Epizentrum | CC BY-SA 3.0

Press release | 05.05.2020

A wake-up call for common fiscal policy in the eurozone

German Constitutional Court ruling/ECB

Today, the German Constitutional Court declared the decisions of the European Central Bank (ECB) on the Public Sector Purchase Programme (PSPP) to be contrary to its powers. The Federal Constitutional Court challenges previous ruling of the European Court of Justice and considers it incomprehensible because the Court had excluded the economic effects of the programme in its assessment and failed to weigh up the proportionality of the bond purchase programme.

Philippe Lamberts, President of the Greens/EFA group in the European Parliament, comments:

"For a decade, the leaders of the Member States have denied the basic reality that the economic and monetary union cannot survive without a proper fiscal union. Thereby, they have abdicated their own responsibilities, leaving it to the ECB to deal with the consequences.

"The lesson to be learnt from this judgment must be that the governments of the eurozone must come back to terms with reality. A common fiscal policy will ease the burden on monetary policy. The need for an ambitious pandemic recovery package will be their test: it must be driven by public investment, which needs to be both funded together according to the capacities of every Member State and spent together according to the needs of each. Only so can the Euro and the European Union survive. The ECB has done and will do its part; it is now that responsibility and leadership must be demonstrated by the European leaders.

"Questioning the authority of the European Court of Justice sends a devastating signal to all EU governments, who would rather get rid of its jurisdiction today than tomorrow."

Sven Giegold, economic and financial spokesman for the Greens/EFA group in the European Parliament, adds:

"The judgement must be a wake-up call for the German government. The German government should present a proposal for a democratically legitimised fiscal policy for the euro area countries. In terms of European policy, it is extremely dangerous for the German government to block a common, solidarity-based fiscal policy and for the Federal Constitutional Court to restrict the common monetary policy.

"Nevertheless, the ruling should not lead to a rush job. The ruling does not mean that the Bundesbank must immediately end its involvement in bond purchases. It is important that the judges did not find any monetary state financing. In essence, the court is concerned with the justification of monetary policy. What is needed now is a pro-European impulse for fiscal policy in the eurozone."

More:

The judges in Karlsruhe oblige the Federal Government and the Bundestag to work towards a proportionality assessment by the ECB. After a transitional period of no more than three months, the Bundesbank may only continue to participate in the European Central Bank's bond purchase programme if the ECB takes a new decision in which it demonstrates the proportionality of the programme. The ECB programme PEPP to cushion the economic consequences of the Corona crisis is expressly not affected by the ruling.

Recommended

Press release

Image by NakNakNak from Pixabay



Climate spending welcome but budget not large enough f…

16.07.2025

Press release

Image by Dan Novac from Pixabay



[Decisions on Cohesion Funds should not be rushed throu…]

07.05.2025

News

European Union



Plenary Flash 16 - 19 December 2024

13.12.2024

Press release

Woman holding a sign during a Ukraine protest / CC0 markus-spiske



[Gregorova worked on a huge EU loan to Ukraine that wil…]

28.10.2024

Responsible MEPs



Sven Giegold

Member



Philippe Lamberts

Member

Contact person



Alex Johnson

Press & Media Advisor EN (English language press)

Please share

- E-Mail