

The economic and monetary union

Resolution of the Monetary Panel (Brussels - 21 March 1997)

- 1.** ELEC reiterates its fundamental support to EMU, which constitutes the indispensable complement of the single market and the most powerful catalyst for further European integration. The third phase of EMU must be made a success and it must happen on time. Any postponement would damage the credibility of the whole process with incalculable consequences.
- 2.** To establish the conditions for a stable euro, ELEC encourages all EU member states to pursue their convergence efforts towards low inflation and sound public finances. It notes that the Maastricht criteria have helped achieve remarkable convergence results, which in some countries would have appeared out of reach a few years ago, and that the "stability and growth pact" signed at the Amsterdam Summit aims at consolidating those gains.
- 3.** On the other hand, the message of the recent French elections must be listened to, that people are primarily concerned with employment. ELEC's view is that the objectives of a stable euro and of employment are not at all incompatible but in fact complementary:
 - ◇ efforts to achieve the Maastricht criteria are not the cause of the high unemployment rate prevailing in a number of EU countries; rather they create the basis for sustainable growth and job creation in the future; pursuit of the criteria has already in 1997 produced the lowest interest rates for a generation in many countries;
 - ◇ however the "stability and growth pact" needs to be complemented by an enhanced coordination of economic policy for which article 103 of the Maastricht Treaty provides already an institutional framework. This coordination should reinforce the impact of each country's policies towards employment creation, growth and competitiveness and provide room for differentiation to take into account the diversity of economic situations. This coordination should give a new impetus to structural policies, in particular in the areas of labour market and social security reforms. Without such complementary reforms EMU could indeed fail to achieve the tangible benefits the European population is most concerned with.
- 4.** In the assessment that will be made to determine the countries participating to the euro zone from 1 January 1999, ELEC recommends that emphasis be placed not only on the results achieved in 1997 but on the Treaty's requirement for "sustainability" of a policy of low inflation and sound public finances as evidenced, for example, in the budget for 1998 and convergence plans adopted for the medium term. The assessment should be made objectively, without any prejudice and in a climate of trust, stressing the establishment of "a virtuous circle" and of a common "culture of stability". If a country cannot be included from the very beginning in the euro zone, but is close to achieving the convergence objectives, it should be offered very clear prospects of joining soon so as to avoid any undermining by financial markets of its convergence efforts.
- 5.** To ELEC notes that there is still a lack of clear understanding in the population of what is at stake in EMU. ELEC urges all those who hold political responsibilities as well

as other opinion leaders in the media, in finance and industry, in the trade unions, in consumer organisation, in the academic world, in school and youth organisations, etc. to exercise their leadership in explaining to the population the political and economic benefits of EMU, the conditions to make EMU successful and the considerable additional efforts that will be required to ensure to Europe a peaceful, democratic and prosperous future and the preservation of the heritage of the European civilisation in the 21st century.
