



Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament

End of austerity: European Parliament calls for more investment, higher wages and less inequality to strengthen economic recovery



Led by Socialists & Democrats, the European Parliament adopted today three reports on the EU's economic policy priorities for 2016, decisively calling to turn the page on austerity and conservative reforms.

A large majority in the Parliament recognised that amid a global economic slowdown, Europe needs stronger domestic demand, especially through higher investment in innovation, people's skills and natural resource efficiency - the keys to future growth. Europe's internal market of more than 500 million people can be a strong source of prosperity, but suffers from years of under-investment and depressed household incomes.

The Parliament highlighted that especially countries with the largest external surpluses can afford to step up domestic investments and increase wages faster. Public budgets should be fully used, within the existing rules, to strengthen investment, deal with increased security threats and respond to the refugee crisis.

MEPs also called on member states to ensure reforms are socially responsible, based on solidarity and geared to reducing social inequalities, including new strong measures against tax avoidance.

S&D Group vice-president for economic and social affairs and the Parliament's lead negotiator on economic policy priorities, Maria João Rodrigues, said:

"Europe needs a coordinated effort by all member states to achieve higher growth, create more jobs and improve social cohesion. Less competitive countries need to invest in higher productivity, instead of competing through ever-cheaper labour and cutting public services. At the same time, in stronger countries, companies' savings and available margins in public budgets should be better used to support domestic demand through greater investment and higher wages.

"The eurozone is one big economy which needs to be properly managed. It is bad for growth and employment if the eurozone keeps too high external surpluses and lends huge amounts of money to the rest of the world, while neglecting investment needs inside Europe and allowing inequalities to rise.

"The eurozone must work for upward convergence, with economic and social indicators treated as equally important. Higher domestic demand with reduced inequalities will mean higher growth, making it easier for companies to invest and for the whole economy to grow out of old debts.

"Europe also needs finally to put into practice its strategy for long-term sustainable growth. Many reforms are needed, but they should be about the quality of education, innovation, modern public administration and a more efficient use of natural resources. This is what European economic policy should be about, not endless budget cuts, privatisation of public services or reduced worker protection."

"With this report, we hope to start a real democratic debate across Europe on the design of economic policies. The European Semester must become a democratic process involving all stakeholders, not a technocratic exercise."

S&D Group spokesperson on employment and social priorities in the European Semester, Sergio Gutierrez Prieto, added:

"We are calling for a fair economic recovery which creates quality jobs, reduces inequalities and fights poverty and social exclusion, since investing in social developments should not be just a means of achieving sustainable and inclusive growth but a specific target in itself.

"We have to correct the dire effects of the labour market reforms that have been implemented, because the employment that has been created is mainly through precarious jobs, sub-employment and involuntary part-time jobs.

"The S&D Group calls for a deeper integration of the eurozone that strengthens the social dimension of the Economic and Monetary Union (EMU) with an enhanced democratic accountability, better wage floors in the form of minimum wages, and a strong pillar for social rights."

S&D Group spokesperson on annual priorities for the Single Market, Catherine Stihler, added:

"The key to unlocking the full potential of the Single Market, estimated to be €1trillion, is the enforcement and implementation of existing EU legislation in our member states.

"Better governance and greater transparency of its integration process are vital for delivering jobs, growth and competitiveness in our influential Single Market of 500million people.

"By overcoming unnecessary non-tariff obstacles, the proper implementation of the Services Directive and public procurement and concessions legislation, and by modernising public administrations via the provision of better access to digital services, we can see an end to the stalled development of the Single Market across the EU."

For more information, please find herewith the **Independent Annual Growth Survey 2016**.

MEPs INVOLVED



RODRIGUES Maria João

mariajoao.rodrigues@europarl.europa.eu
+ 32 2 284 58 63
+ 33 3 88 17 58 63



GUTIÉRREZ PRIETO Sergio

sergio.gutierrezprieto@europarl.europa.eu
+32(0)2 28 45331
+33(0)3 88 1 75331
<http://sergiogutierrez.es/>



STIHLER Catherine

catherine.stihler@europarl.europa.eu

+32(0)2 28 45462

+33(0)3 88 1 75462

<http://www.cstihlermep.com/>