



EUROPEAN PARLIAMENT

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*Committee on Budgets*

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**2010/2038(INI)**

9.4.2010

# **OPINION**

of the Committee on Budgets

for the Committee on Economic and Monetary Affairs

on long-term sustainability of public finances for a recovering economy  
(2010/2038(INI))

Rapporteur: Ivailo Kalfin

PA\_NonLeg

## SUGGESTIONS

The Committee on Budgets calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas the Stability and Growth Pact (SGP), despite its revision in 2005, did not suffice to prevent the current crisis,
- B. whereas sustainability of public finances is not only crucial for Europe as a whole but, also, for the budget of the European Union specifically,
- C. whereas, although the budget of the European Union is currently limited to approximately 1% of total European GNI, the general principles and underlying assumptions of 'sustainability' should also apply to it,
  - 1. Supports the idea that greater coordination of economic policies within the European Union is a must and brings additional synergies;
  - 2. Admits that the SGP is not a sufficient tool for harmonising the fiscal and economic policies of the Member States;
  - 3. Supports therefore a review of the mechanisms to bring the national economies within the EU back on a convergence track;
  - 4. Considers that the review of the targets and mechanisms for convergence of the national economies should be carried out as soon as possible, including by considering the creation of a European monetary fund, in order to define, inter alia, the possible effects of increasing the European added value of the EU budget;
  - 5. Points out that long-term sustainability of public finances is also fundamentally linked to the EU budget and its financing;
  - 6. Recalls that, in its present unsatisfactory form, as much as 70% of the Union's financing comes not from own resources but directly from the national budgets as 'contributions' through the GNI resource; reiterates its worry that crises, that may or may not have arisen due to unsustainable policies, are easily blamed on the Union with budget contributions being seen as an 'additional burden' for national budgets rather than appreciating the joint benefits and the European value added;
  - 7. Highlights the very positive role of the EU budget, although much limited by the MFF, in mitigating the effects of the crisis through financing the European Recovery Plan and the redeployment of funds towards priority areas in that regard; regrets however the lack of sufficient coordination between Member States' economic and fiscal policies to combat the economic and financial crisis as well as to ensure the long-term sustainability of public finances;
  - 8. Takes the view that credit-rating agencies alone should not be responsible for rating

sovereign debt, a task which would be more effectively achieved through creating a mechanism for an additional assessment of the fair value of such debts and through increasing the role of Eurostat in providing reliable data;

9. In this respect, encourages efforts to stimulate the channelling of savings available into coordinated investment expenditure through fiscal policies;
10. Suggests that the Commission should set an appropriate cooperation mechanism with the IMF in special cases where Members States receive balance-of-payments support from the latter;
11. Recalls that high inflation is not an answer to the need for fiscal adjustment, because it would impose substantial economic costs and pose a threat to sustainable and inclusive growth.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	8.4.2010
<b>Result of final vote</b>	+:           34 -:           1 0:           1
<b>Members present for the final vote</b>	Damien Abad, Alexander Alvaro, Marta Andreasen, Francesca Balzani, Reimer Böge, Andrea Cozzolino, Jean-Luc Dehaene, Isabelle Durant, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Jens Geier, Estelle Grelier, Jiří Havel, Monika Hohlmeier, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, Vladimír Maňka, Barbara Matera, Claudio Morganti, Dominique Riquet, Sergio Paolo Francesco Silvestris, László Surján, Helga Trüpel, Daniël van der Stoep, Derek Vaughan, Angelika Werthmann
<b>Substitute(s) present for the final vote</b>	François Alfonsi, Frédéric Daerden, Gerben-Jan Gerbrandy, Riikka Manner, Paul Rübig, Georgios Stavrakakis, Theodor Dumitru Stolojan