The constitutional consequences of the EMU in the context of enlargement

1998/2140(INI) - 20/01/1999

The euro needs to be underpinned by a "federal-style" budgetary system and a common economic and fiscal policy, the Committee says in a report adopted by a large majority. Its author, José BARROS MOURA (PES, P), believes that monetary union needs a federal type of budgetary system "or at least an institutional and financial mechanism" to enable it to deal with crises affecting one or more Member States. He also wants members of the euro zone to align their tax systems more closely, especially in the areas of the taxation of savings and corporation tax. The committee fears, in the run-up to enlargement, that the structures underpinning Economic and Monetary Union are too weak, lacking political authority and democratic accountability. The new Intergovernmental Conference to be held before enlargement and the next round of Treaty reforms will provide an opportunity to increase the EP's and the Commission's role in economic policy formulation, make Council decision-making more effective with qualified-majority voting and ensure that policy is properly coordinated. The report stresses that the euro is the first currency capable of challenging the supremacy of the US dollar since the Second World War but to achieve this the euro zone must become a single, autonomous player internationally, represented by a "trinity" of the Council, Commission and ECB. Mr BARROS MOURA also advocates a basic set of social policy standards as a political counterweight to monetary union and points to the Treaty commitment to promoting high employment. After the report was adopted by 19 votes to three, with one abstention, Mr BARROS MOURA declared that the committee had "helped clarify the political attitude to the single currency and proved that the euro is a great success".