

THE MONTAGUE BURTON LECTURE

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"THE EUROPEAN COMMUNITY
FROM THE FIRST ENLARGEMENT TO THE SECOND"

I chose the title of this lecture with some deliberation because I would like to present the problems of Europe to you this evening in the perspective of two enlargements. The first enlargement in 1973 to the north and west of the original Six included the United Kingdom. That has influenced the Community's development and the role of the United Kingdom in Europe. The second enlargement will be to the south and it will embrace three new democracies of the Mediterranean. The first enlargement has changed, the second will change the Community. The question is in which direction we want it to go. The Community is changing not only in the content of its policies, but also in its institutional arrangements. The two react one on the other. Conventional ideas about Europe are becoming a little worn; the institutions a little frayed; and the terms of discussion about both are shifting. These changes are, it seems to me, too often misunderstood in Britain, and one of my objectives this evening is to try to do something to put this right.

/First, the Community

First, the Community, as a political and administrative organisation, is at a different stage in its development from the Member States. The Member States themselves do indeed continue to change but for the most part the political shape they present today has been formed at the very latest by the second half of the nineteenth century. However important or politically contentious movements towards devolution may be, the habits and traditions which govern the conduct of public life today have been acquired over a hundred or more years. The Community by contrast has had only just over twenty years to forge a personality by working together on day-to-day problems, and by being confronted with difficulties which have to be overcome by common action.

The implications of the Community's relative youth are too often forgotten by its critics. Particularly in the three new members, there is a tendency to look on the Community as rigid, inflexible, and monolithic, held fast in the iron bands of its rules and regulations. There are perhaps in the United Kingdom three reasons for this. First, inevitably, on an issue which remained at the heart of British political argument for two decades, a view hostile to membership took delight in and made play of the Community's so-called rigidity. Second, with an Anglo-Saxon innate dislike of written constitutions - something which I am glad to say we are beginning to outgrow - we were suspicious of a Community settled in the law of the Treaties. Third, and curiously powerful, because the Community, and particularly the Commission, has on the whole sought to proceed from the particular on the basis of law rather than the general on the basis of politics, the accumulated

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impression can be one of layers of detailed directives and little else. These opinions, or this approach to opinion, are not so widespread in the original members, where they have a longer experience of the realities of Community life and, in some, different traditions of public law. But this is not the central point. Because it is a young organism the Community's rigidities, where they exist, are temporary, not permanently sclerotic. The Community still has a long way to go to suffer the hardening of old age. The opportunities for influencing the course of its development are there to be taken, and the issues involved are really much bigger than the critical arguments advanced.

If I began with this question of the perception of the Community, I should like then to deal with some of the criticisms which the Community has to face, especially in the United Kingdom and then compare those with the major issues of policy we have to face. I will return at the end to the consequences I draw from the way we should see ourselves in Europe.

The first enlargement to include Britain has already stimulated change. The way the Community has gone since January 1973 may be good or bad, but it is a course charted by nine members, not by six. There is no doubt in my mind that the history of the Community would have been very different if enlargement had not taken place. Merely by the play of the Community institutions, the points of view, and needs and the essential interests of the new members have contributed to the determining of Community action. It would indeed be a sorry confession for any government to admit that after five years of

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membership of the Community - a quarter of the Community's lifetime - they had been unable to make their voice heard in its councils. That is certainly not the case. But I sometimes wonder whether that is clearly enough seen here in Britain and whether the often shrill and ill-informed judgements which are made about the Community fail to reflect for public opinion generally the way in which it can play its part in the Council of Ministers. Of course I wish that the picture of the good news of Britain in Europe was portrayed as often as the bad, but this is not the only problem, nor the mainspring of misunderstanding. I believe that lies in a misconception about the nature of the Community, the issues before it, and the terms of the debate about its future.

I said that the Community, as an administrative and political organisation, was at a completely different stage in its development than were the Member States. I did not by that mean to imply that the Community was the same kind of political animal as the Member States. That is thought to be one of the "idées-fixes" of Europeans; but it is a myth, and much more a myth propagated by those hostile to the Community than those who work for its success. The myth is that the Community is in some way a rival or even a potential enemy, rather in the way that France and England glared at each other across the Channel for most of the eighteenth century, and much of the nineteenth century too. This is not, and cannot be, the case. The United Kingdom is one of the members of the Community, a part of the Community. To think of the Community as a rival is a logical contradiction. A family cannot be a rival to one of its members. But a member, if it erects a false barrier of alienation may easily damage its own interests.

/Some British politicians

Some British politicians who concern themselves with Community affairs often say, or imply, that an unwillingness on their part to accept or compromise with proposals that have the blessing of other Member States is no more than the normal mechanism of the way in which the Community should operate, and that in so doing they are behaving no differently from, for example, the French. Let me make two points. First, every national government is expected in the Council of Ministers to defend its national interest: this is not news; it is normal; it is not virtuous, it is necessary. Second, it is accepted by all, save perhaps the British, that this is a position of practice not principle. It is at this point that the analogy with France, particularly the France of General de Gaulle, is false and unhistorical. De Gaulle had a clear vision of Europe, of its existence, history, potency and purpose. His 'Europe des Patries' assumed and did not deny a Community of interest among the nation states who made up the Community. Many did not agree with his concept of Europe, but no one doubted that it existed. In the case of Britain, on the other hand, there is sometimes a doubt as to whether we have any concept of Europe at all. The problem with British Gaullism, if I may pick up a frequently used misleading but/ term, is that it may lead the British in Europe into precisely the trap that those who fought for our entry were determined to avoid: acceptance of membership - fortunately that argument is dead - but without a clear conception of the Community, or its purpose.

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Inevitably the Community means different things to different people; indeed, each one of us, when trying to form a picture of the Community, puts into it something of his own preconceptions, hopes and even fears. This is normal. Political entities have an existence of their own and an existence in the minds of their citizens. When they are no longer believed in empires fall. But sometimes pictures are distorted. I have the impression that the image many people in this country have made for themselves of the Community does not really correspond to what we in Brussels do or are trying to do. And by using the word Brussels I include the nine Member States as well as the Commission. The Commission is not fighting with nine recalcitrant governments to turn the Community into a superstate. We do not believe that decisions taken in Brussels are ipso facto better than those made in national capitals. We do not want to submerge national identities in a milk-and-water - or perhaps in view of mountains and lakes - I should say a milk and wine Community.

Let me, in this context, take up one of the common criticisms of the Community. First, despite views to the contrary, the Community's institutions can change and develop in line with developments in policy. The Community institutions do not, like youthful dinosaurs, lumber around in an unchanging and inflexible environment. Over the years the machinery through which decisions have been taken and policy formulated has been adapted as closely as possible to the needs of those who are involved in the taking of decisions. Of course, development has always taken place on the basis laid down by the Treaties, and particularly by the Treaty of Rome which founded the Economic Community, but one must not think that the Treaties hold the

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answer to every institutional problem which may arise. They are not, and by their very nature they cannot be, model constitutions. Their contents are disparate. Some provisions look like laws, and are directly applied as such. Others provide a framework within which policies can be worked out. Others again, like the institutional provisions, set up bodies which over the years develop their own style of work, but whose responsibilities and functions remain clear. The institutional balance is adjusted from time to time. It was adjusted in the creation of the European Council for example, the thrice-yearly meetings of the heads of Government and the President of the Commission. Direct elections to the Parliament will make a different adjustment at least in giving that body a greater moral authority and therefore a better base for democratic accountability.

The formal process of decision is reasonably well known. The Commission proposes; the Council disposes. But the Commission does not, despite occasional rumours to the contrary, make its proposals out of the blue. They are the fruit of long and sometimes difficult discussions with interested parties, including experts from the Member States. This lengthy process of consultation is indeed one of the reasons why the Commission is sometimes criticised for delay in presenting its proposals. Once the Commission has made its proposal, it is the Council which decides. This is that supreme decision-making organ in the Community. Without its approval, no important policy decision can be taken. And it is here at this stage of discussion that a curious schizophrenia can develop which affects critics of the Community. You will be told "Brussels will

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decide; the power is out of our hands"; the bureaucracy is at work and national sovereignty is being impaired. But what in fact happens is that the Council, composed of nine Ministers from governments which have been elected to office in the member States, are presenting and arguing through their national views of the proposals we have put forward. This is a democratic and accountable process, and more than in any national political forum of which I have had experience, it is an open process.

Second, there is the charge that the Community is excessively bureaucratic. In its simplest form, as an attack on the size of the Commission, it is easily answered. In 1977 there were just over ten and a half thousand Commission staff, compared to about two million central government civil servants in the United Kingdom and 330,000 in Ireland. Over the last three years the United Kingdom civil service has grown at an annual average of 7%, while the Commission - from a vastly lower base, and in an expanding field - has grown by 3.8%. Moreover, within the Commission, under half (5,262) are administrative civil servants, as they would be conceived in Britain. 30% of the staff are translators and interpreters, and the rest engaged on scientific research. In short, the numbers are tiny. I therefore find it hard to see the sense of this charge. Moreover, as I have said it is certainly more open than any national administration I have known.

But often the charge of bureaucracy is more subtle. The argument runs as follows: all right, we accept that the size of the Commission is not overblown, but it produces so many minor proposals, especially on harmonisation, that they could

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only have come out of a politically insensitive and over-bureaucratic machine. This brings one directly to the third point that this small number of Eurocrats are simply out to standardise, homogenise and interfere.

This subject, technically described as the approximation of laws rather than harmonisation, is, of its nature, instrumental. It serves to make the common market work and thus to realise the objectives of the Treaty set out in Article 2. The maintenance^{and importance} of the common market ^{aspect of} / the Community is essential. Historically it underpinned the economic success of the original six; the continued assurance of the strength of the common market is now necessary to the recovery of European industry. But just as the effects of a successful market if unrestrained and adjusted by regional and social policies can be divisive, so obviously can be an apparently un-thinking pursuit of the approximation of laws. I think there are three ways in which we can and are beginning to re-examine our approach in this field.

First, for most of us uniformity is undesirable; we cherish our differences. Our principle should therefore be to eliminate differences not to the fullest extent possible ^{only} but / to the extent necessary. For example, if there are several methods by which an objective can be achieved then the choice should be left open to individual Member States.

Second, we must make sure that our proposals in this area are seen to have been fully prepared and discussed. The Commission should not and will not undermine its important right of initiative in the institutional balance of the Community, but it should be ready to make clear to the outside

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world the advice on which it may have based its proposals. There is already a wide range of consultation but it is not always made apparent. We should be prepared to consider more regularly the production of green discussion papers (as we did on worker participation) and public hearings of policy areas (as we did recently in the nuclear field).

Third, and perhaps more difficult to grasp, we need to be prepared to re-examine the amount and scope of proposals in the approximation of laws. At the technical level this is very difficult - the work involved often represents intellectual / years of investment - but because the proposals involved are only instrumental to the objective of a common market, and our conception of what that is changes over time, we cannot ignore the problem.

As the conception of the Community and the role of the market within it changes over time we should be prepared to reassess the means by which we seek to achieve our goals. The point of departure for these is clear.

The Community is, in part, a recognition that the economic conditions of coexistence in the late twentieth century are such that the scope and effect of decisions cannot be limited to a narrow national area. We are interdependent, and that includes the world outside the Community as well as within. Indeed we work for an increasing degree of complementarity and common decision making on a worldwide scale. Of course, the greater the scale, the greater the difficulties involved and often the greater the time that decisions can take to be realised. But here in Western Europe we have been fortunate and intelligent enough to work out procedures and machinery for taking decisions in common on common problems.

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This, I believe, is a relatively simple definition of the basis and purpose of the Community which most nearly responds to the pressing needs of today and which corresponds to the reality and rhythm of day-to-day life of those who work on Community issues. It is a way of taking decisions at a level which will both allow those decisions to have real effect and also takes into account the genuine interests of all parties. Many decisions do not need to be taken at European level. Many, I might add, do not need to be taken at national level either. The arguments for reducing the level of decision-taking whenever possible are just as potent as those for raising it whenever necessary. But where a decision does need to be taken at European level, the machinery for doing so exists and should be used.

If one looks at the Community in this way, as the majority of Member States do, sterile arguments about ^{the theory of} federalism or confederalism lose much of their relevance and also the very limited degree of interest they offer to all but the constitutional lawyers. No one in Europe ^{much} engages any longer in such a sterile argument. For one thing our common interest in dealing effectively with the major issues before us is too great, and if we take the principle of dealing with common problems in common and then face the major challenges of the future we can out of that process forge a mutual understanding about the sort of Community we want.

I turn to some of these major issues. It is a fact, although it is sometimes forgotten, that the Community exists just as much for the outside world as it does for us who live within it. Indeed it has become something of a platitude that the Community looks stronger and sometimes more imposing to those
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outside it than to those within. This is partly because of the way the machinery works, and partly because of the high expectations held by the rest of the world about the policy of this relatively new grouping on the world stage, in an era when the standards of international conduct are higher and expected by some to be more disinterested than they have perhaps ever been. It is a fact that foreign countries often negotiate their most important agreements with the Community, not with Member States. Last autumn the Community conducted a series of negotiations with over thirty foreign countries about textiles, in which the Nine necessarily maintained a common position. The results were undoubtedly more satisfactory for the Community than if Member States had negotiated separately. We are at present engaged on similar crucial talks with steel-producing countries. Next week, the new commercial agreement between the Community and China will be signed. These are the most striking recent examples of the Community's activities in external relations, but the work of negotiation with foreign countries on matters of commercial policy is going on all the time.

The ability of the Nine to act together in negotiations with foreign countries leads those countries to expect from the Community a similarly coherent stand on the major questions of international economics and politics which confront the world at the present time. I am thinking in particular of attitudes towards the gulf between developed and developing countries, the so-called new international economic order, the financing of world trade, aid to the developing world and human rights. World politics are becoming the affair, certainly not of nation states, nor even of power blocs, but of interest groupings on a continental or even transcontinental

scale. The European Community is one of these groupings, and one of the most powerful. We account, for example, for 40% of the world's trade. A common attitude is expected from us. To a large extent we satisfy these expectations. The role the Communities played in the North-South dialogue in Paris last summer, for example, was an important and constructive one, and it is being continued in the follow up to the Paris Conference.

The net effect of all this activity is to give foreign countries a much clearer impression of the Community's personality than exists within the Community itself. But this imbalance between the Community's external appearance and power and internal cohesion presents a danger in the long run. If we arouse expectations in foreign countries which we are not able to satisfy, the loss of credibility will be damaging not only for the Community but for each of the Member States. We must therefore try to construct policies internally which will give weight to our external position; not of course just for the sake of having a policy, but in response to a real need both in the Community and in the world around us. In this small corner of the Western world over 260 million people are, despite their cultural diversity and separate historic traditions, in the same political and economic boat. And it is leaking. It is the second major issue we face.

The Commission has posed this economic challenge to Europe in terms of the need to make faster progress towards the qualitative leap which will take the Community/^{to} an economic and monetary union. *The arguments for economic and monetary practical* union rest firmly on the/needs of the Community.

Unemployment in the Community stands at 6½ million. Between now and 1985 another 9 million young people will join the labour market for jobs. Inflation remains a present danger and a threat for the future. In these circumstances the failure to achieve a further surge of economic growth could quite quickly undermine our confidence and social balance. The European economy therefore needs a stimulus on an historic scale far greater than the partial measures which national governments are proposing or can put into effect. It needs a stimulus on the scale of the onset of the railway age in the nineteenth century, or the spread to the mass of the population of what were previously middle-class living standards in the 1960s.

It has, in my view fortunately, become less fashionable to believe that such deep-rooted problems can be satisfactorily resolved by simply pushing the strongest economies into a faster reflation than they judge appropriate. Of course there must be some short-term stimulus but in its more extreme form the so-called "locomotive" theory - with the most powerful engine pulling the rest out of and clear of the station - lacks persuasiveness. If we are to have such metaphors I would prefer that of a number of trains pulling out together. Of course some will be bigger and more powerful than others, but if they can begin to move at the same time on parallel tracks the process of mutual support could keep them all going. I may add that, in these circumstances, they need a good coordinated signalling system. There are various ways in which the preparations for this departure can be made - some of them have been set out in the Commission's recent proposals to the Council - but I believe that the time is ripe now for a much

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closer examination of common guidelines for monetary policy in the Member States. The more we think in these terms the more effective will be our capacity to make the necessary transition to a full monetary union.

But in addition to this internal role, economic and monetary union would have an important effect on the outside world. One of the most serious obstacles today to the continued free flow and growth of trade is the lack of a stable international medium^{of exchange.} For two decades the dollar performed this function, and performed it well. We were all more prosperous and secure than we had ever been before. It still plays a vital role. But a common European currency, with the economic weight of the Members of the Community behind it, and the wide circulation made possible by the fact that the Community is the world's biggest trading bloc, would be not only a factor of stability in world trade, but a stimulus to growth, from which we should all profit. A European currency would not replace the dollar as an international currency, but it would be a sound alternative to it; by relieving some of the pressure on the dollar would itself help to strengthen that currency.

There is another reason for a firm commitment now to work towards economic and monetary union. I said earlier that the Community was a political organism in a stage of continuing development. The Community cannot stand still; it must either go forward or go back. The common policies which have been achieved over more than twenty years are not in danger of disintegrating but of being overtaken by events. If we failed to adapt to that process we should lose the mutual strength we have gained. The prospect of such a quiet retreat

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may be a heartening one for some of the more ~~prejudiced~~ prejudiced opponents of the Community. But I do not find it a cheering prospect, nor can anyone who truly has the interests of the Community, or of his own country, at heart. And we may also ask ourselves whether a Community in regression presents an encouraging picture to other countries; whether, indeed, it is ^{the sort of} Community which other countries are looking forward to ^{joining.}

The answer to that, as we approach the second enlargement of the Community, is clearly no. Greece, Portugal and Spain are ^{eager} most / to become members. They want to join a vigorous Community, not a declining one. After the initial favourable response from the Nine it was recognised that there would be long and ^{complicated} / negotiations about the accession arrangements. These are now taking place. The negotiations with Greece are in their substantial phase, and their main weight should have passed by the end of the year. The procedure for the admission of Portugal and Spain is under way.

There are, of course, difficult problems to be solved in the course of all three negotiations. But these problems, and the solutions that must be found, should in our mutual interest be made a source of strength for the Community, not a source of weakness. A weakening of the Community through enlargement cannot be acceptable to the present members. What is more, it would not be acceptable to the applicants. That is not the Community they wish to join. We in Britain, at least, with a long history of parliamentary democracy and a determined if only erratically successful pursuit of economic success, should fully accept that premise.

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The move towards enlargement is linked to our approach to economic and monetary union. What would clearly be unacceptable in any such desirable move is that only the strong should benefit and the weak should go further to the wall. This need not and must not be the result. There is as much mutual need between the strong and the weak in Europe as there was between the states of the American Union in the nineteenth century. The strong need the underpinning of ^{the unity of the} Community market. The weak need the commitment to monetary discipline and the benefit in resource transfers that a powerful market, socially oriented, can provide.

These major issues which I have put forward this evening - the balance between our external strength and internal weakness, and the pressing need for a new stimulus to our economies, especially as we move towards a new enlargement of the Community - are those which both in their political challenge and diversity of detail should dominate European discussion in Member States. They are linked the one to the other and it is our perspective of such major issues that should mould our conception of the Community as an organisation for deliberately acting in common in our mutual interest; we ought to eschew both an obsessive concentration on the ^{largely} outdated ^{debate/} federalism and the often ^{between} ^{illusory} national sovereignty of ^{national} institutions, and a myopic obsession with alleged bureaucracy and standardisation.

These issues can outline for us the shape of the Community of tomorrow. Their successful handling depends primarily on a common agreement to acts of political will not bureaucratic

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work - although the latter must necessarily follow. We must have a determination, first to sustain and enhance our external strength in the world; second to face and meet the challenge of continued economic weakness; third to accept the fact of a second enlargement and turn it to the strength of Europe, not to its weakening. Each Member State stands to gain in this process; none should make assumptions or beg questions about the institutional direction in which these changes will take us. We should be ready to adapt in a practical way, and a Community of twelve will require change. The Community is for dealing with problems which can best be dealt with by us all together. The framework for decision exists and where it does not it can be rapidly created.

There is nothing sophisticated or utopian about such an approach to the future of the Community. It simply calls for a European rather than a national reflex when major issues require a common European solution. It puts into perspective many of the petty currents of criticism that all too easily still circulate in Britain. Agreement on such essentials will not automatically solve all the problems we face, but it will ensure that they are tackled in mutual understanding and support.

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