

## **Statement by the Committee on Finance 2012/13:FiU29**

Scrutiny of the European Commission's communication on a Blueprint for a Deep and Genuine Economic and Monetary Union

### **Summary of the Statement**

The Committee has examined the Commission's Blueprint for a Deep and Genuine Economic and Monetary Union (COM(2012) 777).

In the opinion of the Committee, it is important for Sweden that the Economic and Monetary Union (EMU) works well. The financial and economic crisis has clearly shown that the Swedish economy is heavily dependent on developments in the euro zone. As far as Sweden is concerned, it is also of great importance that the internal market should develop in a positive direction and create opportunities for Swedish companies and citizens. The Committee considers that it is therefore very much in Sweden's interest that the euro countries solve their problems, pursue responsible economic policies and stabilise economic and social developments in the EMU.

The Committee notes that the measures in the Commission's blueprint are only described in overall terms and that there are no debate and analyses of the effects of the measures on the European economy. In the opinion of the Committee, it is therefore difficult to assess and evaluate the various proposals of the Commission.

However, the Committee notes that the Commission's blueprint would mean a considerable centralisation of economic policy in the EU. In the opinion of the Committee, this is a very worrying development. The basis for possible further strengthening of economic coordination should instead be to ensure that member states' powers as regards budget, taxes, labour market and social policy are not weakened. The national powers of member states must be safeguarded.

The view of the Committee is that the EU and the euro countries should instead now concentrate on implementing and applying the framework that has already been determined for economic and political coordination as well as concluding the negotiations that are still in progress.

The Committee considers that there is considerable risk that the Commission's centralist proposals will result in the euro countries' having less of a responsibility for their own economic policy (which is known as "moral hazard"). The Committee would also like to warn us against a development in future in which there could be a widening of the gap between the euro countries which are taking great steps towards more in-depth centralised cooperation and the other member states remaining outside. It would be unfortunate for the EU for a situation to arise in which the euro countries have a budget of their own and coordinate their own policy areas, which are outside the sphere of EU cooperation as it is today. Such a development would also make it more difficult for member states that are now outside the euro to join the euro zone in future.

An extremely important question that is firmly linked to the debate on more in-depth economic and monetary cooperation is the question of democratic legitimacy. Many of the proposals in the communication are far-ranging and would require treaty amendments. The Committee would therefore like to underline the importance of broad debate and the central role national parliaments should play in continued consideration.

The Committee proposes that the Riksdag file the Statement. One reservation is included in the Statement.

### **The position of the Committee**

In the opinion of the Committee, it is important for Sweden that the Economic and Monetary Union (EMU) works well.

The financial and economic crisis has clearly shown that the Swedish economy is heavily dependent on developments in the euro zone. As far as Sweden is concerned, it is also of great importance that the internal market should develop in a positive direction and create opportunities for Swedish companies and citizens. It is therefore very much in Sweden's interest that the euro countries solve their problems, pursue responsible economic policies and stabilise economic and social developments in the EMU.

During the last few years, a large number of different measures have been taken to streamline EMU cooperation, for example the "six-pack" and the proposed measures included in the "two-pack" and cooperation regarding bank supervision. In its communication (COM(2012) 777), the Commission proposes further measures for the short, medium and long term to create what is described as a deep and genuine economic union. The two-pack and work on bank supervision are included in the short-term measures.

The Committee's firm opinion is that the EU and the euro countries should now concentrate on implementing and applying the framework that has already been determined for economic and political coordination as well as concluding the negotiations that are still in progress. It is important that these measures are put in place and put into practice. When the measures are then evaluated at a later stage, it will be possible to judge whether they meet their objectives, interact well and to what extent they need to be supplemented. In the light of this, the Committee considers that the Commission's will to swiftly proceed with substantial changes in cooperation on the financial and economic area can be put into question.

In its communication, the Commission proposes very far-ranging measures in the medium and long term. These include the introduction of a fund for debt reduction, eurobills and ultimately an autonomous euro area budget. The Committee has noted that the measures are described in very general terms without going into any specific detail. In addition to this, there are no analyses of the consequences these measures may have for individual countries and the European economy, which makes it difficult to assess and evaluate the Commission's various proposals.

The Committee therefore considers that a considerably more comprehensive debate and analysis is needed before the Commission puts forward proposals that are sketched out in the communication. These include for example the proposal regarding contractual arrangements for member states' structural reforms, combined with financial support. This brings to the fore matters such as the member states' own freedom of action, the division of responsibility vis-à-vis the Commission and the added value the economic support is expected to provide. As is clear from what is stated in the committee report, the Committee has also previously considered several of the short and medium-term proposals that are put forward in the communication and been critical to a number of fundamental points.

The Commission's proposals for the medium and long term would mean that economic policy would become extremely centralised. The Committee considers this to be a worrying development. The basis for possible further strengthening of economic coordination should, in

the opinion of the Committee, be to ensure that member states' powers as regards budget, taxes, labour market and social policy are not weakened. Furthermore, it is important that consideration is paid to member states' varying needs, preconditions and administrative traditions. While we should be striving for effective financial control in the whole of the EU, which requires a certain degree of coordination, there must be scope for nationally adapted systems and measures. For example, Sweden, with its large bank sector, would like to be able to place more stringent capital requirements on the banks than certain other member states. Another example is that accountability and control according to the Swedish administrative model differ considerably from procedures in certain other member states.

The Committee also considers that there is still considerable risk that the Commission's centralist proposals will result in the euro countries' having less of a responsibility for their own economic policy (which is known as "moral hazard"). The Committee has noted that the Commission itself points out that this risk must be counteracted, for example in connection with the proposals regarding a redemption fund and eurobills.

Furthermore, the Committee is concerned about future developments in which there could be a widening of the gap between the euro countries which are taking great steps towards more in-depth centralised cooperation and the other member states remaining outside. It would be unfortunate for the EU to find itself in a situation where the euro countries have a budget of their own and coordinate their own policy areas, which are outside the sphere of EU cooperation as it is today. Such a development would also make it more difficult for member states that are now outside the euro to join the euro zone in future. The EU must stick together.

An extremely important question that is firmly linked to the debate on more in-depth economic and monetary cooperation is the question of democratic legitimacy. Many of the proposals in the communication are far-ranging and would require treaty amendments. The Committee would therefore like to clearly underline the importance of broad debate and the central role national parliaments should play in continued consideration. Regarding the application of Article 13 in the Fiscal compact which, as it has transpired, is linked to the communication, the Committee refers to 2012/13:FiU28 Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union.

With regard to what has been stated above, the Committee proposes that the Riksdag file the Statement.