

European Communities

EUROPEAN PARLIAMENT

Working Documents

1983-1984

28 October 1983

DOCUMENT 1-988/83

Report

drawn up on behalf of the Committee on Economic and Monetary Affairs

on the proposal from the Commission of the European Communities to the Council (Doc. 1-983/83 COM (83) 628 fin.) concerning the adoption of the annual report on the economic situation in the Community and establishing economic policy guidelines for 1984

Rapporteur: Mr A. BONACCINI

PE 86.823/fin.

By letter of 31 October 1983, the Council of the European Communities requested the European Parliament, pursuant to Article 4 of the Council decision of 18 February 1974 on the attainment of a high degree of convergence between the economic policies of the Member States of the European Economic Community, to deliver an opinion on the proposal from the Commission to the Council concerning the adoption of the annual report on the economic situation in the Community and establishing economic policy guidelines for 1984 (Doc.

The President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs as the Committee responsible.

At its meeting of 19/20 September 1983 the Committee on Economic and Monetary Affairs appointed Mr A. Bonaccini rapporteur.

At its meeting of 17, 18 and 19 October 1983 it considered the economic situation and the motion for a resolution and adopted the motion for a resolution with three abstentions. It decided, however, to confirm the adoption of that motion for a resolution once it had been informed of the final version of the report which is the subject of this consultation procedure.

The following took part in the vote: Mr J. Moreau, chairman; Mr Bonaccini, rapporteur; Mr von Bismarck, Mr Herman, Mrs T. Nielsen (deputizing for Mr Delorozoy), Mr Nordmann, Mr Van Rompuy, Mr Vetter (deputizing for Mr Mihr), Mr Wagner and Mr Welsh.

The explanatory statement will be delivered orally by the rapporteur.

This report was tabled on 24.10.1983

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution

MOTION FOR A RESOLUTION

Closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council concerning the adoption of the annual report on the economic situation in the Community and establishing economic policy guidelines for 1984.

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM (83) 628/fin.)
- having been consulted by the Council pursuant to Article 4 of the Council decision of 18 February 1974 on the attainment of a high degree of convergence between the economic policies of the Member States of the European Economic Community (Doc. 1-983/83)
- having regard to the report by the Committee on Economic and Monetary Affairs (Doc.
- having regard to the result of the vote on the Commission's proposal,
 - A. whereas the economy of the Member States of the Community has suffered a long period of stagnation which has slowed progress to a halt (rate of growth 1981-1983: 0.1%) and whereas in a number of States clear signs of recession have also become apparent;
 - B. whereas this crisis was world-wide but hit Europe harder than the other partners in the OECD;
 - C. whereas in the light of a slight improvement in the international situation due to a fall in the price of oil and the recovery of the United States' economy, the Ten must contribute actively and with measures of their own to overcoming the present state of crisis rather than passively waiting for other 'locomotives' to pull them towards recovery;
 - D. whereas a European strategy for a lasting recovery in growth and employment on a stable footing must be based on a greater convergence of the policies of the Member States, to be achieved through common guidelines which have been designated by responsible economic, social and political forces;

- E. whereas elements of uncertainty and instability still persist, due at once to:
- external factors, which have a major influence, such as the wide fluctuations in exchange rates and high interest rates, the disorganisation of the international monetary system, the serious indebtedness of the countries of the third world and the heavy consequences this has on the international financial system;
 - internal factors which can be more directly influenced, such as the fall in profitability of major industrial sectors following a reduction in the rate of use of plant and the increase in the costs of production, the inadequate mobility of the factors of production, the persistence of budget deficits which are insufficiently controlled, the backwardness of sectors of European industry in adapting production processes to the changing international context, leading to a loss of competitiveness;
- F. whereas in the present situation it is increasingly necessary to focus attention on the structural adjustments needed to create a context favourable to improving the employment situation in particular through the development of productive investment and a decisive increase in the competitive capacity of European economies, so as to halt the decline in our industries;

ECONOMIC SITUATION IN THE COMMUNITY

1. Calls attention once more to the gravity of the problem of unemployment: the number of people in search of a job will in 1984 represent 10.9% of the working population, including a large number of young people under 25; and the level of unemployment seems now to have stabilised at more than 10% of the work force, excluding small seasonal variations;
2. Notes that there is a trend towards a noticeable improvement in inflation and foreign trade deficits for the countries of Europe on average, but that differences still remain very pronounced;
3. Notes the forecast of slow growth during 1983, calculated by the Commission at about 0.6%; also notes the more favourable prospects for 1984;

4. Believes, nevertheless, that in spite of the limited prospects for growth and the negative features and uncertainties mentioned above, it will be possible to achieve a healthy and progressive recovery of the economy and thus to halt and contain unemployment; it is therefore necessary to act confidently so that the first steps towards recovery are backed by an appropriate series of measures; despite certain weaknesses which have arisen and have been pointed out many times, Europe still has the essential strength to give fresh impetus to growth with the highest levels of efficiency and competitiveness;
5. Stresses in particular the decisive effects on global demand of exports from the Community States; calls in this context for concerted action at European level to promote the competitiveness of European industry so as to improve export performance particularly now when the Commission forecasts for 1984 predict a growth in the world economy of only 3.5% but foresee a possibility of a certain increase in Community exports to the U.S.A. and other third countries;
6. Points to the increasingly significant interdependence of economic factors at world level and the consequent need on the one hand for greater co-operation between the Community and its principal economic partners (in order to counter the recession by reducing interest rates, limiting budget deficits, strengthening the world financial system, promoting agreements or understandings for greater currency stability and rejecting protectionist tendencies); and on the other hand to contribute to maintaining satisfactory financial flows to the developing countries, commensurate with their pursuance of sound economic policies, both through the banking sector (by strengthening the I.M.F. and the World Bank) and through public development aid, together with initiatives in connection with the ACP/EEC Convention and possible improvements thereto;
7. Calls for more energetic and united action by the Community and the Member States to develop the framework for international monetary cooperation discussed at the Williamsburg Summit so as to improve capital flows and co-ordinated action to reduce real interest rates;

8. Supports the view, expressed in the Commission's report, that structural policies should be designed to reconcile a higher level of employment, a lower rate of inflation and a better external balance with the highest possible rate of growth;
9. Considers however that it is necessary to specify the basic strategy underlying the guidelines laid down in the Commission's report, and to supplement them with other recommendations;
10. Recalls the detailed indications set out in the resolution of July 1982 on economic trends and stresses once more the fact that it is extremely important for the Community to maintain and develop a genuine internal market; shares the view expressed by the Commission in the document under consideration that one of the reasons that the United States is showing more marked signs of recovery than Europe is precisely the greater openness and flexibility of the American domestic market;
11. Calls therefore on the Council and the national authorities responsible to take the necessary measures towards harmonisation of national legislation and the abolition of obstacles to internal trade; calls upon them to establish in this connection a clear priority for the attainment of the common market in the field of technologies of the future; in this respect it is necessary to improve the means available for drawing up European technical standards and to advertise throughout Europe vacancies in the defence and telecommunications sectors;
12. Considers it essential to speed up measures to achieve a full, coherent customs union, eliminating in addition administrative barriers to free and rapid transport of goods;
13. Feels it indispensable that the stimulation of economic recovery, the creation of new job opportunities and support for the less prosperous regions should go hand in hand with concerted action between the Community and the Member States in consultation with regional administrative bodies, and that their priority should be to reach agreement on common policies for the following sectors:

- the liberalization of public purchasing policy;
- measures to adapt industrial activity and research to the current and foreseeable development of technology and competition. The Community's action should be more ambitious and timely here to encourage and co-ordinate initiatives and decisions taken by individual States and groups of companies and to accompany incentives for new measures with efforts to provide the essential finance to speed up and improve the effectiveness of the processes of transnational integration;
- measures designed to reduce the present rigidities in the economic structures of the Community countries in order to increase the mobility of the factors of production and to encourage a more effective role for competition;
- measures designed to ensure that public financial contribution to the restructuring of industrial sectors and companies is more reliable, less cumbersome, more effective and more transparent;
- measures to make the labour market more flexible and functional in line with the objective of achieving the maximum level of employment, utilizing also the essential adjustments to and reductions in working hours without jeopardizing competitiveness;
- coherent programmes to improve school education and preparation for work through permanent and well-directed vocational training;
- continuing work on innovation in products and processes, responding to the demands arising from the need to protect and improve the environment in such a way as to draw on all the dynamic elements of the productive system;
- a series of financial and fiscal regulations and provisions favourable to saving for production and the development of production in order to encourage investment, entrepreneurial initiative, industrial and agricultural production, energy savings and the rational use of energy resources and a stable improvement in unemployment;
- support for the proposals outlined in the resolution on small and medium sized undertakings¹ and for the demands which have emerged in the various conferences devoted to this subject;

¹ See OJ No. C66, 15.3.1982, page 97

- is concerned about the decline in the development of own-capital funds, especially those of small and medium-sized undertakings and calls for measures to improve the general background conditions that have to be met in order to ease the requirements for the necessary investments;
- application of measures for informing and consulting workers and the supervision of public and private sector enterprises without adversely affecting their ability to compete in international markets;
14. Reaffirms the need for more timely, coordinated and decisive use of the Community's structural funds in agriculture, the regional and social funds and the various Community loan mechanisms, with a view, in particular, to improving the economic structures and performances of the poorer regions and countries promoting greater convergence within the Community; stresses, therefore, the need to encourage public and private initiatives and programmes linked with these in the various Member States;
 15. Trusts that at the first opportunity the studies and comments presented by the Commission on the operation and results achieved by the above funds and structural measures will be the subject of debate and decisions on the need to update and review the way the funds operate to ensure that they increasingly become genuine instruments of development and structural adaptation;
 16. Declares that it is convinced that if these aims are to be achieved the Council must demonstrate the political will to conform to mutually agreed economic guidelines through adoption of the Commission's annual economic report in the light of the observations made by the European Parliament and demonstrate a real sense of urgency in its discussions on the Commission's various proposals on industrial policy, investment, budget deficits, the reorganisation of working hours etc., which should be adopted without delay;
 17. Repeats the request it put forward in paragraph 26 of the resolution on economic trends in the first half of 1983 for economic and monetary policy guidelines to be set out in the context of the fifth Community programme for medium-term economic policy in order in the long term to achieve consistency, solidarity, a reduction in regional differences and an improvement of living standards for the citizens of the Community as a whole;

18. Particularly supports the pursuance of mixed and balanced policies which hold out hopes, through ordered and stable growth, for a real and lasting recovery in employment levels. The persistence of high inflation rates in some Member States and certain serious aspects of monetary instability represent grave obstacles to the development of productive activities;
19. Believes that it is important in this context that the Member States which are still suffering from high levels of monetary or financial imbalance should continue their approach of gradually reducing inflation; points out however that this operation should be the result of the combined efforts of monetary, budgetary, fiscal and incomes policy adapted to the specific structures and conditions in the individual States;
20. Agrees in particular with the Commission on the need to invite the Member States to coordinate their efforts to reduce interest rates at national level and thus on the Community market;
21. Declares on the other hand that it is convinced that it is important for those countries with a more solid financial situation to pursue, to the extent compatible with continuing control of inflation, less restrictive monetary and budgetary policies in order to contribute, through common efforts, to a certain compensation for the deficits in the external trade balance, to greater expansion and thus to a positive trend in employment;
22. Reaffirms in particular the need for public intervention to be directed in a decisive manner towards productive jobs and to encourage the involvement of risk capital; to this end it is desirable that credit policies in the Member States should have the necessary degree of flexibility;
23. Calls upon the Community to work actively to increase the vitality and the role of the stock exchange institutions in the organization of investment policies. For this purpose it seems appropriate to carry out the suggestions already put forward by the European Parliament, especially as regards coordination between the stock exchanges of the Member States¹;

¹ See the Collomb report (Doc. 1-290/81).

24. Repeats its request that the Commission make greater use of the power of recommendation granted to it under Article 11 of the Council Decision of 18 February 1974 where one or more Member States are pursuing policies departing from the guidelines laid down by the Council.

EUROPEAN MONETARY SYSTEM

25. Notes once more that the EMS, as it presently functions, does not provide an adequate buffer against the fluctuations of the major currencies of third countries but constitutes rather a simple mechanism for co-ordinating exchange rate adjustments in response to persisting inflation differentials;
26. Notes, however, that the transition to the second, institutional phase of the EMS is difficult and complex at the present time; stresses, therefore, the need to improve the workings of the system within the existing institutional framework, particularly by extending the use of the ECU and all its financial roles and activities;
27. Calls for decisive measures to reduce and abolish national rules limiting the free movement of capital in order to permit the pursuance of a policy for the development of productive activity in the EEC and the extension of Community and international trade;
28. Instructs its President to forward to the Council and the Commission, as Parliament's opinion, the Commission's proposal and the corresponding resolution.

¹ See OJ No. L 63, 5.3.1974.

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Working Documents

1983-1984

10 November 1983

DOCUMENT 1-989/83

MOTION FOR A RESOLUTION

tabled by Mrs LIZIN

pursuant to Rule 47 of the Rules of Procedure

on the addition of fluoride to school milk

PE 87.443

THE EUROPEAN PARLIAMENT,

- A. having regard to the very serious problem of increased tooth decay among children,
 - B. having regard to the exceptionally high level of expenditure on dental care in Europe,
 - C. whereas it is proven that fluoridation is an effective method of combating tooth decay,
 - D. whereas the EEC school milk subsidy was recently increased for a period of five years for all Member States,
 - E. whereas adding fluoride to school milk would involve minimal cost and lead to savings in the health care sector,
1. Calls on the Commission to subsidize the distribution of fluoridated milk in schools;
 2. Instructs its President to forward this resolution to the Commission and the Member States.