

European Parliament Resolution on the European Monetary System (17 April 1980)

Caption: On 17 April 1980, the European Parliament reiterates the main objectives of the European Monetary System (EMS) and emphasises the importance of effective coordination of the Nine's economic policies at Community level.

Source: Official Journal of the European Communities (OJEC). 12.05.1980, No C 117. [s.l.]. "Resolution on the European monetary system as an aspect of the international monetary system (17 April 1980)", auteur:European Parliament , p. 56-59.

Copyright: All rights of reproduction, public communication, adaptation, distribution or dissemination via Internet, internal network or any other means are strictly reserved in all countries.

The documents available on this Web site are the exclusive property of their authors or right holders.

Requests for authorisation are to be addressed to the authors or right holders concerned.

Further information may be obtained by referring to the legal notice and the terms and conditions of use regarding this site.

URL: http://www.cvce.eu/obj/european_parliament_resolution_on_the_european_monetary_system_17_april_1980-en-d092db0c-e6ec-4eed-947a-e6d1ccbd4ef6.html

Publication date: 20/12/2013

European Parliament Resolution on the European monetary system (EMS) as an aspect of the international monetary system

The European Parliament,

— having regard to the motions for resolutions (Docs. 1-356/79 and 1-418/79),

— having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-63/80),

1. Endorses the principles underlying the agreement on the European monetary system, which represents a vital stage in the process of Community integration towards the objective of economic and monetary union,
2. Welcomes the resilience shown by the system during its first year of operation, although the two successive adjustments suggest that it might be too flexible and the two mechanisms, *viz.* the bilateral margins and the divergence indicator, did not function in a balanced manner;
3. Notes, however, that the EMS is still precarious and vulnerable in three fundamental respects: the failure to establish a genuine process of economic convergence and the inadequate coordination of the economic, financial and monetary policies of the countries involved, the inadequacy of the monetary and credit instruments and the lack of a coordinated policy with regard to the international monetary system and the dollar in particular;

A. with regard to the problems of economic convergence:

4. Emphasizes that progress in the two directions which the process of economic integration should take — structural convergence aimed at establishing a model for balanced and differentiated economic growth, and economic policy convergence — has been inadequate and subject to delays;
5. Considers it necessary to promote the process of convergence through the revision or consolidation of existing, and the introduction of new, common policies: the revision of the agricultural policy, the consolidation of regional policy and the introduction of new common policies in the energy, industry and research sectors;
6. Points out that, for this purpose, it is necessary to strengthen the Community budget through an increase in its resources, which itself would be linked to and depend on a restructuring of the Community budget; this objective calls for a more balanced distribution of expenditure among the various sectors which should be linked, in a multiannual context, to the Community's medium-term programme aimed at achieving more harmonious growth and reducing disparities between the economies of the Member States;
7. Reaffirms that, to ensure effective coordination of national economic policies, this programme must lay down, for each country, growth objectives and constraints designed to create stability, in order to provide a firm economic basis for monetary and exchange discipline;
8. Welcomes the abolition of all exchange controls by the United Kingdom and the decision by the Federal Republic of Germany to ease informal controls on the inflow of capital, since the free movement of credit and capital is important to the functioning of the common market;

B. with regard to the monetary and financial instruments of the EMS:

9. Calls on the European Council to respect the original timetable (March 1981) for the 'second phase' of the EMS and to define the content of its various stages; stresses the need for the European Parliament to be consulted as a matter of course on all stages of the implementation of the EMS;
10. Regrets that the United Kingdom has not yet been able to participate fully in the European monetary

system, and hopes that the conditions on which it may become a full member will soon be fulfilled;

11. Asserts the need to achieve more effective coordination with regard to guidelines and the adoption of measures relating to monetary policy and interest rate adjustments, in line with the economic policy objectives and constraints referred to in paragraph 7;

12. Considers, therefore, that, with due regard for the responsibilities of the central banks and of the Member States, account should be taken of the Community's interests on the basis of an analysis of the likely effects of the exchange rate adjustments envisaged in the other countries belonging to the European monetary system;

13. Emphasizes, in particular, the importance of the decisions to be taken on the role and structure of the European Monetary Fund, which should gradually develop into a central monetary authority; the strengthening of the credit mechanisms and the decisions concerning the necessary exchange rate adjustments mean that the new institution will have to have sufficient autonomy in order, for example, to exercise control over Euro-currency movements and, more generally, to ensure the balanced functioning of the European capital and exchange markets; the monetary authority will thus operate in the context of a coordinated European monetary policy;

14. Draws attention, in this connection, to the need to define more closely the role of the ECU, which should ultimately be used for reserve and payment purposes in international trade;

15. Stresses, above all, that the ECU must be made fully acceptable and must be established on a permanent basis to form the liabilities of the EMF, assets being represented by credit;

16. Points out that this is the only way in which the ECU can be used as a point of reference for the reorganization of the international monetary system;

C. with regard to the relationship between the EMS and the international monetary system:

17. While recognizing that the effect of external economic and monetary fluctuations varies considerably from one Community country to another, affirms the need to reduce the risks ensuing from the EMS's present vulnerability to outside influences, by taking decisions designed to coordinate exchange policies towards the dollar and based on the numerous technical proposals already put forward;

18. Recommends that the Community adopt an active policy aimed at introducing and developing a dollar 'substitution account' with the IMF;

19. Is convinced that, with stronger economic cohesion between the countries involved (A) and the creation of common monetary policy instruments (B), the ECU will be able to play an important part in restoring balance to the international monetary system; as an international reserve currency the ECU could thus facilitate the recycling of the oil deficit by alleviating the increasingly serious debt problems of the developing countries; this should be accompanied by the reform of the international monetary system to enable the oil-producing countries to have a full share in its management — and in the related responsibilities — and to provide substantial financial support to the poorest countries;

20. Emphasizes that these options are eminently political in nature and requests the Council, therefore, to go ahead with the necessary decisions, the responsible technical bodies having completed the preparatory work;

21. Instructs its president to forward this resolution and the report of its committee to the Council and Commission.