Coordination of the budgetary and fiscal policies in the Monetary Union

1996/2133(INI) - 10/06/1997 - Text adopted by Parliament, single reading

Adopting the report by Mr André FOURCANS (PPE, F), the European Parliament took the view that the effective coordination of the economic policies of the Member States, together with appropriate budgetary and fiscal policies, should be sufficient to ensure the harmonious economic and social development of the Union. As far as budgetary policy was concerned, Parliament believed that national budgetary policies would continue to be an essential tool for a long time to come and that budgetary equilibrium or deficit should not be assessed annually but in relation to the whole economic cycle, as should penalty payments for deficits exceeding 3%. It also advocated a mutual information procedure on national budgetary choices involving the governments and parliaments of the Member States. As regards fiscal policies, Parliament expressed concern that there was a possibility of economic distortion which might result from certain tax differences between Member States of the Monetary Union and felt that economic (and social) dumping should be avoided either by means of a code of conduct for taxation or by a minimum degree of tax harmonization, especially in the field of savings, corporation tax and cross-border taxation, and it called on the Commission to submit a report to it on this matter. Parliament also took the view that the implementation and monitoring of tax coordination and the elaboration of the real "policy-mix" needed if stage III of EMU was to function properly, presupposed the creation of a political body with significant economic powers composed of representatives of all the Member States and subject to democratic control, which reported periodically to Parliament. It proposed that a "Committee of Economic Advisors to the European Parliament" should be set up, consisting of recognized experts who would report on the economic situation once or twice a year and make recommendations on the basis of the political objectives assigned to it by Parliament.