Amendment 1
Marco Zanni, Bernard Monot, Gerolf Annemans, Matteo Salvini, Auke Zijlstra
on behalf of the ENF Group

Report **A8-0310/2017**
Gunnar Hökmark
Economic policies of the euro area
2017/2114(INI)

Motion for a resolution (Rule 170(4) of the Rules of Procedure) replacing non-legislative motion for a resolution A8-0310/2017

European Parliament resolution on economic policies of the euro area

The European Parliament,

– having regard to Rule 52 of its Rules of Procedure,

A. whereas the GDP growth rates of EU Member States outside the euro area have significantly overperformed those of Member States that have adopted the single currency;

B. whereas if unconventional monetary policies are to succeed they must be accompanied by expansionary fiscal and budgetary policies, as has been underlined by numerous scientific papers, prominent experts and academics;

C. whereas unemployment rates in August 2017 were respectively 9.1 % in the euro area and 7.6 % in the EU28, thus clearly underlining the difficulties faced by Member States that adopt the single currency;

D. whereas significant differences in unemployment rates remain across the euro area, ranging from 3.6 % to 21.2 %;

E. whereas the Economic and Monetary Union (EMU) established under the Maastricht Treaty has negatively affected the development and growth of Member States;

F. whereas the single currency and its architecture are the main factor responsible for the economic recession, low inflation rates and structurally high unemployment rates currently faced by the euro area Member States;

G. whereas the EMU architecture has also negatively affected those Member States with low debt/GDP ratio and low public deficit, causing a huge rise in income inequalities between citizens and the lowest levels of public and private investment in recent decades;

1. Notes that, unlike other developed economies, the euro area has not been able to restore the income and GDP levels that had been reached before the crisis; stresses that the

macroeconomic scenario remains fragile, threatening a 'secular stagnation'; underlines that in some Member States GDP per capita is still lower than the highest value registered before joining the euro area;

2. Points out that, since the beginning, the EMU project has caused unsustainable macroeconomic imbalances and income inequality, exacerbating macroeconomic asymmetries between Member States; emphasises that the forced implementation of structural reforms in some Member States has further aggravated the already difficult economic and social situation;

3. Stresses that the EU and the euro have failed in their promises of stability, growth, wealth and macroeconomic and social convergence; stresses, therefore, the need to introduce in the Treaty an official and democratic mechanism to allow Member States a rapid and simple way to withdraw at any time from the EMU and the single currency in an orderly manner;

4. Considers that a fixed exchange rate system such as that of the euro area shifts the burden of adjustment on to the labour market in the Member States, through the mechanism of internal devaluation, which depresses growth potential and wages and at the same time increases unemployment and deindustrialisation;

5. Points out that owing to its structure the EMU requires of Member States long-term high unemployment levels, inflation and poor economic growth;

6. Challenges the EU rhetoric that considers high public debt and deficit to be responsible for the current economic crisis, pointing out that extraordinarily high public debt and deficit are simple consequences - as also admitted by the ECB's Vice-President, Vítor Constâncio, and by the IMF, and demonstrated by prominent academics and scientific literature - since the real causes have to be found in the high level of private debt, particularly foreign debt, caused by the architecture of the EMU; stresses that in view of the potential risks and threats to the stability of Member States, the levels of private foreign debt should be monitored more effectively;

7. Observes that the persistently high levels of non-performing loans in some Member States are the consequences of the disastrous economic and fiscal policies imposed by the EU and the Troika aiming at adjusting external imbalances caused by membership of the euro area, destroying domestic demand and consequently causing bankruptcies in both private and public sectors together with high levels of unemployment;

8. Considers that, in view of the reluctance of private operators to invest in a depressed economic environment, only a major public investment plan can restore growth and a proper level of investment in Member States;

9. Rejects the Commission's recommendations on the need to introduce flexibility in labour market legislation; points out that, as shown by the OECD indicators of employment protection legislation, high levels of flexibility in the labour market are associated with lower wage levels and less social rights;

10. Stresses that economic growth can be restored and supported primarily by public

investment; notes that there is still an unacceptable investment gap in the euro area due to the budgetary and fiscal constraints imposed by the EMU and Maastricht rules;

11. Considers that an adequate level of public investment at national level would enable immediate support measures for the real economy, employment and SMEs, establishing at the same the conditions for long-term GDP growth;

12. Considers that responsibility for fiscal and monetary policy must be returned in its entirety to the Member States in order to allow them to implement a proper mix of measures to promote long-term growth and full employment;

13. Deplores the excessive focus of the EU and EMU institutions on reducing public deficit and debt, as negatively affecting investment, employment and economic growth and preventing the recovery of Member States' economies;

14. Emphasises that the euro area economic governance and EMU rules have worsened Member States' public finances, depressing economic growth, increasing unemployment and negatively affecting the sustainability of both private and public debt;

15. Rejects the country-specific recommendations of the Commission in the areas of fiscal, budgetary and labour market policy, which have failed and proven to be inadequate;

16. Stresses the need for Member States to implement their own economic, fiscal and monetary policies at national level without any limitations imposed by the European Union institutions, guaranteeing full respect for the principles of democracy and sovereignty stated in national constitutions;

17. Considers the architecture of the European Economic and Monetary Union, as well as all the structural reforms and recommendations imposed on Member States by the EU institutions, to be undemocratic and disastrous; expects, therefore, an orderly break-up of the euro area without further delay which will allow European countries to set up the right mix of economic, monetary and fiscal policies in order to achieve long-term and stable growth and full employment;

18. Instructs its President to forward this resolution to the European Council, the Commission, the Council, the Eurogroup, the ECB and the governments and parliaments of the Member States.

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