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**THE EUROPEAN COMMUNITY : BURIAL OR RESURRECTION!**

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## THE EUROPEAN COMMUNITY : BURIAL OR RESURRECTION !

The European Community was conceived as a challenge to national sovereignty long before the idea was given legal expression, and the institutions to back it up. The objective has always been to achieve something really novel - the peaceful integration of political purpose amongst nation states.

In the immediate post-war period, the European idea certainly had a strong groundswell of popular support. The second worldwar left Europe fragmented, impoverished and politically unstable. The aim was to transform Europe into "a place safe for democracy". Of course, the inspiration behind the setting-up of the North Atlantic Alliance was much the same.

Despite this popular support, direct attempts to achieve political unity failed. One of the most spectacular failures was the first attempt to give Western Europe and then the Community of the Six a Federal political structure - this was the European Defense Community and its logical upshot, the European Political Community. To tell the truth, this enterprise was handicapped from the outset because it tried to tackle the problems of national sovereignty and German rearmament simultaneously.

Out of this shock, the European Economic Community was born. As member states' economies became ever more closely integrated, it was hoped that the logic of events would push member states into delegating more and more of their decisions to a decision-making center which could respond to the economic realities. Gradually, it was hoped, the division between economic policy and other aspects of policy would be seen to become ever more artificial and unworkable, and policy integration would reach out from its economic origins into the whole spectrum of political life.

It is important to understand this point. The European Community never was just an industrial customs union, with an agricultural policy attached to strike the balance of interest. Nor was Economic and Monetary Union ever the ultimate ambition. These were never more, never less than a pragmatic approach to wider political objectives.

Even though the fears and tensions of the immediate post-war period gradually receded, the European Community found a new source of popular appeal in the tremendous burst of economic expansion which followed the setting-up of the European Economic Community. Dramatic progress was achieved in dismantling customs barriers, obstacles to the free movement of goods and persons, and obstacles to freedom of establishment. The removal of these barriers was felt to be one of the fundamental causes of the new prosperity.

The fruits of those years are the Community's most substantial achievements to date. No one with any knowledge of Western European history could doubt the difficulties involved in reducing state protection of industry, or in agreeing a common policy for agricultural support and reorganisation. The results have been impressive. We have succeeded in removing all customs duties between member states. We have also made a series of free trade agreements with other, non member, European states. And as a result of this unified trading area, the Community has been able to develop common external trade policies, among the most liberal to be found in the Western World.

In this respect, the Community's most substantial achievement so far must be the recent trade agreement with 46 developing countries. We and they think this agreement to be a major step forward towards a new, and mutually satisfactory basis for long term trading relations between developed and developing countries.

I could also mention other areas of Community policy where progress has been made to a greater or lesser extent: notably competition policy.

But these achievements have not yet led to the more ambitious steps towards real policy integration that were hoped for. In 1969, the next step was thought to be economic and monetary union. The facts of the matter are that all progress has been halted for two years or more, and there has even been a substantial retreat, in some respects, from what had been earlier achieved.

The Community exchange system is a pale shadow of what it was designed to be. The European Monetary Cooperation Fund remains embryonic. The Community Regional Fund while now established, is equally puny. The pooling of reserves linked to short term monetary support is still an objective, as is the co-ordination of economic policy within European guidelines.

All the same, one can certainly point to a greater degree of overall political co-operation in recent years. A much closer consultation machinery exists at intergovernmental level, to hammer out common positions vis-à-vis the rest of the world.

The European Community's impact can never be equivalent to that of the USSR or the USA : indeed, the European Community is without any desire to acquire or exercise such a super-power role. Nevertheless the European Community plays a role in those aspects of external policy which affect it most intimately. As examples, we have the problem of raw materials supply, especially energy supplies, and the need to ensure continuing peace and prosperity in the Mediterranean basin. And super imposed, of course, on all such problems, is the continuing dialogue with our American partners.

Two fundamental challenges lie at the heart of this mediocre progress report for recent years.

The first challenge is that of the new pragmatists. The member states are confronted by very serious problems at home and abroad. Their economies are all bedevilled by inflation, recession, unemployment. The continuity of their energy supplies has, to different degrees, become uncertain. Reform in international trade

and finance is clearly necessary, but with what objectives and by what means ? How can or should the European Community accept a greater degree of responsibility for its own defense in a changing world ?

The European Community has not succeeded in defining a coherent response to any of these questions. Member states differ in their objectives and their priorities. Harrassed by very immediate pressures and dangers, they seek to build on the timely mobilisation of their national capabilities and strengths. France builds on her diplomatic skills, Germany on her economic strength, the Netherlands and the U.K. on their energy resources.

Ultimately, of course, they recognise the limits of their national capabilities. But in which international forums should they do business ? What are their relative problem-solving abilities ? How closely is the result likely to conform to their national interests ? The choice after all is wide. As well as the North Atlantic Alliance and the European Community, many member states could also turn to groupings based on ex-colonial ties, such as the British Commonwealth

That is the essence of the European Community's political challenge. Is it the right forum for the new pragmatists to do business. Certainly while the basic conflicts of strategy and tactics remain unsolved it tends to present an image of confusion, of a laborious, time-consuming machine which trails after events. Hence the temptation to turn elsewhere.

Take for example the International Energy Agency. There eight member states of the Community (France excluded) can find comfort in the vigour and dynamism of US-policy - a clear expression of purpose and means which calms the uncertainties arising from their own hesitations and indecision. But that is only an acceptable alternative for so long as US-policy closely conforms to their own objectives and circumstances. If it begins to diverge, the need for a unified Community presence within the Agency reasserts itself.

In a sense, this degree of choice, and therefore of uncertainty, has come about because of the second challenge the European Community faces : the loss of popular support. If the post-war fears of chaos, anarchy and worse have faded with post-war prosperity, so, under the multiple shocks of the past few years, has the European Community begun to lose its image as the foundation of European prosperity.

Politics, of course, is largely about symbols. The European Community has become too associated with its economic aspects - with material welfare. As the image of material welfare becomes more tarnished, so, equally does that of the European Community. Then again, as material progress slows, the link between the Community and prosperity is weakened. Either way the Community's "common market" image is more of a handicap than a help today.

The answer must lie in the problem. Effective international organisations are required to deal with today's problems, be it at the regional, European level or at a wider level : but these organisations must be made subject to democratic control. For Western Europe, the European Community's institutions offer the most promising avenue for combining the logic of events with effective democratic control. But for that to be done, we need rapid institutional progress within the Community. The Community must go further than co-operation between ruling political elites : it must be a decision-making center subject to the direct democratic control of the elected representatives of the people. In 1977, we shall be taking a big step in that direction.

First priority then : to restore the citizens involvement in the Community. But the second though equal priority, is to be clear about where we are going.

Of course, we thought we knew. The Economic and Monetary Union was our blueprint. Now that we have been forced to abandon it, it is not surprising that we needed some time to digest our disillusionment and to design new policies to reply to new realities.

And indeed the focus of our efforts has dramatically shifted - towards developing common external trading policies, development co-operation with the Third World, raw materials and energy supplies, together with the internal implications of all this. Within the Community, we move towards a new emphasis on social and regional problems, a shift away from the businessman's Europe to that of the ordinary man.

We intend to mobilise all the Community instruments available to us, or which can be developed, in the service of these new priorities. If circumstances require it, we shall not cling timidly to the Treaties, but go boldly beyond them.

If 1974 was a year of demolition, it also marked the beginning of the reconstruction. We are on our way again : chastened but corrected. The European Community is showing itself to be capable of adapting to a changing world : this year we are recovering our momentum.