Press release | 24.06.2015

Economic governance

EP's grand coalition supports failed economic framework and backward proposals on EMU

The European Parliament today adopted a report reviewing the EU's economic governance framework. At the same time, European Commission President Jean-Claude Juncker presented a report by the five EU institutions presidents (European Commission, Parliament, Council, European Central Bank and euro group) on the same subject.

Commenting after the vote, Greens/EFA MEP and spokesperson on economic and financial affairs **Ernest Urtasun** said:

"It was very clear from the beginning that the centre-right group wanted to use this report to consolidate significant step backs in relation to previous reports supported by the Parliament. Ultimately the centre-left rapporteur gave in to most of the centre-right demands which means that the report's key message is that the current policy mix of one-sided austerity measures in combination with socially harmful structural reforms is the right one. This contrasts with the Green assessment which points out that the current framework is both procyclical and discretionary. As can be clearly seen in Greece, setting debt levels (both private and public) onto a 'sustainable' track through massive budgetary cuts in basic welfare systems across the EU has had dramatic social consequences and has damaged the EU's recovery. In the end discretionary flexibilities become the rule instead of the exception as they end up being systematically and inefficiently used after the social and economic hardship has already had an impact. The EU should instead focus on reducing excessive imbalances in both surplus and deficit countries, define a much more ambitious and far-reaching EU tax policy, substantially enhance the social dimension of the EMU and foster resource-efficient and future-oriented investments.

When it comes to the future of the EMU the report very vaguely recalls some of the positions already endorsed by the Parliament during the previous term. The text adopted is even weaker than the 'Five Presidents' report which already fell drastically short of what is needed to make EMU work. The EU needs bold proposals for closer cooperation on economic and monetary policy, proposals like a fiscal and a social union, debt mutualisation and a banking union. The quantum leap forward that is needed will however require political courage. It will involve launching a Convention to enshrine these proposals in a Treaty revision, which should also help overcome the democratic shortcomings of monetary union.

This report endorses a self-defeating policy mix and lacks ambition on the quantum leap that the EMU's long-term sustainability requires."

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Ernest Urtasun

Vice-President

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