Press release | 29.06.2012

EU summit/Euro crisis

11th hour leap provides some tools to address crisis but again falls short of comprehensive solution

A deal struck at the ongoing EU summit, under which the EU's bail out funds could be used to directly recapitalise banks and purchase sovereign debt, has been welcomed by the Greens. The group cautioned that measures again fall short of delivering a lasting and comprehensive solution to the crisis and lack proper democratic oversight, while deeming proposals aimed at stimulating economic growth as unconvincing. Commenting on the summit, Greens/EFA co-presidents **Dany Cohn-Bendit** and **Rebecca Harms** stated:

"With last night's eleventh hour deal, EU leaders have finally started to move beyond the phase of tinkering at the edges of the crisis. The deal struck to change how the EU's bail out funds can be deployed is a leap forward. However, a lasting solution, by means of a comprehensive economic and fiscal union, remains elusive. The plans also continue to lack measures to provide for the necessary democratic accountability and notably exclude the European Parliament.

"Allowing the EU's bail out funds to lend directly to banks is an important step to breaking the debilitating cord between bank and sovereign debt, but it needs to be implemented diligently. The failure to do so long ago has had disastrous consequences for the Eurozone. Much stronger EU-level banking supervision is an essential accompanying measure and the move towards a single supervision of banking institutions by the ECB is welcomed but it must be accompanied by democratic accountability. However, instead of agreeing on the necessary comprehensive banking union, this is a piecemeal approach.

"The decision to allow the bail out funds to purchase sovereign debt is also an important step to addressing the unsustainable situation facing Eurozone sovereigns. However, it is little more than a quick fix, with the bail out funds clearly vastly insufficient to address the funding needs of Eurozone sovereigns and banks. We will only draw a line under the crisis by mutualising sovereign debt and introducing fully-fledged Eurobonds and we urgently need a roadmap towards this. However, in order to relieve the pressure from the sovereign and financial debt crises in the interim, EU leaders need to immediately introduce other measures, notably a banking licence for the ESM and a common redemption fund.

"While we urgently need to move beyond the narrow austerity focus, the 'growth compact' lacks any credibility. The overall amount is a drop in the ocean. Worse, it is reliant on the recycling of existing funds and fairytale assumptions on leveraging, with no social or environmental conditionality. The enormous problems of tax havens and evasion are hardly mentioned, despite this accounting for €100 billions in terms

of lost revenue in the EU.

"While EU leaders have agreed some important measures, this cannot be the last throw of the dice for the Euro and the Eurozone economy. We welcome that Eurogroup president Juncker will continue to work towards a more comprehensive medium-term solution. It is now clear that a comprehensive economic, fiscal and political union is the only way forward and EU governments must work together with the EU institutions to realise this."

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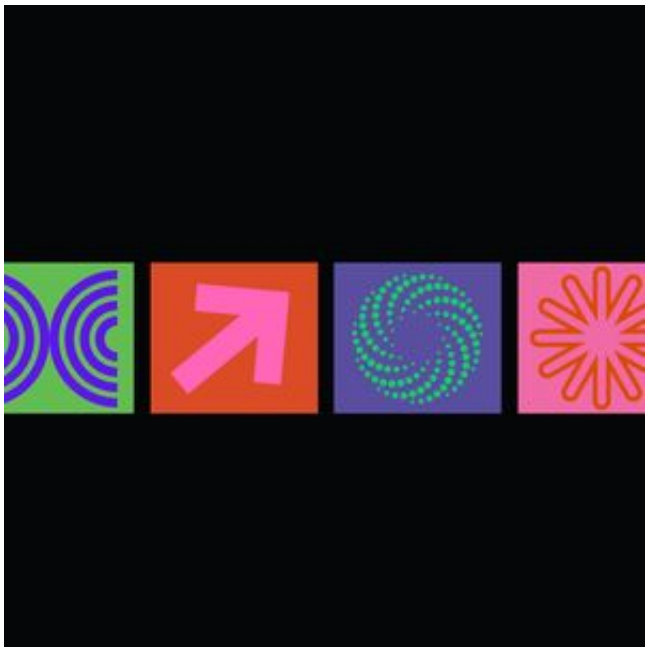

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Responsible MEPs

Rebecca Harms

Member

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