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(Acts whose publication is not obligatory)

COUNCIL

**DECISION OF THE COUNCIL
AND OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE
MEMBER STATES MEETING WITHIN THE COUNCIL**

of 28 July 1982

adopting the fifth medium-term economic policy programme

(82/534/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES
AND THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES, MEETING WITHIN THE COUNCIL,

Having regard to the Treaty establishing the European Economic Community, and in particular the preamble thereto and Articles 6, 105 and 145 thereof,

Having regard to Council Decision 74/120/EEC 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⁽¹⁾, and in particular Article 6 thereof,

Having regard to the communication from the Commission concerning the draft of the fifth medium-term economic policy programme,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas the Economic and Social Committee, consulted on the Commission proposal, has not submitted its opinion within the time limit set by the Council under Article 198 of the EEC Treaty; whereas

the absence of an opinion should not prevent further action;

Whereas the economic policies pursued by the Member States must meet the objectives set out in Article 104 of the Treaty,

HAVE DECIDED AS FOLLOWS:

Sole Article

1. The fifth medium-term economic policy programme set out in the Annex is hereby adopted. The Member States express their intention of acting in accordance with the guidelines contained therein.
2. The programme will be kept under constant review during its period of application.

Done at Brussels, 28 July 1982.

The President

O. MØLLER

⁽¹⁾ OJ No L 63, 5. 3. 1974, p. 16.

⁽²⁾ OJ No C 66, 15. 3. 1982, p. 37.

ANNEX

FIFTH MEDIUM-TERM ECONOMIC POLICY PROGRAMME

1. The Fifth Programme develops and defines a medium-term strategy for achieving a number of economic policy objectives. This Programme is not a quantified plan, but a kind of framework which lays down guidelines for national policies and policy at Community level. It defines the various elements of a strategy. Concrete measures to realize the strategy would depend on the very different economic situations and structures in the Member States.

2. There is still broad agreement as to the chief medium-term objectives contained in the Economic Policy Committee's preliminary draft of 21 May 1981: the achievement of sustained and balanced growth and improved employment, in particular through higher investment and the promotion of structural change, and further progress in fighting inflation, paralleled by an improvement in the competitiveness of the economies of the Member States.

3. Opinions differed, however, as to the priority objectives and the timing of measures to achieve improved employment and stability. Some Member States felt that in the medium-term the employment situation would be improved by consistent stabilization policies (monetary, budgetary and incomes policy) and that, in the given circumstances, measures to stimulate global demand with a view to improving the employment situation in the short-term could make the achievement of medium-term objectives more difficult. Other Member States, however, took the view that, while the ambition of re-establishing in time a broad equilibrium in the course of implementing the medium-term strategy should not be abandoned, a selective support of domestic demand was advisable in order to achieve a more rapid improvement in the employment situation and as a condition in itself for a recovery in investment. For these Member States, it is essential that the adjustment effort be accompanied by resolute structural action, affecting notably industrial structures, and by a better trade-off between income and employment through work-sharing measures.

4. In the year which has elapsed since the submission of the draft Programme, the economic environ-

ment has further deteriorated and the cyclical upturn has been slow in starting. Economic trends in the Community remain largely unsatisfactory, notably as regards growth and investment and, more particularly, employment and unemployment. The employment position is a matter of increasing concern to Member States. Nevertheless, since the draft Programme was prepared:

- some progress has been achieved in reducing inflation rates but, at the same time, divergences in price and cost developments between Member States have widened. If these divergences are not narrowed, lasting monetary stability within the Community cannot be achieved. In order to prevent frequent central rate adjustments, which undermine the credibility of the European monetary system, the implementation of stabilization measures is important in those countries where price and cost increases remain high.

- It has been possible to reduce dependence on energy: petroleum imports have fallen partly as a result of the decline in economic activity, but also partly because of real energy savings due to structural adjustment and, in some countries, to dynamic policies of domestic energy supply. However, the Community must not be deflected from its efforts to achieve further progress in reducing petroleum consumption by the developments in crude oil prices.

- The Community's balance of payments deficit has been smaller than expected, partly because of the reduction in oil imports. Nevertheless, given the very different evolution as between Member States, problems for convergence might arise.

5. The actual direction of economic policy in the Member States since mid-1981 has for the most part remained within the broad framework of guidelines set out in the draft Programme. The following points deserve particular mention:

- the measures decided on to promote investment activity and employment,
- the efforts made to moderate pay rises, and

— in countries where budget deficits were particularly large, the efforts made to limit them and to reduce the growth of public expenditure. However, in some cases, the restructuring of public budgets is still insufficient.

6. As regards the present economic outlook, there are signs of a cyclical recovery, but the process is slow in starting and the upturn is endangered by high interest rates and excessive structural budget deficits. There is particular concern over the further rise in unemployment, which could be reduced only in the course of a sustained economic recovery, and over the persistently high inflation rates in some countries.

7. In this situation, the first requirement is to strengthen the forces of recovery and to create greater employment opportunities. Policies are required which take account of the developing situation and of the differing positions of the Member States, while emphasizing common aims and seeking to achieve greater convergence. Coordination of national policies at Community level and individual Community policies should contribute to structural adjustment and help to reduce divergence between Member States' economies. Particular attention should be given to creating a socio-economic climate which would promote and

revive investment activity and improve the competitiveness of the European economies. Specific employment policy measures are also urgent, in particular measures to promote vocational training for young people. The Commission is shortly to put forward a first report on the practical measures or appropriate initiatives to promote investment, which the Economic Policy Committee will examine in due time.

8. The essential elements of this strategy should be the foundation of a medium-term approach. Under present circumstances, the Member States attach different priorities to the individual economic policy objectives. However, even if the stance of economic policy differs, sufficient regard should be paid to the chief common medium-term objectives. It would also be necessary to strengthen the forces underlying growth as the basis of further progress towards stability and to create better conditions for a sustained economic recovery and the requirement of closer convergence. The Economic Policy Committee intends to discuss medium-term developments and problems at regular intervals and to present the results to the Council. It will in particular carefully examine the appropriate mix of the proposed strategy as the necessary progress is made in the fields of inflation and of public finance and balance of payments equilibrium.
