Broad guidelines of the economic policies of the Member States and the Community for 1998

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In adopting the report by Mr Carles-Alfred GASOLIBA I BÖHM (ELDR, E) on broad guidelines of economic policies, the European Parliament welcomed the guidelines proposed by the Commission and the importance attached to high employment levels and the success of the EMU as a result of policies targeted to achieving economic growth and employment and including a monetary policy leading to investment-led growth. It calls on the Commission and Council to harness effectively the process for adopting employment guidelines and for adopting major macroeconomic guidelines so as to ensure closer coordination of measures recommended and ensure that anticipated sustainable growth levels are reflected in healthy job creation. At macroeconomic level the European Parliament energetically supports the policy of monetary stability recommended by the Commission together with the objective of economic growth fuelled by an increase in domestic demand. While stressing the importance of achieving between now and 1 January 1999 improved coordination of the monetary policies of the 11 countries adopting the Euro the European Parliament also stresses the need for those countries outside the Euro to coordinate their own macro-economic policies with the countries inside it so as to safeguard the integrity of the single market. By calling on the countries outside the EMU at the outside to align their inflation rates with those of the Euro's own and maintain stable exchange rates with the Euro, Parliament is implicitly supporting their membership of EMS in a second phase. It also calls for the Member States to seek to achieve budgetary equilibrium so as to be in a stronger position to absorb upheavals or short-term disruptions and urges them to apply healthy budgetary policies so as to establish a long-term policy of low interest rates. It also calls for a sustainable reduction in the public deficit. Recalling the provisions of the resolution adopted in Amsterdam on growth and employment it encourages both sides of industry to accept wage policies which take account of the need for price stability and increased return on investments and purchasing power. It also agrees with the Commission that to achieve these objectives it is essential to introduce and maintain a healthy social dialogue, seeking in particular to secure agreement in areas relating to employment market reform. To return to the importance of structural policies in favour of growth and employment, the European Parliament calls for the structural reform of the labour markets or product markets and reform the social security and tax systems. It calls for active policy on the employment market in accordance with the conclusions of the employment summit in Luxembourg, considers it just as important to reform social protection systems which, while ensuring an adequate level of social protection, should not act as a disincentive to employment (although Parliament does recognize that social security systems may provide subsistence support for low income households). The European Parliament calls in particular on the Member States to steer clear of the 'double safety net' approach which guarantees workers not only generous benefits but also strict legislation on job protection. With regard to employment Parliament calls on the Member States to implement immediately their national plans for employment and establish the necessary resources to achieve the objectives set out therein. In addition it considers that the same importance should be accorded to each of the four pillars of the Luxembourg Employment Guidelines (employability, developing entrepreneurship, encouraging the adaptability of businesses and promoting equal opportunities). Concerning taxation the European Parliament calls for a reduction in taxes on labour in particular at the lower end of the pay scale. The non-wage costs of labour should be offset by other tax reforms. Finally, Parliament calls on the Council to take due account of its views concerning the broad guidelines of economic policies.