Convergence criteria, the third stage of EMU and the various social security systems

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In adopting the report by Mr Frederik WILLOCKX (PSE, B), Parliament reaffirmed that the provisions on economic and monetary union had to be implemented in full as laid down. However, it recalled that neither the convergence criteria nor the date for the third stage should detract from the efforts to improve social security. Parliament noted the differences in the financing of social security systems between the Member States and subscribed to the Commission's view that, because of the enormous transitional costs involved, a radical change from public pay-as-you-go systems to pre-funding was not realistic. It believed that sound public financing was the best guarantee for a properly functioning social security system, and it suggested that Member States continue with reorganization in a socially responsible way. It considered that such reorganization should be achieved by increasing revenue and/or maintaining the level thereof while at the same time reducing expenditure in terms of benefits and claimants. However, steps should be taken to ensure that the competitive position of companies and the purchasing power of the population were not seriously impaired. As regards fiscal matters, Parliament noted that the lack of adequate fiscal coordination made it possible for pressure to be put on various national social security systems and the differences between Member States to be accentuated. Consequently, it called for a necessary improvement in the coordination of tax systems in respect of the taxable base and tax brackets. In its view, it was essential to consider the possibility of shifting the burden of taxation from labour to consumption of non-renewable natural resources, capital and/or added value. However, it underlined the fact that the discussion on activating the working of the labour market and by using fiscal incentives should not lead to a reduction in the degree of social protection. From an economic point of view, Parliament recalled that growth was a priority for guaranteeing the financing of social security systems. It called on the Member States to pursue a job-creation policy with objectives that included using the capital spent on unemployment payments and training for job-seekers for job-creation purposes.