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Macroeconomic Asymmetries in the Eurozone Countries in the Time of Financial Crisis

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This paper seeks to highlight the macroeconomic asymmetries and social impacts among eurozone countries which occurred during the time of the financial crisis, emphasising the urgent need to revise the framework of economic governance. The analysis focuses on the growing macroeconomic and social imbalances on a representative sample of selected eurozone member-states (Euro (€) North and Euro (€) South) which had posed a threat to economic sustainability and social coherence.

Keywords: eurozone, economic inequality, macroeconomic asymmetries, social imbalances, economic governance

Introduction

Undoubtedly, the Euro Area Member States are experiencing an intense long-term transformation. The initial main determinant that has contributed to this process is the deepening of the financial crisis (2010-2014), which had jeopardized economic sustainability and social coherence across the Eurozone, exposing several structural weaknesses that existed in the initial euro (€) architecture and calling into question the progress achieved in all the previous years. Consequently, was created an environment of "Secular Stagnation" (Summers, 2014; Teulings, & Baldwin, 2014; Wren-Lewis, 2015; De Grauwe, 2015) and a corresponding exacerbation of macroeconomic and social imbalances during the economic crisis period (2008-2014), reflecting the impossibility of exiting the financial crisis and showing that both the speed and intensity of institutional achievements in the single currency (characterized by increased heterogeneity between Member States), had failed to meet the demands of the speed and intensity imposed by economic globalization and ongoing technological change as the organization of domestic institutions and the implementation of economic policy became internationalized. In the context of the inverse correlation between Economic Efficiency and Social Justice (Katz, & Rosen, 1998; Varian, 2003; Krugman, & Wells, 2012), it is concluded that the structural reforms imposed on the welfare state and in the areas of Competitiveness, Labour Markets and Employment had severely affected the deepening efforts of the Eurozone and had led to dramatically increased conflicts and confrontations among Member States. In addition, a very important feature of the growing widening of macroeconomic asymmetries in the Euro Area Member States is also reflected by the combination of deficits and surpluses in individual current account balances, reflecting differences in the level of Competitiveness on the one hand, and affecting the level of Output (GDP) and the level of Employment on the other. A typical example is the persistent long-term current account

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deficits in the Southern Euro Member States (€), which contrast with the increasing surpluses in the Northern Euro Member States (€) (Tamourantzis, 2023a, 2023b, 2024).

This paper seeks to highlight the macroeconomic asymmetries and social impacts among Eurozone countries that emerged during the financial crisis in 2008-2014 as a result of the original imperfect architecture of the Euro (€) and underlines the urgent need to review the overall economic governance framework, paying particular attention to the growing macroeconomic and social asymmetries between the Euro (€) North and the Euro (€) South. More specifically, in the comparative analysis of Macroeconomic and social imbalances, as mentioned above, this paper focuses on a representative sample of selected countries of the Euro (€) North (Germany, France, the Netherlands, Belgium, Luxembourg, Austria and Finland) and respectively of the Euro (€) South (Greece, Italy, Portugal, Spain and Cyprus) drawing useful conclusions.

The structure of this study is as follows: Section 2 presents an overview of the structural weaknesses of the Eurozone in the period before the financial crisis (1999-2007), highlighting the absence of a strategic plan, the leadership deficit and the lack of a financial crisis response programmes, while Section 3 presents the case of the "Secular Stagnation" environment that the Eurozone had entered during the first period of the financial crisis (2008-2014). Section 4 illustrates the macroeconomic asymmetries between the Euro (€) Member States of the North and South, as well as the difference in competitiveness levels. Section 5 describes the social impacts of Economic Inequality in the Eurozone countries, such as the corresponding increase in income inequalities, poverty rates and social risks, which pose a significant threat to social cohesion, while Section 6 highlights the above specific asymmetric effects of Economic Inequality on Social coherence in the Eurozone. Finally, Section 7 is devoted to the conclusions.

Structural Weaknesses in the Eurozone Before the Financial Crisis (1999-2007)

Prior to the period of the financial crisis (1999-2007), the imperfect architecture of the Euro (€) was briefly reflected by the absence of economic-fiscal integration and, as a result, by the absence of a centrally planned fiscal budget and, correspondingly, of a single mechanism for income redistribution among the Eurozone Member States, by the lack of a European Monetary Fund (EMF) and by the absence of a "lender of last resort" mechanism from the European Central Bank (ECB) to deal with asymmetric economic shocks caused by external factors. Consequently, the deepening of the financial crisis in the Eurozone (2010-2014) highlighted the structural and institutional weaknesses of this Imperfect Architecture and, correspondingly, the channeling of its asymmetric effects in the Economic, Social and Political fields between the Member States (Euro (€) North-South) (Tamourantzis, 2019).

The most important issues that had emerged were focused on the structural weaknesses of the individual Eurozone Member States in relation to the evolution of the process of European integration. Economic factors, on the one hand, and political issues, on the other, played a decisive role in this development. In the economic field, serious problems had arisen because of: (a) the imperfect architecture of the Euro (€) (characterized by the aforementioned weaknesses), (b) the absence of the Optimal Currency Area (OCA) criteria in the Eurozone (Mundell, 1961; McKinnon, 1963; Kenen, 1969; Ishiyama, 1975; Tower, & Willet, 1976; Mongelli, 2002); (c) the failure to design an exit mechanism from economic and financial disturbances, d) the inefficiency and inflexibility of the original framework of the Stability and Growth Pact (SGP, 1997a, 1997b, 2005a, 2005b; De

Grauwe, 2014); e) the ECB's "conservative" monetary policy (whose main objective is to stabilize inflation regardless of employment rates) (ECB, 2006; Tamourantzis, 2023b).

Regarding policy issues, these focused on: a) the weaknesses of the institutional framework (lack of planning and preparedness in developing economic and social policies), b) the leadership deficit and the emergence of economic nationalism traits in some Member States (De Grauwe, 2014), c) the lack of commitment and political determination to implement the objectives of the "Lisbon Strategy" (2000), as harmonization in the context of a dynamic and competitive Europe with emphasis on innovation, sustainable development and social cohesion (European Council, 2000) has not been achieved. Moreover, d) the failure of the European Social Model to provide protection from poverty and social exclusion, as well as the inability to adopt a dynamic and productive model in which economic competition, a Social Safety Net, solidarity, the principles of Democracy, Justice, Human Rights and social cohesion (European Commission, 1994) co-exist, combined with e) dysfunctions in the Eurozone decision-making mechanism and the political leaders' timidity in searching for an effective, sustainable and acceptable solution, based on reciprocity and solidarity (Skidelsky, 2012) inevitably led the weakest economies (Euro (€) South) to recession with a concurrent increase in Macroeconomic and social imbalances.

Admittedly, the creation of the common currency was wrongly based more on nominal convergence criteria (inflation, budget deficit, public debt, exchange rate stability and long-term interest rates) (Treaty on European Union, 1992; SGP, 1997a, 1997b) and less on factors that create convergence in the structure of real economies (current account balance, real GDP, REER, etc. It seems, however, that nominal convergence cannot be of long duration without first achieving real convergence.

The Case of "Secular Stagnation" in the Eurozone (2008-2014)

Following the deepening of the financial crisis (2010-2014), the imperfections and weaknesses inherent in the initial structure of the Monetary Union (MU), as well as the absence of harmonisation, convergence and appropriate economic and financial instruments (as described above) inevitably led the Eurozone to an environment of "Secular Stagnation" (Figure 1) with the emergence of sluggish growth, high unemployment rates and deflation. Therefore, it is concluded that, unlike the Eurozone, the US and UK economies, with the flexibility of their institutional framework, coordination of economic policies and a higher degree of open market index, continue to "lead" the Global Growth. The above is illustrated by the cumulative growth rate for the period 2008-2014 (Figure 2). Once again, the institutional framework in the Eurozone is found to be seriously flawed and flawed, with very high unemployment rates, significantly weak institutions, high political tensions and a fragile financial system (Wolff, 2015). It follows, therefore, that this is not an appropriate model in a world of rapid international developments, with the result that several Member States are facing considerable difficulties in returning to pre-crisis (2008) levels of economic growth (especially in the Euro (€) South). Consequently, a radical reform is needed (Summers, 2014).

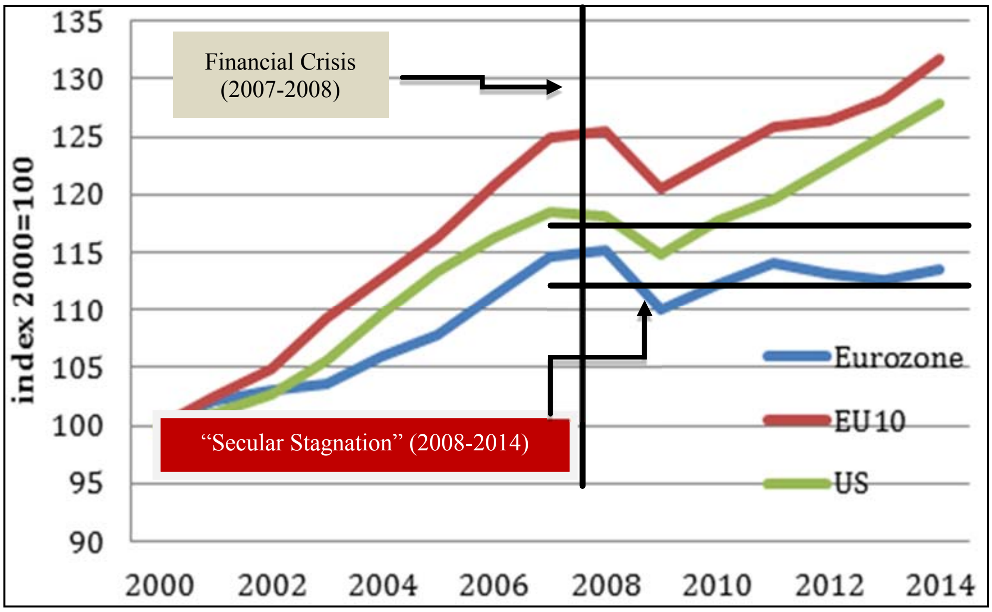

Figure 1. The environment of "Secular Stagnation" in the Eurozone (2008-2014).
Source: De Grauwe (2015), European Commission, AMECO.

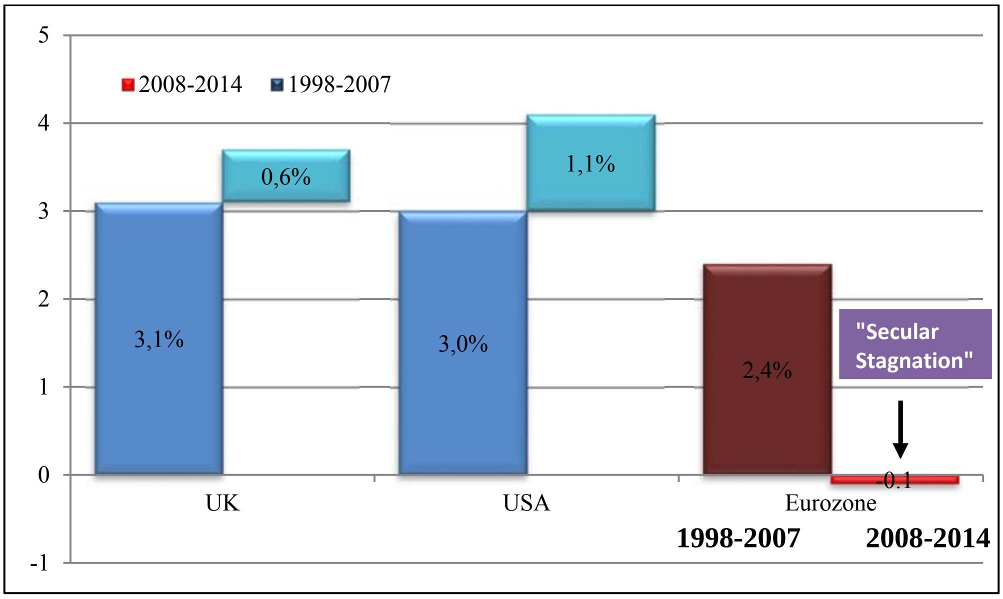

Figure 2. Cumulative Growth rate (%) 1998-2007 and 2008-2014 in the Eurozone
(in selected Eurozone countries (Euro (€) North-South)), USA and UK.
Source: The Conference Board, Total Economic Databace and author's calculations.

Macroeconomic and Structural Asymmetries Among Member States (Euro (€) North-South)

The widening of macroeconomic imbalances in the Euro Area Member States is reflected by a combination of deficits and surpluses in individual current account balances, reflecting differences in competitiveness on the one hand, and affecting the level of output (GDP) and employment on the other. They stem mainly from the high deficit in the trade balance and reflect not only cyclical factors but also structural weaknesses in the productive base. Their widening suggests that current account deficits are due to a combination of structural factors and imbalances and are not related to economic factors.

The participation in a MU, may contribute the formation of current account imbalances in the Member States through two main channels: a) The first channel, refers on the economic shocks (Demand-Supply) that affect the individual Member States and as a result, leads to the creation of the current account imbalances due to the rigidity of the nominal exchange rates, with a direct impact on a slowdown in the pace of the adjustment to economic shocks. b) The second channel is related both to the increasing Financial integration and increasing Capital mobility, where subsequently, it leads to the increase of Credit expansion resulting in the creation of long-term imbalances in the individual current account balances (Tamourantzis, 2023a, 2023b, 2024). Figure 3 shows the increasing expansion of Macroeconomic imbalances in selected Member States of the Eurozone (Euro (€) North-South) during the period 2002-2014, reflected by a combination of deficits and surpluses in the individual current account balances which illustrate: a) the structural weaknesses in the Eurozone Architecture (from as early as the first years of adopting the Euro (€), b) differences in competitiveness levels and c) differences in the open market index among Euro (€) economies (Figure 4) (which confirms absence of a basic OCA criterion, (McKinnon, 1963; Krugman, 1991; De Grauwe, 1996)). These weaknesses and differences affect Output (GDP) and Employment levels among Member States.

There is no doubt that high and persistent current account deficits limit both the scope for economic growth and the implementation of stabilization and growth policies. Moreover, they are a matter of serious concern, especially when it comes to issues of economic prospects both in the MU environment and in individual Member States. Increases in current account deficits suggest that they are caused by a combination of structural parameters on the one hand and determinants of asymmetry creation on the other, and are not related to cyclical factors (Anastasatos, 2008).

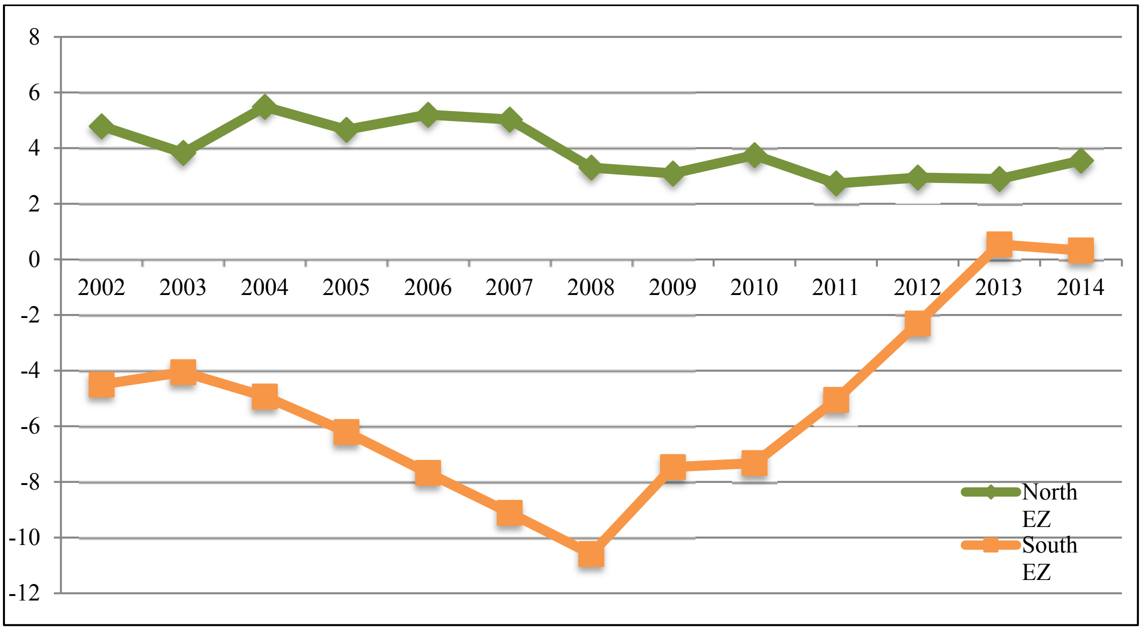

Figure 3. Current Account Imbalances (% GDP), 2002-2014 in selected Eurozone countries, (Euro (€) North-South).
Source: IMF and author's calculations.

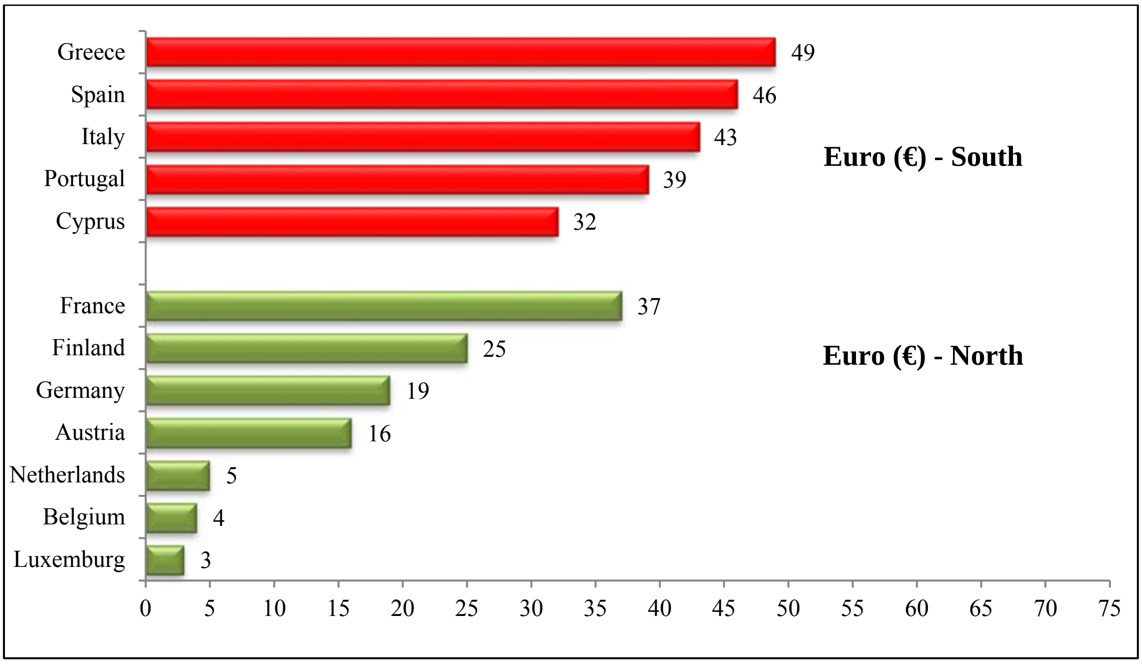

Figure 4. Open Market Index, Rank (2015) in selected Eurozone countries, (Euro (€) North-South).
Source: ICC, Open Markets Index 2015.

As mentioned above, in an imperfect MU environment, in cases of asymmetric (Demand-Supply) shocks, when there is no harmonization and convergence of economic policies at the central level, a "conservative" ECB faces enormous difficulties in stabilizing Output (GDP) and employment levels and is inevitably driven to "paralysis" (De Grauwe, 2014). Moreover, with the creation of the Euro (€), the Imperfect Architecture meant that in an economic environment of Macroeconomic Imbalances, reduced factor mobility and constrained fiscal policy rates, the burden of real adjustment was shifted to the Member States and more specifically to their structural policies (even in dealing with individual surpluses) and "Internal Devaluation" process in periods of reduced or low levels of Competitiveness (Wyplosz, 1997). Consequently, as shown by the Adjustment Progress Index (The 2014 Euro Plus Monitor) (Figure 5), the recent experience of the financial crisis period (2010-2014) leads us to the conclusion that the burden of adjustment is borne exclusively by the Defaulter Member States-(Euro (€) South), as opposed to the Surplus Member States-(Euro (€) North), thus worsening the situation and creating a downward deflationary trend with rising unemployment rates and lack of economic growth, economic recession and uncertainty and social instability, which had condemned the Eurozone to an environment of "Secular Stagnation" (De Grauwe, 2015).

Furthermore, a study by the European Centre for the Development of Vocational Training (Cedefop, 2015) reveals, such as depicts in Figure 6, an unequal recovery in employment levels in the Eurozone, with considerably low employment rates in Member States of the Euro (€) South and projections that pre-crisis (2008) levels will be reached in no less than a decade, in contrast, employment rates in the Euro (€) North Member States have risen to almost pre-crisis (2008) levels. The problem of "Hysteresis" in unemployment[1] is, therefore, a crucial factor resulting from the increased heterogeneity of Member States and seriously inhibiting an increase in employment rates.

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[1] https://www.ecb.europa.eu/press/key/date/2014/html/sp140822.en.html

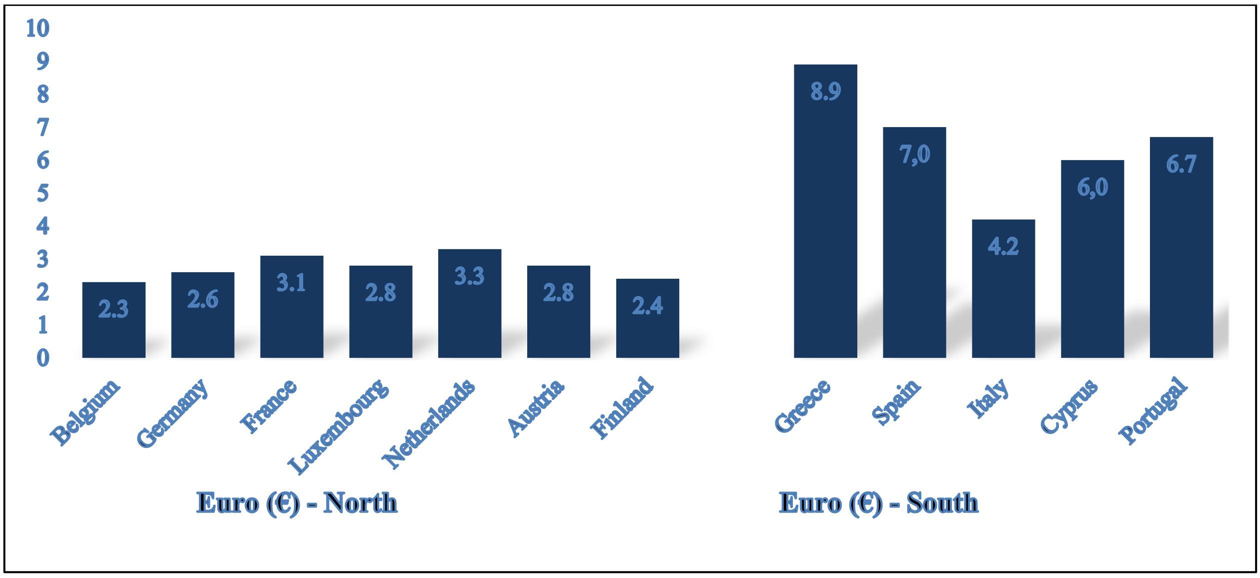

Figure 5. Progress Adjustment Index (2014) in selected Eurozone countries, (Euro (€) North-South).
Source: The Euro Plus Monitor (2014)[2]-The Lisbon Council and Berenberg Bank.

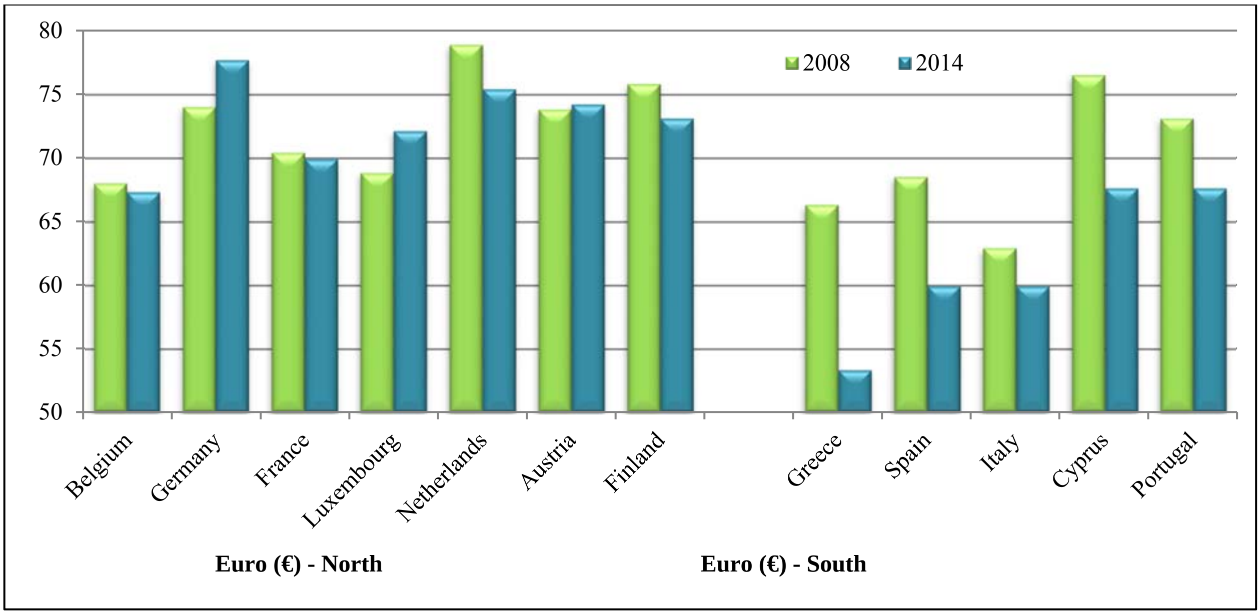

Figure 6. Employment level, 2008 and 2014, in selected Eurozone countries, (Euro (€) North-South),
(Percentage (%) of people of working age 20-64, out of all working age population).
Source: Eurostat.

Economic Inequality in the Eurozone Countries (2008-2014)

The low Macroeconomic performances in the countries of the Euro (€) South (as outlined above) necessitated within the guidelines of a new model of cooperation between the European Commission (EC), the IMF and the ECB (EC-IMF-ECB) the launch of an "Internal Devaluation" process, as a result on the one hand, of the Imperfect Architecture of the Euro (€) and on the other hand, of the absence of the appropriate economic

[2] http://www.lisboncouncil.net/publication/publication/120-the-2014-euro-plus-monitor-.html

and financial tools. The key objectives of the program are: a) to reduce fiscal deficits and public debt rates to sustainable levels, b) to reduce current account deficits to sustainable levels, c) to implement structural reforms enabling the Euro (€) South economies to become more efficient and competitive, and d) to achieve financial stability, aiming mainly the Euro (€) South Member States return to the Financial Markets (Parliamentary Budget Office, 2013; Matsaganis, 2015).

However, due to the inflexible framework of the Stability and Growth Pact, the economic policies of the "Internal Devaluation" process have inevitably led the Eurozone to adopt policies that contradict the policies of increasing Demand, redistributing income, stimulating employment, strengthening the Social Safety Net, which would help to counteract social risks and promote a process of economic growth. As a result, economic uncertainty had increased in the Eurozone, with several Member States (in particular the Euro (€) South) also facing the risk of social tensions. This situation had also been further exacerbated by developments in the refugee crisis and the dramatic increase in terrorism (as evidenced by incidents in Paris and London (2015), Nice, Brussels and Berlin (2016)), causing a significant additional degree of uncertainty. Unfortunately, as pointed out in a report by the International Labour Organization (ILO, 2014), policies leading to the shrinking of organized public welfare mean that an increasing number of citizens in the Euro Area (€) are ultimately facing poverty and social exclusion. It is important to note that the target under the "Europe 2020 strategy" to reduce the number of people at risk of poverty and social exclusion has not yet been achieved.

The "Internal Devaluation" policies had adopted in the period 2010-2014 had contributed to: a) a steady increase in income inequality, as shown by the Gini index (Figures 7 and 8) and S80/S20 index (Figure 9), b) a steady rise in unemployment rates (Figure 10), c) an unprecedented reduction in the cumulative GDP in some Member States (Figure 11) and d) a huge leap in general government gross debt (Figure 12), leading to deeper recession, deflation and intensification of economic and social imbalances within the Eurozone and reflects the gap between Euro (€) North and South Member States. The mentioned above asymmetries of that period, make the discussion of the imperative revision of the framework of the Economic Governance in the Eurozone very important.

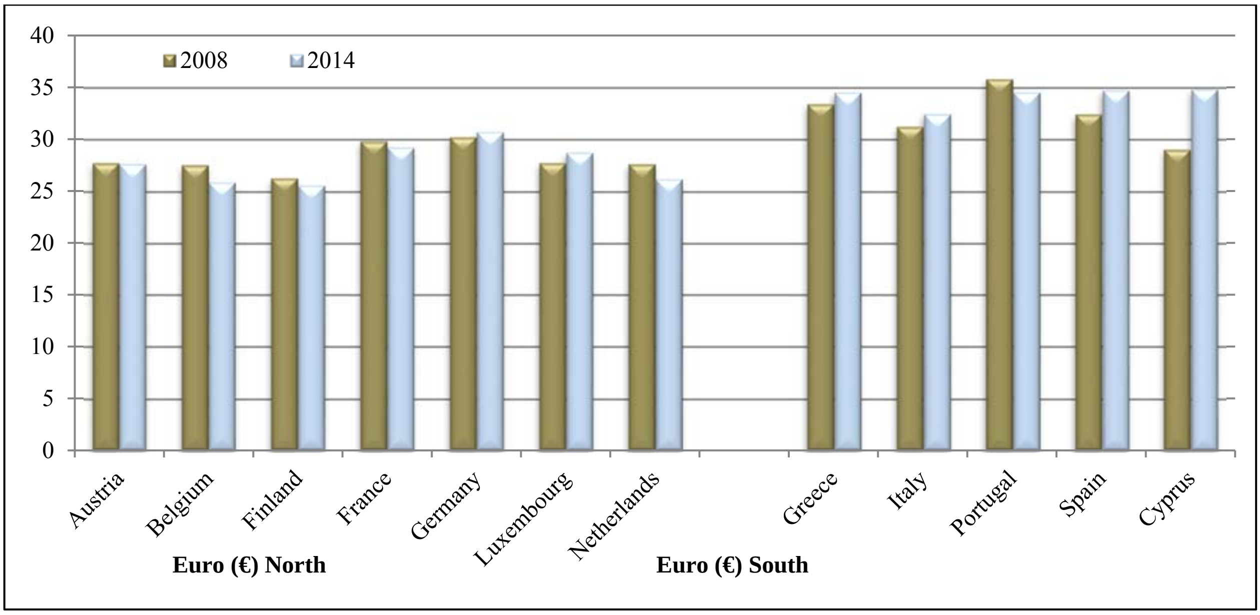

Figure 7. Gini Index, 2008 and 2014 in selected Eurozone countries, (Euro (€) North-South).
Source: Eurostat.

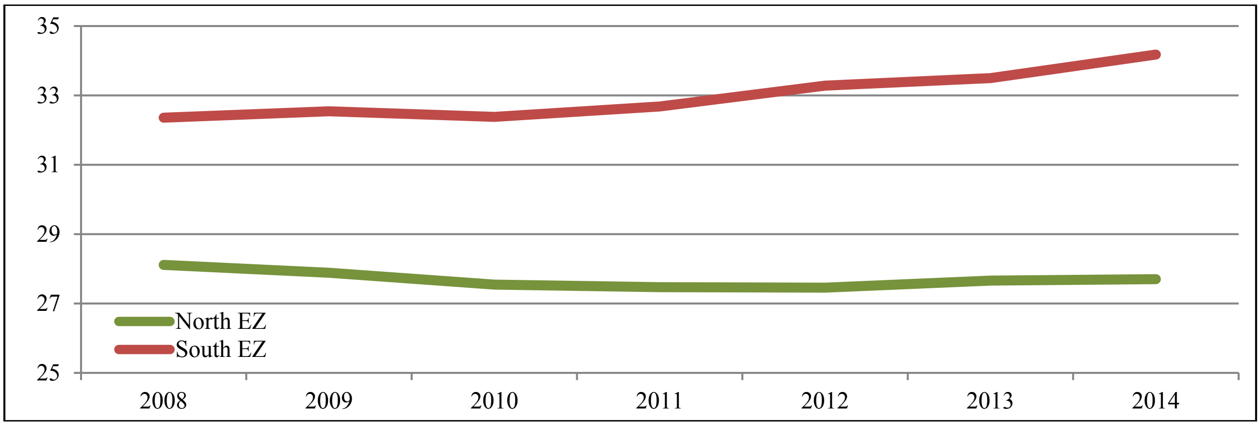

Figure 8. Gini Index, 2008 and 2014 in selected Eurozone countries, (Euro (€) North-South).
Source: Eurostat.

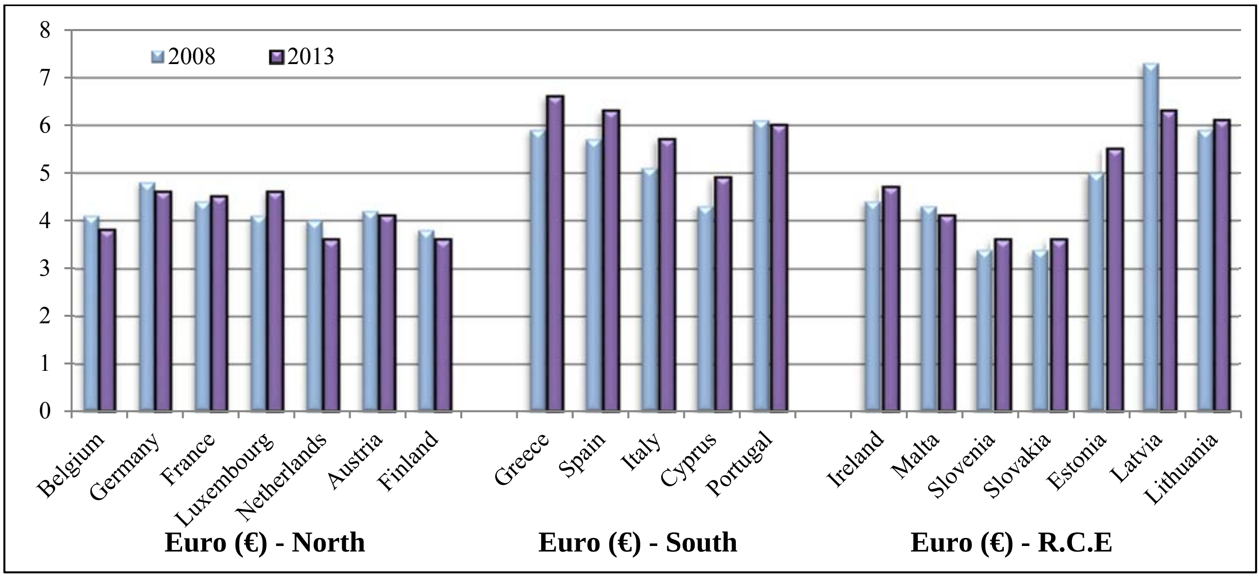

Figure 9. S80/S20 Index, 2008 and 2013 in the Eurozone.
Source: Eurostat.
***Note: Euro (€)-R.C.E.: Regional-Central-East.

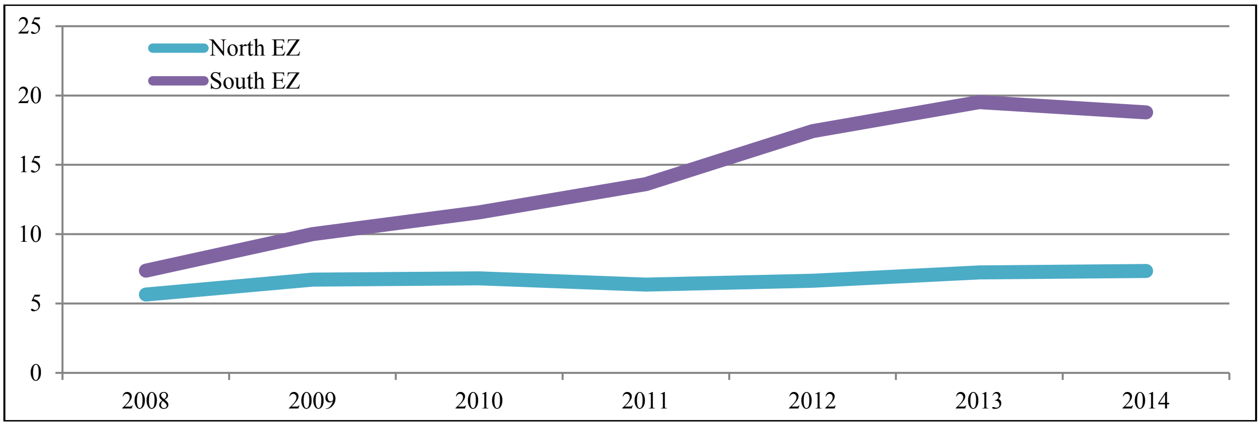

Figure 10. Unemployment Level (%, of total labor force), 2008-2014
in selected Eurozone countries, (Euro (€) North-South).
Source: IMF.

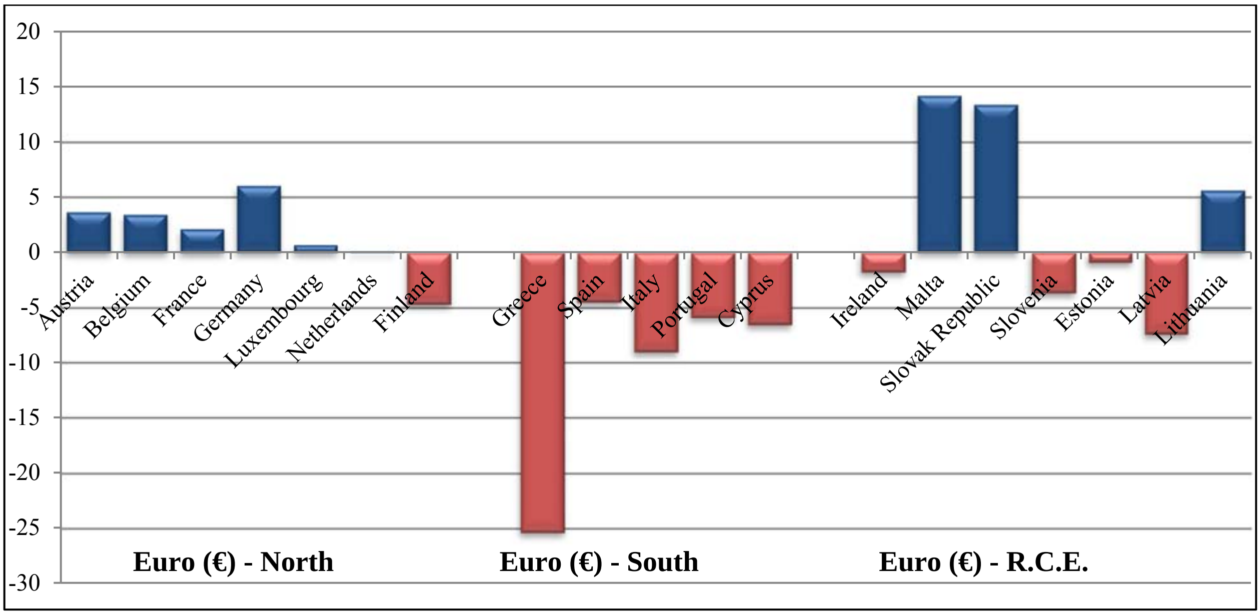

Figure 11. Cumulative GDP, (2008-2014) in the Eurozone.
Source: IMF and Eurostat.
***Note: Euro (€)-R.C.E.: Regional-Central-East.

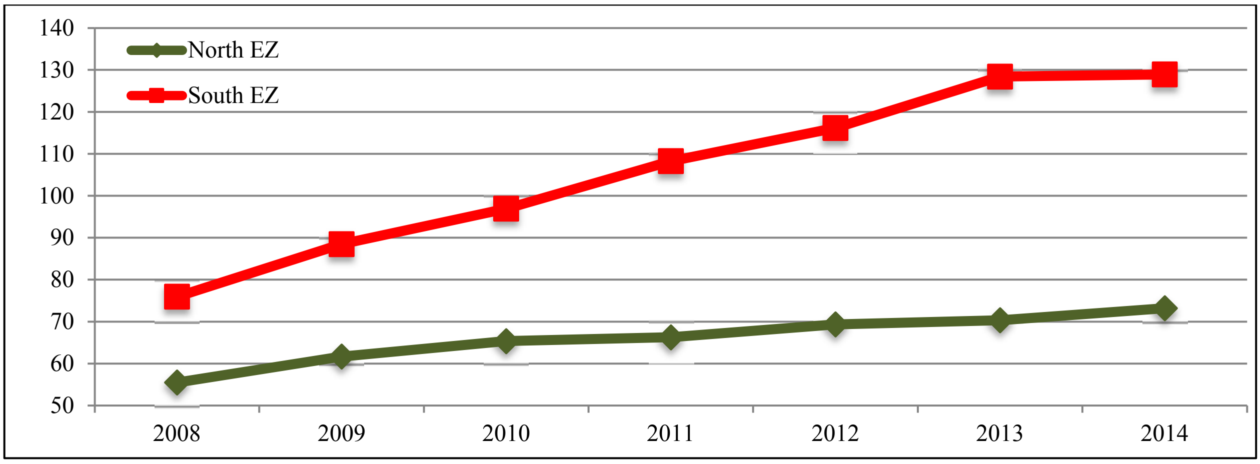

Figure 12. General Government Gross Dept (% GDP), 2008-2014 in selected Eurozone countries, (Euro (€) North-South).
Source: IMF and AMECO.

As mentioned in a recent report by the European Fiscal Board, the compliance with the current reference value for Public (General Government) Debt (60%) as well as the compliance with the current reference value of Fiscal Budget Deficits (-3%), would in the future cause very significant problems both in achieving Economic Growth and in the efforts of individual Member States to achieve the required Fiscal Adjustment, with the visible risk of transmitting secondary adverse effects throughout the Eurozone (European Fiscal Board, 2020).

In addition, in the context of the current debate on the Economic Governance review, the most important issues raised by the European Commission concern: a) whether progress and effectiveness have been achieved following the revision of the SGP (2011a, 2011b, 2011c, 2011d, 2011e, 2011f, 2013a, 2013b), b) whether it has been achieved the sustainability of public finances and preventing Macroeconomic imbalances between Member States, c) whether closer coordination of the economic policies of individual Member States has been achieved and d) whether the promotion of economic convergence between Member States has been achieved (European Commission, 2020).

According to Robert Barro, in order to raise tax revenue, countries suffering high levels of general government debt will inevitably direct their fiscal policy to reducing public expenditures and increasing tax rates, thus causing a significant decline in economic activity (Wyplosz, 2010). Therefore, the recent Eurozone crisis experience (2010-2014) leads us to conclude that a reform in the existing tax system is necessary, a reform that will be in favor of income redistribution and will play a key role in the development of the Eurozone. Remarkably, since 2010 we have witnessed increasing reliance on taxation in parallel with a significant reduction in wages and pensions and soaring unemployment rates in the context of the "Fiscal Consolidation" policies. This situation has led to a deterioration in the living standards of Eurozone citizens and has weakened the social tissue, especially in the Euro (€) South. A OECD report (2014) confirms over-taxation levels, especially in the Euro (€) South (Figure 13) at that period. Significantly, the IMF admitted that income inequality is highly detrimental as it undermines development, economic and political stability, social cohesion, and investments (Ostry, Berg, & Tsangarides, 2014).

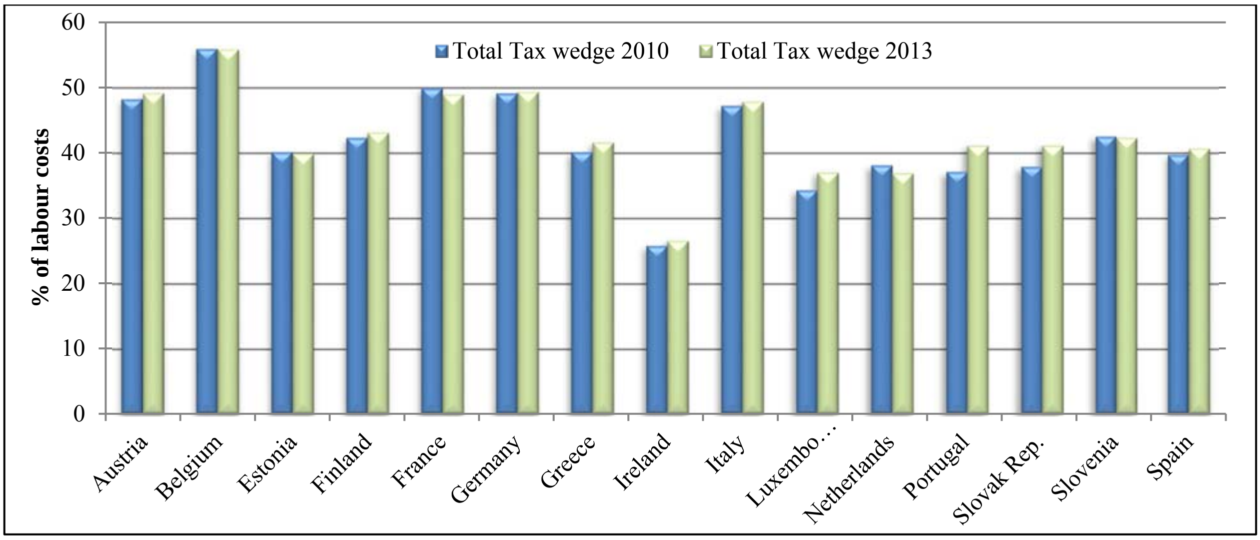

Figure 13. Total Tax Wedge, 2010 and 2013 in the Eurozone countries.
Source: OECD.

In conclusion, in order to a "Fiscal Consolidation" program be sustainable a Social Safety Net must exist that is aimed at ensuring the vulnerable groups of the population (Blanchard, & Cottarelli, 2010). In particular any successful "Fiscal Consolidation" program should: a) rely more on spending cuts than on tax increases, b) base public expenditures on fiscal rules and clear goals and c) be compatible with the monetary policy. The chances of success of such programs tend to increase when social benefits (in terms of poverty reduction) are clearly addressed and when there is increasing investment in Active Labour Market Policies programs, vocational training and tax rate reduction, e.g. a reduction in the VAT rate on a standard basket of essential goods such as foods (Kaplanoglou, Rapanos, & Bardakas, 2014). Therefore, in addition to maintaining social cohesion, providing support to the weaker sections of society in times of "Fiscal Consolidation" is vital for program effectiveness and a sustainable reduction in budget deficits and public debt (Parliamentary Budget Office, 2013).

The Asymmetric Impacts of Economic Inequality to Social Coherence in the Eurozone

The economic and social interdependence in the context of economic globalization combined with the deepening of the financial crisis (2010-2014) posed multiple risks to the Eurozone countries: in economic terms: a) increasing levels of Macroeconomic imbalances between Euro (€) North-South and b) widening of the competitiveness gap among Member States. In social terms: a) soaring income inequality, b) a rise in social risks and poverty levels, and c) a rising risk of exclusion for people and communities, threatening the viability of the Euro (€) Architecture. The above-mentioned social risks are established by the results of "Misery Index" (Table 1), which clearly display the social imbalances between Euro (€) North-South Member States. The inefficiency of a Social Safety Net to the weaker sections of society is reflected by the widening of the social divide between Euro (€) North-South, as described by the European Social Justice index in Figure 14, constituting a threat to the structure of Euro (€) integration (Bertelsmann, 2014a, Tamourantzis, 2023b).

Table 1

"Misery Index" (2014) in Selected Eurozone Countries, (Euro (€) North-South)

Rank (Worst to Best)	Country	Misery Index Score	Largest Contribuiting Factor
16	Spain	34.32	Unemployment
19	Greece	32.02	Unemployment
20	Cyprus	31.55	Unemployment
40	Portugal	22.53	Unemployment
55	Italy	18.08	Unemployment
71	France	14.17	Unemployment
79	Belgium	12.22	Unemployment
81	Finland	11.79	Unemployment
90	Netherlands	9.94	Unemployment
98	Austria	7.63	Unemployment
99	Germany	7.62	Unemployment

Source: World Bank, Economic Intelligence Unit (EIU), IMF.

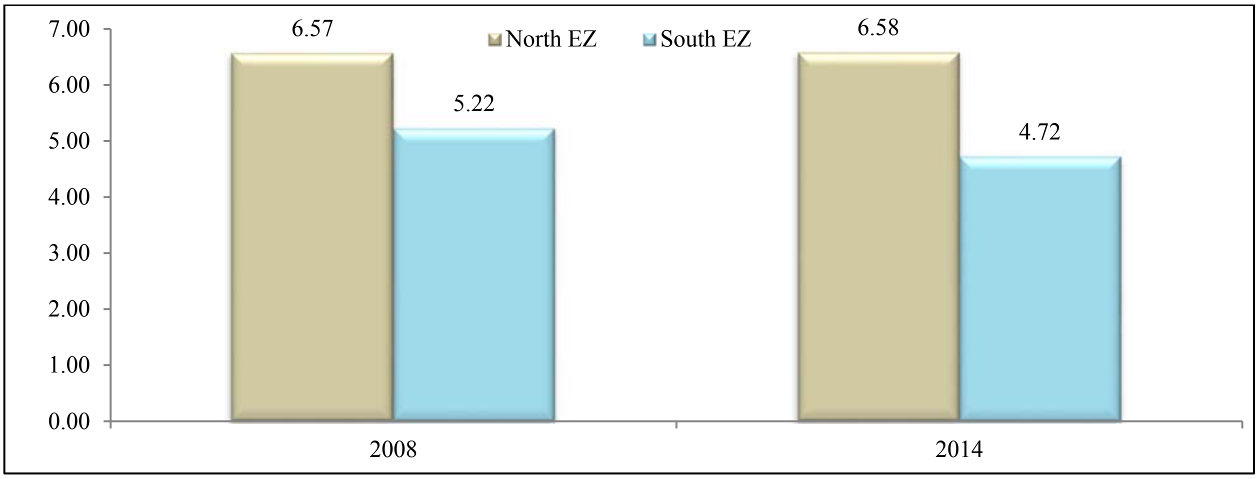

Figure 14. European Social Justice Index[3], 2008-2014 in selected Eurozone countries, (Euro (€) North-South).
Source: Bertelsmann Stiftung, 2014.

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[3] http://www.bertelsmann-stiftung.de/en/press/press-releases/press-release/pid/social-imbalance-in-europe-is-increasing/

The increasing social gap, the deficit in social guarantees and social participation opportunities alongside the economic fragmentation between the Euro (€) North and South, as presented above, had caused a corresponding fragmentation within societies, socio-economic imbalances and widening income inequality. These developments imply a significant effect on future growth prospects of Euro (€) economies and on the sustainability of funding social policies. Indisputably the Economic Growth is crucial not only for addressing the continuing effects of the financial crisis but also for promoting economic and social prosperity, social cohesion and for fighting poverty while addressing the social and political risks (Pagoulatos, 2014).

A very important determinant of the social coherence indicator is GDP per capita. The differences in levels of income that are reflected in GDP per capita between Eurozone Member States (Figure 15) constitute an important determinant in maintaining social cohesion. It is crucial to see that the income level of Euro (€) North is almost 100% higher than the income level of Euro (€) South. According to a report by the Bertelsmann Stiftung (2014b), the three major socio-economic factors which determine social coherence are: a) GDP per capita, b) income inequality (as reflected by the Gini coefficient and S80/S20[4]) and c) economic growth rate. The greater an individual Member State's GDP is, the higher its social cohesion. Income inequality is inversely correlated with social cohesion; that is, inequality between communities results in lower levels of cohesion (Tamourantzis, 2023b).

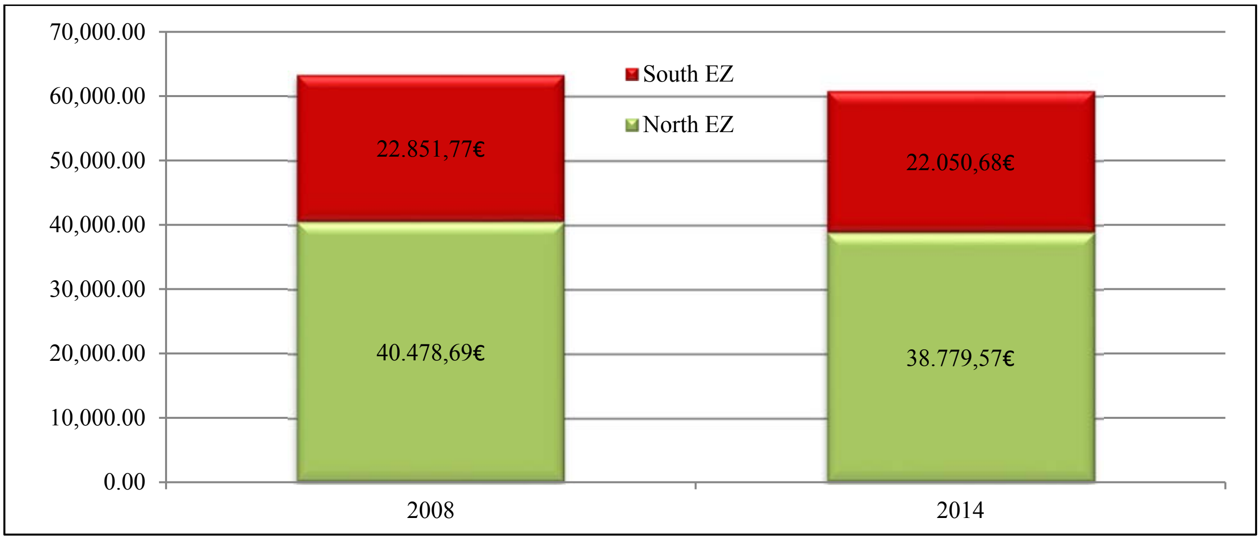

Figure 15. GDP per capita, 2008-2014, in selected Eurozone countries, (Euro (€) North-South).
Source: IMF.

Conclusion

This paper is referred on Macroeconomic asymmetries and social impacts among Eurozone countries which occurred during the time of the financial crisis, as a result, of the Imperfect Architecture of the Euro (€) and emphasizing, the imperative revision of the framework of Economic Governance. The comparative analysis focuses on a representative sample of selected Euro (€) North and Euro (€) South Member States.

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4 The most widespread income inequality indicators are: the S80/S20 ratio, which measures the ratio of the income of the richest quintile of the population to the income of the poorest quintile and the Gini index which ranges between 0, when all people have the same income (full equality) and 1 when the total of disposable income is held by one person (maximum inequality). The sensitivity of the Gini index is greater in the middle of income distribution, rather than towards the ends.

The Macroeconomic imbalances, as presented above and the long-standing weaknesses of the Euro (€) welfare state have undermined social coherence. Income inequality and rising levels of unemployment and poverty among Eurozone countries are responsible for the economic, social, and political tensions. Undoubtedly, the response to the economic-financial crisis in the Eurozone requires a regulatory model which will provide a stable and flexible guidance framework.

In conclusion, it is established that the survival of the common currency requires on the one hand the effective implementation of economic and social policies, aimed at Macroeconomic Stabilization and emphasizing policies which support Employment and Economic Growth, enhancing Eurozone governance with stronger institutions which will be subject to Democratic control and on the other hand a deepening of Economic Governance with the completion of the banking union and the creation of fiscal integration. In other words, we need the policy mix that would ensure equilibrium between Euro (€) Institutions and all the restrictive rules for the implementation of national policies (Tsoukalis, 2014), aiming for greater economic flexibility and better social protection.

In addition, a coordinated policy is needed against protectionism and economic nationalism which will ensure prosperity, social justice, sustainable development, and Democratic legitimacy and will be based on values and principles. It is also imperative that we develop a sustainable social security system, regional balance mechanisms and a sustainable tax system based on performance and free of distortions. Focusing on social peace and social cohesion, such policies can greatly contribute to the Economic and Social sustainability that is necessary for deepening the Eurozone.

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