Basic information

2001/2082(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Public finances: contribution to growth and employment **Subject** 4.15 Employment policy, action to combat unemployment 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	PEIJS Karla M.H. (PPE-DE)	21/03/2001

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	COLOM I NAVAL Joan (PSE)	26/06/2001
ITRE Industry, External Trade, Research, Energy	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2335	2001-03-12
Economic and Financial Affairs ECOFIN	2326	2001-01-19

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	

Key events

Date	Event	Reference	Summary
21/12/2000	Non-legislative basic document published	COM(2000)0846	Summary

19/01/2001	Debate in Council		
14/05/2001	Committee referral announced in Parliament		
13/09/2001	Vote in committee		Summary
13/09/2001	Committee report tabled for plenary	A5-0306/2001	
03/10/2001	Debate in Parliament		
04/10/2001	Decision by Parliament	T5-0508/2001	Summary
04/10/2001	End of procedure in Parliament		
11/04/2002	Final act published in Official Journal		

Technical information	
Procedure reference	2001/2082(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/5/14680

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0306/2001	13/09/2001	
Text adopted by Parliament, single reading		T5-0508/2001 OJ C 087 11.04.2002, p. 0157-0228 E	04/10/2001	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2000)0846	21/12/2000	Summary
Document attached to the procedure	COM(2001)0355	27/06/2001	Summary

Public finances: contribution to growth and employment

2001/2082(COS) - 27/06/2001 - Document attached to the procedure

This communication dedicated to 'Public Finances in EMU' reviews Member States' budgetary performance in 2000 and assesses the short and medium-term prospects. It also contains an in-depth examination of some of the most important questions in the fast evolving debate on budgetary policy at EU level. This debate is being shaped by several factors, not least a growing understanding of the challenges and constraints facing Member States in running budgetary policies in EMU. Four issues dominate the discussion son EU budgetary policy as follows: - the Stability and Growth Pact

(SGP) target of budget positions that are "close to balance or in surplus", an important goal not yet reached in several Member States: having achieved impressive budgetary consolidation in the run up to EMU, Member States committed themeselves in the Broad Economic Guidelines (BEPGs) to reach the SGP target of budget positions that are "close to balance in surplus", as a rule, by the end of 2001. Respect of the SGP target is vital for the smooth functioning of EMU as it would safeguard the 3% GDP deficit ceiling and allow the automatic stabilisers to operate fully in the event of an economic slowdown; - the importance of budgetary policy delivering an appropriate policy mix both at the euro area and Member State level: the EMU is a unique policy framework in having a centralised monetary policy but decentralised budgetary policies. Member States' budgetary policy must therefore ensure an appropriate policy mix at national level, while at the same time contributing to an appropriate fiscal stance for the euro area as a whole. There is a growing need to satisfy both these objectives; - broadening the debate on budgetary policy to include the quality and sustainablity of public finances: new priorities are coming to the fore now that most Member States have reduced their budgetary imbalances; - better co-ordination on budgetary questions is needed: recent event have highlighted inadequate co-ordination on budgetary questions in EMU, and consequently a failure on the shocks/challenges.

Public finances: contribution to growth and employment

2001/2082(COS) - 04/10/2001 - Text adopted by Parliament, single reading

The European Parliament voted 388 to 91 with 15 abstentions in favour of the resolution by Mrs Karla PEIJS (EPP-ED, NL) taking up the question of public finances and the impact on growth and employment. (Please refer to the previous text).

Public finances: contribution to growth and employment

2001/2082(COS) - 21/12/2000 - Non-legislative basic document

PURPOSE : to evaluate the contribution of public finances to the growth and employment. CONTENT : The Lisbon European Council of 23-24 March 2000 requested the Council and the Commission to present a report to the Spring 2001 European Council assessing the contribution of public finances to growth and employment, and on the basis of comparable data and indicators, whether adequate concrete measures are being taken in order to: - alleviate the tax pressure on labour and especially on the relatively unskilled and low-paid, improve the employment and training incentive effects of tax and benefit systems; - redirect public expenditure towards increasing the relative importance of capital accumulation · both physical and human · and support research and development, innovation and information technologies; - ensure the long-term sustainability of public finances, examining the different dimensions involved, including the impact of ageing populations, in the light of the report to be prepared by the High Level Working Party on Social Protection. The ECOFIN Council examined a progress report 1 at their meeting of 7 November 2000, which they considered to be a good basis for the Commission-Council report to be presented to the Stockholm European Council. The assessment of the impact of public finances on growth and employment is not straightforward. Governments pursue many policy objectives (to improve resource allocation, redistribution, stabilisation) through a variety of policy instruments regulation,spending, taxes), which inevitably means that the impact of public finances on the real economy is multiple and complex. The document underlines the need to maintain sound public finances in the third phase of EMU and examines if the recent budgetary developments indicate that the EU is on the right track. The report also studies the recent employment-friendly tax and benefit systems. Furthermore, the reform effort has been unequal with a comprehensive approach to reform of the tax system in some countries contrasting with a piecemeal approach in others. Many countries have taken steps to reduce taxes, notably employer's social security contributions, and more recently personal income taxes especially at the lower end of the earnings scale. The document examines the role of public finances for a knowledge-driven economy. Assessing the contribution of public finances to a knowledge-driven economy is timely given the ongoing debate on the 'new economy'. However, there are considerable difficulties making cross-country comparisons on public expenditures as there is a lack of data on both inputs by the public sector (i.e. a comparable functional classification of spending) or outputs (the efficiency and economic benefits of such expenditures). taxes. Greater efforts are needed to increase the investment necessary to facilitate the development of the information society Governments mustalso put more emphasis on education and training in order to equip European citizens with the necessary skills for an information society, while promoting the involvement of the private sector on innovation and R&D activities. Furthermore, restructuring of public spending should be complemented by institutional and structural reforms that enhance the role of market mechanisms and introduce adequate incentive systems to promote private accumulation of physical and human capital. Lastly, the report examines the long-term sustainability of public finances with regard to the impact of the ageing population which will lead to substantial pressure for increased spending on public pensions.