15. Macroeconomics: Inclusive Growth

"To this end, we reaffirm our commitment to use all policy tools — monetary, fiscal and structural — individually and collectively to achieve strong, sustainable, balanced and inclusive growth."

G7 Taormina Leaders' Declaration

Assessment

Member	No Compliance	Partial Compliance	Full Compliance
Canada			+1
France		0	
Germany		0	
Italy		0	
Japan	−1		
United Kingdom			+1
United States			+1
European Union			+1
Average Score	+0.38		

Background

Low growth rates continue to be a major concern for the G7. The 2017 Taormina leaders' communiqué identifies that "global recovery is gaining momentum, yet growth remains moderate and GDP is still below potential in many countries."[1341] Their declaration highlights raising "global growth to deliver higher living standards and quality jobs" as a priority.[1342] In an effort to overcome the ongoing obstacles of unemployment, stagnant living standards and inaccessible education, which are a result of low economic growth rates, the G7 members commit to the use of fiscal, monetary and structural policy tools to maintain strong and sustainable growth.

Macroeconomics and economic growth have been a recurring focus for past G7 summits, however the tools used to address this goal have varied from one summit to another. At the 2011 Deauville Summit, members committed to ensuring their "macroeconomic policies promote sound economic growth, aiming, together with our employment and social policies, at reducing unemployment and enabling a quick re-entry into the labour market."[1343] At the 2012 Camp David Summit, a commitment was made "to raise productivity and growth potential in our economies, we support structural reforms, and investments in education" was also made by G7 members.[1344] At the 2013 Lough Erne summit, G7 members "agreed to nurture the global recovery by supporting demand."[1345] At the 2015 Schloss Elmau Summit, a key commitment was to foster sustainable growth by

[1341] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1342] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1343] G8 Declaration: Renewed Commitment for Freedom and Democracy, G7 Information Centre (Toronto) 27 May 2011. Access Date: 25 October 2017. http://www.g8.utoronto.ca/summit/2011deauville/2011-declaration-en.html
[1344] G8 Camp David Summit Declaration, G8 Information Centre (Toronto, Canada) 19 May 2012. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2012campdavid/g8-declaration.html
[1345] G8 Lough Erne Summit Declaration, G8 Information Centre (Toronto, Canada) 18 June 2013. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-declaration.html

promoting education.[1346] At the 2016 Ise Shima Summit, commitments were made to implement monetary, fiscal, and structural policy to "strengthen global demand and address supply constraints, while continuing efforts to put debt on a sustainable path."[1347]

Commitment Features

At Taormina, G7 leaders reaffirm their commitment to use all policy tools — monetary, fiscal and structural — individually and collectively to achieve strong, sustainable, balanced and inclusive growth. Thus member's compliance with this commitment is centred on the three components of: 1) monetary policy; 2) fiscal policy; and 3) structural reforms.

Part One: Monetary Policy for Price Stability

The communiqué specifies that monetary policy should be used to "ensure price stability, consistently with central banks' mandates" to support economic growth.[1348] Central banks can manage interest rates through open market operations that adjust their money supply to ensure prices remain stable at the rate of inflation.[1349] Central banks can also adjust commitments to target inflation rates to maintain purchasing power of consumers and price stability.

Part Two: Fiscal Policy for High Quality Investment

According to the communiqué, "fiscal policy should be used flexibly to strengthen growth and job creation," by "prioritizing high-quality investment, such as in infrastructures."[1350] Governments can implement fiscal policies that emphasizes investments in infrastructure projects, such as roads, bridges or schools, that can boost productivity and create jobs.[1351]

Part Three: Structural Reforms for Productivity

Structural reforms, as agreed upon by G7 Finance Ministers and Central Bank Governors at the 2017 Bari, Italy meeting, includes measures to improve the framework conditions for inclusiveness while compensating the most vulnerable.[1352] G7 countries may consider policies that strengthen active labour markets, and address inequalities between regions, genders, labour markets and local areas. Policies considered can support inclusive growth through investment in infrastructure, skills and connectivity, and ensuring the right institutions are in place to facilitate growth.[1353]

During the G20 2014 Brisbane Summit, each member submitted individual Comprehensive Growth Strategies, which describe each member's policy objectives. Altered growth strategies were submitted

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[1346] G7 Schloss Elmau Summit Declaration, G7 Information Centre (Toronto, Canada) 23 May 2016. Access Date: 16 October 2017. http://www.g8.utoronto.ca/evaluations/2015compliance-final/01-2015-g7-compliance-final-160523.pdf
[1347] G7 Taormina Leaders' Declaration, G7 Information Centre (Toronto) 25 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/evaluations/2016compliance-final/2016-g7-compliance-final.pdf
[1348] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto, Canada) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1349] Monetary Policy and Central Banking, International Monetary Fund 18 May 2017. Access Date: 25 October 2017. http://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/20/Monetary-Policy-and-Central-Banking
[1350] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto, Canada) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1351] Will more Infrastructure Spending increase US Growth?, Brookings Institute 13 December 2017. Access Date: 25 October 2017. https://www.brookings.edu/blog/future-development/2016/12/13/will-more-infrastructure-spending-increase-us-growth/
[1352] Bari Policy Agenda on Growth and Inequalities, G7 Information Centre (Toronto, Canada) 13 May 2017. http://www.g8.utoronto.ca/finance/170513-policy-agenda.html
[1353] Bari Policy Agenda on Growth and Inequalities, G7 Information Centre (Toronto, Canada) 13 May 2017. http://www.g8.utoronto.ca/finance/170513-policy-agenda.html

ahead of the G20 2015 Antalya Summit and the G20 2016 Hangzhou Summit. The objectives outlined in the growth strategies have considered each member's short-term economic conditions. Each member's Growth Strategy outlines measures within their fiscal objectives that address putting debt-to-GDP ratios on a sustainable path.[1354]

G7 members can achieve compliance by focusing monetary policy on ensuring price stability, fiscal policy on high-quality investments and job creation, and measures to improve the framework conditions for inclusiveness while compensating the most vulnerable as a means of structural reform for inclusive growth. Each individual member's report below will begin by identifying the policy objectives outlined in each Growth Strategy. The report will then assess compliance based on actions taken by each member to fulfill the stated policy objectives. Therefore, full compliance requires members to effectively use all three of these policy tools in the specific ways discussed in the communiqué.

Scoring Guideline

Score	Description
−1	The G7 state member did not adjust monetary policy to ensure price stability AND fiscal policy to strengthen growth and job creation AND structural reform
0	The G7 state member adjusted monetary policy to ensure price stability OR fiscal policy to strengthen growth and job creation and OR structural reform
+1	The G7 state member adjusted monetary policy to ensure price stability AND fiscal policy to strengthen growth and job creation and AND structural reform

Lead Analyst: Georgina Merhom

Canada: +1

Canada has fully complied with its commitment to "to use all policy tools — monetary, fiscal and structural — individually and collectively to achieve strong, sustainable, balanced and inclusive growth."[1355]

On 12 July 2017, the Bank of Canada raised its target overnight bank rate from 0.5% to 0.75% in order to smooth fluctuations as a result of changes in growth rate of gross domestic product (GDP). GDP growth was above potential in the first quarter and the Bank of Canada expected this growth to moderate. The governing council judged that "the current outlook warrants today's withdrawal of some of the monetary policy stimulus in the economy."[1356] This shift in monetary policy was an attempt to stabilize prices and the interest rate was expected to hover around 2%.[1357]

On 26 July 2017, the Government of Canada announced that it was investing CAD 2.6 million in Sustane Technologies, a company within the clean technology sector, to support the growth of the

[1354] 2016 G20 Hangzhou Summit Final Compliance Report, G20 Research Group (Toronto, Canada) 6 July 2017. http://www.g20.utoronto.ca/compliance/2016hangzhou-final/2016-g20-final-compliance.pdf
[1355] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1356] Bank of Canada increases overnight rate target to 3/4 per cent, Bank of Canada (Ottawa) 12 July 2017. Access Date: November 27 2017. http://www.bankofcanada.ca/2017/07/fad-press-release-2017-07-12/
[1357] Bank of Canada increases overnight rate target to 3/4 per cent, Bank of Canada (Ottawa) 12 July 2017. Access Date: November 27 2017. http://www.bankofcanada.ca/2017/07/fad-press-release-2017-07-12/

firm and the construction of a demonstration facility.[1358] This investment is part of the multi-year Innovation and Skills plan, which is intended to "make Canada a world-leading centre for innovation, to help create more good, well-paying jobs" and to "increase the clean technology sector's contribution to Canada's gross domestic product."[1359] This measure is intended to strengthen economic growth and job creation.

On 6 September 2017, the target overnight bank rate was raised again from 0.75% to 1%, reducing their economic stimulus in response to continued economic performance above potential and smoothing fluctuations in the price level. The Bank of Canada stated that "there remains some excess capacity in Canada's labour market, and wage and price pressures are still more subdued than historical relationships would suggest, as observed in some other advanced economies."[1360]

On 16 October 2017, Prime Minister Justin Trudeau announced a two-year tax reform plan that will reduce the tax burden on small businesses in two stages from 10.5% to 9%. The tax code will no longer allow people to reduce income tax by incorporating themselves as small businesses, reducing the ability of wealthy Canadians to evade tax.[1361]

On 13 December 2017, the Standing Senate Committee on National Finance released a its recommendations in relation to the proposed tax reform. The report recommended that no part of the proposed reforms be implemented and instead that "the Government of Canada undertake an independent comprehensive review of Canada's tax system with the goal of reducing complexity, ensuring economic competitiveness, and enhancing overall fairness."[1362]

On 15 January 2018, the federal government invested CAD 45 million in Linamar Corporation, a automotive parts manufacturer, to support the use of innovative technologies and the manufacture of cars that are more environmentally friendly.[1363] This investment was the first made under the Strategic Innovation Fund, which falls under the Innovation and Skills Plan. The Fund was created with the goal of ensuring that "Canada is a top destination for businesses to invest, grow and create jobs" through encouraging innovation, attracting large investments, and helping firms to expand.[1364]

[1358] Government of Canada invests in Nova Scotia's clean technology sector to create jobs, Innovation, Science, and Economic Development Canada (Ottawa) 26 July 2017. Access date: November 26 2017. https://www.canada.ca/en/innovation-science-economic-development/news/2017/07/government_of_canadainvestsinnovascotiascleantechnologysectortoc.html

[1359] Chapter 1 — Skills, Innovation and Middle Class Jobs, Government of Canada (Ottawa). http://www.budget.gc.ca/2017/docs/plan/chap-01-en.html

[1360] Bank of Canada increases overnight rate target to 1 per cent, Bank of Canada (Ottawa) 6 September 2017. Access Date: November 27 2017. https://www.bankofcanada.ca/2017/09/fad-press-release-2017-09-06/

[1361] Liberals pledge to cut small business tax rate to 9% amid backlash over proposed tax reforms, CBC (Ottawa) 16 October 2017. Access date: 20 November 2017. http://www.cbc.ca/news/politics/small-business-tax-1.4356229

[1362] Fair, Simple, and Competitive Taxation: the Way Forward for Canada," The Standing Senate Committee on National Finance (Ottawa) 13 December 2017. Access date: 14 January 2018. https://www.sencanada.ca/content/sen/committee/421/NFFN/Reports/NFFN_Tax_Planning_24th_Report_e.pdf

[1363] Federal government investment to create 1,500 new jobs and secure more than 8,000 others in Guelph, Innovation, Science, and Economic Development Canada (Ottawa) 15 January 2018. Access date: 15 January 2018. https://www.canada.ca/en/innovation-science-economic-development/news/2018/01/federal_governmentinvestmenttocreate1500newjobsandsecuremorethan.html

[1364] Strategic Innovation Fund, Innovation, Science, and Economic Development Canada (Ottawa). Access date: 14 January 2018. https://www.canada.ca/en/innovation-science-economic-development/programs/strategic-innovation-fund.html

On 17 January 2017, the Bank of Canada raised the overnight target rate to 1.25% from 1.00%.[1365] The increase is in response to inflation rising close to its targeted level of 2% and strong growth overall in the Canadian and American economies. This shows adequate use of monetary policy to ensure price stability and support sustainable growth.

Canada has fully complied with its commitment to use monetary, fiscal, and structural policy to encourage sustainable economic growth through its use of interest rates, efforts to reform the tax code, and strategic investments.

Thus, Canada receives a score of +1.

Analyst: Kelly Cholvat

France: 0

France has partially complied with its commitment to use all monetary, fiscal and structural policy tools individually and collectively to achieve strong, sustainable, balanced and inclusive growth.

According to Banque de France's Macroeconomics Projection for June 2017, several fiscal policy strategies will be taking place to achieve an upcoming economic growth. A decrease in public spending is soon to be experienced where "The fall in the debt service cost from 1.9% to 1.8% of GDP [gross domestic product] should nonetheless offset some of this rise, helping to keep overall spending growth in check."[1366]

France has continued to reduce its debt in service costs and some spending restraint which is predicted to bring the fiscal deficit down to just below 3% of GDP in 2018, but a long-term strategy is needed to reduce public spending and continue lowering high taxes that weigh on employment and investment. Advancing tax cuts would provide a welcome boost to demand.

As of June 2017, the Organisation for Economic Co-operation and Development has reported that around 22% of the French workforce has weak basic skills which negatively affects economic growth.[1367] Weak productivity growth and high unemployment have meant that the benefits of globalisation have not been equitably shared. Recent social contribution cuts on lower wages have reduced labour costs, but the job prospects of many adults are constrained by weak skills. Labour market activation and access to high-quality training for low-skilled workers need to be strengthened by simplifying the system, improving information about quality and providing effective guidance.

The same report has also issued that there has been a recent school reform has laid the basis for stronger teacher training in pedagogy. Pay systems and career paths should also be developed to attract excellent teachers to difficult schools. High and complex taxes hinder business creation and growth. They should be simplified and lowered, by broadening narrow tax bases. Further enhancing the autonomy of universities and increasing the share of project financing in public funding in research and development would help them develop innovative education and research programmes, while promoting industry-science collaboration in research.

[1365] Bank of Canada increases overnight rate target to 1 1/4 per cent, Bank of Canada (Ottawa) 17 January 2018. Da Access Date: 28 January 2018. https://www.bankofcanada.ca/2018/01/fad-press-release-2018-01-17/

[1366] Macroeconomic Projections France, Banque de France (Paris) June 2017. Access Date: 28 January 2018. https://www.banque-france.fr/sites/default/files/media/2017/06/09/bpme_06_2017_gb.pdf

[1367] France Economic Forecast, OECD (Paris) June 2017. Access Date: 28 January 2018. http://www.oecd.org/economy/france-economic-forecast-summary.html

France has mainly used fiscal policy for economic growth. For its structural improvements that affect growth such educating the workforce to help decrease unemployment, France receives a score of 0

Analyst: Malak Ali

Germany: 0

Germany has partially complied with its commitment to use all monetary, fiscal and structural policy tools individually and collectively to achieve strong, sustainable, balanced and inclusive growth.[1368]

On 4 July 2017, the federal cabinet adopted the government draft for the 2018 federal budget and the financial plan up to 2021. Investment spending is set to increase, allowing for job creation. Social spending is also set to remain high. Germany is dedicated in stimulating the economy without taking on new debt and debt-to-gross domestic product ratio is projected to fall below Stability and Growth Pact requirement.[1369]

On 29 September 2017, the Federal Employment Agency released the Labour Market Press Release and announced that number of people unemployed has decreased by 96,000 to 2,449,000 from August to September.[1370] On 16 October 2017, the President of the Conference of Ministers of Education and Cultural Affairs and the Chairman of the Board of the Federal Employment Agency signed a framework agreement on cooperation between school and professional advice. This helps young people to move from school to work.[1371]

On 21 December 2017, the Federal Ministry of Finance released the December 2017 monthly report and showed that fiscal expenditure has increased in all functions. Spending on pensions, social security and benefits have gone up by 6.0% compared to last year. This includes unemployment insurance and family assistance. Expenditure on infrastructure such as transport and communication has also increased by 17.5%.[1372]

On 7 July 2017, Bundesbank President Jens Weidmann called for structural reforms such as stronger social security systems, investment in education and expansion in digital infrastructure. He also made comments regarding the need to have reforms in the European level.[1373]

In July 2017, as chair of the G20 Summit and co-chair of the G20 Anti-Corruption Working Group, Germany advocated for making public administrations more resilient against corruption. Based on

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[1368] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html

[1369] Draft 2018 Budget and Financial Plan to 2021: No New Debt, More Investment, Preparing Well for the Future, Federal Ministry of Finance 4 July 2017. Access Date: 25 November 2017. http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Public-Finances/Articles/2017-07-04-federal-budget-2018.html

[1370] The Labour Market in September 2017, Federal Employment Agency 29 September 2017. Access Date: 25 November 2017. https://www.arbeitsagentur.de/en/press/2017-20-the-labour-market-in-september-2017

[1371] Reorientation of Cooperation between School and Professional Advice, Federal Employment Agency 16 October 2017. Access Date: 25 November 2017. https://www.arbeitsagentur.de/en/press/en-2017-21-cooperation-school-and-professional-advice

[1372] December 2017 Monthly Report, Federal Ministry of Finance 21 December 2017. Access Date: 10 January 2018. http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Monthly_Report/Abstract/2017-12-english-version.html

[1373] Weidmann: Economic recovery opening up prospect for normalising monetary policy, Deutsche Bundesbank Eurosystem 7 July 2017. Access Date: 10 January 2018. https://www.bundesbank.de/Redaktion/EN/Topics/2017/2017_07_07_weidmann_vienna.html this German initiative, G20 leaders agreed on the G20 High Level Principles on Organizing against Corruption. This document guidelines that provide guidance on organizational structures and processes that minimize the risk of corruption and help detect corruption.[1374]

On 15 December 2017, Chancellor Angela Merkel expressed the need to have structural reforms and the intend to work with France to harmonize their standpoints by March 2018.[1375]

On 1 September 2017, the Council of Europe Criminal Law Convention on Corruption went into force. However, as of 15 January 2018, Germany has yet to ratify the Council of Europe Civil Law Convention on Corruption.[1376] This convention requires Contracting Parties to provide in their domestic law effective remedies for those who have suffered due to corruption.[1377] The Organisation for Economic Co-operation and Development's Working Group on Bribery is conducting on-site visit to Germany and report will be available in June 2018.[1378]

Since January 1999 responsibility for monetary policy in Germany lies with the European Central Bank, and so there is no autonomous German monetary policy. Still, Germnay used fiscal policy to promote growth and kept unemployment level low, but has not carried out structural reforms.

Thus, Germany receives a score of 0.

Analyst: Tacye Hong

Italy: 0

Italy has partially complied with its commitment to "use all policy tools — monetary, fiscal and structural — individually and collectively to achieve strong, sustainable, balanced and inclusive growth."[1379]

On 30 May 2017, the Italian Minister of Economy and Finance, Pier Carlo Padoan, wrote a letter to the Commissioner and Vice-President of the European Commission, affirming the Italian government's commitment to fostering fiscal sustainability. Minister Padoan indicated that Italy would adjust its structural balance by 0.3% of gross domestic product (GDP) in 2018. This adjustment is intended to "further reduce the headline deficit and to ensure a decline in debt to GDP ratio." Additionally, these measures prioritise fiscal stability while "providing support for growth and ultimately job creation by re-launching public and private investment."[1380]

[1374] G20 high level principles on organizing againt corruption, G20 Information Centre (Toronto) 8 July 2018. Access Date: 11 April 2018.
[1375] EU has taken a "good step" forward, The Federal Chancellor 15 December 2017. Access Date: 10 January 2018. https://www.bundeskanzlerin.de/Content/EN/Reiseberichte/2017_en/2017-12-12-er-bruessel-dezember_en.html
[1376] Treaty List for a Specific State: Germany, Treaty Office 15 January 2018. Access Date: 15 January 2018. https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/country/GER?p_auth=lpJpMya3
[1377] Details of Treaty No. 174 Civil Law Convention on Corruption, Council of Europe Portal, 1 November 2003. Access Date: 25 November 2017. https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/174
[1378] Monitoring the OECD Anti-Bribery Convention in Germany and Norway: for contributions, OECD. Access Date: 12 January 2018. http://www.oecd.org/corruption/call-for-contributions-phase-4-evaluations.html
[1379] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html
[1380] Padoan Writes to the European Commission on the 2018 Adjustment, Ministry of Economy and Finance (Rome) May 30, 2017. Access Date: November 11, 2017. http://www.mef.gov.it/inevidenza/documenti/Dombrovskis_30052017.pdf

On 31 May 2017, the Minister of Economy and Finance appointed Dr. Fabrizio Corbo as the Corruption and Transparency Prevention Officer. The Corruption and Transparency Prevention Officer acts in accordance with the Transparency and Integrity Program, ensuring the clarity, completeness and transparency of publications by the Ministry.[1381] This appointment highlights Italy's continuing commitment to tackling government corruption in pursuit of greater accountability.

On 20 June 2017, the Unita di Informazione per l'Italia and the China Anti-Money Laundering Monitoring and Analysis Center signed a memorandum of understanding. The financial intelligence units of both countries are required to share information regarding suspicious transactions involving, inter alia, money laundering. The agreement lays the groundwork for closer Italian-Chinese cooperation and a real effort to prevent cross-border money laundering.[1382]

On 28 July 2017, the Minister of Infrastructure and Transport, Graziano Delrio, met with the French Minister of Transport, Elisabeth Borne, in a bilateral meeting held in Rome. Both ministers affirmed their continued commitment to the implementation of the Turin-Lyon railway line. Both Ministers indicated a call for tender for the construction of the Autostrada Ferroviaria Alpina would be published on 1 August 2017, in the Official Journal of the European Union.[1383]

On 2 August 2017, the Italian Senate approved the Annual Market and Competition Law. The legislation is intended to stimulate economic growth and productivity and promote competition among businesses in the market. According to the Ministry of Economy and Finance, the law is estimated to "produce GDP growth equal to 0.2% per annum."[1384]

On 18 September 2017, the European Commission formally approved changes to Italian tax incentives related to investments in innovative startups. Individuals and/or businesses investing in startups are eligible for a 30% deduction equal to 30% the amount of capital invested for a maximum of EUR 30,000 and EUR 1,800,000 respectively. The implementation of the tax incentive indicates Italy's continued commitment to the structural reform of its tax system and encouraging high quality investments beneficial to the general public.[1385]

On 10 October 2017, the Deputy Minister of Infrastructure and Transport, Riccardo Nencini, met with the Slovenian Minister of Infrastructures, Peter Gaspersic, in Brdo, Slovenia. The Italian delegation committed to upgrading, modernizing and developing the Trieste-Divaća Line. In

[1381] Appointment Decree of the Corruption and Transparency Prevention Officer, Ministry of Economy and Finance (Rome) May 31, 2017. Access Date: November 11, 2017. http://www.mef.gov.it/operazione-trasparenza/altri_contenuti/prevenzione-corruzione/Resp_prev.html

[1382] Anti-Money Laundering — Memorandum of Understanding Between Unità di Informazione Finanziaria per L'Italia and CAMLMAC, Banca D'Italia (Rome) June 20, 2017. Access Date: November 10, 2017. https://www.bancaditalia.it/media/comunicati/documenti/2017-01/en_cs_UIF_CAMLMAC_20062017.pdf?language_id=1

[1383] Bilateral Meeting between Italy and France on Infrastructures and Transport, Ministry of Infrastructure and Transport (Rome) July 28, 2017. Access Date: November 11,2017. http://www.mit.gov.it/en/comunicazione/news/ferrovie/bilateral-meeting-between-italy-and-france-infrastructures-and

[1384] The Annual Law for the Market and Competition, Ministry of Economic Development (Rome) August 2, 2017. Access Date: November 11, 2017. http://www.sviluppoeconomico.gov.it/index.php/it/mercato-e-consumatori/legge-per-il-mercato-e-la-concorrenza

[1385] Innovative Startups: Change to Tax Incentives for Equity Investment are now Fully Applicable, Ministry of Economy and Finance (Rome) October 2, 2017. Access Date: November 18, 2017. http://www.mef.gov.it/en/inevidenza/article_0310.html addition, the Italian delegation committed to undertaking a study to determine the feasibility of the implementation of a Ljubljana-Venice passenger railway connection. The Ljubljana-Venice connection is considered "crucial for the economic, cultural, and tourist exchanges between the two countries."[1386]

On 17 October 2017, the Chamber of Deputies approved the European Delegation Act 2016-2017. The law authorizes the Italian Government to implement several European Union regulations, acts and/or directives by adapting national legislation. Several of the adopted directives and regulations pertain to market abuse and transparency of securities financing transactions. The Act affirms Italy's continued commitment to the protection of financial stability, the integrity of the markets, and market transparency.[1387]

On 20 October 2017, the Italian Government submitted its updated Draft Budgetary Plan 2018 to the European Commission. The updated budget aims to continue the decline of public debt-to-GDP ratio between 2018 and 2020, targeting investments, competitiveness, and social cohesion. The various structural reforms outlined in the budget policy are targeted towards promoting continued recovery and economic growth while moderating consumer price inflation.[1388]

On 2 November 2017, the Ministry of Economy and Finance announced the exhaustion of the Sinking Fund. The transaction amounted to a total of EUR 599,000,000. The Sinking Fund is intended to reimburse or buy back government securities from the public market in order to reduce and sustain public debt.[1389]

Italy has partially complied with its commitments by implementing fiscal policy to increase infrastructure expenditure and conducting structural reform through tax reforms to increase competitiveness.

Thus, Italy receives a score of 0.

Analyst: Kareem Shahin

Japan: −1

Japan has not complied with its commitment to use all monetary, fiscal and structural policy tools individually and collectively to achieve strong, sustainable, balanced and inclusive growth.[1390]

On 31 July 2017, the International Monetary Fund stated Japan needs to focus on structural reform in particular in order to promote growth.[1391] Specifically, it has stated that structural reform needs to

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[1386] Italian-Slovenian Ministers' Committee, Ministry of Infrastructure and Transport (Brdo) October 10, 2017. Access Date: November 11, 2017. http://www.mit.gov.it/en/comunicazione/news/trieste-divaca-railway-line/italian-slovenian-ministers-committee

[1387] Special Provision: European Delegation Law 2016-2017 (Rome) October 17, 2017. Access Date: November 11,2017. http://www.camera.it/leg17/522?tema=disegno_di_legge_delegazione_europea_2014_d_d#OCD25-47

[1388] Italy's Draft Budgetary Plan 2018, Ministry of Economy and Finance (Rome) October 20, 2017. Access Date: November 11, 2017. https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2018_en

[1389] Government Bond: 599 Million Reimbursed by the Sinking Fund, Ministry of Economy and Finance (Rome) November 2, 2017. Access Date: November 11,2017. http://www.mef.gov.it/en/ufficio-stampa/comunicati/2017/comunicato_0176.html

[1390] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html take place in labour markets in order to improve wage growth, investments, and productivity. It also recommended that fiscal and monetary policy be used together to maintain the current momentum.

On 31 October 2017, the Bank of Japan announced that it will hold short-term interest rates at −0.1% and pledged to carry on buying assets at JPY 80 trillion per year in order to stop deflation.[1392] The Bank of Japan has stated the medium to long-term inflation expectations are still projected to rise towards 2%. This shows use of monetary policy to ensure price stability and support growth.

On 30 December 2017, the Bank of Japan announced that it will also hold its short-term interest rates at −0.1% and continue with its asset purchases at the rate of JPY 80 trillion a year.[1393] Although Japan had growth of 2.5% in the third quarter of 2017, inflation has not come close to the 2% target. Goushi Kataoka, a member of the board at the Bank of Japan, has criticized this move and stated that inflation will not reach the 2% target and that more monetary stimulus is needed.[1394]

Japan has not adjusted its monetary policy to meet its targets and has not conducted structural reform.

Thus, Japan receives a score of −1.

Analyst: Sukhmeet Singh

United Kingdom: +1

The United Kingdom has fully complied with its commitment to use all monetary, fiscal and structural policy tools individually and collectively to achieve strong, sustainable, balanced and inclusive growth.

On 8 September 2017, the second Finance Bill of 2017 was published and is being assessed by the House of Lords as of the time of this writing. The bill will provide structural reforms by cracking down on tax avoidance and evasion, while bringing tax revenues needed for public services. Measures introduced in the bill include new penalties for those using tax avoidance schemes, updates on rules around company interest expenses, and changes to prevent individuals from using artificial schemes to avoid paying taxes.[1395] The Finance Bill also puts changes on various imbalances in the tax system in order to improve tax equality. It will also bring in much needed funds for the public service sector of the economy; thus, increasing productivity within the British economy.

On 25 September 2017, Chancellor of the Exchequer Philip Hammond announced a GBP 5 million government fund for new exploration in the North Sea to survey under-explored areas of the UK Continental Shelf to find new oil and gas deposits.[1396] This follows "a spate of fresh North Sea oil and

[1391] For Japan's Economy, Now is the time to step up reforms, International Monetary Fund, 31 July 2017. Date of Access: 31 January 2018. https://www.imf.org/en/News/Articles/2017/07/31/NA073117-For-Japan-Economy-Now-Is-the-Time-to-Step-Up-Reforms

[1392] Bank of Japan keeps policy on hold, Financial Times (Tokyo) 31 October 2017. Date of Access: 31 January 2018. https://www.ft.com/content/4f584ec2-bde6-11e7-b8a3-38a6e068f464

[1393] Bank of Japan keeps monetary policy on hold, Financial Times (Tokyo) 21 December 2017. Date of Access: 31 January 2018. https://www.ft.com/content/771afa44-e5fb-11e7-97e2-916d4fbac0da

[1394] Bank of Japan keeps monetary policy on hold, Financial Times (Tokyo) 21 December 2017. Date of Access: 31 January 2018. https://www.ft.com/content/771afa44-e5fb-11e7-97e2-916d4fbac0da

[1395] Finance Bill 2017-19, UK Parliament (London) 8 Sep 2017. Date of Access: 4 Nov 2017. https://publications.parliament.uk/pa/bills/lbill/2017-2019/0071/18071.pdf.

[1396] North Sea Exploration Funding, HM Treasury (London) 25 Sep 2017. Date of Access: 4 Nov 2017. https://publications.parliament.uk/pa/bills/lbill/2017-2019/0071/18071.pdf.

gas projects starting up this year [that] will reach a ten year high within the ageing basin."[1397] Hammond justifies the fund on his fiscal policy of "revitalizing the oil and gas industry and boosting prospects for jobs in Aberdeen and the surrounding area."[1398]

On 12 October 2017, the British Parliament introduced the draft Domestic Gas and Electricity Bill that caps the prices of energy tariffs. This fiscal decision is due to the Competition and Markets Authority finding that "customers of energy are paying GBP 1.4 billion a year more than they would be in a truly competitive market."[1399] Prime Minister Theresa May states that the "broken energy market has to change — it has to offer fairer prices for millions of loyal customers."[1400] May seeks to gain consumer equality and confidence through this price cap, as well as encouraging supplier efficiency.

On 25 October 2017, Chancellor of the Exchequer Philip Hammond pledged to invest GBP 17 million to the National Health Services to support new drug discoveries and mental health services. Hammond announces, "My focus now … is on boosting productivity so that we can deliver higher-wage jobs and a better standard of living for people across the country."[1401] The British life sciences industry serves 60 million patients, with over 5000 companies employing nearly 235,000 workers generating GBP 63.5 billion turnover.[1402] Thus, Hammond's investment is an appropriate fiscal policy decision aimed to boost employment and productivity.

On 1 November 2017, the Bank of England's Monetary Policy Committee voted by majority of seven to two to increase the bank rate by 0.25% to 0.5%.[1403] This decision resulted from increasing inflation rates as inflation peaked over 3% due to depreciation of sterling and rising energy prices.[1404] The Monetary Policy Committee hopes to meet the 2% inflation target, in order to "sustain growth and employment."[1405] This is the United Kingdom's first interest rate hike since a decade ago.[1406]

On 1 November 2017, the Bank of England's Monetary Policy Committee unanimously voted to maintain the stock of sterling nonfinancial investment-grade corporate bond purchases at GBP 10

[1397] North Sea hits ten year high for new oil projects, The Telegraph (London) 5 Sep 2017. Date of Access: 4 Nov 2017. http://www.telegraph.co.uk/business/2017/09/04/north-sea-hits-ten-year-high-new-oil-projects/
[1398] North Sea Exploration Funding, HM Treasury (London) 25 Sep 2017. Date of Access: 4 Nov 2017. https://publications.parliament.uk/pa/bills/lbill/2017-2019/0071/18071.pdf.
[1399] Draft Domestic Gas and Electricity (Tariff Cap) Bill, Department for Business, Energy and Industrial Strategy (London) 12 Oct 2017. Date of Access: 4 Nov 2017. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/651268/CCS207_CCS1017179938-1_Draft_Domestic_Gas_and_Electricity.pdf
[1400] Theresa May's energy price cap could last until 2023, The Guardian (London) 12 Oct 2017. Date of Access: 4 Nov 2017. https://www.theguardian.com/money/2017/oct/12/may-energy-price-cap-ofgem-electricity-gas-tariffs
[1401] £17 million boost to the UK's leading life sciences sector, HM Treasury (London) 25 Oct 2017. Date of Access: 4 Nov 2017. https://www.gov.uk/government/news/17-million-boost-to-the-uks-leading-life-sciences-sector
[1402] Life Sciences Industrial Strategy, Office for Life Sciences (London) 30 Aug 2017. Date of Access: 4 Nov 2017. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf
[1403] Monetary Policy Summary, Bank of England (London) 2 Nov 2017. Date of Access: 4 Nov 2017. http://www.bankofengland.co.uk/publications/minutes/Documents/mpc/mps/2017/mpsnov.pdf
[1404] Treasury Committee, Parliamentlive.tv (London) 17 Oct 2017. Date of Access: 4 Nov 2017. http://www.parliamentlive.tv/Event/Index/8d1ebbe0-b31c-4915-837d-aaacbe3adaa2
[1405] Monetary Policy Summary, Bank of England (London) 2 Nov 2017. Date of Access: 4 Nov 2017. http://www.bankofengland.co.uk/publications/minutes/Documents/mpc/mps/2017/mpsnov.pdf
[1406] UK interest rates: Bank of England shrugs off Brexit nerves to launch first hike in over a decade, The Independent (London) 2 Nov 2017. Date of Access: 4 Nov 2017. http://www.independent.co.uk/news/business/news/uk-interest-rates-latest-update-news-rise-hike-bank-of-england-brexit-mark-carney-economy-a8033321.html

billion, and maintain the stock of UK government bond purchases at GBP 435 billion.[1407] The decision is to ensure economic stability as the United Kingdom aims towards succession from the European Union.

On 4 January 2018, the British government announced a funding of GBP 330 million from dormant bank and building society accounts to be used on relief for the homeless, disadvantaged youths and charities amongst other support organizations.[1408] Tracey Crouch, Minister of Sport and Civil Society commented, "This is part of the Government's commitment to building a fairer society and tackling the social injustices that hold people back from achieving their full potential."[1409] The funding will assist the disadvantaged parts of society, and prepare them to obtain careers to be self-sustainable. This reform will ultimately benefit the British economy by tackling unemployment and encouraging productivity.

On 12 January 2018, Minister for Sport and Civil Society Tracey Crouch announced GBP 1.7 million in funding for organizations that wished to become or grow as Public Service Mutuals, providing access to legal, financial and marketing advice and others.[1410] The investment is an example of a fiscal decision that supplies assistance for a stronger public sector and increased productivity in the economy.

The United Kingdom has implemented monetary, fiscal and structural reforms to its economy to insure strong and sustainable economic growth. The UK's efforts in stabilizing inflation, boosting employment, protecting consumers and tackling tax evasion goes in full accordance with its commitments from the G7 Taormina Summit.

Thus, the United Kingdom receives a score of +1.

Analyst: Ryan Fung

United States: +1

The United States has fully complied with its commitment to use all monetary, fiscal and structural policy tools individually and collectively to achieve strong, sustainable, balanced and inclusive growth.[1411]

On 7 June 2017, the White House issued a press release regarding the rebuilding of US infrastructure.[1412] Transformative projects will be funded through a mixture of loans and grants, such as air traffic control privatization. For example, grants will be given to rural areas in rebuilding

[1407] Monetary Policy Summary, Bank of England (London) 2 Nov 2017. Date of Access: 4 Nov 2017. http://www.bankofengland.co.uk/publications/minutes/Documents/mpc/mps/2017/mpsnov.pdf

[1408] Government unlocking £330 million from dormant accounts to build a fairer society, Gov.uk (London) 4 Jan 2018. Date of Access: 14 Jan 2018. https://www.gov.uk/government/news/government-unlocking-330-million-from-dormant-accounts-to-build-a-fairer-society

[1409] Government unlocking £330 million from dormant accounts to build a fairer society, Gov.uk (London) 4 Jan 2018. Date of Access: 14 Jan 2018. https://www.gov.uk/government/news/government-unlocking-330-million-from-dormant-accounts-to-build-a-fairer-society

[1410] £1.7 million funding boost to Public Service Mutuals, Gov.uk (London) 12 Jan 2018. Date of Access: 14 Jan 2018. https://www.gov.uk/government/news/17-million-funding-boost-to-public-service-mutuals

[1411] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html

[1412] President Donald J Trump Works to Rebuild American Infrastructure, The White House. (Washington, DC) 7 June 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/06/07/president-donald-j-trump-works-rebuild-american-infrastructure crippled bridges, roads, and waterways. States and cities will receive grants to meet their own infrastructure challenges. These fiscal policy changes show the US commitment to improving infrastructure which will in turn boost productivity.

On 15 June 2017, President Donald Trump issued an Executive Order that expands apprenticeships and improves job-training programs. This creates more flexible apprenticeship programs and directs the Department of Labor to allow companies, trade associations, and unions to develop their own "industry-recognized apprenticeship" guidelines, which the department will review for quality and then approve.[1413] Additional funding will promote apprenticeships "especially in sectors where apprenticeships are not currently widespread." As such, the US is committed to creating inclusive growth by expanding opportunities for employment.

On 29 June 2017, President Trump hosted President Moon Jae-in of the Republic of Korea at the White House.[1414] The leaders committed to promoting and expanding cooperation on economic issues through the Senior Economic Dialogue and to explore a joint public-private forum in enhancing economic opportunities. Furthermore, highlighting the important economic role played by women, the two sides "pledged to launch a bilateral partnership to advance women's economic empowerment." This fiscal policy initiative underlines the US commitment to inclusive growth by ensuring that minority groups have equal opportunity in employment.

On 15 August 2017, President Trump signed an Executive Order Establishing Discipline and Accountability In the Environmental Review and Permitting Process for Infrastructure Projects.[1415] The environmental and permitting processes needed for major infrastructure projects will be more efficient and effective. Additionally, 42,000 jobs and USD 2 billion in earnings is estimated to be created from his approval of the Keystone XL and Dakota Access pipelines. President Trump dedicated USD 2 billion in his budget as part of a USD 1 trillion investment plan to rebuild infrastructure.

On 25 August 2017, President Trump signed an Executive Order imposing new financial sanctions on the dictatorship in Venezuela. These sanctions "prohibit dealings in new debt and equity issued by the government of Venezuela and its state oil company, certain existing bonds owned by the Venezuelan public sector, and dividend payments to the government of Venezuela."[1416] The White House states that the aforementioned provisions will protect the US financial system "from complicity in Venezuela's corruption." This highlights a commitment to structural reform as a means of tackling corruption and reinforcing the integrity of the US financial system.

[1413] President Trump Leads on Workforce Development, The White House. (Washington, DC) 15 June 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/06/15/president-trump-leads-workforce-development

[1414] Joint Statement between the United States and the Republic of Korea, The White House. (Washington, DC) 29 June 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/06/30/joint-statement-between-united-states-and-republic-korea

[1415] Fact Sheet: President Donald J. Trump Works to Rebuild America's Infrastructure, The White House. (Washington, DC) 15 August 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/08/15/fact-sheet-president-donald-j-trump-works-rebuild-americas

[1416] Statement by the Press Secretary on New Financial Sanctions on Venezuela, The White House. 25 August 2017. (Washington, DC) Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/08/25/statement-press-secretary-new-financial-sanctions-venezuela

On 13 September 2017, President Trump hosted the Prime Minister of Malaysia, Najib Razak, at the White House to strengthen the Comprehensive Partnership between the two countries.[1417] They "pledged to nurture the economic ties between the United States and Malaysia to create jobs and opportunities for people in both countries," and pursue trade and investment opportunities in the transportation and energy sectors.

On 2 October 2017, the US issued a joint statement with the Kingdom of Thailand affirming the "importance of promoting bilateral trade and creating favorable conditions for the business of both sides."[1418] President Trump welcomed the contributions of growing investment from Thai companies in the creation of jobs for American workers.

On 16 October 2017, Vice President Mike Pence and Deputy Prime Minister Taro Aso, as chairs of the Economic Dialogue, "affirmed the importance of strengthening bilateral economic, trade, and investment ties."[1419] The United States and Japan committed to promoting sustainable and inclusive development, especially regarding debt sustainability. Both countries will focus on increasing investment and promoting quality infrastructure that will level the global playing field for businesses. Furthermore, they "affirmed that infrastructure projects in the Indo Pacific should be consistent with market competition and transparency."

On 19 October 2017, the Senate passed the 2018 Fiscal Year Budget Resolution. The resolution contains pro-growth policies, including deficit reduction, spending restraint, comprehensive tax reform, welfare reform, Obamacare repeal-and-replace legislation, and regulatory reform.[1420] The White House states that this will bring "financial relief for families across the country" and "make American businesses globally competitive."

On 23 October 2017, President Trump hosted the Prime Minister of the Republic of Singapore, Lee Hsien Loong, at the White House. They "affirmed the strong and enduring partnership between the two countries based on mutually beneficial cooperation" and committed to signing the Foreign Account Tax Compliance Act by the end of the year.[1421] The leaders noted the continued discussions on whether to negotiate an Avoidance of Double Taxation Agreement in the future, so as to a avoid "base erosion and profit shifting by multinationals."

[1417] Joint Statement for Enhancing the Comprehensive Partnership between the United States of America and Malaysia, The White House. (Washington, DC) 13 September 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/09/13/joint-statement-enhancing-comprehensive-partnership-between-united

[1418] Joint Statement between the United States of America and the Kingdom of Thailand, The White House. 2 October 2017. (Washington, DC) Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/10/03/joint-statement-between-united-states-america-and-kingdom-thailand

[1419] Joint Press Release from Vice President Mike Pence and Deputy Prime Minister Taro Aso on the Second Round of the U.S.-Japan Economic Dialogue, The White House. 16 October 2017. (Washington, DC) Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/10/16/joint-press-release-vice-president-mike-pence-and-deputy-prime-minister

[1420] FY 2018 Budget, House Budget Committee. 19 October 2017. (Washington, DC) Access Date: 1 Nov 2017. https://budget.house.gov/budgets/fy18/

[1421] Joint Statement by the United States of America and the Republic of Singapore, The White House. 23 October 2017. (Washington, DC) Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/10/24/joint-statement-united-states-america-and-republic-singapore

On 22 October 2017, President Trump announced National Minority Enterprise Development Week to recognize the contributions of minority owned businesses to the United States economy.[1422] The Trump administration is "committed to creating a business climate in which minority business enterprises can thrive and expand." Under the Unified Framework, tax cuts and lowered cost of tax compliance will relieve regulatory burdens faced by small businesses. The commitment to inclusive growth through fiscal policy changes is demonstrated, as tax reform will allow minority businesses to be competitive against other enterprises.

On 20 December 2017, the House of Representatives passed the Tax Cuts and Jobs Act, which is the largest overhaul of the American tax system in 30 years.[1423] The White House stated that this massive cut will provide USD 5.5 trillion in tax cuts, of which USD 3.2 trillion will go to families, and it will decrease the corporate tax rate from 35% to 21%.[1424] The White House also stated that this will increase revenues by USD 4 trillion by closing special interest tax breaks and loopholes. This tax plan also enacts a wide range of reforms but overall, it shows a focus on increasing the competitiveness of firms and job growth, key examples of structural reform.

On 31 January 2018, the Federal Open Market Committee issued a statement declaring that it will hold the federal funds rate at the 1.25 to 1.50% range.[1425] The Federal Reserve stated that this move what meant to allow monetary policy to accommodate for the strong labour market conditions and to sustain inflation at 2%.

The United States has fully complied with its commitment to use monetary, fiscal, and structural reform to ensure growth. It has taken numerous measures for increasing investments in infrastructure, adjusting monetary policy to ensure price stability, and passing wide-ranging tax reforms to boost competitiveness and job growth.

Thus, the United States receives a score of +1.

Analyst: Justin Liu

European Union: +1

The European Union has fully complied with its commitment to "to use all policy tools — monetary, fiscal and structural — individually and collectively to achieve strong, sustainable, balanced and inclusive growth."[1426] It has demonstrated adequate use of fiscal policy.

On 7 November 2017, representatives from EU members met to discuss creating a potential "blacklist" for tax havens.[1427] This action shows an intention by the European Union to tackling tax evasion and conducting structural reforms.

[1422] President Donald J. Trump Recognizes Minority-Owned Businesses, The White House. 22 October 2017. Access Date: 1 Nov 2017. https://www.whitehouse.gov/the-press-office/2017/10/24/president-donald-j-trump-recognizes-minority-owned-businesses

[1423] White House, GOP celebrates passing sweeping tax bill, CNN Politics (Washington D.C.) 20 December 2017. Date of Access: 31 January 2018. https://www.cnn.com/2017/12/20/politics/house-senate-trump-tax-bill/index.html

[1424] The Tax Cuts Act Follows through on President Donald J. Trump's Promise of Middle Class Tax Cuts, White House (Washington D.C.) 20 December 2017. Date of Access: 31 January 2018. https://www.whitehouse.gov/briefings-statements/tax-cuts-act-follows-president-donald-j-trumps-promise-middle-class-tax-cuts/

[1425] Federal Reserve issues FOMC statement, Federal Reserve (Washington D.C.), 31 January 2018. Date of Access: 31 January 2018. https://www.federalreserve.gov/newsevents/pressreleases/monetary20180131a.htm

[1426] G7 Taormina Leaders' Communiqué, G7 Information Centre (Toronto) 27 May 2017. Access Date: 16 October 2017. http://www.g8.utoronto.ca/summit/2017taormina/communique.html

On 6 December 2017, the European Commission published a roadmap for deepening Europe's Economic and monetary Union.[1428] The roadmap included a focus on supporting structural reforms through a new reform delivery tool to support EU member states' reform commitments and a technical support tool for specific actions at the request of member states. These include reforms in product and labour markets, tax reforms, as well as investment in human capital and public administration reforms.[1429]

On 23 January 2018 the Council of the European Union made policy recommendations on the economic policy of the euro area.[1430] The recommendations include an emphasis on consistency and blanace in the overall macroeconomic policy mix of the euro area to ensure robust and sustainable growth as well as support for structural reforms such as wage growth and job creation to increase productivity. The recommendations also underscored the importance of a well-designed structure of taxation as key to promote growth and employment as well as the value of the Common Consolidated Corporate Tax Base to fight against tax advoidance.[1431]

On 25 January 2018, the European Central Bank published its latest monetary policy report where it held interest rates steady 0% for main refinancing operations, 0.25% for marginal lending facility, and −0.40% for deposit facility.[1432] It has also stated that non-conventional monetary policy will include net asset purchases at the rate of EUR 30 billion per month to run through until September 2018 in order to maintain inflation at its current aim.

The European Union has fully complied with its commitment by using fiscal policy, monetary tools, and supporting structural reform, to ensure sustainable economic growth.

Thus, the European Union receives a score of +1.

Analyst: Theodore Browne

[1427] EU to discuss tax havens blacklist after 'Paradise Papers' leaks, Reuters (Brussels) 6 November 2017. Date of Access: 31 Januay 2018. https://www.reuters.com/article/us-eu-ecofin-taxavoidance/eu-to-discuss-tax-havens-blacklist-after-paradise-papers-leaks-idUSKBN1D618S
[1428] Commission sets out roadmap for deepening Europe's Economic and Monetary Union, European Commission (Brussels), 6 December 2018. Access Date: 8 April 2018. https://ec.europa.eu/commission/publications/completing-europes-economic-and-monetary-union-factsheets_en
[1429] Supporting Structural Reforms, European Commission (Brussels), 6 December 2018. Access Date: 8 April 2018. https://ec.europa.eu/commission/sites/beta-political/files/supporting-structural-reforms_en.pdf
[1430] Council recommendation on the economic policy of the euro area, Council of the European Union (Brussels) 23 January 2018. Access Date: 8 April 2018. http://www.consilium.europa.eu/en/press/press-releases/2018/01/23/council-recommendation-on-the-economic-policy-of-the-euro-area/
[1431] Council recommendation on the economic policy of the euro area, Council of the European Union (Brussels) 23 January 2018. Access Date: 8 April 2018. http://www.consilium.europa.eu/en/press/press-releases/2018/01/23/council-recommendation-on-the-economic-policy-of-the-euro-area/
[1432] Monetary policy decisions, European Central Bank (Frankfurt) 25 January 2018. Access Date: 31 January 2018. https://www.ecb.europa.eu/press/pr/date/2018/html/ecb.mp180125.en.html