



Dijsselbloem calls for fiscal measures and flexibility to combat crisis

Committees Committee on Economic and Monetary Affairs [04-09-2014 - 15:10]

Fiscal measures, such as shifting taxation away from labour, should play a bigger role in combating the crisis, Eurogroup President Jeroen Dijsselbloem told Economic and Monetary Affairs Committee MEPs on Thursday. But flexibility in implementing the Stability and Growth Pact pact is also needed, because this pact is “the anchor for confidence and it would be self-defeating to break it”, he underlined.

Many MEPs cited ECB President Mario Draghi's Jackson Hole speech of last week, in which he hinted at the need for more flexibility in implementing the Stability and Growth Pact. This speech “raised a great deal of dust” noted Burhard Balz (EPP, DE). Mr Dijsselbloem replied that “Flexibility should be used without damaging credibility. It does not mean that ‘anything goes’. Flexibility can be applied in combination with structural reforms and this will be debated in October and November, when EU member states’ national draft budgets are discussed with the Commission.”

Udo Bullman (S&D, DE) argued that the significance of Mr Draghi's speech was that “investment no longer seems to be forbidden”. Mr Dijsselbloem replied “We need a policy mix, put together by bankers and politicians. The ECB took measures in June, but implementation takes time. The banking union is crucial for investments, but we need some impetus from the public side too. We are also looking forward to discussing the €300 billion investment package Jean Claude Juncker announced.

Referring to the plight of Greece, Notis marias (ECR, EL) noted that “Poverty is high, unemployment is rising, shops are closing and public debt is unsustainable. On the basis of what do you think there will be growth in Greece? More layoffs? By taxing primary residences or energy?” Mr Dijsselbloem replied that “You cannot pin the blame for Greece’s problems on the reform programme. To get investments back in Greece, reforms are needed. There are no shortcuts.”

Cora van Nieuwenhuizen (ALDE, NL) said talk about “quantitative easing” made her nervous. “In the labour field, we have the expression ‘flexicurity’. Don't you agree that we should do more on the security side, since many countries do not comply with country-specific recommendations or the Growth and Stability Pact?” Mr Dijsselbloem replied that “Flexibility is built in for good reasons and can be useful in specific circumstances. But there are conditions to be met, mostly in the form of structural reforms.”

Fabio de Masi (GUE/NGL, DE) argued that recovery measures are failing completely. He asked about the independence of the ECB, referring to an alleged phone conversation between Chancellor Merkel and Mr Draghi about pursuing austerity policy. Mr Dijsselbloem replied that “I don't know, because I was not there. The ECB proved to be a strong independent bank.”

Phillippe Lamberts (Greens/EFA, BE) said reforms had led to more poverty. “With a socialist like Mr Dijsselbloem, who needs conservatives?” he asked. Replying to Mr Dijsselbloem’s remarks about shifting tax away from labour, he asked “What else do you want to tax?”. Mr Dijsselbloem replied “Don't tell voters we can spend our way out of the crisis. If we don't deal with the structure of our economies, we will not be able to help to improve the chances on the labour market for our unemployed youth.”

Steven Woolfe (EFDD, UK) said “There is always an excuse for the failures of the eurozone. Now we put the blame on the situation in Ukraine? The real problems are the

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structural shortcomings of these institutions." He also criticised a reference in Mr Dijsselbloem's speech to EU-wide tax coordination. Mr Dijsselbloem replied that "The crisis in Ukraine has a real effect on real businesses dealing with Russia". And on taxation, " Tax reforms can be put into effect quite quickly. But reforms of for example the labour or housing market take time. You need not be concerned about European taxation. The key issue is that labour tax is too high in many countries and we have to discuss how to shift the burden. But the EU will not take over, we will only coordinate and look for good practices."

@J_Dijsselbloem

#Eurogroup

Contact

Ron KORVER

BXL: (+32) 2 28 44659

STR: (+33) 3 881 74903

PORT: (+32) 498 98 35 88

EMAIL: econ-press@europarl.europa.eu

TWITTER: EP_Economics