

ADDRESS BY EEC COMMISSIONER
MR. IVOR RICHARD
AT A DINNER ON THE OCCASION
OF THE CONCLUSION OF EEC'S
FIRST BOND ISSUE IN ECU
ON THE U.S. MARKET

AT THE HEADQUARTERS OF
FIRST BOSTON CORPORATION, NEW YORK
ON 7TH DECEMBER 1984

Ladies and Gentlemen,

Some years ago now, the British writer C.P. Snow first highlighted the dangers of a growing cultural and linguistic divide between scientists and ordinary people. He warned of a lack of a simple and common vocabulary on vital scientific matters which could lead to a serious breakdown of communication.

I totally share Snow's fears about the vocabulary of science. But even a cursory glance at the middle pages of the Wall St. Journal and the Financial Times would, I am sure, have convinced him that bankers, too, speak to each other in that special way - a way which is sufficiently comprehensible for us to understand that what is being decided is of crucial importance to us, but sufficiently incomprehensible for us to have little idea of what is in fact going on!

I must therefore confess some concern when President THORN asked me whether I could come and talk to you here today. I imagined myself blinded by back-to-back swap arrangements and medium-term credit facilities - in a kind of latter-day Pilgrim's Progress, coloured with the imagery of floating rates, of sinking funds,

../defaults, reschedulings and

defaults, reschedulings and - sooner or later -
tombstones.

However, as I sat down to read the Registration Statement to the ECU issue, I realised things might not be so bad after all. The passages on the history of the EEC and its institutions were of course familiar territory, while the text on the Budget of the European Communities was of such devastating clarity that I wondered whether any of us in Europe had ever really understood it before !

Then my eye lighted on some even more familiar-looking phrases - "unconditional, direct , general obligations", "any representation to the contrary is a criminal offence", "the delivery of this prospectus does not imply that the information herein is correct" - I was immediately transported into the warm haven of legal syntax, into which all lawyers retreat when in difficulty. My confidence rose by leaps and bounds.

By the time I reached the airport, I was sure we needed to renegotiate the entire text and reprice the issue !

Happily for ourselves and yourselves, I was informed firmly but politely that armies of lawyers had amused themselves on this issue already and that the Community Budget could stretch to some things, but not to permanent grant aid to the legal profession !

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However, irrespective of what we may say to each other as lawyers or bankers, I believe we can agree on one thing here tonight and that is that this first EEC issue in ECU has been a highly successful one. Its success not only holds out the prospect of a promising future for the ECU on the U.S. market, it is also confirmation of the confidence of U.S. investors in the European Communities.

But if we and investors are satisfied with this issue, this does not mean we in the Commission are satisfied with the Community as it is today.

We are only too aware that Europe needs to make enormous efforts to improve its economic performance and its industrial competitiveness. If we don't get our economies back on course, the consequences could be serious, not least in terms of higher and more acceptable levels of unemployment. As Commissioner for Social Affairs, I've had to deal with the unemployment problem at close quarters. I don't think I need to convince you that there will be no permanent solution without economic recovery.

But this recovery will not come if European governments continue to dissipate their efforts in purely national initiatives. We need European solutions to European-scale problems.

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In the industrial field this means, amongst other things, restructuring traditional industries such as steel, or creating new ones in biotechnology or telematics.

In the trade field, it means creating a real common frontier-free market within the EEC, upon which internal growth can be based.

In the economic and monetary field, it means converging our economic policies. It means creating a permanent zone of monetary stability in which trade can prosper.

In short, European integration is no longer just a political ideal. It now makes economic sense.

Oh I know not everyone in public office, or in the Central Banks in Europe, is yet convinced. Even this week we have been surprised by doubts expressed in two national capitals on some modest proposals for increased public and private use of the ECU.

It is therefore a source of some satisfaction to the Commission to see, in practice and despite all the academic hesitation, not only the European Monetary System performing well, but also our brainchild, the ECU, fully

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established as an investment vehicle on national and international markets.

Isn't it about time the doubters in Europe believe what they have seen ? You here in New York have seen, and you have believed. There are even others who have believed and not seen ! I am sure you will agree that development and expansion of EMS is now long overdue.

Ladies and Gentlemen, what credit is given to the miracles we have seen with the launch of this U.S. ECU issue is essentially yours. Could I express the Commission's particular appreciation to three houses represented here for your work in overcoming the technical difficulties of launching a new currency in the U.S. It has involved very hard work by all concerned to achieve the results within the time available.

We are also grateful both to the U.S. authorities for their very open and positive attitude to this new market development and, of course, to those investors who were sophisticated enough and courageous enough to buy the bonds.

../Ladies and Gentlemen,

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Ladies and Gentlemen, John Maynard Keynes once asked why should anyone outside a lunatic asylum use money as a store of wealth. Whatever the answer may be, we are celebrating the birth of the ECU on the U.S. market as a store of wealth and a unit of value and I propose to raise our glasses to the ECU and to our future work together on it.
