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EU economic governance

Commission sits on fence while fundamental shift in crisis response required

The European Commission today [presented a package of measures](#) on fiscal and economic reforms across the EU. The Greens expressed disappointment that, despite continuing deterioration in the economic fundamentals, the Commission has failed to propose a proper change in the direction of the EU's crisis response. Commenting on the package, Green economic affairs spokesperson **Philippe Lamberts** stated:

"Despite clear evidence of the need for a fundamental shift in the EU's crisis response, today's proposals show the Commission is still sitting on the fence. The Commission remains too cautious. The current policy mix is exacerbating the crisis; what is needed is an about-turn and not mere tinkering at the edges.

"It is high time for the Commission and EU governments to get real. Addressing macro financial imbalances requires a symmetric rationale where the burden of adjustment is not only carried by deficit member states but also by those in surplus. Individual member states in turmoil need to be given a more realistic perspective to adjust. Rapid fiscal consolidation has proved totally counter-productive. In the case of Spain, a realistic perspective for meeting its budget deficit target implies extending the deadline by at least two years if not more and not simply one, as the Commission has suggested. It is also clear that other countries, like France, will need more time. Markets will be more reassured by decisions reflecting reality, rather than by continuing in a state of denial.

"The EU also needs a sustainable economic development strategy with clear targets. Urgent measures are needed to improve the conditions for refinancing Eurozone budgets and preventing the downward debt spiral for Euro sovereigns and banks. Ultimately, we will only draw a line under the crisis by mutualising sovereign debt and introducing a system of Eurobonds. However, in order to relieve the pressure from the sovereign and financial debt crises in the interim, other measures must be immediately introduced, notably a common redemption fund, accompanied by Eurobills and a banking license for the European Stability Mechanism. The Commission's proposals on the ESM are a start.

"We need to urgently move towards a proper banking union to break the vicious death spiral that is dragging down banks and national exchequers at the same time. Adopting an EU wide deposit guarantee scheme, as the Commission proposes, would go in the right direction, as would proposals to allow the ESM to recapitalise impaired banks but more is required."

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Philippe Lamberts

Member

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