

Excessive deficit procedure: implementation

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The idea behind the Stability and Growth Pact is to ensure that budgetary discipline does not end once EMU has entered into force. It was up to the committee to give this regulation a Community dimension, which was precisely what it had done by adopting two proposals for a regulation, one on the introduction of an early warning system to prevent excessive deficits and one on time limits and sanctions. The Committee on Economic and Monetary Affairs adopted the report by Mr Efthymios CHRISTODOULOU (PPE, EL) on these two proposals. Regarding the early warning system (cooperation procedure), the report insisted that national budgetary policies needed to allow adequate government investment to help sustain growth and employment. A purely mathematical evaluation was inadequate and public deficit should be evaluated on the basis of various economic factors, especially employment. The report also stressed the need to review these stability programmes during the course of national budgetary procedures in parliament and the need for the European Parliament to be provided with the relevant information. Moreover, similar procedures should cover the other Member States not belonging to EMU. With regard to time limits and sanctions (consultation procedure), the report reiterated the above principles. It proposed some changes to the time limits and emphasized that, in the event of an excessive deficit, the deposit prior to a possible sanction should not be considered as part of the government expenditure of the Member State concerned.