Annual economic report 1999

2000/2046(COS) - 23/02/2000

The committee adopted by a narrow margin the own-initiative report by Giorgos KATIFORIS (PES, GR) based on the Commission's 1999 annual economic review. The report called on the Council to devise policies aimed at full employment but consistent with stable prices and a balanced budget over the economic cycle. The committee said that full employment depended on sustained growth, which could be supported by fiscal policies favourable to investment, wage policies which reflected productivity gains and less rigid labour market legislation. It called for the administrative burden of starting and running businesses to be alleviated, for markets to be opened up further and for structural reform of the labour market. The report also emphasised the need to prevent long-term unemployment and called for more incentives to encourage the unemployed to find new jobs quickly. It acknowledged that public sector investment in infrastructure might have a beneficial impact on private sector activity, but said that investment should not be used as an instrument of demand management but should rather be undertaken on its own merits. Committee members had tabled a number of amendments calling for an activist economic policy, more public investment, employment targets, reductions in working hours and the abolition of taxes for low-paid jobs. These were rejected but were likely to be retabled for the vote in the next plenary session. Other less controversial points of the report noted the relationship between education and long-term economic growth and urged Member States to improve education standards. The report also stressed the importance of research and of a simpler process for European patent applications. Finally, the committee asked the Council to take into account the risks implicit in the overvaluation of capital markets and to consider putting forward policies, within the G7, to combat the speculative element of global finance.