


# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">1996/2221(INI)</a>	Procedure completed
Monetary policies and their effects on the real economy in the context of preparation for the third stage of EMU		
Subject 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	PSE <a href="#">HARRISON Lyndon H.A.</a>	31/10/1995

Key events			
11/11/1996	Committee referral announced in Parliament		
12/11/1996	Vote in committee		Summary
12/11/1996	Committee report tabled for plenary	<a href="#">A4-0374/1996</a>	
27/11/1996	Debate in Parliament		
28/11/1996	Decision by Parliament	T4-0650/1996	Summary
28/11/1996	End of procedure in Parliament		
16/12/1996	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2221(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08381

Documentation gateway				
Committee report tabled for plenary, single reading		<a href="#">A4-0374/1996</a>	12/11/1996	EP

		<a href="#">OJ C 380 16.12.1996, p. 0004</a>			
Text adopted by Parliament, single reading		T4-0650/1996 <a href="#">OJ C 380 16.12.1996, p. 0015-0062</a>	28/11/1996	EP	Summary

## Monetary policies and their effects on the real economy in the context of preparation for the third stage of EMU

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"Money is not neutral". Monetary policy cannot be considered as an abstract concept, for it has an impact on nominal parameters, such as the inflation rate and interest rate, as well as on real economic performance. Such was the tenet of the own-initiative report by Mr Lyndon HARRISON (PSE, UK), which was adopted by the Committee on Economic and Monetary Affairs. The rapporteur made a number of recommendations, including the need for a better balance (policy mix) between monetary policy and budgetary policy. Furthermore, if the prime objective of monetary policy is price stability, a satisfactory link has to exist with other indicators, such as the gross fixed capital formation and investment patterns, the development of unit labour costs, the balance of current account, the unemployment rate and the progress in the completion of the internal market. ?

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In adopting the report by M. Lyndon HARRISON (PSE, UK) on the impact of monetary policy on the real economy, the European Parliament underlined the necessity to realize EMU under the conditions of the Treaty on European Union and within the calendar, in order to reach an appropriate policy mix between monetary policy and budgetary policy. In addition, if the primary objective of monetary policy is price stability, a satisfactory link has to exist with various other indicators, such as the gross fixed capital formation and investment patterns, the development of unit labour costs, the balance of current account, the unemployment rate and the progress in the completion of the internal market. Parliament also called for an interinstitutional agreement which would cover the appointment of directors to the ECB and of members to the Economic and Financial Committee. ?