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Advies Economic policy Committee

**I** of medium term economic policy.  
This is of importance in their view  
because

1. at its meeting of 6 october 1976, on the basis of a memorandum from the dutch members, the economic policy committee examined the proposals contained in the declaration of the dutch minister of finance to council at its meeting of 26 july 1976, concerning the improvement of economic convergence in the community.
2. the essential objective of the dutch proposal is to ensure the efficient implementation of increasing structural problems and in order to contribute to greater convergence of economic policies in the community. this would be achieved by using the fourth programme as a point of reference for the formulation of national short- and medium-term economic policies by the member states after weighing and, if necessary, adapting their national policy objectives and instruments against the fourth programme, both for individual member states and for the community as a whole. to give this process concrete form there would be continuous linking of the annual report on the economic situation to the medium-term programme. this would require that the medium-term programme was given a 'revolving' character, its objectives being up-dated, say every two or three years, in the light of results achieved to date.
3. the committee was unanimous in accepting the underlying thesis and the objective of the dutch proposal, namely that the member states' agreed objective of a greater convergence of the economic policies could and should be promoted by their being put in the context of the fourth medium-term programme. in this spirit, they agreed that it was desirable that short-term policies should be designed so as to be consistent with the achievement of the agreed medium-term objectives and policy. discussion of short-term policies in the committee during the period of the fourth medium-term programme would be inspired by this point of view.
4. the members nominated by the commission note that the dutch proposals are designed to achieve a better application of the council decision of 18 february 1974 concerning the achievement of a higher degree of convergence and of the council decision of 18 february 1974 setting up the economic policy committee, as well as of the directive concerning stability, growth and full employment, also of 18 february 1974.
5. the committee understands that the dutch members do not consider that any formal changes in machinery or in the procedure of the committee are needed for this purpose. this is also the view of the committee itself.



6. reservations were expressed by some members of the committee about some aspects of the dutch proposals. the following were the main points made in discussion :

- (1) it was felt that there should be a degree of flexibility in the profile of achievement on a community or a national basis of the general objectives for production and inflation set out in the fourth medium-term programme. in this context, it did not seem necessary to elaborate in advance time paths on a year-by-year basis in order to achieve the objectives of the medium-term programme.
- (2) it was thought that coherent broad lines of policy rather than individual new measures should be monitored and discussed by the committee against the background of the agreed objectives. it was necessary to guard against overloading the committee with detail.
- 3) the aim of the dutch proposal would not be successfully achieved by trying to derive, in advance each year, quantified targets from the general and overall objectives stated in the programme. it would be desirable there-fore to analyse many points in much greater depth in order to provide a better point of reference for the policies conducted in the member states.
- 4) some members doubted both the desirability and the practicality of the suggestion that allocations from the community's various funds to projects and countries should be made subject to implementing medium-term economic policy.
- 9 support was given to the idea that the medium-term programme should have a 'rolling' character. it would be appropriate to make a review of its character and objectives after say two to three years of the period had passed, to see if they show need of revision.
8. the committee felt that in the time available to them they had not been able to explore the full implications of the dutch proposals for their way of working. this note therefore records an immediate reaction. it is, however, the committee's hope and its wish that their present work on problems of economic policy should be designed and carried out in conformity with the spirit and objectives of the dutch proposals. they will thus be exploring, as time goes on, how the medium-term programme can be made to contribute to a better convergence of economic policies int the member states.