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"The economic situation in the Community in early 1976"

Address by Mr. Wilhelm Haferkamp, Vice-President of the Commission,
to the European Parliament in Strasbourg, 12 February 1976 (summary)

"In 1976 we must establish a European alliance for full employment and stability. All democratic forces -- political, economic or social -- must be involved in this. Our economy is now at the turning point towards a better future, and we are now in a position to establish the conditions enabling us to discharge properly the major tasks facing us in the next few years. We can now move forward to a more assured economic and social future -- but only if we work together."

This call for cooperation was the essential conclusion of a statement to the Parliament made today by Wilhelm Haferkamp, Vice-President of the Commission, on the economic situation in the Community.

Factors providing grounds for optimism were predominant in Mr. Haferkamp's outline of the economic situation in the Member States. He summarized the probable economic development of the Community in 1976 as follows:

- the effects of the economic recovery programmes are becoming increasingly marked. Private consumers are regaining confidence, depleted stocks are being built up again, and international trade is reviving.

Corporate investment remains, however, weak, although more vigorous capital spending is badly needed.

- A key task will be to keep the upswing steady; any further undue pressure on the gross national product would therefore be dangerous.
- It is probable that the Community will achieve real average annual growth in GDP of 3 to 3.5%; real GDP will grow more vigorously in Germany, France, the Netherlands and Denmark (about 4 to 5%) and least in the United Kingdom, Ireland and Italy (1 to 2%).
- The progress made in 1975 in the fight against inflation must be made secure and further developed. If this is done, the upward movement in consumer prices for the Community as a whole can, on the annual average, be cut back by a further 2.5% in 1976.
- The rapid increase in imports generated by the improvement in the economic situation could well lead to an increase in the Community's deficit on current account of about \$ 6,000 million. This will be a necessary contribution by the Community to restoration of world balance of payments equilibrium.

In 1976, efforts must be primarily directed to cutting back unemployment. The first signs of improvement in the employment situation have been discerned in Germany and in the Netherlands. This does not mean that employment problems have been solved. We shall therefore maintain our drive to reduce unemployment through an active labour market policy implemented at both national and Community levels. Efforts to eliminate unemployment among young people will be given particular attention. "The returns for the number of unemployed are bad enough. We must, however, never forget that each figure stands for a human being. Whatever the material support provided by our social security systems, these men and women have the right to look forward with hope to the future."

The key to the success of our efforts in the field of economic and social policy is cooperation with managements and unions in the Community. Here it is particularly important to pursue the joint action initiated at the Tripartite Conference held in October 1975. The next Conference, in June 1976, must make a major contribution:

- to improving the conditions governing lasting growth and an increase in investment;
- to diminishing the risk that inflation may flare up again and the danger that high unemployment may persist;
- to strengthening the confidence of unions and managements in the fair distribution of the burdens entailed by the adjustment process.