

ADDRESS BY PRESIDENT JENKINS TO THE ECONOMIC AND SOCIAL COMMITTEE,
BRUSSELS, 20 JUNE 1978

It is a great pleasure for me for the third time to meet the Economic and Social Committee and to have the opportunity for a full discussion of the Community's economic problems and some solutions we might envisage. Let me add that I was particularly disappointed at not being able to attend your twentieth birthday session on 30 May and I should like to associate myself today with everything that was said on that occasion to mark the Commission's appreciation of your proceedings and your opinions. I know that these may sound like the normal preamble that a speaker uses when opening to his audience by appealing to its pride with a little flattery, but there is no understatement in this. Addressing the Economic and Social Committee is an important occasion for a President of the Commission, not only because the opportunity is provided to take stock of our current situation or to make a public statement of the Commission's views on political developments in Europe, but more particularly because our meeting today reflects the importance the Commission attached to your Committee and our coming together at political level.

Over the last twenty years our institutions have developed close working relations and a sense of understanding which have come to be taken very much for granted. But this is not to say that they are static, and I hope that when the membership of your Committee is renewed shortly it will include representatives of such new interests or groups who may have been influencing the decision-making process in Europe in recent times but who may not feel their views to be yet properly reflected. This would be a healthy development and a fair one. The emergence of new ideas and trends must be recognized and encouraged here as in any other democratic organization. And yet, however necessary such changes may be, they must not overshadow the traditional confidence that the Commission and the

Committee have had in each other ever since the beginning nor undermining the central economic and social role which we have to play.

In the generally rather pessimistic atmosphere created by our present economic difficulties in the Community, it is reassuring to see that the representatives of the various economic and social interests at work in the Community, far from sinking into sullen apathy, are making their contribution to the search for means of getting out of the crisis.

The Commission has always kept you fully informed of its ideas, its hopes and its plans. I place great emphasis myself on the need to consult your Committee on the various economic and monetary proposals that the Commission has put forward in recent months. Last year, indeed, I addressed you on these questions and spoke of the importance of the measures undertaken to equip the Community with economic policy instruments that can hold out new hope for the future.

Let me today give you a brief survey of what we have done and what we are hoping to achieve.

When I relaunched the debate on economic and monetary union in Florence last Year I was optimistic but not excessively so. I did not expect to be able to see substantial progress only eight months later. It is still not time for taking stock fully in this area. All we can do is take note of a few important facts, and draw a few conclusions from what has happened in the meantime, while seeing that there is no weakening of the impulses we have given.

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But there are two facts which condition my analysis of what has happened in the meantime :

- first, the monetary integration of Europe is being discussed again;
- secondly, it is implicitly agreed that the economic policies that will have to be applied if our economies are to get moving must be discussed jointly in a Community context.

The Commission has I believe led the way in these two developments. And in this area, the Commission is fully performing the role given to it in the Community's political and institutional balance of the initiator, and I hope, driving force towards more effective European integration. I believe we can reasonably claim to have caught a moment at which debate on the one hand, and events on the other can, if the political will is there as the economic need is, be brought together.

As you know, the Commission has put forward a plan for the stagger-by-stage attainment of economic and monetary union, and your Committee had given a detailed opinion on it. I should like to take this opportunity of a plenary session of your Committee to thank the rapporteur of the Section for Economic Questions, Mr Clark. His report, on many points, reinforced the Commission's conviction that monetary progress, the attainment of a single market and the co-ordination of related policies are all indissolubly linked. Mr Charpentier, in drafting his opinion on the Community Approach to the Present International Monetary Disorder you will discuss today, also rightly underlines the need for a coherent strategy in this field.

The impulse given by the Commission in March is far from slackening. The various Council bodies are currently examining a whole series of Commission proposals in connection with the five-year plan for economic and monetary union. And of course these proposals have also been sent to your Committee.

But a political design of this nature not only requires a method and a frame of reference - provided in this case by our paper on Economic and Monetary Union - but must also be geared to and seize hold of the powerful underlying trends towards change. In this light the European Council at Copenhagen gave a real stimulus to progress. Much has been said about that European Council, even though most of the real implications have yet to be worked out; but the really important point that emerged from Copenhagen is that the Heads of State or of Government gave a new impetus to the idea of working towards a European currency stabilization area.

The revival of the idea of a European currency area is only just beginning. But the various circles concerned have already been working on various hypotheses, most of them centred around three key points - reinforcing monetary cohesion around the existing snake mechanisms; setting monetary objectives to be observed by non-snake countries which for economic reasons cannot join the snake in the immediate future; and the gradual introduction of the EUA as a means of payment between operators, notably between central banks, which could provide an opportunity for further development in the role and intervention powers of the European Monetary Co-operation Fund.

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This is not the place for me to give my views on these various proceedings, notably as regards the hypotheses put forward by the Monetary Committee and considered by the Council meeting of Finance Ministers on 19 June. But I think we should be aware that something is happening which will condition future developments, particularly when the European Council next meets at Bremen where, after receiving a report from the Council itself, it will decide where to go next.

It has been known for sometime now that progress in monetary matters will be held back if there is no resolve to co-ordinate economic policies. Consequently the work that the Council is now doing on concerted action for economic recovery will provide a necessary support for the Community's monetary efforts.

Yesterday the Council received a report from the Co-ordinating Committee on Short-Term Economic and Financial Policies, setting out the action that each Member State should take if we are all to benefit from a concerted economic recovery. It is too early to judge what might come of such synchronised action, but the exercise is a highly significant one in terms both of the commitment that it requires and of the political manifestation of Community solidarity. Your Committee will do valuable work here if it gives full support to the ideas expressed by the Commission for developing a common economic policy strategy. Your opinion would weigh heavily in the forthcoming deliberations not only of the European Council itself but also of the world economic summit which is to take place in Bonn afterwards. We should not look for immediate results from the economic policy that our Member States agreed to put into effect from one summit to the next. The economy and economic equilibriums are delicate things to handle, after all, and they cannot be regulated simply by putting out press releases after international meetings; what really matters is the common resolve to reverse the current trend and to work together in order to do so, for then we can all share the benefit of the effort made by each of us.

But our efforts will be vain and bear little fruit if we do not at the same time get down to work on the fundamental changes that must be made in our economies. The Commission agrees with the view so often expressed by your Committee that we are living at a time when substantial changes are going to have to be made both in our production structures and in our patterns of consumption, particularly where energy and raw materials are concerned.

Ever since 1974 the Commission has constantly been calling for policies commensurate with the scale of the problems before us, is that the tremendous challenge of setting up a real energy strategy can be taken up. We know what the strategy is : make better use of available energy, diversify our sources, and clarify the organization of the market. But our national inhibitions seem often too strong for our community of interest, and we seem incapable of producing long-term proposals. This will be one of the points on our agenda of the European Council. Here, as in the monetary field, a strong political impetus is necessary.

But the problem of energy and the need to adjust our patterns of consumption is but one indication among others that the industrialized world in general and Europe in particular will never be the same again, that systems of production themselves must adapt to the changing dimension of the international division of labour. The Commission must draw the economic and political conclusions from an analysis which is now gaining widespread acceptance. If we are to enter a new period of growth, itself a source of social equilibrium and progress, we must begin by developing our creative resources. To meet the new requirements of our citizens while at the same time placing our future development on a healthy footing, we must devote adequate resources to developing manufacturing or service industries with a high growth potential. Here again the Commission would like your Committee's support for an analytical survey which it has just completed as a basis for future Council work; then there will be hope for a way out of our present difficulties. The Commission shares the views expressed by Mr Piga in his report on the social situation, which stressed the point that this adjustment process we need must take account of the social implications of such a change.

There is no shortage of work for the Economic and Social Committee. I would urge you to carry on with your work as enthusiastically as in the past. This spirit of determination to take up the challenges before us and find ways of meeting them holds the key to our power to influence decisions and to carry the day with those who must take them. Finally, may I say farewell and thank-you to those of you who, having been members of this Committee for the last four years, will shortly be leaving it and returning to deal with other problems in your respective organizations or countries.