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. 350/77) for a decision adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1978

Rapporteur: Lord ARDWICK
By letter of 24 October 1977 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 Communities, to deliver an opinion on the proposal from the Commission of the European Communities to the Council concerning a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1978.

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

At its meeting of 24 May 1977 the Committee on Economic and Monetary Affairs appointed Lord ARDWICK rapporteur.

It considered this proposal at its meetings of 18 and 19 October and 3 and 4 November 1977, and at the latter meeting adopted the motion for a resolution with 8 votes in favour and 1 against. It was decided that the explanatory statement should be given orally.

Present: Mr Starke, acting chairman; Lord Ardwick, rapporteur; Mr Amadei (deputizing for Mr Zagari), Mr Bangemann (deputizing for Mr Zywietz), De Keersmaeker, Mr Delmotte (deputizing for Lord Bruce), Mr Noé (deputizing for Mr Ripamonti), Mr Nyborg and Mr Radoux (deputizing for Mrs Dahlerup).
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 concerning a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1978

The European Parliament

- having regard to the proposal from the Commission (COM(77) 494 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 Community (Doc. 350/77),
- having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 177/77),

1. Notes that the Commission's report indicates that, although there has been an improvement in the balance of payments situation, and a slackening of the rate of inflation, the current high level of unemployment may well increase;

2. Appreciates that the need to curb inflation prevents an all-out concentration on rapid economic growth, but believes that the rate of growth will appreciably increase if Member States respond to the Commission's proposals to ensure close coordination of economic policies and fully respect the Commission's economic guidelines;

3. Concurs with the Commission that measures to stimulate economic growth and measures to fight inflation should have priority in the short term over the balancing of national budgets and external accounts;

4. Agrees that the changes deemed essential or desirable in the international division of labour can be carried out smoothly only in the context of greater economic growth of the right quality;

5. Considers that the structural change for which the Commission calls will require a significant increase in investment and a developing Community industrial policy:
6. Takes note of the Commission's proposal for a new Community financing instrument for improving structures, believes this to be of great significance, and awaits with interest definitive proposals in this field;

7. Stresses that the resolution of current economic problems will depend not only upon the willingness of Member States' governments to take the necessary measures, but also upon the active participation of employers and employees in policies to stimulate growth, curb inflation and lower unemployment;

8. Regrets therefore that the Tripartite Conference this year was somewhat desultory and unfruitful, and calls on the Commission to do its best to ensure that next year's Conference is better prepared, is better publicised and plays a larger role in economic strategy;

9. Whilst recognizing that sustained economic growth is vital if unemployment is to be reduced, attaches particular importance to the implementation of a specific employment policy as for example by the extension of public investment; this policy should include the development of vocational training and re-training, the improvement of employment exchanges, an examination of the effectiveness of job creation measures, and especially for young people; an examination should also be made of measures to reduce working hours;

10. Supports the Commission's call for:
   - the coordination of national aid measures at Community level,
   - research into and application of new technology,
   - the provision of tax facilities and easier access to capital for small and medium-sized firms,
   - measures to encourage the establishment of new firms.

The Parliament awaits concrete proposals from the Commission in these fields;

11. Recalls the importance of the Council's Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States and supports therefore the Commission's
current proposals¹ to ensure a more satisfactory implementation of this Decision;

12. Instructs its President to forward this resolution to the Council and the Commission of the European Communities, and to the Governments and Parliaments of the Member States.

¹"Improving Coordination of the National Economic Policies"; Commission Communication to the Council (COM(77) 443 final) of 5 October 1977