

European Parliament resolution on the monetary crisis (16 September 1993)

Caption: On 16 September 1993, the European Parliament adopts a resolution on the monetary crisis affecting the European Monetary System (EMS) and expresses its concern at the political and economic consequences of the crisis for the 12 Member States of the European Communities.

Source: Official Journal of the European Communities (OJEC). 04.10.1993, n° C 268. [s.l.]. "Resolution on the monetary crisis", auteur:European Parliament , p. 163-164.

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URL: http://www.cvce.eu/obj/european_parliament_resolution_on_the_monetary_crisis_16_september_1993-en-c6d3b2f6-e0b0-4aa6-8b8d-8830025a8124.html

Publication date: 20/12/2013

Resolution on the monetary crisis (16 September 1993)

The European Parliament,

— having regard to its resolution of 30 October 1992 on the development and prospects of the EMS and the EMU ⁽¹⁾,

— having regard to its resolution of 24 June 1993 ⁽²⁾ on the outcome of the Copenhagen European Council meeting of 21/22 June 1993,

A. recalling the monetary crisis of autumn 1992 which highlighted the ineffectiveness of the procedures for coordinating economic policies in the context of EMU,

B. seriously concerned by the deep recession affecting the economies of the Member States,

C. gravely concerned by the steep rise in unemployment figures in most Member States,

D. deploring the political and institutional failure to date sufficiently to address the task of achieving the necessary economic convergence among Member States;

E. concerned at the gravity of the political crisis threatening the continued existence of the Community and the inadequate political response to it in many areas, following the crisis of confidence stemming from the process of ratifying the Treaty on European Union,

1. Deplores the failure by the Council, the Commission and the national monetary authorities to take firm action in response to the crisis, a failure which is prolonging the uncertainty surrounding the financial markets, thereby exacerbating the economic crisis and adding to unemployment;

2. Calls upon the Council and the Commission to maintain and continue to support strongly all steps towards Economic and Monetary Union as agreed in the Maastricht Treaty;

3. Considers that there is no satisfactory economic and monetary explanation for the recent monetary crisis and is concerned at the disastrous impact which this situation may have on economic cohesion in Europe and the smooth functioning of the internal market;

4. Notes that a system of fluctuating exchange rates is already increasing the cost of borrowing and of foreign exchange transactions, thereby creating two further handicaps to the Community's competitiveness;

5. Calls on Member States to contribute to greater credibility of national and European monetary policies and not deliberately to devalue their currencies to achieve greater competitiveness versus other Member States, because this would not even be in their own interest in the medium term;

6. Considers that this second monetary crisis affecting the EMS, following that of September 1992, has exceptional political implications, because it has highlighted the lack of political will in the Community and its inability to resolve the problem, and because it threatens to lead to the economic, political and institutional disintegration of the Community;

7. Is concerned at the consequences, whether economic (functioning of the internal market, economic uncertainty, higher financial costs, disruption of agricultural policy, Community budget, implementation of Community policies) or social (employment, public expenditure), of the decisions taken by the Council of Finance Ministers;

8. Is concerned, from the point of view of economic and social cohesion, at the measures taken without any European cooperation and the consequences of the economic and monetary crisis for workers and social

protection, and reiterates its proposal for a European social pact for employment;

9. Urges that immediate measures should be taken to reduce the impact of waves of speculation on exchange rate stability and proposes that measures be adopted to increase the transparency of the financial markets; calls in particular on the Committee of the Governors of the Central Banks of the Member States to undertake forthwith a detailed analysis of, and monitor, the operations on the capital market and to report back regularly on this matter to the Commission, the Council, the European Parliament and the Member States;

10. Calls for more urgent consideration to be given to medium-term measures which should enable central banks to defend more effectively exchange rate levels which are consistent with the overall economic situation;

11. Urges the Council, the Commission and Member States to do everything for political and monetary credibility by more coordination and cooperation and by accelerating the introduction of the common European currency;

12. Notes that the recent monetary crisis bears all the hallmarks of a crisis affecting exchange rates and the monetary system as a whole, and calls on the Commission and Council, therefore, in their respective areas of responsibility, to propose and implement measures which go beyond simply reviving the EMS, with a view to achieving monetary stability in line with the provisions of the Maastricht Treaty;

13. Calls for the Community institutions to be strengthened, in particular through the establishment of the European Monetary Institute, which the Member States should provide, from its inception, with the instruments it needs to coordinate monetary policy effectively, in line with the Maastricht Treaty and according to the timetable set out therein;

14. Instructs its committee responsible to submit to it for the October 1993 part-session conclusions on the lessons to be drawn from the crisis for the implementation of EMU;

15. Calls on the European Council meeting in October 1993 to reaffirm clearly its strong commitment to attaining full EMU, so necessary to the competitive position of the EC and the strengthening of the internal market, and to this end calls on it to instruct the Commission and the Belgian Presidency as a matter of urgency to present proposals aimed at the restoration of monetary order and stability within the EMS at the earliest opportunity;

16. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and the Committee of Central Bank Governors of the Member States.

1 OJ No C 305, 23.11.1992, p. 584.

2 Minutes of that sitting, Part II, Item 6(a).