

European Communities

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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 36.911/fin.



On 18/19 April 1974 the Committee on Economic and Monetary Affairs considered the 'Communication from the Commission to the Council concerning the adjustment of the economic policy guidelines for 1974' (COM(74) 450/fin.).

As part of its mandate to report on the economic situation in the Community in 1974 it instructed its rapporteur, who had been appointed on 7 February 1974, to draw up a report on this matter.

On 14 May 1974 it adopted the motion for a resolution unanimously.

The following were present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mr Bousch, rapporteur; Mr Artzinger, Mr Bertrand (deputizing for Mr Bersani), Mr Cifarelli, Mr Flämig (deputizing for Mr Van der Hek), Mr Kater, Mr Nørgaard, Mr Normanton, Mr Scholten and Mr Schwörer.

The explanatory statement will be given orally in plenary sitting.



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

MOTION FOR A RESOLUTION

on the economic situation in the Community

The European Parliament,

- having regard to the Communication from the Commission to the Council concerning the adjustment of the economic policy guidelines for 1974 (COM(74) 450/fin.),
 - having regard to its resolutions of 13 December 1973¹ and 13 March 1974²,
 - having regard to the report by the Committee on Economic and Monetary Affairs (Doc. 105/74),
1. Expresses its disappointment at the fact that the Commission, after making a shrewd analysis in its communication of the economic situation, goes on to formulate recommendations that are not primarily geared to the real situation and needs of the Community but which reproduce more or less unchanged the policy measures and intentions of the governments of the Member States; whereas the whole Community finds itself confronted by a drastic restructuring of production, unemployment problems, the danger of disruptive capital movements and disquieting price increases;
 2. Considers that no Member State should take measures liable to compromise, or even jeopardize the free movement of goods within the Community;
 3. Considers that the Member States which now no longer participate in the machinery for maintaining limited margins of fluctuation should return to this machinery without delay;
 4. Considers that, to enable the States to return to limited margins of fluctuation, the existing credit machinery should be extended, allowing these States to cope with their balance of payments problems and their monetary difficulties while making the granting of credits subject to Community economic policy conditions;

¹ OJ No. C 2, 9 January 1974, p.48

² OJ No. C 40, 8 April 1974, p.23

5. Notes once again that the Commission has not taken any account of Parliament's point of view concerning a redistribution of short-term economic policy powers as recently embodied in its resolution of 13 March 1974¹;
6. Also notes that the Council has not adhered to the provisions contained in 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'², according to which the Council 'shall, as soon as possible during the first quarter, adjust the economic policy guidelines for the current year as required by economic developments';
7. Expresses the wish that borrowings on the international capital markets to cover deficits on balances of payments - which cannot be a substitute for a real transfer of income but can at any rate facilitate the process of adjustment - should be made in a coordinated manner and requests the Commission to submit a proposal to this effect;
8. Believes that, with a view to preserving the liberalization of world trade already achieved, it is essential to protect the Community against disruptive capital movements and reminds the Commission of the need to put forward at an early date a Community regulation for this purpose concerning capital movements from and to third countries;
9. Considers it essential that the Community programme for a medium-term economic policy should be adapted to the new situation so that it may serve as a framework for the short-term economic policy recommendations;
10. Holds the view that the Communication from the Commission contains, in addition to worthwhile recommendations, many statements that are over-cautious and even obscure or contradictory, which are not in keeping with the gravity of the present situation; this is true of the following items in particular;
 - Employment: the situation is presented in excessively optimistic terms;
 - Restructuring of production: the Commission wishes to support this but does not indicate how this should be done;

¹ '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;

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;'

² OJ No. L 63, 5 March 1974, p.16

- Monitoring of income trends: the Commission proposes 'temporary controls on ... all incomes' for the Netherlands (p.18) although the situation in that country does not justify measures more drastic than those in other Member States;
 - collective measures: the Commission wants these extended, but at the same time considers it necessary to put a brake on the increase in government expenditure in most of the Member States;
11. Requests the Commission to base the Communication it is required to present to the Council during the second quarter of this year on the points of view expressed in this resolution;
 12. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

