European Monetary Institute EMI. 4th and last annual report 1997

1998/2119(COS) - 16/07/1998 - Text adopted by Parliament, single reading

In adopting the report by Mr André FOURCANS (UPE, F) on the annual report of the European Monetary Institute (EMI) Parliament regretted the general nature of the information presented in the report and considered that the content was insufficient to clarify the type of monetary policy to be pursued by the future ECB. With regard to the economic, monetary and financial situation in the European Union, Parliament disagreed with the EMI's analysis that growing demand in the internal market had been achieved by past policy. It considered, rather, that higher investment in the private and public sectors as well as pay agreements linked to productivity increases were needed to stimulate internal demand which was still too low. With regard to the preparatory work for stage three of economic and monetary union, it considered that the ECB should adopt an explicit final target (inflation rate and money supply) since a specific quantified target of this nature was a key element in economic stability and growth and in permitting the bank's performance and its democratic accountability to be assessed. It regretted that the interim objectives of monetary policy remained vague and called for them to be evaluated more precisely. It recalled the success of the 'multiple indicators' concept applied by the US Central Bank to assess the risk of inflation and regretted that this monetary concept had not been tried out by the EMI on European monetary policy. Parliament was astonished that with inflation at a historically low level (well below 2%) and unemployment at a historically high level the EMI report made no mention of monetary policy options aimed at increasing support for the fundamental aims of the EU as laid down in Article 2 of the Treaty. It also expressed its concern about the setting up of the information and communications systems which, as from 1 January 1999 would be essential for carrying out the operational functions of the ECB. With regard to the other tasks of the EMI, it considered that the major changes which were underway must lead to enhanced supervision of banks with the aim of detecting institutions in difficulty. It therefore considered that the ECB should play an active role in cooperating with the national authorities with regard to prudential supervision. Parliament declared its overall satisfaction with the relations that it had maintained with the EMI and hoped that a permanent and fruitful dialogue would be established with the ECB from the outset.