

LONDON, 2 FEBRUARY 1976

SPEECH BY MR. F.-X. ORTOLI, PRESIDENT OF THE COMMISSION OF THE
EUROPEAN COMMUNITIES

OVERSEAS BANKERS CLUB

Mr. President,

Mr. Prime Minister, My Lord Mayor, Mr. Governor,

Your Excellencies, My Lords, Ladies and Gentlemen,

It is a great pleasure for me to be here tonight to share with you
this great City occasion. A distinguished French poet is said to have
described London once as :

Une ville riche, fière, et pourtant aimable - a town both rich and
proud, but loveable yet.

Of course, he had the opportunity to get to know the City well,
or at least a part of it, since he spent 20 years as a prisoner in the
Tower. Today the cause that detained Charles d'Orleans there is long
forgotten and the ancient rivalries of which they were a part are at
last almost extinguished. The City of London is an element in our
common heritage ; and it is as a European that I speak to you -
my fellow citizens of Europe.

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If I may say so the only word in the name of the Club which causes me any difficulty is the first. Of course, the interests of your members are world-wide. But in relation to Europe, at least, the word "Overseas" carries, a slight nuance -- a hint of insularity, perhaps too striking an emphasis on that concept of le grand large the open sea, which has certainly had too much attention paid to it in the past by statesmen on both sides of the Channel. But no -- I am wrong to see any political significance here. London certainly has no doubts about Europe. And the sea, after all, is a fact of life. So I am sure that we can set all doubts aside and think nothing but good of this great institution whose hospitality we are enjoying.

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That you have once again, Mr. President, asked the European Commission to propose the health of the Overseas Bankers Club is greatly appreciated by us in Brussels. We are, as you know, charged with the none-too-easy duty of making proposals to further the progress of the European Community towards that goal of ever-closer union that we European have chosen -- and nowhere more convincingly than in Britain -- to set before ourselves.

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Indeed we see with increasing clarity that the well-being of our peoples, and ultimately their hopes of peace and their capacity to serve the whole of mankind in the future as they have done in the past, depend upon the extent to which they can live and work together in union here in their own continent.

How, then, are we to bring that union into being? Over the coming months the Community will be looking again at our political objectives in the light of the report of Mr. Tindemans, the Prime Minister of Belgium. This is not the time or the place for a detailed commentary on that report. Let me merely underline two themes which are of the greatest importance as we take our bearings on the road to European Union.

A European Union cannot be created from the outside or from above. It can only evolve from within as our peoples recognise in their daily lives the benefits it brings, and as they come to see that they can have a direct influence upon its priorities and policies.

In building the European Union the people must play their part. That is why public opinion in each and every country of the Community welcomes the idea of direct elections to the European Parliament. That is why there is so much concern that we should all make the

same speed - not two speeds or three speeds - to direct elections by the summer of 1973. And this is why people all over Europe are looking to Britain, with her centuries of experience of representative Parliamentary democracy, to make a full and generous contribution to the evolution of such a democracy at the European level.

Europe cannot be created from above. Nor can it grow without a solid foundation in economic and commercial realities. For this reason the Community must be even more resolute than ever in its pursuit of economic and monetary integration. To reap the full advantages of what we have already accomplished we must be prepared to go further. We can argue about dates and tactics, but there can be no doubt about the need to eliminate the impediments to integration which result from wide differences in taxation arrangements, or from uncoordinated exchange-rate policies, or from the competitive subsidisation of industry or agriculture. Steadily and surely we must dovetail our economies together so that we can achieve on a European scale the benefits that flow from specialisation and from a growing division of labour in the supply of goods and services.

Now I realise, Mr. President, that the Prime Minister might take me to task for failing to point out the problems of undertaking such a programme when not all the Member countries are in the same state of economic health. To be sure, this fact does add a further dimension to our common task. But it also represents an additional reason for undertaking it. If our Community is to mean all that it should, I believe that when any of its Members is in economic difficulties it should certainly be able to count

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on the help and support of others whose interest itself is to support the one who tries to carry out his engagements thanks to his efforts and the proper economic policy. This kind of assistance can take many forms, and it may cost quite a lot - both in cash and in patience - to those who provide it. But it is of the essence of being a Community that we should always be ready to help one another.

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Mr. President, there is not magic wand that we can wave to bring about the kind of advance in economic and monetary integration that we should like to see. The road ahead must be built with realism and patience. The Commission has already put forward suggestions for a whole series of advances on that road, and I would mention specially, the wider use of the more realistic European unit of account.

Banking is a particularly important element in this picture - indeed in many respects it represents a microcosm of the Community at large.

Because of its importance in so many aspects of life, our concern is to ensure that the European citizen has the widest possible choice of banker, overseas or domestic, and the strongest possible security for his savings. Obviously, both these aims cannot be realised at the same time unless there is reasonable freedom for competition and unless the institutions are able to respond to the demands made upon them. Capital movements are not yet fully free between our nine countries, but it is our conviction that we should be preparing now for the day when a citizen's money can move as freely as he can himself within the Community.

Our sense of urgency in this matter is of course not yet fully shared by all our member governments. On the other hand, others are pressing us for progress. From the legal point of view, except in respect of capital movements, credit institutions are already free to operate throughout the Community. But there remain substantial differences in supervisory regulations and practices, so as to make market integration a practical possibility we have to make a beginning in the process of coordinating these methods of control. That is why we have proposed a directive to the Council of Ministers which would establish a few common principles of prudential control and bring the national supervisory authorities into regular and formal collaboration with the Commission.

We are disappointed that the Council has not yet adopted this directive - for we would like as soon as possible to have the help of the control authorities in our further work in this field. But I will not miss the opportunity this evening to say how much we appreciate the help and support we have already received from the European Banking Federation, from various national Banking Associations, and from a large number of representative groupings of more specialised credit institutions. We shall continue to need this assistance and we will continue to be grateful for it - even if on occasion some of our ideas receive a less than warm response !

Many of those who have helped us are here tonight. Other Overseas Bankers will also participate in promoting the integration of our European market. The soundness and the durability of our efforts

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to give political substance to the idea of a European Union will depend in large measure upon our success in the field of economic integration. It is in this spirit, therefore, Mr. President, that I ask all my fello guests to join me in drinking to the continuing health and prosperity of this Club, which brings together on this auspicious occasion so many members of a distinguished profession which has such an important part to play in our European future.

"The Overseas Bankers Club".