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Reform of Stability & Growth Pact should create budgetary rules for the future, not the past

Stability & Growth Pact

Today, the European Commission has presented its plans for the reform of the EU's budgetary rules, known as the Stability and Growth Pact. The Greens/EFA welcome efforts to reform the outdated and ineffective current regime, but criticise that some elements risk repeating the mistakes of the past. This reform will be crucial to overcome the EU's investment gap, in particular when it comes to the green transition.

Philippe Lamberts MEP, President of the Greens/EFA Group and Member of the Economic and Monetary Affairs Committee, comments:

"Unfortunately, the Commission is making compromises that run counter to its original intention, which was to centre the new framework on differentiated debt trajectories for Member States. In particular, numerical rules are not appropriate to ensure the sustainability of public finances in the long-term nor deliver the green and just transition.

"The proposals are a step forward compared to the current rules, but they appear as a step backwards compared to the Commission's original intention.

"In any case, as long as fiscal rules do not take into account the biophysical limits of our planet, they will not be able to meet the challenges of our time. Therefore these rules risk impeding crucial social spending, while further eroding the political legitimacy of EU economic policy coordination."

Ernest Urtasun MEP, Greens/EFA Group Vice President and Coordinator in the Economic and Monetary Affairs Committee, comments:

"We need rules for the future, not the past. That means overcoming a lost decade of systemic underinvestment to finance the green transition. Something has to give: If Member States can't agree to EU-level funding for the Green Deal, then national budgets will have to fill the gap. The proposal needs to be more ambitious on both these counts.

“Recent interventions from some Member States risk repeating the mistakes of the past, committing the Eurozone to excessive spending cuts. The Commission’s proposal does not create enough fiscal space for Member States to make the investments at the scale we need. Negotiations between Parliament and Member States will be crucial.

“We need a strong role for the Parliament in the budget rules to guarantee democratic legitimacy. Giving Parliament a legally binding role in this process would ensure transparent and democratic procedures, and help overcome the lack of trust between Member States that led to these rules in the first place."

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