

EUROPEAN COAL AND STEEL COMMUNITY  
EUROPEAN ECONOMIC COMMUNITY  
EUROPEAN ATOMIC ENERGY COMMUNITY  
COMMISSION

**Address**  
**by Mr. Gaston Thorn,**  
**President of the Commission**  
**of the European Communities,**  
**to the European Parliament**

*Presentation*  
*of the General Report for 1980*  
*and programme of the Commission for 1981*

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TO BE CHECKED AGAINST SPOKEN TEXT

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Madam President,

Ladies and Gentlemen,

A month ago I stood here to introduce the new Commission and in accordance with your wishes we agreed to meet again today for a more thorough discussion of policy and programmes.

Who could have imagined that scarcely a few hours later one of the pillars of the Commission, Finn Olav Gundelach, was to leave us for ever? Thus the Commission found itself faced with new and difficult problems. Tribute was paid to our colleague in this House, so I will not re-open the wound but simply remind you that within barely five years he is the second Commissioner who has been unable to finish his term, both being struck down in Strasbourg after a last appearance here.

I must also say that the Danish Government acted swiftly on our request and very quickly appointed Poul Dalsager, its Minister of Agriculture and Fisheries, to complete the term of our late friend, Finn Gundelach. The choice was promptly ratified by the Member States and the Commission, after considering all the possible solutions and weighing the pros and cons of each, decided to give Mr Dalsager the agriculture portfolio and let Mr Kontogeorgis take over full responsibility for fisheries, as had been planned in any case.

That is all I shall say in presenting our new colleague. Firstly because you already know him well enough as a former Vice-President of this House and because, like Mr Kontogeorgis, who was the first to appear in the front line of the very heated discussions at a Council meeting on fisheries, Mr Dalsager will soon be appearing before you to defend, at what is a particularly critical juncture, the agricultural prices for the coming year.

Madam President, Ladies and Gentlemen,

You have before you a document entitled Priorities for the Commission's Work Programme for 1981. This paper is the first of its kind. Given your future role, the new Commission felt that it was preferable to let you have a few pages of our priorities which would give you food for thought, rather than the customary memorandum annexed to the no less customary programme-address, which was simply a list of all the activities to be undertaken by the Commission.

So as not to take up too much of your time by embarking on a lengthy and pointless survey of a four-year programme and of priorities for the next twelve months and also to avoid any charges of neglecting political nuances or comment, my colleagues and I decided that we would simply lay our programme before you. Of course we are here to sustain the debate on all the points covered in this paper and those which you choose to raise. I shall now briefly, I hope, present the programme and make some comment upon it.

As we step into 1981 my task, I know, is a daunting though enthralling one, and for two reasons: one being European and general and the other particular, Community and institutional. Let me take the institutional first.

My Commission is the first to appear before a directly-elected Parliament. Believe me when I say that this new situation is crucial. President Sadat came here to address you yesterday, and that says more than any lengthy speech of mine about the importance of this House and the eminent role, indeed the eminently political role, it will have to play. With a political and democratic base deriving from your support and powers of control, the Commission owes it to itself to be more responsible and watchful in its relations with Parliament. These new, unaccustomed working conditions, to which I will return later, will have an enormous influence on the institutional future, not only yours and ours but also that of the whole Community. They will compel the Commission to give a more detailed account of its stewardship, past and future, and force it to pay particular attention - you have my word on this - to your criticisms and suggestions. When I spoke to you last month I told you

that I felt our collaboration to be of paramount importance: I have since made a point of confirming my views in writing to your President.

The second daunting aspect of our task is, alas, that never before have we had to set out priorities against a background that was so gloomy in the short term and so uncertain thereafter. The Community - indeed the world - has never, you will agree, been in such a parlous state. It is ailing. Not just economically, or socially. It is ailing, period.

And the people of Europe, disturbed by the increasingly frequent reports of our society's ills, are frightened and are no longer giving the Community the trust it deserves and desperately needs. But I will return to this later.

My particular concern today is to sketch the outline and highlight the particularly significant points of the new Commission's plan of action for steering Europe through the hard times ahead. You are better placed than any one to realize that our success depends heavily on the political support we get. Every day in our work we shall be asking for that political support from the governments of the Member States; today we are here to ask it of you on this special occasion, but it is above all through you and beyond you that we are seeking it and indeed we must obtain it from the peoples of the Community, the men and women who elected you.

I) As to the background, we must recognize that the development of the world situation holds little comfort for Europe.

It is best described as the aftermath of a series of conflicts, the most glaring of which have been building up for the last few years. On the political scene it is clear that détente has taken such a beating in recent months that the term itself seems obsolete and a replacement is being sought.

The world situation now is more worrying than at any time since the Cold War. The invasion of Afghanistan was a further turn of the screw. A war between Iraq and Iran coming on top of a revolutionary

change of régime in Iran and compounding the Israeli-Arab problem with the Palestinian dilemma and its Lebanese repercussions, all this is making the Middle East more dangerous than ever, despite all the hopes raised by the courageous missions President Sadat undertook so recently. Africa is the prey of covetous eyes and widespread unrest. Latin America is in the grip of new and murderous internal conflicts, and in Asia, apart from the invasion of Afghanistan, daily happenings are a cruel reminder of the tragedy of our times.

In addition to the events which by their harsh brutality make the headlines, there are a number of question marks over the international situation. The fate of Europe, and in particular its influence, will depend, whether we like it or not, on how the new American administration views the future of East-West relations. The serious threats to world peace directly involve Europe. Their repercussions, and it is in terms of repercussions that they most trouble us today, may make nonsense of our efforts for integration. Indeed, the bouts of fever raging on the fringes of western Europe make us constantly aware that Europe is still in the middle of the hotbed of tension between East and West. So we, the people of Europe, have a role to play as custodians of world peace, not only for ourselves but also in terms of the alliances some of us have contracted and various commitments we have entered into all over the world.

On the economic front there is no point in mincing words: the prospects have never been so bleak. We are in the trough of a protracted crisis, a structural crisis; we are trying hard to live with it; but have yet to learn to overcome it and control what some people, including myself, have no hesitation in describing as a change of civilization. The cards are being redealt at world level. The development, meaning the expansion and operating conditions, of world trade is at risk. There are clear signs of a widespread return to protectionism. This is particularly disquieting for the Community, which, as the world's leading trading power, needs free and expanding trade for its very existence. The collapse of international trade, meaning its fragmentation, its restructuring, would be a body blow to the Community. It is all

too clear that the impacts would not stop at the Community's outer borders but might well threaten to jeopardize the very existence of the Common Market, the name by which so many know our Community. With these dark clouds looming over us, may I simply remind you by way of example and as a call for solidarity to the Member States that the unbalanced development of the Community's trade with a major partner like Japan is a source of serious concern.

We must not forget that apart from the general slowdown in economic growth the Community has another weak spot in that, more than any other big economic group, it has to import the bulk of its energy and raw materials. In 1980 the Community countries ran up an oil bill of over a hundred thousand million dollars. With the exception of the United Kingdom and the Netherlands, Community countries, with Japan, are the most heavily dependent on external supplies. This has far wider consequences than are usually imagined. We must remember that even Europe's agriculture - which keeps the Community self-sufficient, or in surplus as some critics would have it - is heavily dependent on imported oil and raw materials. Twenty years ago, when I was sitting on your benches, Parliament was worried about our energy future, notwithstanding the initial enthusiasm generated by Euratom. The 1973 crisis has sadly not taught the signatories of the Euratom Treaty the need for increased solidarity. Let us hope that our energy bills, which will keep going up and up, and our meagre rates of economic growth will prompt us in time to change our ways.

Because of its dependence the Community could actually see its share of world trade shrink from 20% to 15% over the next decade. The main beneficiaries would be Japan and certain "go-ahead" developing countries.

The worsening economic climate holds a further peril in that it could undermine the efforts that the Third World countries are making to develop, thus harming the interests of our potential customers, widening the gulf between nations, heightening tension and reducing some countries to famine and despair with all that can mean in political terms. The urgency of these problems and the growing realization that the northern and southern hemispheres are economically interdependent

highlight Europe's special responsibilities here. To speak of this problem is to define our responsibilities, what we can do, the role we must play.

To take a different, but related, line of thought, anything which disrupts our monetary system can make our forecasts and forward calculations obsolete. Here, as elsewhere, the dangers inherent in any fresh upsurge in prices are so great that we must persevere in our efforts to re-establish stable and universally recognized monetary relations. No one can doubt that Europe has played, and will continue to play, a crucial part here. While I realize there is nothing to be gained by rushing our fences, I cannot accept that we should shy away from them either. My feeling is that in the face of our present difficulties we must advance, all ten together, lest we see our economies continue to move further apart and thereby jeopardize what the Community has achieved.

Is there any need to mention the consequences for the Community of a declining population and of the effects - of which so many Europeans feign ignorance - on the labour market, economic activity, social innovation, political life and Europe's place in the world? If the present trend were to continue, the population of Germany, now some sixty-one million, would fall to a mere forty million or so by the year 2050. If Europe's present birthrate continues beyond 1990 Europe will be on the brink of extinction in demographic terms. Europe would be the only region of the world with a stagnant, declining or at least ageing population. History has shown us that economic and demographic change frequently go hand in hand. I am afraid that a declining, ageing population may reduce our capacity to adapt and innovate, reinforce the Malthusian pattern and make the dialogue with young, prolific nations even more difficult. The main concern of some nations will be their children, while others may have to devote themselves to the care of the elderly; some will be concerned with maternity homes and nurseries while others, meaning us, will be running intensive-care homes for an older and older population. The pattern of research and the economy and the choice between investing in new industries and propping ageing ones may well depend on the outcome.

Turning now to the Community, we can clearly see that all is not well. Let us reflect a moment, as serious and informed politicians, and consider what the position of our countries would be without the Community.

There were those, not so very long ago, who claimed that Europe was the last of the great myths. No one of my generation or the generation before who witnessed the butchery of the First World War, the Great Depression and the rise of Fascism in the thirties, the slaughter and atrocities of the Second World War and the myriad sufferings it generated, would dream of doubting the intelligence, generosity and courage of those who have worked so tirelessly since then for European unity.

Can anyone deny the cardinal role played by the European idea in bringing about Franco-German reconciliation, the reconstruction of our continent, the removal of internal European frontiers and the opening up of Europe to the world, the unprecedented economic and social recovery of the late fifties and sixties? Not only is it the first time that 35 years have passed without the countries represented here today clashing in armed conflict but also - let me say it loud and clear - the first time that not one of our 250 million people contemplates even the possibility of such conflict. Surely that alone makes it worthwhile going all out to consolidate our achievements rather than thoughtlessly running them down? Today our Community appears as a haven of peace and order in a world where, as events in Iran have made abundantly clear, lawlessness may take over from the rule of law. Despite its imperfections, our Community can still serve as an example of democracy to others. In this respect its image abroad, I regret to say, is more attractive than its image at home.



The Community today is still a busy trade centre, accounting for 33% of world exports overall and 40% of all manufactured goods exported. It is the main trading partner of the rest of Europe, the Middle East, Africa, Australia, New Zealand and Eastern Europe. Naturally the objectives of Community commercial policy are shaped by this situation and our Commission will make a point of setting up, in agreement with the governments, a truly common policy which will serve their best interests. Together we are a force to be reckoned with; alone even the strongest among us is vulnerable - enslavement and destruction would be ultimately inevitable.

With the international monetary system in disarray, the advent of the European monetary system in 1979 gave Europe a measure of monetary stability which has helped to reduce tensions between the economies of Europe. But the significance of this lies, above all, in the future; what was true yesterday is true today and will still be true tomorrow. Today the big blocs fix the odds and only they can afford to play for the highest stakes. We tend to forget, when speaking of the United States and the Soviet Union, that it is the "United" in United States and the "Union" in Soviet Union that give these countries their formidable political and economic might.

Perhaps we should question the motives of those who are swimming against the tide of history today, opposing those who are anxious to quicken the pace and enlarge and strengthen our Community.

I fail to understand how - at a time when a Latin-American Common Market has just come into being, when certain black African and Maghreb countries are toying with the idea of economic and political union, when ASEAN is beginning to emerge as an economic and political force to be reckoned with - some members of the Community - and not the least among

them - can question its value and argue in favour of a more "flexible", or rather looser, association.

If you have followed my arguments so far - and surely no one can deny the truth of the picture I have painted - then why is it that Europe has such a poor image within the Community almost thirty years after the ECSC Treaty was signed? Where, for example, would the steel industry be without the Community? No doubt we would be squabbling among ourselves, and where would that leave us? Would we have made any more progress on energy policy? Would there be a wider regional policy? Would agriculture cost any less? I am sure it would cost more. Would we, individually, be able to play a major role in the Middle East, Asia and Africa? Would any single Member State have achieved a Yaoundé or a Lomé Convention? Would any of our members have been able to wrest balanced agreements from the United States and Japan single-handed? Or to take a final example, could any one of us play a decisive role in the North-South dialogue? The answer is implicit in the questions themselves.

Why, then, does Europe have such a poor image within the Community? We are all to blame: our governments, the man-in-the street, the Commission as the Community's executive, and you as the elected representative of the people of Europe.

The initial confusion arose from identifying European integration with the golden age of prosperity and opportunity which marked its first fifteen years. Everyone welcomes this Europe of plenty, with annual growth rates in double figures - which today we would enviously term Japanese proportions.

Then came the hostility of many politicians, who were only too happy to attribute all their ills to the Community but were quick to claim the credit for any benefits. The fact that the Community is rarely, if ever, so much as mentioned by our political leaders in their public speeches says a lot about the mentalities they created before becoming their captives and then their victims in their own turn.

Inevitably the man-in-the-street feels that the Community is remote from him, and we must all work together to do something about this. But then the man-in-the-street can hardly be expected to feel involved when his immediate problems are overlooked. By failing to mount a campaign to explain Community action and promote understanding between Community citizens, we have knowingly created the climate of indifference, if not hostility, discernible among a sizeable proportion of Europeans.

What this Commission wants to do - with your assistance - is to make every citizen of our Community realize that we are sensitive to his problems, whether they concern employment, social policy, old and new industries, agriculture, fisheries or the professions. Every citizen of Europe can criticize us tomorrow as he did yesterday, but never again can he be allowed to claim he doesn't know who we are or understand what we are doing. Of course this is not a Defence Community - and we know why that is - nor is it a Political Community; our Community is essentially economic, and yet who can claim in today's world that these elements can be separated from each other? After thirty years of interaction who can say that the economy is not a thoroughly political phenomenon? And so, while we will comply fully with the Treaties - the Commission is their guardian - the fact remains that if we want our Community to be a success and if we genuinely want to achieve European Union, we must not disperse our efforts. We must stand united against those who would divide us and work for European Union based on the existing Community institutions which have shown their mettle.

While we are on the point, I would venture to suggest that the procedural arguments which are claiming your attention at the moment are of little interest to your constituents. For one thing they have become far too subtle and consequently lost their mass appeal; for another, the citizens of Europe have far too much common sense to accept that our so-called European institutions should be fighting each other instead of pooling their efforts to build Europe. This infighting makes the Commission's hair stand on end, and we will do everything we can to get the institutions working together properly.

To put it bluntly, familiarity breeds contempt. People have grown accustomed to the Community but have failed to understand, or have frankly forgotten, its political aims. We tend to imagine that the Community can come through every crisis unscathed and overlook the fact that its essence is being steadily eroded!

Today Europe, if you will forgive the metaphor, is a rather ramshackle house. Its roof has been blown away by disunity. There is no heating, since energy is in short supply. There is no architect, since the generation of founding fathers who supervised the building has passed away. The builder is on the verge of bankruptcy, his resources virtually exhausted. The garden is still reasonably presentable, but is costing more and more to maintain. The tenants are at their wits' end - so many of them are out of work while other potential tenants are knocking at the door.

We are aware of the problems facing the people of Europe, especially young people, women, and the unfortunate victims of unemployment, insecurity and the aggression of modern life.

As far as the young - that fortunate generation that has never experienced war - are concerned, the new Commission intends to anticipate their demands, get to know their problems, and, above all, speak their language so as to give them new hope.

As far as women are concerned, Community legislation and Court rulings have of course blazed a trail towards equal treatment. I admit that much still remains to be done. Personally I and all the other members of my Commission regret that our institution consists entirely of men, though the fault is not ours. The Commission is after all a feminine noun in most European languages.

Ladies and Gentlemen, I can see no alternative. We have no choice. There is no point in trying to create Europe from nothing, for we have been working on it for thirty years already. As for the challenges before us, you may well ask where we are to start. Well, frankly, we must take up all the challenges before us simultaneously. The priorities before us flow inevitably from challenges from outside and from the commitments entered into by the European Council and previous Commissions. The task facing the new Commission is to revitalize Europe - a Community of Ten today, a Community of Twelve tomorrow. And so, what we want to do today is to give you some idea of the approach and principles that the new Commission will follow during its term of office.

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Our most pressing task, then, is to find new ways of meeting the challenge of the eighties without departing from the objectives set out in the Preamble to the Treaty, which I took the liberty of running through with you less than a month ago. There are four preconditions for this:

1. Current policies must be adapted to new demands; safeguarding what we have achieved, though essential, must not be allowed to lead to rigidity;
2. The respective competences of the Community and the Member States must be clearly defined. Harmonization for its own sake and the pooling of resources at any price can be counterproductive;

3. Priorities must be reviewed regularly in the light of what can be done and what needs to be done. A Community that does not live in the present will end up by losing all credibility;
4. The policy-makers must adopt a new approach of treating co-existent problems as a unit.

But, let me repeat, the main aim of the new Commission, guided by the principles I have just set out, is to restore confidence in the Community by getting closer to grips with the real problems, by which I mean the problems which are uppermost in the minds of our citizens.

To respond to their justified anxieties the Commission will make every effort to obey three fundamental, closely-linked imperatives.

The first is to make more effective use of available resources; the second is solidarity; and the third is to offer the people of Europe greater security.

Making more effective use of resources means that we must first re-examine current Community policies. As you know, the Commission gave an undertaking last year to set about solving the budgetary problems which are a serious threat to Community cohesion. This was to be achieved through structural adjustments and would follow the guidelines laid down by the Council on 30 May 1980. It has been argued that these guidelines are virtually irreconcilable and that this makes things rather difficult for the Commission. Be that as it may, the Commission has been reviewing a number of Community policies and it will present its findings to the Council and this House before July.

Before I come to the great problems of the day, or at any rate a few examples, I should like to make one point. I cannot accept it as an article of faith that the current ceiling on budgetary resources is

sacrosanct. The argument is a theological one, based on a narrow, mistaken philosophy. If it becomes more deeply rooted still in Community soil it is going to create enormous difficulties, especially for those who originally devised it. Our citizens have often paid dearly for the progress, stability and freedom of our Member States and for the unity of Europe. Indeed they have frequently paid with their lives, so let us be realistic enough to recognize that we cannot build Europe from the comfort of our armchairs.

There can be no question of trying to make a 1% Europe, nor even a  $\frac{1}{2}$ % Europe. Be that as it may, if we accept that we must pay the proper price for Europe, I am quite willing to agree that the Commission should concentrate first and foremost on clearly-defined priorities, that it should cut back activities in certain areas to release energies and funds for tackling what I have called the real problems. My temperament and my convictions tell me that what is needed now is a concentrated burst of fire rather than random sniping. And let me say very bluntly that if you and I wish to set ourselves up as responsible politicians we must understand that in today's circumstances any new financial effort inevitably entails a sacrifice and more than ever we must deserve it, we must be able to justify it and if necessary we must begin by making savings where we can.

Obviously the common agricultural policy, by far the largest budget item, will be at the heart of our review. The gap between agricultural spending and spending in other areas - I won't say "policies" - is far too wide and must be adjusted. I specifically say adjusted, because there can be no question of abandoning the only real common policy we have. Europe needs a strong agricultural industry, and the mandate given to us last year states explicitly enough that the fundamental principles of the CAP are not to be touched. No. What the new Commission intends to do is to rein in the runaway growth of farm expenditure, in line with the reflexions sent to you

at the end of last year and the basic principles governing the common agricultural policy. It is unfortunate that the absence of any effective mechanism for keeping agricultural spending within bounds has cast doubts on the soundness of the policy itself and brought those who gain most from it into disrepute. Starting this year the new Commission hopes to be able to inject new life into the policy by involving farmers in its management through a co-responsibility mechanism but continuing to offer guaranteed incomes to the eight million people who work in this vital sector of the Community economy. The price proposals for the 1981-82 marketing year are ready and Mr Dalsager will be giving you further details next week. I do not propose to give figures now, but I will say that our proposals do not anticipate our response to the mandate given us on 30 May 1980.

The second area in which increased effectiveness is an imperative that I submit to your vigilance is the adaptation of our industrial apparatus to the demands of today's world. Non-intervention by Europe here could have appalling consequences, particularly in the political and economic context I have been talking about. As you know, increased industrial competitiveness is a precondition for a return to full employment in Europe. We need only think of the steel crisis to realize how disastrous failure to act at Community level would have been. The Commission is often very unfairly criticized. We, like our predecessors, will resolutely promote the adaptation of production structures to relative energy and labour costs and to changing patterns of international demand. This is the price of success. It must be realized, however, that the back-up policies the Commission will adopt to support national restructuring efforts, public and private, must necessarily be compatible with the vision of a genuine common market. In no circumstances can they lead to a consolidation of the national patterns of production or the re-establishment of preferential markets. The Community is not just



for lame ducks. It can and must face the challenges of the future. One of the new Commission's priorities here must be to promote new technologies. Our aim is to work out a strategy that will meet every aspect of the challenge that advanced technology offers our society and our industry. The Community is lagging behind, and it is time it caught up. A strategy based on this or that individual industry just will not do. The new Commission will seek to create conditions that will be conducive to industrial development, better training and coordinated scientific research. It will stake its claim in the area of innovation and research since this is the only way to ensure that the Community will come through the present wave of structural upheaval.

You know that this vast process of adaptation depends on the willingness of companies to take some risks and the willingness of workers to accept greater mobility. This implies that all must be prepared to shoulder a share of the inevitable burdens and sacrifices.

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The/second imperative will therefore be to develop policies inspired by the spirit of solidarity which underlies our whole endeavour, a spirit which must reign both inside and outside the Community.

The need for greater solidarity within the Community is becoming more and more urgent as the employment situation worsens. It can no longer be left to so-called back-up policies.

To my mind solidarity cannot be described in terms of mere figures.

Today, more than twenty years after the Treaties of Rome were signed, we are forced to admit that the Community has failed to reduce regional disparities.

There is an undeniable gap between the Community countries, but then similar gaps can be found within the borders of most of our countries, which is why it seems wiser to talk about disparities between the Community's regions rather than its Member States.

I need hardly stress here that if the Community fails to bridge this gap it will be faced not only with the problems arising from the malfunctioning of the internal market but also with the growing frustration that is widely felt in our society. This could do untold harm to its image.

For this reason the new Commission must convert its concern for greater convergence into immediate action<sup>by</sup> adding to the Regional Development Fund's financial weaponry and fixing its sights on new targets. It will seek genuine cohesion in the various Community policies.

Social and employment policy too must be reappraised in the same spirit of solidarity.

The new Commission shares your deep concern at the relentless growth of unemployment, which has now soared beyond the eight-million mark leaving the equivalent of Europe's entire agricultural workforce out of a job.

We all realize that a situation in which young people account for 42% of the unemployed is bound to exert intense pressure on the fabric of our society. Let me say clearly, in this House, that we cannot afford to sacrifice this potential which is, make no mistake about it, Europe's future. For these are the very people who, tomorrow, will have one of two options: to make or break Europe.

Faced with this intolerable situation we must make more selective and telling use of the powers at our disposal and, what is more important, do it quickly. I won't go into any detailed explanations at this point. Suffice it to say that the time is now past when the only concern of each of the Member States was to get the Social Fund to provide 50% of its expenditure on programmes - admittedly often very necessary - of national interest.

The task has assumed such enormous proportions that the Commission will have to find a way of persuading all concerned to get round the table and hammer out a new social and employment strategy acceptable not only to those called upon to implement it but also to those who will bear the consequences. In my view developments affecting the quality of life, working hours and industrial relations are all suitable topics for joint discussion. Social policy cannot be limited to the fight against unemployment.

A final thought in this connection: the new Commission is fully aware of the need to involve both sides of industry not only in its social policy options but in other areas too.

But, as you all know, the authors of the Treaties did not want the policy of development and progress in a spirit of solidarity to be confined to the Community. If our development policy is to remain a success and fulfil the original role defined in the Preamble to the Treaty, it must be more closely integrated with other Community policies. Only in this way can we reap the greatest benefit and get a clearer picture of the implications of our action. This new approach will have to be devised and subsequently applied with the active cooperation of all concerned in our countries and, more importantly, the direct involvement of the developing countries themselves. I agree that the Lomé II Convention is our proudest achievement in this field but matters do not end there: you all realize how important it is for us to remain open to the whole Third World.

Clearly, if the Community wishes to inject a political element into this dialogue with the less-favored nations of the world, it must take part in all in-depth discussions of the North-South problem. Its record on this front has always been, and must continue to be, exemplary. World economic recovery is at stake; the Community cannot opt out - it has a duty to itself and to the world as a whole. This is the spirit in which we are already making our preparations for the Ottawa Summit.

Our current dialogue and cooperation with the developing world is not inspired by charity. Given the increasing interdependence of our economies the security of all is at stake.

This brings me to our third imperative, no less important than the first two, namely the quest for security.

The disquiet shared by many of you revolves around three basic problems: firstly, the security of our energy supplies, secondly, the threat to our position as the world's leading exporter and, thirdly, the strategic importance of strengthening our ties with the Mediterranean countries.

Let us look at energy supplies first. The Community can hardly be said to have progressed far enough in the right direction. I know that a number of specific measures were taken to ease the uncertain supply situation created by political developments and military clashes in the Gulf region. But the worsening economic crisis must spur us on to further action.

This comprehensive approach will be one of the priorities of the new Commission. We cannot expect to get very far with structural adjustment without a coherent energy policy. We will make a special effort in the field of energy saving, nuclear safety and the development of new technologies. We will do more in the area of prices and stocks. Outside forces at play here mean that the dialogue with oil-producing countries must be stepped up and joint action taken to help the developing countries. For the dialogue is doomed to failure unless the problems of both parties are considered.

Another source of disquiet is that the Community, as the world's leading exporter, sees a threat to the free-trade system, built on rules and procedures approved by GATT, and vital to its existence. Our trading position should enable us to require more consideration and <sup>respect from our major</sup> trading partners than we have in the past. We should ask them to avoid a return to protectionism in exchange for our commitment to free trade. It is because we are aware of the vital importance of our trading links with other industrialized countries that we have decided to use forthcoming international meetings to convince President Reagan and our Japanese partners of the seriousness of the situation. I would add that the opening of our frontiers must not be allowed to lead to any imbalance in our trade or to any disturbance of our economic and social equilibrium. Something will have to be done fairly soon about our lop-sided trade balance with Japan.

There is a further point I would like to make. A European monetary order is vital if the Community is to maintain its leading position in world trade. There is no need for me to go into the relationship between trade and monetary decisions here. Suffice it to say that an instable international monetary situation can severely handicap the development of world trade.

A number of questions have been raised over the last few years in connection with the third problem area - our relationship with the Mediterranean countries, which are of prime strategic importance to Europe.

The main concern is enlargement, the acid test of the Community's ability to evolve and expand and ultimately enter the big league. All the Member States have declared their readiness to accept this challenge. We must on no account disappoint those who - both within the Community and outside it - are counting on our Institutions.

Naturally, the effects of enlargement will reverberate not only throughout the Member States but also throughout the various Mediterranean countries which have enjoyed preferential trade arrangements with us for so long. The inevitable conclusion is that the Community must define a coherent and comprehensive policy towards these countries. The fact that one member of my team has taken over special responsibility for this policy speaks for itself.

Although enlargement is eminently desirable from the political point of view it is nevertheless understandable that, in this period of crisis, we should ask what problems expansion is likely to bring for the various Community policies and to what extent there is a danger of enlargement weakening rather than strengthening the union. The new Commission will act to foil those who view the third enlargement as a chance to demolish the patient building of the past.

However, I am sure that no one will contradict me when I say that the deep-rooted unease which is haunting our peoples, and which I see reflected in this House, goes far beyond these three imperatives.

Let us not mince words. We cannot hope to give any genuine reassurance to the people of Europe unless we are prepared to grasp the nettle and tackle the problem of security. The security of oil supplies, for instance, is as much a political issue as an economic or technological one. The Euro-Arab dialogue - which we owe it to ourselves to revive - is one proof of this.

Indeed who would attempt to draw a line between the political and the economic these days?

III)

I need hardly say that the revamping exercise I have just outlined will be doomed to failure unless it is backed by what my friend Emilio Colombo has termed a politico-institutional design.

And this politico-institutional design will remain an illusion until the institutions stop bickering and start talking to each other at last.

A. You know better than anyone else that the Community cannot afford an institutional crisis.

The rot set in in 1965. Since then we have witnessed a steady erosion of the European idea that inspired the authors of the Treaties, its covert watering-down into intergovernmental cooperation. Above all we have witnessed the re-emergence of nationalist reflexes. By now every issue that comes up is used as a pretext for picking an inter-institutional quarrel, for sparking off a crisis of confidence between the Member States. Perhaps this is our way of avoiding the real issues and ducking the real problems. We are being treated to the sad spectacle of Europe indulging in bitter infighting with national vanities being given full rein. Instead of anticipating or taking up the challenges of our decade, Europe is content to react, usually when it is too late. It is hardly surprising that our generation's idea of Europe as a grand design is losing ground.

During the Hallstein years no one had any doubts about the Commission being an independent policy powerhouse. In those days the Council had no option but to act on the Commission's initiatives as it translated commitments spelled out in the Treaties and duly ratified by the Member States into regulations and directives. But as soon as it became necessary to go further and break new ground, the Council's influence in

the formulation of decisions became more and more dominant. It must be said that today, in practice, the Council operates more like an intergovernmental conference than the institution described in the Treaties and given a specific mission which is well known to you all.

It is true that the well-meaning have tried to right the balance. The Commission and the "non-elected" Parliament have pointed repeatedly to the need for institutional reform. On each occasion - in 1962, in 1973 and again in 1975 - the ingredients of the proposed reform included wider powers for the Commission as the Community's executive, stronger legislative powers for Parliament and a greatly reduced role for the Council and its committees. There is no need to tell you that no Council ever examined these problems in depth. The only significant institutional reform over the years has been your election by direct universal suffrage. And the Treaties made provision for that.

In the present crisis our reflex should be to close ranks, to defend the Community's cohesion and international identity. Instead, let's face it, there is a crisis of confidence between the institutions.

Why can't we all be courageous enough to take our share of the blame? The Council, for instance, is jeopardizing the effectiveness and development of our mission by trying to freeze budgetary funds, by refusing to apply its own rules and finally by failing to agree on new rules even where these are proposed at its request. On this point I feel that even a partial return to the qualified-majority vote written into the Treaties would be desirable, <sup>even necessary,</sup> or particularly in the enlargement context. Indeed the European Council itself has advocated this.

By wanting to make the Commission more independent of the Council, some Members of this House are in danger of going too far in the opposite direction. The Community is, after all, based on three institutions - the Council, the Commission and Parliament. The new Commission will defend its independence against all comers in the interests of the entire Community in yours too - and in line with the Treaties. It will strive to be ever more vigilant and vigorous in discharging its responsibilities. It is determined to be the real motive force of the Community, jealously guarding its right of initiative. It will keep in close touch with Parliament briefin,



it and consulting it scrupulously. The new Commission will endeavour to provide the information which is necessary and essential in a democratic Europe so that everyone can see and judge the whys and wherefores of the Commission's proposals, Parliament's views, and the Council's decisions. It was no idle promise I made to this House last month when I said that the new Commission intends to work to restore the institutional peace which we all want so badly.

We should weigh up the consequences of the chronic ineffectiveness of the Community Institutions in the decision-making process.

Taking the political view there is a danger that our penchant for referring our inter-institutional disputes to the Court will in time diminish the Community and its institutions - the Court included. In passing may I <sup>sincere</sup> pay tribute to this eminent institution which has always managed to stay on course despite the storms. The Community needs it now more than ever to tell us what is right.

However, we need to have done with squabbles about interpretation, with legal wrangling. We need to identify our goal, to decide what form of European integration we want, and ask ourselves whether we are prepared to make the sacrifices that a political commitment of this kind entails.

Ladies and Gentlemen, you know what Europe's problems are, just as the Commission knows what Europe's problems are. You, like us, must feel that the time has come to pull ourselves together. Without the support of Parliament, without the support of the Council, the two institutions participating with it in the decision-making process, the new Commission cannot succeed.

B. For this reason the institutions can and must join in a genuine three-way conversation:

- which is based on the restoration of peace in our institutions and candour in their relations with one another;
- which accords the Commission a pivotal and catalytic role in defining the Community's response to the major issues of the day; and
- which aims to evolve an entirely new formula for integration, putting Europe in a stronger position to meet the many challenges confronting it.

It seems to me that the restoration of peace in our institutions and candour in their relations with one another is absolutely vital if we are to succeed.

Let me explain. The Commission has no ambition to take over the functions of the Council or Parliament. What we want is to see the Council act - and I mean act - using the legislative powers conferred on it by the Treaties. We want it to act promptly, responsibly and above all consistently. But we also want it to act on the basis of Commission proposals drafted by officials who - and this is absolutely essential in my view - must remain independent in the performance of their duties. And I may say here and now that my Commission will abandon the practice, all too frequent in the past, of sending the Council compromise proposals which have been watered down to satisfy the demands of national experts to the point where there is nothing left of the Commission's initial ideas. The new Commission's aim - and I give you my word on this - will be to produce proposals which reflect the interests of the Community, the whole Community, and nothing but the Community, and which we will be happy to put our name to. I must make the point again that the new Commission will not sit and wait for the Member States to authorize or request it to prepare a proposal on this, that, or the other.

As far as this House is concerned, may I say that I and my colleagues - and eleven of us have served as MPs and Government Ministers, remember - are expecting a great deal of you.

Firstly, we expect Parliament to muster a majority which is prepared to support the Commission - at least on the key issues - in the exercise of its role as initiator of proposals in the Community interest. Secondly, we expect Parliament to fulfil its consultative role by supplying us with high-quality reports which will unquestionably increase our knowledge and which will always be given due consideration. For our part, we promise to assist you in these tasks by briefing you as fully as possible. Mr Andriessen will have a crucial part to play here, and his reputation and past record are a sufficient earnest of our future intentions.

The new Commission is determined to live up to its obligations and make every endeavour to fulfil its mission. This goal is attainable now that its machinery has a direct line to the wishes of the people of Europe as expressed through this House. Not that this will change the face of Europe. The Commission cannot move mountains or transform the harsh realities of the recession. Our function and our duty is rather to incite others to action, exercising our right of initiative courageously and not hesitating to break new ground where necessary. This means that my colleagues and myself, and this is something to which I am personally committed, must form a truly united and collectively responsible body of men which, need I repeat, cannot be equated to a coalition government. Our position in this three-way conversation between the institutions must be determined by the twin principles of effectiveness and democracy. And equally by a duty to defend the application of Community law. It was this last consideration that decided us, in the current budget dispute, to initiate the infringement procedure provided for in the Treaty. But we are by no means intransigent in this matter. In fact, we are endeavouring to negotiate new rules with the Member States.

It must not be forgotten that these institutional questions are much more important to us than to any national government. As an institution which has barely come of age, we have a clear need to defend the few powers which the Treaties have given us so that we may be in a position to fulfil our function properly.

But - I repeat - the Commission must also play or resume a pivotal and catalytic role in defining the Community's response to the major issues of the day.

We have seen that the challenges facing the Community are constantly increasing both in number and scale and that the policies which must be devised to tackle them will go far beyond those provided for in the Paris and Rome Treaties in the years ahead. Granted, the Treaties were written in a very different economic climate, and would, no doubt, benefit from being touched up here and there. But where would we be without them?

While we do not wish to press the point, I can tell you frankly that the Commission is keen to speak for Europe in the great international debates of our time on issues which may not be explicitly mentioned in the Treaties, but nevertheless have a direct bearing on their application or inapplicability.

It is important - of this I am convinced - that the Community as such and not simply individual European States, should participate in major international debates. What institution other than the Commission which the Treaty has placed under your control would be better able to express a truly Community viewpoint on any issue you care to name?

It is time we realized that Europe's credibility suffers each time its partners perceive that its united front is a sham, that national policies and Community policies are, even on fundamental matters deriving from the Treaties, not only divergent but at times diametrically opposed. The danger is that by acting in this way we will lose on the swings as well as the roundabouts. Typical cases have proliferated alarmingly in recent years. The cumulative effect, in today's climate, could be a quick recipe for disaster.

What Europe really needs is an entirely new formula for integration. The future of Europe is patently not just a question of economics.

The world's cards are being redealt and Europe must see to it that it gets the hand it deserves. To do this it must first master, and if possible anticipate, the forces of political, technological and economic change. A political Community which would incorporate and transcend the three existing Communities is no longer an impossible dream. But this political Community will never see the light of day unless there is a common political will, and you, Ladies and Gentlemen, are in a good position to - shall I say - spread the good word, or at any rate the missionaries among you. For I have no illusions: unless the Member States act, unless the people of Europe are won over to the cause, unless there is a campaign to educate and inform our citizens, this initiative could die an early death. Instead of relying on a set of external mechanisms, such as common policies and institutions, to change people's attitudes, we should start from the

attitudes themselves, from the inside, if we want to arrive some day at outward expressions of solidity. Instead of making our ultimate goal the creation of Europe, it is time we thought about creating Europeans.

Madam President,  
Ladies and Gentlemen,

Your election by direct universal suffrage gave democracy a foothold in the European venture. But this does not mean that your constituents are convinced of the relevance of our work to them. Let us therefore remain alert and attentive to the wishes of the people of Europe, notably by devising a new framework for dialogue between our two institutions.

It is not for me to go into details at this stage. All I would say is that, in the Commission's view, no aspect should be overlooked.

With Europe - and indeed the world - at the crossroads of history, in the process of exchanging one civilization for another, our task, here and now, is to plan a second-generation Europe.

Anyone reading the programme and priorities which we have put before you with a practised eye will realize that through all these discussions on the common agricultural policy, on the need for a new balance between it and other policies, old and new, on monetary policy, energy policy, social and regional policy, it will be our privilege, over the months to come, to re-model the Community, to give European Union its definitive shape, in short to create Europe. And this mission we must fulfil - and I include this House in this - in the greatest possible clarity, without the slightest trace of ambiguity, and in a concern to avoid any misunderstanding.

We will also have to be crystal-clear in emphasizing our commitment to enlarge the Community and at the same time to strengthen and complete it. This triptych of The Hague, recorded in history in 1969, remains fully valid and now, twelve years on, we must be quick to put it into practice.

If we are to attain this goal, we must at the same time - that is to say right away - put a searchlight on the role of the institutions and their relations with one another, otherwise with ambiguity escalating into misunderstanding, and crisis into lawsuit, we will quickly run out of steam as the months wear on and lose what little confidence we still have in ourselves.

This need to put our house in order has often been neglected and discovered anew. At such times people have turned to a great European like Leo Tindemans, or to the Wise Men, or to more and more experts and their reports, which sad to say have served only to fill the library shelves.

Which is why my question today is this: surely you, the elected representatives of the people of Europe, and we, the Commission, selected by our Governments to be the guardians of the Treaties, the Community's executive, its powerhouse, surely we - together - are capable of producing all the proposals we need on what can and must be done to plan European Union. And are we not equally capable of deciding on, and then submitting, whatever proposals are necessary on what might or ought to be done?

The European Council, and the Council of Ministers with its various hats, are, I believe, regular visitors in this House; they too are invited to take part in the great mission which awaits us. But even if it is quite understandable that our Governments might at this stage prefer to stand on their dignity, in the knowledge of their power, and insist on acting only on proposals, Commission and Parliament should not delay in declaring themselves ready to commence the task with the intention of completing it before this Parliament comes up for re-election?

Ladies and Gentlemen, we must constantly bear in mind that by 1985 we must have consolidated the Community, and this we can only do by adapting it, by underpinning what already exists and by developing our institutions. By 1985 wither our Community will have progressed as I have indicated, it will have gone further and gained strength, or it will not even be what it is today, it will be falling apart at the seams.

Madam President,  
Ladies and Gentlemen,

My appeal to you on behalf of the new Commission is that we should work together to breathe new life and vigour into our Community. I would ask you therefore to continue to keep watch over the affairs of Europe, bearing two things in mind:

- firstly, it is far from certain that time is on Europe's side. Thanks to the headlong advances of technology, our planet is constantly shrinking. The major problems of our time are gradually becoming universal in nature, and everything points to the fact that our geographical situation and historical heritage will in future be a less powerful impetus to solidarity and cooperation than they have been in the past;
  
- and secondly, in the tasks which lie before us we will need as much courage as imagination. Alfred Grosser recently dubbed me "the man who wouldn't give up". I hope, Ladies and Gentlemen, that where Europe is concerned, I may prove him right.