

EUROPEAN PARLIAMENT

# Working Documents

1982-1983

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1 July 1982

DOCUMENT 1-421/82

## Report

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

on economic trends in the Community during the first  
half of 1982 and the application of the Council  
decision on convergence

Rapporteur: Mr R. DELOROZOY



By letter of 18 March 1982 the Commission of the European Communities forwarded to the European Parliament for information a communication to the Council on the economic situation in the Community and the coordination of economic policies.

On 18 and 19 May 1982 the Committee on Economic and Monetary Affairs considered this communication on the basis of which the Council (Economics and Finance Ministers) can carry out its first quarterly examination pursuant to Article 2 of the convergence decision of 18 February 1974. It decided to present to Parliament at the July 1982 part-session a report on the economic situation in line with the instructions it received on 30 October 1981 to prepare Parliament's opinion on the economic situation in 1981 and the prospects for 1982.

On 18 May 1982 the committee confirmed Mr DELOROZOY's appointment as rapporteur.

The committee considered the economic situation at its meetings of 27 and 28 May and 23 and 24 June 1982. At the latter meeting it adopted the motion for a resolution by 13 votes to 1 with 5 abstentions.

It also decided that the explanatory statement should be presented orally.

The following took part in the vote: Mr Deleau, vice-chairman and acting chairman, Mr Delorozoy, rapporteur, Mr Albers (deputizing for Mr Mihr), Mr Beazley, Mr Bonaccini, Mrs Desouches, Miss Forster, Mr Franz, Mr Giavazzi, Mr Herman, Mr Hopper, Mr Leonardi, Mr Nordmann, Mr Nyborg, Mr Papantoniou, Mr Purvis, Mr Rogalla (deputizing for Mr Walter), Mr Wagner and Mr Wedekind (deputizing for Mr von Wogau).

## MOTION FOR A RESOLUTION

on

the communication from the Commission of the European Communities to the Council on economic trends in the Community during the first half of 1982 and the application of the Council decision on convergence

### The European Parliament,

- having regard to the communication from the Commission to the Council (COM(82) 100 final),
  - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-421/82)
- A. having regard to the economic trends in the Community during the first six months of 1982,
- B. whereas the sole purpose of this half-yearly report is to update the preceding report,
1. Notes that the economic situation in the Community at the end of the first six months of 1982 is little changed since, with widening disparities between the countries, it continues overall to be characterized by:
- a low growth rate (about 1.5%),
  - a persistent inflation at an average rate of about 11.5%, with marked differences between Member States (between 5% and 20%),
  - a sharp rise in the number of unemployed, which has reached 10.5 million in the Community (the figure has grown by 2 million in the past 12 months),
  - a tendency towards a continued improvement in the Community's balance of payments, although there are considerable differences between Member States;

2. Considers, moreover, that the external factors militating against positive change in the Community, the slump in world trade, the strong challenge from our competitors, the policy of very high interest rates pursued by the United States, the violent and erratic exchange rate fluctuation and the adverse trend of interest rates in general are tending to cancel out the effects of favourable external factors, such as the stabilization of the prices of oil products and certain raw materials;
3. States emphatically that in the face of the grave economic and social consequences created by the continuation of this situation, the Community can no longer content itself with the regular expression, in forecasts and speeches, of hopes for recovery without taking practical action; the Community must swiftly and resolutely implement the common policies and strategies that are required both on the domestic front and vis-à-vis the outside world;
4. Considers that the inadequacy of the Community measures designed to cope with the crisis and bring about the necessary restructuring reveals a serious lack of unity, identity of approach and solidarity as regards the policies to be adopted and that it now poses the threat of a lasting recession in the European economy and a permanent weakening of its capacity to face up to future international competition;
5. Stresses the absolute necessity, as demonstrated at the recent meeting of the Council of Ministers of Agriculture on the fixing of agricultural prices, for the Member States to apply the rules of the EEC Treaty in their entirety, which is the only way of restoring the decision-making capacity and credibility of the Community; the unanimity rule, the consequences of which paralyse and damage the building of Europe, must not be applied in cases where it is not explicitly provided for in the Treaty;
6. Calls on the Commission, as custodian of the Treaties, to do all within its power to ensure that the general interest of the Community, for which it is responsible, prevails;

7. Stresses, therefore, the need to strengthen still further the cooperation that currently exists between the Member States in the execution of economic and budgetary policy in order to ensure the consistency between their economic policies which is so essential;
8. Reaffirms that curbing inflation and combating high unemployment effectively are key elements in the strategy for reviving the economy and progressively restoring full employment in the Community; stresses in this connection the need for the Member States to adopt convergent attitudes towards the growth of incomes and the pursuit of stricter budgetary policies;
9. Insists that the Community should have a genuine common market in which persons, goods and capital can move freely and without which the European economy is deprived of the economies of scale, the competitiveness and the competitive drive inherent in an effective European internal market ; considers it essential that more significant progress should be made in the coming months towards eliminating the technical and administrative barriers, which can no longer be tolerated either by undertakings or by individual citizens;
10. Insists that the Community should implement a comprehensive industrial strategy based on the intensification of research and development at Community level and the promotion of industrial cooperation, particularly as regards the coordination of national aid programmes and national public purchase policies;

Further stresses that the implementation of an industrial strategy in the Community able to respond to the technological challenges and to world competition calls for greater political determination and adequate financing;

11. Points out that one of the key components of this industrial strategy must be an attempt to enhance the competitiveness of European industry, involving, in particular, efforts to increase specialization and productivity, effective control over costs and the development and adaptation of vocational training schemes;

12. Notes with satisfaction that the Community's dependence on oil imports for its energy supplies is gradually diminishing, from 45% in 1980 to 39.5% in 1981;

Further notes that advantage must be taken of the fall in the prices of oil products to maintain, if not to increase, in certain Member States the taxes on the consumption of energy products, and not the reverse, because it would be dangerous to relax the efforts made in this area with regard to energy savings and alternative energy sources;

Reaffirms, finally, the need for the Community to evolve an energy policy;

13. Insists, without prejudging the necessary increase in revenue in the Community budget, on the need to develop the Community's lending and borrowing policy;

Deeply regrets, in this connection, the reluctance of the Council to remove the ceiling on the NCI;

Further insists on the need to strengthen the role played by the various Community funds, particularly the ERDF and the Social Fund, and reiterates the proposal previously made that an industrial innovation and development fund should be created; the necessary resources could be raised by floating a large long-term Community loan, the mechanism of which would be better able to correct over a period of time the consequences of inflation;

14. Reaffirms the need, in the interests both of consumers and of a vigorous and competitive economy, for the competition rules to be applied rigorously in the Community; to this end, it is necessary to ban economically unjustified aid and to counter attempts to compartmentalize the markets and develop national measures to protect both private and public undertakings and sectors in crisis;

- MANIFESTING COMMUNITY SOLIDARITY

15. Stresses that if the various measures and strategies designed to revive economic activity in the Community, to improve its competitiveness and to effect structural change are to be successful, they require the widest possible consensus of the parties concerned, particularly the social partners; affirms that efforts to bring unity to the Community will be unavailing unless there is recognition of the necessary solidarity that such unity presupposes between the Member States, the regions and the socio-professional groups, depending on their respective capabilities and degree of prosperity;
16. Requests, in this connection, that a series of measures should be adopted at Community level to create jobs, including:
- vocational training and guidance for young school-leavers in order to provide them with better prospects of obtaining a first job,
  - the establishment at local and regional level of more effective structures for the organization of the labour market,
  - a Community scheme for reorganizing working time.
17. Also considers it necessary, for the purpose of reviving economic activity, creating jobs and assisting the least prosperous regions, for Community measures to be taken which relate in particular to public and private priority investment programmes in the following areas:
- new sources of energy and energy-saving schemes,
  - inter-regional communication and urban transport system projects,
  - housing and the renovation of urban centres,
  - the expansion of telecommunications systems and the development of information technologies;
- Considers the next meeting of a Joint Council of Economic and Finance Ministers and Social Affairs Ministers to be essential and that it should examine ways and means of expediting the harmonization of fiscal and social legislation;



**- AFFIRMING THE EUROPEAN IDENTITY**

18. Affirms that, in the present international context, it appears all the more necessary for the Community to manifest its identity and, by its presence, example and power to make proposals, to work in a constructive manner for the stabilization of the international monetary system and the preservation of free trade;
19. Stresses the need to strengthen monetary cooperation within the framework of the European Monetary System, which will require, inter alia:
- strengthening the role of the ECU, increasing its acceptability rating, increasing the number of loans expressed in ECU and creating a European Monetary Fund,
  - strengthening the European Monetary System; this is desirable, provided that its objective is to contribute to a convergence of economic policies and to the stability of the European Monetary System; the excessively frequent adjustments of parities necessitated by inflationary domestic policies might dangerously weaken the chances of consolidating the system and the role of the ECU,
  - full participation by the United Kingdom and Greece in the system and the implementation in all the Member States of balanced budgetary policies;
20. Affirms that it is up to the Community to secure from its partners, particularly the United States, closer cooperation in the monetary sphere with the aim of stabilizing exchange rates and reducing disparities in interest rates, which is essential to ease recovery of investment;
21. Reaffirms the need for the Community to have a genuinely dynamic commercial policy which would enable it to discharge its international responsibilities, that is to ensure that free trade is maintained and to obtain the shares of the markets which it needs;

22. Stresses the importance, for the long-term recovery of the Community economy, of increased commercial and industrial cooperation with the developing countries - this being a feature of a comprehensive and mutually beneficial development policy - in particular within the framework of the Lomé Convention;
23. Stresses, finally, that the economic and monetary policy must necessarily be implemented within the framework of the Community's fifth medium-term economic policy programme and of its foreword in particular; the European Parliament has strongly urged that this programme should be applied and that it should reflect over a long period the consistency of the projects undertaken and the unity, solidarity and identity of the Community;
24. Instructs its President to forward to the Council and Commission.