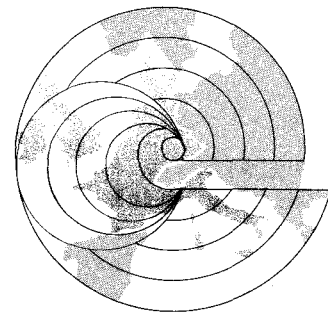


European Community



European Community Information Service
350 Sparks Street, suite 1110, Ottawa, Ontario K1R 7S8

PRESS RELEASE

THE EUROPEAN COMMUNITY TODAY

Following is the text of the speech delivered by the Right Honourable Roy Jenkins, President of the Commission of the European Communities, to the Vancouver Board of Trade, on 7 March 1978.

I began my visit to this country as President of the Commission of the European Communities in British Columbia. I had the pleasure of receiving your Premier, Mr. Bennett, when he visited the European Commission in Brussels in September last year, and heard from him about the special characteristics and dynamism of your province. He particularly emphasized the hope that we could strengthen cooperation between us and further develop our trade.

My presence is in part a response to his call. I am only sorry that he cannot be here today himself.

From British Columbia I go eastwards and will arrive on the Atlantic Seaboard on Thursday afternoon. In this way I shall have a vivid impression of the vast dimensions of your country. Coming as I do from one of the most densely packed regions of the world, a region of nine countries which are in a real sense the mother country of modern Canada in all its diversity, I cannot but think how very small western Europe really is. Canada is, I believe, seven times larger than western Europe, and your own province by itself is as big as two-thirds of it. But however large and varied Canada may be, the origins and distribution of your population are such as to ensure that each province has its own characteristic and human face. This is something we quickly recognize and value. It is an essential part of our relationship.

One of my purposes today is to bring the European Community a little closer to you. Although we are your second trading partner this is not easy: not only because Europe is so far away but also because it is so difficult to describe something which does not fit into any category immediately recognizable here. You are of course more familiar with the nine countries which make up the Community than with the Community itself. After all, London remains the capital of Britain, Paris the capital of France and Rome the capital of Italy. But since 1957 Brussels has become something more than the capital of Belgium, and the institutions of the Community have been endowed with powers which hitherto belonged to national governments alone. From the beginning, our institutions have been designed to represent a balance between respect for the powers of member states and a measure of supra-nationality in

../2

NR (78) 7
7 March

economic, legislative and judicial matters. This balance does not resemble federation in the way which that term is used in Canada. The European Commission, of which I am the President, is in one sense the executive agent of the European Community and in another the initiating body for its policies. It can thus be regarded as less than a government but more than an international organization.

Where the exact balance of powers lies is not always easy to determine. Thus some parts of the Community's activities, such as agriculture, competition policy and external trade, are centrally managed by the Community through common policies: others, such as international finance and industrial cooperation with third countries, represent a blend of Community and national competence, and in further areas member states make their own policies as in the past but seek increasingly and in the common interest to coordinate them. It is a cardinal principle for the Community that member states should respect ground rules covering all their activities in the economic field to avoid the economic nationalism which has so bedevilled the past of Europe as of the rest of the world.

Many people on this continent sometimes look for a kind of United States of Europe, and find to their disappointment that no such organization exists. It is, I think, better to refer to the uniting states of Europe which, over the last 25 years, have created institutions which are both peculiar to themselves and recognizably incomplete.

For that reason I recognize that we are not always easy to comprehend. I come from an institution which still has scaffolding round part of it, where sections seem half built or half used, and where sometimes even essential services do not seem to be provided. Yet most of the building is now in good working order and has stronger foundations and is better constructed than it sometimes looks, and the view from the top, to which some of us mount, reveals far horizons.

Perhaps the analogy of a half-finished building is misleading. In some ways I prefer the idea of a living organism rather than one of bricks and mortar. Our institutions are in constant evolution. There is the Commission which I have described. There is the Council of National Ministers which takes decisions on the basis of Commission proposals. There is the European Parliament with advisory and supervisory powers. There is the European Court which is, in effect, although an international body, a judicial organ of each member state whose decisions are directly enforceable. Beside these institutions set up by the Treaty of Rome is also, outside the treaty, the growing practice of political cooperation by which the nine members states seek to coordinate their foreign policy.

The catalysts for the growth of our institutions come both from within and without. Even the larger of the old European nation states are now too small to be able by purely national policies to restrain inflation, restore full employment, and promote long-term economic growth. Yet even the smaller nation states may not be sufficiently intimate political entities to be able to satisfy the growing demand for the preservation of cultural and other differences and to ensure local participation in the taking of political decisions. Within the Community there is therefore a combination of decision-taking at three levels: that which is appropriate for local communities or regions, that which is appropriate for member states, and that which is appropriate for Europe on a continental scale. We do not seek to make Frenchmen into Englishmen or Italians into Germans. We seek simply a re-ordering of powers in terms of local, national and continental requirements.

Future Prospects for Development

Three immediate and major problems illuminate the future prospects for our development. The first is the imminence of direct elections to the European Parliament, the second is the likelihood of enlargement of the Community from nine to twelve, and the third is a renewed effort to move towards economic and monetary union.

So far, election to membership of the European Parliament has been indirect. In other words, its members have all been chosen from existing national parliaments. But next year, in, I hope May or June, there will be direct elections. This will not in itself change the powers of the Parliament or its relationship to the other Community institutions. But the character of the Parliament will inevitably be changed because of the view it will have of itself and of the way in which it will be regarded by the citizens of Europe. A new balance of democratic power within the Community will follow in ways which it is now impossible to foresee. But one thing I can say with assurance is that the Commission will feel that its activities are both more directly accountable and in a sense better legitimized than in the past.

As for enlargement, you may know that we are already negotiating for the adhesion of Greece, and are likely soon to open negotiations with Spain and Portugal. The Community feels a clear political obligation to sustain these newly democratic countries and to give a positive response to their applications for membership. We welcome their eagerness to join us following this present re-emergence to democracy. Enlargement will not be easy. The economies of the three applicant countries cannot easily be integrated into those of the existing Community, and their adhesion will create problems for our institutions, particularly in the process of decision-making. No one, least of all the applicant countries themselves, wants the effect of their membership to be the dilution and weakening of the Community. The more weight we put on our structure, the more we need to strengthen and solidify it.

Economic and Monetary Union

This brings me to what we in the Commission believe to be the urgent need to resume the movement towards economic and monetary union. For Canadians who already enjoy the benefits of such a union, it may seem unnecessary to plead this cause. To you it is the most natural thing in the world to sell your goods to other parts of your vast country in the same currency and to accept a measure of central economic and monetary direction. The checks and balances are already well established. But to the European member states, each with its own long traditions of national management of economic policy, and each with its own currency going far back into the past, it is in some cases a startling and disagreeable idea that these powers should be exercised by a European rather than a national authority. Today I want to refer to two of the main arguments for European economic and monetary union.

First we believe that union would help us to control inflation and provide us with the means collectively to recover the control over prices and demand which most governments have individually lost. Member states with weak or vulnerable currencies would be able to take the measure they believe right without running major exchange rate risks, and member states with strong currencies would get the strong impulse of demand which their own national

markets can no longer supply. By lowering barriers between countries and giving our people a greater sense of assurance and - above all - opportunity, union could constitute a means for releasing energies on the scale that followed the onset of the railway age in the nineteenth century or the dramatic spread of high standards of consumption in the "Fifties" and "Sixties" of this century. It must be combined with moves to promote better regional distribution for work and wealth in Europe. The poorer regions need assurance that their economic difficulties will not be aggravated, and the richer ones must know that they will have more stable and secure markets. In my judgement, union can provide the assurance which both need.

Secondly, and of greater relevance to you, monetary union would have important effects on the international monetary system. The problems of that system are highlighted by the state of the US dollar today. Since 1971 the Bretton Woods system which had served us well since the war has manifestly broken down. We all continue to depend upon the dollar, yet the dollar cannot carry the burdens and responsibilities of being the only effective international medium of exchange which the rest of the world continues to put on it. In these circumstances we need in Europe to do something more than complain about the weakness of the world monetary system. We in Europe have the economic strength to create a new and strong international currency, and to help create order out of the current disorder. The Community is the right size of unit for this purpose and would by its own weight impart a new stability to the international monetary system.

The Community and the World

This leads me to say a few words about the position of the Community in the world. Trade within and without the Community accounts for over 40 per cent of the world's total. The Community is thus the world's largest trading group. It is more dependent on international trade than any of the other comparable units in the world economy, and is thus particularly vulnerable to recession and current tendencies towards protectionism. We therefore have an immense interest in the maintenance and improvement of an open trading system, and with the other free industrial societies, in particular the United States, Japan and yourselves carry major world economic responsibilities.

There are two areas in which we work closely together. First, there are the western economic summit meetings where the leaders of the main industrial countries discuss the broad economic strategy for the free world. I attended the last of these at Downing Street in May 1977, and had the pleasure of sitting next to your Prime Minister flanked by his Ministers of Foreign Affairs and Finance. Secondly, there are the Multilateral Trade Negotiations (or Tokyo Round) which are designed to continue the process of lowering both tariff and non-tariff barriers in the interest of stimulating world trade at a time when it badly needs it. Only in this way do we see means of avoiding a return to the beggar-my-neighbour policies of the 1930's and of ensuring a better balance of trading rights and opportunities for all. Let me underline that the Community is firmly committed to a successful outcome to these difficult negotiations.

Neither the Community nor Canada is so blind as to imagine that the affairs of the industrial world can be settled in isolation from our trading partners. We both have a great interest in the economic development of the poorer countries of the world and in their inclusion in our economic system on a fairer and more equitable basis than has been the case in the past. In this respect big decisions face us this year. We want to set up a common fund for commodities, to promote the transfer of resources, and to find a solution to the problems of the debt burden of the poorest countries. On our side we need to adapt our industrial organization to give the developing countries a chance to compete effectively and reasonably in our own markets. This is easier to say than to do at a time of unemployment and inflation, but if we cannot work out some new and better balance in the international division of labour I could see the world trade system broken into virtually autarchic blocs between which disparities in living standards would be still greater than they are today, with the world as a whole not only more divided but a poorer place. By contrast, the establishment of a more equitable world economic order could be a sustenance to both rich and poor alike.

In this respect the European Community has a special role through the Lomé Convention of 1975, due for re-negotiation this year, which links the Community with 53 countries of Africa, the Caribbean and the Pacific in a unique association. We have just concluded a bilateral trade agreement with China which should be of considerable importance to the development of relations between our great communities at the two ends of the Eurasian land-mass, and I hope we shall be able to establish better economic relations with the Soviet Union and the East European countries in negotiations which should follow later this year.

I conclude with some words about our relationship with Canada. The Economic and Commercial Agreement which the Community concluded with Canada twenty months ago is the only one of its kind. Canada is in many ways the natural partner of the Community, with its vast natural resources and growing trade of all kinds. We need you as I think you need us. Moreover the Community fits well into your policy of the third option which has evolved over the last few years. The general agreement is designed to provide a framework for specific agreements in fields of importance to us both. I refer in particular to aeronautics, forestry, non-ferrous metals and electronics. We have just concluded a special agreement with you on nuclear matters which has led to the resumption of uranium supplies to the Community, and we are in the process of negotiating an agreement on fisheries. This framework has of course no more value than what we put into it. One of the reasons for my visit to Canada is to see what more we can put into it and to preside over the second meeting of the Canada-Community Joint Cooperation Committee in Ottawa. But even if governments establish a favourable climate for cooperation, all must in the last resort depend on the initiatives taken by industrialists and businessmen.

You in Canada can rely on us in Europe to do all we can to further and enrich a relationship which, deriving from our shared history, should be of immense importance to us both in the future. I am here today to promote it.
