

France 'may be the next GREAT WORLD POWER' if it stands up to Germany in the EU



Michael Ivanovich of economic research firm MSI Global made the call over German Chancellor Angela Merkel and the EU's apparent reluctance to back French President Emmanuel Macron's proposed reforms.

The French President wants to set up a eurozone budget to boost solidarity between member states and make the eurozone "as powerful as the United States and China".

Mr Macron is also pushing for further legislative and executive control over the euro area.

But, writing for CNBC, Mr Ivanovich warned the French President faces a series of tough choices over continental reform.

With Mrs Merkel poised to stay in power after Germany's upcoming election, Berlin's resistance to France's planned reforms are unlikely to change.

He wrote: "If he caves in to pressure from Berlin and Brussels and abandons his reform proposals, he will be mercilessly steamrolled by Germans, like his

predecessors, and will expose himself as a weakling to ferocious attacks at home.”

But he said: “Macron’s best bet could be to stand up and stick to his Eurozone reform proposals.

“Stand up indeed, because he got it right: An appropriate legislative and executive authority he is proposing is an absolute essential condition to frame sovereignty transfers for a common euro area fiscal policy.



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Emmanuel Macron wants to reform the EU

“That would create a quasi-federal institutional environment to prevent policy domination by any single member country.”

He went on: “The French plan looks to me well thought out to accommodate that next phase of the European project.

“Paris should have no trouble winning the day against the vague, inept and sloganeering integration rhetoric put forward by an apparently German-sponsored EU proposal presented last week.”

And he concluded: “France has a chance to make a crucially important contribution — if it stands up firmly for itself and the rest of Europe.”

The crunch comes as Mr Macron faces mass protests over his labour reform plans

and a plummeting approval rating just months into the job.

Mr Macron made deepening EU integration a key part of his election campaign and wants eurozone countries to create a common budget worth “several points of the eurozone’s GDP”

The French President wants a large, separate euro zone budget financed from a special tax, a finance minister specifically for the euro zone and a separate euro zone parliament to which the minister would be accountable.

Mrs Merkel appeared to support the Commission’s idea of a pan-European finance minister, but noted the terms used were still undefined and said she did not see big differences between the Commission and French ideas.

She also backed financial support for EU countries that implement reforms - one of the possible uses of the euro zone budget - but shunned the French idea of financing this with a special tax.

Mrs Merkel said: “I don’t see for the moment a convincing case for a European tax.

French anti-riot police force CRS officers clash with demonstrators during a protest called by several French unions against the labour law reform in Lyon, on September 12, 2017 Nor is there agreement on whether all the changes to the eurozone should be done through a separate treaty between governments, or by changing the European Union treaty.

The difference is more than just a technicality, because an intergovernmental treaty would be faster, involve only euro zone governments and leave all powers with these governments.

Changes through the EU treaty would require more time and mean non-euro zone countries and the European Parliament would have to agree, too. The powers of the new euro zone institutions would be shared with EU institutions, which are sometimes mistrusted by some national governments.

Mr Macron is to present his views on the future shape of the eurozone on September 26.

Eurozone ministers agree that a budget for the single currency area would help counter external shocks which hit just one or a few euro countries. But there is no agreement on its size or what it should be spent on.

Source: <http://www.express.co.uk/news/world/855611/France-Germany-Emmanuel-Macron-Angela-Merkel-EU-reform>

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