



Resolution 516 (1972)¹

European economic problems - Monetary stability and economic growth

Parliamentary Assembly

The Assembly,

1. Recognising that the economies of democratic countries are now confronted by a new menace through the persistence of inflation in spite of rising unemployment and the threat of general recession ;
2. Noting that conventional fiscal and monetary remedies for inflation are not having their expected effects and may even be adding to the problems by hampering production at economical rates and discouraging investment in cost-reducing equipment and techniques ;
3. Accepting that inflation cannot now be tackled simply as a temporary economic and monetary aberration, but must be seen as a social and psychological phenomenon arising from many separate factors ;
4. Considering that the developments which are contributing to the trend towards the depreciation of money and the increase in production costs include forces as powerful as the population explosion, the increasing marginal cost of further economic growth, the general rise in expectations of material progress, the competition of rival political parties, the stimulus of television advertising, the growing dissatisfaction among some lower-paid groups of workers with the existing pattern of income distribution, and the more effective pressure of organised labour ;
5. Considering that the growing capital requirements of industry and public authorities calls for the introduction of new incentives for savings and investment, aimed at all sections of the population ;
6. Noting that in some cases international capital movements have made national credit restrictions ineffective,
7. Insists that governments must be responsible for creating conditions in which stability of money values is attainable at a high rather than a low level of investment, employment and consumption ;
8. Is concerned at the damaging effect on national economies of abrupt switches in economic policy ;
9. Accepts that even in conditions of rapidly rising real wealth it is necessary to apply basic principles of good management to the control of wage and price structures ;
10. Believes that it is proper for governments to call upon the leaders of industry, commerce and labour in democratic countries to evolve their own organs of direction and control, deriving authority directly from knowledge of economic life itself, and accepting responsibility for guiding the trends of wages, prices and investment in the interests of stability and the effective protection of the public.

1. Assembly debate on 26 January 1972 (25th Sitting) (see [Doc. 3055](#), report of the Committee on Economic Affairs and Development). Text adopted by the Assembly on 26 January 1972 (25th Sitting).

