

NOTES FOR A SPEECH ON "INDUSTRIAL POLICY" TO BE GIVEN BY MR DAVIGNON IN THE HAGUE
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1. A fundamental objective of our treaties is to create an Economic Community which provides a large free market for profitable European individual enterprises and for well paid European workers. Another objective was that this Community should pursue an open policy towards world trade, and seek to obtain similar openness from its trading partners. This could be said to be the Industrial Policy enshrined in our treaties. Although there are those who complain that we do not pursue any coherent industrial policy; those who claim that we have no right to pursue an industrial policy; those who fear that we are surreptitiously, or negligently slipping into a protectionist and interventionist industrial policy; nevertheless our ultimate aim remains to create a prosperous market economy in an increasingly prosperous and freely trading world.

2. This is no accident. Although our model might be said to be the large and successful US market, Europe could never be quite like the USA. Many Member States had large colonial responsibilities. These reinforce our general desire to help the poorer countries develop. But these moral impulses apart, Europe has a much greater need than the USA for world development. Their exports, large though they may seem, are marginal for the USA. Moreover, in spite of their growing oil imports, the US remains substantially self-sufficient. But Europe is vitaly dependent on imported raw materials. It is, therefore, vitally dependent on its substantial exports. It would be the first to suffer from barriers to world trade.

3. Nevertheless, the breakdown of stable currencies, the oil and raw material crises, the rapid pace of industrialisation in developing countries and growing concern for the environment have caused our hitherto smooth economic progress to falter. This has sharpened protectionist pressures from our industries and workers, increased the tendency for Member States to offer competing or contradictory State aids, and threatened the integrity of the Common Market itself.

4. Our reaction must be, first, not only to protect but also to complete and improve our internal market. It is thus that new needs, often social or to meet concern about the environment, can be most rapidly turned into demand for new products and services, profits for industrialists and worthwhile jobs for our workers. Because these needs are often social, one most important aspect of our policy must be the opening up of public purchasing.

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5. We must also respond to the real industrial, social and regional needs and problems that an accelerating rate of change and declining rate of growth is throwing up. If we do not the Member States will be forced to, and we shall all be lost. This requires us to harness together our horizontal policies with specific sectoral measures and with our instruments of commercial policy. Our policies for steel, shipbuilding and textiles provide examples.

6. One of our tactical aims in this must be to persuade our overseas trading partners to accept the need for some temporary slowing down in their rate of penetration of our markets, to give our economy time to adapt, and to prevent far worse and purely protective reactions by the Member States. Another aim must be to ensure that our economy does adapt in the breathing space that we secure. To obtain this we must work in close cooperation with Member States and the social partners.

7. But we must not simply react to our present crises, and let new ones creep up on us. This has two aspects. First, problems do not drop upon sectors like thunderstorms out of a clear sky - they build up slowly. We must create an early warning system. A crisis anticipated can be a crisis avoided. More important, we should not neglect, rather should we concentrate on sectors or sources of growth. There are some sectors, e.g. electronics, that are in clear growth. But there are also thriving sub-sectors or even firms throughout industry, even in our crisis sectors. We can do this best, like a gardener, by providing the environment in which those industrial plants that can best thrive in our European climate may best do so. This brings us back to the beginning, to our treaties, to our large free internal market, free public purchasing, a positive, or at least neutral fiscal system without national barriers