

Recommendation 193 (1959)¹

Reply to the Tenth Annual Report of the Organisation for European Economic Co-operation

Parliamentary Assembly

1. The Assembly :
2. Thanks the O.E.E.C. for the transmission of its Tenth Annual Economic Review;
3. Notes with satisfaction that in most European countries;
 - 3.1. inflation has been checked;
 - 3.2. the foreign payments position has substantially improved; and
 - 3.3. convertibility on current non-resident account has been introduced as a step towards a better international division of labour;
4. Notes with concern that after eighteen months of virtual standstill in the level of economic activity :
 - 4.1. there are only small signs of a revival of economic expansion; and
 - 4.2. the trends of investment, stocks and exports, together with the amount of unused productive capacity, are discouraging, in that they reflect an absence of positive forces for expansion and indicate the stagnation of effective demand;
5. Recognises that the need to avoid the recurrence of inflation has justified some caution and that the introduction of convertibility and of greater freedom of trade will make European economies generally more vulnerable to economic fluctuations and, in particular, expose their external balances to greater pressures;
6. Believes, nevertheless :
 - 6.1. that the suggestions set out in the Tenth Review for policies for sustainable, sound economic growth under-estimate the urgency of the need for resumed growth and that a bolder approach is required;
 - 6.2. that existing resources, both industrial capacity and foreign balances and reserves, could sustain increases in overall demand;
7. Expresses the conviction that the situation calls for more effective co-ordination of national business cycle policies as part of a concerted programme for expansion designed to :
 - 7.1. encourage a steady rate of growth in demand by means at the disposal of Governments, including, wherever appropriate, fiscal inducements, public investment, and measures aiming at an increase of private investment;
 - 7.2. stimulate trade and particularly intra-European trade, by reducing remaining barriers to trade, especially quantitative restrictions, with particular emphasis on agricultural products;

1. (see [Doc. 958](#), 10th Annual Report of O.E.E.C, and [Doc. 982](#), Report of the Economic Committee). This Recommendation was adopted by the Assembly at its 3rd Sitting, on 22nd April 1959



- 7.3. establish a long-term programme for the economic development of the less developed countries and regions, both inside and out-side the O.E.E.C. area, including increased Government expenditures, the encouragement of private capital investment, and expanding markets for the products of those countries;
- 7.4. improve the speed of collection and the standardised presentation of economic data (covering stocks, order-books, and investment) for analysis and short-term forecasting;
- 8. Stresses that such a concerted programme for expansion would be an earnest of the desire to promote the cause of European integration and that its achievement depends in large measure upon the larger countries of O.E.E.C., and upon the recognition of the particular responsibilities of the countries in a stronger economic position;
- 9. Recommends Member Governments and the Council of O.E.E.C.
 - a. to take immediate steps to develop a concerted programme for expansion on the lines suggested above;
 - b. to overhaul the machinery of O.E.E.C. in order to make possible an effective co-ordination of business cycle policies as the foundation for carrying out the programme;
 - c. to agree to make frequent and regular reports to the Consultative Assembly on the working of the policy co-ordinating machinery and on action taken by Member Governments to implement a programme for expansion; and
 - d. to report to the Assembly before its next part-Session on the action taken on this Recommendation.