Press release | 05.08.2011

Eurozone crisis

ECB needs support

Commenting on the latest developments in the Eurozone crisis, Greens/EFA economic affairs spokesperson Sven Giegold MEP said:

"EU leaders cannot pull the wool over the eyes of the markets, without an economically and politically credible crisis response mechanism, the Eurozone crisis will not be resolved.

"The latest developments with Italian and Spanish sovereign debt have underlined the continued inadequacy of the response to the Eurozone crisis. It was naively hoped that the incomplete solution, agreed at the most recent Eurozone summit, would buy more time but clearly it hasn't cut it. The outcome was neither economically sufficient to restore confidence in the Eurozone, nor politically credible due to the cumbersome decision-making process required to activate a crisis response.

"Effective economic governance in the Eurozone will not be achieved through more frequent council meetings, nor through making urgent decisions on the European Financial Stability Facility and Stability Mechanism dependent on 17 national parliaments. As a result, the only institution currently able to respond to the ongoing crisis with the required urgency is the European Central Bank. Recent measures show that it is taking its mandate of ensuring the stability of the Euro seriously. However, the EU's political leaders need to retask the EFSF to ensure it can guarantee the risks of the ECB's necessary interventions in sovereign debt markets.

"Clearly, the forthcoming refinancing needs of Spain and Italy are too big for the EFSF and ESM. Against this background, the only way to ensure the economic credibility of the Eurozone's crisis response is to finally create a true system of Eurobonds, along the lines of the 'Blue Bonds' proposal by the economic think-tank Bruegel. This would ensure manageable interest rates for the sovereign borrowing of all Euro member states, realise a liquid EU sovereign debt market and give a strong impetus for budgetary reform in Euro member states. This will ultimately be less costly for all members, than the current crisis and bungling crisis management."

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Sven Giegold

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