Situation of the European economy, Commission recommendation on the broad economic policy guidelines

2002/2287(INI) - 12/03/2003 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on its own-initiative report drafted by José Manuel GARCIA-MARGALLO Y MARFIL (PPE-DE, Spain), on the Commission recommendation on the Broad Economic Policy Guidelines. (Please refer to the document dated 19/02/03.) Parliament voiced its concerns about the ever-growing trend in Europe towards lower employment rates and ageing populations, and the persistent high core inflation in the services sector. In order to increase employment rates and productivity, it is necessary to accelerate structural reforms. Strong political willpower is needed to implement these reforms as they invariably first require sacrifices and only later do they produce benefits. Social dialogue is one of the keys to the success of the reforms. Parliament went on to state that high levels of public and private investment are the key to productivity growth and full employment. This means the rapid implementation of new technologies, increased resources for education and training, high-technology industries, research and development, as well as for infrastructure, trans-European network industries and private-public partnerships. Moreover the Lisbon targets will only be reached if a culture of entrepreneurship is fostered in Europe. This involves: - measures to facilitate the quick setting-up of new companies by using new technologies and allowing tax deferral schemes; - a simplification of the regulatory environment; - ways to reduce the cost of capital for SMEs. Parliament reaffirmed the importance of speeding up the Lisbon strategy. Any short-term demand policies aimed at recovering activity (interest rate changes and fiscal adjustments) should be compatible with the reduction of public debt and the increase in public savings in order to finance public investments Significant efforts must be made to raise employment rates, especially for women, disabled and older workers, by the following actions: - tax incentives for enterprises which hire these targeted groups, such as deductions on income taxes linked to job creation and reduction of taxes on labour (including social contributions), in particular for low income workers. This should be balanced by an increase in indirect taxation if budgetary stability were to be put at risk; - an increase in the effective retirement age through voluntary decisions by workers, supported by an increase of expectations on pension levels and by incentives for enterprises who do not reduce employment of older workers; - promoting quality of work; - regional and local employment strategies. Parliament also discussed the need for higher labour mobility within the EU, the removal of competition distorting tax regulations, and a corporate social responsibility (CSR) "scorecard" system. Finally, the European Parliament felt it should be fully involved in the development and implementation of the EU's Broad Economic Policy Guidelines. The positions of the Council and Parliament should carry equal weight in the annual adoption of the Broad Economic Policy Guidelines on the basis of a proposal by the Commission.