

**Ad hoc Committee  
for Institutional Affairs**

**Report  
to the European Council  
(Brussels, 29—30 March 1985)**

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# Presidency conclusions

## **Ad hoc Committee for Institutional Affairs**

The European Council decided to set up an *ad hoc* Committee consisting of personal representatives of the Heads of State or Government, on the lines of the 'Spaak Committee'.

The Committee's function will be to make suggestions for the improvement of the operation of European cooperation in both the Community field and that of political, or any other, cooperation.

The President of the European Council will take the necessary steps to implement that decision.

AD HOC COMMITTEE  
FOR INSTITUTIONAL AFFAIRS  
THE PRESIDENT

Dublin, 19 March 1985

Mr Bettino Craxi  
President-in-Office of the European Council

*Dear President,*

*At its meeting in Fontainebleau in June 1984, the European Council decided to set up an ad hoc committee to make suggestions for the improvement of the operation of European cooperation in both the Community field and that of political, or any other, cooperation.*

*At its meeting in Dublin in December 1984, the European Council asked the committee to continue the work, which it began in September of last year, with a view to securing the maximum degree of agreement. It also asked the committee to complete its work and submit a report which, after preliminary consideration at the meeting of the European Council in March 1985, would be the main subject of the European Council in June 1985.*

*In execution of that mandate, the ad hoc committee submits the attached report. As in the case of the Interim Report submitted to the European Council last November, this document reflects a broad consensus. Wherever a member was unable to accept the consensus on any point, this is indicated in a footnote, or an annex to the report. In one section of the main text, which was considered to be of particular importance, two options have been included, one representing a majority view and one representing a minority view.*

*With the submission of this report, the Fontainebleau mandate has been discharged. If the European Council considers that the members of the ad hoc committee could assist them in any manner in connection with the report, their services remain at its disposal.*

*Yours sincerely,*

*James Dooge*

Senator James Dooge

## **List of Members of the ad hoc Committee for Institutional Affairs**

**Mr James DOOGE (Chair)**

Representative of Mr Garret FitzGerald, Prime Minister of Ireland

**Mr Jean DONDELINGER**

Representative of Mr Jacques Santer, President of the Government of Luxembourg

**Mr Maurice FAURE**

Representative of Mr François Mitterrand, President of the French Republic

**Mr Mauro FERRI**

Representative of Mr Bettino Craxi, President of the Italian Council

**Mr Fernand HERMAN**

Representative of Mr Wilfried Martens, Prime Minister of Belgium

**Mr Otto MØLLER**

Representative of Mr Poul Schluter, Prime Minister of Denmark

**Mr Ioannis PAPANTONIOU**

Representative of Mr Andreas Papandreou, Prime Minister of Greece

**Mr Malcolm RIFKIND**

Representative of Mrs Margaret Thatcher, Prime Minister of the United Kingdom

**Mr Carlo RIPA DI MEANA**

Representative of Mr Jacques Delors, President of the Commission

**Mr Jürgen RUHFUS**

Representative of Mr Helmut Kohl, Federal Chancellor of the Federal Republic of Germany

**Mr Wilhem VAN EEKELEN**

Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

### **Secretariat of the committee:**

Katherine MEENAN

Yvon QUINTIN

Alain VAN SOLINGE

## **Preface <sup>1, 2</sup>**

After the Second World War Europe made a very promising start by setting up, firstly with the European Coal and Steel Community (ECSC) and then with the European Economic Community (EEC), an unprecedented construction which could not be compared with any existing legal entity. The Community — based on the principles of pluralist democracy and the respect for human rights which constitute essential elements for membership and is one of the constant objectives of its activities throughout the world — answered the complex and deeply felt needs of all our citizens.

Although the Community decided to complete this construction as from the Summit in the Hague in 1969 and Paris in 1972, it is now in a state of crisis and suffers from serious deficiencies.

In addition, however, the Member States have become caught up in differences which have obscured the considerable economic and financial advantages which would be obtained from the realization of the common market and from economic and monetary union.

Furthermore, after 10 years of crisis, Europe, unlike Japan and the United States, has not achieved a growth rate sufficient to reduce the disturbing figure of almost 14 million unemployed.

In this state of affairs Europe is faced with ever more important challenges both in the field of increasing industrial and technological competition from outside and in the struggle to maintain the position of political independence which historically it has held in the world.

Faced with these challenges, Europe must recover faith in itself and launch itself on a new common venture — the establishment of a political entity based on clearly defined priority objectives coupled with the means of achieving them.

The Community has not lost sight of the fact that it represents only a part of Europe. Resolved to advance together, the Member States remain aware of the

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<sup>1</sup> See Mr Møller's comments in Annex A.

<sup>2</sup> See Mr Papantoniou's comments in Annex B.

civilization which they share with the other countries of the continent, in the firm belief that any progress in building the Community is in keeping with the interests of Europe as a whole.

\* \*

The Committee has placed itself firmly on the political level, and without purporting to draft a new Treaty in legal form, proposes to set out the objectives, policies and institutional reforms which are necessary to restore to Europe the vigour and ambition of its inception. <sup>1</sup>

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<sup>1</sup> Mr Møller felt that the difficulties facing the construction of Europe resulted from a failure to implement the existing Treaties fully and could be remedied by the strict application of the Treaties. He considered that the achievement of European Union, has already foreseen in existing statements, was the objective.



## **I. A genuine political entity<sup>1,2</sup>**

It is not enough to draw up a simple catalogue of measures to be taken — even if they are precise and concrete — since such exercises have often been attempted in the past without achieving results. We must now make a qualitative leap and present the various proposals in a global manner, thus demonstrating the common political will of the Member States. At the end of the day that will must be expressed by the formulation of a genuine political entity<sup>1</sup> among European States: i.e. a European Union:

- (i) with the power to take decisions in the name of all citizens, by a democratic process according to their common interest in political and social development, economic progress and security,<sup>3</sup> and according to procedures which could vary depending on whether the framework is that of inter-governmental cooperation, the Community Treaties, or new instruments yet to be agreed;
- (ii) in keeping with the personality of each of the constituent States.

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<sup>1</sup> Reservation entered by Mr Papantoniou who suggested replacing 'a genuine political entity' by 'a genuine economic and political entity'.

<sup>2</sup> Mr Møller considered that the expression 'a genuine political entity' should be replaced by the expression 'European Union'.

<sup>3</sup> Mr Møller considered that the point security should be limited to the political and economic aspects of security.

## II. Priority objectives

### A. A homogeneous internal economic area

The aim is to create a homogenous internal economic area, by bringing about the fully integrated internal market envisaged in the Treaty of Rome as an essential step towards the objective of economic and monetary union called for since 1972, thus allowing Europeans to benefit from the dynamic effects of a single market with immense purchasing power. This would mean more jobs, more prosperity and faster growth and would thus make the Community a reality for its citizens.

#### (a) *Through the completion of the Treaty*

1. By creating a genuine internal market by the end of the decade on the basis of a precise timetable.

This involves:

- (i) the effective free movement of European citizens; \*
- (ii) a favourable climate for investment and innovation through stable and coherent economic, financial and monetary policies in the Member States and the Community;
- (iii) pending the adoption of European standards, the immediate mutual recognition of national standards by establishing the simple principle that all goods lawfully produced and marketed in a Member State must be able to circulate without hindrance throughout the Community;
- (iv) more rapid and coordinated customs procedures, including the introduction as planned of a single administrative document by 1987;
- (v) the early introduction of a common transport policy;
- (vi) the creation at an early date of a genuine common market in financial services, including insurance; <sup>1</sup>
- (vii) the opening up of access to public contracts; <sup>1</sup>

\* *Dealt with by the Committee for a People's Europe.*

<sup>1</sup> Reservation entered by Mr Papantoniou who considered that the introduction of these policies should take account of the particular situation of national economies.

- (viii) the creation of conditions which will favour cooperation between European undertakings and in particular the elimination of taxation differences that impede the achievement of the Community's objectives;
- (ix) the strengthening of European financial integration, *inter alia* through the free movement of capital and the creation of a European financial market, hand in hand with the strengthening of the European monetary system.<sup>1</sup>

2. Through the increased competitiveness of the European economy.<sup>2</sup>

European economic life must be made fully competitive through a return to the fundamental principle embodied in the Treaties of promoting efficient producers, involving in particular:

- (i) the removal of all measures distorting competition in the common market, notably through an application of national and Community competition rules, adapted to the new industrial situation, and through strict control of national State aids in compliance with the rules of the Treaties;<sup>3</sup>
- (ii) introduction of the necessary transparency in nationalized industries in order to safeguard the principles laid down in the Treaties.

3. Through the promotion of economic convergence:<sup>4, 5</sup>

- (i) the promotion of solidarity amongst the Member States aimed at reducing structural imbalances which prevent the convergence of living standards, through the strengthening of specific Community instruments and a judicious definition of Community policies;

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<sup>1</sup> Reservation entered by Mr Papantoniou who considered that the introduction of these policies should take account of the particular situation of national economies.

<sup>2</sup> In addition Mr Møller stressed that all the measures in the agricultural area which have in recent years been introduced with the intention of renationalizing the common agricultural policy should be dismantled.

<sup>3</sup> Reservation entered by Mr Papantoniou who considered that the application of competition rules of the Treaties should take account of the particular situation of the less-developed economies.

<sup>4</sup> Reservation by Mr Papantoniou who argued that the text should stress more explicitly the need to reinforce the policies aiming at economic convergence, and should give a more comprehensive definition of their scope.

<sup>5</sup> Mr Ruhfus entered a reservation. He argues that economic convergence by its very nature is a convergence of economic policies aiming at the objectives set out in Article 104 of the Treaty establishing the European Economic Community. It will thus help to improve living conditions in the individual Member States. On this basis, positive action is required to counter tendencies to inequality and to reduce structural imbalances in the Community.  
Mr Van Eekelen concurs with the argument of Mr Ruhfus.

- (ii) the effective pursuit of integration and the strengthening of Community institutions that underlies it, require positive action to counter the tendencies to inequality and promote the convergence of living standards. <sup>1</sup>

**(b) *Through the creation of a technological community***

The growth capacity of Europe, backed up by this genuine internal market, will have to be based, *inter alia*, on wholehearted participation in technological innovation, and must result in the creation of a technological community through, among other things, the introduction of faster decision-making procedures. This process must enable European industry to become a powerful competitor internationally in the field of production and application of the advanced technologies.

This means in particular:

- (i) that industrial enterprises in the Community must have at their disposal common European standards and suitable procedures for advanced technology products;
- (ii) that international cooperation during the development phase must be strengthened;
- (iii) that public and semi-public contract procedures in the Community, concerning *inter alia*, the supply and use of electronic and communications equipment, must be liberalized; <sup>2</sup>
- (iv) that the exchange of services connected to the use of advanced technology must be liberalized; <sup>2</sup>
- (v) that a successful techno-industrial development in the technological community depends upon and must increasingly allow for wider scope for individual creativity and performance;

and, in addition the following specific activities:

- (vi) the development of vocational education and training;
- (vii) the encouragement of universities and research institutes to orient their activities more towards the commercial sector and to ensure the transfer of the results of their work;

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<sup>1</sup> Reservation by Mr Herman who wishes to see the text of the second paragraph replaced by a call for greater coherence between the economic policies of the Member States which is a better guarantee of a reduction in the differences in living standards.

<sup>2</sup> Reservation entered by Mr Papantoniou who considered that the introduction of these policies should take account of the particular situation of national economies.

- (viii) the coordination of research and development at national and Community level;
- (ix) the promotion and support of greater industrial cooperation between European companies including the launching of transnational projects in key sectors;
- (x) the furthering of undistorted international exchange of technology and advanced technological products through an active common commercial policy in conformity with GATT obligations.

**(c) *By the strengthening of the European Monetary System (EMS)***

The European Monetary System, which was created and set up pending restoration of the conditions for the gradual achievement of Economic and Monetary Union, is one of the achievements of the Community during the last decade. It has enabled the unity of the common market to be preserved, reasonable exchange rates to be maintained and the foundations for the Community's monetary identity to be laid.

The time has come however, to forge ahead towards monetary integration through:

- (i) the closer coordination of economic, budgetary and monetary policies with the aim of true convergence of economic performance;
- (ii) the liberalization of capital movements and the removal of exchange controls;<sup>1</sup>
- (iii) the strengthening of the European monetary and financial market to make it attractive and capable of supporting the growth and investment effort;
- (iv) the participation of all the Member States both in the EMS and in the exchange rate mechanism, provided that the necessary economic and monetary conditions are met;
- (v) the increased but non-inflationary use of the ECU in transactions between central banks whether they are members of the system or not;

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<sup>1</sup> Reservation entered by Mr Papantoniou who considered that the introduction of these policies should take account of the particular situation of national economies.

- (vi) the elimination consistent with monetary stability of obstacles to the use of the ECU in private transactions;
- (vii) the promotion of the ECU as an international reserve currency; the coordination of exchange policies with regard to third currencies and in particular the dollar and the strengthening of the role of the European Monetary Cooperation Fund (EMCF) by stages depending on the progress made in the use of the ECU.<sup>1</sup>

Through these measures as a whole it will be possible for the EMS to progress towards the second institutional phase envisaged in the decision of the European Council in Bremen in 1978.

*(d) Through mobilization of the necessary resources<sup>2</sup>*

Intensifying the efforts already undertaken, framing new policies and delegating new tasks to the Community will often, but not always, entail additional expenditure which will necessitate transfers of resources. Such resources should be made available in the context of a clearly identifiable Community financing system firmly based on the own-resource principle. This system, that would come under review at reasonable intervals, should endow the Community with a stable revenue base for a sufficiently long period.

Actual transfers of resources will only be feasible if they are subject to strict budgetary control and if in most cases this is reflected in savings in the Member States.

## **B. Promotion of the common values of civilization**

The contemplated European Union will not rest on an economic community alone. The logic of integration has already led Member States to cooperate in fields other than economic ones and will continue to lead them still further along

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<sup>1</sup> Reservation entered by Mr Ruhfus. He emphasized that, for the ECU to become an international reserve currency, some major requisites are still lacking at present. A strengthening of the role of the EMCF is primarily dependent on further progress in the convergence of economic policies and on its consolidation through institutional development.

<sup>2</sup> Mr Møller considered that the increase in the VAT ceiling agreed by the European Council at Fontainebleau would scarcely be sufficient for the promotion of new policies. The size of additional resources must be determined by the need to continue existing common policies and to develop new ones, in particular with regard to research and technology.

that path. The accentuation of this essential process will give a European dimension to all aspects of collective life in our countries.

To that end a number of measures must be undertaken, whenever possible in close cooperation with European countries which are not members of the Community and with the Council of Europe, which makes a valuable contribution especially with regard to the promotion of human rights and the common cultural identity.

These measures are:

#### 1. Measures to protect the environment

Pollution, in most of its forms does not recognize frontiers and poses an increasing danger to the environment and the health of people both within the Community and outside. High priority must be given to the protection of the environment and the improvement of working conditions and safety at work.

#### 2. Gradual achievement of a European social area

An integrated internal economic area must be based not only on industrial, economic and monetary policies, but also on social policy. In this field, the union will have to remain true to the objectives which the Community set itself from its inception and will have to have the necessary powers and means to act whenever social policy measures are required at European level.

Progressive introduction of a European social area, as the logical follow-on from an economically integrated, dynamic and competitive Community with the will to achieve full and better employment entails:

- (i) definition of frameworks for action, particularly in the basic fields listed in Article 118 of the Treaty, either by harmonization, by the adoption of joint decisions or by any other appropriate measures;
- (ii) pursuance of a social policy that reflects the medium-term social action programme and the changing economic and social needs of the Community;
- (iii) development of the dialogue between employers and employees at European level, which could result, where they judge it desirable, in contractual relations between them.

### 3. Gradual establishment of a homogeneous judicial area

This means:

- (i) increasing protection of fundamental freedoms and rights as they derive from common basic principles and the European Convention on Human Rights. The Court of Justice has played an essential role in this context and will do so even more in the future;
- (ii) increased harmonization or approximation of national laws in all the fields covered by the European Union, in so far as these are consistent with the objectives of the Union;
- (iii) envisaging, in certain areas of inter-governmental cooperation, agreements between Member States which would, in cases where unanimous agreement could not be reached, apply among those States having ratified them if the latter constitute a strong majority;
- (iv) a campaign against large-scale crime and terrorism by increasing cooperation between Member States;
- (v) further codification of Community law.

### 4. The promotion of common cultural values

European culture is one of the strongest links between the States and peoples of Europe. It is part of the European identity. The promotion of the European cultural identity should be a comprehensive expression of the cultural variety and each nation's individual values which form an integral part of it.

The promotion of common cultural values and the European cultural identity requires:

- (i) the safeguarding of the European cultural heritage,
- (ii) support for cultural creation,
- (iii) measures to overcome language barriers,
- (iv) the development of new media in a European-wide context,
- (v) the elimination of obstacles to the free circulation of cultural goods and communication,



(vi) an improvement in the level of knowledge about all the peoples of the Community in all their diversity and their different contributions to European culture,<sup>1</sup>

(vii) the intensification of exchange programmes.

The European Foundation and the European University Institute should be associated with these actions. Cooperation with third countries and in the wider international context should also be encouraged. The practical realization of cultural cooperation requires a coherent organizational framework.

### **C. The search for an external identity<sup>2</sup>**

Europe's external identity can be achieved only gradually within the framework of common action and European political cooperation (EPC) in accordance with the rules applicable to each of these. It is increasingly evident that interaction between these two frameworks is both necessary and useful. They must therefore be more closely aligned. The objective of European political cooperation must remain the systematic formulation and implementation of a common external policy.<sup>3</sup>

Similarly in the case of security, although a fundamental aim of European Union is indeed the cohesiveness and solidarity of the countries of Europe within the larger European and western framework, it will only be possible to achieve that aim by paying special attention to the existing Alliances on the one hand, and the differing individual situations on the other, including the situations of the two nuclear powers which are members and of certain Member States facing specific problems in this field.

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<sup>1</sup> Mr Ferri feels that minority cultures should be expressly mentioned here, as their protection is an achievement of democratic pluralism in its modern form.

<sup>2</sup> Mr Møller entered a general reserve on all of this section. He considered that, instead of structural changes, it is necessary to have a new pragmatic development of European political cooperation on the existing base, which has already shown itself to be effective to further this development. Particularly in relation to security, it should be confined to political and economic aspects.

<sup>3</sup> Reservation entered by Mr Papantoniou who suggested replacing the last sentence by: 'The objective of European political cooperation must remain the systematic search for common positions in external affairs.'

