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COMMON MARKET PRESIDENT SAYS MONETARY CRISIS DICTATES FASTER PACE TOWARD ECONOMIC AND MONETARY UNION

WASHINGTON, D.C., May 18 -- Franco Maria Malfatti, President of the European Communities Commission, said yesterday that the recent monetary crisis has shown how urgent it is for the Common Market to press for economic and monetary union. Only by so doing could the Common Market play a real role in international monetary affairs, he said.

Addressing the European Parliament in Luxembourg, President Malfatti stressed the role of the Community in meeting the crisis, in comparison with past crises, such as the German revaluation in 1969. He said that the Community's new procedures for consultation had been respected, that Community, not unilateral, measures had been taken for agriculture, that the Six had reaffirmed that except in exceptional situations monetary fluctuation was incompatible with the functioning of the Common Market, and that there was no fundamental imbalance among the economies of the Six to justify parity revisions. President Malfatti stated that the Community was actively working on effective instruments to meet such crises.

In his address, Mr. Malfatti admitted that the Community was caught between strong inflationary pressures on one hand and deficiencies in current Community plans for economic and monetary union on the other. The present crisis made it clear that work on the economic and monetary union and on increasing the coordination of the Six's economic policies had to be accelerated. Otherwise, he said, the Community would not have the necessary instruments for the orderly development of the Common Market or for assuming its proper responsibilities in international monetary affairs.

VICE PRESIDENT BARRE CITES MASSIVE AND PERSISTENT
U.S. BALANCE OF PAYMENTS DEFICIT

Raymond Barre, Vice President of the European Communities Commission, also addressing the European Parliament, echoed President Malfatti's words, saying that it was important to recognize that not only had the Community's consultation procedures been respected but that unilateral actions had been avoided and concerted action taken to limit the crisis's effects.

Mr. Barre said that the monetary crisis could not be disassociated from the chronic difficulties that the international monetary system had been facing for many years. He again expressed his view on the instability of the system saying that it is undermined by the massive and persistent deficit in the U.S. balance of payments, which is periodically disturbed by speculative capital movements, that are, in turn, amplified by the Eurodollar market.

The Commission's position during the crisis, Mr. Barre said, had been dictated by four basic attitudes:

o not to give in to speculation that a revaluation or fluctuation in parity would result in hoped for profits;

o not to compromise the development of international trade by uncertainties in monetary relations;

o to safeguard the competitive capacity of the Community;

o to create for the Community instruments for a concerted policy on capital movements, without which the Community would continue to be reduced to correcting the consequences of a crisis rather than being able to prevent a crisis.

The final actions agreed on by the Council of Ministers were not, he said, the most satisfactory but that did not automatically justify undue pessimism as to the future of the Common Market.

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