Press release | 28.11.2014

Economic governance

EU needs to finally shift the focus and look at bigger economic and social picture

The European Commission today presented its assessment of EU member states' budgetary plans in the context of the Stability and Growth Pact, as well as presenting a communication on how to revise the EU's system of economic governance.

Commenting on the Commission's assessment of EU member states' budgetary plans, Green economic affairs spokesperson **Ernest Urtasun** said:

"The decision of the Commission to give more time to France, Italy and Germany is a clear signal that the rules of the Stability and Growth Pact do not work and are playing a pro-cyclical role in the current downturn of European economic outlook. Judging Euro member states on these narrow and discredited terms no longer makes sense.

"The Commission must finally shift the focus of the Pact to look at the bigger picture, instead of just focusing on deficit reduction. Putting debt levels (both private and public) on a sustainable track by massive budgetary cuts in basic welfare systems across Europe has dramatic social consequences and is damaging the European recovery. The current policy response is also increasing debt levels. The ongoing impact of the crisis and the one-sided austerity-driven response has underlined the need to take a broader view. The focus should also be on investments and boosting the economy. We need a counter-cyclical approach otherwise the discretionary flexibilities become the rule instead of the exception as these end up being systematically and inefficiently used after the social and economic damage has already been done."

Commenting on the proposals to revise the EU's system of economic governance, Greens/EFA co-president **Philippe Lamberts** said:

"We are very disappointed that the Commission considers the current economic governance framework has been successful and that no need for a revision is currently required. We believe that a revision of the legal framework is not only needed for the budgetary rules but also to provide a basis for investment, with a view to achieving more binding EU2020 targets.

"It is massively short-sighted of the Commission to claim there is no need to review the macroeconomic imbalances procedure. The current procedure puts most of the burden on deficit countries instead of providing a more symmetrical approach, which is necessary for any sustainable monetary union. The lack of

willingness to enlarge the scope towards social and resource efficiency indicators highlights that the new Commission has not drawn the required conclusions on the urgent need to substantially review the policy-mix implemented so far."

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