

Roy Jenkins

ADDRESS BY THE PRESIDENT OF THE COMMISSION/TO THE MEETING OF  
THE BUNDESKOMITEE EUROPA-WAHL, FRANKFURT/MAIN, TUESDAY  
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I am delighted to have been able to accept your kind invitation to speak here today. It is fitting that in Frankfurt, the cradle of the first German Republic, with its longstanding democratic traditions my theme should be the new democratic impetus for the European Community of direct elections to the European Parliament. We are now launched on the final run-up to an historic occasion. Elections are undoubtedly in fashion. In my own country there will be two before we get to 7 June. And in your country, Lander and local elections are following each other in quick succession. But in six weeks' time over 180 million European citizens from Greenland to Sicily will have the chance to cast their votes in the first European elections. They will be electing their own representatives to the European Parliament, thereby adding a new and important democratic dimension to the Community.

The Treaties establishing the European Communities laid a solid foundation for a true democratic control of Community activities by proposing that the European Parliament should be directly elected. It has taken a long time, over twenty years, to honour the commitment. But in my judgment, if Article 138 of the Treaty of Rome which established the principle of direct elections had not existed, it would have been necessary to invent it. The Community is rooted in the principles of representative democracy and, while its means may be largely economic, its origins and objectives have always been political.

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It follows that an essential element of the idea of the Community is that those who make the decisions should be subject to effective direct control by the representatives of those in whose name the decisions are made. It is that essential element which direct elections in June will put in place. I firmly believe that Community decisions and Community decision-makers can be effectively scrutinized and controlled only by a Community Parliament, elected by Community constituents to carry out Community tasks.

I believe also that a Community Parliament could scarcely hope to carry out its proper functions if it did not have the popular authority, the legitimacy which only direct elections can give. It would, in my view, be quite wrong to portray the European Parliament with its existing powers as some kind of mangy old tiger still at liberty to roam hungrily in the night but without any teeth, any muscle, any sinews, any real power. The Parliament is not yet, of course, a full legislature nor does it make or break governments. The citizens of Europe will not therefore be voting on alternative legislative programmes of action nor will they be electing a government. On the other hand, they will be voting for a direct voice on the whole legislative process; they will be voting for a powerful, and in some circumstances, decisive voice in the size and distribution of the Community budget; they will be voting for democratic powers of control over how the Commission, but not the Commission alone, spends Community money. Those are not mean tasks: they are in my view central to the continuing development of the Community.

But possibly the most important factor about direct elections is that they will give the citizens of Europe the opportunity to pronounce on the major issues facing the Community - issues which touch upon all Member States and all citizens within those states. I propose today to concentrate on a few of these issues.

Let me start with agricultural policy which, for good or for bad, usually finds itself in the front line of discussion. The agricultural policy is and remains a cornerstone of the European Communities and Community decisions in this field have a direct impact on consumers prices and on farmers incomes. Nobody is denying that we are facing serious problems here, and there are two main ones:

First, considerable distortions and disparities have been introduced into European agriculture by the fluctuation of national currencies and the creation of the monetary compensatory amounts; second, the production for certain products has grown to a point where the surpluses are no longer accidental and occasional, but predictable and almost permanent - so that their disposal is costing far too much to the EEC budget.

The first difficulty will be greatly alleviated by the new European Monetary System, which will help us to phase out the monetary distortions over a reasonable period. The second difficulty - surpluses - is more intractable, and casts a long shadow. I myself think it is wrong here to attack the system as such. What is wrong is not the mechanisms but the excessively high price levels that give rise to the excessive use of intervention

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and stockpiling of food. It is like a car, driven for too long in a low gear, which has a very high consumption of petrol. What is at fault is not the car, but the way it is being driven. Not only do the high prices lead to surplus production but they also benefit the large farms more than the small ones and thus increase the income disparities within agriculture.

What then are we doing to tackle these problems? In the first place, the European Commission has put a strong and increasing accent on the need for a more sensible price policy. In November last year we proposed a price freeze for the coming season. We have said there must be a rigorous price policy for as long as the surpluses last. That we believe to be a realistic policy, which the member countries of the EEC will accept; with some reluctance perhaps. But in the end I believe they will accept it, because the logic of the situation is so firmly on its side.

Second, we have proposed to put part of the financial burden on the shoulders of those who produce excessive amounts of surplus production, explicitly recognizing, however, the social and income problems facing the small farmer.

And, third, we are pressing more strongly than ever for selective schemes of farm improvement and regional development, that will tackle the problem of rural poverty at its roots, in those areas where the aid is most needed. That is a change of emphasis which will be all the more necessary with the future inclusion of Greece, Portugal and Spain within the EEC.

I cannot leave this subject without a reference to the budget. The CAP still represents a very large share - some three-quarters - of the EEC budget. National farm expenditure has been transformed into European expenditure to a much greater extent than with policies for industry, employment, social and regional or other affairs. I could not, therefore, agree that the right way of finding a better budgetary balance is to curtail or dismantle the agricultural policy. That would be a retrograde solution which would damage the whole process of European unification. But I do believe that it is not wise for the Community to concentrate so much of its energy and financial resources on the one particular sector of farming - a sector whose share of Europe's work force has fallen from 17% in 1960 to 8% today, and which contributes only 4% to Europe's gross domestic product although that 4% is very important both strategically and socially. I do not think therefore that we should withdraw from our responsibilities in agricultural policy, but rather that our efforts in other sectors should increase, thus bringing about a better balance within the Community and a greater economic convergence between our member countries.

I turn next to an issue which concerns the welfare of all our citizens - unemployment. In the years ahead it is my firm conviction that the relevance of the Community system to the needs of our people will be judged by the speed and resolve with which we move to act in the area of unemployment. During the last five years between 5 and 6% of our total work-force in the Community has been out of work. Present trends suggest no immediate prospects

of a dramatic or sudden drop in these figures. Indeed, with young people coming fresh onto the labour market every year until 1985, major and sustained efforts will be required to secure a reduction in the present unacceptable levels. And the overall figures for the Community conceal even more pressing problems with certain sectors and particular regions suffering very much higher unemployment levels than the average. Then again, the crisis has affected some categories of workers more than others - particularly women and school leavers. Unemployment among women in the Community has risen by more than 50% since 1975 compared with 16% for men. Unemployment among those of less than 25 years old is more than double the average for all age groups,

The fundamental characteristics of these problems is that they are shared by all Member States. Unemployment has no nationality, no religion; it does not respect boundaries. The climate in which it breeds and grows is as much an international one as it is local, regional or national. That is why for 18 months we have been working to put in place a Community-based monetary system, the EMS, which finally got under way following the Paris European Council last month. The potential for good in such a system, if properly developed and nurtured, is in my view overwhelming. What we are seeking to achieve through this move towards a new zone of monetary stability is a better chance to achieve a more efficient and developed rationalisation of industry than is now possible; a better chance to achieve a new era of price stability in Europe and to make a decisive break with chronic inflationary disorders; a better chance to begin

to tackle the major structural problems which have combined with past monetary fluctuation to bring present unemployment levels; a better chance to stimulate investment and to create the essential conditions for a new, powerful and sustained ground-swell of demand enhancing our capacity for creating new wealth, new jobs and new industry. In brief, the European Monetary System has the potential to change the prevailing economic climate. What is absolutely certain is that no country acting on its own has that potential, has any set of instruments at its disposal to influence the broader context in which the problem of unemployment is now so deeply embedded.

Second, there are major sectoral problems. Let me take the steel industry as an example. In the wake of the recession, Community steel production plummeted, prices collapsed and in the three years from the end of 1975 there were almost 100,000 redundancies in the industry with a further 100,000 workers put onto part-time working. It is clear that the restructuring of such a key industry requires planning on the widest possible scale in view of the enormous industrial and labour problems involved. For the last three years, the Commission has been working to implement a comprehensive set of measures to tackle the steel crisis. This has and does involve an attack aimed at the restructuring of the steel industry, regional development to promote new jobs and readaptation and retraining of the work force.

Third, we need now to seek new ways of tackling unemployment in a more coordinated and concentrated manner, making the maximum use of all the instruments at our disposal.

I believe that what is now required in concert with Member States is an element of positive discrimination in favour of those areas and regions that are the hardest hit. Following the European Council meeting in Paris last month, the Commission will shortly be putting forward proposals for a series of integrated operations. Their purpose will be to secure an increased flow of funds to areas of particular need, better coordination of the use of Community instruments with funds from national sources and the elimination of financial and administrative bottlenecks which hinder the implementation of much needed new investment. The economic impact of a coordinated Community approach on the regions concerned will to my mind inevitably be greater than the sum of a series of separate unrelated interventions, be they inspired at national or Community level.

I would like finally to touch upon the energy field. No Member State, including temporarily oil-rich Britain, can brush aside our dependence on outside sources over which we have little or no control. Recent events in Iran and the OPEC decision to increase oil prices by a further 9% from the beginning of this month serve as a reminder of 1973, and confirms the fragility of the technology on which our life is based. It underlines the urgent need to recognise our limited energy resources, the need to exploit new and additional means of supply and the need to reduce our own consumption of energy. Last December's oil price rises alone will cost the Community additional import costs of 5 billion dollars; tentative estimates suggest that this might mean a worsening of the



balance of payment position of the Nine by 2.5 billion dollars; an increase in inflation of 0.45%; and a cut in economic growth of 0.4%. Every extra dollar on the price of a barrel of oil costs the Community import bill some 3.6 billion dollars and presages a worsening of the balance of payments position by 3 billion dollars. All this makes it urgent and necessary for the Community to achieve a greater degree of concertation in its energy policies and, in particular, to take some practical action so that the sensible conclusions of the European Council in Paris last month are not just words without result, as has so often been the case in the past. Much work is already being done by Member States. But the scale and nature of the issues suggest that more common action is required. In Brussels before Easter, the Energy Council of Ministers took the first steps. They decided upon the essential guidelines for implementing the conclusions of the European Council; reaffirmed the need for a dialogue with the oil producing countries; agreed upon further studies to encourage the use of coal for electricity production; and agreed upon the Commission's proposals for a programme of demonstration projects in energy conservation and alternative energy sources. That is a start. We have little time left. If we do not take positive action soon going beyond the expression of fine sentiments, there can be no doubt that the 1980s will bring with them a permanent and debilitating energy crisis. Europe cannot and will not stand alone here. Energy was one of the prominent items on the agenda of the Western Economic Summit meeting in Bonn last year and energy related questions will no doubt be discussed again in depth during the next meeting of that kind, taking place in

in June in Tokyo.

I have tried to concentrate in this speech on some of the major questions that face the Community today and which will face the elected representatives of the European Parliament over the next five years. It is not an exhaustive list, and I have inevitably concentrated on the problems rather than the successes of the Community, among which the conduct of its external relations is most notable. In the Multilateral Trade Negotiations the Community, negotiating as a whole as a single trading bloc, has been able to play a role on equal footing with the United States and thus safeguard our trading interests in a way which would not have been possible for any individual Member State of the Community, even the larger ones. This is vital for the maintenance of the liberal trading system we have known during the past generation, a liberal trading system to which you in Germany rightly attach great importance; and to prevent a relapse into protectionism from which the Community, as the  
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largest trading unit in the world, stands to suffer most.

Nor have I yet referred in detail to our relations with the developing world through the Lome Convention. We are now nearing the conclusion of negotiations for its successor, to which nearly sixty countries will adhere. I believe it is significant that all the existing signatories of the Lome Convention wish to maintain and expand their relationship with the Community - and indeed that we may expect one or two additional countries to accede to the new Convention. The Community can be proud of this unique, contractual relationship. The continuing development of that relationship is in our interest every bit as much as it is in the interests of the developing countries. Indeed, if the industrialised world is to rediscover growth on a scale comparable to postwar reconstruction or the spread in the 60s of what had previously been regarded as purely middle-class standards of living it requires a new impetus of historic proportions. Part of this, I believe, will come from the conversion of the EMS into full monetary union, but we must in my view also look to the developing world. I do not see where else a stimulus is to be found than by raising the living standards and purchasing power of the developing countries in a new and sustained partnership with the old industrialised countries.

While, as I have said, the questions that I have been considering today are not exhaustive, neither are they cosy and reassuring. For in my view if the Community was to sit back into the comfortable armchair role of tackling the lesser issues while ignoring for want of any will to push forward the fundamental concerns of Europe, it would

would first wither and then die. We must not lose our appetite for aiming at the most difficult peaks. The way may be hard and progress seem painfully slow at times but we are moving forward and we must continue to do so.

Whatever the challenges before us - be they direct elections or enlargement - the Community's strength, its underlying vitality lies in the basic structure of its institutions - the essential symmetry of Council, Commission, Parliament and Court of Justice. We need to guard and to preserve that essential symmetry and the unity that it has brought to the Community in all that we do. That is not to say that adjustment is not necessary, but to state firmly that adjustment should take place within the basic institutional framework of the Community.

Let me give just two examples. First, in the context of direct elections, I have at the start of my speech stated my own conception of the significance of a Community Parliament. But this new Parliament will involve important and necessary adjustments in attitudes. There is, I think, no doubt that direct elections will act as a spur to Parliamentarians to exercise their political authority in the way that Parliamentarians know best - by making the life of the executive uncomfortable in public. That is not a development to be resisted; it should be encouraged. But it will require both the Commission and the Council of Ministers to give a greater measure of attention to the European Parliament, to take more notice of its view, to undertake a greater effort of explanation. In that way I believe it is possible to see the basic  
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relationships between Parliament and Commission, Parliament and Council, Parliament and people grow and deepen. We need to harness the new legitimacy of Parliament and the new moral authority which that will bring to improve the quality of Community decision-making.

My second example concerns the way in which we take account of the increasing role of the European Council. In my view this has on balance been a healthy development for the Community. Since 1974, the European Council has helped fill the need for a wider, more global approach to Community problems allowing our process of decision-making to move forward after a period when the Council of Ministers was becoming increasingly frozen. It has shown an ability to take decisions on issues that have either been deadlocked in the Council or that the Council has not been ready to tackle. I do not think we would have got the EMS without it. It has also provided an effective forum for coordinating the Community's position at Economic Summits. What we now have to do is to find ways on the one hand of ensuring that the European Council's decisions and discussions can be effectively followed through within our existing institutional framework and, on the other, of strengthening its accountability in an institutional sense. We need, for example, to consider carefully how the new European Parliament should stand in relation to the European Council. At present, there are no direct contacts between the two bodies. There is a case for Heads of Government at least to recognise in some positive way the existence of a directly elected Parliament when they occupy the Presidency of the Council.

These are just two examples - there are many - of the way in which I believe we should see the challenging process of developing one institutional framework to meet the future. In all that we do, the aim must be to ensure that we strengthen the underlying structure of the Community, a structure which, starting with the European Coal and Steel Community, has enabled us to accept the discipline of common rules and institutions and to grow together. That is the essence of the Community system.

I do not pretend to be able to forecast exactly how this Community of ours will develop, what form it will ultimately take. I do not believe that what we shall achieve over the next generation will be directly comparable to any previous or existing model, whether federal or confederal. But I do know that a directly elected European Parliament is an indispensable element in the resumption of progress towards closer European Union. And our aim has always been and remains political. I believe that with this in mind, I can proclaim that 1979 sees Europe on the move again, in the right direction, and ready to face the new challenges of the 1980s and the decades beyond.