

EMBARGO : 17.30 hours on Thursday 5th February 1976

THE RT HON GEORGE THOMSON'S ADDRESS TO  
THE ANGLO-GERMAN SOCIETY, BERLIN: 5th February 1976

"THE EUROPEAN COMMUNITY: WHERE IS IT GOING IN THE  
LAST QUARTER OF THIS CENTURY ?"

I am delighted to find myself once again in Berlin. There is something very special about the atmosphere of this city. It is natural to admire courage, and I have always regarded as truly admirable the sturdy spirit of the ordinary people of Berlin, which has been roughly tested so many times during this turbulent century.

The harsh frontier running through Berlin is an only too vivid reminder of the limits which still exist to the policy of détente which the Federal Government have been foremost in promoting. Those of us working for the European Community in Brussels see you as an outpost of all the democratic liberty-loving values for which our Community stands. But we hope that by strengthening the cohesion of the Community we shall be making our contribution to creating more normal, more

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relaxed relationships between the countries of eastern and western Europe, and thereby to the sense of security and prosperity of the people of Berlin. The subject which I have chosen to speak about this evening is indeed an ambitious one. There are many questions surrounding the way in which the European Community will move forward in the last quarter of this century, and I do not lay claim to have the answers to them. But I have the feeling in my bones that the Community is once again coming to a crossroads. Some of you may feel rather wearily that the Community is stuck permanently at an eternal crossroads. But if you look back over the achievements of only the past few years, it is surprising how much has been done, and how many potentially disruptive forces have been withstood. I sometimes think that the Community is like a tortoise: if you keep looking at it, it does not appear to move, but if you look away and then look back again you will find that it has moved very perceptibly.

Before trying to dissect the perspectives lying in front of the European Community at the present time, I should like to remind you of what has been accomplished in our recent history.

As a child in Scotland, I was taught that the beginning of a New Year was a salutary time to count one's blessings, and we are still early enough in 1976 to make it worthwhile to draw up a short score card of the advances achieved by the European Community during 1975.

1975 was a year when Europe, despite appalling human problems of unemployment and of rising prices, managed to make progress in the development of a European Community, which remains by far the best long-term answer to the twin challenges of recession and inflation .

First and foremost was the decision of the British people in their Referendum by a majority of two-to-one to work for its future within the European Community. It meant that the enlargement of the Community from the original six countries to nine had been finally achieved. The Referendum has finally anchored Britain into Europe. It was a triumphant achievement that the British decision was taken by such a decisive margin and enjoyed the support of a majority in all the main regions of the United Kingdom. The uncertainty about the future of British membership had undermined the vitality of the Community for some time. Now neither the Community nor the United Kingdom has any alibi for not going ahead.

Moreover the very decisive vote by the British people in favour of the Community was enormously encouraging to public opinion in the Community as a whole. It served to demonstrate that it is not the man in the street who is a brake on his political leaders in building a more democratic, more united Community.

Indeed, I believe European public opinion would be ready <sup>5</sup>  
to respond to a bolder and more imaginative lead.

This is not to say that we do not face a continuing period of adjustment between Britain and the Community : adjustments of attitude that have become normal for those in the six over many years will continue to face British ministers and officials. They will have to learn the arts and skills of working within a Community dimension, which is different from the framework of conventional inter-governmental organisations. I am confident that this transformation will be successfully accomplished, but it will take time and will demand patience on the part of Britain's partners.

Secondly, the European Community during 1975 was able to make significant progress in learning how to speak with a single voice in the field of foreign affairs and to produce practical and important results. Despite many mutual problems arising from the recession, the Community managed to improve its working relations with the United

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States. It played a useful part in the East-West agreement in Helsinki. It won recognition and set up a new relationship with Communist China. It set a pioneering example to the rest of the world on new forms of partnership with the Third World by agreeing the Lomé Convention with nearly 50 of the world's poorest countries. It gave a new lead at the United Nations in the search for a new economic relationship between the developed and the developing world. It launched a programme of help to preserve democracy in Portugal. It is perhaps a matter of both congratulation and regret that it is still easier for the Community to behave as a Community in the external field than it is inside Europe itself.

And yet, thirdly, I believe that there have been a number of solid achievements inside the Community as well. Not nearly enough, of course, and a number of the most urgent problems facing us today are our internal ones. But the Community's institutions have withstood the successive economic shocks of the past two years which <sup>have severely tested the willingness of member states to</sup> have severely tested the willingness of member states to

find solutions to their problems together rather than separately. Even where one has to say frankly that there has been little common progress, for example in working out a Community Energy Policy, the temptation to move altogether away from a Community framework has been resisted.

In other areas, our internal policies have proved or are proving their worth. For example, the Common Agricultural Policy, despite some evident shortcomings, has served the people of the Community well in a period of world-wide disturbance of agricultural markets. It has given Community housewives security of supply at prices very much more stable than if they had been exposed to world market force.

During this same difficult period, the Community's Regional Policy, for which I have a particular responsibility, has been born and the growth of the social Community has proceeded slowly but steadily.

Perhaps the most remarkable achievement internally in the Community during 1975 was the birth of the Community's Regional Development Fund. Remarkable not because of its size : like all babies, it begins small, but it will grow. Remarkable because this new Fund was set up at a most unfavourable time of inflation and recession, when governments turn their backs on new forms of expenditure. It therefore represents an underlying faith that the future development of the Community depends upon the stronger areas of the Community being ready to transfer resources to give the weaker areas the chance to modernise their structures and put themselves in a competitive position. Put in more human terms, the Regional Fund, with other similar funds of the Community, represents a recognition that we are fellow-citizens of the same European Community as well as citizens of our own nation state.

The Regional Fund has got off to an effective start. In the Italian Mezzogiorno, for example, where 40% of the Fund's resources are concentrated

and Parliament have passed the necessary laws to ensure that the funds go straight to the projects they are to help without red tape, and that the additional projects that take place because of the Fund are individually identified. There is a team of Community inspectors in Italy at the moment making sample checks to ensure that there are no abuses in the use of the Fund money. For 1976 our top priority is to ensure that the Member States use the Fund to bring forward major new projects of both national and Community significance.

At the 1972 Paris Summit Conference, it was the Federal Government which took the lead in seeking ways and means to give the European Community a human face. The files of newspaper cuttings which come on my desk from the local press in the under-privileged regions show how much the Fund is not only a potential instrument of development but a present instrument to create a Europe which the ordinary citizen feels cares about his problems.

A final important development has been the establishment of a major new piece of Community machinery, the European Council. This brings together on a systematic and regular basis for the first time the heads of all Community governments in order to give the Community a continuing and positive sense of direction.

Despite all these achievements, however, the fact remains that we are now facing several difficult choices about how to proceed. The way in which we approach these choices will, to my mind, determine the shape of the Community for several decades ahead. The world economic crisis has, as it were, ruthlessly divided the weaker Community economies from the stronger ones. Without a new act of political will, there is a risk that the Member States may begin to drift apart. Let me explain.

There would, I think, be little dispute among our political leaders over the objectives of the Community which we are seeking to build up. These could be briefly

described as the achievement of a politically and economically integrated group of like-minded democratic states, devoted to improving the prosperity of their citizens; ready to make considerable sacrifices in order to remove injustices and inequalities both inside member countries and as between one country and another; ready to play a major part in alleviating the great problems of world poverty and in promoting international cooperation; and holding an open door to other states attached to the same objectives and able to carry the economic burdens of membership of the group. Furthermore, we all recognise that our ability to achieve these aims will require a European Parliament and executive institutions on a Community scale which can conceive and carry out the common policies which we need.

But if the objectives as I have described them are relatively non-controversial, the means of achieving them are still indispute. Undoubtedly the economic

crisis has brought home to us that our real problems, like charity, begin at home. One of these problems is the fact that, within the Community as it exists today, there are two groups of countries whose economic development is taking place at different speeds. There are, for example, the countries within the present currency snake, whose rate of inflation and rate of growth remains distinctively different from those countries outside the snake.

Faced with this situation, the dilemma which is posed for all of us can be simply stated: is the Community to go ahead at the pace of the slowest ship in the convoy, or should those Member States who are now able to take part in further processes of economic integration go ahead, while doing their best to enable the others to catch up ?

I sometimes detect a perhaps understandable feeling of impatience in the stronger economies of the Community with their fellow members who are not able to achieve a parallel rate

of economic progress. It is thought that a little more leadership and self-discipline is all that is required for these national houses to be put in order. This is, I assure you, a dangerous over-simplification. The fact is that the problems affecting countries such as Italy and Britain are a complex mixture of social and economic conditions. It is therefore dangerous to think that these deep-seated problems can be put right on a relatively short time scale. And dangerous because it discourages the stronger economies from facing up to the need to devise ways of bringing about the very large transfers of resources from the economically stronger areas of the Community to the economically weaker areas, which will undoubtedly prove to be an indispensable element, although by no means the only element in the elimination of problems whose solution is a pre-requisite to any further progress.

I have no ready answer. But I believe that every effort must be made to keep the Community moving forward together, both economically and politically. I believe it to be urgent for the political leaders of the Community to make a new effort both to define their long-term objectives and to decide on the concrete steps which they will take to achieve them.

I do not under-estimate the complexity and magnitude of this task, above all in a time of continuing economic difficulty. If there is no agreement on a two-speed Community, and no agreement on an effective alternative, the danger of the Community drifting apart will become real. For the smaller countries, the national interest in Community membership is a compelling one. The advantages of an integrated Community over some lower, conventional inter-governmental arrangement where the bigger

For the bigger powers the Community case is not so self-evident and the short term temptation to go it alone over particular national interests is often considerable. But in our interdependent world there are no great powers any longer - certainly none in Western Europe - and the national interest in integration is as much enlightened self interest in Bonn, London or Paris as it is in Luxembourg, Brussels or Dublin.

What we shall require is a major act of political will, comparable to that which led to the creation of the Treaty of Rome, but which may be even harder for the Community's statesmen to make now than it was then. The creation of the E.E.C., with its new institutions and the abolition of tariffs between trading rivals was an exciting step forward, which captured the imagination of statesmen and public alike. The problems we face now are in a sense less clear cut. But they demand equal imagination and statesmanship if the Community is to develop as a Community and not to march backwards down the road of every man for himself.

What we need is a reaffirmation on the part of the members of the Community of their willingness to help each other in their common political interest. This means that some must be ready to devote greater resources to their less fortunate neighbours in the shape of new or revised Community policies. In return, the recipients of the benefits of such policies must be prepared to renounce tempting national solutions to their problems designed to lead to the insulation of their economies from those of their fellow member states. They must be ready to make clear their desire to take steps which will positively help forward the integration of the Community while promoting their own national recovery. They must be ready to observe an agreed Community code of economic conduct - which they will have helped to shape and which flexibly takes account of their special problems.

All this, - I know, is easier said than done. But



Monnet, de Gaspari and their fellows - was that if the political will was really present, the technical answers could be found. I believe that once the basic choice lying before the Community becomes clear to us - the choice between finding ways of progressing together, or drifting individually down diverging paths - then the momentum which has carried the Community through so many crises will be found again.