

THE EUROPEAN COMMUNITY

1964?

P R E S S R E L E A S E

EUROPEAN ECONOMIC COMMUNITY • EUROPEAN COAL AND STEEL COMMUNITY • EUROPEAN ATOMIC ENERGY COMMUNITY

Information Service Washington Office: Suite 808, The Farragut Building, Washington DC, 20006 • Telephone: 296-5131, Area Code 202 • Cable: EUROCOM • Telex: WN-065

BACKGROUND INFORMATION

EEC COUNCIL OF MINISTERS ACTS TO COMBAT INFLATION

WASHINGTON, D.C., April 21 --- The EEC Council of Ministers recommended April 14¹⁵ that member states take a series of special priority measures to halt inflation in several Community countries.

Acting on an EEC Commission proposal, the Council recommended the following 10-point anti-inflationary program:

- Stabilize prices and production costs.
- Maintain a liberal trade policy.
- Limit the increase in government spending to 5 per cent annually.
- Finance by special tax programs or by raising existing taxes any government spending increase above 5 per cent.
- Cover balance-of-payments deficits by long-term borrowing.
- Maintain or tighten present restrictive credit policies.
- Seek management and labor cooperation in keeping wages in line with the gross national product.
- Restrict excess building demand where it exceeds supply possibilities without hindering needed construction or expansion of schools, hospitals or existing housing plans for workers.
- When necessary, consult other member states on financing trade deficits as prescribed in Article 108 of the Rome Treaty (mutual assistance in remedying balance-of-payments difficulties).
- Take special steps for incorporating national economic policies under the anti-inflationary plan suggested by the Council.

(MORE)

The recommendation also calls for governmental reports to Community authorities on the application of the measures taken in conformance with Article 103 of the EEC Treaty. The Treaty suggests that the Council may by a unanimous vote, on a proposal of the Commission, decide on measures appropriate to the economic trends of the member states.

Special Priority Stressed

Although the Council recommendation does not legally bind the member states, the governments of the Six are firmly committed to do everything possible in carrying out the measures. The Council asked the governments of the Six to give the measures special priority above all other economic policy goals.

The problems of rising costs and prices in some member states were emphasized by EEC Commission Vice President Robert Marjolin in a speech to the European Parliament January 21, 1964. Germany's Minister for Economic Affairs Kurt Schmuecker also stressed the need for a coordinated policy to restore the internal and external balance in the Community. The resulting Commission proposal was submitted in March to the European Parliament and member countries' governments for approval.

The Council also approved the following measures to strengthen the monetary and financial cooperation in the Community:

- . Creation of a Committee of the Central Bank governors of the member countries.
- . Consultations between the Six in the Monetary Committee to improve international monetary cooperation.
- . Creation of a budgetary policy committee.

The Council sanctioned the creation of a committee for medium-term economic policy to coordinate the economic policies of the Six. Programs for achieving a medium-term economic policy will cover a period of five years.