

The UDF program for Europe

How the EMS can break with the IMF strategy

Introduction

On June 10, 1979 French men and women will elect by universal suffrage their 81 representatives to the European Parliamentary Assembly, as foreseen in the Treaty of Rome and approved by the French Parliament....

Our country, a small extremity of a vast continent, inhabited by 53 million people in a universe which counts more than 4 billion, will not be able to take up alone the challenges of the modern world dominated by continental states. Today, the United States and the Soviet Union. Tomorrow, China, Brazil, and so many other countries which have precisely what we lack: numbers, (geographical —ed.) space, natural resources. The European Community, however, has the foundations for power, numbers and space; if it is broadened to include Greece, Spain, and Portugal, it will include more than 300 million people over more than 2 million square kilometers. France, like its partners, needs this power, these numbers, and this space to ensure itself a real economic and political independence.

Europe has already brought much to France and to the French. It is not useless to recall this. But we must also stress its shortcomings and be resolved to go beyond the purely commercial stage of the "Common Market"; this program will thus enounce our proposals such that, within a stronger and better organized Europe, France can "win," as the President of the Republic has called for. What is at stake is our prosperity, but also our way of living, our democracy, our civilization.

I. Europe has already brought much to France

Europe is peace. The recent history of Europe is loud with the clash of arms and fratricidal conflicts. The Franco-German antagonism, notably, has plowed and bloodied the soil of our continent. Twice since the beginning of the century, it has degenerated into worldwide conflagrations. Half of our compatriots were not yet born in 1945, but they cannot ignore that less than 40 years ago Adolf Hitler was parading in Paris.

Today, the hypothesis of a military confrontation between the countries of western Europe seems absurd. But this is precisely because we have been committed over 25 years to the construction of Europe. *The material solidarity, economic interpenetration and political convergence between the European nations which created the European Coal and Steel Community and the Common Market, have contributed to rendering an intra-European war physically impossible.* This is the first concrete, fundamental contribution of Europe: the best insurance for peace on our continent, and in the world....

The real "market of the century"... *France now carries out half of its foreign trade in Europe, against less than a quarter in 1958.*

An organized market of great size makes real prices go down and increases buying power. It pulls down production costs and retail prices, while the elimination of customs tariffs brings down the final price ... each time the production of a product doubles in volume, its cost drops by 20 percent...

Because it deprived itself of the EEC market and its necessary competitiveness until 1973, Great Britain went through a period of economic degeneration. Between 1958 and 1973, its growth was twice less strong than that of France. British leaders finally became conscious of this, and then decided to negotiate their membership in the EEC.

Europe has contributed to a considerable improvement in the standard of living of the French... The buying power of wage earners in industry and commerce alone has doubled between 1958 and 1977. (The report then details the great increases in auto, truck, television, household goods and telephone use in France over the same period — ed.)

Europe has made France the third agricultural exporting power of the world . . . *The common agricultural policy has stimulated and supported the exceptional investment and modernization efforts accomplished by the French farmers.* The number of tractors has more than doubled between 1958 and 1977, from 623,000 to 1.4 million, that of threshers has been multiplied five-fold: 209,000 in 1977 against 42,000 in 1958.

Between 1967 and 1971, agricultural productivity increased 7.7 percent a year, that is to say, much faster than in the industrial sector.

One French farmer fed seven people in 1955; he fed 25 in 1978.

At least one third of our farmers' revenues is directly linked to the Common Market....

Europe is solidarity. It cannot be repeated often enough: the French have benefited from European solidarity, through the channel of multiple institutions....

— Unemployed and workers forced to reconvert: the European Social Fund has contributed to the professional readaptation of workers leaving the agricultural or textile sectors, to the professional skills of migrant workers... The European Coal and Steel Community has collaborated with programs for the adaptation of workers in steel and iron mining in Lorraine. It recently consented to Peugeot-Citroen its most important reconversion loan (450 million francs) for the creation of a motor production factory near Hagondange, creating more than 4,000 new jobs in northern Lorraine for the 1979-1985 period.

— Troubled French businesses and economic activities have been aided....

— The European Investment Bank has aided the least favored French regions....

A shock absorber of the crisis. During the 1930s, the European nations, which were not linked to each other by any economic organization, thought that they could

better resist the "great crisis," each on their own, by erecting high tariff barriers. They suffered all the more. *Since 1973, the European Economic Community has spared us from the most disastrous consequences of the crisis which has affected all the industrialized countries...* preventing us and our neighbors from giving in to the illusory and dangerous temptations of protectionism and autarky.

II. Do better: what we want and what we don't want

1) Much still remains to be done

Europe has still not given a joint response to the crisis. Since the The Hague conference in 1969, where President Pompidou had launched the idea of a European currency, until the spring of 1978, European economic and monetary union has not progressed much. It would have helped France confront the profound and durable transformation which has affected the world economy over the last six years, and which is not over....

Until the European Council in Copenhagen of April 1978 when, on the request of the President of the French Republic, the construction of a European Monetary System was decided, no Community economic policy of scope had been undertaken which could support economic activity and reduce price increases and unemployment.

Too many indispensable joint policies have remained in

The governing bodies of the EC

The European Parliament

On June 10, 1979, the members of the European Parliament, which meets in Strasbourg, will be elected for the first time by direct suffrage. Before, the 198 representatives to the Parliament were chosen from the members of the national parliaments and assemblies. The new Parliament will have 410 members, elected for five years. Some of the new Parliament's members may also be full members of their respective national parliaments. From France, 81 members will be elected.

The functions of the new representatives will include adopting or rejecting the European Community's budget, advising the Community's decision-making Council of Ministers on proposals for Community-wide laws, discussion and criticism — when appropriate — of European Commission and Council decision, and, in extreme situations, compelling the Commission to resign.

European Council of Ministers

The Council of Ministers is the principal decision-making body of the Community. While the Foreign Ministers of each country are its "main" members, other ministers — agriculture, finance, and so forth — may represent their countries under appropriate circumstances. The presidency of the Council is held in turn for six months by each member state. At the present time, the presidency is held by France. The Council is, in effect, the one body that truly represents the national interests of the member states.

The European Commission

The European Commission is a collegiate body of 13 members, responsible for proposing Europe-wide policies and implementing decisions. The Commission is required by treaty to act independently of the national governments and the Council of Ministers. Decisions require only a simple majority. The current President of the Commission is Roy Jenkins of Great Britain.

embryo. There is still no European currency. Europe does not defend itself enough against the excesses of world competition. The quadrupling of oil prices in 1973 should have aroused the Europeans to relaunch their joint energy policy, which lay dormant since the failure of Euratom; the energy crisis instead became an occasion for them to lay out their divisions. European cooperation has often lacked in high-technology industrial sectors which require a broad framework. Scientific and technological research more often than not remains a strictly national affair...

Europe is still too inegalitarian... Europe has not sufficiently corrected social and regional inequalities...

Europe has not imposed itself enough on the international scene. The voice of a Europe without a common diplomacy does not carry in a world in which great affairs are so often decided outside of Europe. Cooperation between the Nine in foreign policy matters has made progress, but remains insufficient. *It is not good for the destiny of the planet to be played solely between the two superpowers.*

Everything we can do to organize Europe and increase its influence is in our interest, as it is in the interests of a better world balance.

Yes, we need Europe, just like Europe needs France. We have a role, a place to hold which is essential. Let's not play like losers!

2) Which Europe?

We reject an isolationist France. One Frenchman out of four lives from exports. To finance its raw materials and energy purchases, France must export... France needs the European dimension, if only to realize projects whose requirements in research, investment and financing go beyond our own capacities.

In the world in which we live, *our country cannot envisage a return to isolation, which would mean a terrible economic and social regression, price increases and the aggravation of unemployment...*

We reject a bureaucratic superstate. Europe will not be a bureaucratic superstate in which national identities would be dissolved... Most of our partners now share our vision, of a *European organization which would not substitute itself to the states, but which must respect their unity and their diversity. Our conception is that of a Confederal Europe in which the European Council sets the orientations of the Community, with respect for the sovereignty of the States, and in which the Assembly gives the people of the Community the possibility of participating more actively in the construction of European unity.*

The election of the European Assembly by direct suffrage on June 10 is a change in its mode of designation, but not in its powers...

In the framework of a clearly established confederal conception, it will be possible and necessary to reinforce the efficiency of certain Community mechanisms, notably

on the level of management, a level which must be distinguished more clearly from the setting of great objectives and from decisions of principle.

It is also important for us that the institutions of the Community not secrete a plethoric bureaucracy, composed of experts with great technical skills undoubtedly, but who escape from the control of those who are subjected to their decisions...

We reject the domination of multinationals and uncontrolled liberalism. The internationalization of exchanges and economies has naturally led to the development of multinational firms. We do not malign their contribution to prosperity; they have, over the course of the last 30 years powerfully contributed to our economic growth, investments, to our exports, to the creation of jobs...

But they hold considerable and excessive — to the extent that it is not counterbalanced, controlled — economic power...

We thus propose that multinational firms be subject to a "European charter" in conformity with the principles defined by the International Labor Bureau and the Organization of Economic Cooperation and Development, which include certain constraints, such as the need to communicate for judgment plans for collective layoffs, the scrupulous respect of the rules of competition under reinforced European control, and the obligation to contribute to each country the share of taxes on profits realized in that country. It is a European code of behavior which must be established. One of its dispositions would be to prevent the multinationals from carrying out layoffs if they do not make the commitment to reemploy as many workers as they lay off in the same country...

(A polemic follows against the European proposals of the French Communist and Socialist parties—ed.)

The Common Market remains indispensable, as the best adapted foundation for economic prosperity which must be restored. Because there is no social progress — nor cultural progress — in misery and recession. Because our most essential liberties will become mere formalities if they are not based on conditions and standards of living which permit their real exertion...

III. For a new European civilization

Europe is not the miracle solution, but there is no solution without Europe...

1) Getting out of the crisis

Fighting together against unemployment. With 6 million people looking for jobs, unemployment is disfiguring Europe ... *We reject the inevitability of unemployment, and everything must be done to guarantee full employment. Europe must contribute to this with a more offensive policy.*

French aid to developing sector 1974-1976

	1974		1975		1976	
	Amount	Evolution	Amount	Evolution	Amount	Evolution
Government aid	7,774.8	+ 16.9%	8,972.0	+15.4%	10,255.1	+ 14.3%
Other aid from public sector	916.3	+164.8%	1,430.3	+56.1%	1,231.8	- 13.9%
Private sector aid	7,497.6	+ 35.9%	6,503.4	-13.3%	13,921.1	+114 %
Total	16,188.7	+ 29.4%	16,905.7	+ 4.4%	25,408.0	+ 50.3%

Total French aid to the developing sector (shown above in millions of Francs) has increased by over 50% between 1974 and 1976, the first three years of Giscard d'Estaing's Presidency. While the private sector is responsible for the greatest increase in 1976, French government aid has been steadily increasing by around 15% yearly.

Source: Les Notes Bleues, Service de l'Information du Ministère de l'Economie

Employment comes first from the vigor of our economy and our capacity to export. It depends largely on a Community-wide organization of growth. One point of growth in West Germany means a half-point increase in our exports. The implementation of the European policies defined in this program to create a zone of monetary stability, reduce our energy dependence, intensify our scientific and technological research, affirm our industrial competitiveness, reinvigorate the small and medium-sized firms, renovate the least favored regions, give value to the resources of the Overseas Departments and Territories or equip the Third World, will improve the employment situation.

To finance these policies we propose that the nine member countries of the Community launch a plan for the development of employment by investing together, over five years, sums which could amount to 500 billion francs (approx. \$100 billion—ed.).

Half of this amount would come from national efforts coordinated on the European level, the other half from Community borrowing, the Community itself borrowing these sums on the basis of the credit that the considerable monetary reserves of its members provide it. These loans, denominated in ECU, would be retroceded to the member countries and serve to finance a vast program of industrial, regional, community or infrastructural investments of European dimension (for example the tunnel under the Channel, completion of the modernization of the waterway between the Mediterranean and the North Sea) which represent a particular interest from the standpoint of employment. This action would complement the corrective policies being carried out by the French and European authorities and would effect a common effort of limited duration. These loans could also finance a European Fund for Industrial Reconversion which would aid national efforts for the creation of jobs in the old in-

dustrialized regions which have been struck the hardest by unemployment, such as Lorraine or Pas-de-Calais and the North.

We propose in addition that these measures benefit those categories of workers who have been most affected by unemployment, notably youth....

A European zone of monetary stability. During the 1960s, the creation of a European monetary union was neither urgent nor a necessity....

The disorganized currency fluctuations beginning in 1971-1972 have particularly harmed the European countries. Among the three great regions of the Northern hemisphere... Europe is the only one to have felt an internal instability of exchange rates. The foreign trade of the member countries of the Community, more than half of which is within the Community, has been affected by these fluctuations and uncertainties.

These monetary fluctuations have profoundly altered the functioning of the common agricultural market, notably through the mechanism of the monetary compensatory amounts. If they were to continue, they would compromise the functioning of the industrial common market. They create monetary insecurity which is not favorable to business investment nor foreign trade....

In addition, the currencies of the Community react to the dollar's fluctuations in a dispersed fashion; they become the successive targets of "speculators" who can provoke the devaluation of one currency or the revaluation of another.

It is necessary to organize in Europe a zone of monetary stability and security within the great commercial, economic and financial space that the Community constitutes; we must organize and implement a concerted central bank policy toward the dollar.

The stability of exchange rates will be the principle of the European Monetary System....

A European Monetary Fund will be responsible for regulating exchange rates and supplying conditional credits to those countries having balance of payments difficulties.

The ECU will be the reference unit of the system and will be used for settlements between the monetary authorities of the EEC, for launching large Community loans and for the composition of certain contracts. It has the vocation of becoming a European currency.

For all European countries, for France, monetary stability is essential. It will help reduce inflation; it is one of the conditions for economic and social development....

Defend France against the excesses of world competition.

The necessary adaptation of our industry to the new conditions of international competition cannot be abandoned to the play of unfettered liberalism. The combined effect of savage price wars, of competition from the Third World, the East bloc countries, Japan and the United States threatens to lead, in certain sectors, to economic catastrophes with intolerable social and regional consequences....

2) A European dimension to fortify the French economy

A Community energy policy. The crisis has not only hit the French economy with full force, but all the European economies, which are particularly vulnerable because of their lack of energy resources and their foreign dependence. The EEC members have reacted in a dispersed manner, implementing specific national energy policies. Not a well adapted reaction, since the energy problem, by its very scope, goes beyond the national scale; it is a problem of European dimensions, which calls for a global solution on the European scale.

What has been called the energy crisis of 1974 was only in fact a crisis of adjusting to a brutal price increase. *The threat of a real energy crisis is before us.* It would be a crisis of shortage, which experts foresee around 1990, and which would have catastrophic consequences.

Beyond national differences, *a community of interests in front of the energy challenge exists between European economies....* Europe has a high rate of dependence on the outside world which neighbors 60 percent, and 96 percent for its principal source of energy, oil....

Greater consciousness of this community of interests between European partners must lead to increased solidarity on their part:

Solidarity toward the member countries affected by supply difficulties.... the progressive implementation of an energy common market....

Solidarity vis-à-vis the rest of the world: The EEC should, more than in the past, reach joint positions in relation to its oil suppliers, essentially the OPEC countries....

The setting of great energy objectives on the Euro-

pean scale for 1985 in Bremen on July 7, 1978 constitutes a first step in the direction of giving energy policy a European dimension: reducing its rate of energy dependence to less than 50 percent, decreasing the share of oil in its global energy consumption, limiting net oil imports, a vigorous policy of energy savings.

It was also decided that Europe would pursue the extension of its nuclear production capacity while continuing work relative to questions of ecology, security and protection, and that it would aim at a highest possible level of production of other fuels.

However, many of these objectives have had to be revised downward because of the less favorable perspectives for the development of domestic energy resources and more particularly because of the slowdown in the execution of the nuclear program. A policy of informing the citizenship on the scale of Europe is more than ever necessary, as well as an immense effort in innovation and investment. The indispensable decisions whose fruit will be born in 10 years must be made now.

The European countries must particularly reinforce their cooperation in those great projects whose cost goes beyond national capacities: this is notably the case with operations on the nuclear fuel cycle, research in nuclear or nonnuclear (solar, geothermal) substitution energies; it is also the case for studies in new networks, nuclear fusion or setting up supply lines in the area of gas.

The \$100 billion program whose launching we propose would serve to finance these projects, among others.

Promote a Europe of innovation. Scientific and technological research is more and more costly. Despite great progress, France and Europe furnish an insufficient effort ... The French must become more conscious of the fact that scientific and technological invention, by increasing our independence and our competitiveness, will enhance our resistance to the crisis.

The European dimension can enable the creation of research centers equivalent to those of the United States to work in sectors not easily accessible on the national scale, such as energy, computers, telematics, ocean and space research, etc.

Intensify European industrial cooperation.... If European industrial cooperation once appeared to be a luxury, it is now a necessity....

One field above all others which requires a reinforcement of European solidarity is that of industries of the future.... The constitution of really European industrial entities, the determination and negotiation of specializations in such and such a sector with our partners, the use of coordinated policies in public bidding to favor European groups: these are new policies which are needed in sectors such as computer, electronics, aerospace construction, space technologies, the production of electricity and nuclear fuels, modern technology for ocean exploitation, etc., and, in a general way, each time

the mass and risks of investment is outside the grasp of one nation alone.

The success of the Airbus is there to attest the merits and necessity of cooperation in the aerospace industry....

Consolidate and complete the common agricultural policy....

Allow small and medium-sized firms to benefit from the European dimension.... Let us constitute, in the image of the European Investment Bank, a European Bank for the small and medium-sized industries, aimed at financing regroupment operations for export, etc. . . .

3) Reinforce solidarity in Europe

Reduce regional inequalities....The credits of the European Fund for Regional Development should especially go to less developed regions, roughly speaking to those to the West of a line going from Cherbourg to Montpellier, either to arrest the depopulation of certain rural zones in difficulty, like the Massif Central, or to affirm the maritime vocation of France within the EEC by financing the modernization of the ports on its Atlantic side and the progression of their industrial activities, or to support zones recently industrialized....

Enlarging the EEC: a chance for France as a whole. We are favorable to the enlargement of the EEC to Greece, Spain, and Portugal, but only under conditions of *precautions, transitions, and safeguards*.

It is normal and desirable for Spain, Portugal, and Greece to become full-fledged members of the Community. Because these three countries are authentically European in their history, their culture, and their civilizations. Because anchoring them in a liberal democratic Europe will remove the threat of a return to the dictatorships they have just rid themselves of. Because Spain and Portugal constitute "cultural channels" through which Europe can better communicate with the Latin American continent. . . .

France is the necessary land passage between the Iberian peninsula and the rest of Europe. France can cease being the "terminal" of Europe and *become the center of the enlarged Community*....

The opening of this market of an additional 55 million consumers will stimulate our industrial activity....

But this enlargement cannot be made to the detriment of our Mediterranean farmers....

Associate the Overseas Departments and Territories to the economic development of Europe.... We must promote new activities, such as the exploitation of ocean resources....Their position around the globe endows them with remarkable possibilities for participation in international maritime commerce. It is appropriate to upgrade these possibilities by modernizing and enlarging their ports....

Europe at the service of social progress, improvement in working conditions, and new relations in business. (The

program calls for: facilitating part-time work, retirement at 60, "progressive lowering of the work week to 35 hours, with partial compensation of wages," promotion of worker participation in management, and improvement in working conditions on a harmonized European basis—ed.)

4) Better living in France thanks to Europe

The family. The power, independence, and prosperity of France require an increase in its population.... All of Europe is afflicted with this demographic decline.... There is a danger here of collective suicide for Europe... Concerted measures to encourage higher birth rates are required....

Education. Education and culture are the "oil" of Europe.... (The program calls for greater accessibility to education between European countries—ed.)

Culture....

Youth and sports....

Consumer protection....

Protection of the environment. The necessary installation of nuclear plants must be carried out on a coordinated basis, if only to the extent of site location....

Health.... Creation of a European Cancer Institute....

Antiviolence. (Calls for greater integration of antiterrorism, antidrug and anticrime measures—ed.)

5) And if Europe could finally speak out...

Institute relations as an equal partner with the United States. *We all need to develop our relations with the United States, but no isolated European state, not even France, is really in a position to deal with them on an equal footing. This should be an additional motive for Europe to affirm its union....*

From the economic standpoint, Europe has the right to rival the United States without fearing that the latter see some sort of scandal in this. Eventual efforts by the Europeans to constitute powerful industries in aerospace, computer, or nuclear must not be opposed by the fear of American retaliations.

What is true on the industrial level is also true on the monetary level. The union of Europeans in a zone of monetary stability and monetary solidarity must be our response to the disorder of the present world system, to the excessive fluctuations of the dollar and to speculation.

Europe as a simple annex of the United States is not Europe. But Europe will not be made through hostility to the United States. It will be made through a sense of difference, of our identity and our own responsibilities.

Europe for detente. Western Europe must pursue its policy of detente with the East which was consecrated by the Helsinki conference of 1975. *A Europe of the cold war is not Europe either.* We must thus seize all occasions to develop cooperation with our neighbors on the other side of the Iron Curtain. Warsaw, Prague, Budapest, ... as well as Stockholm or Vienna are also

part of Europe. Let us not forget it and work to tighten between us the economic and cultural links permitted by different regimes. But this concern for detente and the will for cooperation must never allow us to forget the essential: commerce of merchandise comes after respect for the rights of men.

Contribute to disarmament. The world is in a state of overarmament. . . . In front of this situation which constitutes a formidable threat to the human race as a whole, Europe, France cannot remain silent. . . .

The President of the Republic has rightfully put an end to the quasi-monopoly of the superpowers in disarmament matters by formulating concrete and realistic proposals at the Tenth Session of the UN General Assembly. We hope that our European partners will support him in his enterprise so that all the countries interested in the future of security in Europe, and who participated on this basis in the Helsinki conference, will meet in a *Conference on Disarmament in Europe*. The aim of this conference, in the first stage, would be to reinforce confidence between all European countries through appropriate information and notification measures, and, in a second stage, to carry out an effective reduction of armaments on the totality of our continent from the Atlantic to the Urals. . . .

Set up exemplary relations with the Third World: for a European "Marshall Plan". As the President of the Republic has stated, Europe must increase its cooperation with the developing countries. *It is a moral imperative and a political necessity. It is to the extent that our interests are clearly understood. Europe and the Third World, especially Africa and the Middle East, need one another.* Our continent is not well endowed with energy and basic raw materials which are 75 percent imported. The Middle East and Africa have this wealth. The European economies already export 38 percent of their production to the Third World; it is estimated that there would be an additional 3 million unemployed in the EEC if the Third World countries had hoarded the additional revenues born from the increase in oil prices.

The Lome Convention signed in 1975 between the EEC and 46 nations of Africa, the Caribbean and the Pacific (they now number 54) took note of this complementarity by ensuring a guaranty of export receipts for certain of the raw materials these countries produce, free access to the Common Market for most of their

products, European financial and technological aid. The new convention scheduled for 1980 (to be signed around July 1979—ed.) should open the possibility of a Community guaranty of European investments in the Third World against political risks. France could follow West Germany's example by cancelling its loans to the 30 least developed countries.

The most important for Europe are the Middle East and Africa, geographically contiguous and whose economies are largely complementary. If the present evolution continues, these three human masses will include a billion inhabitants by the year 2000; the 700 million inhabitants of the South will have revenues 30 times less than those enjoyed by the 300 million Europeans in the North; they will naturally be inclined — as they are today — to massively emigrate toward Europe to find subordinate industrial jobs. In 1978, 30 percent of Europe's industrial capacity was unused, which represents about \$180 billion a year. For Europe, in relation to the Third World, it is the same situation that the United States found itself in relation to Europe after the Second World War, when they had an overcapacity of production and Europe lacked the necessities.

Hence, *our idea for a European "Marshall Plan."* Europe would put funds, taken from our \$100 billion plan, at the disposal of the developing countries, and notably Africa, for a period of 10 years, funds which the beneficiaries would use toward purchases of capital goods, infrastructure and industrial equipment in Europe. This increase of foreign demand would relaunch economic activity in Europe and contribute to the reduction of unemployment. The Americans and the Russians could participate in this "Euro-African development plan" which is vital for dozens of African and Middle Eastern states sometimes on the road to . . . underdevelopment.

6) A Europe of liberties. . . .

7) Conclusion

. . . We are confident that French men and women will rally to positive, reasonable proposals and that they will once again make the right choice: That of a strong, prosperous, and respected France in an organized and independent Europe, in a Europe which is at the same time a guaranty against war, a response to our economic and social needs, an insurance for democracy and liberty.