The Commission's recommendations on broad general economic policy guidelines BGEP, 2005-2008

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The committee adopted the own-initiative report by Robert GOEBBELS (PES, LU) on the Commission's proposals for broad economic policy guidelines for the Member States.

Although they welcomed the fact that the economic policy guidelines had been integrated with the employment guidelines, MEPs were unhappy that the two documents did not pay more attention to the environment. They also said the guidelines were excessively general in nature and encouraged the Commission to produce a tailored set of recommendations for each Member State . Moreover, they felt that coordinated budgetary policies and monetary policy needed to give equal weight to maintaining price stability and meeting the EU's other goals.

The committee said that the EU's major share of global trade belied "methodologically dubious" talk of relative decline in productivity. It stressed the need to focus on modernising the economy, knowledge and social welfare as well as institutional arrangements. It also noted that labour productivity, growth and investments were prerequisites for higher wages and an equitable distribution of the fruits of growth. It stressed the importance of job creation in the personal service sector and noted the importance of non-profit enterprises in providing such services.

The committee proposed a range of specific changes to the Commission's draft guidelines:

- Member States were urged to redirect public spending towards budget categories that support the objective of the Lisbon Strategy;

- there should be measures to stimulate private investment, creating a fiscal environment favourable to SMEs and job creation. This could in part be achieved by ensuring greater access to microcredit schemes and risk capital, and reform of the tax system, including the harmonisation of the corporate tax base. MEPs also wanted to reduce the stigma attached to young entrepreneurs who do not succeed in their first venture;

- there were calls for the opening up of protected markets, and greater flexibility in the labour market, and for a macroeconomic policy which would help restore consumer confidence and spending;

- to stimulate domestic demand, Member States should ensure better coordination of their economic and budgetary policies, initially by harmonising their budgetary timetables. They should also complete the reform of the Stability and Growth Pact and ensure it is strictly applied so as to re-establish confidence;

- Member States should make greater efforts to promote the sciences of the future, including the information society and biotechnology, and promote more objective information on controversial areas of research such as genetic modification and embryonic stem cell research;

- Member States should "use environmental policies more offensively to enhance growth and employment by developing eco-technology", and there should be high quality public investment aimed at decoupling growth from energy consumption and to meet the Kyoto targets.