1996 annual economic Report

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Adopting the report by Mr Bryan CASSIDY (PPE, UK), the European Parliament emphasized the fact that the fight against unemployment should remain the Union's priority and put forward a set of recommendations leading to specific employment measures: * General measures : - Parliament urged the monetary authorities to reduce interest rates; - it called on the Commission to consider putting forward proposals with a view to establishing anti-cyclical instruments at Community level; - it pointed out that the EU's structural and economic policies should be based on unconditional adherence to the European social model; - it called for greater coordination of economic policies and the convergence of economic results through the establishment of short-term objectives for the various Member States and, where appropriate, by putting forward recommendations for the countries which do not achieve those objectives; - noted that the revival of world trade represents a unique opportunity for the European Union but that, at the same time, European companies prefer to invest outside the EU borders and that the flow of direct investment into the EU is declining; - hoped that the forthcoming annual reports would consider other factors such as wages, employment market flexibility, public investment and social security costs, with reference also to the countries with which the EU is in competition. * Investment measures: Parliament called for measures to revive investment and enlargement of the EIB's role as a loan guarantor, the expansion of the EIF and the creation of Community bonds to finance major Community investment projects. * Research and development measures: Parliament called on the Commission to put forward specific proposals to encourage research and technological development by means of appropriate fiscal advantages, to facilitate access to risk capital for SMEs active in research and development and to promote close cross-border cooperation between firms, universities and research bodies. * Social cohesion and employment measures: Parliament urged the Member States to conclude a European employment pact in order to combine the creation of new jobs with the redistribution of productivity gains between capital and labour. It is essential that structural measures be adopted in order to create more flexible working time or reduce non-wage costs, particularly in the case of the lowest-paid workers. * Tax measures: Parliament emphasized that taxation of labour was excessively high by comparison with the taxation of capital, which made it essential for the tax system to be overhauled. In particular, profits which are invested should be subject to lower taxation than profits which are distributed to shareholders. * Public deficit measures: Parliament emphasized the need to continue budget consolidation and to draw up detailed medium-term plans for fiscal consolidation with the Member States in order to establish confidence as regards both investment and consumption. Debt reduction must be combined with a proper employment policy and with encouragement for innovation. * Monetary policy measures: Parliament pointed out the need for a single currency to be introduced which will enable monetary fluctuations to be combatted and for more effective monetary policy to be implemented. To this end, a degree of discipline between the exchange rates of the various countries should be established so as to enable advantage to be taken of the opportunities provided by the single market.