LECTURE BY THE PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES TO THE KUNST- EN KULTUURVERBOND ASSOCIATION, MONDAY, 24 MARCH 1980

I am pleased to have this opportunity to address an association which has such a central place and major influence on the cultural and artistic life of Brussels. As one of the many thousands who have come to Brussels to work and live within the city, I am already conscious and deeply appreciative of the work that your Association does to preserve, develop and extend the cultural vitality and strength of Brussels. More than a thousand years on, the artistic and intellectual life of this city flourishes with an intensity as strong as at any time in its history.

I believe that this is in very large measure due to the work of associations such as Kunst- en Kultuurverbond. The survival of a culture depends upon a continuous process of exchanging ideas and information: it is not just an inheritance but requires a permanent creation and recreation. It must be accepted, lived and shared by the people. In Brussels, through associations like your own, the Flemish culture bears powerful testimony to the active role of the Flemish people in the artistic and intellectual life of the city; their readiness to adapt and develop; their capacity to assimilate changes and the influence of other cultural currents; and their readiness to live their culture, not just to defend a language and a tradition. I therefore welcome this occasion to address you today about the prospects for Europe and to do so with your agreement in my own language.

In my view the essence of the Community today lies in its institutions. The first priority of those such as

/Monnet,

Monnet, Schuman and Spaak was to lay a new foundation on which to rebuild Europe out of the ashes of civil war. Their achievement was a new legal framework based on specific treaties which formed and still forms the essential basis for our joint European venture. That legal framework found its expression in the establishment of a common set of institutions. Their reality can be seen nowhere more clearly than here in Brussels. Indeed, it is particularly fitting to look at institutional issues in this city.

It is not merely that the Community and its institutions are part and parcel of everyday life. Few places are more European than Brussels with its numerous institutions, its thousands of civil servants, diplomats and representatives of European economic and social interests. It is also the case that in many ways Belgium was the start. The first post-war impulses towards economic integration were here. Indeed, the initial inspiration and format of what became the Community are to be found here in the pioneering developments that started in September 1944 with the declaration that led to the Benelux Customs Union, beginning in 1948. In a real sense, Belgium and its partners - the Benelux countries - form the heartland of the Community. And this is symbolised for me by the existing sites of the Community's principal institutions. The Commission and Council here in Brussels; the Parliament which sits astride Luxembourg and Strasbourg as well as meeting in Committees here in Brussels; the Court of Justice in Luxembourg. Whatever the challenges before us, the Community's strength, its underlying vitality lies in the basic structure of its institutions - the essential symmetry of Council, Commission, Parliament and Court of Justice. We must guard and preserve that

/essential

essential symmetry and the unity that it has brought to the Community in all that we do.

What does that mean in the context of Europe today? Here I make three points. First and foremost, it means living within the law. There is too much at stake, too much that we have created together which would be put at risk if it were ever accepted that national convenience or a particular national interest could override the basic rules of the Community enshrined in the Treaties. In international affairs, the example of Iran and more worryingly the flagrant abuse of international law by the Soviet Union in its action towards Afghanistan has brought home to us the price of a world with no law. Our position in the world generally, as well as our coherence as a Community, will be immeasurably weakened if we neglect or abuse the basic rules on which our Community system is based. We depart from them at our peril. I do not perhaps need to elaborate the point further. I would only say that the whole carefully-balanced edifice of powers and responsibilies on which the Community is based could be damaged irreparably once we accept a position where any Member State for whatever reason can simply ignore or reject a decision of the Court of Justice. The Court interprets the law on the basis of the Treaties of which the Commission is the guardian. There is no duty to which the Commission attaches more importance.

Second, none of this implies that Community law is immutable. Nothing is or should be fixed for all time under our system. We cannot stand immobile and static in a world which is changing and developing. It is essential that now, as in the past, we show ourselves capable of adapting our rules and regulations to changing circumstances and ideas. In that

/process,

process, however, we must proceed by agreement and within the basic institutional framework of the Community. Here I see the Benelux countries with their long European traditions with a crucial role to play. They are, as it were, the sheet anchor holding the Community in place and in conformity with the vision and the reality of the original treaties.

Third, as the recent report of the Three Wise Men on the Community's institutions made clear, the institutional framework of the Treaties depends on a creative partnership - perhaps I should say creative and constructive tension - between independent bodies each respecting the other and each with its own defined responsibilities. A certain level of tension and rivalry is natural in every great organisation and is indeed a condition for progress. There will be clashes from time to time. That may be inevitable. Essentially, however, the Community framework is based on interdependence. Each institution relies for its daily functioning on the contributions made by others. Thus, the basic process of Community legislation involves Commission proposal, Parliamentary consultation and Council enactment. It is a shared process. It follows therefore that, for each institution, a prerequisite of efficiency is the pursuit of good and balanced relations with other bodies within the Community framework. Finally, the Community works only where all the institutions, operating within their own defined responsibilities, are ready to act and work in the interests of Europe as a whole: that means defining objectives and policies on which all institutions and all Member States can work together.

It is against this background and these general

principles that we need to examine the changing and emerging institutional pattern of the Community. Perhaps the most significant and far-reaching achievement of 1979 was the first direct elections of the European Parliament. No-one can doubt that this has brought a new and powerful democratic dimension to Community affairs. The evidence is already before us. Indeed, there was never any question but that Members of Parliament, their legitimacy sanctioned by the votes of a European electorate, would not be willing to sit passively in an assembly content with purely consultative powers. So it has proved. This new actor on the European stage is not content with a small bit-part. It is already demonstrating its strength and political cohesion. The decision which it took last December to reject the 1980 Community budget was an act of political responsibility and of political courage which, while it obviously causes certain practical difficulties, was fully within the Parliament's powers and helped to underline its determination to play its appointed role within the institutional framework of the Community. Its decision was thus much more than a mere act of presence: it was a clear warning that this Parliament intends to exercise its Parliamentary rights to the full and, in particular, its right to monitor, to control and to approve budgetary expenditure. This is a new fact which all the institutions of the Community must recognise, understand and face up to. It is not a question of conceding powers or relinquishing responsibilities to a new institution: it is a question of enabling the European Parliament to exercise its full and legitimate responsibilities within the creative partnership envisaged by the Treaties.

/It is,

It is, in many ways, remarkable that Parliament, which was elected only 9 months ago and did not form its Committees until September, should have been in a position to exercise its budgetary powers in December by refusing to approve the Budget. It is not altogether easy to predict Parliament's attitude towards the new budgetary proposals which the Commission has recently put forward. What, I think, is clear is that Parliament has taken the opportunity provided by the deferment of the budgetary procedure to seek control over the distribution and organisation of agricultural expenditure. The delay in the adoption of the Budget has meant that, for the first time, the budgetary procedure can be linked to the decisions on farm prices. In the past, the farm price decisions taken by the Council have invariably obliged the Commission to submit a revised Budget in the course of the financial year, to take account of the budgetary consequences of those decisions. Now, for the first time, it is possible to envisage a single, all-purpose budget providing for an overall control of expenditure. I welcome such a prospect. There will be difficulties about Parliament's new involvement in the farm price debate, which is complicated enough already. Nevertheless, on balance, this is a development in the right direction bringing Parliament closer and into more direct contact with the central internal issues facing the Community.

Another considerable advance in the political decision-making process of the Community has been the confirmation and permanent establishment of the European Council as a regular forum for Heads of State and Government. This is in many ways a welcome and beneficial development. As the report of the Three Wise Men underlines, the European

Council has become indispensible in the overall operation of the Community and illustrates the Community's capacity for self-renewal in difficult times. It has been able to give a new political impulsion to issues which in other circumstances have tended to get submerged in a discussion of technicalities at the level of the Council of Ministers. Some issues - I believe that the EMS was one and the development of a common position on energy imports was another - raise such important and politically sensitive questions that they can perhaps only finally obtain the necessary political acceptability within the Community as a whole after they have been treated at the level of Heads of Government. The European Council is becoming increasingly and rightly selective about what they tackle. Its effectiveness depends on avoiding the trap of becoming a kind of Court of Appeal for any and all unresolved Community matters. There is a balance to be struck between its role and the continuing business of the Council of Ministers. Nevertheless, broadly speaking the experience so far is that the European Council has come to play an essential and constructive role.

Within this changing perspective, where does the Commission stand? What is its position between the emerging strength of the Parliament and the weight of the European Council? It was encouraging to note the remarkable similarity of view in the reports of the Three Wise Men on the Community as a whole and in the Report of the Spierenburg Group on the Commission. Both reports, while they pointed to external factors and internal weaknesses, developing over a decade or more, which have led to some dilution of the Commission's effectiveness, stressed that the Commission should continue to exercise its political powers of initiative in full independence. The tasks and the

/powers

powers entrusted to the Commission by the Treaties have not changed. Our powers of initiative, our responsibility as the guardian of the Treaties, our duty to explain continuously to public opinion the decisions which have been taken and to defend the European interest - all these are as important as they have ever been. They represent a task and an obligation we will not shirk. Of course, like all organisations the Commission needs to adapt and renew its own response to changing circumstances. Just as the Community must move with the times, so must its institutions. That is why in 1978 we acted to set up an outside review body under Ambassador Spierenburg to examine how the Commission's organisation and staff resources could best be adjusted to meet future needs. Based on that report, the Commission intends to secure a streamlining of its administration, better internal coordination and planning, and a greater control over the use of scarce staff resources. We have already taken a number of decisions on these lines and more will follow. Our objective is to ensure that we hand over to our successors the best possible administrative structure to enable the Commission to fulfil its role both as the executor and the proposer of policies.

On this analysis I see no reason to be pessimistic or gloomy about the future. The basic structure and foundations of the Community are sound. They have stood up to storms and arguments in the past; they can and will do so again. We have the mechanisms at our disposal; we have the institutional framework; we have all the necessary apparatus to reach decisions and to react positively and imaginatively to the challenges ahead. This basic structure has already served us well in the development of a common external policy on trade and development. In recent years the

Community has been able to make its presence felt as a major force in world economic matters. 1979 saw the conclusion of years of difficult and patient negotiation in the multilateral trade negotiations under GATT throughout which Europe negotiated and spoke with one voice. The conclusion of the Tokyo Round now offers us the reasonable prospect, despite difficult economic circumstances, for a further development of the free-world trading system. In 1979 we also reached agreement at Lome on a renewed convention enhancing and strengthening our relationship with the now 58 ACP countries. At the same time, we have been able to assert a common European position at the now regular Economic Summits where the major industrialised countries have come together to seek understanding and a consistent approach to broad economic strategy. It was particularly important that, at the Economic Summit in Tokyo last year, the Community should have been able to work out a common position allowing it to lead the way towards establishing a new apparatus of cooperation in the energy field. All this is demonstration of our strength and solidarity in dealing with the external world on matters of trade, economic cooperation and development.

But Europe's responsibilities should be more than those of a trading partner. The Community is much more than the organisation of a large common market and we owe it to ourselves to take action in other fields. In particular, we must now move to develop strong and coherent internal policies on currency matters; on energy; and on industrial matters. Our credibility externally will in the end only be sustained if we face up to the need for strong internal policies capable of meeting the requirements of the 1980s. Those requirements are

/real and

real and they are increasingly daunting. Most of the economic indicators are bad and there is no immediate prospect of reversing these trends. Economic growth is declining sharply; unemployment is still rising; inflation in the Community is accelerating; and the Community's current account deficit on external trade has soared under the impact of last year's 65% increase in oil prices. We can see the signs of irreversible change in our society. They are visible in the impact of new technologies on our daily lives; in the accelerating decline of some of our older industries; in the changing and more difficult pattern of our trade.

Let me look briefly at three fundamental areas where the attitudes and policies that we work out and adopt within the Community will have a major influence on the way in which Europe is regarded by its partners.

First, economic and monetary matters. It seems to me absolutely clear that if we are ever to attain the influence in international monetary affairs which our economic strength entitles us to, we need first to reach agreement on internal measures which are sufficiently integrated and powerful to give us credibility in the eyes of our major partners. In that process, the European Monetary System agreed in Brussels just over a year ago represents a first and important step. During a difficult year for the world economy, the system has not only survived, it has worked well to provide a valuable buttress of greater monetary stability in Europe. We must now work towards a steady extension of the work of the EMS, for example through closer internal coordination and the working out of common policies with regard to third countries and other currencies.

Second, we should now aim to make rapid progress towards the establishment of a common energy policy. The Commission has been working to this end for some years but our words have tended to outstrip what has actually been achieved. As in other fields, I am doubtful whether the Community will in the future be able to defend its interests in the rest of the world - whether in relation to the oil-exporting countries or in relation to other oil-importing countries - unless and until it has laid down the foundations for a consistent internal policy. The Commission is currently looking at a number of ideas and we aim to bring our conclusions forward to the European Council.

The fact is that energy accounts for so important an element in the management of our economies that there could scarcely be a true common market without common policies in the field of energy. We need to examine urgently some of the major anomalies and differences which have arisen between Member States in their pricing and taxation of energy. The distorting effects which these anomalies have produced make it increasingly essential to reach agreement on the progressive harmonisation of energy prices and taxes within the Community. This would enable the Community to measure and control the effects of energy price increases on inflation and unemployment and would give us the instruments of macro-economic management to cope with challenges from inside and from abroad. At the same time we must step up planned investment in energy over the next decade and beyond. Our present effort falls far short of requirement. It is the Commission's view that we need a Community programme to support the efforts of Member States to promote energy saving, to substitute oil by energy from other sources and to

/...

develop synthetic fuels and other renewable sources.

The third area concerns industrial policy. We are already faced with an urgent need to develop a Community response to the challenge of the new electronic technologies. Our effort so far has been dispersed, ill-coordinated and disappointing. Although Europe provides about a third of the world market for electronic goods, we produce nothing like a third of the products themselves. The gap which separates us from our Japanese and American competitors is still growing. But the industrial challenge is not just confined to advanced technology where Europe is lagging behind. From the opposite direction we are also faced with a growing challenge in many traditional sectors from newly-industrialised countries producing at lower cost. This double challenge brings a risk that unless we act now we shall become in a relatively short period a kind of industrial depressed lower middle class. We shall neither be able to compete with the industrial innovators nor survive the competition in traditional areas.

There are thus two essentials. First, the Community must develop a policy for innovation so that we may create new industrial sectors and branch out into new activities based on research and modern management techniques. That is why the Commission attaches such importance to progress being made on its ideas for development in the new advanced technolgies. We have proposed that the Community should establish a single and homogenous market for telematic equipment and services; should foster the growth of a European information industry; should promote industrial and user cooperation; should enhance existing national and European programmes for communication by satellite; and should above all apply the new technologies to the

/activities of

activities of the Community itself on the continental scale open to us. At the same time, the other essential is that we should adapt our existing industrial structures and means of production to meet the new competitive threat to our traditional areas of industrial activity at a time when internal demand is levelling off.

These are formidable challenges. And there is little time left in which to act. The Community mechanisms and basic framework already exist; there is an institutional vitality which must give cause for hope; the policy options are there. What we have to find now is the will and determination to act. It is now at the start of the 1980s that we shall determine whether or not the objectives of those who established the Community in the 1950s can be brought to reality. Like the Flemish culture, so with the Community idea: it is not enough to sit back to defend what has been achieved; the Community idea must be lived moving with the times, assimilating changes, growing and developing. It must be a process of continuous creation and if we are to survive in the world of the 1980s we dare not falter.