Press release | 12.05.2010

Economic Policy Coordination

Commission proposes small steps on economic coordination but big leap is needed

Commenting on the communication on 'Reinforcing economic policy coordination' presented today by Economic and Monetary Affairs Commissioner Olli Rehn, Greens/EFA group president **Rebecca Harms** said:

"We welcome the proposals to coordinate national budgets at EU level in order to end the damaging escalation of debt but this must be a first step towards a truly common European economic policy. The current Euro crisis has shown how urgently a common economic policy is needed. While today's proposals from the EU Commission are a step in the right direction, they are lacking in courage and consistency.

"The EU Parliament must have a central role in this process and it is regrettable that the Commission's proposal ignores the EP's co-decision powers on economic surveillance. This compounds the exclusion of the parliament from President van Rompuy's task force.

"The current zeal for austerity measures and deficit reduction should not be overplayed. While cuts may be necessary, they must be designed in an equitable way and must not lead to an increase in unemployment."

Sven Giegold, Greens/EFA coordinator in the Economic and Monetary Affairs committee, said:

"The Commission's proposals lack key elements, which will be essential for a Common Economic Policy and an effective, reinforced Stability and Growth Pact. The crisis mechanism, which was hastily cobbled together last weekend, must be made permanent, with the creation of real Eurobonds for state financing, and not just in crisis situation.

"It is a scandal that the Communication only calls for deficit countries to take measures to address the crisis. Clearly surplus countries like Germany, which are relying on an export strategy to the detriment of others, also have to adjust their policies and not simply blame 'others' for the crisis. Germany has systematically kept wages down. Internal demand has to be strengthened and export surpluses be reduced.

"Tax policy is hardly mentioned at all. Only true coordination, doing away with unanimity and minimum harmonisation in tax policy will help us move forward. A common European Economic Policy without common tax policy will not work."

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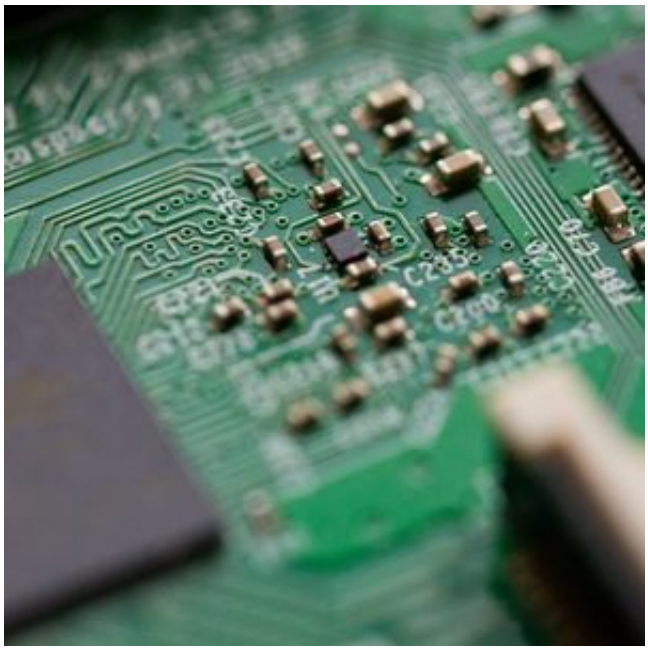


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