Growth and employment in the framework of EMU: economic policy for broad guidelines for 1998

1998/2049(COS) - 30/04/1998 - Text adopted by Parliament, single reading

In adopting the report by Mr Carles-Alfred GASOLIBA I BÖHM (ELDR, E) on the Commission's annual economic report (1998), the European Parliament said that it was not in favour of a compulsory reduction in working hours throughout the Union, which would be contrary to the subsidiarity principle. Instead, it supported the position adopted by the Commission in its report, advocating maximum recourse to voluntary part-time working. Reductions in working hours must be decided at national or microeconomic level where they were justified. Parliament welcomed the adoption of a new format for the 1998 report, but called on the Commission to present a more detailed analysis of the salient aspects of the economic situation on the basis of a complete examination of the medium-term outlook (i.e. covering five years). It proposed that an analysis of possible scenarios be included in order to shed light on the risks and consider countermeasures to be taken if the central forecast were invalidated. It stated that the forecast in the report was not without risks: future movements in the US dollar, indirect impacts of the Asian crisis on the European economy, and possible stock market crises were all potential risk factors requiring greater consideration. Parliament endorsed the Commission's view that a stability-oriented policy should be designed to create new employment through economic growth; it recalled the importance of close coordination of Member States' macroeconomic policies and structural measures in the field of employment. A level of economic growth, sustained by public and private investments, which exceeded the level of growth in productivity might help to create new jobs and combat poverty. Certain obstacles to the growth of the economy and employment were due to inadequate investment, a low level of domestic demand, a lack of adaptability of human resources, over-regulation affecting businesses, and inadequate resources for research. Efforts to combat unemployment needed to be stepped up; budgetary discipline must not have the status of an absolute, as this could be counterproductive for economic activity. Similarly, wage restraint should not be too rigid. It was important that Member States should abide by Council resolutions on tax competition and that the emphasis should be on reducing taxation of labour and agreeing a minimum level of taxation of businesses in Europe. Further budgetary restructuring should be carried out primarily by reducing public expenditure rather than raising taxes. Investment in human resources must be increased. The level of public and private investment in the Union was quite inadequate to improve the innovation capacity and the future of the Union. Policies to attain these ends should therefore be stepped up. Parliament was not in favour of creating employment by dramatically lowering wages in the low-skilled labour segment. This could lead to new poverty and threaten social cohesion in the Union. Rather, Parliament considered it necessary to reduce non-wage labour costs; such cuts could be compensated by other tax reforms without curbing social benefits. Parliament welcomed the Commission's proposals for a reduced rate of VAT on labour-intensive services. It called for further initiatives in the field of research and advanced technology and to assist SMEs. It called on the two sides of industry to examine closely the consequences of transparency of wages and costs between Member States and called on the Commission to study wage structures in the Member States with the aim of analysing the possible impact of the adoption of the euro on wages and jobs.