

European Communities

EUROPEAN PARLIAMENT

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Working Documents

1976 - 1977

15 November 1976

DOCUMENT 405/76

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. 393/76) concerning a decision adopting the annual report on the economic situation in the Community and laying down the economic policy guidelines for 1977

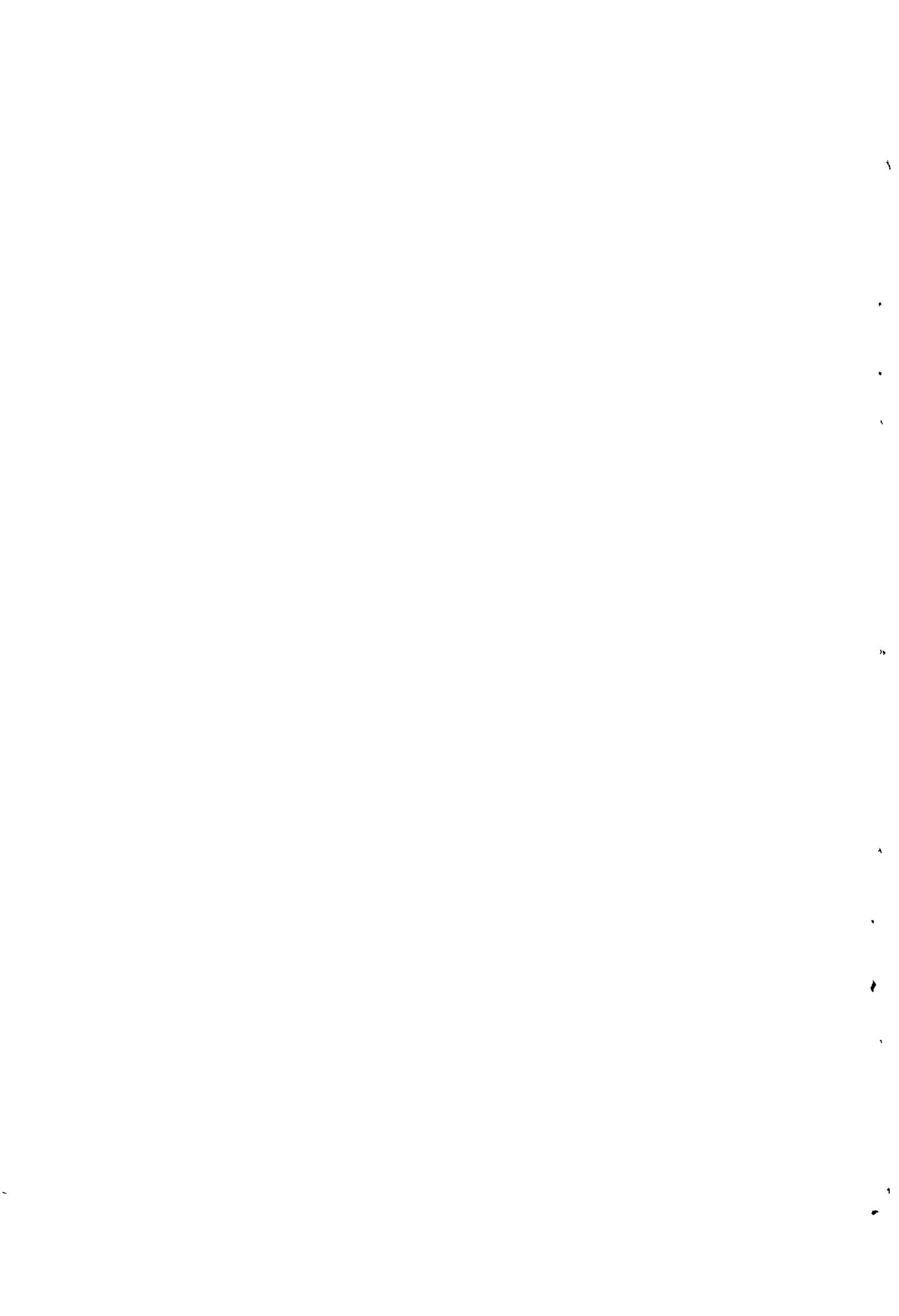
Rapporteur: Mr H. K. ARTZINGER

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PE 46.250/fin.

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English Edition



By letter of 26 October 1976 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 1977.

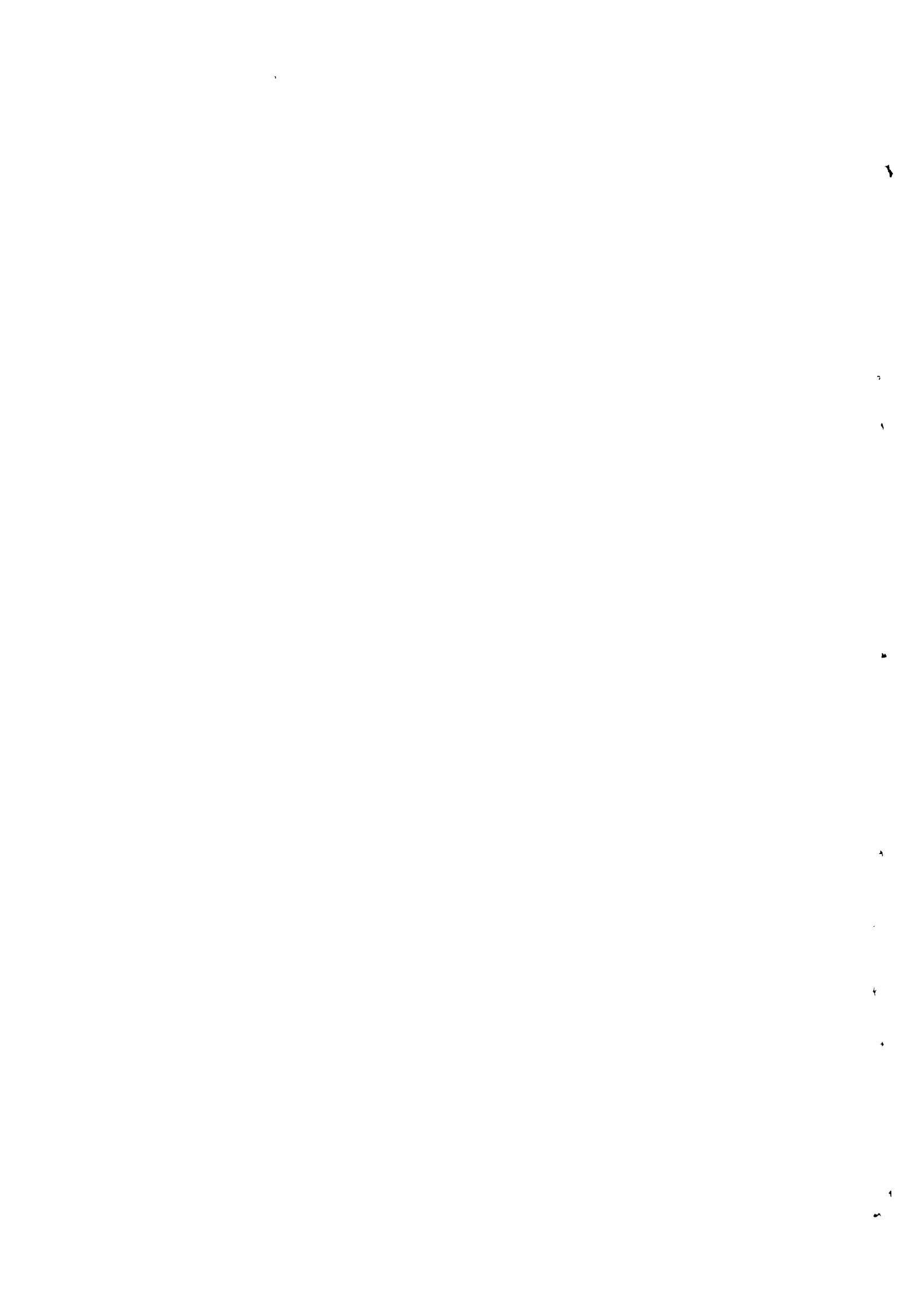
This proposal was referred to the Committee on Economic and Monetary Affairs.

At its meeting of 24 and 25 April 1975 the Committee on Economic and Monetary Affairs appointed Mr ARTZINGER rapporteur.

It considered this proposal at its meeting of 4 and 5 November 1976 and adopted the motion for a resolution unanimously, with three abstentions.

The committee decided to give the explanatory statement orally.

Present: Mr van der Hek, chairman; Mr Notenboom, vice-chairman; Mr Artzinger, rapporteur; Lord Ardwick, Mr Burgbacher, Mr De Keersmaeker, Mr Delmotte, Mr Deschamps, Mr Dykes, Mr Flämig (deputizing for Mr Zagari), Mr Lange, Lord Murray, Mr Knud Nielsen, Mr Normanton, Mr Nyborg, Mr Prescott, Mr Schwörer and Mr Suck.



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 1977

The European Parliament,

- having regard to the proposal from the Commission (COM(76) 557 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. 393/76)
 - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 405/76)
1. Hopes that the economic upturn will continue;
 2. Considers that, in view of the many factors of uncertainty, it is correct to make a cautious and differentiated assessment of economic developments in 1977;
 3. Singles out those signs which seem to point to a continued economic upturn;
 - growing confidence in the future among consumers and savers;
 - incipient results from the efforts by governments and workers' and employers' organizations to slow down the incomes race;
 - the reduction in price and cost rises;
 - the rise in productivity and profits in many branches of industry, which has increased the chances of higher investment;
 - the continued expansion of world trade;
 4. Draws attention on the other hand to the risk of:
 - the economic upturn being brought to a halt by the lack of Community and international solidarity;
 - the disparities between price and cost rises in the Member States not only not decreasing during 1977 but even increasing again;

5. Endorses the Commission's proposals
 - for a restrictive approach to consumption in Member States having a large external deficit and high underlying rates of inflation;
 - not to restrain the increasing expansion in domestic demand in those Member countries without balance of payments problems and where a further slowdown in price increases is likely, so as to facilitate the process of adjustment within the Community;
6. Draws attention to the importance, if the medium-term targets (stability, growth and full employment) are to be attained, of achieving in the short-term a substantial growth in productive investment in order to reduce unemployment due to the present economic situation; believes that the attitude of the parties in the forthcoming wage negotiations may have a much greater influence on the investment climate than traditional devices for encouraging investment;
7. Stresses that the social partners can be expected to show a sense of responsibility only when a solution is found to the problems of distribution of wealth and its acquisition by the workers;
8. Notes that despite the favourable short-term economic prospects, no substantial fall in unemployment can be expected, since it also has structural causes, which must be tackled within the framework of a medium-term structural policy;
9. Concurs with the Commission in attaching greater importance to monetary and credit policies as means of fighting inflation and therefore welcomes the Commission's proposals for restricting the money supply in each Member State;
10. Deplores the fact that - even though they are adopted by the Council in the form of a decision - the guidelines are not in practice looked upon by the Member States as fully binding;
11. Stresses that Member States are under an obligation, when departing from the guidelines, to consult the Council and the Commission on their reasons for doing so;
12. Notes with mounting concern that economic growth is leading to increased divergencies between 'the most prosperous and the poorest regions in the Community'; is therefore of the opinion that regional and sectoral structural policies must be strengthened financially and better organized at Community level;

13. As regards the measures to achieve a greater convergence of economic and monetary development in the Member States, refers to its opinion on the Fourth Medium-Term Economic Policy Programme;
14. Draws attention to the Community's share of responsibility for the world economy as a whole and for its weaker members in particular and believes that everything should be done to enable the Community, in accordance with the letter (Article 116, EEC Treaty) and spirit of the Treaties, to take up a common position at international meetings;
15. Regrets that the European Parliament, under the present procedure for dealing with the annual economic report and guidelines for Member States' revenue and expenditure policies and economic policies, has only a limited opportunity to influence the decision-making process in the national parliaments;
16. Therefore calls upon the Community institutions to draw up jointly a new procedure, under which the European Parliament
 - (1) will be consulted on the drawing up of guidelines for Member States' revenue and expenditure policies (second quarter);
 - (2) will assess to what extent Member States' financial and budgetary policies comply with the guidelines drawn up by the Community in order to draw the appropriate conclusions for the following year's guidelines;
17. Regrets moreover that the Community's own budget is largely notional and cannot as yet be used as an instrument of economic policy;
18. Instructs its President to forward this resolution and the text of the oral explanatory statement to the governments of the Member States and to the national parliaments.

