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European Council

EU leaders fail the stress test

Commenting on the outcome of today's European Council meeting, Green MEPs **Rebecca Harms** and **Daniel Cohn-Bendit**, Co-Presidents of the Greens/EFA group in the European Parliament, said:

"While the EU heads of state had lengthy debates about possible stress-tests for banks, they failed the stress-test themselves: in spite of Merkel and Sarkozy's Berlin statements, a strategy for a Common European Economic Policy is yet to be found. EU heads of state still don't dare to commit to real economic governance and refuse to give more power to Brussels.

"Once again, the decision to introduce a financial transaction tax has been sunk by the British veto. EU leaders tried to save the situation with a bluff by asking the G20 to explore and develop a financial transaction tax - but in plain language this amounts to nothing more than its death.

"The Greens demand that the Euro-Group now decide to enact such a tax in the Euro-Zone, in order to give a strong signal to the upcoming G20 summit. A bank levy, as supported by the Council Summit today, is a welcome addition, but in no way a replacement for a financial transaction tax, which would not only fight speculation, but also provide states with an additional source of badly needed income.

"There is no doubt about the need for the public budgets to continue consolidation. But strong austerity measures alone will fail to deliver. Instead, we need a mixed approach, combining intelligent cuts and public revenue improvements. A European strategy to overcome the crisis also requires countries to not all simply slam on the breaks at the same time, because this would cause a long lasting economic stagnation. Enhanced economic policy coordination is therefore strongly required.

"The EU 2020 Strategy that was adopted today, and which had been strongly criticised by the European Parliament only yesterday, is no ambitious step out of the crisis. The Lisbon Strategy failed because of its lack of compulsory goals, EU 2020 is likely to share the same fate.

"No progress was made on climate policies either. The three year old climate targets still appear as headline targets for EU 2020 strategy. It is high time for the EU to upgrade its 2020 CO2 reduction target. Otherwise it will be too late to invigorate the climate negotiations before the Cancun summit. The EU Commission has even emphasised that ambitious climate targets and policies are good for the economy and for jobs, as well as for the climate. Only EU heads of state still do not understand this."

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Rebecca Harms

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