

FINAL REPORT OF THE ECONOMIC GOVERNANCE WORKING GROUP

The Working Group on Economic Governance has carried out a systematic examination of all the issues set out in its mandate. These fall under two headings: monetary policy, economic policy and institutional issues.

Monetary policy

The group has agreed that the ECB must remain independent, and so as to improve transparency, we propose to establish a regular dialogue between the European Parliament and the ECB.

However, we were not able to reach a conclusion about whether its mandate should remain the same or should include growth and employment support.

Budgetary policy

In order for Europe to be able to have an effective economic policy, there is a need to overcome the inadequacy between an existing Euro-wide monetary policy and a non-existing Euro-wide budgetary policy to accompany it. Currently, monetary policy is set supra-nationally while budgetary policies still remain determined nationally. Both however must work together, to create a synergy in dealing with European economic problems such as high unemployment, low growth and the future of the pension system.

The economic governance working group proposes to formally institutionalise the budgetary discussions through the creation of a European Budgetary Council.

This institutionalised forum would include representatives of the national finance ministries and the Commission who submit their budgetary guidelines to the Council of Ministers for the final vote. As a third level within the Budget Council, a designated group of experts from the ECB, civil society and the European Parliament would be able to consult but not influence the decision-making process.

Furthermore, we would like to enable the Commission to check whether the decisions are accordingly implemented and take further actions otherwise.

This European Budgetary Council framework as an institutionalised forum for the discussion would ensure that Europe to not only have a single monetary policy, but also a co-ordinated budgetary policy. Europe would be able to deal with the current economic problems in a more efficient way.