

**EUROPEAN
COMMUNITY
INFORMATION SERVICE**

236 Southern Building, Washington 5, D.C.
telephone NATIONAL 8-5070

BACKGROUND INFORMATION

October 25, 1961

Library Copy

COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

COMMON MARKET FINDS ECONOMIC

PROSPECTS BRIGHT FOR REST OF YEAR

WASHINGTON, D.C., October 25 -- Industrial production is expected to show a 6 to 7 per cent increase in the six member countries of the European Community for 1961 over 1960, according to a report of the Common Market Commission recently released in Brussels. The gross national product was estimated at 5 per cent above the previous year.

According to the Commission, the favorable economic situation coupled with full employment is expected to continue at least into early 1962. By that time, increased orders from abroad may well give the Community's economic expansion an added boost, the report foresees.

These estimates are significant when viewed alongside the actual figures for 1960. The gross national product that year rose by 7 per cent over 1959 and industrial production by 12 per cent.

The recent recovery in Community exports is a particularly noteworthy aspect of the way in which demand has been developing. Demand from abroad has been expanding again after leveling out in the first quarter, a major reason being that the vigorous economic upsurge in the United States has already had a tonic effect on the economic situation throughout the world. In the second quarter the value of exports to non-member countries was 6 per cent higher than in the same period of 1960.

The growth of private consumer demand has also continued to rise, the report points out. In some countries -- France, the Federal Republic of Germany, and possibly Italy as well -- the higher demand, influenced by large increases in pay, was more rapid in the middle of 1961 than at the beginning of the year.

Agricultural production in the Community was marked by the continuing expansion of livestock products, while crops were sometimes smaller than in 1960.

The Commission foresees that while domestic investment demand may tend to fall off in future months, private consumer demand should on the whole continue its rapid expansion. For this reason, no general measures for stimulating expansion seem to be called for. On the contrary, in some countries attention will have to be concentrated on curbing the expansion of home demand while, at the same time, the policy of increasing supplies by encouraging imports will be continued and even intensified. This policy, the Commission feels, could help to counter the recent tendency for price increases in most member countries.

Copies of the full report, entitled "The Economic Situation of the Community in mid-1961 - and the Outlook for the Future," are available from the Library of the European Community Information Service, 235 Southern Building, Washington 5, D. C.