

Speech by Mr. Roy Jenkins

SPEECH BY THE PRESIDENT OF THE EUROPEAN
COMMISSION TO THE EUROPEAN PARLIAMENT

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The new President of the Council has so established her authority in her new role that it seems strange that I have not yet had the opportunity to welcome her in this House. I now do so with particular pleasure.

She has already set out before this House a comprehensive review of the conclusions reached at the European Council on 1 and 2 December. I do not therefore intend to duplicate her summary. I say simply that it was a successful European Council which produced a wide measure of agreement not only in the field of political co-operation but in matters of direct concern to the operation of the Community.

Perhaps I may be permitted the luxury on this, the last occasion on which I shall address this House as President of the Commission, of drawing attention to points which seem to me of particular significance for the shape and direction of the Community. In doing so I shall naturally have cause to touch upon some of the major Community issues dealt with at the European Council, in particular the need for renovation of our industrial base. I shall also have a few words to say about the complex of issues in the mandate given to the Commission on 30 May, and on the institutional development of the Community. But let me reassure the House that I do not intend to make one of those tedious catalogues of past achievements

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and future hopes which I think are the common property of all who have the Community at heart.

Looking back over the last four years, I think it no bad thing to recall that the Community has survived - and well survived - some crises which could have had major destructive effect. We have all held our breath once or twice. I am not thinking only of the budgetary crisis of the first half of this year but also of the sheepmeat crisis, the crisis of industries in trouble, problems over Euratom, and others too many to enumerate. We are by no means out of all our difficulties; but in confronting them as we must, let us remember problems overcome and the political will which enabled us to overcome them.

Indeed that political will has permitted us to make advances which would have seemed almost impossible four years ago. I am particularly happy about the creation and establishment of the European Monetary System, a working mechanism indispensable to the economic and monetary union which I believe should be our firm objective. The European Monetary System has already brought tangible results: the Community has been an island of monetary stability at a time when storms without have caused other world currencies to fluctuate violently. We had a good discussion on the subject at the European Council, and I particularly welcome two points: the agreement about the progressive development of the use of the ECU, and the agreement to work towards a common European position with regard to third countries. We are thus on the

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road and travelling in the right direction. But there is a long way to go. In the next few months I hope that work will be accelerated on the creation of a European Monetary Fund; I hope that fully co-ordinated policies will be worked out with regard to the dollar, the yen and other third currencies; and I hope we shall see the development of the ECU as a fully-fledged international reserve asset.

In the last four years we have seen the increasing weight of the Community in international terms. The Community has long been the largest single entity in world trade but the effects have tended to be intangible. The course of the long and difficult Multilateral Trade Negotiations has changed that. Not only have we successfully resisted protectionism and removed many of the insidious non-tariff barriers to trade, but we have contributed substantially to the creation of a more open and effective world trading system to the advantage of industrial and developing countries alike. We have likewise made progress as a Community in the gradual - all too gradual - evolution of relations in what has been perhaps misleadingly called the North/South dialogue. From the Paris Conference of 1977 to the negotiations under way in New York today, there has been a steady line of Community progress. It is based on the special character of the Community with its old and multifarious relationships with the third world and our working assumption that a new and more equitable world economic system is a necessary
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evolution. The Community's special position was underlined by the conclusion of the second Lomé Convention with which I think we can all take particular satisfaction. I add that if, as I hope, the Economic Summit meeting at Ottawa takes North/South relations as one of its priorities, the Community should make a major contribution to the debate.

As for the Community itself, I am delighted that we shall welcome Greece as our tenth Member in two weeks time. The negotiations with Spain and Portugal are in train, but we have not yet dealt with the major issues. These issues, as we all know, are closely related to the issues facing the existing members of the Community. I shall return to them in a moment.

In my report to the European Council I said that I was apprehensive, though certainly not despairing, about the future. I do not think we can stand still. The Community must either go backwards or forwards. But as yet there is no consensus emerging between governments about our forward motion. The policies which constitute such motion depend critically on the development of the institutions which make up the Community. Let me say a word about each.

One of the principal achievements of the last four years has been the democratic dimension given to the Community by the direct election of this House. I do not have to labour the point. But I repeat to you what I said to the European Council. Direct elections were

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foreseen in the Treaty of Rome but more recently willed by the Member States. Thus the Member States having created the Parliament must be prepared to treat it with the respect due to it. There has been argument about the extension of your existing powers. This has not always been productive. In my view there is a good deal of room within the existing rules which has not been used, and the question of further powers need not arise in the immediate future. But one change needs to be made soon: the establishment of a firmer and more secure relationship between the Council and the Parliament. Otherwise I fear that friction between the two may become a cause of damage to the Community as a whole.

I have had occasion to speak before about the importance of the Court of Justice in a Community which must be based on Treaty and the rule of law. If judgments are not accepted but bargained with like issues at the Council of Ministers, this could have profoundly damaging effects on the fabric of the Community. If the law is seen as rigid or out of date or in other ways unacceptable, it is best for the Member States to work together to change it. But they must not ignore or defy it.

As for the Council of Ministers, the institution with which the Commission is said to have "creative tension", I say only that the problems are ones of balance: how to weigh up the Community interest against national interests, how to weigh up the needs of co-ordination against the needs of such sectoral policies as agriculture, energy

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economic affairs, how to weigh up the need to delegate authority to the Commission against the wish to retain some measure of national control. The Council sometimes succeeds better than at other times. Its aim must always be to untie rather than tie the knots tighter together. Here the European Council has come to play an important and positive role. It has been the motor for progress on such matters as the European Monetary System; but it has to avoid becoming too much of a court of appeal and thus sucking away power from the Council of Ministers.

Last the Commission. It is a tiny organization in relation to its responsibilities, but it has its faults. Because the Commission was conscious of them, it called in Ambassador Spierenburg and his colleagues who made many useful recommendations. It has been the wish and the endeavour of this Commission to make significant internal changes in the light of the Spierenburg recommendations and so to make the Commission a more efficient and flexible institution. But what we have sought to achieve requires support from the Council and from the Parliament. This has not so far been forthcoming. Delegation of executive powers to the Commission means that it must be trusted; and I have no doubt that we are worthy of trust. Certainly there must be supervision, and certainly there must be effective parliamentary control. But the Commission must be given the means to do its job.

I turn now to policies. Here I detect a risk that at least some of our member governments would like the

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Community to stay more or less where it is. That means a patching up operation rather than that radical approach I believe essential. Let us face the truth. As I told the European Council, we have a largely agricultural Community with political trimmings, and an incomplete common market in industrial goods with a common external tariff. Even if this were our objective, which of course it is not, it is an unworkable proposition in the future because it benefits some much more than others and fails to meet the very notion of a Community.

This brings into sharp relief two issues which were treated by the European Council. There is first the mandate, given to the Commission on 30 May and now reaffirmed by the European Council, which the new Commission will have to discharge by 30 June. I do not underestimate the difficulty of the task. Here the problems of the Common Agricultural Policy loom large. In the view of the Commission we should adjust the Common Agricultural Policy in such a fashion as to maintain its fundamental principles (unity of the market, Community preference and financial solidarity), set up mechanisms whereby the financial consequences of production surpluses may be held in check, and concentrate financial resources on the least favoured farms and regions. To achieve this we believe that we should introduce a new basic principle of co-responsibility or producer participation, establish a new approach to the Community's external agricultural

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trade, and readjust our structural policies. We have not had much success in urging member governments to hold down expenditure so far. Now that we are coming up against the ceiling of own resources the problem is posed in acute form. Personally I do not believe that it will be possible actually to reduce agricultural expenditure (a very small proportion of Community GNP) but I do believe that we should seal it off and stop it from rising.

I do not have to underline to this House the fact that our revenue resources are relatively undynamic, levies and customs duties particularly so; whereas our expenditure is all too dynamic. There is thus a fundamental mismatch which is bound to get worse rather than better if we do not do something about it.

Clearly our first priority is to get agricultural expenditure under control. But I do not believe that this by itself can achieve the better balance of the budget we must have in the future. In my view this can only be achieved by increasing our expenditure on non-agricultural matters. This House has already shown its sympathy with this approach, and I need not emphasize it here. The larger resources we shall need do not have to come from raising the VAT ceiling. Other sources could be envisaged. The total need not mean an actual increase in public expenditure, but rather a transfer of resources from Member States to the Community. The Community has to show that it can give value for money.

But without some increase in revenue I am convinced that

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the Community will remain blocked in imbalance.

The second issue to which I attached special importance at the European Council is industrial innovation. Here our record is poor. By comparison with our major industrial partners, we have been relatively unsuccessful both in renewing existing industries and introducing new industries based on advanced technology. As this House knows too well, we have been more concerned with the problems of industries in difficulty and decline than with the creation of conditions for the new industrial base we need.

For that reason I urged upon the European Council the need for a co-ordinated approach which could lead to the establishment of a single Community market of the kind now enjoyed by Japan and the United States. Within that market there should be harmonization of services, common information networks and above all common technology standards to be encouraged and if necessary enforced by public authorities, in particular those responsible for major contracts. Governments should at the same time consider, as the Americans have done, the right fiscal means for promoting innovation and defining sectors which should benefit.

I have already spoken to this House about the telematic revolution as one of the principal aspects of industrial innovation. Frankly the Commission is disappointed by the lack of progress which has been made on this and related themes over the last twelve months. I do not

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pretend that the message of industrial innovation is always welcome. But on it depends our future in the world. A subject of much discussion in the last decade was the character of the licensing agreements which European industries should make in developing countries so as to speed the transfer of technology. Yet I suspect that the next subject for discussion will be the licensing agreements which the Americans and Japanese make with European industry to manufacture products here which we seem incapable of making ourselves: I give two examples, video- and digital-audio tape and disc equipment, and the next generation of home computers. In tackling industrial innovation the Commission will look to the support of this House. I can think of no more important part of Community business.

I conclude, Madam President, with my thanks to you and to this House for your co-operation and courtesy. I believe that together over the last eighteen months this Commission and this Parliament have gone some way to create that new partnership of mutual respect and understanding which is in the best interests of the Community. It will be for you with the new Commission to make your full weight felt on European issues and to establish that full European constituency which is yours.