

The Economic and Monetary Union as a Framework for Solidarity and Resilience

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Abstract. *This paper examines the role of the Economic and Monetary Union within the European Union. It focuses on the shift from a primary emphasis on macroeconomic stability toward broader objectives related to social and regional cohesion, solidarity, and resilience. The Economic and Monetary Union was initially designed to ensure price stability and fiscal discipline. The recent economic and financial crises have highlighted the need for shared instruments and coordinated policies capable of addressing structural disparities and asymmetric shocks. The existing scientific literature acknowledges the stabilizing effects of monetary integration and the institutional limitations of the Economic and Monetary Union in promoting convergence and cohesion. The paper addresses the question of how recent policy developments have reshaped the priorities and functioning of the Economic and Monetary Union. The study adopts a qualitative analytical approach based on institutional analysis, examining the evolution of fiscal coordination frameworks and common financial instruments introduced in response to economic shocks. The results indicate that the increased use of shared stabilization mechanisms and coordinated policy responses has strengthened financial solidarity among member states and contributed to addressing social and regional disparities. The analysis suggests that solidarity-oriented instruments have reinforced integration by embedding new forms of cooperation and shared responsibility within the governance framework. The paper contributes to the field by demonstrating that the Economic and Monetary Union has increasingly functioned not only as a mechanism for macroeconomic stability, but also as a framework for solidarity-based integration and long-term resilience within the European Union.*

Keywords: Economic and Monetary Union, financial solidarity, economic resilience, social and regional cohesion, fiscal coordination, economic integration.

Introduction

The Economic and Monetary Union is considered to be one of the most advanced forms of economic integration within the European Union. The primary objective of the Economic and Monetary Union was to create price stability, reduce transaction costs, and promote the idea of economic integration among the member states of the European Union. However, the occurrence of successive financial crises during the recent past has proved the limitations of the stability-based strategy of the Economic and Monetary Union.

Current events seem to suggest that the objectives of the EMU have developed over time. Although the maintenance of macro-economic stability is considered to be an important goal, the issue of social cohesion, as well as the topics of financial solidarity and the capacity to deal with asymmetric risks, have started to attract more interest. The implementation of community instruments as well as the reinforcement of the coordination of the relevant policies appear to correspond to the broader notion of economic integration, where the objectives of stability, cohesion, as well as resilience, can be considered to be complementary to one another, without conflicting.

On this background, the research question of this paper is: How has the process of forming the Economic and Monetary Union transformed this policy framework to support solidarity and resilience in addition to economic stability? Furthermore, this study aims to examine to what extent

fiscal coordination and governance can reduce economic differences between countries and enhance convergence between members of the EMU.

The analysis is based on the following three hypotheses: the first hypothesis is based on the assumption that shared financial instruments in the Economic and Monetary Union increase solidarity by supporting weaker economies during difficult times. The second hypothesis is based on the assumption that the mechanisms for coordinating fiscal policies increase social and regional cohesion by favoring greater convergence and balanced growth among member states. The third hypothesis is based on the assumption that the changes introduced during the crises increase the long-term resilience of the Economic and Monetary Union as an institution.

Literature review

Economic and Monetary Union governance from stability to solidarity

Previous literature on the Economic and Monetary Union focused primarily on the importance of credibility, rules, and stabilization as the monetary integration base. Recent literature on the subject, informed by the succession of crises in the European Union's history, approaches the Economic and Monetary Union as an essentially political and institutional construct in which the ability to stabilize is inextricably linked to the ability to share the risks and be flexible in its ability to manage the rules in the face of crises. One of the significant theoretical contributions in the recent literature on the subject is the notion of crises as an integration tool in the form of the 'crisis-based view of integration' as outlined in (Schimmelfennig, 2018). This view of the subject approaches the Economic and Monetary Union not as an established set of rules but as an evolving set of rules in the form of an architecture of governance subject to iterative refinement in the face of crises.

An especially significant area of current research has explored the role of crisis sequences as a trigger of the processes of 'failing forward' – that is, the ways in which incomplete institutional design contributes to crisis instability and the consequent implementation of significant reforms that alleviate the crisis pressures without fully addressing the structural tensions at the roots. Such an approach implies that each crisis simultaneously reveals and reinforces the structural weaknesses, yet also produces new capacities. If we apply such an approach to the case of the Economic and Monetary Union, we can understand the processes that have led to the perception that innovation in economic and monetary union policies has often been 'exceptional' or 'temporary' at the moment of adoption, yet has become a matter of routine through repeated implementation in the context of new crises. Such an overall picture changes the research attention from the question of whether the Economic and Monetary Union works under normal circumstances to the question of how the Economic and Monetary Union works under crisis conditions.

Policy learning and institutional change after the pandemic shock

The coronavirus pandemic accelerated scholarly debate about whether European economic governance was undergoing a paradigmatic change. Historical institutionalist research highlights that the pandemic created a window of opportunity in which policy entrepreneurs mobilized ideas and instruments that had previously been politically blocked, including new forms of common fiscal action (Ladi & Tsarouhas, 2020). This literature emphasizes that institutional change is rarely linear: rapid innovation can coexist with strong continuity in rules, bargaining patterns, and national preference formation. Yet the pandemic episode is widely treated as distinctive because it combined a symmetric shock with high uncertainty and a clear risk of fragmentation, making coordinated action more politically feasible than during earlier crises.

A related body of work argues that the post-pandemic governance landscape cannot be captured by a simple “more Europe” narrative. Instead, scholars analyze the reconfiguration of economic governance as a multi-level process involving politicization, contestation, and changing coalitions around fiscal rules, conditionality, investment priorities, and compliance monitoring (Crespy, 2024). This research highlights the tension between two governance logics: one centered on fiscal restraint and surveillance, and another centered on investment, resilience, and social cohesion. The implication for Economic and Monetary Union research is that the integration trajectory depends not only on institutional design, but also on the legitimacy and distributive consequences of new policy instruments.

Shared fiscal instruments and the emergence of solidarity-based stabilization

The introduction of the recovery package and its implementation mechanisms has generated a substantial contemporary literature on European fiscal capacity and solidarity. A prominent argument is that the recovery package represents an important step toward a new economic governance paradigm, but that its long-term significance depends on whether it remains a one-off response or becomes a template for future common action (Buti & Fabbrini, 2023). In this view, solidarity is not simply a political value; it becomes institutionalized through shared borrowing, coordinated investment priorities, and governance arrangements that connect funding to reform and performance objectives.

Legal scholarship complements this discussion by analyzing how conditionality operates within the recovery governance architecture and how it alters the constitutional balance of the European economic order. This work stresses that conditionality is no longer confined to external action or crisis lending but has become a governing technique embedded in internal redistribution and investment governance, with implications for accountability and the division of responsibilities across levels of government (Fasone & Simoncini, 2024). For Economic and Monetary Union debates, this is significant because it frames solidarity as “governance by instruments,” where redistributive capacity is coupled with rule-based oversight and policy direction.

At the same time, macroeconomic contributions remain divided on whether increased common fiscal action decisively strengthens stabilization or risks reproducing old tensions under new labels. Some research interprets emerging fiscal instruments as meaningful steps toward risk sharing, particularly in the context of large shocks and investment needs, while other contributions warn that instrument design and national implementation capacity can limit cohesion outcomes and create new distributional conflicts. The literature therefore increasingly treats solidarity as conditional, contested, and institutionally mediated rather than automatic.

Risk sharing and cohesion as mechanisms of resilience

A key empirical and conceptual concern in Economic and Monetary Union research is the capacity for risk sharing, understood as the ability of the economic system to absorb shocks without generating persistent divergence. Recent research highlights that risk sharing in the euro area has historically been weaker than in established fiscal federations, increasing the vulnerability of monetary integration during asymmetric shocks. This literature also notes that both private and public channels matter, and that crisis interventions can temporarily strengthen cross-border stabilization mechanisms (Cimadomo, 2022). Importantly, this line of work connects resilience not only to fiscal rules or monetary interventions, but to the broader architecture of financial markets, credit intermediation, and cross-border flows.

The cohesion and regional policy literature adds a complementary layer by examining whether redistributive and investment mechanisms provide an “insurance” function across regions. Recent evidence suggests that cohesion policy can contribute to inter-regional risk sharing by smoothing income shocks, with variation across regional conditions and levels of disadvantage (Giua et al., 2024). This finding matters for the present study because it links the cohesion objective directly to resilience, positioning social and regional convergence not merely as normative goals but as functional components of stability within a monetary union. In this view, solidarity-based instruments can contribute to macroeconomic performance by reducing the structural sources of divergence that amplify crises.

Fiscal governance reform and the persistence of rule-based constraints

Scholarly debate about resilience and solidarity also intersects with renewed attention to fiscal governance reforms and the reactivation of fiscal rules. One recent analytical contribution argues that the 2024 reform of the fiscal framework preserves substantial continuity with the previous approach and may remain difficult to comply with in practice, especially for high-debt member states (Menguy, 2024). This implies that the policy space for cohesion-oriented investment may be constrained unless rule interpretation evolves or complementary common instruments persist. The broader implication in the literature is that resilience and cohesion goals require not only new instruments but also governance compatibility between investment needs, debt sustainability, and counter-cyclical capacity.

Critical perspectives go further by warning that the revised fiscal framework may reintroduce austerity pressures in new forms, potentially undermining long-term investment and cohesion objectives. From this standpoint, reforms can stabilize expectations in the short run while reproducing the structural tension between debt reduction imperatives and the fiscal capacity needed for transformation and convergence (Priewe, 2025). This debate is central for assessing whether the Economic and Monetary Union is genuinely shifting toward solidarity-based integration or whether new instruments remain layered onto an enduring stability-first paradigm.

Research gap and positioning of the present study

Despite the different strands in the relevant literature up to this point, a series of aspects can be identified as being broadly accepted across the relevant debate. Crises can be seen as catalysts of institutional change in the European Union context. New forms of common European Union policies have been developed in the context of the governance of the pandemic crisis. Resilience has been built through the mechanisms of risk-sharing and investment in a manner that can promote cohesion in the European Union context. Despite the above aspects being identified in the relevant debate up to this point, a gap in the relevant literature can still be identified in the sense that the above aspects have been addressed in isolation in the relevant debate up to this point, while they should be addressed within a unified framework that can highlight the changing priorities in the context of the Economic and Monetary Union from stability to solidarity/resilience.

In addition, a large share of existing research examines macro-level governance structures, on the one hand, or individual instruments, on the other. Fewer papers have attempted an integrative approach to understanding the social and regional cohesion effects that shared instruments and coordinated policies have on Economic and Monetary Union. In order to address these issues, the present paper suggests an institutional approach to understanding the links between crisis-based innovation, solidarity-based stability, and cohesion-based resilience, thereby clarifying

the mechanisms through which Economic and Monetary Union is increasingly being used as a framework for convergence

Methodology

The research design that is being used is a qualitative research design with illustrative use of descriptive quantitative indicators drawn from existing studies, where qualitative research is dominant, but quantitative research is also incorporated to a certain degree. The research aims to examine the development of the Economic and Monetary Union over time, especially regarding the change from a macro-economy-based approach to an approach based on solidarity, cohesion, and resiliency. The research design is congruent with the research problem, especially regarding its non-quantitative approach to research.

Qualitative analysis is based on institutional analysis and comparative political economy. It examines formal institutions of governance, policy, and coordination in the European Union's Economic and Monetary Union (EMU). The study is based on official policy documents, laws, strategic communications, and analytical reports published by the European Union institutions and scholarly literature from peer-review sources. This method is based on conventional standards set by European economic governance studies, in which institutions, policies, and crises are the main units of analysis (Ladi & Tsarouhas, 2020). The study examines the evolution of institutions over time through various crisis phases to find continuity or changes in the European Union's Economic and Monetary Union.

The research will employ a comparative temporal perspective, which will allow the researcher to examine significant phases in the evolution of EMU, such as the pre-global financial crisis era, the sovereign debt crisis, the coronavirus pandemic, as well as the post-pandemic period, which will be considered critical phases that shed light on the activation, expansion, or reinterpretation of instruments in a state of crisis. The same research approaches have been followed in previous research that focused on crisis-driven integration in the European Union, which highlighted the importance of crisis as a driver in the reshaping of structures and objectives in the region's governance (Jones, 2021; Crespy, 2024).

There is a limited quantitative part, which accompanies the qualitative part, aiming to exemplify the results of the qualitative part. This part is based on descriptive measures concerning convergence, cohesion, and the capacity for stabilization, which include the trend of economic divergence, investments, and the sharing of risk in the EMU. This is an exploratory, descriptive quantitative part, as opposed to an inferential or econometric approach. This follows the existing literature regarding the concepts of resilience and sharing of risk in the euro area, as presented in existing literature, e.g., Cimadomo, 2022, Giua et al., 2024. For the processing of the data, the use of a spreadsheet software is deemed appropriate.

There are three key hypotheses that inform the line of inquiry in this paper based on the available literature and developments in the relevant policies. Firstly, the availability of shared financial instruments in the EMU can foster greater financial solidarity through support to member states in periods of economic difficulty, based on the available literature on shared fiscal instruments in the context of the EMU. Secondly, the availability of fiscal coordination frameworks can promote greater social and regional cohesion through the achievement of convergence and the elimination of disparities between member states, based on the available literature on cohesion policies in the context of the European Union in general. Thirdly, the institutional changes prompted by the crises can promote the long-term sustainability of the EMU through the establishment of new forms of coordination in its governance structure.

Evaluation of the hypotheses relies on analytical triangulation, combining institutional evidence, qualitative interpretation, and descriptive quantitative indicators. Statistical hypotheses are not used in the study, but rather the evaluation assesses the alignment of the evolution in policies with the expectations expressed in the hypotheses. This approach creates a rich understanding of the functioning of solidarity, cohesion, and resilience in the EMU, as well as the alignment with the conventional objectives related to the stability-oriented policies. Overall, this methodology presents an integrated framework for analyzing the changing priorities in the context of the EMU.

This is due to the use of both qualitative and institutional analysis as well as the use of descriptive quantitative data to provide an extensive evaluation of the role that shared instruments play in creating solidarity-based resilience in the context of the European Union.

Results and discussions

Furthermore, the results of the analysis support the main claim that the EMU is no longer limited to the initial purpose of maintaining financial stability. It is slowly but steadily expanding towards a more comprehensive framework, which increasingly encompasses solidarity, social and regional cohesion, and resilience. It is not the case that the crisis management was carried out by means of exceptional and/or temporary actions. On the contrary, there is a clear indication of the cumulative nature, whereby the newly established instruments and coordination tools have increasingly become part of the framework.

In order to illustrate this evolution in a structured way, Table 1 summarizes the main crisis episodes faced by the Economic and Monetary Union, the corresponding responses, and the implications of the responses on the way we address the question of economic governance. This shows that the series of crises have been catalysts for adaptation and expansion of the scope of action at the European level.

Table 1. Crises and institutional responses in the Economic and Monetary Union

Crisis episode	Period (years)	Dominant economic shock	Key policy instruments	Primary governance effect
Global financial crisis	2008–2009	Financial market collapse	Liquidity provision; interest rate cuts	Expansion of supranational monetary intervention
Sovereign debt crisis	2010–2012	Public debt and market fragmentation	Stabilization mechanisms; fiscal surveillance	Strengthening of fiscal coordination
Low-growth period	2013–2019	Weak demand and deflationary risks	Asset purchase programmes	Deepening of monetary integration
Pandemic crisis	2020–2022	Economic shutdown and asymmetric shock	Joint fiscal instruments; coordinated policy response	Qualitative leap in financial solidarity
Post-pandemic adjustment	2023–present	Inflation and geopolitical uncertainty	Governance reform; policy coordination	Consolidation of resilience-oriented governance

Source: Authors' own synthesis based on institutional and academic analysis.

With regards to the first hypothesis, which suggests that “the development of shared financial instruments reinforces financial solidarity by supporting the member states in times of economic

difficulty,” it can be said that the hypothesis is confirmed. This is because the analysis suggests that the development of shared financial instruments has reduced the probability of divergence in the wake of crises.” This hypothesis is in line with more recent studies that consider shared financial instruments as “a significant development in European economic governance; their permanency in the framework is still uncertain” (Buti & Fabbri 2023) . The expression of solidarity in practice can be seen in terms of “mechanisms supporting the member states in times of difficulty when their fiscal space is constrained.”

At the same time, the evidence suggests that solidarity in the form of shared instruments is conditional. This implies that solidarity cannot simply be measured in terms of the sharing of the above-mentioned resources, but it must also be considered in terms of the capacity to deliver these shared instruments, as well as the capacity of the members to transform solidarity into a form of cohesion. This interpretation is consistent with recent conceptual work on monetary integration and institutional responsibility in the EMU, which emphasizes that solidarity mechanisms operate within a framework that preserves national fiscal accountability rather than replacing it (Penchev, 2025)

The second hypothesis, which posited that frameworks of fiscal coordination can have a favorable impact on social and regional cohesion by supporting convergence and minimizing divergence, has been supported by these findings. Specifically, it has been found that fiscal coordination has increasingly been aligned with cohesion-oriented objectives, in particular by emphasizing investment, reform, and resilience. This has been in keeping with previous studies on economic governance in Europe, which have noted a widening of economic governance in Europe in terms of responses to crisis management, moving well beyond deficit and debt management as primary considerations (Crespy, 2024). Moreover, it is evident that, in terms of results, cohesion outcomes do not only constitute a side-effect of stability policies. Instead, they increasingly constitute an essential element of building resilience in the framework of the Economic and Monetary Union. This is reinforced by evidence of the positive impact of cohesion policy in facilitating inter-regional risk-sharing, which reduces income risks and minimizes risks of divergence in less developed regions due to crisis effects (Giua et al., 2024). Therefore, social and regional cohesion enters into the logic of stabilization of the Economic and Monetary Union. Convergence reduces regional asymmetries, which can exacerbate effects in a monetary union. However, fiscal rules still constitute binding constraints in terms of policy space. Therefore, there remains an inherent and continuous problem of reconciling sustainability of public debts and requirements of public investments in terms of cohesion. Indeed, in terms of fiscal governance, it has recently been suggested that there will still exist constraints in terms of flexibility in fiscal rules, especially in terms of member states that have high public debts, which might jeopardize cohesion outcomes in terms of public investments (Menguy, 2024; Priewe, 2025).

The third hypothesis, which suggests that the effects of these developments during periods of crisis build long-term resilience through the embedding of new forms of coordination and shared responsibility, is also confirmed. The results suggest a cumulative process of incremental change, with periods of crisis repeatedly providing the trigger for an extension of the scope of Economic and Monetary Union governance. This process is consistent with the concept of the crisis-integration literature, which suggests that periods of crisis can create an opportunity for policy learning and innovative forms of institution-building and can produce forms of governance that extend well beyond the period of the crisis itself (Ladi & Tsarouhas, 2020). The analysis suggests that the Economic and Monetary Union has developed a range of tools that are increasingly combining elements of stabilization, investment, and coordination.

Table 2. Validation of research hypotheses

Hypothesis	Analytical dimension	Empirical and institutional evidence	Validation
H1: Shared instruments enhance financial solidarity	Crisis stabilization	Coordinated financial support reduced pressure on vulnerable economies during crisis episodes	Confirmed
H2: Fiscal coordination promotes cohesion	Convergence and investment	Increased emphasis on investment and reforms supported social and regional convergence	Confirmed
H3: Crisis-driven reforms strengthen resilience	Institutional adaptation	New governance instruments became embedded in the EMU framework	Confirmed

Source: Authors' own research results.

At the same time, the study's findings also support the idea that the integration through crises is an uneven and contested process. Indeed, the literature on crisis reform suggests that the integration through crises has been an uneven and pragmatic process that has maintained the system but has not fully addressed the tensions at its core, thereby setting the stage for further reform through subsequent crises (Jones, 2021). The study's findings support this idea in two ways.

The study's results support this view in two ways. Firstly, whereas the Economic and Monetary Union has developed its solidarity and coordination instruments, its governance structure remains hybrid in nature, with both supranational and national elements. Secondly, the stability of crisis-driven reform depends on political consensus and legitimacy, especially with regard to conditionality and accountability.

The study's most important finding is that the development of greater solidarity and cohesion is mediated by governance structures that connect financial support with reform commitments and performance. This reflects an important trend in European governance, where solidarity is expressed through conditionality-based governance structures that connect national policies with collective priorities. Indeed, legal and political economy scholarship highlights that this development represents an important change in European economic governance, raising important questions about democratic accountability and the balance between national autonomy and supranational policy direction (Fasone & Simoncini, 2024).

From a broader conceptual perspective, it can be derived from the results that the Economic and Monetary Union should be conceived as a dynamic concept with increasingly interrelated aspects of stability, cohesion, and resilience. Although the integration of a monetary union has the potential to minimize transaction costs, facilitate trade, and support investment, it can be derived from the analysis that, in light of the crises, resilience also needs to address issues of structural divergence and social vulnerability. The findings can therefore be seen as confirming and developing the argument that the resilience of the Eurozone is conditioned on the presence of risk-sharing capacity and on addressing the existing disparities, which undermine the effectiveness of a single monetary policy. In this context, it can be derived that the application of solidarity-oriented instruments can be seen as contributing to the development of resilience, as it enhances the economic basis of cohesion and reduces the risk of divergence due to the impact of shocks (Cimadomo, 2022). Solidarity-oriented instruments contribute to resilience by strengthening the economic foundations of cohesion and by reducing the probability that shocks lead to fragmentation or persistent divergence.

The conceptual contribution of the paper is the integration of the different strands of evidence into a coherent analytical narrative of the evolution of the priorities of the Economic and Monetary Union. Rather than seeing macroeconomic stability and cohesion as competing priorities, the findings suggest that cohesion and solidarity have increasingly become the mechanisms that ensure stability by limiting divergence and increasing the capacity for shock absorption. This has significant implications for policymakers and suggests that the sustainability of the Economic and Monetary Union relies on the capacity to comply with the fiscal rules but also on the capacity to sustain investment, promote convergence, and ensure social legitimacy in the course of economic change.

In addition to the validation of individual hypothesis results, the results provide a wider scope of synthesizing crisis management mechanisms' role in the Economic and Monetary Union and their implications on integration results. Although some of these instruments' effects are temporary and relate to crisis management, others have a lasting effect on economic governance structures and integration results. To synthesize the results of the relationship between crisis management mechanisms and their overall implications on economic integration results, Table 3 presents an overview of the most important instruments of economic stabilization and their integration results from different time perspectives. The results synthesize that economic crisis management results have a combined effect on both economic stabilization and integration results, thereby reinforcing the role of the Economic and Monetary Union as a resilience and cohesion tool.

Table 3. Crisis management mechanisms and integration effects

Policy mechanism	Stabilization role	Integration effect	Time horizon
Common monetary policy	Market stabilization	Monetary cohesion	Short to medium term
Fiscal coordination frameworks	Counter-cyclical capacity	Policy convergence	Medium term
Shared financial instruments	Risk sharing	Financial solidarity	Medium to long term
Institutional governance reforms	Policy adaptability	Deeper economic integration	Long term
Cohesion-oriented investment	Shock absorption	Social and regional convergence	Long term

Source: Authors' own conceptual synthesis.

Conclusion

The paper focused on the evolution of the Economic and Monetary Union. The findings indicated that the current focus of the Union is no longer just on economic stability. The focus has shifted to include solidarity, social cohesion, regional cohesion, and resilience. The findings further indicated that the objectives of the Economic and Monetary Union have been constantly evolving. The shared financial instruments based on solidarity and coordination have become essential. The analysis was based on the evolution of shared financial instruments, fiscal coordination, and institutional evolution in the context of economic crises.

The main contribution of the paper was its integrated analysis. The analysis combined monetary integration, fiscal coordination, and cohesion in a single framework. The findings indicated that economic stability, solidarity, and resilience complement each other. These factors do not compete with each other. The shared financial instruments have helped enhance the capacity of the Economic and Monetary Union to respond to asymmetric economic crises. The fiscal coordination has helped reduce social and regional disparities. Economic cohesion acts as a fundamental element in economic resilience in a monetary union.

The results also revealed that economic crises have played a central role in the development and formation of European economic governance. The crises promoted learning and adaptation. This promoted the development of new mechanisms of coordination and stabilization. This helped in the development of collective capacity in the management of crises. The development of solidarity among the Economic and Monetary Union countries has been promoted through the development of governance mechanisms. This has promoted the development of deeper economic integration.

There were several limitations associated with the study. The analysis relied on qualitative institutional analysis and quantitative analysis. This limited the development of clear causal links between cohesion results and policy instruments. The analysis on the Economic and Monetary Union as a whole limited the development of national differences. The analysis on the recent developments limited the assessment of long-term results.

There are several ways in which the study can be expanded in the future. More research is needed on the development and maintenance of stability and cohesion in the Economic and Monetary Union.

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