


Procedure file

Basic information		
INI - Own-initiative procedure	1997/2048(INI)	Procedure completed
Convergence criteria, the third stage of EMU and the various social security systems		
Subject 4.10.10 Social protection, social security 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		31/10/1995
		PSE WILLOCKX Frederik A.A.	

Key events			
19/07/1995	Non-legislative basic document published	B4-0589/1995	
14/03/1997	Committee referral announced in Parliament		
08/07/1997	Vote in committee		Summary
08/07/1997	Committee report tabled for plenary	A4-0255/1997	
01/10/1997	Debate in Parliament		
02/10/1997	Decision by Parliament	T4-0475/1997	Summary
02/10/1997	End of procedure in Parliament		
27/10/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2048(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 143-p5
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08733

Documentation gateway					
Non-legislative basic document		B4-0589/1995	19/07/1995	EP	
Committee report tabled for plenary, single reading		A4-0255/1997 OJ C 304 06.10.1997, p. 0006	08/07/1997	EP	
Text adopted by Parliament, single reading		T4-0475/1997 OJ C 325 27.10.1997, p. 0010-0023	02/10/1997	EP	Summary

Convergence criteria, the third stage of EMU and the various social security systems

The committee adopted, by 32 votes to nil, with 12 abstentions, the motion for a resolution on the convergence criteria, the third stage of EMU and the funding of national social security systems. Although the rapporteur, Mr Willockx (PSE, B), stated that the introduction of a single currency could generate employment, because of lower interest rates and sustained growth, he asked that similar importance be immediately granted to employment and fiscal policies as well as to the economic and social aspects. However, the adopted motion for a resolution did not only discuss the European social model, which should remain the cornerstone of the Union, it also looked at the limits that the convergence criteria imposed on the budgetary scope of Member States in terms of their social objectives, the harmful effect of the ageing of the population on social security systems, as well as the need to reduce social security contributions from employers in order to reduce labour costs. To correct this, the document adopted called for a voluntarist policy on employment and restated that the White Paper on Growth, Competitiveness and Employment was a first step towards a sound employment policy. It called for the immediate implementation of the White Paper in question and supported the proposals made by the Commission President to review the financial perspective, with a view to placing greater emphasis on employment in the budget. It also called for a job-creation policy, which would use the capital spent on unemployment payments for job creation purposes. Moreover, the rapporteur regretted that the reduction in social security contributions and the possibility of offsetting this by a European tax on CO₂ and energy remained blocked. In fact, in his view, the Union should seek, in the short term, to create a European framework for the transfer of taxation from labour to capital, the environment and energy consumption. In the longer term, the proposal for a 'European social snake' should be revived in the light of EMU. Mr Willockx was aware that there was a relative lack of solidarity in terms of redistribution between Member States. However, he asked clearly that a social and fiscal redistribution policy be established. The document also recalled the shortcomings of the internal market and noted the lack of coordination on tax matters at European level. It emphasized that there was a risk of fiscal rivalry between the Member States, which would accentuate the existing differences. Finally, it recommended that those involved in the European social dialogue continue after the entry into force of the third stage of EMU, particularly as regards wage policy, and that the Commission address the question of the future of social protection in the Union and for Parliament to be closely involved. ?

Convergence criteria, the third stage of EMU and the various social security systems

In adopting the report by Mr Frederik WILLOCKX (PSE, B), Parliament reaffirmed that the provisions on economic and monetary union had to be implemented in full as laid down. However, it recalled that neither the convergence criteria nor the date for the third stage should detract from the efforts to improve social security. Parliament noted the differences in the financing of social security systems between the Member States and subscribed to the Commission's view that, because of the enormous transitional costs involved, a radical change from public pay-as-you-go systems to pre-funding was not realistic. It believed that sound public financing was the best guarantee for a properly functioning social security system, and it suggested that Member States continue with reorganization in a socially responsible way. It considered that such reorganization should be achieved by increasing revenue and/or maintaining the level thereof while at the same time reducing expenditure in terms of benefits and claimants. However, steps should be taken to ensure that the competitive position of companies and the purchasing power of the population were not seriously impaired. As regards fiscal matters, Parliament noted that the lack of adequate fiscal coordination made it possible for pressure to be put on various national social security systems and the differences between Member States to be accentuated. Consequently, it called for a necessary improvement in the coordination of tax systems in respect of the taxable base and tax brackets. In its view, it was essential to consider the possibility of shifting the burden of taxation from labour to consumption of non-renewable natural resources, capital and/or added value. However, it underlined the fact that the discussion on activating the working of the labour market and by using fiscal incentives should not lead to a reduction in the degree of social protection. From an economic point of view, Parliament recalled that growth was a priority for guaranteeing the financing of social security systems. It called on the Member States to pursue a job-creation policy with objectives that included using the capital spent on unemployment payments and training for job-seekers for job-creation purposes. ?