

S&D message to the Euro Summit: Urgent support and a fair deal for Greece are needed to save the Eurozone

Statement by the S&D Group in the European Parliament, 7 July 2015

The Greek people spoke clearly in Sunday's referendum, expressing that after five years of harsh austerity, the country is reaching the limits of what economic adjustment it can stand. It was also clear that a 'No' vote does not express a 'No' to Europe or to the euro, but a plea for more reasonable conditions of the country's economic relationship with the rest of the Eurozone. On this basis, the Greek Government should come forward with new concrete proposals and **all true Europeans should be fully engaged to prevent a 'Grexit' scenario**. We must protect the project of Europe's peaceful integration, guided by the principles of responsibility and solidarity.

We believe there is still enough good will on all sides enabling the recent political stand-off around Greece to de-escalate and negotiations to resume, building on compromises already achieved in late June. The only possible deal is a **comprehensive, fair and reliable deal** enabling a meaningful economic future for Greece inside the Eurozone. Greece must recognize and address many structural flaws in its economy, in the same way as Greece's European partners must recognize flaws in the EMU framework. The basic ingredients for a fair deal are:

- Real commitment to the right kind of reforms, starting with significant improvements in tax collection and in public administration;
- Moderate primary fiscal surpluses, enabling investment in economic recovery;
- A new European solution for Greece's unsustainably high debt/GDP ratio, accumulated by wrong economic policies in some previous periods and aggravated by speculative pressures and five years of recession due to the Troika's deflationary policies. Discussion on re-profiling Greece's debt repayments can no longer be avoided.

But first of all, the Euro Summit should pave the way for a bridge loan arrangement enabling Greece to meet its debt obligations in the coming months. Profits from the ECB's Securities Markets Programme and the EU budget could be mobilized to this end.

We, the Socialists & Democrats in the European Parliament, urge the Euro Summit members to assume their responsibilities in this decisive moment for European integration, which will test our collective ability to reunite Europeans after a long economic crisis. This responsibility falls on the governments and parliaments of Eurozone Member States, but also on **European institutions**, which **exist in order to develop compromises that can be accepted by all**. We in the European Parliament stand ready to take this responsibility.

The geopolitical, economic, social and financial **damage from a 'Grexit' would be massive and uncontrollable**. Democratic leaders could not justify it to their voters. Moreover, a 'Grexit' would fundamentally undermine the Eurozone's integrity and political credibility. Europe urgently needs to develop solutions for completing and rebalancing its Economic and Monetary Union, further to the recent reports by the 'Five Presidents' and the European Parliament. But the first key test is happening here and now.