April 7, 2014 10:28 am

Former adviser attacks European Commission over austerity

By Martin Sandbu in London

A former adviser to European Commission president José Manuel Barroso has accused the commission of embracing Germany's austerity-focused response to the eurozone debt crisis in a "strategic" bid to enhance its own powers.

The adviser, Philippe Legrain, argued that the commission put aside a more balanced policy response, called for by some other member states, in part because it saw a more influential role for itself if Berlin's emphasis on budget discipline prevailed.

"Rather than being sidelined, [the commission] chose to strategically align itself with Germany", Mr Legrain told the FT.

As a consequence of siding with Germany, he said, the commission was contributing to a split of the 28-member bloc into opposing camps.

"The EU is now riven between creditors and debtors and the EU institutions have become an instrument for creditors to impose their will on debtors," Mr Legrain said.

Mr Legrain, a London School of Economics-educated economist, directed the commission's in-house think-tank for three years until quitting last month.

Mr Legrain pointed to reforms that have given the commission a greater say over national budgetary and economic policies, known as the European semester, the six-pack, and the two-pack.

The commission "has done quite well [in increasing its influence] in a technical sense," he said. But "in a political sense it is weaker than ever", he added.

"It's been a follower in the crisis rather than a leader."

The commission has dismissed Mr Legrain's criticism in sharp terms.

"These remarks reflect the views of a former temporary staff member who sadly chose not to contribute any useful or practicable input to the crisis response", said Simon O'Connor, a Commission spokesman.

Mr O'Connor added: "The economic strategy espoused by the commission is not aligned with the view of any one member state but reflects an approach also supported by the Ecofin Council of EU finance ministers, the European Central Bank and the International Monetary Fund and which is now delivering a strengthening economic recovery in Europe."

The EU's crisis policy, which pushed for fiscal consolidation in all member states and deep structural reforms in the most crisis-hit countries, has been controversial, with critics arguing it excessively restrained demand in many European economies.

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Even the IMF, which signed off on rescue loans for eurozone economies as part of the so-called "troika" together with the commission and the ECB, has warned Europe against exaggerating the pace of fiscal consolidation.

The commission has more recently relaxed its insistence on austerity, and last year gave countries such as France and Spain more time to meet EU-mandated deficit targets.

In a speech launching the Greek presidency of the European Council in January, Mr Barroso said "the adjustment programmes [for eurozone countries that needed rescue loans] do work" and that Europe had put the worst behind it.

His former adviser, in contrast, said "we've gone from an acute crisis to a chronic crisis" and claimed that commission policies often made things worse. Mr Legrain claimed that because many commission staff "had policies were often counterproductive.