

EUROPEAN PARLIAMENT

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ORAL QUESTION (0-134/78)

with debate

pursuant to Rule 47 of the Rules of Procedure

by Mr DAMSEAUX, on behalf of the

Liberal and Democratic Group

to the Council of the European Communities

Subject : Prospects for the European Monetary System

The 'Resolution on the establishment of the European Monetary System and related matters' adopted by the European Council on 6 December 1978 and the decisions taken by the Council of Ministers on 18 December 1978 and the agreement reached by the chairmen of the central banks of the Member States in mid-January 1979 (the text of which has never been made public) lay down the broad lines of the European Monetary System (EMS). Yet many political questions connected with the operation of the EMS have remained unanswered. In order to enable the European Parliament and public opinion to assess the implications of the coming establishment of the EMS more precisely, the Council is asked to reply to the following questions:

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The EMS and the International Monetary System

1. Does the EMS form part of a movement to set up several monetary areas in the world?

The EMS as a step towards EMU

2. If the EMS can make a certain contribution towards resolving the current serious economic problems, it is justifiable to assume that the real significance of the EMS is that it represents a step towards the achievement of Economic and Monetary Union. Does the Council share this view?

The EMS and monetary compensatory amounts

3. If the establishment of an area of stability constitutes a 'highly desirable objective' as concluded by the European Council in Bremen held on 6 and 7 July 1978, why does the Council permit a question of sectoral policy to block the establishment of the EMS?
4. Does the Council share the view that the smooth operation of the EMS presupposes a certain flexibility in the system and has it already envisaged any solution to the problem of compensatory amounts which would not make the EMS more rigid?

Convergence of economies

5. Strict compliance with the directives adopted by the Council on 18 February 1974 can contribute to the vitally necessary convergence of Member States' economies. Does the Council consider that the existing legislative texts on the matter will adequately ensure the necessary convergence or should immediate consideration be given to the transfer of certain powers at Community level?

Policy as regards the dollar

6. The European Council resolution of 6 December 1978 specifies that the exchange rate policies pursued vis-à-vis third countries must be coordinated and that the European Monetary Fund will be set up two years after the establishment of the EMS. In the light of statements made by those responsible for monetary policy in the Member States, does the Council think that during those two years the proposed measures will make it possible to prevent divergent policies being pursued vis-à-vis the dollar?
7. How could the EMS contribute towards a balanced distribution among European Community currencies of the influxes of short-term capital from third countries?

ECU

8. Does the Council regard the ECU in its present form as an effective instrument for the protection of intra-Community parities?
9. Is the Council prepared to advocate the use of the ECU as a unit to express loans issued by the European Institutions?
10. Does not the Council think that rather than adhering to a system of controlled floating within fixed limits it would be preferable to move directly, without transitional stages, towards a single European currency?