Basic information

1997/2068(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Broad guidelines of the economic policies of the Member States and the Community for 1997 **Subject** 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs, Industrial Policy	RANDZIO-PLATH Christa (PSE)	22/01/1997

Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Economic and Financial Affairs ECOFIN	2014	1997-06-09
	Economic and Financial Affairs ECOFIN	2023	1997-07-07

Key events

Date	Event	Reference	Summary
23/04/1997	Non-legislative basic document published	COM(1997)0168	Summary
14/05/1997	Committee referral announced in Parliament		
22/05/1997	Vote in committee		Summary
22/05/1997	Committee report tabled for plenary	A4-0184/1997	
28/05/1997	Debate in Parliament		Summary
29/05/1997	End of procedure in Parliament		
09/06/1997	Debate in Council		
16/06/1997	Final act published in Official Journal		

Technical information

Procedure reference	1997/2068(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper

Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08823

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0184/1997 OJ C 182 16.06.1997, p. 0003	22/05/1997	
Text adopted by Parliament, single reading		T4-0269/1997 OJ C 182 16.06.1997, p. 0013-0027	29/05/1997	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1997)0168	23/04/1997	Summary
Document attached to the procedure	COM(1997)0169	23/04/1997	Summary

Broad guidelines of the economic policies of the Member States and the Community for 1997

1997/2068(COS) - 07/07/1997

Following the European Council's discussions in Amsterdam for which preparations were made by the ECOFIN Council on 9 June 1997, the Council adopted without debate the recommendation on the broad guidelines of the economic policies of the Member States and of the Community for 1997.

Broad guidelines of the economic policies of the Member States and the Community for 1997

1997/2068(COS) - 23/04/1997 - Document attached to the procedure

OBJECTIVE: the document reviews the progress made in the implementation of the Community economic strategy defined in the broad guidelines of the economic policies in 1996 (COS0424). SUBSTANCE: the document considers, in order, the various aspects of this strategy set out in the 1996 Guidelines: - macroeconomic policy mix: in general this mix was in line with the recommendations: monetary policies were oriented towards achieving and maintaining price stability and significant steps were taken in most Member States to consolidate their public finances. Furthermore, wage agreements have increasingly been consistent with the recommendations, the nominal compensation per employee rose by 3.5% in 1996 which is compatible with the aim of price stability, - upturn in economic activity: in the second half of 1996 the pace of economic growth was around 2.25% and the near term prospects are for a progressive strengthening of this recovery, - gradually improving employment outlook: as economic activity gradually firmed, total employment in the Community stabilised and then began rising slowly. Employment would increase by only 0.5% (700 000 jobs) in 1997 and 0.9% (1.3 million) in 1998. Given the growth in the labour force this improvement would leave unemployment at 10.7% in 1997 and 10.3% in 1998, - social dialogue: the Commission has continued its dialogue with the social partners at the European level in the framework of the Confidence Pact. Committed action has taken place in the areas of youth unemployment, lifelong learning and better use of Structural Funds for job creation, - price and exchange rate stability: for the Community as a whole inflation fell to 2.4% and improvements are expected in 1997. The exchange rates have also remained relatively stable within the exchange rate system, - sound public finances: the situation improved significantly in 1996: with the exception of Germany, all Member States made progress in reducing their budget deficit: as an average for the Community the deficit fell from 5% of GDP in 1995 to 4.3% in 1996. For 1997 all Member States are aiming at a maximum deficit of 3% with a view to moving towards the aim of a balanced budget. The only exception is Greece where the government aims at a deficit of 4.2%. In the case of Italy, its deficit would be around 3.2% in 1997, but would increase to 3.9% in 1998 if it did not make the specific measures it adopted in 1997 into structural measures. The efforts to achieve sound public

finances are geared mainly towards reducing public expenditure (except in Denmark, France and Italy); - better functioning of product and services markets: a great many measures were taken at Community and national level to boost competitiveness and efficiency of the European economies, and all geared towards improving the single market, - fostering employment and labour market reforms: . with regard to wages, the trend in the Community has increasingly been in line with the objective of price stability, allowing the establishment of monetary and financial conditions favourable to growth and employment creation and with the objective of strengthening investment profitability. For the Community as a whole real wage costs increased by less than 1% in 1996 (for the fourth consecutive year), . with regard to labour market reforms, several measures have been taken in all the Member States including in particular the general reduction in non wage labour costs (in particular for low wages), the establishment of programmes of vocational training expanded or adapted to respond more effectively to labour market needs, establishment of working time flexibility (part-time, temporary contracts, etc.), active reforms in public employment systems.

Broad guidelines of the economic policies of the Member States and the Community for 1997

1997/2068(COS) - 23/04/1997 - Non-legislative basic document

OBJECTIVE: presentation of the broad guidelines of the economic policies of the Member States and the Community for 1997, stressing the need for a return to and consolidation of employment-friendly growth. SUBSTANCE: The Commission points out that, since 1996, a moderate recovery in economic activity has taken hold in the Community: growth has increased from 1.6% in 1966 to 2.4% in 1997 and is estimated at 2.8% for 1998. On the basis of this premise, two fundamental concerns should be given priority by the Member States: although employment is expected to increase moderately in the short run, there is a need to concentrate efforts on reducing unemployment significantly, despite appreciable strides towards the goals of price stability and sustainable public finances, further progress is required if a maximum number of Member States are to participate in the Euro as from 1999. The Commission's broad guidelines for economic policies for 1997 are therefore based on a dual strategy: 1) a growth and stability-oriented macro-economic policy mix: - the EU should aim at bringing down its average inflation rate to 2% and to target such a level over the medium term, - the Member States should endeavour to achieve the objective of a budgetary position close to balance or in surplus in normal circumstances (3% should not be a long-term goal but a 'limit'): in this regard, the Commission emphasizes in its guidelines that priority be given to: reducing public expenditure rather than increasing fiscal revenue, which is harmful to growth; applying structural measures to limit deficits on a sustainable basis, rather than applying one-off measures, investment: public expenditure should focus on investment, particularly in infrastructure, human capital and labour market reforms, cooperation in tax measures: Member States should closely cooperate in this field to avoid any distortion in the operation of the internal market. They should, in particular, examine the possibility of establishing a code of conduct. - through reinforced social dialogue, wage policies should continue to take account of the dual objectives of price stability and investment profitability; 2) structural reforms to promote growth and employment: in the Commission's view, Member States should intensify their efforts to modernize their markets for goods, services and labour by introducing ambitious structural reforms. The EU should, in particular, strengthen the positive impact of the single market by taking new initiatives in respect of services (construction, banking and insurance), public procurement, State aids and deregulation. The existing legal framework should be properly applied and extended to other areas such as taxation, company law and the liberalization of the energy market and telecommunications. New measures are also needed to improve the functioning of the labour market, in particular: - more differentiation in wage agreements according to qualifications and regions, - reductions in non-wage labour costs or lower income taxes at the lower end of the wage scale, - more flexible working time arrangements (e.g. voluntary part-time work), - reforming taxation and social protection systems.

Broad guidelines of the economic policies of the Member States and the Community for 1997

1997/2068(COS) - 29/05/1997 - Text adopted by Parliament, single reading

In the report by Mrs Christa RANDZIO-PLATH (PSE,D) on the broad economic policy guidelines, the European Parliament called for these guidelines to include the coordination of economic policies on the basis of a policy mix combining economic, structural, fiscal, monetary and income policies and targeting medium-term budgetary consolidation. Regretting that the Commission's communication was limited to repeating the principles upon which the convergence criteria are based (price stability and reduction of deficits), Parliament called on the Council to incorporate an active employment policy into its broad guidelines and proposed that the fight against unemployment be incorporated into every policy. In this connection it suggested that a Council formed from the ECOFIN Council and the Council of Ministers for Employment and Social Affairs should submit recommendations to the European Council stressing the importance of knitting together the broad lines of the economic and employment policies of the Member States and the Community and directing them towards achieving a high level of employment. On the other hand, it rejected the proposal from its Committee on Economic Affairs calling for an introduction of a recommendation on 'broad guidelines for employment' to fix the foundation of an EU employment policy. Parliament also called for the introduction of measures to improve skills, training and further training and to create new jobs in the environmental and cultural fields, as well in the caring services. It pointed out that small businesses (SMUs and NGOs) can create a great many jobs and point the way to a new 'social economy' (child care, domiciliary care, safety of public transport, nature conservancy, etc.). Parliament called on the Commission and the Council to take the measures required to restore confidence so as to reduce the amount of precautionary savings and, in this way, to boost internal demand. The Member States were urged to create the conditions which would result in an increase in both private and public investment. Parliament reiterated its call for the establishment without delay of the trans-European communications, transport, energy and environmental networks. It also called for support for SMEs and measures to encourage research and development, in particular by means of appropriate tax concessions. Action was also needed to enhance the complementarity of Member States' economic policies in order to achieve synergies in the following areas: - improvements in the economic, social and administrative environment for firms, particularly small- and medium-sized businesses, - stimulation of innovation and research, - adaptation of eduction, training and further training systems to technological and social changes, - abstention from social, environmental, monetary and tax 'dumping', which is harmful to the Community. Lastly, stressing the need for improved coordination between policies relevant to employment and the economy, Parliament called for an Interinstitutional agreement between the Council, the Commission and the European Parliament with a view to guaranteeing respect for Parliament's prerogatives with regard to information, pursuant to Article 103 of the TEU.