


# Procedure file

Basic information		
INI - Own-initiative procedure	1996/2133(INI)	Procedure completed
Coordination of the budgetary and fiscal policies in the Monetary Union		
Subject 2.70 Taxation 5.10.01 Convergence of economic policies, public deficit, interest rates		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy		19/11/1996
		PPE <a href="#">FOURÇANS André</a>	

Key events			
05/09/1996	Committee referral announced in Parliament		
22/05/1997	Vote in committee		Summary
22/05/1997	Committee report tabled for plenary	<a href="#">A4-0192/1997</a>	
10/06/1997	Debate in Parliament		
10/06/1997	Decision by Parliament	T4-0286/1997	Summary
10/06/1997	End of procedure in Parliament		
30/06/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2133(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/4/08087

Documentation gateway					
Committee report tabled for plenary, single reading		<a href="#">A4-0192/1997</a> <a href="#">OJ C 200 30.06.1997, p. 0004</a>	22/05/1997	EP	

Text adopted by Parliament, single reading		T4-0286/1997 <a href="#">OJ C 200 30.06.1997, p. 0017-0038</a>	10/06/1997	EP	Summary
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## Coordination of the budgetary and fiscal policies in the Monetary Union

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The rapporteur, Mr André FOURCANS, took the view that the effective coordination of the economic policies of the Member States should be sufficient to ensure the harmonious economic and social development of the Union. As far as budgetary policy was concerned, he was of the opinion that, in order to combat unemployment and other exceptional problems, Member States should have the option of pursuing expansionary policies. In this context he believed that budgetary equilibrium and deficits should not be assessed annually, but in relation to the whole economic cycle. Penalty payments for deficits exceeding 3% should be decided in the light of the whole cycle. As regards fiscal policies, the rapporteur expressed concern that, in view of the direct comparability permitted by assessment in a single currency, there was a possibility of economic distortion which might result from certain tax differences between Member States of the Monetary Union. Furthermore, in his concern about the possible implementation of incentive strategies based on taxation and social provisions, resulting in unfair competition through dumping, and recognizing that the current political situation is scarcely conducive to abandoning the unanimity rule for tax harmonization, the rapporteur wished to see the practice of dumping averted, either by means of a code of conduct for taxation or by a minimum degree of tax harmonization. As far as EU economic policy was concerned, the rapporteur took the view that the implementation and monitoring of tax coordination, and the putting in place of regulatory mechanisms, presupposed the creation of a political body, with significant economic powers, composed of representatives of all the Member States and subject to strong democratic control. ?

## Coordination of the budgetary and fiscal policies in the Monetary Union

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Adopting the report by Mr André FOURCANS (PPE, F), the European Parliament took the view that the effective coordination of the economic policies of the Member States, together with appropriate budgetary and fiscal policies, should be sufficient to ensure the harmonious economic and social development of the Union. As far as budgetary policy was concerned, Parliament believed that national budgetary policies would continue to be an essential tool for a long time to come and that budgetary equilibrium or deficit should not be assessed annually but in relation to the whole economic cycle, as should penalty payments for deficits exceeding 3%. It also advocated a mutual information procedure on national budgetary choices involving the governments and parliaments of the Member States. As regards fiscal policies, Parliament expressed concern that there was a possibility of economic distortion which might result from certain tax differences between Member States of the Monetary Union and felt that economic (and social) dumping should be avoided either by means of a code of conduct for taxation or by a minimum degree of tax harmonization, especially in the field of savings, corporation tax and cross-border taxation, and it called on the Commission to submit a report to it on this matter. Parliament also took the view that the implementation and monitoring of tax coordination and the elaboration of the real "policy-mix" needed if stage III of EMU was to function properly, presupposed the creation of a political body with significant economic powers composed of representatives of all the Member States and subject to democratic control, which reported periodically to Parliament. It proposed that a "Committee of Economic Advisors to the European Parliament" should be set up, consisting of recognized experts who would report on the economic situation once or twice a year and make recommendations on the basis of the political objectives assigned to it by Parliament.?