

**Stephen Hughes MEP . Economic governance in the EU.
European Parliament plenary session Strasbourg, 6th July 2010 (EN)**

Mr President, we worry that President Barroso and Commissioner Rehn's proposals lack balance. Fiscal stability cannot exist in isolation from strong economic growth and high levels of employment. Current and further planned austerity measures will lead to a sustained period of low growth, increasing unemployment and further social exclusion.

President Barroso, I know that you do not believe that millions more unemployed and more social exclusion are an acceptable price to pay for rapid fiscal consolidation, but that seems to be the path you are treading. In your proposals of last week, I think you are missing the point. There is a need for a qualitative leap in European economic policy and in its governance, but that should lead to a balanced policy agenda combining fiscal responsibility with economic effectiveness and social fairness. You have left out several highly relevant options that would really mean a qualitative leap in this field. Real economic policy coordination should provide for a more differentiated consolidation plan for Europe, instead of the short-sighted 'one size fits all' austerity agenda that makes no economic sense.

Second, you must come forward with an economic policy agenda for jobs and fiscal consolidation. Today we only have an agenda for cutting deficits at the expense of jobs.

Third, we need strong proposals on how to safeguard proper public financing for the recently agreed Europe 2020 strategy, including new tax revenues from financial transaction taxes and other sources. We also urgently need operational proposals from you, the Commission, on how to shift the tax burden away from labour as rapidly as possible. Taxation on labour is far too high in a number of Member States.

Last but not least, you have stopped short of positive incentives, rather than negative sanctions, in a renewed stability and growth pact, although that could be a very promising path to tread. I hope you will reconsider and come forward with a more balanced set of proposals in the autumn.