Public finances: contribution to growth and employment

2001/2082(COS) - 13/09/2001

The committee adopted the report by Karla PEIJS (EPP-ED, NL) on the Commission communication. It called on Member States to stick to the Stability Pact and warned governments that even a temporary loosening could ruin all previous efforts at budgetary adjustment and undermine the credibility of the euro zone. The committee also reminded Member States that their budgetary consolidation process was not over, and that the bigger countries in particular had some way to go. The report noted that automatic stabilisers could only work appropriately when the fiscal situation of the country was sustainable. As for public investments, the report underlined that they were "liable to be ill-targeted and ill-managed" and any increase in such investments was likely to result in higher public debt and a higher tax burden. The committee agreed that fiscal policies should give priority to the objective of "making work pay". A reduction in labour taxes should target the lower end of the labour market and provide incentives to go back to work. The report supported a coordination of tax systems in Europe and the inclusion of an environmental component in taxes.