

European Community



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INFORMATION NOTE

EC LEADERS TO WORK OUT STRATEGY FOR ECONOMIC REVIVAL

In what was widely regarded as a constructive European Council meeting at Copenhagen on 7-8 April, EC government leaders agreed to work over the next three months to produce a common strategy to restore economic growth. They said the Community should reach a growth rate of 4.5% by the middle of 1979.

The European Council also:

- dealt with the present monetary instability and the measures necessary to remedy this situation;
- expressed concern about the level of unemployment within the Community - in particular among the young;
- stated that economic stability in industrial countries would depend in great measure upon their ability to reduce their dependence on external sources of energy;
- agreed to the setting up of a European Foundation in Paris to promote understanding among the peoples of the EC;
- set the period of 7-10 June 1979 for direct elections to the European Parliament and adopted a declaration on democracy;
- agreed to increase their cooperation to combat terrorism, following the kidnapping of Aldo Moro;
- emphasized the need for further efforts by Japan to balance its trade with the Community;
- issued statements on marine pollution, the Middle East, East-West relations, and Namibia.

Text of the statements adopted by the European Council are available on request.

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PRESIDENT JENKINS: "WE ALL AGREED TO WORK FOR ECONOMIC GROWTH"

In a statement reviewing the results of the European Council, EC Commission President Roy Jenkins told the European Parliament in Luxembourg on 12 April 1978:

"...the results of the European Council range particularly wide: from declarations on points of direct concern to our citizens (I am thinking especially of the declarations on terrorism and marine pollution) to important statements on foreign affairs, particularly those on Middle East and African problems.

"Overshadowing these points was the agreement on the date for direct elections to the Parliament in June of next year... Such agreement - now happily reached - gives reality to the commitment to direct elections and a focus for European political activities and the eventual election campaign between now and then...

"As President of the Commission I want simply to underline our welcome for the introduction of a new democratic dimension to the institutions of our Community, and our satisfaction that these elections are to take place in just over a year's time.

"I am also glad that at the same time the European Council adopted a declaration on democracy to link the first direct elections to the European Parliament with the commitment of the Community to respect for and maintenance of representative democracy and human rights in each Member State. These are indeed essential elements of membership of the European Communities, and it is right we should say so.

"On the external side, I want to say a word about the Council's declaration on relations with Japan. Within the triangular relationship between the three main areas of the industrial world - Europe, the United States and Japan - we have long sought to strengthen the link between the Community and Japan. This has been made more difficult by the continuing, indeed increasing, Japanese balance of payments surplus, and the various obstacles which still impede access to Japanese markets... the Commission and the Japanese Government agreed on a joint communiqué on 24 March which is a first step in what will be the long process of setting relations between the Community and Japan on a better and more balanced basis. The point remains on the agenda both of the Council of Ministers and of the European Council.

"It was a matter of satisfaction and relief to the Commission that the European Council was able to solve the main questions relating to the setting up of the European Foundation as proposed in the Tindemans Report... the Foundation should come into operation without delay.

"But the aspect of the European Council which gave me most encouragement was the wide-ranging and far-reaching discussion of economic and monetary matters...

"...we all agreed to work for a higher rate of economic growth. The Council has gone on record as saying that it considered it essential that the Community should have achieved an annual growth rate of 4.5% by the middle of 1979. It was also agreed, as the Commission had suggested, that national economic policies should be coordinated with a view to working out what room the Member States had for achieving faster growth. The unhappy fact is that our performance has recently been notably worse than the other two main parts of the industrial world. If this should continue, it would have increasingly disruptive effects on all parts of our economic and social life. In this respect the Council rightly drew attention to the persistent high rate of unemployment and to the need to set up a tripartite framework at European level to overcome the problems of over-capacity in several industries and promote the creation of a more competitive European industrial structure.

"Next I refer briefly to an important point which seems so far to have been somewhat neglected. This was the Council's recognition of the fact that the pursuit of greater internal cohesion within the Community implies the reduction of regional imbalances. This is indeed, in the words of the Council, one of the key objectives of the Community enterprise. One of the imbalances which the Council had in mind was the situation of agriculture in the Mediterranean regions of the Community. In this respect the European Council was of the opinion that the Council in its agricultural aspect should endeavour to reach decisions by the end of April taking into account the proposals already made on this subject by the Commission.

"I now come to the point to which I attach particular importance. I refer to the disorder of the international monetary system and the need for what I think President Giscard d'Estaing has described as a zone of monetary stability in Europe. I do not have to point to the effects of the current weakness of the United States dollar. Its effects go well beyond the weight and importance of the United States economy, which remains the most powerful in the free world economic system. But, as I said in a recent letter to the nine Heads of State and Government, there is a fundamental asymmetry about the United States having withdrawn from the responsibilities of Bretton Woods, while dollars, like legions without a central command, continue to dominate the currency transactions of the world...

"... We want between now and the next European Council at Bremen - 6-7 July - to ...work out new dimensions of Community activity in the longer term perspective of economic and monetary union... we should begin by seeking greater exchange rate stability between the currencies of Member States of the Community and thus a stronger basis on which to deal more effectively in exchange rate policy with third countries. For this purpose it would in the judgement of the Commission be necessary to extend the Community exchange rate system beyond the snake, give a new dimension to the use of the European Unit of Account, and increase the functions and resources of the European Monetary Cooperation Fund.

"We have relatively little time in which to work if the Bremen European Council is to arrive at any conclusions on these major questions. It will of course be followed quickly by the Western Economic Summit in Bonn on 16 and 17 July. I hope it will be possible for the Community to work out a common position and make a strong contribution to the work of that meeting..."

