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Report

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

on the economic situation in the Community

Rapporteur : Mr Jean Eric BOUSCH

PE 36.182/fin.

At its sitting in Strasbourg of 14 February 1974 the European Parliament instructed the Committee on Economic and Monetary Affairs to draw up a report on the statement by Mr Dahrendorf on the economic situation in the community.

On 7/8 February the committee appointed Mr Bousch rapporteur.

It considered the draft report at its meetings of 21/22 February and 7/8 March 1974 and unanimously adopted the motion for a resolution at the latter meeting.

The following were present: Mr Lange, chairman; Sir Brandon Rhys Williams, vice-chairman; Mr Artzinger, Mr Bersoni, Mr Berthoin, Mr Burgbacher, Mr Cousté, Mr Harmegnies, Mr Kater, Mr Krall, Mr Martens (deputizing for Mr Schwörer), Mr Brøndlund Nielsen, Mr Notenboom, Lord Reay, Mr Scholten, Mr Starke and Mr Thornley.

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

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MOTION FOR A RESOLUTION

on the economic situation in the Community

The European Parliament,

- having regard to the Commission's statement to the European Parliament on the economic situation in the Community at the beginning of 1974 (SEC (74) 600);
- having regard to the annual report on the economic situation in the Community¹ and the Council resolution of 17 December 1973²;
- having regard to its resolutions of 3 December 1970, 5 July, 13 November and 13 December 1973³;
- having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 407/73);

1. Is convinced that the current situation in the Community, with the Member States attempting to overcome present difficulties by means of national measures, is jeopardizing the Community and its members to such an extent that the outcome can only be detrimental to all concerned; it is therefore imperative for the Community and the Member States to take joint action and overcome the difficulties through Community measures.

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OJ No. C 107, 8.12.73, page 1

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OJ No. C 116, 29.12.73, page 22

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OJ No. C 151, 29.12.70, page 23

OJ No. C62, 31.7.73, page 31

OJ No. C 108, 10.12.73, page 22

OJ No. C2, 9. 1.74, page 48

2. Notes that the Community is faced in the immediate future with three major problems of economic and monetary policy - accelerated price rises, serious risks of unemployment and dis-equilibrium in current balances of payments - which can only be reasonably solved through Community action;

3. Is of the opinion that failure to take this action would jeopardize the development of the Community and call into question its achievements to date, through competitive depreciations and generalized floating of currencies combined with aggressive trade measures leading to the segmentation of domestic markets and a lasting decline in economic activity.

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4. Urges that the Council should feel unreservedly bound by the measures it enacted at its sitting of 18 February 1974 and act accordingly;

5. Supports the Council's expressed intention to avoid competitive depreciation of currencies and restrictive trade practices, which in any case can be of no lasting benefit to the countries resorting to them;

6. Regrets that the directive on stability, growth and full employment in the Community differs on several points from the Commission's initial draft, particularly with regard to the time limits fixed for the implementation of certain conjunctural measures;

7. Denounces the intergovernmental nature of the statements in paragraphs 6 and 7¹ of the press release issued at the end of the Council's sitting of 18 February 1974;

8. Notes with surprise that, after adopting a decision on the attainment of a high degree of convergence in the economic policies of the EEC Member States, according to which the Council would thenceforth meet at least once a month to discuss economic and monetary matters, the Council has decided not to meet in March.

¹6. The governments of the Member States undertake to initiate detailed consultations on the movements in the rates of exchange, the policy on interest rates, calls on the international capital market and the use of reserves, on the basis of the decision relating to the attainment of a high degree of convergence between the economic policies of the Member States.

7. The Community will be guided by the above principles in its relations with non-member countries and will strive to ensure that the entire international Community adopts policies in the monetary and trade sectors which give stable and regular relations.'

9. Regrets that the measures introduced in some Member States to stimulate the economy have not been taken or are not prepared with sufficient coordination at Community level.
10. Deplores the lack of political resolve in the Council for the coordination of economic and monetary policies in the Community and considers that the advanced interpenetration of the economies of the Member States calls for a redistribution of powers between the Community institutions and the national authorities.
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11. Invites the Commission to draw the logical conclusions from these findings and submit proposals to the Council which go beyond simple technical amendments to existing procedures and involve an extension of the implementing and decision-making powers of the Community institutions;
12. Considers economic, budgetary and taxation policies, together with monetary and credit policies should be the subject of binding Community decisions;
13. Repeats¹ that, where powers in respect of economic and monetary policy are transferred from the national level to the Community, democratic supervision should be ensured by increasing the powers of the European Parliament;
14. Considers the participation of all the Member States in the Community monetary policy measures as a condition for re-establishing an ordered monetary situation both inside and outside the Community;
15. Invites the Commission to make limited but practical proposals for developing the monetary role of the European unit of account;
16. Further invites the Commission to seize the opportunity presented by the recent - and possibly temporary - removal of a number of exchange restrictions, to propose Community rules of control over capital movements to and from third countries;

¹OJ No. 151, 29.12.70, page 23

17. Recommends the introduction of a strictly conditional Community loans system, going beyond the limits fixed by the short-term Community support machinery adopted by the Council on 18 February 1974;

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18. Instructs its Committee on Economic and Monetary Affairs to submit a report on how the Community can be put in a position to provide a stable market in the Community for the large accumulations of funds deriving from oil revenue and to give appropriate guarantees to attract and retain such funds for investment in the general economic interest.

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