

European Community



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BACKGROUND NOTE

PROSPECTS FOR THE EUROPEAN COMMUNITY

Following is the text of an address by the President of the Commission of the European Communities, the Right Honourable Roy Jenkins, to Le Cercle de l'Opinion, Paris, on 6 October 1978.

I have chosen as a title "Prospects for the European Community". I did so because I believe that the Community has reached a stage in its development - I will not say it is the first - when either its future could more than fulfil the aspirations of its founders, or - and it is a real danger - go seriously wrong. It would, I thought, be useful if I spoke today of the three major issues which have it in them, as it were, to make or break the Community.

Elections to the European Parliament

The first is the challenge presented by direct elections to the European Parliament in June 1979. In my own country, and indeed in yours, there has been a certain amount of misgiving about these elections, in some cases amounting to outright opposition. In some respects opposition from the enemies of the European idea is easier to understand than the misgivings of those who in other ways support Europe and the development of the Community. For the founding fathers of Europe always intended that the European Parliament should be elected directly by the people of the Community. In Article 138 of the Treaty of Rome it is clearly and unambiguously stated that "the assembly shall draw up proposals for elections by direct universal suffrage". It has taken us a long time to honour a commitment accepted by all our countries, all our governments, all our parliaments, when they ratified the Treaty of Rome.

This is not of course the only reason for holding direct elections. For in my judgment, if Article 138 of the Treaty did not exist, it would be necessary to invent it. There is an overwhelming philosophical as well as practical case for holding direct elections to the Parliament of the Community. The Community's means are largely economic but its performance is and always has been political. It is founded solidly on the principles of representative democracy. These principles were directly reaffirmed in the declaration on democracy made by the nine Heads of State and Government after the European Council at Copenhagen on 7 and 8 April this year. The Heads of State and Government then said - I quote - that "respect for and maintenance of representative democracy and human rights in each Member State are essential elements of membership of the European Communities". To this I add that what is right for each Member State is also right for the Community itself.

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An essential element of such democracy is that those who make decisions should be subject to effective scrutiny and control by the representatives of those in whose name the decisions are made. Already a wide range of decisions, with immense effects for good or ill on the fortunes of our 260 million citizens, are taken at the Community rather than at the national level. If the Community is to develop, more important decisions will be taken at the Community level in the future than in the past. National parliaments already scrutinize and control the activities of their national governments within the Community and to some extent the activities of the Community itself. But it is simply not possible to scrutinize and control the whole complex of Community decision making at nine national levels. National parliaments, elected on national issues, and responsible to national constituents, have a national job to do. To ask them to do a thorough Community job as well, and to coordinate their efforts, is to ask for the impossible, and the impossible is not made possible by giving the job to an unelected and necessarily part-time European Parliament instead. In my judgment 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.

Such a Community Parliament could scarcely hope to carry out those tasks if it did not have the legitimacy which only direct elections can give. In all the Member States there is a measure of resentment against the bureaucrats of Brussels, remote and mostly anonymous figures who appear to take insensitive and unaccountable decisions affecting people's daily lives, and who all too easily become the symbol of that fussy over-government of which everyone has had enough. If the Community is to move forward, then the ordinary citizen must feel that his voice can be heard in Brussels as in his own capital. The issues which are decided there must be made more real to him and the means by which they are decided more clear. I do not think that a nominated Parliament could achieve these purposes. A directly elected Parliament might - I say might - be able to do so.

It is not of course certain that it will. I said at the beginning of this as of other issues that things could go seriously wrong. The future directly elected Parliament will not have more constitutional powers than the present indirectly elected one. It will not, like a national parliament, be called upon to provide or sustain a government. Its role will be, as I have said, to scrutinize and control and in doing so to reflect the views of European public opinion on Community rather than national issues. Let us consider what may happen. I begin with what is, I think, the flattest hypothesis. That would be a Parliament which accepted too readily the view of national governments and behind them national parliaments on matters of Community concern, and failed fully to protect the common European interest, and to exercise the powers with which it is endowed. Another hypothesis, which I know has been widely discussed in this country, is that the Parliament will rapidly enter into conflict with national governments and parliaments, and other Community institutions as well, by seeking to give itself powers not provided for in the Treaty. Such an attempt would provide the material for constitutional conflict of the kind which, for good or ill, most of our countries have sometimes known in the past. A third and, I hope, more plausible hypothesis is that the new Parliament, reinforced with the moral authority of direct elections, will use the powers it has more fully and establish that more even relationship with the other Community institutions which was the original intention.

This will of course require some change in the attitude not only of the institution over which I preside but also of the Council in which the national governments are represented. There will have to be more respect for the European Parliament, more notice taken of its views, a greater effort of explanation. In short all must recognize that the new Parliament must play a bigger role in the Community processes than the existing Parliament. In the coming campaign the electorate will be given the opportunity to pronounce on the major issues facing the Community. If the Parliament they elect, and the other Community institutions, fail to take account of the result, then we shall indeed be making a mockery of the democratic processes we have set in train. Members of Parliament are not elected to be poodles of an executive. Their job is to be the watchdogs of the people. Watchdogs are not much use if they are never allowed to bite.

To give the Parliament its due place in the institutions of our Community is not to unmake our national parliaments any more than the establishment of the Council was to unmake our national governments. The long postponed honouring of our commitments under the Treaty to create a Parliament of the same stature as the other institutions should enhance rather than diminish the richness and diversity of Europe. If it fails to do so, we shall all be the losers and we shall all carry a share in the responsibility for failure.

Enlargement of the European Community

The second of the three great issues to which I have referred is superficially unconnected with the first; but in a deeper sense it is closely related to it. It is the challenge of the Community's own enlargement. Three new democracies in Southern Europe have applied for membership. They have done so partly because they wish, quite legitimately, to share in the economic advantages which the Community can give them. But their motives are not primarily economic, any more than were the motives of those who founded the Community. They are seeking membership because for them, as for us, the Community represents a gathering in of European civilization with its commitments to representative democracy and human rights. They are animated by the same ideals as lie behind the decision to hold direct elections to the European Parliament.

It would be easy to say that Greece, Portugal and Spain are far away and should be able to look after themselves. Such a view would, in my opinion, be profoundly mistaken. Greece, Portugal and Spain are all entitled to join the Community. All have made contributions to European civilization which can be compared, to say the least, with those made by existing Member States. To reject European countries entitled and qualified to join would not only be a betrayal of the Treaty, which is the foundation of the Community, but also make a mockery of the underlying principles to which the Community is dedicated.

This is not to deny that enlargement will create major problems for us all. But let us be honest with ourselves. We have a habit of talking about the relative poverty of some of the applicant countries and of the difficulties which acceptance of the common Community disciplines would create for them; and I think we recognize that in bringing them into the Community we shall have to give help to those, in particular Portugal, who need it. But concern for the applicant countries is sometimes a mask for greater concern for ourselves and particular interests which might or might not be threatened. On this I recall what I said earlier: in our Community we are not either losers or gainers, according to some narrow profits and loss account. We all gain. I remember that in the late 1950s many Frenchmen feared that French industry could not possibly stand up to German competition, and opposed French membership

of the Community on that account. In the event French industry benefited at least as much as German industry from the lowering of tariff barriers and the increase of trade which followed. Adaptation was necessary and took place, and the result was eventually good for all. I see no reason why current fears of competition in the industrial or agricultural fields from the applicant countries should be any more soundly based. On the industrial side the effects of Greek, Portuguese and Spanish membership could be to contribute that stimulus to our economies which we all badly need; and on the agricultural side their membership will coincide with necessary and overdue changes in the balance of the Common Agricultural Policy between north and south, designed to bring more sense and greater equity into our system as a whole. The economic problems are real but they can be overcome.

More serious are the problems which enlargement will create for our institutions. President Giscard d'Estaing recently drew attention to them in a letter which he sent to the eight other Heads of Government and to myself calling for a study by a group of three wise people. This is an interesting idea which merits careful examination within the Community. Some time ago the Commission put forward proposals on how to solve some of the very real problems to which President Giscard has alluded. I remark only that in the discussions which have taken place in the Council, Member States have shown themselves to be a good deal more conservative than the Commission. We shall naturally be pursuing our own work on the subject and will count on making our contribution to whatever solution of these problems the Community arrives at.

Enlargement carries many perils. If it failed, it could have incalculable effects on the future of Greece, Portugal and Spain, and not least ourselves. If it succeeded without accompanying measures to strengthen our institutions, it could damage the functioning of the Community, in particular its decision making process, and over time cause a creeping paralysis and loss of will which could lead to a gradual disintegration. On the other hand it could bring about reinforcement of our institutions and stimulate economic growth and necessary change, and advance the evolution of the Community in accordance with the purposes of the Treaty. The result is far from certain. None of the existing members of the Community, nor for that matter any of the applicant countries themselves, wants the Community to be weakened as a result of enlargement. Let us make sure that we rise as we should to the challenge.

A zone of monetary stability

The third major issue to which I refer today is our ability to move through the creation of a zone of monetary stability towards our old objective of economic and monetary union. Before this audience I hardly need to state the arguments new and old for proceeding in this direction. I have set them out many times, and most fully in a speech I made in Florence almost a year ago. Since then the situation has been transformed. The progress which has been made has exceeded by best expectations at the time.

Perhaps I should single out two main reasons for this change of mind. The first was that it became more generally understood that the movement of different European currencies against each other made nonsense of the notion of a real Community and negated many of the benefits which should have flowed from the creation of a Common Market. Floating exchange rates painfully affected the ability of national governments to run their own economies. Those in surplus found that the decline in demand from countries in deficit rebounded on their own growth rates; while those in deficit were frustrated in their efforts to achieve higher growth by constant exchange rate crises.

Hence the relatively poor productivity of Europe, the relatively poor rate of growth and the relatively high rate of unemployment, all in contrast with the previous decades of reasonable monetary stability.

The second major factor has been the concurrent decline in the value of the US dollar. The Europeans have done more than is always realized in the United States to maintain the value of the dollar and to hold more dollars in their national treasuries than they want or need. This has had drastic effects on the ability of European governments to control their own money supply. As I said in a letter to the nine Heads of State and Government last March: "There is a fundamental asymmetry about the United States having withdrawn from the responsibilities of Bretton Woods, while dollars, like legions without a central command, continue to dominate the currency transactions of the world".

Since the Copenhagen meeting of the European Council events have moved fast, thanks in large measure to the efforts of Chancellor Schmidt and President Giscard d'Estaing. The degree of understanding reached at the European Council at Bremen astonished the world and laid the basis for the determined work which is under way. We must hope that the deadlines laid down at Bremen will be respected and that the European Council at Brussels in December will approve the creation of a European Monetary System to come into being on 1 January next year. The creation of such a system will not of course be the same as a European economic and monetary union, but it will be a giant stride towards it. In such a system lies the best hope of this generation of Europeans. Its possibilities for growth are limitless; and its creation could prove a decisive event in the evolution of the Community.

But here again the dangers are very real. Failure now would put us back a long way, and have psychological effects on our ability to work together. or would a partial result, involving only some members of the Community, be in the common interest. A two-speed Europe, or perhaps even a three-speed Europe when the Community is enlarged, could have profoundly disruptive effects. The very sense of a Community would be imperilled. Our Community involves common disciplines, common sense of responsibility, common understanding and common participation. A European Monetary System must clearly be to the benefit of all and take account of the circumstances of all. Thus responsibility for failure would rest not only with those who felt unable to come along but with those who avoidably made it difficult for all to come along.

In conclusion let me repeat my central theme. The Community has it in its power to achieve more progress than has been possible for at least a generation. The election of the directly elected Parliament, the further enlargement of the Community and the creation of a European Monetary System could prove the most fertile combination of events for the future of our Community since the signature of the Treaty of Rome. But there is another side to the coin. If we fail to meet the challenge which each presents to us, we shall certainly be worse off in all respects, and Western Europe would enter a time of troubles such as we have not known since the war. To remain as we are is not a genuine alternative. We move forward together or we move backwards apart.

