Speech by
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The European Council meeting on the 28th and 29th of October focused on the economic governance of our Union, and in particular with the report of the Task Force on economic governance the report of which it endorsed.

Events since then - and I refer in particular to Ireland - have illustrated the importance of this subject in general and of the need for a rapidly deployable financial mechanism we decided on in May in particular. I pay tribute to the speed of the action of Finance Ministers over the last week and I underline that this illustrates the level of determination of all concerned to safeguard the stability of the Euro.

The EU and the Euro area financial support will be provided under a strong policy programme which will be negotiated with the Irish authorities by the Commission and the International Monetary Fund in liaison with the European Central Bank and "given the strong fundamentals of the Irish economy decisive implementation of the programme should allow a return robust and sustainable growth safeguarding the economic and social cohesion" and I am now quoting the Eurogroup and Ecofin Ministers.

The Task Force was not an IGC (Inter Governmental Conference), but it was a review of our working methods, priorities and procedures in this field. We sought to get the right balance between, on the one hand, laying down an overall European framework regarding the need to avoid excessive fiscal deficits and economic imbalances inside the Union, on the other hand, allowing national governments freely to choose what they want to tax, and on what they want to spend, in accordance with their national political procedures and European law. We wanted to ensure that each Member State fully takes into account the impact of its economic and fiscal decisions on its partners and on the stability of the European Union as a whole, and at the same time, we want to strengthen the capacity of the EU level to react when policies in a Member State present a risk to the rest of the Union.

These recommendations, as the others of the Task Force, are also extremely close to the Commission proposals.

I also discussed these issues twice with the group leaders in European Parliament and with the chairs of the competent committees in accordance with the format you requested.

One clarification: some people claim to be disappointed there is not more "automaticity" in the decision-making. Well, more "automaticity" is exactly what we propose! The Council -and it was the Council under the Treaty- will decide on sanctions on the basis of a so-called reversed majority this means a Commission proposal for sanctions stands, unless a qualified majority votes against, whereas until now a majority had to approve the sanctions. Only a few weeks ago, some Member States were very reluctant about the reversed majority. It really is a break-through.

Furthermore, the Task Force proposed a whole series of other measures aimed at strengthening the Stability Pact, such as more policy-coordination (the European Semester), sound statistics, and independent fiscal councils. Member States should feel that their policy decisions affect all their partners and the Union as a whole. It is the big lesson of the crisis.

A general remark. The Task Force was a political framework, aimed at rapidly generating consensus. All the break-throughs we achieved, now need to be translated into legislative texts. The work needs to be done by the Commission, the Council and the Parliament. I trust all the institutions will keep up the momentum. It is a vital responsibility.

Now the third and final main element of the Task Force, which also brings me to the follow-up to the Task Force: we recommend a robust and credible permanent crisis mechanism to safeguard the financial stability of the Euro area as a whole. All the Heads of State or Government agreed on that need and on the fact that it requires a limited Treaty change.