

European Communities

EUROPEAN PARLIAMENT

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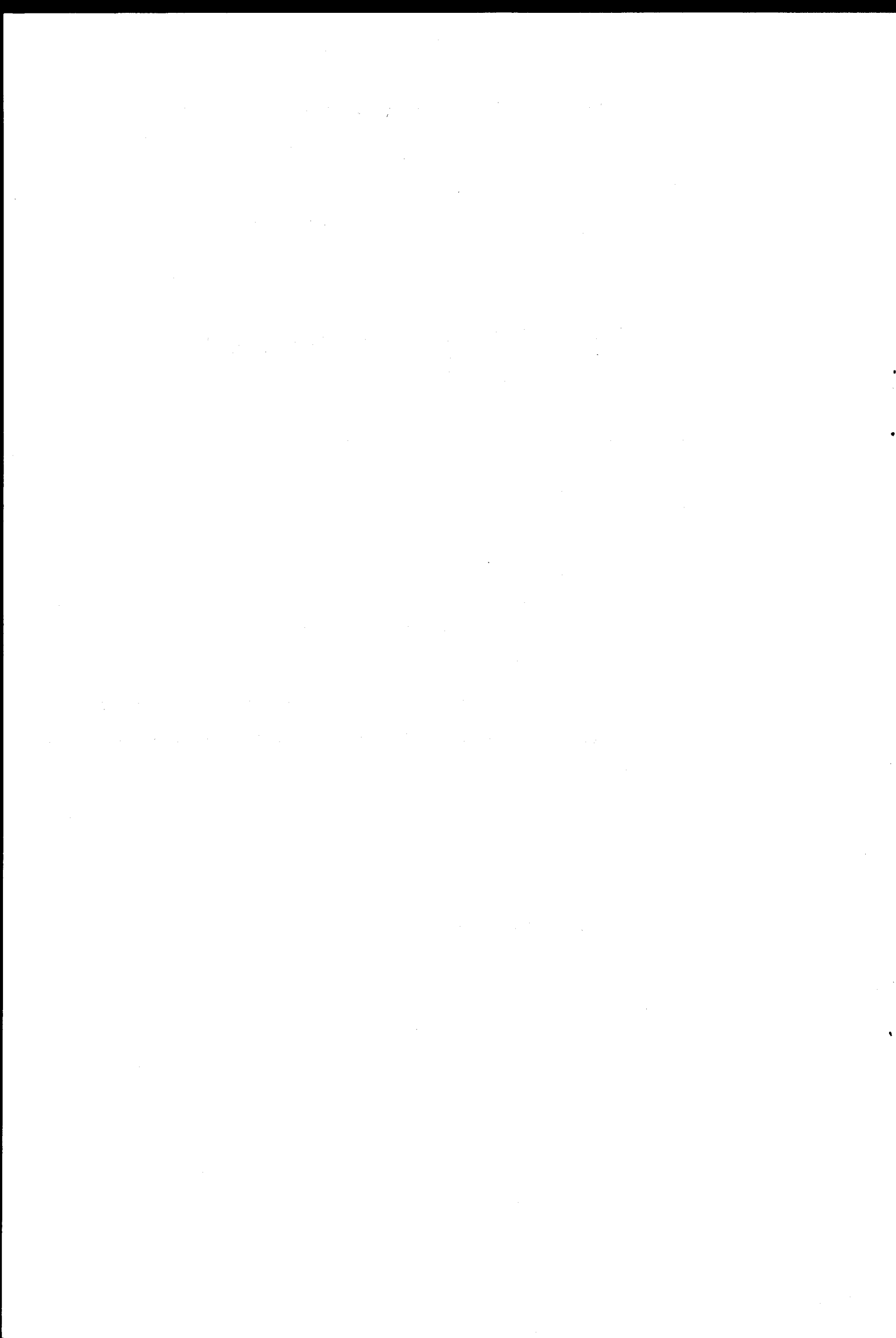
Report

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. 280/74) concerning the annual report on the economic situation in the Community.

Rapporteur: Mr Jean-Eric BOUSCH

PE 38.213/fin.



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, the European Parliament considered the proposal concerning the annual report on the economic situation in the European Economic Community (Doc. 280/74).

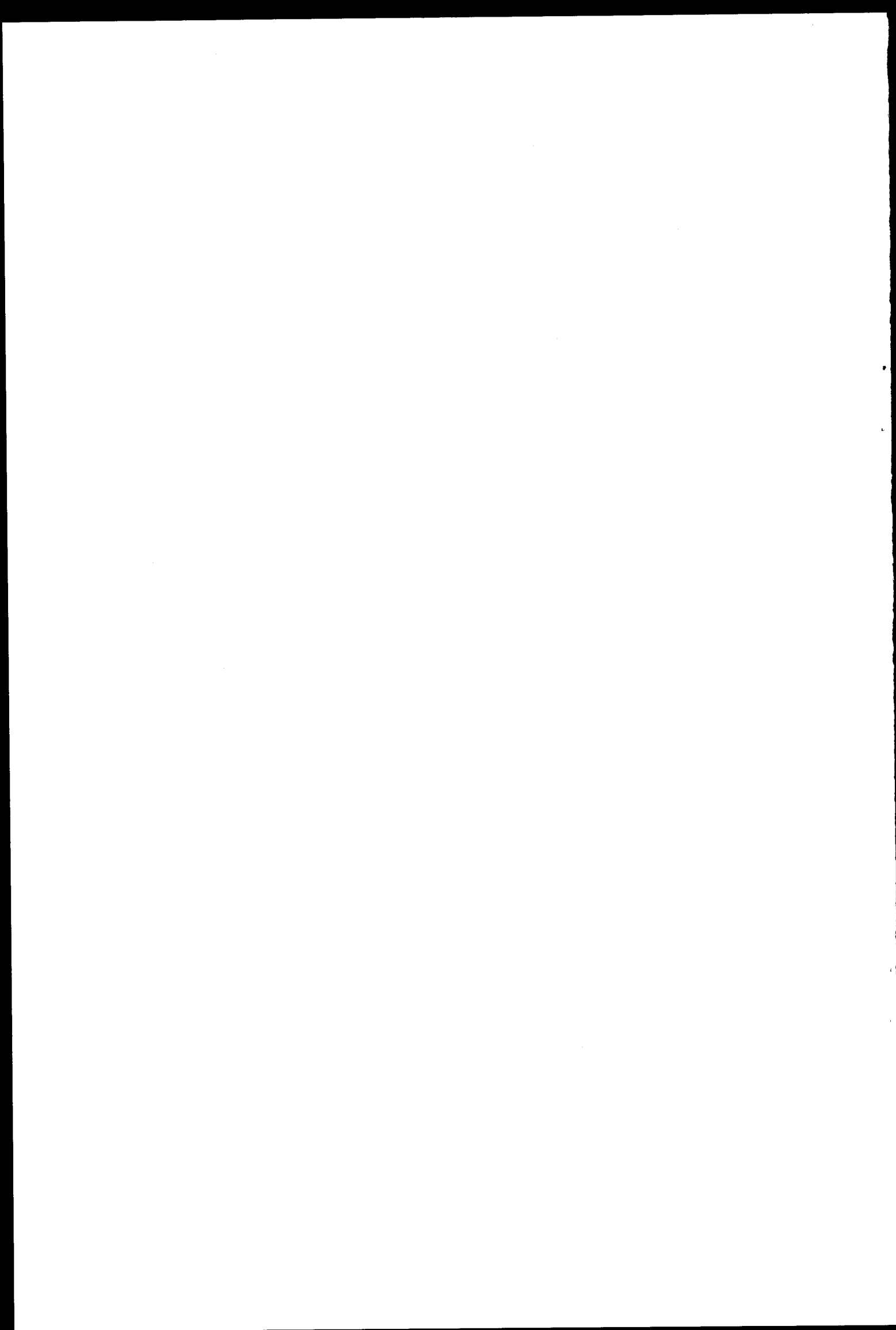
This proposal was sent to the Committee on Economic and Monetary Affairs, as the committee responsible, and to the Committee on Budgets for its opinion.

On 5 April 1973 the Committee on Economic and Monetary Affairs appointed Mr BOUSCH rapporteur and confirmed his appointment on 23 September 1974.

It considered the proposal at its meetings of 23 September and 3 and 4 October 1974.

At the meeting of 3 and 4 October 1974 the committee adopted the motion for a resolution unanimously with two abstentions.

The following were present: Mr Lange, chairman; Mr Bousch, rapporteur; Mr Artzinger, Mr de Broglie, Mr Cousté, Mr Delmotte, Mr Hougardy, Mr Kater, Mr Krall, Mr Leenhardt, Mr Leonardi, Lady Elles (deputizing for Mr Normanton), Lord Reay, Mr Scholten and Mr Starke.



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 the annual report on the economic situation in the Community

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (Doc. 280/74),
 - having been consulted pursuant to Article 4 of the Council decision of 18 February 1974¹,
 - having regard to its resolutions of 9 May 1973, 15 October 1973, 13 March 1974 and 15 May 1974²,
 - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 286/74),
1. Approves the analysis and the forecast contained in the draft annual report on the economic situation in the Community, while at the same time emphasizing that in the present economic situation any forecast of economic developments must necessarily be unreliable;
 2. Considers that efforts to combat the alarming rise in prices and prevention of a serious economic recession should be the priority objectives of the Community's current economic policy;
 3. Hopes, therefore,
 - that the Member States with a comparatively high rate of inflation and a negative balance of payments will concentrate their efforts on slowing down the rise in prices and correcting their balance of payments so as to establish conditions for joint Community action;
 - and that the countries with a relatively moderate rate of inflation and a balance of payments either in equilibrium or showing a surplus will follow a policy of careful and selective expansion;

¹OJ No L 63/74

²OJ No C 37, 4 June 1974, p.45
OJ No C 95, 10 November 1973, p.8
OJ No C 40, 8 April 1974, p.23
OJ No C 62, 30 May 1974, p.21

4. Deplores the fact that most Member States have not complied with the directives adopted by the Council regarding the reduction of the increase in the money supply¹ and urges the Council to make greater efforts to ensure that its directives are implemented;
5. Regrets that Community coordination procedures have not yet brought about a satisfactory approximation of Member States' economic policies;
6. Reiterates its appeal to Member States to avoid taking any action which may jeopardize the free movement of goods within the Community or obstruct trade with third countries;
7. Reminds the Member States of the Commission's recommendation that the surpluses of tax revenue resulting from increased prices should be frozen;
8. Considers that means of recycling capital accumulated by certain countries which produce raw materials should be developed and diversified;
9. Endorses the scheme to set up machinery for issuing Community loans on the international capital markets, on the understanding that the granting of the loans would imply for the recipients acceptance of the economic policy conditions laid down by the appropriate Community institutions;
10. Requests that any Community monetary support measures to assist Member States in deficit should be taken within the framework of Community procedures;
11. Calls once again for supervision of operations on the Euro-currencies market, to ensure greater openness of capital movements, while maintaining the useful role this market plays in the process of bringing capital back into circulation;
12. Advocates the gradual harmonization of provisions relating to capital movements to and from third countries and the elimination of obstacles to the free movement of capital within the Community;

¹The Member States are gradually aligning the rate of increase in the monetary supply (monetary and quasi-monetary liquid assets) with that of the gross national product by volume, supplemented by the normative rate of increase for prices fixed in the context of the general economic policy, and taking into account the structural development of the relationship between money supply and the national product. This objective should be achieved by the end of 1974 at the latest'. - Council resolution of 5 December 1972 on measures to be taken against inflation (OJ No C 133, 23 December 1972)

13. Instructs its President to forward this resolution to the Council and Commission of the European Communities and the governments and parliaments of the Member States.

