

Europe's Economic Policy



PARLIAMENTARY GROUP
OF THE PARTY OF EUROPEAN SOCIALISTS

The European Union's Economic and Monetary Union (EMU)

is the process through which the economic and monetary policies of certain European Union Member States have been harmonised, and which has led to the birth of the Euro and the subsequent introduction of Euro notes and coins from 1 January 2002 in twelve Member States. Following the birth of the Euro the European Central Bank assumed the responsibility for implementing European monetary policy. Its decision-making bodies now run the European System of Central Banks, whose main tasks are to manage: the amount of money in circulation; foreign-exchange operations; Member States' official foreign-exchange reserves; and the smooth operation of payment systems. The Euro is now the sole currency for more than 300 million Europeans.

EMU implies closer co-ordination of national economic policies, which have become a matter of common concern. Broad Economic Policy Guidelines (BEPG) for Member States and the Union are drawn up and are the main tools for co-ordinating EU economic policies. Each year, recommendations are made to Member States to ensure the proper implementation of the common economic policy. Within the framework of the 'Stability and Growth Pact' (SGP) governments must avoid excessive public deficits. Warnings and financial sanctions may be issued to a Member State which is not complying with this pact.

In the view of the European Parliament,

co-operation between EU Member States on matters relating to the co-ordination of monetary and economic policies (including fiscal policy and structural reforms) should aim to achieve price stability, sustainable economic growth and full employment. Faster European and international economic integration and monetary union, particularly following the introduction of the single currency, have increased the need for closer co-ordination of monetary and economic policies between the Member States of the European Union.

At the Lisbon European Council (March 2000), the Heads of states and governments set up a strategy to implement the concrete goals and deadlines of the mutually reinforcing process of reforming economic, environmental, employment and social policies. The so-called 'Lisbon strategy' should be understood as a strategy for the improvement of the European economic and social model. This requires effective European economic, social and environmental governance, and commitment to shared values of solidarity and sustainable development.

The PES Group in the European Parliament

calls for a solid and co-ordinated monetary and financial policy to not only keep interest rates low, but to free up investment capital and stimulate consumption. However, the Euro – in addition to bringing economic benefits – is the expression of a will to work together and continue along the path of political integration as well as spreading economic stability to the whole of Europe. The PES Group has been active in all the stages



of EMU and the Euro, with our Members drawing up some of Parliament's key reports, and ensuring that Parliament has a clear role in overseeing ECB monetary policy.

On broader economic aspects, concern is growing among centre-left politicians in Europe about reaching the goals of the growth and employment policies set out at the Lisbon summit. We therefore stress the need for the EU genuinely to *'become the most competitive and dynamic knowledge-based economy in the world'* and that action should be taken in three broad areas:

- More investment in human resources, more research and more eco-friendly methods of production to redirect the Lisbon strategy;
- Public finances must be conducive to sustainable growth and employment within the framework of budgetary stability;
- Policies need to be co-ordinated properly so that they are turned into concrete measures.

We believe that strong and sustainable economic activity must be stimulated to deliver real and tangible benefits and opportunities to ordinary people throughout the EU, providing them with the education and skills they need. It must stimulate the creation of good jobs, maintain high levels of social protection, and provide a cleaner and safer environment. We are convinced that our policy proposals will show the way forward to an 'employment-rich strategy' for Europe.

Concrete achievements

The PES Group has translated these political priorities into following **concrete achievements** throughout its political work at the European Parliament:

- close monitoring of the successful introduction of the Euro banknotes and coins, including a proactive and transparent ECB monetary policy;
- development of the ECB monetary policy strategy towards not only successful price stability, but concrete strategies for sustainable growth and employment;
- promotion of a more rational and flexible interpretation of the Stability and Growth Pact, including the recognition of structural reforms and public and private investment initiatives;
- development of an international monetary system structure geared towards a more regulated management of global financial services;
- further harmonisation of EU competition policy, including strengthening the role of the European Commission to counter competition distortions as well as greater involvement of trade unions as regards restructuring and merger control policy;
- promotion of public and private investments through public-private partnerships in the areas of education and training, life-long learning, research, environmentally-friendly production, information and high technologies, telecommunications, energy and transport networks;
- mitigation of the illegal tax 'competition' which is distorting the single market, as well as increased European-wide tax co-ordination;
- more openness in Europe's economic co-ordination process with regular and direct involvement of the European Parliament.



Contacts

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	Dollar	Pound	SF	Peseta	DM
Belgium	32.517	49.914	24.495	24836	18.3
Canada	1.3695	2.1021	1.0316	.01046	.774
ECU	.82645	1.2686	.62256	.00631	.4673
France	103.0	8.2936	4.0701	.04127	3.065
Germany	1584.0	2431.4	1.1868	.01301	1.000
Netherlands	99.31	152.71	75.000	0.00736	0.00536