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A KEYNOTE SPEECH BY EUROPEAN COMMISSION PRESIDENT ROY JENKINS
BEFORE THE EUROPEAN PARLIAMENT, STRASBOURG

President Jenkins outlines the major problems facing the European Community - social, budgetary and agricultural.

The Commission attaches great importance to its interlocutory relationship with the Parliament and looks for stimulus from this interchange. It may sometimes, indeed often have a different point of view from the Ministers, whether assembled as heads of government in the European Council, or at a different level in the more traditional Council of Ministers. It is in no way the servant or the secretariat of such gatherings.

It has its own distinct responsibilities and obligations, and its own special relationship with Parliament.

On this occasion it is possible for me to supplement a report on the Strasbourg Council with a report on the economic summit in Tokyo. Energy was central to Strasbourg and wholly dominant at Tokyo. This was natural. There can be little doubt in the minds of any of the participants at either gathering that the energy problem, if mishandled, could not merely damage our economies, but can bring them into a state of dislocation if not collapse within the next decade.

No action on our part can avoid the fact that through recent price increases we have already suffered a substantial transfer of real resources away from us, that our incomes have been reduced and that growth, the containment of inflation, and the reduction of unemployment have been made more difficult.

OIL HIKE AND THE THIRD WORLD

We should not forget that such transfers of resources, while menacing for the richer parts of the world, can mean virtual strangulation for the poorest economies of the third world.

The test for the Community and the western world as a whole will be our ability over a limited time-span to break the link between economic growth and the consumption of oil. Those countries or groups of countries which fail to do it will risk finding themselves dinosaurs of the industrial world of the nineteen nineties. That response cannot be made by governments alone. Throughout society and at every level we have to create a greater sense of joint responsibility, a greater willingness to share sacrifices and to take decisions together.

Over most of the troubled decade of the seventies we have sought without success a dynamic impulse to replace that which was given to our economies in the fifties and sixties. The investment demands of energy conservation and of a massive exploitation of alternative and renewable sources of energy could greatly contribute to such an impulse.

But we cannot find this impulse only in the old industrial countries. The recovery of our own economies cannot be dissociated from the development of the poorer countries, and the growth in world wide demand, both now put at risk by the increase in oil prices. Rarely have events so clearly demonstrated the essential interdependence of the modern world.

DEMOGRAPHIC DANGERS

At the European Council at Strasbourg, we also had a first look at the prospects for the Community up to 1990. The Commission identified a number of important trends and dangers for the Community in the world, particularly demographic.

Until 1985 about a million more young people will each year seek to enter the Community's labor market than there will in the normal way be old people leaving it.

But in the Community generally that year will mark a sharp change of trend. Thereafter we will be faced with an ageing population, and a stabilization and then diminution of the work force available to sustain the dynamism of our economies and to support this ageing population.

In the later years we could find ourselves with a labor force which could be inadequate in relation to the total population whose standard of living it has to sustain. The present weakness of the labor market very naturally encourages demands for shorter working periods, and these can be approached with understanding and sympathy. But at the same time they must be seen in the context of the peculiar problem posed by the change of pattern in 1985.

TRADE SHRINKAGE

It is also likely that, even on reasonably favorable assumptions, the Community's share of world trade will shrink over ten years from 20% to around 15%. This has major implications for Community industry and for our influence on world trade policy.

How should we approach this prospect? First, it is imperative for the Community to develop more specialization within the areas on which employment within our economies is still heavily dependent. Second, we must face up to the need to be competitive through improved productivity, continuous adaptation to market requirements, and constant modernization of industrial plant. Third, we shall need more effectively to deploy the strength we have through our common commercial policies if the Community is to exercise the weight it should in the world trading system.

TECHNOLOGICAL ADVANCES

I wish to draw particular attention to the silent revolution in our affairs represented by the advance of high technology into our daily lives. This represents a challenge to the Community as a whole which has not yet been fully recognized. If we do not meet it I see a real risk that in the next decade we shall find ourselves squeezed between our more successful and adventurous competitors on the one hand and developing countries which have acquired the skills and equipment which still generate much of the wealth and employment within the existing Community.

The Commission therefore believes it urgent that we should work out a Community strategy for advanced industrial technology. Its cost and range are of an order beyond the capacity of any one of the member states to undertake on its own.

Separate national markets, separate national procurement policies and duplicated research programs are simply not good enough. Hence we believe that we should elaborate a Community-wide research and development program based on a common procurement policy and an open European market for electronic goods and services based on common standards.

TWO PRIORITIES

This combination of developments presents a formidable challenge to the Community. Our ability to meet it depends critically on our willingness to resolve internal problems.

- First we know that as a result of the Council's recent decisions the cost of the common agricultural policy will continue to increase at an alarming and, in the Commission's view, an unacceptable rate.
- Second we must ensure that the budgetary system, in its effects on the situation of individual member states, is fair. The

- Commission has embarked upon an objective study of the budgetary situation and after the Council of Economic and Finance Ministers has been seized for our study, the Commission will bring forward proposals for dealing with the problem. This will be in time for the European Council in Dublin to be able to take the necessary decisions.

The Community has already achieved much for its citizens over the past twenty years. We have shown ourselves capable of evolving and developing within a common institutional framework. We face major problems. It is the Commission's task to identify what can be done and what should be done as a Community for the Community.

In that task we look forward to the encouragement and the spur of this House in what I believe will be a partnership based on shared ideals and common objectives.

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