

Summary by the Presidency of the proceedings of the European Council

Maastricht - 23/24 March 1981

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The European Council devoted a considerable part of its meeting to a detailed and searching review of the present state of the European Community.

There was unanimous agreement that in the present difficult economic conditions the Community remains an essential achievement and an indispensable instrument for limiting the effects of the recession and bringing about the return, on a sound and stable basis, of sustained economic growth and satisfactory levels of employment. To achieve this purpose and reduce the level of inflation the European Council concluded that the continuation of prudent monetary policies, a healthy budgetary management and the reorientation of public and private expenditure in the direction of productive investment are major elements. The European Council expressed the view that the reinforcement of the economic structure of the Member States requires an effort that must be maintained over a number of years and that short-term demand stimuli will turn out to be ineffective.

The European Council welcomed the recent economic measures taken by the Governments of some member countries.

In the field of monetary policy, an intensification of the dialogue with the United States of America is desirable, in particular with a view to achieving a concerted attitude on monetary policy and interest rates. The European Council requested the Council (Ministers of Finance) to act accordingly and also to pursue its work with a view to making the best possible use of the mechanisms of the European Monetary System.

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High and divergent inflation rates are a threat both to the prospects of growth and to the economic and monetary cohesion of the Community. ^{In this context} the European Council also discussed the effects caused by rigid systems of indexation of incomes and expressed the opinion that an adjustment of such mechanisms should be considered.

The high and rising rates of unemployment, especially among young ^{UE} are a cause of deep concern to the European Council. It was agreed that the fight against this evil should be conducted not only by the Member States but also at the Community level. The basic requirement for a general turn for the better lies in the recovery of the employment situation in the private sector. A lasting improvement in this situation requires a structural reinforcement of the European economy through cost restraint and a rise in productive investments and productivity. The European Council considers that in the present situation intensive consultation with the social partners is of vital importance.

In this context the European Council recalled its earlier conclusion with regard to the joint Council of Ministers of Economic Affairs, Finance, Social Affairs and Employment to consider general economic and social problems and in particular unemployment. It stressed its conviction that a thorough preparation of such a Council meeting is of the highest importance.

The pursuit of a coherent energy policy remains of great importance for the reinforcement of the European economy. Reduction of dependence on imported oil and the utilisation of alternative fuels are vital to employment and the balance of payments.

With regard to the future development of the Community, proposals on the restructuring of Community policies in accordance

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With the decisions taken on 30 May 1980 will be presented in time for consideration at the European Council's next meeting.

The European Council has discussed the problems of fisheries. It expressed concern at the failure to reach agreement because of its effects on European integration and on those who work in the fisheries sector. It therefore invited the Council (Ministers of Fisheries) to meet this week to resolve the problems. The European Council requested the Council (Ministers of Agriculture) to continue and to intensify its discussions on the proposals on agricultural prices and economies for 1981/1982 with the will to reach agreement by 1 April 1981.

The development of other Community policies remains an urgent task if the Community's viability is to be assured in the longer term and if the goals of economic convergence are to be reached.

With regard to industry coordinated efforts should be made to foster the development of high-technology and innovative enterprises in order to increase the competitive strength of the European economy. Restructuring of industries should be allowed to proceed in an orderly fashion with due regard to the maintenance of conditions of fair competition and to the social aspects.

Member States should refrain from engaging in a competitive escalation of state aid to industry which would, in the end, be self-defeating and destructive. In particular, the restructuring of the steel industry is a priority objective. The European Council supports all the elements of the conclusions of the Council (Industry) on the 3rd March. It stresses particularly the need to maintain the unity of the market, by scaling down and gradually eliminating the state aid and by reducing less competitive capacities.

The Community can further contribute to economic recovery by fully utilizing existing mechanisms for policy coordination and by ensuring that the existing Funds and financial mechanisms contribute as much as possible to agreed social and economic objectives and the reduction of unemployment. Particular attention should be given in this context to the possibilities of providing advanced technological training and education for youth.

The European Council believes that in so doing the European Community can successfully traverse the period of economic recession and contribute significantly to the return of more favourable conditions.

Spain

The European Council expressed its great satisfaction at the reaction of the King, Government and people of Spain in the face of the attacks recently made against the democratic system of their country.

This reaction strengthens the political ^{institutions} ~~structures~~ which will enable a democratic Spain to accede to the democratic community represented by the European Community.

North/South Relations

The European Council stressed and reconfirmed the advantage of the opening of concrete negotiations between the industrialised countries and the developing countries with regard to serious international economic problems. With an eye to this and to the international conferences foreseen, the European Council instructed the General Affairs Council to examine the Commission proposals on Community policy in the North/South dialogue and to report to it at its next meeting in June.

European Passport

The European Council expressed its satisfaction with the substantial progress recently made with regard to the introduction of a European passport.