
EUROPEAN PARLIAMENT

Working Documents

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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. 427/78) for a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1979

Rapporteur: Mr I. STETTER

1.2.1

PE 55.361/fin.

By letter of 31 October 1978 the President of 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 of the economic policies of the Member States of the European Economic Community, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1979.

The proposal was referred to the Committee on Economic and Monetary Affairs.

At its meeting of 26 September 1978 the Committee on Economic and Monetary Affairs appointed Mr STETTER rapporteur.

It considered this proposal at its meetings of 17 and 30 October 1978 and, on the latter occasion, adopted the motion for a resolution unanimously with two abstentions.

It also decided to present the explanatory statement orally.

Present: Mr Pisani, chairman; Mr Notenboom, Sir Brandon Rhys Williams and Mr Leonardi, vice-chairmen; Mr Stetter, rapporteur; Lord Ardwick, Mrs Dahlerup, Mr Normanton, Mr Ripamonti and Mr Vernaschi.

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1979

The European Parliament,

- having regard to the proposal from the Commission (COM(78) 529 final),
 - 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 of the economic policies of the Member States of the European Economic Community (Doc. 427/78),
 - having regard to the fact that eight of the nine Member States draw up their economic and budgetary policies for the coming year in the period September to December,
 - having regard to the fact that, because the Commission has been so late in submitting its proposal for economic policy guidelines for the following year, the national parliaments have no possibility of taking the views of the Commission and the European Parliament or the guidelines set by the Council into consideration when formulating their policies,
 - having regard to the fact that the drawing up of the annual report on the Community's economic situation and the laying down of economic policy guidelines thus assumes a formal rather than any real significance,
 - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 434/78),
1. Draws attention to the continuing divergence of economic developments in the Member States and welcomes the decision to work out a new European monetary system, but points out that proper coordination of Member States' short- and medium-term economic policies is therefore all the more essential;
 2. Stresses the fact that inadequate coordination of Member States' economic developments entails the risk that the new European monetary system may break down under internal and external pressure;
 3. Therefore stresses the need to maintain the option of returning to the existing system of monetary cooperation between some Member States in the 'Snake';

the annual report for 1978

4. Considers economic developments in 1978 to be characterised by the fact that:
 - in accordance with the objectives set last year the average rate of inflation and differences in Member States' inflation rates have been reduced;
 - the Community's overall balance of payments current account surplus has increased;
 - growth and employment objectives have not been met; growth and the number of employed have stabilized at a relatively low level so that an increase in the labour force leads to an increase in the unemployment rate;
5. Views with concern the growing share of the Community market claimed by some third countries, above all Japan, especially in view of the constant increase in unused production capacity in Community industries, particularly the consumer goods industries;
6. Finds the Commission's annex to the annual report (annual economic review 1978-1979¹) on the Community's economic situation extremely interesting, but does not consider the report itself to be very informative;
7. Believes, however, that the world economic summit in Bonn on 15-17 July 1978 affords grounds for increased confidence in the possibility of achieving stable and lasting growth;

the economic policy guidelines for 1979

8. Considers the Commission's general guidelines for 1979 to be couched in more general terms than usual and to be an extrapolation of the July agreements on Member States' budgetary policies in 1979;
9. Recognizes that uncertainty as to the actual consequences of the economic and budgetary policies currently pursued by the Member States and the form and effects of the proposed monetary cooperation arrangement makes it difficult to draw up new detailed guidelines for the Member States now; therefore attaches great importance to the adjustment of the guidelines planned for the first quarter of 1979 and expects to be consulted by the Council on the subject;
10. Feels that the guidelines for the individual Member States are more in the nature of a review of the policies planned by the national authorities than actual Community guidelines for the Member States;

¹ SEC(78) 4033 final

11. Stresses the need for the economically strong Member States to increase the export potential of the economically weaker Member States through a high level of growth; also emphasizes the need for the economically weak Member States themselves to make a contribution towards achieving convergence in economic development within the Community;
12. Feels that it should also be possible through the Community budget to increase overall economic growth in the Community as a whole without any risk of increasing inflation, but points out that responsibility for national expenditure can be assumed by the Community only if agreement has been reached on a common policy in the area concerned, especially as regards energy and restructuring policies;

the coordination mechanisms

13. Calls on the Commission to place greater emphasis on drawing up specific guidelines for the Community as a whole and quantitative guidelines for the Member States' monetary, credit and budgetary policies - guidelines that ought not only to reflect Member States' planned policies, but show what contributions the individual Member States need to make to achieve the objectives set by the Community;
14. Repeats its request to the Commission¹ to invoke Article 11 of the Council Decision of 18 February 1974² where a Member State departs from the guidelines laid down by the Community;
15. Also calls on the Commission to ensure that the official coordination mechanisms are made more efficient, with the Council Decision of 18 February 1974² being amended in accordance with the guidelines sketched out in the Commission communication to the Council of 5 October 1977³, bearing in mind that properly coordinated economic policies are needed for monetary cooperation;

¹ See OJ No. C 83, 4.4.1977, p.27

² OJ No. L 63, 5.3.1974

³ COM(77) 443 final

consultation of the European Parliament

16. Recalls that, during the period 1965 - 1974, following an agreement with the Commission, the European Parliament was able several times a year to deliver its opinion to the Council on matters of short-term economic policy;
17. Deplores the fact that, since adoption of the Council Decision of 18 February 1974, it has had less time each year in which to prepare its opinion on short-term economic policy and was almost prevented from doing so this year because the Commission did not forward the necessary background material in time;
18. Calls on the Commission to put forward immediately a proposal for a Council decision under which the Parliament directly elected in 1979 will be provided with full, up-to-date and prompt information on the economic situation in a manner that properly reflects the importance attached to short- and medium-term economic policy difficulties and the development of economic and monetary cooperation;
19. Recalls in this connection its request to the Commission¹ to consider amending the deadlines for consulting the European Parliament and the fact that its agreement to the annual report being submitted as late as in the fourth quarter of the year related to the 1975 report only²;
20. Instructs its President to forward this resolution to the governments and parliaments of the Member States.

¹ See OJ No. C 293, 13.12.1976, p.46

² See OJ No. C 239, 20.10.1975, p.23