

# Alternatives for the policy framework of the Euro

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At the heart of our approach is the view that the achievement of full employment and sustainable and equitable growth should be the major objectives for economic policy in the European Union. The achievement of these objectives requires, amongst other matters, the use of macroeconomic (monetary and fiscal) policy to secure high levels of aggregate demand and the building of adequate productive capacity. Calls for more 'flexible' labour markets are largely irrelevant where full employment is concerned which requires high levels of demand and of capacity. Thus we argue for a reorientation of macroeconomic policy with the major objectives of full employment and sustainable growth, with a full role being played by fiscal and monetary policy in the pursuit of those objectives.