Broad guidelines of the economic policies of the Member States and the Community for 2000

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The committee adopted the report by Giorgos KATIFORIS (PES, GR) on the broad economic policy guidelines for 2000, emphasising that there was scope for reducing tax levels in many Member States. It also argued that social security systems needed to be overhauled to reduce the tax burden on job creation. The report noted that to achieve full employment, high rates of non-inflationary, environmentally sustainable growth were needed. This in turn required more investment. To increase investment levels, the committee recommended reducing the excessive costs and burdens of starting up new businesses and called for further structural reform of the labour market. It urged Member States lagging behind with structural reforms to increase the flexibility of the markets for products, services, capital and labour. The report warned against using public investment as means of managing demand and said such investment should only be made when its benefits to society were judged to be greater than its costs. It also favoured restructuring government spending in favour of investment, R&D and active labour market policies. The committee said more efforts should be made to remove barriers and create a single market in electricity, gas and telecommunications as well as in financial services. To help small and medium-sized companies, the Commission was urged to devise Community schemes to support SME associations which could provide information, loan services and legal support and help secure public funding. As for quantitative economic targets, the report said these might be useful but should not undermine the goals of the stability pact. Lastly, the committee recommended that Member States coordinate their policies better, relying more on peer review and best practice.