

2100 M Street Northwest, Suite 707, Washington, D.C. 20037 Telephone: (202) 872-8350
New York Office: 245 East 47th Street, New York, N.Y. 10017 Telephone: (212) 371-3890

LIBRARY

No. 20/1977

October 27, 1977

JENKINS URGES DEBATE ON EUROPEAN MONETARY UNION

Roy Jenkins, President of the Commission of the European Communities, today strongly urged the relaunching of a major public debate on European monetary union.

In a speech honoring Jean Monnet, the "father" of the European Community, at the Community-sponsored European Institute in Florence, Italy, Jenkins said that the Community's most important weakness is its central economic mechanism. Although European leaders had, at the beginning of this decade, anticipated full monetary union within the European Community by the 1980s, Jenkins described the "reality on the monetary front" as "retrogression."

"We must now look afresh at the case for monetary union," he said. "My belief is that we should relaunch a major public debate on what monetary union has to offer, on the conditions that can make it acceptable to both strong and weak economies, and on the approach steps that must precede it."

Jenkins posed the following arguments to support his thesis:

1. Monetary union favors a more efficient and developed rationalization of industry and commerce than is possible under a customs union alone, with the present exchange rate risks and inflation uncertainties as between member states.
2. National balance of payments problems, in the sense that these are experienced today, would be largely removed as an immediate constraint on economic management, and macro-economic policy would not be subject to the present exchange rate and external financial risks.
3. Monetary union would impose a single common inflation rate, and could help establish a new era of price stability in Europe and achieve a decisive break with the present chronic inflationary disorder. Floating exchange rates transmit violent and sudden inflationary impulses.

4. To restore full employment requires a new impulse on a historic scale. Monetary union could create a broad strengthening of demand and confidence.
5. An associated system of public finance must also be envisaged, to ensure a broad regional distribution of wealth and employment.
6. Monetary union would imply a major new authority to manage the main lines of monetary policy, but we must only give to the Community functions that will deliver significantly better results because they are performed at a Community level. There can be, however, a new and realistic model for a highly decentralized type of monetary union in which the public finance function of the Community would be stripped down to a few high-powered tasks with a quite small central bureaucracy. The political implications are great, but do we intend to create a European union or do we not? Real and efficient sovereignty over monetary issues already eludes the governments of Europe to a high and increasing degree.
7. The successful creation of a European monetary union would take Europe over a political threshold.

A full text of Jenkins' speech is available at the European Community Information Service.

Hans Edgar Jahn (Federal Republic of Germany), Member of the Christian-Democratic Group, Vice Chairman of the Committee on the Environment, Public Health and Consumer Protection

Erwin Lange (Federal Republic of Germany), Member of the Socialist Group, Chairman of the Committee on Budgets

Silvio Leonardi (Italy), Member of the Communist and Allies Group, Vice Chairman of the Committee on Economic and Monetary Affairs, Chairman of the Committee on the Rules of Procedure and Petitions

Charles B. McDonald (Ireland), Member of the Restricted Bureau of the Christian-Democratic Group

John Prescott (Great Britain), Vice Chairman of the Socialist Group

Camillo Ripamonti (Italy), Member of the Christian-Democratic Group and Cabinet Minister in several Italian governments

Geoffrey Rippon (Great Britain), Chairman of the European Conservative Group and Cabinet Minister in several British governments

James Scott-Hopkins (Great Britain), Vice President of the European Parliament, Vice Chairman of the European Conservative Group, Vice Chairman of the Committee on External Economic Relations.

Interviews with individual members of the EP delegation may be arranged through the European Community Information Service.

