

Economic and monetary union EMU: public finances, 2001 budgetary results, developments.

3rd report

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The European Parliament adopted a resolution drafted by Manuel DOS SANTOS (PES, Portugal) on the Commission Communication on public finances in EMU. (Please refer to the document dated 28/01/03.) Parliament pointed out that Member States must apply the agreements reached within the Council. The debate on improving the SGP does not justify failure to implement it. Parliament felt that applying the agreements will have a positive effect on the public perception of the European Community and will minimise the negative effects which the excessively uneven budget policies of the Member States have on the economies within the euro area. Parliament recognised economic policy lies fundamentally within the area of Member State competence but that, under Article 99 of the EC Treaty, Member States are required to regard their economic policies as a matter of common concern and to coordinate those policies. The acceleration of the Lisbon strategy is very important in this connection, namely the production of growth and job creation, investment, research, regional development, training and labour markets. Parliament also noted the need for additional work on statistical requirements and for a more universal understanding of what constitute good economic and public finance policies. It requested a clear method, with a definition of "high quality public expenditure", for quantifying public budgetary positions and their contribution to growth and investment, so that fluctuations in the economic cycle can be accurately quantified and qualified. Finally, Parliament welcomed the priority given to avoiding pro-cyclical budget policies in good times, and proposed extending that politically with a view to avoid, as a general rule, pro-cyclical budget policies at any time.