Broad guidelines of the economic policies for 1999

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The Committee adopted the report by Mr André FOURCANS (EPP, F) on the Commission's recommendation for the broad lines of the economic policies of the Member States and the Community. The Committee is pleased with the fact that Member States' stability programmes meet the requirements of the Stability and Growth Pact. It does, however, consider that some Member States have failed to give this first stability programme exercise all the importance it deserves, and supports the remarks by the ECOFIN Council regarding the over-optimistic nature of some stability programmes as regards growth forecasts and the vagueness as to the ability to control public expenditure, particularly in Italy, Germany, Portugal and, to a certain extent, France. The Committee underlines the necessity of a balanced and appropriate policy mix, and advocates certain measures, such as: -the reduction of unemployment and the promotion of growth and stability, -further structural reforms (in particular of the social security systems and the labour market), -budgetary consolidation, -reduction of taxes and other levies - especially on labour - and a modernisation of tax systems, -further coordination of taxation - particularly as regards indirect taxation, -wage developments in line with productivity developments, -an increase of private /public investment levels, -the improvement of efficiency and quality of public spending. The Committee also points to the need to improve the functioning of the single market. Finally, the Committee makes it clear that respect for the independence of the ECB is vital for implementing an effective monetary policy, although without prejudicing the democratic dialogue the ECB must maintain with Parliament and to any assessments which the Commission and Council may make of this policy. The Committee also stresses the responsibility of the ECB to maintain price stability and to contribute towards a policy mix conducive to sustainable growth and employment.