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PRESS RELEASE

FIRST PROGRAMME OF MEDIUM-TERM ECONOMIC POLICY ADOPTED

The EEC Council of Ministers and the Governments of the member countries have adopted the first medium-term economic policy programme for the Community (1966-1970).

On 15 April 1964 the EEC Council of Ministers decided, on the proposal of the Commission, to set up a Medium-term Economic Policy Committee composed of the senior officials responsible for economic policy in their countries and of representatives of the Commission. One of the Committee's main tasks was to prepare the preliminary draft of a medium-term economic policy programme to serve as basis for the co-ordination of the economic policies to be pursued by the Member States and Community institutions in the following five years.

The Committee met for the first time in December 1964, with M. Langer, State Secretary at the Federal Ministry of Economics in Bonn, in the chair. In March 1966, just over a year later, it adopted the preliminary draft of the first programme. The work was based mainly on the report by the Study Group on medium-term forecasts, set up under the Commission, and on contributions by the Commission's staff.

The Commission approved the Committee's preliminary draft and added a section in which it stressed certain problems that were fundamental for the economic development of the Community in the years ahead.

The programme now adopted by the Council in its final form retains the Commission's text as an introduction. After a memorandum on the general concept of medium-term economic policy and an analysis of the general conditions of economic growth in the Community over the next few years, the programme sets out the initial guidelines for the various fields of economic policy; employment and vocational training policy, public finance and regional policy are dealt with in greater detail.

The First Programme highlights the precarious nature of the economic balance likely to prevail in the Community during the next few years. It stresses the need to keep prices sufficiently stable if there is to be regular and fast growth in the Community. On this point it draws the attention of the authorities to the dangers of an excessive expansion of private consumption and public expenditure. Balanced growth can be

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ensured by a rapid and continuous development of supply; such development calls for a body of measures that will increase the factors of production and promote their optimum distribution so that the greatest possible improvement in productivity is achieved. Among such measures, those leading to thorough and intensive vocational training and a better balance in regional development make a particularly important contribution to the economic growth of the Community as a whole.

In the terms of the Council decision of 15 April 1964, referred to in the decision taken today, the Council and the Governments of the Member States by adopting the programme express their intention of acting in conformity with the guidelines contained in it.

The Council has instructed the Medium-term Economic Policy Committee to carry out an annual review of the programme for the purpose of making any necessary adjustments. The Committee will have to follow up the medium-term economic policies of the Member States and examine their compatibility with the programme. It will also have to study economic trends in order to seek why actual developments have diverged from the forecasts. It may render opinions, at the request of the Council or Commission or on its own initiative, in order to advise the Community's institutions and those of the Member States on the application of the economic policy planned.

The Committee has already taken the necessary procedural steps to enable it to undertake these tasks.

The Committee also proposes, when the next draft programme is drawn up, to go more deeply into the guidelines for spheres which have not yet been examined sufficiently. The Committee has therefore given priority in its current work to policy on scientific and technical research, on the structure of industrial and agricultural sectors, on the structural adjustment of enterprises, and on incomes and capital market policy.

As the customs union moves towards completion and economic integration develops, it will be possible to compare and co-ordinate the objectives and instruments of the Member States' economic policy on a permanent basis. Today's programme is an important step on the way to economic union.
