

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

**Address by
Mr. Roy Jenkins,
President of the Commission
of the European Communities,
to the European Parliament**

*Presentation of the
General Report for 1976 and
programme of the Commission for 1977*

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PROVISIONAL EDITION

I remember being told, when I was first a Member of Parliament, that the really difficult speech to make in the House of Commons was the second one. For the first there is the disadvantage of unfamiliarity, but this is more than counterbalanced by the advantage of the friendly indulgence of the audience. For the second there are inevitably more critical eyes and ears.

This inherent difficulty is compounded in this case by the fact that the 'Programme Speech' at the present stage of our institutions poses several special problems. First, unlike the January speech which is a statement of personal conviction and aspiration, this one has to be more of a collective statement for my colleagues as well as myself. Second, the concept of a 'programme' for the Commission is not an easy one. To lay down a programme is to ask to be judged by one's success in carrying it out. For a government which has adequate legislative command that is a fair test. But the Commission is not a government. And this Parliament is not yet a legislature. The Commission proposes, as has often been said, but the Council disposes. Sometimes, as after the Paris Summit four years ago and at the beginning of the life of the previous Commission, it looked as though a broad but encouraging mandate for action had been given, and the programme almost wrote itself. The encouragement proved largely illusory, as we know to our cost, but for a time it was possible to combine adventurousness with apparent realism.

That is not the position today. It certainly does not follow from this that we should abandon adventurousness. But it does mean that we must distinguish in our minds between those things we can do, and those we would like to do. Our thinking must be infused by both but if we put them forward upon an undifferentiated basis we shall inevitably invite scepticism about our grasp on reality.

To some substantial extent, also, what we can do overlaps with what we have to do. Looking back on the work of the Commission over the past month - and reporting to you, as is appropriate, upon it - I am struck by the extent to which we have necessarily been concerned with on-going business. We have not

allowed ourselves to be submerged by this, and we have indeed held several special sessions at which we have devoted ourselves exclusively to longer-term issues. But much of our ordinary meetings has been taken up with questions of internal organization, with fish, with agricultural prices, with the renewal of the regional and social funds, and with enlargement, with particular reference to Portugal.

This is not only inevitable but desirable. There would be something seriously wrong if the Commission, after two decades of life, were primarily thrashing around in the abstract and not dealing with items of practical business and decision. The reputation of governments, as we all know from our practical political experience, is often made or lost by how they handle issues which are the product of circumstances, foreseen or unforeseen, rather than by their pre-office commitments. So to some extent must be the case with the Commission. Our ability to command respect and support for our longer-term plans will depend considerably on how effective we are in helping to provide solutions to immediate problems.

I therefore begin with an issue which is both pressing and continuing: our policies for food and agriculture. I do so partly because, as a matter of inescapable fact, the most urgent task now facing the Community is to put forward our proposals for next season's farm prices. I do so also because the Common Agricultural Policy is, as it always has been, one of the cornerstones of the Community. It is an outward and visible sign of the political will for integration. But it is becoming increasingly clear that unless rapid action is taken to keep it in place, the cornerstone may be dislodged.

The principles on which the Common Agricultural Policy is based have been vindicated over the last few years. It has helped consumers to enjoy secure supplies, and producers, stable markets. Through all our discussions about the policy's future we must not lose sight of that central fact. But we must also realise that the policy is threatened as never before. Monetary fluctuations have disrupted the single market. Surpluses and lack of outlets

limit the room for manoeuvre. Consumers rightly insist that our policies for agriculture must be consistent with our other economic objectives, and particularly with the overriding need to combat inflation. Our proposals for this year's farm prices will be framed in this context. I have no doubt that the prudent course will be one of price moderation.

As well as submitting price proposals we must look more deeply at the underlying problems in the agricultural sector. The fundamental questions are clear. How can we assure stable markets and fair incomes for producers, and at the same time guarantee supplies at reasonable prices to consumers? Should we plan, in the different and more difficult employment circumstances of today, for a continued movement of labour from the land, or should we for social and environmental reasons seek to encourage and sustain farming activity, if necessary on a part-time basis? How do we resolve the regional differences, structural difficulties and disparities? How is European agriculture to fit into the future world system subject as it is to climatic change, population increase and demands for higher living standards? These questions cannot be answered merely by managing the existing mechanisms of the Common Agricultural Policy. We need to look closely at its long-term objectives. This will provide one of our most important priorities in the year ahead. Our review must serve, not merely to keep the Common Agricultural Policy afloat, but to chart its course in the right direction.

In the fisheries sector the Community has to build a policy suited to the new division of the world's seas. The extension of limits from 12 to 200 miles brings within our authority a vast expanse of waters. But at the same time the extension of limits by other countries poses problems for our deep-sea fleet; and there is also the regulation of fishing by third countries in Community waters. Out of these diverse elements, we have to create a policy satisfactory to all, which fully meets the common interest. Only in this way can the sea's resources be equitably managed and garnered, thus ensuring the conservation of fish stocks and a fair division of the harvest. Each day's delay in the achievement of this policy puts at risk the resources of the future.

If the Common Agricultural Policy has always been at the heart of the Community, so even more centrally has the wider process of economic integration itself. Here, too, we face a real danger that so far from making further advances towards economic union, we may slip back and imperil the advances made by our predecessors. It is to that danger - and to the policies which will be needed to overcome it - that I now turn. It is, I believe, by far the gravest danger facing the Community at the present time. Few would now dispute that the road towards economic union is longer and harder than it seemed likely to be in the early seventies. But to abandon the goal merely because the road towards it is difficult would be an abdication of responsibility. If we fail to move forward towards greater economic integration, we shall sooner or later move back. And if we move back, it will not be in the economic sphere alone.

We face three formidable, and interlocking, obstacles to advance. The first is the stubborn persistence of high unemployment. Second are the high, though varying, rates of inflation throughout the Community. The third is the widening gap between the economic performances and real standards of living of our Member States. These three obstacles reinforce each other. The weakest economies have the highest rates of inflation, and therefore the weakest currencies; currency depreciation adds fuel to inflation. High unemployment in the weak economies holds back recovery in the strong as well; as the gap between living standards widens, support for the process of economic integration is undermined. If we are to move forward, we must move to overcome all three obstacles together. That will provide the central theme of our economic policies in the period ahead.

We must pursue it first through the further development of the existing system of national policy coordination. This means working with the Member States in the Council and in the official Committee system. It also means working with the social partners organized across our Member States, and with Parliament as well. I have been encouraged already by the realistic and positive attitudes of the delegations of the European Trade Union and the employers' organizations, which both came to see me at the end of last week: we look forward to building on the Tripartite Conference initiative of last year. For if a Community economic strategy is to be devised, the

Commission, Parliament, the Economic and Social Committee and the Social Partners will have jointly to define in what ways, in what degree, and on what terms a new kind of Community economic solidarity is to be formed. Together with the Council we have to forge practical links between the predominantly national economic policy of individual countries: to provide soundly-based technical solutions to Europe's economic problems: and to underpin these solutions by consensus not only between Governments but between the interest groups concerned.

The work of analysis and coordination is only a beginning. It must be supported by the selective intervention of the Community in the European economy as a whole. One of the first steps the new Commission took was to organize its portfolios so as to assure a proper policy coordination and budgetary control of our existing funds. The present tools are of two kinds. First, there are structural instruments, the Regional and Social Funds and the European Investment Bank. Second, there are loans to assist in balance of payments financing. Proposals will soon be made to renew the Regional and Social Funds. But these funds provide only small openings into two of our fundamental policy priorities. We must see regional policy not just as a matter of renewing and spending a tiny Regional Fund, but as one of the main dimensions of Community economic policy as a whole; by the same token, social and employment policy go much wider than the Social Fund.

Further initiatives are therefore needed as well. In the first place, the Commission undertakes to devise a general policy to concentrate its present and future financial resources on the central problem of economic divergence. But that is not, in itself, enough. On the one hand, the existing funds are extremely small - both absolutely, and in comparison with the sums spent by the Member States on similar purposes. For example, the Community's Regional and Social Funds are operating at rates of around one-sixth to one-tenth of national expenditure in the same field. The Funds are also restricted by narrow and rigid criteria. On the other hand we have a Community loan mechanism which has proved itself useful in the past, but which has been designed to deal essentially with balance of payments problems.

I believe that between these two kinds of financial activity there is a gap which must be filled if the Community is to be of genuine help to its weaker economies. We must devise a more diversified and flexible means of responding to the urgent needs of various parts of the Community economy - a means which takes account of the fact that the underlying causes of cyclical problems are often structural. We need the means to enable the root causes of economic weakness to be tackled vigorously but flexibly. We shall work out our ideas and consult Member States about how they can best be put into effect.

Of course, policies that cost money are always controversial. In particular, it may be said that the gap between our Member States is so wide that no conceivable Community intervention could narrow it significantly: that resources devoted to narrowing it would disappear into a bottomless pit. I reject that view as a counsel of despair. The gap between the Member States is certainly wide, but so are the gaps between the richest and poorest regions of many of the Member States themselves. The income per head of Schleswig-Holstein, the poorest of the German Länder, is 55% of the income per head of Hamburg, the richest. In the United Kingdom, Northern Ireland's income per head is 62% of that of the South-East region. In France, Midi/Pyrénées is 50% of that of Paris. In Italy, Calabria's is 41% of Lombardy. The same order of discrepancy appears in developed states outside the Community. In the United States, Mississippi has only 57% of the income per head of Connecticut and in Canada Newfoundland has only 58% that of Ontario. Italy apart, the concentration throughout the world around a percentage in the high 50s is indeed remarkable. But what should be noted is that these discrepancies within nations apply after the massive modern mechanisms of public finance have been applied. Within the Community there has so far been no such massive mechanism, only the recent and relatively puny efforts of the various funds. Yet the national discrepancies, while greater and now growing larger, are not impossibly or hopelessly dauntingly so. They are not of a totally different order of magnitude. Ireland's income per head is 46% that of Denmark. All enlightened modern states - certainly all the Member States of the Community - redistribute income from their richer regions to their poorer ones; none accepts the argument that because regional imbalances are hard to overcome, no attempt should be made to overcome them. What they do within their national frontiers, we should seek to do in the Community as a whole.

Of course, a solution cannot be found overnight, but nor can we choose deliberately a long delay before action. If Europe had been advancing rapidly towards greater economic integration in the last few years there might be a case for pausing to take breath: if events were carrying us forward of their own accord, we could sit back and let them take their course. But this is not the situation that confronts us now. The blunt truth is that there is no costless way of mastering the forces of divergence. But the weaker economies should not be helped unconditionally. As the Community funds are developed, the Community must seek methods of ensuring that the proper disciplines are observed. That does not alter the central fact. We must not act disunion while talking union. If economic union is to be more than a phrase, both the richer and the poorer nations of the Community must accept the reality of the Community's role.

The third area in which a new advance is needed is that of industrial policy. Europe's industry is the principal creator of wealth; and the role of the Community is to create conditions in which manufacturing industry and commerce can prosper. The freeing of trade within Europe's internal market has contributed to economic expansion over the last two decades. We must pursue the practical work of removing barriers to trade through harmonizing company law, competition law, and taxes. These are useful bricks with which to build economic integration in Europe. But we must not lose sight of the practical objectives of our programme. We should not indulge in a bureaucratic game of harmonization for harmonization's sake. Unless we can be sure that our proposals will lead to more trade, and better conditions for producers or consumers, there is no point in making them.

As well as setting the overall framework for industrial integration the Community has to take action in individual sectors such as steel and shipbuilding where Europe's vital interests are at stake. We all realise that in the storms which have lashed these industries over the last few years - storms which have by no means abated yet - national solutions offer scant protection. Europe as a whole must act to sustain its competitive position. We also have a role to play in

industries such as textiles and footwear which are in difficulties because of increased competition from the third world. Here we have a double responsibility. We have a duty to cooperate in a sensible international division of labour. We must respect the needs of producers with far less sophisticated resources than our own. But we should not impose excessive and sudden strains on our own industries, and we have a right to ask for cooperation and equality of effort from other industrial countries of the world. At a different level we have, I believe, an even more important role in the area of advanced technology - the aircraft and computer industries provide two obvious spectacular examples - but there are others where the private sector cannot undertake investment on the necessary scale, where State intervention is therefore indispensable, and where common action promises significant economies of scale. A Community strategy for these sectors is urgently required, and one of the main priorities of our industrial policy will be to achieve such a strategy.

Fourthly, the Community must develop a coordinated energy policy. At a time of expensive energy the Community must face up to the need for conservation and increased self-sufficiency. This requires the development of new energy sources, where risks can be great and investment costs high; the JET thermo-nuclear fusion project which the Commission is now impatient to see agreed provides perhaps the best example. The interests of the European tax payer of today demand a quick decision and the interests of the European citizen of tomorrow demand a positive one. At the same time, we should give a lead in developing a Community strategy for handling the fission nuclear energy problems, in particular in emphasising our concern for nuclear safety. In the nuclear field choices have to be made, involving a balance of economic, environmental, technological and strategic considerations. The short-term economic case for a big immediate investment in nuclear power stations must be weighed against the possible environmental dangers. It would be intellectually dishonest to pretend that either we, or anyone else, know precisely how the balance should be struck. These questions are being debated in all our Member States, but if the debate is to produce satisfactory results it should be conducted on a Community as well as a national level. The most valuable contribution we can make at present is to do what we can to ensure that it is openly so conducted, and to take the lead in stimulating it. This we shall do.

Fifthly, we must help in attacking the problem of structural unemployment. The broad decisions which determine total demand are matters for the Member States. We should do all in our power to persuade them to coordinate their policies so as to achieve a balanced economic recovery which does not feed inflation throughout the Community. We should not assume a responsibility for demand management which we cannot fulfil.

Structural unemployment is a different matter. Full employment cannot be achieved simply by stimulating demand, and an unacceptably high level of unemployment may well persist, any rate in the more vulnerable areas and among the more vulnerable groups of workers, even when economic recovery is running strongly. Here we shall try to provide coordinated labour market policies throughout the Community, working closely with the Member Governments and both sides of industry. It will be necessary to use the Permanent Committee on Employment to prepare for the next Tripartite Conference which should neither be hastily prepared nor too long delayed. We shall also be studying the role of the social fund, particularly in the promotion of programmes for industrial training.

Such policies have a double significance. They help to combat one of the central economic problems now facing us. They also help directly to improve the lot of the citizen, and it is to the Community's role in the life of the citizen that I now turn. In our concern with the great issues of economic and industrial policy, we must never forget the overriding need to carry the people of Europe with us. If they fail to see the need for common solutions to common problems, then common solutions will not, in the end, be adopted. If they fail to recognise that the general interest of the Community can transcend the particular interests of the Member States, then the general interest of the Community will not prevail. But a sense of common European identity cannot be fostered by exhortation. We must make the Community a practical reality in terms of everyday life.

The Commission's General Report for 1976, and the Supplementary Memorandum to this Address, which I present to you today, contain specific examples of our detailed work, touching the lives of all our citizens. In the coming year, the Commission will either be preparing new proposals or pursuing proposals already made to combat water pollution and protect aquatic life, to see that international conventions against the pollution of the Rhine and the Mediterranean are put into effect, to improve safety standards in nuclear power stations, to protect consumers against misleading advertising, to eliminate unjustified restrictions on the right of migrant workers to receive social security benefits, to safeguard the interests of employees whose firms go bankrupt, to provide vocational training for young workers threatened by unemployment, to make it easier for professional people to exercise their skills in Community countries other than their own, to secure minimum housing standards for handicapped workers and to encourage worker participation in industry.

These details are not presented to you at random. Running through them are certain common principles which I believe should guide us. We have a duty to ensure that the Community lives up to the ideals on which our civilisation is based - to protect the environment against the dangers of unregulated industrial growth, to protect the weak against exploitation, to safeguard individual freedom and to enhance opportunity. But our resources are limited and where our Member States can act alone effectively and consistently we should not attempt to duplicate. On the other hand, certain fundamental problems, common to all the mature industrial societies of the West, cut across frontiers and can be tackled satisfactorily only by common action in a Community framework. For example, no individual Member State can secure full interchangeability of professional qualifications, with all the widening of individual horizons that that can bring, throughout the area of the Community. In a common market, the protection of the consumer against unfair trading practices and the protection of the worker against exploitation by his employer are also by definition a matter of common concern. It is in these and similar areas that we should act with both realism and imagination.

In the period immediately before us, leading up to the direct election of this House, these practical, often detailed, proposals have a special importance. They will be examined both by you and by the future electorate of the Parliament, with more than ordinary care. It is too soon to tell exactly what the role of a directly-elected Parliament will be, or precisely what effect direct elections will have on its relationship with the other institutions of the Community. But three things are clear. The first is that, as the Community develops and the Community budget increases in size, the need for direct democratic accountability becomes steadily more pressing. The old principle of no taxation without representation cannot be fully honoured by an indirectly-elected Assembly, however scrupulously it discharges its responsibilities. To deny the need for direct elections at this stage in the Community's history is in fact to deny one of the fundamental axioms of representative democracy.

Second, it is clear that direct elections will in themselves help to foster a sense of common identity among the electors. The members returned in these elections will come as Europeans. They will seek to promote the interests of their constituents at a European, rather than at a national level; they will base their claim to re-election on their performances in a European, rather than in a national, forum. Each time the directly-elected European MP has a speech reported in his local newspaper or appears on his local television programme he will bring the Community home to his electors in a vivid manner; each time he is able to demonstrate that by his activities the interest of his constituents have been directly considered he will win support, not only for himself but for Europe.

I have already promised that this Commission intends to treat the present Parliament as it will treat the directly elected one; and that, in particular, we shall send no proposal to the Council without seriously and systematically considering whether it is likely to receive a majority here. I repeat that promise now. We must strengthen and deepen the traditional partnership between Parliament and Commission.

Our concern with direct elections does not end there. The authority of a Parliament derives first from the fact that it is elected. But it also depends in part on the _____→

proportion of the electorate which takes part in the election, and on the extent to which the electorate is able to comprehend and judge the issues on which the election is fought. The nature of the election campaign and the character of the issues which will be debated in it will, of course, be mainly determined by the political parties and candidates concerned. The Commission as such cannot be engaged in the electoral battle. But I believe that we have a role to play in helping to ensure that the voters who will determine the outcome can judge the issues for themselves.

In less than two years time, an electorate of 180 million will be called upon to determine the composition of this House. If the voters are to make an informed decision in the polling booths they must know how the Community works, what questions have to be decided at a European level and why, and what are the different proposals being put forward. We have two clear objectives: to ensure that each voter is aware of the ways in which his own life is affected by decisions taken at Community level and of the way in which he can affect the tendency of those decisions by casting his vote and, at the same time, to ensure that we are aware of the attitudes and aspirations of the voters whose interest we seek to serve. It is a formidable task. It will provide one of the central themes of the Commission's information policy.

As well as strengthening the Commission's relationship with the Parliament, we must take action to strengthen the Commission itself and to make it more effective. When I spoke to you last month, I set before you some of the changes which had just been made in the allocation of responsibilities between Commissioners in the light of our assessment of political priorities. We are reviewing the structure of the Services in the light of political and administrative requirements. We have created a process of inspection and review: first, to ensure that each is as efficient as possible in relation to its objectives; and, second, that the work loads which inevitably change with time, are distributed reasonably between Services. A good example is the decision the Commission took last week to create a Directorate-General for Fisheries, where the responsibilities will grow. If we have to ask for any increases in staff you may be sure it will only be to respond to new priorities and to the increasing tasks which flow from Community decisions.

To achieve the right pattern and quality of work, we must build on the decisions of the previous Commission and work out staff policies which recognize the particular difficulties of this multinational institution and provide the opportunities which its members have the right to expect. We shall seek to improve the career prospects of officials by improved selection methods and greater mobility within the Services. I hope that this will enable promotions at senior levels to be less limited than they now are by problems of national balance. Candidates for promotion may be seen more as experienced and dedicated members of a European service (which many already are) than as individuals with national labels around their necks.

If the internal management of the Commission and the morale of its staff were to be neglected, we would limit our ability to prepare the necessary policies in the areas I have covered. So far these have dealt mainly with the problems of the internal cohesion of the Community, with the interest of the individual citizen in it, and with the need to adapt to the changes of the coming years. All these aspects are brought together, but in a new dimension, as we face the question of the further enlargement of the Community.

Our attitude here stems from our dedication to the ideals of European unity enshrined in the Treaties. Having proclaimed a new way of learning from the bitterness and weakness of the past, a new way of transcending the restrictions of national sovereignty, we cannot convincingly say that these benefits should be limited only to some European countries. We cannot proclaim a European ideal and a European solution and yet refuse to let European countries anxious and democratically qualified to join from participating in it.

As a Community we can indeed take pride in the fact that there are applicants at our door: it is a sign that we are a rallying point both for democracy and for economic advance. But the prospect of enlargement also presents us with both responsibility and difficulty. We are rightly committed to do everything within our power to give support for the new and therefore frailer democracies of Europe. But we cannot surge forward to enlargement aware only of that commitment and its popular support. Such a growth requires conscious adaptation and adjustment. It requires frankness on both sides of the negotiating table. Our talks with applicant countries have to be carefully planned to face overtly the major problems which enlargement will present both for the Community and for applicant countries. We must examine closely the impact of enlargement on the institutions originally designed for Six nations and then made to accommodate Nine. The relative political and economic cohesiveness of the Nine is one reason why other countries wish to join. There would be no sense, either for us or for them, in allowing it to be weakened in the process. That would be self-defeating. The Community must therefore strengthen itself in order to support further enlargement. We must be ready and sympathetic to letting the building grow. But we must not imperil the coherence of the whole structure. It is therefore our determination that the Community takes an overall approach to the question of enlargement. We must appraise what the balance and solidity of the whole edifice will be in the eighties. This should be well understood by our partners in the future negotiations. By placing our future talks on grounds of both realism and perspective we shall be more likely to make a genuine and effective contribution to European unity. The Commission will be sympathetic to enlargement but it will insist that the problems be faced and not glossed over.

That unity must also be sustained outside Europe in handling our external relations. The Community must endeavour to speak with one voice to the world. There is a desire and expectation outside that we should do so, and I received an encouraging example of this when I met Vice-President Mondale a fortnight ago in Brussels. The new Commission and the new American Administration took office at the same time and for the same period.

We shall play our full part in achieving a firm cooperation between Europe and the United States. There never has been any contradiction between European unity and as close as possible an Atlantic relationship. "L'unité économique et politique de l'Europe ... et l'établissement de relations de partenaires d'égal à égal entre l'Europe et les Etats-Unis permettront seuls de consolider l'Occident et de créer ainsi les conditions d'une paix entre l'Est et l'Ouest".¹ So proclaimed the Monnet Committee 15 years ago. This remains essentially the position today. The United States, especially in the approach to the Summit, expects and will welcome a stronger and more coherent European lead. The Commission will play its full part in seeing that it is forthcoming.

In particular, we must be determined to continue to promote constructive cooperation between industrialized countries. We remain committed to the free flow of world trade and to the need for a more than ever determined resistance to the snares of protectionism. The Commission will continue to assist Governments in this task and it will play its own part in the major forthcoming multilateral trade negotiations and also in the various forums of the United Nations and other international organizations.

The impact of these discussions and negotiations will not only be felt in the industrialized countries but will vitally affect trade policies towards the third world. In this area we must continue to develop the policies initiated by the Lomé Convention and other development aid schemes. The Commission will certainly take the necessary steps to ensure that the Convention is respected and to prepare for the negotiations of what has already been described as Lomé II. We shall continue our efforts to improve and refine the system of generalized preferences and seek to perfect its role as a means of channelling assistance to those countries in greatest need. We plan to develop the Community's food aid scheme.

There are those who from time to time would challenge these development priorities. I would simply say to them that if we are determined, inside the Community, to make clear our concern for our own weaker regions, to deal so far as we can with poverty and unemployment, we cannot divide that

¹The economic and political unification of Europe ... and the establishment of relations between Europe and the United States on a basis of equal partnership are the only way to consolidate the West and to create the conditions for peace between East and West.

internal concern from the world outside. Concern is indivisible and it would be a mockery of our sense of community were we, because of our own difficulties, simply to lock the gates of our estate and tend our own gardens. Nor should we see in such concern a merely eleemosynary approach, however desirable in itself that may be. There is in the third world a unique potential for giving a non-inflationary stimulus to the stagnating economies of the industrial world. Rather as in recent decades national economies have prospered by the spread across the social classes of the benefits of growth, so we should seek a second wind for the industrialized economies by giving to the peoples of the poor world the possibility of a significant increase in their standards of living. If done on an imaginative scale, and particularly if accompanied by commodity stabilization arrangements, this could be a major factor in setting us back on the path of growth without inflation.

It is an acknowledged fact that the external appearance and performance of the Community is a story of achievement. The origins of this success are not difficult to identify. First, despite our inner strains and difficulties the Community can and does act in the outside world as a community. Second, an increasingly interlinked European economy, built on a population of 250 million people, accounting for almost half the world's trade, is an economic bargaining force of massive strength. Third, the Community embodies in its constitution and history the unrivalled traditions of Western European democracy, of freedom for the individual within the rule of law, spanning a lively diversity of cultures. For large parts of the world, therefore, the Community serves as a model of successful democratic cooperation.

However, if this inheritance and its inherent potential for growth and for good, is to be sustained, we cannot simply rest where we are. The approaches and objectives which I have outlined are based on the need to increase the internal strength and coherence of the Community. There is an indissoluble link between the efforts we must make in that sphere and the pursuit of an effective and significant policy towards the outside world. To continue to command its attention and respect, we must match our external actions by a search for greater internal cohesion.

We have to strike a difficult and delicate balance. We must not promise what we cannot achieve, for if we do so we will merely add to that cynical disillusionment with political persons and institutions which is today one of the greatest menaces to democracy. But at the same time we must not limit our real possibilities of achievement by a deadening caution or an inability to lift our sights. We want our deeds to be a little better than our words. Let us always do more than we promise to do. In this way the great institutions we represent will be in a real and practical sense the means by which we go forward, the very engine of Europe.