



**European
Community**

PRESS RELEASE

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street Northwest, Suite 707, Washington, D.C. 20037 Telephone: (202) 872-8350

New York Office: 277 Park Avenue, New York, N.Y. 10017 Telephone: (212) 371-3804

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COMMON MARKET EMBARKS ON ANTI-INFLATION PROGRAM

WASHINGTON, DC, November 1 -- The European Community has embarked on its most concerted effort to date to control inflation.

Meeting in Luxembourg, October 30-31, the six-nation Council of Ministers set guidelines for increases in consumer prices, government spending, business investment, and money supply. Denmark, Ireland, and the United Kingdom (which will join the Community on January 1, 1973) were represented.

This was the first sequel to the nine-nation Paris Summit meeting last month. The Summit confirmed the Community's commitment to full economic and monetary union by 1980.

First Attempt to Regulate Money Supply

The Luxembourg resolution specifies:

- 1) A limit on consumer price increases to 4 per cent from December 1972 to December 1973.
- 2) Money supply to expand only in proportion to real economic growth. In other words, if gross national product rises by 4 per cent at fixed prices, the money supply can expand by a total of 8 per cent. Since

some member states have been allowing money supply to grow by as much as 25 per cent a year, the Community does not expect to attain this target until 1974.

- 3) Public spending growth to be tied to GNP growth.
- 4) Member governments to consult with labor, management, and consumer organizations to try to keep wage and investment increase proportional to economic growth.
- 5) A stress on vocational training and rehabilitation to relieve unemployment.
- 6) Temporary tariff reductions and quota liberalization to expand the supply of consumer goods, and relieve price pressures.

Competition policy will be strictly enforced, the Council announced.

Administrative proposals will be made next year to streamline intra-Community trade in foods and drugs.

Progress will be reviewed next March.

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