



MEPs raise concerns on Eurozone governance and Greece with Spain's Elena Salgado

Parliament's Economics Committee discussed the steps taken to support Greece and the wider Eurozone with the ECOFIN Council President, Spanish Deputy Prime Minister Elena Salgado, on Wednesday. Members voiced concerns about relying on a system dominated by national interests, which, they said, had acted too slowly. Some MEPs argued that Parliament, given its role under the Treaty, should have been more closely involved in the setting up of the support mechanism.

Ms Salgado, who currently chairs the Economic and Financial Affairs Council of Ministers in her role as Spanish Minister of the Economy and Finance, gave a detailed description of the events which led to the Greek debt crisis, the financial support mechanisms put in place and the reforms which Greece had agreed to undertake in order to benefit from the other Member States' support.

A Community approach and a different attitude to supervision

Pablo Zalba Bidegain (EPP, ES) reflected the sentiment of various MEPs when he said that these types of crises could not be dealt with through a system where the country spear-heading the action changes every six months. "We need continuity in dealing with these issues", he said. Sylvie Goulard (ALDE, FR) also warned about the strong inter-governmental flavour in the financial support mechanisms just set up. Both also criticised as unworkable Member States' current stance on new financial supervisory system.

Referring to Tuesday's ban by Germany on short-selling activities, Kay Swinburne (ECR, UK) asked what the presidency was planning to avoid situations of unilateral action by a regulator and to favour the coordination of vital economic announcements.

Ms Salgado said that the setting-up of the €400 billion mechanism was only a short-term solution and that the real answer lay in seriously re-thinking the financial system and coordinating activities much better. She added that communicating to the markets in unison would need to be stepped up.

A spiralling recession?

MEPs raised worries about adopting drastic austerity programmes when economies are still experiencing sluggish and uneven economic growth. Pascal Canfin (Greens/EFA, FR) warned of an EU recession caused by austerity policies. "If there is a recession, it will then be politically impossible to continue with these budget tightening policies" he said. Anni Podimata (S&D, EL) added that the very rapid budget cutting targets for Greece would lead to rising unemployment, which would in turn reduce demand.

Ms Salgado said that there could be no hiding the fact that, in the short-term, the austerity measures would impact growth. She argued however that rising interest rates on debt re-financing would have even worse effects on growth. She told MEPs that those Member States which had healthier public deficits would be allowed less drastic cuts.

Role of the European Parliament

Press release

Both Udo Bullmann (S&D, DE) and Jurgen Klute (GUE/NGL, DE) raised the role of the Parliament in the elaboration of the financial support mechanism agreed to help Greece.

They wondered whether there was not a legal obligation for the Parliament to have been involved more. Ms Salgado replied that there had been no breach of the Treaty's rules.

Finally, committee chair Sharon Bowles (ALDE, UK), stressed the value of the European Parliament being involved more closely in the work of the Council's new Task Force on economic governance.

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