(2001/C 26 E/099)

WRITTEN QUESTION E-0654/00
by Marie-Noelle Lienemann (PSE) to the Commission
(9 March 2000)

Subject: European aid for victims of crime

What action can the Commission take to ensure that victims of crime receive a better hearing and greater understanding, counselling and support and that their interests are taken into account both in the judicial process and as regards redress, compensation and human, social and psychological follow-up in all countries of the European Union?

A commitment of this kind by the Commission would help to ensure the protection of victims’ rights, a natural corollary of the free movement of persons, and would be a further step towards a people’s Europe.

Answer given by Mr Vitorino on behalf of the Commission
(15 May 2000)

In its communication of 14 July 1999 on ‘Crime victims in the European Union — Reflections on standards and action’ (1), the Commission argued that regarding both assistance to crime victims and victims’ access to and standing in their own process, a number of steps to improve the situation should be considered. On the basis of reactions to the communication and expert advice to be obtained in the course of a number of events to be organised at European level in the coming months, the Commission will decide what kind of action needs to be taken to bring forward this important matter. The Commission has noted with satisfaction that Portugal has already taken an initiative and proposed a framework decision on the standing of the victim in the criminal procedure.

As regards the compensation of victims of criminal offences, the Commission is both urging all the Member States to ratify the 1983 European Convention on the compensation of victims of violent crimes and examining the question in depth so as to improve the situation of victims.

(1) COM(1999) 349 final.

(2001/C 26 E/100)

WRITTEN QUESTION E-0657/00
by Cristina Muscardini (UEN) to the Commission
(9 March 2000)

Subject: The real economy and the financial economy

The financial crises that have occurred in various parts of the world since 1997 can only be interpreted as signs of an underlying crisis in the international financial and monetary system as a whole, which is at risk of total collapse. The international institutions’ failure properly to discharge their duties (as was seen recently in Russia) and the concerns expressed by experts in world economics such as Ernst Welteke of the Bundesbank and the former Chancellor Helmut Schmidt give serious cause for concern about the risks of a financial crash that would hit not just the stock markets but the entire ‘speculative bubble’ economy created by inflated share prices. Since the dollar was uncoupled from the gold standard on 15 August 1971, a gulf has opened up between the real economy and the financial economy. The latter has given rise to a huge speculative bubble that has completely altered the shape of the world economy and now represents a sum of at least USD 300 000 billion, as compared with a global GDP of USD 40 000 billion.

This process has had a devastating effect on the economies and living standards of the developing countries (the events in Malaysia being a good example of this) and is having an adverse impact on production and employment levels even in the industrialised nations. Furthermore, operations aimed at refinancing the financial bubble and involving increases in liquidity levels could have an explosive inflationary effect on all prices, and not just share prices.
Given the above, would the Commission state whether:

1. it shares the widely-voiced concerns about the dangers of this situation;

2. it has ever considered the possibility of reintroducing:
   (a) a means of pegging currency values to a genuine reference standard, and
   (b) tighter exchange controls, which could mitigate the adverse impact of this process;

3. it would not agree that new credit lines should be opened, geared specifically towards fostering new investment in the various sectors of the real economy;

4. it has given any thought to the formulation of Europe-wide infrastructure projects which, making use of new technologies and new scientific research findings, could serve as a catalyst for industrial reconstruction and peaceful cooperation between nations and peoples;

5. it would be willing to propose that a new international conference, along the lines of that held in 1944 at Bretton Woods, be convened with a view to establishing a new international monetary system capable of gradually dismantling the mechanisms that have led to the creation of the speculative bubble, and of setting in motion programmes aimed at revitalising the real economy?

**Answer given by Mr Solbes Mira on behalf of the Commission**

(2 May 2000)

The world economy has greatly benefited from the liberalisation and development of capital flows which make it possible to make better use of resources, i.e. a more efficient use of surplus savings in order to finance productive investments. However, this development has lead to increased volatility of capital flows. Investors have shown increasing interest in risk investments as witnessed by the sometimes undoubtedly excessive prices of certain securities listed on international financial markets. The risk of financial crises and the domino effect they can have — is, therefore, something to be taken very seriously.

The international monetary and financial infrastructure therefore needs to be adjusted to the new order created by internationalisation and the quantitative and technological development of the financial markets. Despite certain errors for which they were not always to blame, international financial institutions have on the whole functioned relatively well during periods of turbulence. Despite the financial crises of recent years, the world economy has grown steadily and today the countries which have gone through a crisis have in most cases already recovered the standard of living they had enjoyed before the crisis. Their economies are now founded on sounder bases. Reform efforts must be directed more at adapting to the new institutions and their operating rules rather than at establishing a completely new architecture.

Reforms so far have mainly involved improving the information supplied to the markets so that they can evaluate more accurately the risks involved in their investments and so to differentiate better between the performances of the various economies. The merits of certain systems to limit capital inflows, such as those applied in Chile, have also been recognised. But the exchange control systems for capital outflows are nearly always ineffective or even harmful. It should be noted that one of the causes of the Asian crisis was the over-rigid exchange rates of those countries’ currencies. Exchange rates should be able to adjust themselves as long as the there are considerable differences in the development and the performance of the economies of the countries concerned.

However, reforms are far from complete. In particular, the private sector should be made to understand that it must actively participate in resolving financial crises. This should be achieved by means of persuasion but also by putting in place regulations which are not at odds with the principles of the market economy. The system must also learn from the creation of the euro. The euro is a new focal point and will create a fresh balance in the international monetary and financial system, dominated hitherto by the US dollar. However, its potential can only be exploited fully if it is based on a modern European economy open to the new technologies and scientific progress. There is no point here in rehearsing all the initiatives the Commission has taken recently in these fields. But it is useful to stress that the euro should also enable Europe to play a role commensurate with its economic power in the international financial organisations.