

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION REPORT ON THE MANDATE
OF 30 MAY 1980

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COMMISSION
OF THE
EUROPEAN COMMUNITIES

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The President

24 June 1981

My dear Prime Minister,

The paper I enclose is the report being sent to the European Council today in line with the mandate given the Commission on 30 May 1980. This mandate called for a review of the operation and funding of Community policies. The agricultural policy, and more specifically the United Kingdom's contribution to the Community budget, was singled out for special mention.

The Commission has come up with a number of reforms which, in its view, should help to deal with the problems it was asked to consider. As you will see, the reforms are far-reaching. This is inevitable. Reforms cannot be effective and lasting unless they get to the root of our present difficulties, which the mandate itself recognized as being structural. Our recommendations relate to the structures which can be changed using instruments provided by the Treaty. An intrinsic feature of the Community is that it is capable of changing from within.

In the course of our review we were brought face to face, again and again, with the Community's fundamental equilibria, which are based on the principle of solidarity and combine to attain the general objectives enshrined in the Treaty of Rome, namely, to provide the men and women of Europe with better living and working conditions against a background of economic and social progress. We kept these objectives constantly before us. We also considered the danger of

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the same situation arising elsewhere in the Community, affecting an increasing proportion of our working population, and the younger generation in particular, if we fail to take a broader, more idealistic view of our common task.

We need to consider not only the Community's immediate problems but also the problems beginning to take shape within our frontiers and in the world around us. We cannot bring matters under permanent control unless we allow for the changes transforming our society and the vast movements reshaping our planet. We know from experience that no limits can be set to interdependence: it is this law of human dynamics that carries the Community forward. But there comes a time when attitudes must be changed and adapted to the new dimension.

We must mobilize all the forces of the Community to take a stand against the dangers that are mounting every day, dangers that are already threatening the fabric of solidarity. The reforms we are proposing will be carried through in the years when we should be preparing European society for the 21st century. Clearly, we cannot hope to forecast all the problems we will have to tackle. But the Community was, after all, created to manage the change its founders saw coming and initiate the change they felt desirable.

Indeed, each time the Community has acted in unison it has proved capable of facing up to unprecedented situations which none of our countries could have coped with singlehanded. We can take up one of the challenges that Europe will have to face before the end of the century here and now. I am thinking, of course, of the challenge presented by the visible explosion in the world's population and the relative decline in ours. Nothing will ever be the same again in a world where a disturbed demographic balance, a new industrial revolution, the restructuring of traditional industries and the geographical imbalance between rich and poor regions in terms of raw materials, will act as sources of tension. We must do something to transform this phenomenon from a threat of confrontation into a shared opportunity for our children and the children of the world.

I know that you are fully aware of these issues. Indeed I only mention them because Europe's stake in all this is the main justification for the existence and the efforts of the Commission of which I am President. This is why I feel bound to suggest that the Community needs a special procedure, geared to the scale and the urgency of the problems facing us, to implement the arrangements and mechanisms discussed in the Commission's report. I am convinced that our recommendations call for a specific approach. Cohesion is vital if the measures proposed are to be introduced and applied in a balanced fashion. And I doubt if cohesion would survive the complexity of normal procedures, involving time-consuming consultations and discussions within one or more specialist Councils whose agendas are already full.

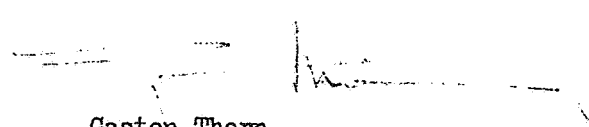
A better solution, to my mind, would be for the European Council to refer the report now in your hands through the General Affairs Council to a select group of trusted individuals chaired by a member of the Council. The group would report back by, say, the end of 1981. Because its findings emanated from a single high-level team, in which the Commission played the role assigned to it by the Treaty, they could be examined in detail at an extraordinary extended meeting of the General Affairs Council with an eye to the first European Council in 1982. Your Council could then draw the necessary conclusions as quickly as possible.

In any event, the Commission will be making appropriate proposals in the course of 1981 to adjust the United Kingdom's contribution to the Community's budget in 1982.

My purpose in suggesting this procedure - which is not unlike that followed to launch a number of important stages in the development of the Community - is to give new impetus to the common policies which give concrete expression to the solidarity between our countries and are the guarantee of their independence. If we advance resolutely in this direction - and the decision to advance is ours - we will have gone a long way towards regaining control of the destiny we took in hand 25 years ago when we set up the Community. The

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good work has continued day by day in the interval with the instruments we were given then. The instruments are still there. All we need to do is harness them to new options which will enable our ten countries to converge their efforts to develop their shared heritage.



Gaston Thorn

1. At the end of the war the lessons of history led the countries of Europe to choose interdependence as the basis for reconstruction. Thus the construction of Europe has come about in a way which means that a shared inheritance already exists.

Today the Community's institutions owe it to the people of Europe, and to history, to defend and develop this inheritance. The Commission has been given responsibility for directing this development: it has a constant duty to preserve what has been achieved and act in such a way that the people of Europe come to regard the Community as the surest way of shaping and influencing the future.

It is in this spirit that the Commission submits its replies to the mandate given by the Council on 30 May 1980¹.

2. In a period of world crisis this organized Europe must use its strength to loosen the external constraints that bind it. Its size

¹For 1982, the Community is pledged to resolve the problem by means of structural changes (Commission mandate, to be fulfilled by the end of June 1981: the examination will concern the development of Community policies, without calling into question the common financial responsibility for these policies which are financed from the Community's own resources, or the basic principles of the common agricultural policy. Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them). If this is not achieved, the Commission will make proposals along the lines of the 1980 to 1981 solution and the Council will act accordingly.

places it in a better position to get to grips with the problems affecting it, whether these be energy, international competition, inflation and unemployment. The degree of integration which has been achieved but which has yet to be exploited to the full, has increased the means available for confronting these problems.

3. Aside from the use which can be made of such Community measures, the scale of the present problems calls for a joint strategy based on a strengthened internal solidarity and the adoption of a more vigorous stand towards the outside world. If this were generally accepted, if the strategy were made sufficiently broad and credible, this potential force could be harnessed to generating internal change, guaranteeing the success of the third enlargement and giving renewed confidence and hope to a young generation concerned about the future.

The Community, soon to be enlarged to twelve can set an example to the world by adopting a constructive approach to the problems facing mankind. This is a formidable task, but the challenge of having to extend this approach beyond our own frontiers and of fulfilling the expectations of those who refuse to give in to fear and egotism is an exciting one.

4. If they are to tackle this ambitious task, the institutions must resolve without hesitation to fulfil the political alliance entered into by each Member State when it signed the original Treaties or the Treaties of Accession.

In this way the Community will finally take its rightful place in the world

and become a catalyst for peace and development as it already is for its Member States.

5. The Commission is of the firm view that a return to the institutional balance provided for in the Treaties would help to re-establish the unity of purpose which prevailed when the Community was created. Without a process of decision-making based on a better balance between the contributions made by all the institutions, the Community will never regain its dynamism or live up to the expectations of the people of Europe.

Finally, the Commission considers that there can be no development of Community activities as long as the Community budget remains artificially limited by the current ceiling on its resources. It will take the initiatives required to have this constraint removed.

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6. The construction of the Community, founded on solidarity and economic integration, and with the constant improvement of living and working conditions as its declared goal, has developed on a twofold basis:

- . a single internal market governed by jointly-devised competition rules which guarantee the free movement of goods and allow Community industry to reap the benefits of an extensive market;
- . a common agricultural policy which allows the free movement of agricultural products, thus raising the standard of living of Europe's agricultural community - traditionally the less favoured section of the population - and guaranteeing our food supplies.

