

## THE EUROPEAN COMMUNITY AND THE CHANGES IN THE WORLD ECONOMIC STRUCTURE

Summary of a speech by Mr. Wilhelm Haferkamp, Vice-President of the Commission, delivered to the Meeting of the Association of German Chambers of Industry and Commerce, to be held in Berlin on 11 October 1974.

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Mr. Wilhelm Haferkamp interpreted the numerous recent reports of crises, reproaches and confrontations as a commitment on the part of the general public to Europe. Faced with the difficult situation, the industrialized countries of Europe seem once again to have become more aware of the fact that cooperation between the states and action by joint institutions are imperative if the critical situation prevailing throughout the world is to be remedied. Mr. Haferkamp made a detailed analysis of the increased raw materials' prices and inflation, the two principal problems of our time, in order to show how the European powers should act in a world in which many changes have occurred since 1973.

Having excluded confrontation and economic war as solutions to Europe's problems, Mr. Haferkamp turned to the various proposals relating to forms of cooperation. In his opinion, rapid, concrete steps towards closer cooperation are required on both the international level, in order to achieve greater security of energy supplies, and on a Community level to solve balance of payments difficulties and the problem of inflation. However, success cannot be achieved without sacrifice, i.e. changes in the pattern of consumption, savings, and particular efforts in the field of investment.

"As the different countries start from different initial situations, the amount of adaptation required will also vary, and it will be difficult to distribute the load fairly between the various social groups and countries. However, every effort must be made to strive for a just distribution of the burdens. For if the coordination of efforts fails, the industrialized countries will be faced with grave economic and social crises. The failure of the fight against inflation could jeopardize the democratic economic and social orders in the Western industrialized countries. This is what the enemies of democracy, on both the right and the left, are waiting for."

Mr. Haferkamp admitted that cooperation within the Common Market has so far been based on a fair weather concept. The increasing uncertainty as to future economic developments requires that this system should be made weather-tight. Mr. Haferkamp refuses to let the differing structures in the member countries be used as an argument against practical progress in the Common Market. "Standing still is tantamount to taking a step backwards". Mr. Haferkamp attributed an exemplary responsibility to Germany's behaviour in the future development of the situation. Germany is, relatively speaking, the healthiest country and has a sound economy. However, this should not lead anybody to delude himself into thinking that Germany is an island which can be insulated against difficulties. Germany is dependent on the Common Market. It has an interest that can be measured in the continued existence of the Common Market for the sake of its own exports, employment and production structures.

"In a Community the strongest member cannot shun the obligation to help the weaker. The interest of this Community - if it is to be a real one - and its own interest forbid this. I welcome with particular pleasure the Federal Chancellor's statements on solidarity in the EC and on Germany's readiness to play its part. I should also like to stress that those in need of help must make the greatest possible efforts themselves to overcome their difficulties."

"I think that enough has now been said about Germany paying. What is important is that payment is made to achieve a good policy which is in the interest of the European Community. However, a good policy cannot be developed without getting beyond the stage of mere criticism. It is necessary to state quite objectively what could be improved and how."

Mr. Haferkamp outlined what is expected of Germany in connection with the improvement of the agricultural policy and the solution of the problems arising in the economic and monetary fields. He stated that the social and regional problems could also be solved only with the active participation of the Federal Republic.

"Rather than wait and argue, in due course, about figures, I feel it would be better to indicate objectively, and in good time, what we consider good policy in the interest of the Community and the methods and controls here envisaged, and what we would be willing to do to implement that policy."

Mr. Haferkamp concluded with the words: "If Europe does not profit by its hour, the concept of Europe as one whole will tomorrow exist only in the history books. Germany can now make a particularly important and constructive contribution towards preventing this from happening. Germany wants Europe - I have no doubt about that. However, it must show clearly, in the face of the great uncertainties and difficulties in the world economic situation, how it wants this Europe. Germany will not want to play the part of "paymaster", not will it be able to play that of "schoolmaster". Everyone who wants a European Community, in Germany and in all the other countries, is now placing all its hope and trust in a Germany which will use its strong position and its potentialities to enable our Community to continue to develop."

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