

WRITTEN QUESTION P-3655/09
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to the Commission

Subject: Credibility of the Commission's economic forecasts

According to a Commission report of 4 May 2009, the GDP of the 16 Eurozone countries will fall by as much as 4% [in 2009], which is twice as big a fall as previously forecast. According to the Commission, the economic decline will ease off next year. GDP will fall by only 0.1%. In the previous forecast, the EU predicted 0.4% economic growth for next year. The European economy is now undergoing its deepest and most widespread recession since the War, as Economic Affairs Commissioner Joaquín Almunia confirmed at the time of publication of the report.

Almunia believes that the measures adopted by governments and central banks will halt the economic decline in the course of this year, in such a way that next year there will already be a tiny amount of growth. But the bleak economic situation also implies a substantial rise in unemployment in Europe. In its economic forecast the Commission suggests that mean unemployment in the Eurozone will rise to 9.9% this year and 11.5% next year.

The Commission's forecasts have changed quite drastically within a short period of time. In the US Congress the view has been taken that the reason why economic forecasts in various countries have been misleading is that the research companies which monitor the economy and central banks use methods which are too one-sided, being based purely on the expertise of economists.

The US Congress has proposed that in future there should be greater investment in developing an early warning system to assess so-called market disruption. One way of doing so would be to increase expertise in fields other than those of economists and central-bank experts. This would also create better conditions for the observation of so-called weak signals which could be of decisive importance in making the economy more predictable.

Has the Commission critically examined the standard of forecasts of the development of the economy as a consequence of the recent rapid fluctuations in forecasts, and is the Commission possibly broadening the range of points of departure for the research work on which forecasts are based, *inter alia* in the light of the debate which is going on in US Congress circles?