Annual assessment of the implementation of stability and convergence programmes

2002/2016(INI) - 15/05/2002 - Text adopted by Parliament, single reading

The European Parliament adopted its resolution, drafted by Ioannis MARINOS (EPP-ED, Greece) on the stability and convergence programmes. (Please refer to the document dated 23/04/02.) The growth rate in the EU in 2001 fell to 1.6% (1.5% in the euro area) compared with 3.3% in 2000 (3.3% for the euro area. A limited recovery is expected, but employment forecasts have worsened. Annual inflation in the euro area rose to 2.5% in January 2002 from 2.1% in December 2001, with some marked variations between different countries and inflation figures exceeding the average in Portugal, Ireland and Greece. The Council did not strictly apply the provisions of the Stability and Growth Pact to Germany and Portugal. This approach has cast doubts on its credibility and might lead to inequalities in its application. There is also a risk that it will be considerably weakened through election campaigns and pledges made by national governments. In the majority of cases the programmes submitted are in accordance with the requirements of the Pact for budgetary positions close to balance or in surplus, or with provision for this to be attained within a reasonable period. The important role played by automatic stabilisers cannot be quantified accurately. Consequently, it is more difficult to make an objective assessment of the structural budget situation of a Member State. There needs to be a clear method for carrying out these assessments, so that fluctuations in the economic cycle can be accurately quantified and taken into account. The attempt to reduce the budget deficit primarily through increasing revenues does not guarantee that results can be maintained. There needs to be measures for greater rationalisation of expenditure. Parliament underlined the risk of an excessive increase of the tax burden. An examination should be made of the ways in which tax cuts decrease the tax burden on labour, and how they contribute to the creation of regular jobs, maintaining a moderate wage policy and harmony between the social partners, and ensuring that these cuts are properly financed without further undermining social and health benefits for the low-income section of the population. Member States should not resort to one-off measures, which artificially reduce the budget deficit and distort the real financial picture. Members emphasised the need for increased public and private investment to achieve Europe's goal of becoming the most dynamic knowledge-based economy. Member States must speed up structural reforms, particularly in the products and capital markets, including the pension sector, as well as transport, energy, communication and labour markets. Parliament welcomed the presidency Conclusions of the Barcelona European Council which underline that structural reforms should take full account of the importance of the quality of, and universal access to, public services with respect to the territorial and social cohesion of the EU.