DONELLY (PSE). Mr President, it would be wise for us all to remind ourselves and the Council when they hold their special meeting at the end of October and their meeting in December will remind themselves of what is set out in Article 2 of the Treaty on European Union. We should remind ourselves that Article 2 says that the function of the European Union is to promote throughout the Community a high level of employment and of social protection, raising the standard of living and quality of life, and economic and social cohesion and solidarity among Member States. The decisions that the Council takes at the end of October and in December must be based upon that principle, that Treaty which has just been ratified and confirmed.

The greatest challenge facing the European Community today must be to translate that statement of principle into reality. But currently Europe falls short of the ambitious goals set out in Article 2 of the Maastricht Treaty. We face the threat of a deepening Europe-wide recession and rising unemployment. The European Socialists in the European Parliament have long advocated a comprehensive strategy for Europe-wide economic recovery and in the absence of such an initiative it is now obvious that there is a real possibility that the Member States will adopt beggar-my-neighbour policies that will only increase the risk of recession for all.

But, Mr President, the economic downturn also threatens a social devaluation as well as a monetary devaluation, in which countries compete to offer lower labour costs, worsening working conditions and undermining living conditions. It is why Europe urgently needs a comprehensive Community-wide strategy for growth and employment. It must be based on four key elements. We need, first, genuine coordination of the interest rates and budgetary policies of Member States to promote investment, growth and employment. We need increased use of the European Investment Bank and a new investment fund to boost investment in infrastructure and employment generation. We need an agreement between the Member States on an active industrial strategy based on trying to promote investment in research and development, technology, skills training and transport networks.

Finally, we need action to reduce the power and role of the speculators in international currency markets.

I want to stress today that while my party in the United Kingdom supports progress towards economic and monetary union and believes that it could significantly improve the economic performance of the entire Community, we are however of the view that convergence of the real economic performance of Member States is a vital precondition of any move towards economic and monetary union.

We need to follow consistent principles and I hope the President of the Commission if he speaks again today will hear this in mind. We need consistent principles which combine social justice and economic efficiency. We need to start saying that these things are interdependent. We need to exploit to the full the benefits of closer economic cooperation. We need consistency on clearly defined goals and priorities and an analytical analysis of the strengths and weaknesses of the present economic performance of Member States and the Community as a whole.

Finally, the European Community must not seek to compete as a sweatshop economy against the wages in the newly industrialized countries. Even in South Korea, one of the more economically advanced nations in that region, the average wage for a male manufacturing worker is just over £2 per hour for a 47-hour working week. We cannot compete with that and the policies of the Council and the Commission must not try to have a Dutch auction in Europe of pricing people down into work.