

CHECK AGAINST  
DELIVERY

EMBARGO :  
10.30

THE RIGHT HON ROY JENKINS, PRESIDENT OF THE COMMISSION OF THE  
EUROPEAN COMMUNITIES

ADDRESS TO THE EUROPEAN PARLIAMENT, THURSDAY 19 JULY 1979

Madam President,

I rise, as in the past has been customary, to supplement from the Commission point of view the report which the President of the Council in office has given.

No doubt with this new Parliament many of the customs of the past will be in the melting pot, and many new ones will quickly evolve. In general I welcome such an atmosphere of change. But I believe that the dual report has many advantages. The Commission, with its more continuing role than the six-monthly coming and going of the Presidency of the Council, attaches great importance to its interlocutory relationship with the Parliament and looks for stimulus from this interchange. It may sometimes, indeed often has a different point<sup>of view</sup>/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.

19VII79

94

/Furthermore

Furthermore, 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, where I, together with the President of the Council, represented the Community as a whole, including the five member countries who were not there present. And on this occasion there was a particularly intimate link between Strasbourg and Tokyo. The Community position was prepared immediately before the Summit, which gave us much greater cohesion and strength in working with our <sup>other Western</sup> partners than would otherwise have been the case. I would also like, as this arises naturally out of the themes of these two meetings, to cast a brief glance ahead to the major and menacing challenges facing the Community during the term of this Parliament and beyond.

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. 1973 was the warning attack. When the attack receded, although with some consequences remaining, we did not greatly heed the warning. We continued to go on much as before. If we react to the second warning in the same complacent way, we are unlikely to have a third chance or any further period of respite.

No action of 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. The question is whether

by our action or more likely our lack of action, we add to this now unavoidable blow additional, self-inflicted and avoidable wounds. None of the participant countries is immune from this threat, not temporarily oil-rich Britain within our Community, nor the great natural resource countries of the United States and Canada outside it. Even if they could solve their own supply problems, what chance would they have of surviving as prosperous trading islands in a sea of industrial confusion and penury? Furthermore, we should not forget that such transfers of resources, such constraints upon economies, while menacing for the richer parts of the world, can mean virtual strangulation for the poorest economies of the Third World. Some are already spending <sup>a huge proportion of</sup> their total export earnings on oil imports. This is pre-eminently a problem of mutual dependence.

Against this background, what should be our appraisal of Strasbourg and Tokyo? First, the achievement at Strasbourg of a firm Community commitment to a medium-term goal was the springboard which enabled the other Tokyo participants to arrive at firm parallel commitments. It was a striking indication of how much we can achieve through solidarity and a prior common position. In particular, it was of major significance in persuading the United States to adopt specific commitments for 1980 and 1985. Since then President Carter has carried forward and widened the commitments of the United States in a fashion which we must welcome and applaud. We wish his programme all possible success.

Second, while what has been worked out at Strasbourg and Tokyo is the first concerted response to the new energy crisis, our words have still to be turned into actions. The objectives we have set must be maintained and our progress towards them rigorously monitored. At Tokyo we created a mechanism, in which the Commission

It is essential that this mechanism be made to work.

Third, what was agreed in Tokyo in no way prejudices the position of the five Community countries not individually represented. They, of course, had all accepted the Strasbourg target of oil imports from third countries not higher than 470 million tonnes - the 1978 figures - up to and through 1985, and they are not committed beyond that. The next step will be for the Community participants at Tokyo to recommend to their five partners that they undertake national commitments - as the four have done - within the overall Strasbourg total, and that agreement on this should be sought not later than at the Dublin European Council in late November. I would not expect great difficulties; we have always had a fairly clear idea of individual country targets within the Strasbourg framework.

The test for the Community and for 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. This is not an inherent or pre-ordained link. It has existed only for about 25 or so years - little more than a tenth of the period since the beginning of the Industrial Revolution. But its swifter is essential. Those countries or groups of countries which fail to do it will risk finding themselves dinosaurs of the industrial world of the nineteen 'nineties.

19VII79 10 01

The penalties of failure are themselves a stimulus; all will depend on our capacity to respond. 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. This will require much wider understanding of the issues which face us, of the fragility of our economies, of the vulnerability of our society as a whole. In no way are we more vulnerable than in the failure which present levels of unemployment represent, above all for the younger generation, on whom responsibility for our future, the future of our society, will rest.

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, first by the needs of post-war reconstruction and then by the spread of what had previously been thought of as privileged standards of living to the mass of our populations. 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. It could be a stimulus comparable with the onset of the railway age in the middle of the nineteenth century. It could enable us to find the elusive key to higher investment and lower unemployment.

19VII79 10 01

But we cannot find this impulse only in the old industrial countries. Already the Community depends substantially on its trade with the third world. 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.

also

At the European Council at Strasbourg, we had a first look at the prospects for the Community up to 1990. This was on the basis of a Commission paper to which the next European Council will return at the end of November.

In this paper we identified a number of important trends and dangers for the Community in the world. First, demographic. The enlarged Community's share of world population is likely to fall from around 7½% to 5% by the end of the century. But it will do this unevenly. Until 1985 about a million more young people will each year seek to enter the Community's labour market than there will in the normal way be old people leaving it. These numbers will be particularly high in the poorer regions of the Community, and even more so in those countries seeking entry. In these regions the growth of the labour force may indeed continue after 1985. 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 stabilisation and then diminution of the work force available to sustain the dynamism of our economies and to support this ageing population.

19VII79 10 01

These population trends, with their geographical distribution, and their sharp mid-period change of direction, increase the complexities of dealing with our employment problems. In the early years at least the difficulties of providing employment for all those seeking it will certainly not be diminished. But in the later years we could find ourselves with a labour force which could be inadequate in relation to the total population whose standard of living it has to sustain. The present weakness of the labour market very naturally encourages demands for shorter

working periods, whether over the week, the year or the lifetime, 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.

It is also likely that, even on reasonably favourable assumptions, the Community's share of world trade will shrink over ten years from 20% to around 15%. This is in sharp contrast with our achievement over the past two decades, and 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 specialisation 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 modernisation 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.

I wish to draw particular attention to the silent revolution in our affairs represented by the advance of high technology into our daily lives. It is often said that we have no option but to accommodate ourselves to this revolution. I go further. We have to master it. Already it dominates a whole range of industries and services, of which I need<sup>only</sup> mention computers, communications, vehicles, banking and finance, machine tools and and engineering and all precision instruments. At the

ahead of us, and their lead is increasing. This represents a challenge to the Community as a whole which has not yet been fully recognised. 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 programmes are simply not good enough. Hence we believe that we should elaborate a Community-wide research and development programme based on a common procurement policy and an open European market for electronic goods and services based on common standards. Obviously we must examine the social consequences, and find means of avoiding the dislocation which is already becoming apparent in some areas. This is not the time to pursue these ideas in detail, but you may be sure that this House will hear about them <sup>from us</sup> and will be invited to contribute to what I believe is an indispensable and urgent enterprise if the Community is to remain among the leaders of the world in the next century.

This combination of developments -- change in demography, change in trade patterns and change in technology -- presents a formidable challenge to the Community and its institutions. Our ability to meet it depends critically on our



faced us for too long. Here I make two points.

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. It is now quite probable that next year will be the last in which the Community's own resources in their existing form will suffice to cover the budget on which agriculture counts for such a large part. This state of affairs calls for the most serious attention if we are to avoid a major crisis affecting the long-term future of the agricultural policy.

Second we must ensure that the budgetary system, in its effects on the situation of individual Member States, is fair. At the request of the European Council, the Commission has embarked upon an objective study of the budgetary situation, taking into account the economic, financial and social effects of each Member State's participation in the Community. After the Council of Economic and Finance Ministers has been seized of 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, but we should certainly not be overcome by a sense of immobile depression. 1979 is the year in which we have put in place the new European Monetary System; the year in which we welcomed one new Member into the Community and got down to the negotiations with Spain and Portugal; the year in which we have brought to a conclusion major trade negotiations

in GATT and with the ACP countries; the year above all when direct elections brought a new and powerful democratic impetus to our Community framework. That is not the picture of a stagnant or static Europe. 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.