Leaving the eurozone has to be the ultimate sanction

The eurozone is in stormy waters. The turmoil in the financial markets shows no sign of abating. Tackling the debt crisis is complex and calls for several immediate measures. But amid our hectic day-to-day efforts to fight the crisis, we need to ask how we can guarantee a stable euro and prosperous Europe in the long term.

What is to be done? Our answer is that we must anchor the agreements we have made more firmly and take tougher action to enforce them.

We all know the saga of the past decade. Strict budgetary rules were laid down in the stability and growth pact, a no-bailout clause was included in the relevant treaty. So far, so good.

But the main cause of the current problems is that some countries played fast and loose with the very rules designed to guarantee budgetary discipline. Other countries allowed that to happen, and this took place at a time when the financial markets were rapidly being integrated. The result is that acute financial problems can spread from one country to another at lightning speed.

So what is to be done now? We must return to the anchors of the eurozone. The rules are still valid, but all participants must abide by them. If the eurozone is to survive in its present form as a stable currency union that supports the internal market and our prosperity, there needs to be radical break with the past.

Much has already been done. For instance, countries must clarify their budgetary plans at an earlier stage, look further ahead and be able to answer critical questions. This will make it possible to intervene sooner if necessary. We welcome these steps. But more is needed.

What we propose is twofold, and builds on the ideas already put forward by the French and German leaders. First, we call for independent supervision of compliance with the budgetary rules. Second, we believe that countries that systematically infringe the rules must gradually face tougher sanctions and be allowed less freedom in their budgetary policy.

Independent supervision requires a commissioner for budgetary discipline. His or her powers should be at least comparable to those of the competition commissioner. The new commissioner should be given clear powers to set requirements for the budgetary policy of countries that run excessive deficits. The first step is to require the country concerned to make adjustments to its public finances.

If the results are insufficient, the commissioner can force a country to take measures to put its finances in order, for example by raising additional tax revenue. At this stage sanctions can also be imposed, such as reduced payments from the European Union cohesion and structural funds, or higher contributions to the EU budget.

The final stage will involve preventive supervision, and the budget will have to be approved by the commissioner before it can be presented to parliament. At this stage, the member state's voting rights can also be suspended. Countries that do not want to submit to this regime can choose to leave the eurozone. Whoever wants to be part of the eurozone must adhere to the agreements and cannot systematically ignore the rules. In future, the ultimate sanction can be to force countries to leave the euro. That will require a treaty amendment and is therefore a measure for the longer term. It is not a sanction that can be applied at the present time. The measures we are proposing are designed to avoid a situation in which the ultimate sanction has to be imposed.

To sum up: an agreement is an agreement. From now on we must prevent countries from violating the rules with impunity and leaving other countries, which do observe the rules, to foot the bill. The agreements already made do not have to be scrapped. But the eurozone needs to introduce mechanisms to ensure that compliance with agreements is an automatic reflex rather than a political choice.

If we want to ensure a stable euro and a prosperous Europe in the long term, we must have the courage to provide the original architecture of the eurozone with firm anchors.