Broad guidelines of the economic policies BGEP of the member States and the Community for 2003-2005

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The committee adopted the own-initiative report by José Manuel GARCIA-MARGALLO (EPP-ED, E) on the broad economic policy guidelines proposed by the Commission for 2003-2005. The committee deplored the "lack of ambition" of the guidelines and said that they needed to place more emphasis on structural reform. It called on the Commission to introduce a new Structural Reform Action Plan with a strict calendar to be completed by 2010. It said that the plan, inspired by the Financial Action Plan, should list the existing rigidities that constrain growth as well as priorities for action and specific measures to be adopted. The report expressed support for the Stability Pact and the proposal to improve the budget position by at least 0.5% of GDP annually. However, the committee also insisted that fiscal deficits should be evaluated in a flexible way, taking into account overall debt levels, public investment requirements and implicit liabilities due to the ageing population. Moreover, it proposed the creation of a budgetary reserve during growth periods to use in downturns and said that budgetary policies should be fully coordinated. In addition, the committee called for incentives to increase the effective retirement age and active measures to raise birth rates in Europe. Other recommendations included reducing the tax burden on labour, in particular non-wage costs on low-paid workers, and a call for any reduction in taxes not to put budgetary stability at risk. MEPs also wanted active steps to promote a culture of entrepreneurship and risk-taking, and they suggested developing a European "social label" system to clearly identify companies which observe ethical behaviour.