

## No economic deal yet by EU conclave

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**German Chancellor Angela Merkel talks to French President Francois Hollande at the EU headquarters in Brussels on March 15. (AFP photo / Bertrand Langlois)**

The European Union has failed to act decisively on the future direction of economic policy for the Union following disagreement over how the long-term budget should be distributed.

Speaking at the spring council — the gathering in Brussels of heads of state and government — on March 14, Council President Herman Van Rompuy said that despite the grim economic outlook for the future, there were reasons to be optimistic in Europe.

Members of the European Parliament did not agree.

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On March 13, the parliament voted to reject the council's proposals for the EU's budgetary proposals, which, according to MEPs did not represent a future-oriented budget.

There have been calls from political groups to place more emphasis on jobs and growth rather than public spending cuts.

Certain member state governments, as well as the European Commission, are keen to ensure that fiscal discipline is maintained in Europe, but the pressure to allow individual governments to pursue their own economic agenda, while doing all to uphold the integrity of the ailing single currency, continues to undermine the once-strong position of the commission.

The institutions are split, with the so-called deficit hawks, like EU Economic Commissioner, Olli Rehn, as well as governments such as the Netherlands and, Germany, whose chancellor, Angel Merkel, is facing federal elections in the autumn, continuing to urge austerity measures in the Eurozone.

Other countries, such as France, whose President, Francois Hollande, was elected on an anti-austerity platform, but which will not meet its annual deficit targets this year, and Italy, the make-up of the new government in doubt, but whose electorate rejected whole-handedly rejected Brussels-imposed austerity measures, and whose outgoing Prime Minister, Mario Monti, supported by Europe, but the undisputed loser of the elections, slipped away early from the two-day meeting, are in conflict with the central powers.

Speaking at the spring council, Van Rompuy, was inconclusive in announcing any breakthrough.

Saying that "there should be an appropriate mix of expenditure and revenue measures at the level of the member states, including short-term targeted measures to boost growth and support job-creation, particularly for the young," adding that "fiscal consolidation and restoring financial stability need to go hand-in-hand with well-designed structural reforms aimed at promoting sustainable growth, employment and competitiveness and the correction of macroeconomic imbalances."

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Putting a positive spin on things, he said that “There was broad consensus on this strategy...Growth and jobs are not things governments can buy or summon. It is our overriding objective. The question is finding a good balance, setting priorities, making the right choices.”