

EMBARGO : 1500 hours on Monday 16 June 1975

The Rt. Hon. George THOMSON  
Member of the Commission  
of the European Communities

Rue de la Loi, 200  
1040 Brussels  
Tel. 35 00 40 (Ext. 3886)

THE RT HON GEORGE THOMSON

ADDRESS TO THE ANNUAL CONGRESS OF THE CENTRE EUROPEEN DE L'ENTREPRISE PUBLIQUE  
LONDON, 16 June 1975

---

"THE COMMUNITY AFTER THE REFERENDUM"

A lot of dust was thrown up by the British Referendum campaign, which certainly distracted some Community eyes from other Community problems. But now the dust is beginning to settle, we want to look towards the horizon and the major issues facing the Community after the Referendum. The Referendum in itself has not changed the nature of the problems facing the Community, the economic clouds darkening the horizon.

Whatever view one may take of the principle of holding a referendum, one has to recognise that this Referendum has had some positive advantages over and above the result that Britain stays in the Community.

Firstly, I think that such a massive expression of popular support for the Community should prove to be an adrenalin injection for the Community institutions, giving them increased self-confidence and courage in difficult times for the Community.

Secondly, I think the sustained criticism to which the Community has been subjected in recent weeks by anti-Marketeters can only help us. We have, for example, been criticised as undemocratic. Much of the criticism was very exaggerated to my mind, but no-one denies that the Community can and should be made more democratic, and criticism should stimulate action.

Far from wishing to threaten the centuries-old British tradition of Parliamentary democracy, the Community hopes that that tradition - that great tradition - will contribute to strengthening democracy within the Community institutions.

I look forward very much to seeing British MPs who opposed the Market offering constructive criticism in the European Parliament. No institution can thrive and make the correct decisions without the benefit of constructive criticism.

Thirdly, the decisive result would seem to make it inevitable that the British Labour and Trade Union movement will now work wholeheartedly and constructively within the Community institutions. That will be warmly welcomed throughout Europe - particularly by the corresponding movements in other countries. As a member of the Labour Party it gives me immense pleasure to see my party preparing to play a wholehearted and constructive role in Europe, a role which corresponds to the great internationalist traditions of that party, a role in which they can make a major contribution to solving the problems of Europe.

If there is one striking feature about the problems that surround us today, it is that so many of them are problems with an international dimension, problems of an increasingly interdependent world, problems whose solution requires an international dimension. I am convinced that a major reason for Britain's Yes to the Community was the recognition that so many of today's problems can best be solved if the European nations can unite in tackling them.

Take the major economic problems facing us today. The economic problems of the post energy crisis era, which differ considerably from the economic problems of the post war era - the era of easy growth which came to an abrupt end with the five-fold increase in the price of oil. The problem of fighting a war simultaneously against inflation and recession.

These problems all have an international dimension - after all the problems largely stem from the oil price decisions taken in another part of the world. Inflation can be as infectious a disease between countries as the great plagues of mediaeval times. National solutions interact - one country's deflation can mean another country's balance of payments deficit. That is why solutions for us must have a European dimension.

The public enterprises have a major contribution to make to solving these economic problems within their own countries - and I am convinced that your contribution will be that much greater because you have come together today to pool ideas and to look at solutions within a European dimension.

The public sector in particular has a direct and very large contribution to make to the success of a common European energy policy. Our policy aims at reducing Europe's dependence on imported oil by supporting coal production levels, and protecting and stimulating the development of other alternative fuels such as offshore oil and gas and nuclear energy. It is much easier to achieve these objectives within an agreed framework of a planned energy strategy. The Commission's proposals include agreed Community production targets, Community-wide measures to protect the market for alternative fuels, research-sharing between Community countries and Community financial solidarity. And only if we act in unity can we expect to carry any real weight in the crucial international energy negotiations which lie ahead.

Britain, despite the future advantage of its substantial national asset of North Sea oil, has as much interest as any other Community member in a successful common energy policy. Now that the Referendum is out of the way, we hope that Britain will play the creative and constructive role that one would expect from the major energy producer of the Community.

Another major Community issue where we naturally expect Britain in particular to play a leading role is the all-important business of creating a more sensible and fairer relationship between industrialised and developing worlds. The paternalist relationship that has existed since the second war is being consigned to the past. I do not believe there is a sufficient awareness in Britain yet of the historic break-through represented by the Lomé Convention. It brought together the English and French speaking countries of Africa which had, during their rise to nationhood, remained largely sealed off one from the other thanks to the colonial heritage. Britain, France and Belgium united in the Community have fostered a dramatic step towards African unity and so repaired the damage done by their past separation and rivalry.

The challenge remains to make more world-wide the Lomé principles and we must meet it. We must set up new and fairer arrangements for trade in raw materials and of assisting those developing countries whose difficulties following the energy crisis and the general rise in raw materials prices make our difficulties fade into insignificance.

The British Prime Minister has already given an important lead in this field at the Commonwealth Summit in Kingston. He put forward imaginative ideas for partnership and cooperation between the poor and increasingly resentful producer nations and the rich and increasingly threatened consumer nations.

The Prime Minister has immense personal experience of these problems from his early days as a Trade Minister. I would like to see him at the July European Summit in Brussels emerge as the author of a Community plan for a raw materials charter, enabling the Community to play its proper historic role of pioneering new and fairer relationships between the rich and the poor nations of the world.

I would like finally to mention one of the most difficult challenges facing the Community today, the challenge of building a social Community, a Community which devotes its energies as much to the problems of individual human beings, of underprivileged minorities, as it does to the large, impersonal problems of economics. We have been moving fast in that direction, but there is still a long way to go.

The truly social Community which I call for is made imperative by the aftermath of the energy crisis. Grave social problems will be caused by the need to transfer resources from public or private consumption into exports and investments. Inflation is breeding social unrest. The economic imperative of a faster pace of industrial restructuring leaves human casualties in its wake unless positive action is taken. Low growth rates and recession heighten the sense of conflict between employer and employee, heighten the awareness of disparity between rich and poor region.

But while the energy crisis increases the need for a truly social Community, the ugly paradox which we have to resolve is that it makes it more difficult to achieve because of the shortage of resources in a time when growth rates are minimal and where public expenditure must be restrained.

But, I repeat, it is not merely desirable, it is essential that we build a truly social Community. The British Labour and Trade Union movement will, I am sure, play a positive and important role in achieving it. And I believe that the public enterprises also have a lot to contribute to meeting the challenge. Not just a contribution to the debate, but a contribution by means of leadership and example. For it is above all to the public enterprises that we look for examples of how to reconcile in a satisfactory way economic and commercial necessities on the one hand and human and social considerations on the other.

Regional policy is one of the main pillars of a truly social Community. I have always argued that an effective regional policy, as well as meeting social needs, makes a real contribution to the fight against inflation by employing underutilised resources in the regions and by checking the growth of excessive concentrations of economic activity whose diseconomies of scale impose heavy costs.

In short, public expenditure on regional incentives, when all the sums are done, reduces the real resource cost of production.

This year the Community is making history, by starting up for the first time a financial mechanism specifically designed to transfer resources from its richer regions to its poorer. The birth of the Regional Development Fund involved a long and painful labour. But it is now at last operational and I expect the first applications for grants from the Fund to reach us next month. We hope to take the first decisions on these applications in October and to make the first payments out by the end of the year. By Community standards this is not bad going.

I said the first applications were due in Brussels next month. Some have been sorry that applications to the Fund are to be made by national governments not direct by investors. But I believe we have chosen the right course for the present stage of the Community's development. If we were to receive competing applications direct from public and private enterprises all over the Community, we should be swamped with a flood of requests. We should have to choose among them the few successful candidates who could be given grants from our limited resources. To do that we should need a bureaucracy in Brussels to match the bureaucracies which national regional administrations have. And we have neither the desire nor the means to do it. The Fund is being administered this year by 12 administrative staff.

There is another reason for taking applications through national governments. Only in this way can we begin to lay the foundations for more coordination in future between the national governments' various regional policies. Now Community regional policy will never supplant national regional policies. It is in the nature of regional policies that they must be tailored locally to local needs. No single blue-print will ever do for regions so diverse as Greenland and Sicily, Ireland and Bavaria. Nonetheless, I believe that the national regional policies have much to learn from each other's successes and failures. By bringing them together within Community institutions we can start to create a framework for Community coordination from which all can benefit.

For its first three years at least the Regional Development Fund will thus be providing extra money for Member States to spend in their own ways. But the Community element in this would really be minimal if we were not to have a guarantee that the money provided through the Community will really make an extra contribution to regional development in the Community. If the Fund were simply to be used to subsidise national exchequers, it would serve no particular Community purpose at all. And in these circumstances the prospects for steady growth of the Fund in the future would be put seriously at risk. That is why to make the Fund procedures entirely automatic would be self-defeating in the long-term; and we would have missed a golden chance of expanding the range of activity to which the European Community contributes.

The creation of the Regional Development Fund is one milestone, to my mind a very important milestone, on the road towards creating a true social Community. I have outlined some of the other major challenges demanding unified action by the countries of Europe. The problems are enormous, but I think we can allow ourselves some optimism when the people of one of the Community countries have given such a massive vote in favour of the Community. And it certainly inspires the Commission, and gives us hope for the future of Europe, when we see the great public enterprises of Europe getting together to discuss what their contribution can be.