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FOR IMMEDIATE RELEASE

VICE PRESIDENT MARJOLIN URGES STIFFER ANTI-INFLATIONARY ACTION BY COMMUNITY COUNTRIES

WASHINGTON, D.C., September 23 --- Robert Marjolin, Vice President of the Commission of the European Economic Community, urged yesterday in Strasbourg stronger anti-inflationary action by member states to restore the internal and external economic balance of the Common Market.

Vice President Marjolin made his appeal to the European Parliament in a review of anti-inflationary measures taken by the member states in accordance with the April 14 recommendations of the EEC Council of Ministers.

He emphasized the need for the Six to pursue stabilization action in the coming months since the targets fixed for 1964 have not been attained in most of the member countries. "Any premature relaxation of effort," he said, "might well aggravate the situation."

However, Mr. Marjolin said that any vigorous short-term economic policy must be strengthened by long-range measures such as an incomes policy and a policy for coordinating economic infrastructure in the Community. He pointed out that some countries find the fight against inflation particularly difficult because it seems to halt or delay urgently needed reforms such as distributing income equally, advancing the standard of living, applying an active regional policy, or reshaping an unequal tax system.

"That is why," he said, "we have come back time and again to the need for an anti-inflationary policy energetic enough to be short in duration, so that we shall not make permanent policy of what should be a short-term operation."

Vice President Marjolin announced that he would discuss a program for developing the European economy over the 1966-1970 period in his January speech to the European Parliament (an annual address on the economic state of the Community).

(MORE)

Vice President Marjolin compared recent economic developments with the Community's status at the beginning of 1964. "Output is still fine, external trade has improved, but prices and especially costs are still a problem," he said.

"The latest estimates of the Commission's staff," he said, "indicate higher economic growth in real terms than forecast earlier in the year." "In 1964, the increase in the Community gross product will be nearer 5.5 per cent than the expected 4.5 per cent. Industrial production is likely to gain by 7 per cent rather than by 6 per cent. Throughout the Community with the exception of Italy, the gross national product will outstrip forecasts in 1964 particularly in Germany."

Vice President Marjolin said that trade between member states has developed on more balanced lines due to anti-inflationary measures. "In the first place, the growth rate of French and Italian imports from other Community countries has declined. Secondly, the German export boom, which had been a grave threat to its internal balance, has lost vigor. This means that the process of contagion by which inflation has been spreading from country to country has weakened, and is bound to benefit the interal stability of the entire Community."

Mr. Marjolin pointed out that costs and price trends are not as encouraging. "The situation is still satisfactory in Germany and has improved in France, despite the continuing sharp cost rise. However, prices and costs are still rising too fast in Luxembourg. Signs of inflation have become more distinct in Belgium. In the Netherlands, progress in restoring internal and external balance is still not satisfactory.

"The situation in Italy is still very complicated with inflationary trends and deflationary symptoms," Mr. Marjolin said. "Investment must be stimulated while keeping the growth of consumption expenditure as low as possible, and avoiding heavier unemployment and any resumption of the upward price movement. In view of a difficult political situation, the Commission felt that the Italian government was doing all it could to restore economic stability."

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