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EUROPE SHOULD NOT BE WRITTEN OFF,
SAYS PRESIDENT DELORS

Armed with a "new and tougher mood," the European Community is making a major effort to close its technology gap, strengthen its economy and create a truly common market, Jacques Delors, President of the E.C. Commission, said today in Washington.

"My message today is simple," Mr. Delors told the National Press Club. "Europe is not to be written off."

Mr. Delors predicted that by the year 2000, the Community will have a common currency, and a huge, unified internal market that will facilitate investment and technological progress. Those developments will help make the "terrible unemployment of the 1980's a matter of history," he added.

Mr. Delors noted that Americans are asking, "Is not Europe down and out?" and "Does Europe matter anyway?" Europe matters because of its partnership with the U.S. in liberalizing world trade and supporting democratic values, Mr. Delors noted. It has also been America's best customer, buying \$245 billion of American goods since 1980 - including \$40 billion of farm goods.

As for Europe being "down and out," Mr. Delors said its recent economic problems must be viewed in perspective. "I admire the dynamism of the American economy and the pioneer spirit which your President has reawakened," he said. But the story was different in the 1970s, when the gross national product grew by 2.8 percent in the U.S. - compared with 3.1 percent in the Community, he said. The U.S. has experienced a "remarkable" economic recovery since 1983, but its recession beforehand was deeper than in Europe, he added. Furthermore, the differences between U.S. and E.C. economic growth are expected to be smaller in 1985 and 1986, he added.

Europe also does not lag as far behind the U.S. in technology as some in this country believe, he added. "We are holding our own in space and transport and telecommunications," he said. "Look at the Airbus, the Concorde, the Ariane space rocket, the high-speed train, the biggest thermonuclear fusion project in the world near Oxford, England, and our progress in nuclear power."

Nevertheless, Europe faces certain structural problems - and it is beginning to confront them, Mr. Delors said. "Wage indexation, once like the Holy Writ, has been tackled. Labor costs have become more realistic," he said. The Community is working to reform its agriculture policies "to achieve a better balance between consumers, farmers and taxpayers."

And it is continuing to remove barriers to internal trade, a difficult task because "provincialism in our member states dies hard," he added.

But Europe's changes will come in their own way and their own time, Mr. Delors said. "European society is older, less flexible, but more compassionate than here," he said. "Here the winner takes all. But ask a European to define his mix of social compassion and an economic free-for-all and it will be different from an American."

Mr. Delors noted the recent breakthrough in negotiations to bring Spain and Portugal into the Community, which will increase the E.C. market to 320 million people. The Community has also recently solved some of its financial problems and reinforced its European Monetary System. "European union is on its way as it should be in the last quarter of the 20th century," he said.

Mr. Delors repeated the Community's position that a new round of multilateral trade negotiations should be accompanied by discussions on world monetary stability, and that its timing and agenda should be supported by developing countries. He also asked the U.S. to tackle its budget deficit. "With the United States economy as world leader and absorbing world savings at the rate of \$100 billion a year, a major problem for you becomes one for us all, and as friends and trading partners, we think we can fairly signal it."