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The thrust of Commission policy

Statement by Jacques Delors,
President of the Commission,
to the European Parliament
and extracts from his reply to
the ensuing debate

Strasbourg, 14 and 15 January 1985

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Statement on the thrust of Commission policy

Strasbourg, 14 January 1985

Mr President, ladies and gentlemen,

The new Commission, at the beginning of its term of office, is well aware of the importance of these two days. It appears before you, at your express request, anxious to demonstrate its political responsibility to Parliament and inaugurate an era of fruitful dialogue and cooperation in the service of the Europe we all so ardently desire. The Commission sees its presence in this House, before the representatives of the people of Europe, as an extension of the solemn undertaking that each Member will be giving before the Court of Justice, the symbol of the Community of Law.

Mr President, ladies and gentlemen, one Commission has gone, another has come. One four-year term has finished, another is about to begin. But neither the history of European integration, nor the Commission's role in it, can be appraised in terms of four-year cycles. Particularly since the Commission, though essential, is not the only Community institution. Particularly since, as I will illustrate later, the institutional framework put in place by the Treaty of Rome has, to put it mildly, been operating less and less effectively.

As I take over the baton from Gaston Thorn as a new year begins, may I say that his Commission has left us a message of hope.

A message of hope

Firstly, because it, and Gaston Thorn in particular, never relaxed their efforts to promote healthy awareness and remind us of 'what we are fighting for', or rather, 'why we must live and work together'. And there is no doubt that disenchantment with Europe is receding. There is a new feeling abroad. Secondly, because Europe is—I hope—on the point of settling the family feuds which have literally paralysed it in recent years. It is not for me to say who deserves the credit for this development, but I do feel that the proposals put forward by the outgoing Commission and its constant reaffirmation of the original contract uniting us, did much to settle these disputes which future historians will find laughable in the harsh light of contemporary challenges.

So it is that a new Commission appears before you, imbued with intellectual humility and great political resolve. Personally, I am more aware of the humility. I have often wondered why the Community, with its committed and talented leadership, has never got off the ground; why it has failed to attain the objectives enshrined in the Treaty, objectives on which there was a measure of consensus; in short, why it has failed to bring about the economic, social and monetary integration which is vital to the advancement of our 10 nations. Forgive me if I come up with a rather trite thought, born of experience.

I believe that the engineers of European integration are fumbling not over 'what has to be done' but rather over 'how to go about it'. We can no longer blame the crippling weight of the crisis, the absence of political will or the inertia of national officialdom. No. We need to look further and, here again, there is a glimmer of hope: I believe that the European Council is now as anxious as this House to improve the performance of the institutions.

I know only too well that it is easier to raise applause by talking about exciting objectives than about ways of achieving them. But there's the rub! Empty talk is not enough.

How can we make the most of the new break in the clouds? I hesitate to go too

far, for my exploratory talks in the capitals revealed fundamental differences of opinion, mental reservations and varying interpretations of existing rules. But, when all is said and done, the time is right for the Community to take advantage of the favourable climate or, once again, let an opportunity slip by.

Make no mistake about it. While the world around us is in a state of flux, the powers of today regathering their strength and the powers of tomorrow flexing their muscles, Europe's credibility is at stake, in the eyes of our own people, in the eyes of the superpowers, and in the eyes of the Third World.

Ladies and gentlemen, does Europe want to exist? Does it want to win respect?

You know full well that it does. You have been elected by universal suffrage and are accountable for your actions to the people of Europe. But credibility will have to be earned the hard way. It will depend not only on Europe's strength, on Europe's economic and financial power, but also on the example set by European society. I propose to outline an approach to you now but I will return in March—if your enlarged Bureau agrees—to present the Commission's programme for the coming year. You will appreciate that this must be prepared by the Commission as a body and that it will take a little time.

What approach do I have in mind since my theme is, and will continue to be, 'how to go about it?' It is an approach to achieving consensus and convergence of will, to acting and succeeding. This, and the search for greater credibility, are the essentials. But I will also have something to say about the functioning of the institutions and the decision-making process. In so doing I will endeavour to clarify matters in an area in which—yet again—debate has been ambiguous and controversial, although everyone agrees that reform is urgently needed.

Europe's credibility

The members of this House have always been to the fore in the campaign to make the Community a people's Europe. As a former member and past chairman of the committee whose remit included the free movement of persons, goods, services and capital, I supported the efforts of all those who quite rightly took exception to the continued existence of substantial obstacles. To them, private individuals and businesses alike, Europe appeared—and still appears —like some kind of feudal State where barriers, customs posts, formalities and red tape proliferate. But now that some Heads of State or Government have decided to set an example, to throw their weight into the balance, to clear away all obstacles to free movement, whether hidden or visible, it may not be over-optimistic to announce a decision to eliminate all frontiers within Europe by 1992 and to implement it. That gives us eight years, the term of office of two Commissions.

The new Commission, for its part, is prepared to work towards that goal, in association with the Committee on a People's Europe chaired by Mr Adonnino.

If I may go into details for a moment: the Council and Parliament have approved the programme for consolidation of the internal market presented by the outgoing Commission. It must be put into effect as quickly as possible. It will be for us to do it and to present proposals and a timetable to you for the next stage.

This I know—because we have discussed it—will meet a prime, indeed a vital, concern of yours. We would both like to see the people of Europe, your electors, enjoying the daily experience of a tangible Europe, a real Community where travel, communication and trade are possible without any hindrance, before your term expires at the end of 1988. If we can achieve this, the 1989 European elections will mark a

renewal, the birth of effective citizenship, a renaissance of democracy.

But faced with the uncertainties and worries of the future, what people are looking for above all else is not freedom of movement. They are concerned with living, with finding a place in society, in other words work, with the balance between career and private life, with the post-industrial society and their environment. Pulling down the frontiers will not convince them of our resolve to do away with massive unemployment. Here, too, the credibility of the European venture is at stake, at both national and Community level: at national level, since nothing will absolve us from the need to reforge competitive structures and rediscover the path to economic growth; and at Community level, since it is the Community which must act as the multiplier of national efforts. Economic convergence will be meaningless to people if we have not reversed the terrible rise of unemployment within the next two years. It depends on us. It depends on our strength and our ability to adapt our structures and stimulate an economic upturn at the same time.

Nor should we, an ageing generation, forget the aspirations born in the 'golden sixties', in the 'affluent society'. They are many and varied, I know, sometimes confused and often full of contradictions. But surely that has always been the way? It is impossible to imagine that Europe should not be involved in this great cultural debate, when we remember that, besides its shameful past and fratricidal wars, it has provided mankind with models of thought in which society, the individual and nature tended towards a harmonious equilibrium.

It is in this spirit that we will celebrate 1985 as International Youth Year, reflecting the questions, hopes and fears of the new generation. In this spirit we will affirm our identity and cultural diversity in a world being transformed by information technology.

The aspiration is for a cultural Europe. And rightly so. But culture as a living experience also means enabling everyone to develop in a society in which he has a say and in an environment, man-made or natural, which favours human development. That is why we are—quite rightly—being called upon to combat so many different ills, to improve working conditions, to redesign our cities and rethink our ways of living, to preserve the irreplaceable revitalizing force of nature. In all these areas—many of them touching on environment policy—the Community must set an example by realistic action, stimulating and crowning the creative effort, encouraging and disseminating innovation in order to create the basis for the renewal that is needed.

That is where the great European dream lies, rooted in a history of creative effort in the service of mankind. We must nurture this dream on our ideals and achievements. Jean Monnet's comment on the beginnings of the Community remains remarkably apt today: 'The beginning of Europe was a political conception, but, even more, it was a moral idea. Europeans had gradually lost the ability to live together and combine their creative strength. There seemed to be decline in their contribution to progress and to the civilization which they themselves had created ...' Even that far back!

With Jean Monnet's words in mind, I would urge you to resist mere fashion, to rediscover confidence in yourselves and in this Community, which is soon to be enlarged to 12 members encompassing, from north to south, almost every current of European humanism.

These cultural considerations will not divorce us from the realities of the world we live in. We are all aware of the harshness of the present time. But it would be useless for the Community to proclaim noble-sounding messages if nobody were to listen to it, if it were to become merely a part of

history. And let us not delude ourselves, that is the danger we are facing.

Some regard Europe as ageing and infirm and treat us accordingly; others deplore our lack of initiative and generosity. Where, then is the message of hope I spoke of just now? I would say: in our ability to speak with a single voice and act in concert.

But the question is: can we do it? To be perfectly frank, our record in recent years is not very encouraging. The Community has, it is true, fought for its various interests, but too often it has been on the defensive, at best limiting the damage. Most of the time there have been no forceful statements of a common position but merely vague intentions, with varying shifts of emphasis from one Member State to another.

The result, ladies and gentlemen, is that the Community has been unable to persuade its two major partners and friends—the United States and Japan—to act in concert to remedy the glaring ills of the world economy. Europe has signally failed to exert any influence on monetary instability, prohibitive interest rates, hidden protectionism and the reduction in aid of all kinds to the poorest countries.

Those who look on the bright side will tell me that the worst has been avoided. It is true that the problems of indebtedness have been resolved one by one, that international trade has picked up once more. But the sickness has not been cured, nor the danger averted.

I do not claim to have all the answers. I am simply asking the central question: are the Member States agreed on their diagnosis of the major problems of the world economy? Are they capable, once they have ascertained what their differences are and gone some way towards overcoming them, of working out a set of proposals which are acceptable to all and likely to improve its operation? That is the most important question Europe has to answer.

It is my responsibility to stimulate discussions, first within the Commission and then in Parliament and the Council, to rescue us from what must be seen as Europe's lethargy in this area.

I will do so in the deep-seated conviction that we can reach dynamic agreement among ourselves which will lead to proposals and joint action. And the aim is not just to protect our own legitimate industrial, agricultural and financial interests: we also have to cooperate in a world economic order very different from the fable of the fox and the chickens.

We must show by the quality of our proposals and the exemplary nature of our actions that efficiency and justice can go together. It is time that in Europe efficiency and justice *can* go together. We want to show that the emerging countries—'les nations en voie de se faire', as François Perroux called them—must be treated on equal terms. They, in their turn, must show that they can make a positive contribution to the development of the world economy.

This is the significance of Lomé III, an example of the continuity of Community action, which should encourage us to pursue our efforts to establish a fairer, more efficient economic order.

We must therefore get things clear—and quickly! We are being challenged to maintain Europe as an agricultural power, to take our place in the forefront of the new technologies, to invest in our own development rather than see part of our resources go to sustain the growth of the strongest. We must share world responsibilities on monetary matters and defend our trading interests, as well as playing our full part in widening the exchange of goods and services.

In short, Europe must find its imagination again and return to the attack. Those who have nothing to propose are soon forgotten or held in contempt. Those who do not have the means to match their ambitions are rapidly reduced to tagging along behind or engaging in slanging-matches.

We Europeans must tell ourselves each and every day: yes, we know how to do it, and yes, we can do it.

If I stress our economic and financial capacities, it is not my intention to leave political action as such out of account. Satisfaction can be drawn from the fact that political cooperation has intensified and joint initiatives have been taken in that area.

As this House has often shown, moral strength must be displayed, particularly wherever human rights are threatened or flouted and wherever peace is endangered or destroyed.

While I have no wish to go into this at any great length, I cannot but underline the importance of the talks that have been held in Geneva between representatives of the United States and the Soviet Union. Europeans cannot relax their vigilance, controversy persists, but the talks do hold out a message of hope—hope for our ideal of peace, naturally, but also for our ideal of solidarity. For you and I know that the world has better things to do than prolong the arms race with so much unemployment to be overcome and so much distress to be relieved.

Europe's strength

But let us return to our initial priority: we need to endow ourselves with economic, technological, financial and monetary strength. But strength in these areas will fail to realize its full potential unless it is based on democracy and justice. Democracy is not just Europe's credibility in everyday life: it also means vitality in industrial relations and maximum participation. Justice means more than a fair reward for initiative and risk-taking: it also means the kind of community that makes all its members welcome and is mindful of the need to provide equal opportunities for all. So democracy and justice. Let me then ask this: when will we see the first European collective bargaining agreement?

I would insist on this point. A European collective agreement is not just an empty slogan. It would provide a dynamic framework, one that respected differing views—a spur to initiative, not a source of paralysing uniformity.

I draw attention to this need for a balance between justice and efficiency, all too often forgotten nowadays, not to affirm that any one political doctrine is better than another but to point up our shared heritage as democrats and Europeans, the foundation on which Europe achieved its post-war recovery and the remarkable growth which followed.

Beware of those who would cheerfully throw away the baby with the bath water. Beware of fashions, moods and impulses and, above all, opportunism and the desire to please. The Commission will certainly be on its guard.

Let me remind you that European industrial society used to be a model of efficiency. It is less so today—there can be no doubt about it. It is fighting for its life—that is quite clear. Reforms are needed—nobody denies it. But the principles are still sound, because they are based on the idea of a balanced relationship between society and the individual.

What we lack, apart from a certain degree of self-confidence, is the benefit of scale and the multiplier effect. This can only result from a more united and more integrated Europe. In its four years in office, the Com-

mission proposes to take steps in three directions: a large market and industrial cooperation; the strengthening of the European Monetary System; and the convergence of economies to lead to higher growth and more jobs.

We have to do this if we are to exist in a world where large entities dominate and where toughness is the principal characteristic of all kinds of relations. We have to start without delay; I must insist on this. In taking this action, we shall be saying 'no' to scepticism, 'no' to defeatism and 'no' to all excuses, no matter how cleverly presented—and there are many today—for doing nothing. Sadly, European affairs often give the impression of being a contest between Member States instead of presenting the picture of a united team, a party of climbers scaling to greater heights.

There is no better illustration of the effects of scale than the triptych of a large market, harmonization of rules and industrial cooperation. We have heard more than enough about the disjointedness of our efforts, the obstacles to healthy competition, the rigid barriers around public contracts, the absence of structures to encourage cooperation between European firms and the need for common standards to promote innovation.

In the final analysis, as the example of research shows, it is not manpower and capital that we lack. These are comparable to what the United States and Japan employ. No, what we lack is a single economic and social area in which all the protagonists of scientific and economic progress can engage more easily in exchanges and cooperation.

This has been demonstrated in two sectors —the Esprit programme and telecommunications. The Commission has been able to show all those involved the advantages of exchanges and cooperation. The Commission has succeeded in persuading them quite naturally to combine their research efforts, open up the road to common standards and take the initiative on a number of sunrise projects. This has demonstrated the value of extending the market in general and, in this specific sector, of throwing open public contracts. This has demonstrated the excellence of a method which we intend to pursue.

We must be guided by this persuasive approach. You know the saying, 'You can take a horse to water, but you can't make it drink'. This can be applied to action within Europe. It will not be possible to mobilize firms, researchers and workers unless they are aware of the vital interest of the European dimension and themselves become the instruments of change.

Of course, there have been setbacks. Of course, there are obstacles ... and major ones at that. Achievement of the internal market has been held up by the rule of unanimity, deriving either from the Treaty itself—and I am thinking in particular of Article 100—or from the misuse of the concept of vital interests. This is one of the reasons for our poor performance.

You may rest assured that the new Commission will make full use of all the possibilities offered by the Treaty to overcome these obstacles and to ensure that there is no shirking of responsibilities. A programme, a timetable and a method for these areas will be proposed to Council and Parliament.

As guardian of the European public interest, the Commission will take strong action on these problems, which affect the world of business and commerce, firms and workers, Europe in everyday life, a people's Europe.

Efficiency and social justice

For this reason I will confine myself for the time being to what I regard as fundamental for the internal balance of Europe and for the success of the venture.

First of all, the three branches of the proposal cannot be separated. There can be no fair and healthy competition without a harmonization of rules. Remember that competition can kill competition if the market does not permit fair contest between the different rivals. Hence the need to ensure, as happens in many of the Member States, that national measures do not lead to unbalanced competition. I would point out that this did not escape the authors of the Treaty of Rome, as Article 102 shows. The Commission will make use of this Article where necessary.

But Europe will not modernize its production structures just because a large market exists. The search for the larger scale will call for the promotion of cooperation between European firms; it will call for the creation of a suitable framework; it will call for tax concessions to encourage business cooperation and financial incentives at Community level instead of the costly and ineffective escalation of national aids and incentives.

People tend to forget that one of the factors which has helped to start the harmonization process—while I am on the subject—is the European Monetary System. The EMS, by effectively stopping monetary dumping, has helped increase intra-Community trade. So there is no monetary dumping, but that is not enough. There should be no social dumping either. Here too we must try to harmonize the rules. This is the significance of the European social area which has still to be set up. What will happen without this minimal harmonization of social rules? What are we already witnessing? Member States and firms trying to gain an advantage over their competitors, at the cost of what can only be described as social decline.

Let us be clear on this point. Like many of you, I believe that our economies are too inflexible. But the causes of this inflexibility are many. If we spend all our time looking for them in just one direction, we may well run aground, for Europe will not be achieved in a kind of inverted social progress. It is time that the labour market should be made more flexible—I would be all for this—but it is equally important to stimulate initiative and to fight against every unjustified advantage, without exception, deriving from entrenched positions.

To come back to the major areas covered by employment and labour market policies, I must warn you that our success will depend on two conditions being met: reforms must be negotiated by the two sides of industry, in other words collective bargaining must remain one of the cornerstones of our economy, and efforts must be made to secure some harmonization at Community level. That is why I raised the idea a few moments ago of European collective agreements to provide the framework which is essential for the achievement of a large market. That is why I wish to insist, in an attempt to rebuild confidence, on the importance of human resources for the knowledge and skills which they contribute. Our policies on education and training must help everyone to a better understanding of the way the world is going and enable everyone to make the best use of his talents and personal resources in the service of society.

But let me ask you this: is it possible to advance on this front—the large internal market, industrial cooperation—and retreat on others?

This, frankly, is the question which needs to be asked about the common agricultural policy. I think I have detected some reservations here and heard fears expressed about renationalization of the agricultural policy. Did you know that national expenditure on agriculture, excluding social security, already amounts to 50% of Community spending? Can you tell me what useful contribution the Community dimension is making? It is time to stop drifting and recall the three key principles of the Treaty—a unified market, financial soli-

darity and Community preference—and add the common commercial policy. These principles provide the framework for continuing the efforts—already well under way—to modernize the common agricultural policy and determine the prospects for European agriculture. Farmers too need fresh reasons for hope and belief in their economic and social function, for hope and belief in Europe. The Community's job is to sustain those activities which are essential to meet needs and maintain human and natural balances. The Community intends to remain a leading agricultural power: this is essential for its autonomy, the strength of its trading position and its political standing.

The European Monetary System and the ECU

The same is true of the future of the ECU and the European Monetary System. Nobody would now deny that in five years the EMS has proved its worth. Nobody would now deny that for all its members—I repeat, for all its members—the advantages have outweighed any drawbacks and constraints. The EMS has been an area of relative calm in a sea agitated by the wide and sudden fluctuations of currencies. It has helped trade to develop and permitted growth in the private use of the ECU.

But—and this may surprise you—a real Community currency will not be one of the objectives of my four-year term. I am too well aware of the fundamental problems, notably for the central banks, and the technical complexities of monetary questions to make any hasty promises. However, I do believe that a substantial strengthening of monetary cooperation and a controlled extension of the roles of the official and the private ECU are both possible. The Commission will propose a method to make progress on this in the light of the lessons which it—and you—learnt from the two abortive attempts of recent years, in which I, for one, was closely involved.

For the moment, I will confine myself to asking a number of questions on monetary problems, which I would like you all—even those I know to be less than enthusiastic—to consider.

First question: Suppose the growing interest in the private ECU takes on even vaster proportions, as happened with the Eurodollar. Do you not think that this would impose responsibilities on the countries which set up the European Monetary System? Would they not have to take steps to shield the private ECU from unfair and dangerous speculation? Would they not have to ensure healthy conditions for its growth, in the interests of monetary policy and sound management of the banking system?

Second question: If you consider, as I do, that the burden on the dollar is too heavy, do you not think that the Community should introduce a currency, the official ECU, which would enable the central banks to diversify their reserves? Do you not think, in other words, that Europe should create an alternative reserve asset? This may be a technical point but it is one which calls for political will. Is Europe prepared, by supporting a reserve currency, to share the global burden of monetary management with the United States? If it were to do this, would it not be in a stronger position to ask Japan to take its share of the load and persuade the United States to introduce the internal discipline which would make for relative stability on foreign exchanges and a more balanced distribution of savings and financial flows?

Third question: Could not a stronger monetary system, seen as one of the keys to progress past and of progress still to come, reopen the path to economic and monetary union mapped out by the Werner Report almost 15 years ago?

In this way the monetary approach, regarded by many as dangerous or sophisticated, would stimulate growth and create jobs. What a triumph if the Community could demonstrate that monetary stringency and the fight against unemployment go hand-in-hand, that they are not mutually exclusive.

This brings me back to the fight against unemployment. I have spoken at length about its structural aspects and the need to adapt available production capacity through the larger market and industrial cooperation. This does not mean, however, that we should neglect short-term factors. Once again, Europe's credibility depends to a large extent on turning the tide of unemployment.

Coherent action

Here, too, consensus and areas of agreement must be sought. Economic convergence is a positive factor, greatly assisted by the existence of the European Monetary System. But it is no less true that convergence has contributed to the success of the EMS, and this is a way forward which should be pursued. But to what purpose? And by what means? I feel that we need to agree on what we mean by convergence. If I were not afraid of creating confusion in a long speech, I would happily substitute the idea of consistency. If inflation is to be beaten, if external imbalances are to be corrected and if efforts in this direction are to be maintained, we must not lose sight of the reality and diversity of the Community.

Since I have introduced the word consistency, let me say that any attempt to harmonize models of growth and regional development in northern and southern Europe would be an affront to it. Development must be planned and carried out using the human and natural resources of each of the Member States. This, to take but one example, is what lends the integrated Mediterranean programmes their importance, since they are designed to make the most of existing resources and skills. In our joint striving for stringency and fresh approaches, let us seek to profit from our diversity, in which our riches lie.

Similarly, it would be an affront to consistency if, speaking in cost-benefit terms, we disregarded the prospects which the common market opens up to countries which have traditionally lived by exporting.

It must be said frankly that this is where looking at the Community in purely budgetary terms will lead us.

We have to take all factors into account when seeking to find the balance of advantage. As Roy Jenkins said in this House in 1977: 'The Community ... can create and give more than it receives, but only if the Member States, peoples and governments alike, have the vision to ask what they can contribute, and not just what they can get'.

We will keep these considerations at the front of our minds when the problem of adapting the Community's budgetary and financial resources to its desired objectives has to be posed in realistic and balanced terms. This deadline is closer than some people think because, as the outgoing Commission constantly stressed, a balanced and efficient Community cannot be built on a VAT rate limited to 1.6%. I construe this as meaning that we must strike a balance between our ambitions and our resources, applying the principles of sound management to all types of expenditure. But we must also answer the following question: in certain cases would not an extra 10 ECU in the Community budget have a greater multiplier effect than an extra ECU in the budgets of each of the 10 Member States?

Indeed, this question links up to one of the key ideas underlying the approach adopted by Parliament to justify the draft Treaty

on European Union: what is known as the subsidiarity principle.

Finally, it would be an affront to consistency if each country took financial and monetary austerity to the extreme and expected to secure its salvation, that is a return to a higher growth rate, solely from increased sales to its partners. You cannot escape drowning by climbing onto the back of a drowning man. We will all sink or swim together.

That is why the real contract which the Community offers is for each member to use its margin for manœuvre to stimulate the growth of all. This will offer benefits in return because a positive synergic effect will have been created which could, if necessary, be backed by a Community investment programme as this House has advocated. This programme would also constitute one means among many of bringing the transport policy to life and strengthening a European network of major communications routes, something which would, it should not be forgotten, benefit everyday life in Europe and the large-scale European market.

So all things are interconnected, whether in a situation of renewed dynamism or one of slow decline. It is up to us to demonstrate, over the coming months, that interdependence and solidarity entered into with full awareness of the consequences are infinitely preferable to the present situation.

This brings me to the institutional dynamic.

The institutional dynamic

After Europe's credibility, after Europe's strength, it is easier, as we have seen, ladies and gentlemen, to define 'what' has to be done than 'how' to go about it. I believe that broad consensus can be reached on objectives, given our potential, the challenges facing us, and the responsibilities we must shoulder.

But as soon as we start discussing 'how' to achieve them—let's face it—the difficulties start. My visits to the 10 Member States as President-designate confirmed my suspicions on this score. Everywhere I went questions were raised about the operation of the institutions. Everywhere, everyone realizes that we cannot go on living in a paralysing state of confusion. It is true that we have managed to settle family feuds. This is good, but for the rest, let us be frank. Europe is no longer capable of taking decisions. Europe is no longer progressing. Unfortunately, the only thing we are agreed on is its impotence. As soon as we begin to consider ways of curing it, opinions differ to say the least. Here too there is a need for clarification and the Commission has every intention of helping.

It is essential that we get out of the rut of existing practice in relation to the preparation of dossiers. The same applies to interinstitutional conciliation, and decision-making—I almost said the absence of decision-making. What is happening at present, in point of fact, is that each institution is giving vent to its own frustration by passing the buck to the others.

Many proposals have been made for remedying this *de facto* situation. You are familiar with them all—from the Tindemans Report to the report of the Three Wise Men in 1979. Parliament was more daring in its approach, producing a draft Treaty on European Union. The European Council tried too, setting up the Committee chaired by Senator Dooge to investigate our current paralysis, to make concrete proposals for dealing with it, to improve decision-making procedures and to broaden the scope of the existing Treaties.

You may say that all of this is quite encouraging and promising. And it is, but, I feel, on one condition. Because of the range of opinions, which is far wider than many people think, we must at all costs prevent the institutional quarrel becoming in the

future what the mandate of 30 May 1980 was in the past. I hope I am wrong, but I fear that institutional issues could lead to the adoption of diametrically opposed positions which each side could invoke as a pretext for doing nothing.

You know the story: each Member State makes progress in one direction conditional on assurances or concessions on issues which it regards as essential.

We have suffered too much from this type of diplomacy, this tit-for-tat approach, not to be extremely wary. Indeed, we are still suffering from it—witness the preliminaries to enlargement.

These then are the facts. I can assure you that the Commission will do all in its power to avoid this new battle of Hernani. To this end I would suggest a simple—perhaps over-simple—two-pronged approach. And it is this: let us identify the improvements to be made within the framework of existing rules and then decide what can be done beyond the Treaty of Rome. Neither element can be neglected. We must steer a course between the twin traps of limited pragmatism and precipitate action.

The Commission undertakes to explore all the possibilities offered by the existing framework, the framework provided by the Treaty of Rome, modulated by agreements or non-agreements. The Commission will make full use of its right of initiative to accomplish the priority tasks I have outlined. The Commission will ask the Council to return to the spirit of the second paragraph of Article 149, well known to you. It will not hesitate to withdraw a proposal if it considers that its content has been too watered down, or if it notes a refusal, express or implied, to debate it.

Parliament will be fully involved in this experiment, which will serve to test the will of the Member States and the viability of our rules and institutional practices.

Should a difficulty arise between two institutions, the Commission will endeavour to decide whether the root cause is a fundamental difference of opinion between the Member States, or whether it is, quite simply, a confrontation between the powers of the institutions. I am sorry—I almost said the 'susceptibilities' of the institutions. In the first case, where a fundamental difference of opinion is involved, it will be for the Council to initiate frank discussions and for Parliament to debate the issue and involve public opinion. In the second case, where a confrontation of powers or susceptibilities is involved, the Commission will attempt to act as honest broker to ensure that non-essentials—institutional friction —do not cloud essentials—the progress of European integration.

Make no mistake about it, ladies and gentlemen, the operational aspect aside, the venture is an ambitious one. The Commission, too, has its back to the wall. It must find realistic ways of achieving its objectives. The Commission must introduce an element of simplicity into its proposals, it must act in permanent consultation with the other two institutions. But it will not waver in its commitment or compromise the content of its proposal at the outset.

You will find that the Commissioners will be prepared to discuss matters with you seriously both in committee and here in the House. But this will prove impossible unless the Commission and Parliament make a determined effort to organize work schedules and programme discussions and debates.

Difficult though it is, the game is worth the candle. I hope that, by resolute action, we can convince those of you who are disheartened by the volume of unfinished business, by so many unnecessary complications, by all the secondary obstacles. To my mind the Commission should, as it were, play the key role of engineer on the European construction project.

Let me make my position quite clear at the start of our partnership. I am not sure how the Treaty can be used to best advantage, but I do want to take action. I am an advocate of new horizons for Europe. I am in favour of European unity. But is this sufficient reason to postpone work on schemes for achieving economic and social progress?

The Treaty of Rome must not be regarded as the be-all and end-all. Various plans have been put forward, not least by Parliament itself. The Dooge Committee is working hard to a very strict timetable: an initial discussion at the European Council in March followed by a full-dress debate—and hopefully decisions—in the Council in June. The Commission is playing an active part, and will continue to do so, inspired by the ideal of a Europe united at last, with resources to match its ambitions.

In this area too the Commission intends to be a driving force and generator of proposals. It wants to respond to the appeals and hopes of those of you who keep the European flame alive, by giving serious consideration to your resolutions, opinions and pronouncements, by helping to make the essential leap forward which will widen our horizons and reinforce our action.

The Commission wants to make a start right away by instilling a sense of urgency into decision-making, by stimulating action, by making the institutional trialogue meaningful and effective. It is anxious to shoulder its responsibilities and extend its executive role under delegated powers which it will demand from the Council. The Commission is prepared to take risks. The other two institutions must be prepared to do the same.

Time will prove us right. As we recover our ability to act, we will see that aiming for new horizons was the right approach. Let us do what we can to ensure that by June, the deadline set by the European Council for a debate of the utmost importance, progress made towards strengthening our Community will justify our determination to press onwards to European Union. You can rest assured that the Commission is well aware of the difficulties which lie ahead and of the problems in abeyance which will be raised in the House later: the successful completion of the enlargement negotiations, the 1985 budget, the disagreement about budgetary discipline, the integrated Mediterranean programmes, the decisions on farm prices, and the settlement of disputes on the environment and on steel. There is enough routine business here to keep you and us fully occupied. But we must make plans for the future, start things moving again to create a Community worthy of the name, underpinned by a renovated economy and an unparalleled social system.

Ladies and gentlemen, we have three major challenges to meet: the challenges of approach, influence and civilization.

First, the challenge of approach: we must demonstrate that we can act as Twelve, and not simply mark time or muddle through from one day to the next.

Second, the challenge of influence: we must ensure that the Community speaks with one voice, that it is an actor rather than a spectator on the contemporary stage.

And lastly, the challenge of civilization: in a world of change, we must reaffirm our values and fuse the sometimes contradictory aims and aspirations of our contemporaries into new constructs.

Let me repeat: Europe does have the resources, so once again it is on our strength of character that we will be judged. The maxims quoted by Winston Churchill in 1946 spring to mind: 'In war, resolution; in defeat, defiance; in victory, magnanimity; in peace, goodwill'.

Would that Europe, in these dark and difficult times, lived up to these tenets and refound her old self-confidence.

But, at the end of the day, this will depend on us, and us alone.

Extracts from the reply by Jacques Delors to the debate in Parliament on the thrust of Commission policy

Strasbourg, 15 January 1985

My statement to you yesterday covered the next four years. It was not meant to be a detailed programme for one year...

If we flesh it out later to turn it into a programme, adding areas such as energy saving or energy policy in general, which I did not touch on, you will admit that we will have our hands full for the next four years.

Something will have to be done about our working methods. This will mean picking and choosing our subjects, picking and choosing topics for discussion within the Commission, whose members have reaffirmed their resolve to work as a real team. This will not always be easy, since even the Commission mirrors the stresses and strains and conflicting views within the Community which, I ventured to remind you yesterday, are serious and substantial. What would your reaction have been had I wallowed in idealism? All of us — the Commission, Parliament and the Council — must clarify our ideas. The Commission has a further duty: to produce common positions cogent enough to compel the other two institutions to come out into the open and say clearly what they do or do not want...

Despite the hazards, despite differing viewpoints, my purpose yesterday, at the risk of being tedious, was to reflect on 'how to go about it' rather than 'what has to be done'.

I can see already that my ideas struck many of you as over-ambitious, if not unattainable. This says much about the magnitude of our task.

Some of you were quick to bring me down to earth, reminding me of the problems in abeyance: the 1985 budget and budgetary discipline, for example. Which gives me a golden opportunity to speak for a few minutes of the difficulties of getting the institutions to work smoothly again.

If the Commission wanted to act quickly on the 1985 budget and budgetary discipline, it would have to act as honest broker and get more and more involved in what is the role of the Council's Secretariat, that is to say, reconciling viewpoints and doing the legwork. And even if we were to pull it off, we would be repudiating the origins, the very essence of our institutions. The orthodoxy is that the Commission makes proposals and the other institutions take up their positions. You will soon see how difficult our day-to-day task is. When I met the Italian Presidency this week, I was tempted to make a suggestion of my own for settling one of these problems in abeyance. But I held back telling myself: if you do this, you will be moving even further away from the purity of the original design, a design which reveals more than a touch of genius on close inspection.

The Commission is no less aware of the difficulties presented by the common agricultural policy.

I said yesterday that farmers needed reasons for hope and I meant it. I was not merely side-stepping the issues of farm prices, overproduction and the serious differences we have with the United States and other powers. No, it was quite simply because, at a meeting with representatives of the farming organizations this week, I sensed that Europe was moving out of their field of vision and that opening new medium-term horizons for European agriculture was, if not the key to solving their problems, at least pointing the way. We must all look to the

future. Gaston Berger claimed that looking to the future was tantamount to changing it. The same is true of implementation of the budget: we will, obviously, have occasion to discuss this vital issue further.

My statement yesterday was deliberately unbalanced. It did not say enough about the outside world, because I did not want to speak for more than one hour, especially since my theme was methods.

Firmness and an open mind

I said very little about our credibility in the outside world. Our credibility depends, as I said yesterday, on our strength of character, but also on our economic muscle. First and foremost — even if we have to step outside the strict confines of the Treaty of Rome — we must command a wide overview of the problems of preserving peace, the world balance of power, all that threatens the still select circle of democracies, all that threatens human rights everywhere — even at home if we have to put our own house in order.

We must be firm but openminded. Yesterday I was speaking for others not just myself. So I did not, as I sometimes do, indulge in the form of outspoken dialogue that I conducted as a minister with representatives of the US administration. I was brutally frank with them, because I regarded myself as their friend, though this was sometimes misconstrued. We must acquire this firmness; firmness precludes neither friendship nor openmindedness. But we need to establish our style and, as I said yesterday, I am speaking from experience, my own and others'.

When we Europeans go to talk to the Americans with poorly defined positions, when we are not one hundred percent united in our strategy, though we may agree on the diagnosis, we cut no ice. I could review three and a half years of world monetary history for you to demonstrate that only once in that time did we succeed in convincing our American friends. And on that day we spoke strongly and in unison. We were agreed on our diagnosis and our proposals and we all followed the same strategy.

We need an effective presence... The Commission, the Community, has too low a profile in Latin America, Central America and the underdeveloped countries not covered by the Lomé Convention. And Europe, which will soon embrace Spain and Portugal, has no large-scale Mediterranean policy.

I don't propose to enlarge on this, except to say that this is why I got the idea of assigning responsibility for this area to one Commissioner, who will, of course, work with the Commissioners responsible for external relations and development.

I was able to do this by entrusting the job to a generous and capable man. But even before the right man was found, the decision had been taken for the reasons I have explained — endorsed incidentally by opinions canvassed from several senior Community officials and more than one Commissioner. We must ensure an effective presence in the world... to make Europe known.

It is true that we do not always match up to our predictions, intentions or recommendations; but we do need a presence and I believe that with this new arrangement, the Commission will have a higher profile and that the three Commissioners concerned will work together, imbued with a common resolve to improve the world order.

As a European I have often wondered, looking back beyond our shameful past and fratricidal wars to our heritage of civilization, how we Europeans ever became so powerful, to the point of bringing about the downfall of others, dragging them into

wars? How can we countenance a slow decline, if a gilded one for many? Will our grandchildren forgive us if we do not leave them a Europe that can assert itself and exert some influence on world affairs?

Another marked characteristic of Europe has been its desire for universality and, of course, when I say Europe I am not confining myself to 10 or 12 countries as I have been accused of doing. But we must start with those who want to be together, with those who want to live and work together.

So, whether the issue is trade or financial flows, the scale of aid, or new roles for international organizations, the Community will be there. The three Commissioners concerned will do the necessary. We have no intention of throwing our weight about, but we will be firm and will account to you for our actions. And we hope that our governments will go along with us for none of us have anything to gain from forgetting ourselves, forgetting our identity. Some of you took what I said yesterday to be a fixed prejudice in favour of one type of social organization or another. It was nothing of the kind. It was a simple but important concept that in no way precludes painful reappraisals. But, I beg you, let us be ourselves. Let us be ourselves.

Structural and economic action

To return to the home front. I tried yesterday to relate structural and economic action. And in the talks I have been having with the employers' associations, the trade unions and the agricultural organizations I made this link again and again. Why? Because it's the only way. We need to adapt production to the new international situation; but we also need to demonstrate in the months ahead that we are capable of progress, now that the opportunities are there.

Do you seriously believe that we can tell our young people, at school, at college or on the dole that they will find jobs in five or ten years' time when we have adapted our structures? Do you seriously believe that we can embark on a policy of reflation, of economic recovery with structures as flimsy as ours, without mobilizing our resources? Obviously not! The two things are interdependent. Our efficiency, our credibility is at stake...

The European Monetary System and the ECU

I was cautious on the monetary front...

Cautious because I am well aware of the circumstances in which the European Monetary System was launched and the doctrinal debates in which monetary experts, governments and central bank presidents got embroiled at the time. I know all about the problems of principle facing the central banks. And you cannot have failed to notice that nerves have been on edge again recently and that both sides are hiding, in exasperation, behind questions of principle.

The mood is scarcely conducive to making progress and to providing answers, coolly and calmly, to the questions I asked yesterday. This is precisely why I asked them.

To take matters a little further, let me restate three points. Let us assume, first of all, that we are determined enough to push beyond the present system; that we consider a move to the final phase, originally planned for 1979, to be premature; that the central banks can be reassured. But even then any real progress would call for an effort on the part of each Member State: some would have to narrow their margin of fluctuation, others would have to join the system, yet others would have to liberalize capital movements. There is no point in wanting a strong ECU in a splintered market. Feudal-

ism is just as out of place in monetary affairs as it is in economics and trade.

From there we could think of working in two directions and perhaps consider going beyond the small 'package' that was rejected in December—firstly by containing the development of the private ECU—I gave sound reasons for that yesterday — and secondly by extending the use of the official ECU within the system, and indeed outside it. If we could manage to come up with a more ambitious package than the December one and get it accepted, that would be real progress. We need to act fairly quickly, once nerves have calmed down again, so that we can press ahead with current discussions within the international institutions.

You will recall that two years ago the French President called for an international monetary conference. As Finance Minister I immediately put forward proposals. I revived discussion in the 'Group of Ten', in which most of the Community countries are represented. The work done by the Group should not be left to lie fallow simply because the two or three who believed in it have lost interest. The work of the Group raises questions. Is there, for instance, a link between excessive currency fluctuations and protectionism? Do excessive currency fluctuations hinder the expansion of international trade? Are we going to answer this question or not?

And there is another question: is the International Monetary Fund there solely to keep an eye on the poorer countries? Should it not also require the richer countries to play by equitable ground rules? Are we going to answer that question or not?

If we do not answer, it means that we have decided to resist all change: the status quo is just fine. We are putting a question to you — you will have an opportunity to debate it — and it is this: do you think the present system is all that it might be?...

Institutional relations

On the subject of institutional relations, I said: the Treaty, all of the Treaty... The Commission has a duty to ease the present strain between the institutions. Everyone is too much on edge. We would be on edge here too if the Commission, to demonstrate that it has the right of initiative, were to fire off four or five proposals and bang on the table...

As to relations between Parliament and the Commission—I promised to return to this at the end of the debate because you asked me specific questions—I would prefer to hear from you before making any pronouncement.

But let me make a point which will not, I'm afraid, be to everyone's liking. When I left this House, I was rather disillusioned. I wondered how one could talk about the Treaty when, for a debate on the Treaty, only 10 members were in their seats. I was rather disappointed, taking a rather longer view, re-reading the fathers of the Treaty of Rome, eminent authorities on public law or eminent historians this summer.

I came to the realization that our democracies were born of relentless struggles by parliaments to secure a sound balance of power from the executive. And I said to myself, even if some regret it today, the election of this Parliament by direct universal suffrage symbolizes this. Of course it is more complicated with 10 or 12 of us. But there are *idées-force* which we must cling to.

Parliament was elected by direct universal suffrage. As I said yesterday, our aim is to ensure that before the next European elections, the man in the street can enjoy the daily experience of a tangible Europe. But we also want to ensure that you can fight the good fight democratically. It is your sense of responsibility, not simply your

conscience, that will tell you how far you can go without overstepping the mark. And when you do I will tell you. But I still believe that your election by direct universal suffrage should be seen in terms of the birth pangs of democratic life with a European dimension. And it is precisely this that will give Europeans a taste for encouraging, living and building Europe. It cannot be otherwise. That is the lesson I learnt last summer.

You have asked me four questions. Let me answer them.

Firstly, the Commission will send all its proposals to Parliament in due and proper form.

Secondly, the Commission will give every consideration to your amendments, but it is not prepared to give you a blank cheque. If we do not agree with your amendments we will give you valid reasons, in committee or in plenary session.

Thirdly, in the event of a dispute arising, as I said yesterday, not from confrontation of susceptibilities but from a genuine difference of opinion over the course to be taken, with that purposeful, dialectic tension between governments, which watch over national interests, and the institutions, which watch over the Community's interests—and that's where our responsibility lies—I will instigate fresh discussion, further debate in Parliament.

Fourthly, any proposal that is too watered-down will be withdrawn, but not before it has been discussed. And we will keep the public informed, for it would be all too easy for an institution to let a proposal hang fire for six months and then say that the others would have withdrawn it anyway. Withdrawal is a two-edged weapon, as you well know.

I would like to make a suggestion, if I may. Why don't you, with the approval of your enlarged Bureau, let's say twice a year, choose a subject which you, rather than the Commission, would begin to study. Why don't you conduct the necessary hearings —if it is a difficult subject it will entail consulting partners, eminent specialists —and prepare a resolution as a basis for us to work on.

I think that if we could get an arrangement of this kind going, there would be better understanding, more scope for cooperation between our two institutions.

We wouldn't be climbing alone; you would be with us, at least for that project.

Beyond the Treaty of Rome

Let us assume that our 10 countries agree on a new treaty. Let us assume, to simplify matters, that this new treaty encompasses the old one.

You can see the problems already. Some favour a small treaty within the present one; others want a separate treaty; still others want a totally new treaty. Let me make a simple assumption, say, by some miracle, that an intergovernmental conference is convened in June 1986 and agrees on a new treaty to supersede the old one. When would this new treaty come into force? Three years later at the earliest. So what do we do for those three years? Do we meet to polish up the draft? To improve it? Or do we do nothing at all? If we twiddle our thumbs for three years, do you think the general public and our governments will have the heart to vote for the new draft? I think that the point is a valid one. We have to find the happy mean. There is no need to abandon 'the great beyond' but we must go on working here and now within the existing Treaty, all of the Treaty.

Communications

If we are to get this across to the general public we will need to improve communications. I have already suggested, without

even consulting my colleagues, that Commission information policy should concentrate less on Smith and Jones, perhaps less on the Commission and more on Europe. And with your agreement, we could dovetail our information policies, so that everyone can see what is going on.

When we read European news and see, for example, that the Council and the Commission are at loggerheads, this is only of interest to a 'happy few', the specialists. But when do television and the press give Europe the exposure they give to other problems?... A market in image-building is developing today. I have seen Italian producers making very successful advertising 'clips', and it makes me wonder whether we shouldn't ask the great artists to tell us in three or four minutes what Europe is. If Parliament, the Commission, and perhaps even the Council, agreed, we would be talking about Europe. Information could flow in two directions. There would be the information for the specialists—the stuff of economic, social and cultural life. But there would also be information that would surprise even us. I believe that if the Germans knew what benefits Europe has brought and what those benefits cost; if the French knew how many of their laws are European rather than French, if the British were more aware of the advantages they have gained from joining the Common Market, even in unexpected areas, and so on, with talented people it could be done. I would ask you to consider the suggestion. It would be a change of style. It would exploit the new forms of communication on offer. Provided we find talented people. To speak cleverly of Europe, to win support for Europe.

Balance

Europe, for me, sustains and exemplifies balance. In world terms it stands for balance for peace; balance in sharing world responsibilities; balance between North and South. In institutional terms, it stands for balance between the institutions. Let each one do its job! And in terms of society it stands for the balance between society, the individual and nature, and the balance between the two sides of industry. I spoke of a European collective agreement yesterday. Obviously, it is difficult to render, but what it means is that the employers and the unions enter into a contract without intervention by the government or the institutions. So why deny Europe that basic ingredient of democracy and mutual recognition?

But beyond all that, balance is an attitude of mind, a philosophy of pluralism and democracy, for without pluralism Europe will never be. But pluralism must not be used as a pretext for reconciling opposing viewpoints and creating inertia!

Our debates then will be tough and outspoken. There will be awkward moments between Parliament and the Commission. But our health and, I hope, our success depend on it.

European Communities—Commission

The thrust of Commission policy

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