

P7_TA(2010)0224

Economic governance

European Parliament resolution of 16 June 2010 on economic governance

The European Parliament,

- having regard to the informal European Council of 11 February 2010,
 - having regard to its resolution of 10 March 2010 on EU 2020¹,
 - having regard to the meeting of the Heads of State and Government of the eurozone countries and of the Ecofin Council on the European Financial Stabilisation Mechanism,
 - having regard to the Commission communication of 12 May 2010 on reinforcing economic policy coordination (COM(2010)0250),
 - having regard to the six reports adopted in its Committee on Economic and Monetary Affairs on 10 May 2010,
 - having regard to the work of its Special Committee on the Financial, Economic and Social Crisis,
 - having regard to Rule 110(4) of its Rules of Procedure,
- A. whereas the current financial and economic crisis shows that stronger economic and monetary governance is necessary,
- B. whereas the EU 2020 strategy should promote economic growth and create jobs, and whereas the 4% drop in GDP, falling industrial production and a total of more than 23 million unemployed women and men represent an important social and economic challenge,

A European Financial Stabilisation Mechanism to guarantee the stability of the euro as an important first step

1. Considers that the agreement reached on 9 May 2010 to establish a European Financial Stabilisation Mechanism to help both eurozone and non-eurozone countries in financial difficulty represents a crucial moment in European history; deplores the fact that European policymakers did not take decisive action earlier, despite the deepening financial crisis;
2. Reminds the Commission and the Member States that Parliament will have to give its approval should the Commission and Council seek to apply the European Financial Stabilisation Mechanism on the international capital markets;
3. Considers the agreement to be an important first step towards giving the European Union a more robust and sustainable economic and monetary policy framework;

¹ Texts adopted, P7_TA(2010)0053.

4. Stresses that the recent events show that the eurozone is in need of bolder economic governance and that a monetary pillar without a social and economic pillar is doomed to fail;

The European Union needs to reform its system of economic governance to be better prepared for future crises

5. Underlines that in order to restore sound growth rates and achieve the objective of sustainable economic development and social cohesion priority should be given to dealing with persistent and significant macroeconomic imbalances and disparities in competitiveness; welcomes the recognition of this necessity by the Commission in its communication on economic policy coordination;
6. Calls on the Task Force established by the European Council in March 2010 to speed up its work and, before September 2010, to come forward with concrete proposals, based on the Community method, on deeper and broader economic coordination;
7. Points out that the long-term sustainability of public finances is essential for stability and growth; welcomes the Commission proposals to strengthen the management of the eurozone in the medium and long term, which are designed to prevent any repetition of the current currency crisis, and shares its view that the Stability and Growth Pact requires more effective incentive and penalty mechanisms;
8. Deplores the fact, however, that in its proposals on European economic governance the Commission has not come forward with solutions for more targeted economic policy coordination geared towards the development of a common budgetary strategy, in the framework of a comprehensive Europe 2020 strategy, in order to restore and safeguard long- term economic growth rates;
9. Stresses the fact that achieving sustainable public finances requires not just responsible spending, but also adequate and fair taxation, more effective collection of taxes by national tax authorities and a more intensive fight against tax evasion; in that connection, calls on the Commission to propose a set of measures to help Member States restore the balance of their public accounts and to finance public investment by tapping innovative financial sources;
10. Stresses the need for European financial supervisors to work closely together, at both micro and macro levels, to ensure effective oversight;
11. Considers that Eurostat's powers should be enhanced, including through the conferral of investigative powers; considers that open and transparent statistical information should be a precondition for obtaining Structural Fund support; takes the view that the Commission must assume responsibility for evaluating the statistics provided by the Member States;
12. Calls for the creation of a 'European Monetary Fund' (EMF) to which eurozone countries would contribute in a manner proportionate to the size of their GDP and through fines determined on the basis of their excessive debt and deficit levels; any Member State would be able to draw from the EMF funds up to the amount it had deposited previously; however, should a country need additional resources or guarantees, it would have to accept a tailor-made reform programme, the implementation of which the Commission would supervise;
13. Asks the Commission to come up with a macroeconomic impact assessment of the package

of measures to preserve financial stability in the European Union and to publish a communication on the feasibility, risks and advantages of issuing Eurobonds;

The European Union needs to reform its system of economic governance to ensure the successful implementation of its forthcoming Europe 2020 strategy

14. Believes that the governance structure of the Europe 2020 strategy should be strengthened to ensure that, unlike the Lisbon Strategy, it achieves its objectives; therefore deeply deplores the fact that the Commission and the Council have not come forward with proposals in this respect, despite the strong call Parliament made in its resolution of 10 March 2010 on Europe 2020;
15. Stresses the importance of establishing a stronger link between the instruments of the Stability and Growth Pact, macroeconomic instruments and the Europe 2020 National Reform Programmes by presenting them in a coherent way, thereby also making for enhanced comparability of national budgets as regards spending in different categories; Member States should not only view their respective economic policies as a matter of national interest, but also as a matter of common interest, and should formulate their policies accordingly; reminds the Member States of the enhanced role of the Broad Economic Policy Guidelines;
16. Considers that, rather than the continuing to rely on the open method of coordination in the economic policy field, broader use of binding measures is necessary to make the new strategy a success;
17. Believes that the Europe 2020 strategy does not focus sufficiently closely on key issues for Member States to tackle, and stresses that there are major problems regarding the content and management of the 'flagships' and 'targets';
18. Reiterates its earlier calls for a single, integrated development strategy for Europe laying down long-term guidelines for economic growth with a view to building a better, fairer and more sustainable economy providing prosperity for all;
19. Reiterates its call to integrate overlapping strategies such as the Europe 2020 strategy, the Sustainable Development Strategy and the Stability and Growth Pact; deplores the fact that the European Council has rejected this approach, leaving the problem of policy incoherence unresolved;
20. Believes that effective economic governance implies endowing the Commission with proper, stronger management responsibility, thereby enabling it to use both existing tools and the new tools provided for by the Lisbon Treaty, such as Articles 121, 122, 136, 172, 173 and 194, which confer on the Commission the task of coordinating reform plans and measures and establishing a common strategy;
21. Urges the European Council and the Commission to adopt a 'carrot and stick' approach and use compliance mechanisms in the framework of Article 136 of the Treaty, such as economic incentives (e.g. extra EU funds) and penalties aimed at supporting enhanced EU economic governance and, more specifically, enhanced governance under the Europe 2020 strategy;
22. Believes that strengthening economic governance must go hand in hand with reinforcing the

democratic legitimacy of European governance, which must be achieved through the closer and more timely involvement of the European Parliament and of national parliaments throughout the process; calls, in particular, on the Council and the Commission to make proper use of the provisions of the Lisbon Treaty with regard to Parliament's active involvement in the economic policy field, as defined in Article 121(5) and (6), and calls on the Commission to make detailed proposals establishing regular political and legislative interinstitutional dialogue in this crucial policy area;

The European budget and national reform plans should be consistent with the goals of the Europe 2020 strategy to foster sustainable growth and development

23. Insists that, if the Europe 2020 strategy is to be credible, greater compatibility and complementarity is needed between the national budgets of the 27 EU Member States and the EU budget; emphasises the greater role the EU budget should play by pooling resources;
24. Stresses the importance of long-term public or private investments in financing the infrastructure required to implement the flagship initiatives proposed in the Europe 2020 strategy, and invites the Commission to propose measures to adapt the European regulatory framework in order to promote cooperation among long-term investors;
25. Stresses that the Europe 2020 strategy can only be credible if it is adequately funded and wants to see a more ambitious approach taken in the 2011 draft budget with a view to implementing the Europe 2020 strategy successfully; deplores the fact that 2011 draft budget fails to provide the flagship programmes of the Europe 2020 strategy with sufficient funding; emphasises that greater European Investment Bank (EIB) involvement and greater reliance on Public Private Partnerships (PPP) can be an effective approach, without being a 'one-size-fits-all' solution; deplores the fact that this issue has not been addressed either by the European Council or by the Commission;
26. Calls on the Commission to clarify the relationship between Union budget lines and the relevant Europe 2020 strategy objectives; insists that before the end of the first half of 2010 the Commission should come forward with a proposal to revise the current Multiannual Financial Framework (MFF) for the period 2007-2013 in order to find extra budgetary resources to achieve the goals of the Europe 2020 strategy;
27. Requests further information on the implications for the EU budget of the European Financial Stabilisation Mechanism agreed at the Extraordinary Ecofin Council on 9 and 10 May 2010;
28. Underlines the importance of the revising the current MFF to comply with the conclusions of the European Council of 15 and 16 December 2005 and bring it into line with the requirements of the Lisbon Treaty in order to provide financing for the initiatives outlined in the Europe 2020 strategy as well as the various initiatives taken and political commitments entered into during the current and next MFFs;
29. Emphasises the requirement that the EU budget should reflect the need to fund the transition towards an environmentally sustainable economy;

The European Parliament asks to be more closely involved in framing the detailed Europe 2020 proposals

30. Stresses that it will take its decision on the Employment Guidelines once it has received a satisfactory response regarding the governance structure and budgetary framework of the Europe 2020 strategy;

31. Stresses that the annual policy recommendations and warnings from the Commission regarding compliance by the Member States with the Europe 2020 objectives should be the basis for European Council decisions; takes the view that these reports should be discussed in Parliament before being considered by the European Council;

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32. Instructs its President to forward this resolution to the European Council and the Commission.