favours deeper European integration, said Germany was benefiting from a dysfunctional eurozone.

I have never reproached Germany for being competitive [*] but a part of German competitiveness is due to the dysfunctionalities of the eurozone, and the weakness of other economies, he emphasised.

Macron reiterated, though, that he was not in favour of turning national debts of eurozone countries into a single pool of eurozone debt.

Germany * has a strong economy, but it has demographic weaknesses, economic and trade imbalances with its neighbours and shared responsibilities to give the euro area the future it deserves.

Kaynak/Source: