Question for written answer E-001289/2014
to the Commission
Rule 117
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Subject: Quarterly report on the euro area

In December 2013 the Commission published its Quarterly report on the euro area.

The Commission acknowledges that, without reform, economic growth rates over the next decade will be substantially lower than pre-crisis levels, averaging around 1% (about half the level of the United States), and will then gradually converge towards 2023. In 2023, unemployment in the euro area will be higher than in pre-crisis times (with a lower standard of living than in the 1960s) and will be at approximately 60% of U.S. levels; in the long term, meanwhile, the impact of the crisis will apparently lead to a 5% drop in the level of potential output in the euro area compared to the best estimates if there were no crisis. The Commission argues that the picture could improve if the Member States were to continue implementing structural reforms in line with the recommendations and priorities set out in the European Semester and the new economic governance framework, in particular by adopting measures to boost growth and taking action to improve labour productivity. In addition, the report states, albeit without any firm arguments, that in countries in which public finance adjustment programmes have been implemented, growth rates should increase from 2015.

However, these assumptions raise a number of doubts, given that the limits of austerity policies have been evident. Such policies have pushed Member States which already had excessive imbalances into a downward spiral; huge cuts in public spending and high tax increases have led to the failure of businesses, out-of-control levels of unemployment and a sharp slowdown in investment, thus precluding any possibility of growth connected to higher employment levels.

Can the Commission therefore answer the following questions:

1. In the light of the studies produced by its own services, and of the clear unsustainability of the so-called reforms involving fixed budget constraints, will the Commission not review its *modus operandi* with regard to its supervision of national budgets?

2. In this regard, will it not take swift action to draw up a proposal in accordance with the 'golden rule', to enable expenditure for productive investments, the co-financing of EU funds, the payment of government debts to companies and any other measure that will have a positive impact on economic growth and combating unemployment, to be separated from the 3% deficit/GDP ratio criterion?