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EXCERPTS FROM MR VREDELING'S SPEECH TO THE CONGRESS OF THE EUROPEAN  
MOVEMENT  
Saturday, 28 October 1978, in Arnhem

In a speech to the Congress of the European Movement in Arnhem on Saturday morning, the Commission Vice-President Mr Vredeling made a strong plea for extra financial support from the European Community for the less well-off member countries, especially now that a major step forward towards a common monetary policy in Europe appeared possible.

During the preparations for the European Monetary System (EMS), a close study was being carried out in various Community institutions of how the economies of the less well-off Member States could be strengthened. Mr Vredeling felt it was now time to conclude the study phase and initiate practical measures. He drew attention to the fact that a number of Community countries had made such measures - "not without reason" - into a political condition for joining the EMS. If no practical measures were forthcoming, there was a distinct possibility, Mr Vredeling said, that more than just one country would decide not to take part. Then no EMS would be set up, one "snake" would be exchanged for another, now and in the future, and we would get nowhere.

Apart from this, the effectiveness of action measures to help the less well-off Member States would, Mr Vredeling said, be a decisive element in answering the question of whether the European Monetary System was an aim in itself or was going to pave the way to Economic and Monetary Union.

A government, including the Dutch one, which appreciated these connections would see through the shortsighted arguments currently in vogue among economic and financial bureaucrats, claimed Mr Vredeling. He first attacked the argument that extra measures for the less well-off countries were not strictly necessary to enable the European Monetary System to operate. Without such measures, he said, the EMS was simply not feasible in political terms.

Mr Vredeling then turned to the argument that it would really be a good thing if certain countries which had no economic or financial discipline dropped out, that it would be better for a select band to survive alone than to exhaust themselves dragging along doubting Thomases. Mr Vredeling

thought that this argument completely overlooked the fact that much more was at stake than just the EMS.

He said that the recent initiatives towards a common monetary policy were the first chance in years of strengthening internal cohesion and thereby of a viable development of the Community. If political leaders failed to see this and let slip this opportunity - which might be the last we had - history would judge them severely.

Later in his speech Mr Vredeling also issued a sharp warning against the tendency towards protectionism against third countries - although this approach he said, was often advocated from quite honest motives. Protectionist measures against third countries were put forward as necessary as a temporary expedient to give a needed respite to get over the initial shock and prepare the restructuring. Mr Vredeling feared that this approach was bound to lead to stiffer and stiffer protectionist measures and finally to a contraction of world trade damaging to us all. There was clearly a danger that the breathing-space offered by such measures would not be used to carry out the necessary restructuring. There was a danger that with the stimulus of foreign competition removed, the inefficient industries and firms would keep going, so that measures which initially were meant to be temporary would have to be extended repeatedly and indefinitely. He added that a further danger was that some countries would not be satisfied with protection of the Community market, but would also tend towards protection of certain home industries against internal Community competition - a development which, in his view, would make the survival of the Community itself doubtful.