



PRESS RELEASE

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TWELVE JANUARY.

FOREIGN SECRETARY'S SPEECH TO EUROPEAN PARLIAMENT

TEXT OF SPEECH PREPARED FOR DELIVERY BEFORE THE EUROPEAN
PARLIAMENT IN LUXEMBOURG ON TWELVE JANUARY NINETEENSEVENTYSEVEN BY
MR ANTHONY CROSLAND, SECRETARY OF STATE FOR FOREIGN AND
COMMONWEALTH AFFAIRS, AND PRESIDENT OF THE COUNCIL OF MINISTERS OF
THE EUROPEAN COMMUNITIES.

I START WITH A WORD ABOUT THE BRITISH RELATIONSHIP WITH EUROPE.
LOOKING BACK OVER A LONG SPAN OF HISTORY, WE SEE THAT THERE HAVE
BEEN TWO MAIN STRANDS IN OUR RELATIONS WITH THE OUTSIDE WORLD.
AT TIMES WE HAVE BEEN DEEPLY INVOLVED IN THE EUROPEAN CONTINENT -
IT WAS TWO HUNDRED AND FIFTY YEARS AGO THAT THE GREAT ANCESTOR OF
SIR WINSTON CHURCHILL MARCHED AN ARMY SOUTH, PASSING NOT VERY FAR
FROM WHERE WE ARE SEATED NOW. THEN, MORE RECENTLY, DUE LARGELY TO
THE PREOCCUPATIONS OF EMPIRE, WE PURSUED WHAT HAS BEEN DESCRIBED
AS THE BLUE-WATER SCHOOL OF DIPLOMACY. BUT ONE STRAND HAS NEVER
BEEN COMPLETELY EXCLUSIVE OF THE OTHER. IT IS NOW NATURAL THAT
WITH THE CHANGE IN THE RELATIONSHIP WITH OUR FORMER IMPERIAL
TERRITORIES, THERE SHOULD BE A CHANGE IN THE RELATIONSHIP WITH OUR
NEIGHBOURS IN EUROPE. WHAT WE HAVE LEARNT FROM OUR BLUE-WATER
SCHOOL WILL, OF COURSE, CONTINUE TO INFLUENCE US AND COLOUR OUR
CONTRIBUTION TO EUROPE. BUT IT IS WITH EUROPE THAT, BY WILL OF
PEOPLE AND GOVERNMENT, WE ARE NOW INEXTRICABLY INVOLVED.

IT IS THEREFORE BOTH AS A BRITON AND A EUROPEAN THAT I DRAW PRIDE
FROM MY COUNTRY'S PRESIDENCY OF THE EUROPEAN COMMUNITY, AND THAT I
HAVE THE HONOUR OF ADDRESSING YOU TODAY. I SHALL BREAK WITH SOME PAST
PRECEDENTS BY NOT EXAMINING IN DETAIL OUR AGENDA FOR THE NEXT SIX
MONTHS. RATHER I WANT TO CONSIDER IN A LONGER PERSPECTIVE WHERE THE
COMMUNITY STANDS TODAY AND IN WHAT DIRECTIONS WE WISH TO SEE IT
PROGRESSING.

WHEN MY FRIEND AND COLLEAGUE, MR VAN DER STOEL, ADDRESSED YOU
SIX MONTHS AGO HE STRUCK A SOMBER NOTE. THE COMMUNITY, HE SAID, HAD
REACHED ..AN ADVANCED STATE OF EROSION... TODAY AGAIN THERE ARE
DIRE WARNINGS THAT THE COMMUNITY MAY NOT SURVIVE., AND THERE IS A
WIDESPREAD MOOD OF DISILLUSIONMENT AND DISENCHANTMENT. NOW WHILE I
DO NOT FOR A MOMENT DENY A CERTAIN LOSS OF DIRECTION AND A FALTERING
SENSE OF PURPOSE - AND I SHALL DISCUSS LATER THE REASONS FOR THIS -
I YET TAKE A MORE ROBUST AND HOPEFUL VIEW THAN THE PESSIMISTS WHEN I
CONSIDER THE COMMUNITY'S ACHIEVEMENTS.

THE MOST STRIKING ACHIEVEMENT, AND ONE OF HISTORIC PROPORTIONS,
WE TEND TODAY TO TAKE FOR GRANTED. I REFER TO THE RECONCILIATION OF
OLD EUROPEAN RIVALRIES WHICH HAVE, TIME AND AGAIN, CAUSED OUR PEOPLES
SO MUCH SUFFERING AND DEVASTATION. BY STIMULATING A PEACEFUL AND
ENLIGHTENED DIALOGUE AND SO THE HABIT OF COOPERATION BETWEEN MEMBER
STATES, THE COMMUNITY HAS HELPED TO BRING ABOUT A QUALITATIVE AND
PERMANENT CHANGE IN WESTERN EUROPEAN RELATIONSHIPS. THE CONTRAST
WITH PRE-WAR EUROPE IS DRAMATIC. IT ILLUSTRATES THE POLITICAL
REALITY OF THE EUROPEAN ECONOMIC COMMUNITY.

MANY WOULD CONTENT THAT, MERELY BY HELPING TO HEAL OLD EUROPEAN WOUNDS, THE COMMUNITY HAS JUSTIFIED ITS EXISTENCE. BUT THIS IS NOT THE COMMUNITY'S SOLE ACHIEVEMENT, STILL LESS ONE THAT IT HAS CONJURED OUT OF THIN AIR. ITS CONTRIBUTION TO EUROPEAN RECONCILIATION HAS BEEN FIRMLY BASED ON THE DEVELOPMENT OF COMMON POLICIES AND COMMON INSTITUTIONS, OF WHICH THE EUROPEAN PARLIAMENT IS AN OUTSTANDING EXAMPLE. IT IS THIS WHICH HAS INVESTED THE COMMUNITY WITH A UNIQUE POLITICAL PERSONALITY. IT MUST NOW BUILD ON THIS FOUNDATION AND MAINTAIN THE MOMENTUM OF ITS ACHIEVEMENTS.

I HAVE NO DOUBT THAT IT CAN SO BUILD., FOR WE MORE AND MORE SEE - AND THIS IS ALSO A MAJOR HISTORIC CHANGE - THIS POLITICAL PERSONALITY REFLECTING ITSELF IN THE COMMUNITY'S RELATIONS WITH THE OUTSIDE WORLD. THE COMMUNITY, AS ONE OF THE WORLD'S GREAT CENTRES OF ECONOMIC STRENGTH, CAN EXERT ENORMOUS INFLUENCE IN THE WORLD, PROVIDED IT ACTS AS ONE., AND THIS IT IS INCREASINGLY DOING. THIS IS TRUE NOTABLY OF COMMUNITY ACTION BY ALSO OF POLITICAL CO-OPERATION BETWEEN MEMBER STATES.

IN THE FORMER FIELD, - THE COMMON COMMERCIAL POLICY IS NOW NEARING COMPLETION. THE COMMUNITY IS NEGOTIATING, OR HAS NEGOTIATED, COMMERCIAL AND ECONOMIC AGREEMENTS WITH ITS CLOSE NEIGHBOURS AS WELL AS WITH COUNTRIES FURTHER AFIELD. NOBODY WHO HAS VISITED GREECE OR PORTUGAL OR SPAIN OR TURKEY OR YUGOSLAVIA, OR ANY OF THE LOME CONVENTION COUNTRIES, CAN DOUBT THE ATTRACTIVE POWER WHICH THE COMMUNITY WIELDS. ITS INFLUENCE IS EQUALLY SEEN IN THE CIEC, AS IT WILL BE LATER THIS YEAR IN THE MULTILATERAL TRADE NEGOTIATIONS AT GENEVA. IT IS FELT EVEN BY THE SOVIET UNION AND THE COMECON COUNTRIES, ESPECIALLY TODAY, NO DOUBT, IN THEIR MINISTRIES OF FISHERIES. AND THIS ECONOMIC POWER, NOTABLY IN THE CASE OF THE MEDITERRANEAN COUNTRIES, CAN SERVE A VITAL POLITICAL PURPOSE.

IN THE FIELD OF FOREIGN POLICY, THERE IS GROWING CO-OPERATION BETWEEN THE NINE. AT THE MEETINGS OF FOREIGN MINISTERS ON POLITICAL CO-OPERATION, I HAVE BEEN IMPRESSED BY THE ABILITY OF MEMBER-STATES TO REACH AN AGREED VIEW AND TAKE UP COMMON POSITIONS ON IMPORTANT ISSUES. AS AN ILLUSTRATION, I NOTE THAT AT THE THIRTYFIRST SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY THE NINE HAVE VOTED TOGETHER ON EIGHTYTWO PERCENT OF ALL RESOLUTIONS, AND THE COUNTRY HOLDING THE PRESIDENCY HAS SPOKEN ON BEHALF OF ALL THE NINE ON NO FEWER THAN FIFTY OCCASIONS. THERE IS NO DOUBT ROOM FOR FURTHER IMPROVEMENT IN DEVELOPING THE COMMUNITY'S COLLECTIVE VOICE AT NEW YORK. BUT WHAT A CONTRAST TO THE PETIT-BOURGEOIS NATIONALISM, AS IT HAS BEEN CALLED, WHICH WRECKED THE LEAGUE OF NATIONS IN THE TWENTIES AND THIRTIES.. INCREASINGLY, THIS HABIT OF CO-OPERATION IS ENABLING THE COMMUNITY TO TAKE FULLER ADVANTAGE OF THE INFLUENCE IN WORLD AFFAIRS WHICH IT DERIVES FROM ITS COMMERCIAL AND ECONOMIC IMPORTANCE.

THE COMMUNITY'S GROWING INFLUENCE IN THE WORLD CONSTITUTES, AS I HAVE SAID, A HISTORIC CHANGE., AND FOR ME IT VALIDATES THE REASONS WHY FIRST I WELCOMED THE FORMATION OF THE COMMUNITY AND THEN DESIRED BRITAIN TO JOIN IT. BUT OF COURSE I RECOGNISE THAT THE CURRENT DISILLUSIONMENT RELATES NOT TO THE EXTERNAL, BUT TO THE INTERNAL, AFFAIRS OF THE COMMUNITY, AND ABOVE ALL TO THE FAILURE OVER THE LAST THREE YEARS TO MOVE PERCEPTIBLY NEARER TO EUROPEAN UNION (HOWEVER DEFINED).

TRUE, WE HAVE A CUSTOMS UNION WHICH HAS GREATLY EXPANDED INTRA-COMMUNITY TRADE., A COMMON AGRICULTURAL POLICY WHICH, THOUGH CONTROVERSIAL, IS INTEGRAL TO THE CONCEPT OF THE COMMUNITY., AND A SOCIAL FUND, A REGIONAL FUND AND A EUROPEAN INVESTMENT BANK. TECHNICAL BARRIERS TO TRADE ARE BEING CHIPPED AWAY SLOWLY BUT EFFECTIVELY. FREEDOM OF MOVEMENT IS BECOMING MORE OF A REALITY AS PROFESSIONAL QUALIFICATIONS BEGIN TO COMMAND GENERAL ACCEPTANCE THROUGHOUT THE COMMUNITY. IN A WIDE RANGE OF ACTIVITIES UNDER THE TREATIES AND TO SOME EXTENT OUTSIDE THEM - IN SOCIAL LEGISLATION, EDUCATION, CO-OPERATION AGAINST TERRORISM AND SO ON - WE ARE STEADILY EXPANDING THE AREA IN WHICH WE WORK TOGETHER. ABOVE ALL, THE INSTITUTIONS WHICH WERE SET UP EIGHTEEN YEARS AGO HAVE SHOWN GREAT VITALITY AND CAPACITY TO ADAPT TO CHANGING CIRCUMSTANCES. THUS THE COMMUNITY HAS MADE IMPORTANT IF UNEVEN PROGRESS.

BUT NONE OF THIS SATISFIES THE DESPONDENT CRITICS. THEY SEE ONLY THE SINGLE STARK FACT THAT NOTHING FUNDAMENTAL HAS CHANGED IN THE LAST THREE YEARS. THERE HAS BEEN NO ADVANCE TOWARDS ECONOMIC AND MONETARY UNION., INDEED THERE HAS BEEN A REGRESSION, SYMBOLISED BY INDEPENDENTLY FLOATING EXCHANGE-RATES. EVEN THE MODEST PROPOSALS OF THE TIMDENMANS REPORT FOR A GRADUAL MOVE TOWARDS EUROPEAN UNION FAILED TO RECEIVE A PRACTICAL ENDORSEMENT AT THE EUROPEAN COUNCIL IN THE HAGUE. AND IMPORTANT SECTORAL POLICIES ARE, TO PUT IT CRUELY, STUCK IN THE MUD.

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NOW THE FACTS ARE INCONTROVERTIBLE., BUT THE INTERPRETATION IS NOT. THE APOCALYPTIC VIEW OF THE EXTREME PESSIMISTS SUGGESTS A FAILURE BY THE COMMUNITY TO ACHIEVE REALISTIC AND ATTAINABLE GOALS. THIS IS NOT A FAIR PICTURE. IN THE TIME-FRAME SET FOR THEM, AND IN A PERIOD OF COMBINED RECESSION AND INFLATION WHICH HAS SHAKEN THE WORLD'S ECONOMY ALMOST TO ITS FOUNDATIONS, IT WAS MANIFEST THAT MANY OF THESE GOALS COULD NOT POSSIBLY BE WITHIN REACH. TO BLAME THE COMMUNITY AND ITS MEMBERS FOR THIS DOES US ALL A DISSERVICE, WHICH WE ONLY COMPOUND BY UNWILLINGNESS TO RECOGNISE WHAT THE COMMUNITY HAS ACHIEVED.

TRUE, THE ACHIEVEMENTS, SUBSTANTIAL AS THEY MAY BE, ARE INCOHERENT AND DISJOINTED. IN PART THIS IS BECAUSE THE DEVELOPMENT OF THE COMMUNITY IS A LONG-TERM HISTORICAL PROCESS IN WHICH PROGRESS TOWARDS GREATER UNITY MUST IN THE NATURE OF THINGS BE UNEVEN. BUT, MORE IMPORTANT, THE CONCENTRATED BATTLE AGAINST RECESSION AND UNEMPLOYMENT AND THEIR ATTENDANT SOCIAL EVILS - AGAINST THE WORST ECONOMIC CRISIS SINCE THE NINETEENTHIRTIES - HAS IN THE LAST THREE YEARS SAPPED THE ENERGIES OF MEMBER-STATES: ENERGIES WHICH MIGHT OTHERWISE HAVE BEEN DIRECTED WITH GREATER PURPOSE TOWARDS SOLVING THE COMMUNITY'S INTERNAL PROBLEMS.

THUS IT IS, IN MY VIEW, RECESSION AND ECONOMIC CRISIS WHICH HAVE LEFT THE COMMUNITY TODAY WITH SO UNCERTAIN AN IDEA OF WHERE IT WANTS TO GO. IN THE PAST, AN IMPRESSION OF ALMOST EFFORTLESS GROWTH IN THE COMMUNITY'S ECONOMY LED TO AN INDULGENCE IN UNREALISTIC CONCEPTUAL PATTERNS. (I AM NOT REFERRING HERE TO MR TINDENANS. DOWN-TO-EARTH REPORT WHICH HAS DONE MUCH TO CLEAR OUR MINDS ON THESE SUBJECTS). THESE ILLUSORY CONCEPTS BEDEVILLED THE HISTORY OF THE COMMUNITY AND GENERATED EXCESSIVE EXPECTATIONS WHICH WERE INEVITABLY DISAPPOINTED. BUT WE NOW RUN THE RISK OF GOING TO THE OTHER EXTREME, AND ALLOWING DISILLUSION TO STRIP US OF ALL SENSE OF STRATEGIC PURPOSE AS WE MOVE DEEPER INTO THE SECOND HALF OF THE DECADE. OUR TASK IS THEREFORE TO DRAW TOGETHER INTO A COHERENT SHAPE THE VARIOUS THREADS OF THE COMMUNITY'S DEVELOPMENT SO FAR., TO RECOGNISE REALISTICALLY ITS SET-BACKS OR EXCESSIVE AMBITIONS, BUT ALSO ITS TRUE ACHIEVEMENTS AND THE SOLID FOUNDATION THAT THESE HAVE LAID., AND TO ESTABLISH ON THIS BASIS A SENSE OF PRIORITIES AND STRATEGIC DIRECTION THAT WILL SERVE US, NOT SIMPLY IN THE NEXT SIX MONTHS, BUT IN THE YEARS AHEAD. IT IS TO THIS THAT I SHOULD NOW LIKE TO TURN, AND DISCUSS WHAT THESE PRIORITIES SHOULD BE.

I START, FIRST, WITH AN URGENT AND IMMEDIATE PRIORITY: AGREEMENT ON SECTORAL POLICIES. I REFER IN PARTICULAR, OF COURSE, TO AGRICULTURE, FISHERIES AND ENERGY., FOR IF WE CANNOT BEGIN TO SETTLE THESE MATTERS, THE COMMUNITY, WHILE IT WILL NO DOUBT SURVIVE, WILL DECLINE INTO A STATE OF PERMANENT BICKERING, WRANGLING AND MUTUAL RECRIMINATION.

WE CAN PROBABLY ALL AGREE ON HOW TO DESCRIBE THE PRESENT STATE OF PLAY. THE COMMON AGRICULTURAL POLICY HAS ALMOST REACHED AN IMPASSE. THE REVIEW OF THE COMMON FISHERIES POLICY HAS NOT EVEN APPROACHED THE HEART OF THE CONTROVERSY ON THE INTERNAL REGIME. AND THERE IS NO SUCH THING AS A COMMON ENERGY POLICY.

THERE IS NATURALLY MUCH WRINGING OF HANDS OVER THIS SITUATION., AND CLEVER CRITICS SNEER AT THE ENDLESS HOURS WHICH MINISTERS SPEND IN ARGUING OVER SKIMMED MILK POWDER OR QUOTAS FOR COD AND MACKEREL. BUT OF COURSE FROM TIME IMMEMORIAL THE LAND THE THE FISH IN THE SEA HAVE EXCITED THE MOST VIOLENT HUMAN PASSIONS., AND OIL IS PERHAPS A MODERN EQUIVALENT AS A PRIMARY SOURCE OF WEALTH. STRONG NATIONAL INTERESTS ARE AT STAKE, REFLECTING THE LIVELIHOOD OF THOUSANDS OF OUR CITIZENS. I KNOW THIS ONLY TOO WELL, OWING AS I DO MY SEAT IN PARLIAMENT - AND SO INDIRECTLY MY PRESIDENCY OF THE COUNCIL - TO AN ENGLISH FISHING CONSTITUENCY, WHERE MY FISHERMEN CANNOT UNDERSTAND WHY THEY SHOULD BE CONDEMNED TO THE IDLE WHEN BRITISH WATERS CONTAIN OVER HALF THE FISHING STOCKS AVAILABLE FOR THE COMMUNITY AS A WHOLE.

SO WE SHALL NEED PATIENCE, UNDERSTANDING AND A GREAT DEAL OF COMMUNITY SPIRIT AS WE SEEK TO STRIKE THE RIGHT BALANCE BETWEEN SPECIFIC NATIONAL INTERESTS AND WIDER COMMUNITY INTERESTS. AND YET THE TWO SETS OF INTERESTS INTERLOCK. IT IS, AFTER ALL, A SHARED INTEREST OF ALL MEMBER-STATES THAT THE COMMUNITY'S POLICIES SHOULD WORK WELL. EQUALLY IT IS TO THE COMMUNITY'S ADVANTAGE THAT THE DEEP-SEATED INTERESTS OF MEMBER-STATES SHOULD BE RECOGNISED AND AS FAR AS POSSIBLE ACCOMMODATED. IT IS IN THIS SPIRIT THAT WE MUST MAKE PROGRESS IN THESE THREE MOST CRUCIAL AREAS.

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COMMON COMMUNITY POLICIES OF THIS KIND, VITAL THOUGH THEY ARE AS COMPONENTS IN THE COMMUNITY'S DEVELOPMENT, ARE BY DEFINITION SECTORAL. WE PURSUE THEM SEPARATELY IN NEGOTIATIONS WHICH ARE VIRTUALLY INSULATED ONE FROM THE OTHER. THEY TELL US LITTLE ABOUT AN OVERALL ECONOMIC STRATEGY FOR THE COMMUNITY'S DEVELOPMENT.

I THEREFORE NOW TURN, SECONDLY, TO THE CENTRAL ECONOMIC QUESTION OF INTERNAL INTEGRATION WITHIN THE COMMUNITY. THERE WAS ALWAYS IN THE PAST, WHETHER IN THE CONTEXT OF ECONOMIC AND MONETARY UNION BY NINETEENEIGHTY OR OF THE MORE MODEST PROPOSALS IN THE TINDEMANS REPORT, A WIDESPREAD HOPE AND EXPECTATION THAT ECONOMIC AND FINANCIAL POLICY-MAKING WOULD STEADILY PASS FROM THE HANDS OF MEMBER-STATES INTO THOSE OF THE COMMUNITY. THUS WOULD THE COMMUNITY BE GRADUALLY TRANSFORMED FROM A MERE CUSTOMS UNION INTO A FULLY INTEGRATED ECONOMIC UNION, COMPLETE WITH ITS OWN CENTRAL BANK, A SINGLE FIXED EXCHANGE-RATE AND A GROWING HARMONISATION OF TAXATION.

BUT THIS HAS NOT HAPPENED., NOR ARE WE EVEN MOVING IN THAT DIRECTION. PERHAPS IT NEVER WOULD HAVE HAPPENED., OR THAT THERE WAS ALWAYS A CLEAVAGE OF OPINION. AT ANY RATE THE NECESSARY CONDITION WAS, AT A MINIMUM, A GROWING CONVERGENCE OF STANDARDS OF LIVING AND OF INFLATION, AND A PATTERN OF TRADE WHICH DID NOT PRODUCE PERSISTENT SURPLUSES AND DEFICITS. FOR MEASURES OF INTEGRATION ARE READILY POSSIBLE ONLY BETWEEN ECONOMIES WHERE LIVING STANDARDS AND ECONOMIC PERFORMANCE ARE BROADLY SIMILAR. ONLY ON SUCH A BASIS COULD A COMMON MONETARY AND EXCHANGE-RATE POLICY REST. BUT THAT BASIS WAS DRASTICALLY UNDERMINED BY THE CATAclysmic EVENTS OF NINETEENSEVENTYTHREE AND THE SUBSEQUENT YEARS - THE OIL PRICE RISE, FOLLOWED BY AN INFLATION AND RECESSION BOTH UNPRECEDENTED IN THE POST-WAR PERIOD.

MEMBER-STATES REACTED DIFFERENTLY TO THESE UNFORTHWARD EVENTS. AS A RESULT, ECONOMIC PERFORMANCE GREW MORE, NOT LESS, DIVERGENT., AND THE IMBALANCE IS THE MORE SERIOUS BECAUSE IT IS BETWEEN THE FOUR LARGEST AND MOST IMPORTANT ECONOMIES IN THE COMMUNITY. THE OECD, IN ITS MOST RECENT ECONOMIC OUTLOOK DATED A MONTH AGO, EXPECTS THE IMBALANCE TO PERSIST FOR SOME TIME AHEAD. INDEED, SO ALARMED IS IT BY THE DIVERGENT TRENDS OF INFLATION AND THE BALANCE OF PAYMENTS THAT IT ACTUALLY URGES A DELIBERATE DESYNCHRONISATION OF POLICIES IN RESPECT OF DEMAND AND ECONOMIC GROWTH. THIS WILL INVOLVE EVEN WIDER DISPARITIES IN STANDARDS OF LIVING. THE ESSENTIAL BASIS FOR ECONOMIC INTEGRATION IS THEREFORE WHOLLY LACKING.

WE THUS FACE A DUAL PROBLEM OF BAFFLING COMPLEXITY. FIRST, AND MOST IMPORTANT IN WELFARE TERMS, THE LEVEL OF UNEMPLOYMENT IN MOST OF OUR COUNTRIES IS INTOLERABLY HIGH., AND WHILE IT REMAINS SO, PUBLIC OPINION, AT LEAST IN THE UNITED KINGDOM, FINDS IT HARD TO PERCEIVE THE BENEFITS OF COMMUNITY MEMBERSHIP. IN ADDITION, OUR ECONOMIES, WHILE ALL PERFORMING AT AN EXCESSIVE LEVEL OF UNEMPLOYMENT, ARE DIVERGING IN OTHER WAYS TO AN EXTENT THAT IN PRACTICE RULES OUT MAJOR MEASURES OF INTEGRATION. A CURE TO THE FIRST OF THESE PROBLEMS IS, IN MY VIEW, A CONDITION OF SOLVING THE SECOND.

WHAT SHOULD THE COMMUNITY DO IN THIS SITUATION? THERE IS NO SLICK OR SIMPLE ANSWER TO THIS QUESTION, WHICH NO DOUBT EXPLAINS WHY THERE IS SO MUCH WAILING AND GNASHING OF TEETH YET A MARKED ABSENCE OF PRACTICAL PROPOSALS. AND INDEED THIS IS NATURAL, FOR DECISIVE ACTION ON UNEMPLOYMENT AND ECONOMIC RECOVERY MUST COME PRIMARILY FROM NATION-STATES MANY OF WHICH, LIKE THE UNITED STATES AND JAPAN, ARE OUTSIDE THE COMMUNITY. I SHALL REVERT TO THIS POINT LATER.

WITHIN THE COMMUNITY, IT IS NOW CLEAR THAT DETAILED MEASURES OF HARMONISATION WILL NOT OF THEMSELVES BRING ECONOMIC INTEGRATION. IT WAS ONE OF THE ORIGINAL CONCEPTS UNDERLYING THE TREATY OF ROME THAT AS STANDARDS AND REGULATIONS WERE HARMONISED, AND ARTIFICIAL OBSTACLES TO THE FREE MOVEMENT OF GOODS AND PERSONS REMOVED, THE SEPARATE ECONOMIES WOULD BECOME MORE CLOSELY-KNIT AND AS A RESULT WOULD START TO MOVE HARMONIOUSLY AT THE SAME SPEED AND IN THE SAME DIRECTION. EXPERIENCE HAS SHOWN THAT THIS IS NOT THE CASE AND THAT MEASURES OF HARMONISATION MUST BE OF SECONDARY IMPORTANCE SO LONG AS ECONOMIC CONVERGENCE REMAINS A DREAM.

IN THE SAME WAY, MORE DIRECT ATTEMPTS TO ACHIEVE ECONOMIC UNION HAVE FOUNDERED BECAUSE THE DEGREE OF DIVERGENCE WHICH THEY SOUGHT TO CORRECT WAS BEYOND THEIR POWER TO CORRECT. THIS WAS CONSPICUOUSLY TRUE OF ATTEMPTS TO ATTAIN A TOTAL OR EVEN A LIMITED UNIFORMITY OF EXCHANGE-RATE POLICY. THE REGIONAL AND SOCIAL FUNDS, VALUABLE AS THEY ARE, HAVE NOT HAD A SIGNIFICANT IMPACT IN REDUCING THE DISPARITIES IN WEALTH AND GROWTH RATES BETWEEN DIFFERENT REGIONS OF THE COMMUNITY. AND THE EFFORTS TO ACHIEVE BETTER SECTORAL POLICIES, NOTABLY IN THE CASE OF FISHERIES, HAVE MET A MORE STUBBORN RESISTANCE BECAUSE OF RECESSION AND UNEMPLOYMENT. WE CANNOT HOPE TO ACHIEVE A BETTER CONVERGENCE OR MORE INTEGRATION UNTIL ALL OUR ECONOMIES ARE ONCE AGAIN ON THE PATH OF FULL EMPLOYMENT AND HEALTHY GROWTH. (5)

THAT MUST BE OUR PRIORITY FOR THE NEXT FEW MONTHS. BUT WE MUST LOOK EVEN FURTHER AHEAD AND START TO DEVISE NEW POLICIES THAT WILL HELP US, ONCE WE HAVE LEFT RECESSION BEHIND, TO COUNTERACT THE UNEVEN GROWTH IN THE ECONOMIES OF MEMBER-STATES. WE SHOULD EXPLORE WAYS IN WHICH THE COMMUNITY COULD HELP FURTHER TO PROMOTE INVESTMENT IN THOSE COUNTRIES AND REGIONS WHERE THE ECONOMIC PERFORMANCE IS BELOW AVERAGE. WE SHOULD EXPLORE, AS FINANCE MINISTERS ARE ALREADY DOING, WHAT CONTRIBUTION THE COMMUNITY CAN MAKE TO GREATER EXCHANGE RATE STABILITY. WE SHOULD EXAMINE SUCCESSOR ARRANGEMENTS TO THE REGIONAL AND SOCIAL FUNDS WHICH WOULD PERMIT A FAR MORE EFFECTIVE TRANSFER OF RESOURCES THAN HITHERTO FROM RICHER TO POORER REGIONS. THE MORE THE COMMUNITY CAN SUCCEED IN PUTTING BUILDING BLOCKS OF THIS KIND INTO PLACE, THE GREATER THE CHANCES OF GETTING ITS INTERNAL ECONOMIC DEVELOPMENT ON THE ROAD AGAIN.

I TURN, THIRDLY, FROM THE INTERNAL ECONOMIC TO THE INTERNAL POLITICAL DEVELOPMENT OF THE COMMUNITY. WE ALL RECOGNISE THE NEED FOR A GREATER SENSE OF POLITICAL PURPOSE WITHIN THE COMMUNITY AND FOR A REAL MEASURE OF POLITICAL GUIDANCE AS COMMON POLICIES EVOLVE. BUT AT THE SAME TIME WE RECOGNISE THAT THE DEBATE BETWEEN FEDERALISTS AND CONFEDERALISTS IS NOW IRRELEVANT AND UNREAL. WE DO NOT KNOW WHAT SHAPE THE COMMUNITY WILL FINALLY TAKE., AND TO SLEEK TO DEFINE IT NOW WILL GET US NOWHERE. THIS WAS THE INSIGHT WHICH ILLUMINED THE TIMMERMANS REPORT.

THIS IS NOT JUST A MATTER OF PUTTING ASIDE UNREALISTIC GOALS. IT IS A QUESTION OF UNDERSTANDING THE COMMUNITY AS IT REALLY IS. IN THE FIRST TEN YEARS OF ITS LIFE, THE COMMUNITY'S HISTORY WAS FORESEEN AND DEFINED BY THE TREATY OF ROME. AT THAT TIME, IT WAS VITAL FOR ITS INITIAL PROGRESS AND CONSOLIDATION THAT IT SHOULD HAVE A NUMBER OF CLEAR AND ATTAINABLE GOALS AT WHICH IT COULD AIM. IT WAS RELATIVELY EASY FOR THE COMMUNITY TO HIT ITS ORIGINAL TARGETS. BUT IT HAS NOW ENTERED A NEW AND FAR MORE DIFFICULT STATE OF DEVELOPMENT. IT IS NO LONGER THE TOLERABLY SIMPLE AND UNSOPHISTICATED INSTITUTION OF THE FIRST DECADE OF ITS HISTORY, ACTING (IN ANDREW SHENFIELD'S PHRASE) IN .. A KIND OF ILLUSION OF PRIVACY WITHIN THE INTERNATIONAL SYSTEM... IT IS A HIGHLY COMPLEX MECHANISM WHICH HAS ACQUIRED A LIFE OF ITS OWN AND NUMEROUS EXTERNAL RAMIFICATIONS.

THE COMMUNITY IS NOW A UNIQUE POLITICAL INSTITUTION COMBINING ELEMENTS OF DOMESTIC, AS WELL AS EXTERNAL, POLICY AND WITH A BUILT-IN DYNAMISM WHICH HAS NO PARALLEL IN OTHER INTERNATIONAL ORGANISATIONS. THIS IS DUE PARTLY TO THE WAY IN WHICH THE TREATY OF ROME WAS ORIGINALLY FRAMED., AND PARTLY TO THE WAY IN WHICH THE COMMUNITY HAS SUBSEQUENTLY SHOWN ITSELF ABLE TO DEVELOP ITS PRACTICES AND INSTITUTIONS TO MEET EVENTS. THE COMMUNITY IS THUS THE CREATURE PARTLY OF A WRITTEN CONSTITUTION, A FEATURE WHICH IT SHARES WITH LATIN AND NAPOLEONIC EUROPE AS WELL AS THE UNITED STATES., AND PARTLY, AND PERHAPS INCREASINGLY, OF A DEVELOPING AND ALMOST INSTINCTIVE CONSTITUTIONAL PROCESS, NOT DISSIMILAR IN PRINCIPLE FROM THAT WHICH HAS CHARACTERISED BRITISH HISTORY. THE DYNAMIC MOTOR OF THESE DEVELOPMENTS IS THE DIALECTIC BETWEEN THE NATIONAL INTEREST, AS REPRESENTED BY THE MEMBER-STATES, AND THE COLLECTIVE INTEREST, AS REPRESENTED BY THE COMMUNITY'S INSTITUTIONS AND PARTICULARLY THE COMMISSION. THIS DIALECTIC IS INHERENT IN THE TREATY OF ROME. BUT WE FIND IT ALSO IN THE ORGANIC DEVELOPMENT OF THE COMMUNITY'S INSTITUTIONS, ESPECIALLY IN THE CHANGING ROLE OF THE PRESIDENCY AND THE GROWING VITALITY OF THE EUROPEAN PARLIAMENT.

THESE DEVELOPMENTS ARE PERHAPS AS IMPORTANT A LAND-MARK IN EUROPEAN HISTORY AS THE EMERGENCE OF THE SECULAR NATION STATE AT THE END OF THE MIDDLE AGES. JUST AS EUROPEAN MAN AT THAT TIME COULD NOT POSSIBLY PREDICT WHERE RENAISSANCE EUROPE WOULD LEAD, SO WE ARE EQUALLY ILL-PLACED TO SAY HOW THE PROCESS SET IN MOTION BY THE TREATY OF ROME WILL CULMINATE. WHILE WE MUST KNOW WHERE WE ARE GOING IN THE MEDIUM AND SHORT-TERM AND SET OUR PRIORITIES ACCORDINGLY, A SIMPLISTIC AND ABSTRACT GOAL-SETTING APPROACH FOR THE LONG TERM IS EVEN LESS VIABLE THAN BEFORE. WHAT WE CAN DO IMMEDIATELY - AND IN OUR PRESIDENCY WE SHALL DO OUR BEST - IS TO MAKE THE COMMUNITY WORK AS EFFECTIVELY AS POSSIBLE, THEREBY DEMONSTRATING THAT IT EXISTS POLITICALLY AS WELL AS ECONOMICALLY, EVEN IF THE EMERGENCE OF A NEW POLITICAL STRUCTURE IS FOR TOMORROW AND NOT FOR TODAY.

IN ONE FIELD, AT LEAST, WE HAVE AN ENCOURAGING EXAMPLE OF PRACTICAL POLITICAL DEVELOPMENT. WE NOW HAVE THE PROSPECT OF MAKING THE COMMUNITY A MORE DEMOCRATIC INSTITUTION WHEN DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT TAKE PLACE. A DIRECTLY-ELECTED PARLIAMENT WILL BE IN A BETTER POSITION TO STRENGTHEN THE DEMOCRATIC VOICE IN THE COMMUNITY. IT WILL BE BETTER ABLE TO FULFIL ITS EXISTING ROLE IN RELATIONS TO THE COMMISSION, AND IT WILL NO DOUBT WISH TO INFLUENCE THE COUNCIL OF MINISTERS. AS TO THE LATTER POINT, I AM SURE THAT IT WILL BE CONSCIOUS OF THE NEED TO ENSURE A PROPER BALANCE BETWEEN THE THREE INSTITUTIONS OF THE COMMUNITY WHICH PROPOSE CONTROL AND DETERMINE ITS POLICIES.

MEANWHILE, I FOR MY PART WANT TO THINK HARD ABOUT THE ROLE AND MODUS OPERANDI OF THE COUNCIL. I AM CONSCIOUS OF THE BASIC COMPLICATION THAT THIS ROLE MUST BE PARTLY LEGISLATIVE, AND AKIN TO THAT OF A PARLIAMENT, BUT MAINLY EXECUTIVE, POLICY-MAKING AND NEGOTIATING, AND HERE AKIN TO THAT OF A CABINET. I DOUBT IF ANY CHANGE OF PROCEDURES WOULD MAKE POSSIBLE A DISTINCTION BETWEEN THESE VARIOUS FUNCTIONS. YET I AM WORRIED BOTH BY THE DEGREE OF DETAIL WHICH COMES TO THE COUNCIL, AND BY THE SOMETIMES HIGGLEDY-PIGGLEDY NATURE OF ITS AGENDA. HOWEVER THAT MAY BE, MY CRUCIAL AIM WILL BE THE CLOSEST POSSIBLE CO-OPERATION WITHIN THE PARLIAMENT AND THE COMMISSION IN THE INTERESTS OF COMMUNITY COHESION. IN THIS CONNECTION I HAVE ASKED MY MINISTERIAL COLLEAGUE MR TOMLINSON, WHO IS HERE WITH ME TODAY, TO BE PRESENT AT THE PARLIAMENT DURING EACH SESSION FOR AS LONG A TIME AS POSSIBLE, AND TO ATTEND PARTICULARLY IMPORTANT DEBATES.

I TURN, FOURTHLY, FROM INTERNAL TO EXTERNAL ACTION. I EXPECT THE COMMUNITY IN THE YEARS AHEAD TO WIELD A GROWING INFLUENCE ON WORLD AFFAIRS. CERTAINLY THE WORLD MORE AND MORE EXPECTS TO HEAR THE COMMUNITY'S VOICE IN INTERNATIONAL AFFAIRS. WHATEVER OUR INTERNAL DISAPPOINTMENTS, THE COMMUNITY'S EXTERNAL POTENTIAL IS ENORMOUS, WHETHER WE TALK OF THE COMMON COMMERCIAL POLICY, POLITICAL CO-OPERATION OR OTHER FIELDS OF EXTERNAL ACTIVITY.

IN THE FIELD OF EXTERNAL TRADE RELATIONS THERE IS ALREADY MUCH ON OUR AGENDA. WE SHALL SHORTLY SIGN AGREEMENTS WITH THE MASHRAQ COUNTRIES AND ISRAEL., WITH THAT THE GLOBAL MEDITERRANEAN APPROACH, APPROVED AS LONG AGO AS OCTOBER NINETEENSEVENTYTWO, WILL BE VIRTUALLY COMPLETED. FOLLOWING MY PREDECESSOR'S VISIT TO BELGRADE IN DECEMBER OUR RELATIONS WITH YUGOSLAVIA ARE ASSUMING A PROFOUND POLITICAL IMPORTANCE. WE CERTAINLY HAVE A VITAL ROLE TO PLAY IN THE NORTH/SOUTH DIALOGUE, AS THE CIEC HAS SO CLEARLY DEMONSTRATED. AND IN THE SPRING, THE JOINT MINISTERIAL COUNCIL OF THE LOME CONVENTION TAKES PLACE IN FIJI. I CAN SEE GOOD POSSIBILITIES FOR DEVELOPING OUR RELATIONS WITH OTHER AREAS OF THE WORLD, FOR EXAMPLE LATIN AMERICA. IN RELATION TO JAPAN OUR RECENT EXPERIENCES SHOW THE VALUE OF OUR SPEAKING WITH ONE VOICE AND DEMONSTRATING THE INFLUENCE WHICH THE COMMUNITY EXERCISES.

I WANT HERE TO MENTION IN PARTICULAR THE SCOPE FOR EXTENDING COMMON COMMUNITY POLICIES TOWARDS THE SOVIET UNION AND EASTERN EUROPE. THIS IS ALREADY HAPPENING NATURALLY IN SOME AREAS. FOR EXAMPLE, THE COMMON FISHERIES POLICY MEANS THAT THE COMMUNITY AS A WHOLE WILL NEED TO NEGOTIATE WITH THE RUSSIANS ABOUT RECIPROCAL ACCESS. THE COMMON COMMERCIAL POLICY PUTS IN THE HANDS OF THE COMMISSION THE RESPONSIBILITY FOR NEGOTIATING TRADE AGREEMENTS WITH THE EASTERN EUROPEAN COUNTRIES AS WITH OTHER THIRD COUNTRIES. WE SHOULD BE ABLE TO BUILD ON THE GENERAL TREND IN THE COMEA COUNTRIES AND ESPECIALLY IN THE SOVIET UNION FOR WESTERN TRADE AND TECHNOLOGY. I HOPE TO SEE INTENSIFIED ACTIVITY IN THIS FIELD, WHERE THE COMMUNITY'S COLLECTIVE ECONOMIC STRENGTH AND BARGAINING POWER ARE SO MUCH GREATER THAN THOSE OF INDIVIDUAL MEMBER-STATES. AND SPEAKING POLITICALLY, A STRONG AND COHESIVE COMMUNITY IS A MAJOR ASSET ON THE WESTERN SIDE IN THE OVERALL PATTERN OF EAST - WEST RELATIONS., THE VERY FACT OF SOVIET COLDNESS TOWARDS IT TESTIFIES TO ITS POTENTIAL FOR LIMITING THE SPREAD OF SOVIET INFLUENCE IN WESTERN EUROPE.

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TURNING TO POLITICAL CO-OPERATION, THERE IS A POSSIBLE ROLE FOR THE COMMUNITY, AT THE APPROPRIATE MOMENT, IN CYPRUS AND IN THE MIDDLE EAST., THOUGH THIS MUST BE IN CLOSE CONCERT WITH THE UNITED STATES, AND UNDERLINES THE IMPORTANCE OF MAKING EARLY CONTACT WITH THE INCOMING CARTER ADMINISTRATION. AND AN AREA IN WHICH WE SHALL, I HOPE, SEE MUCH HARD WORK IS IN PREPARING A COMMON POSITION ON THE BELGRADE CONFERENCE TO REVIEW PROGRESS IN IMPLEMENTING THE HELSINKI FINAL ACT OF THE CSCE., THIS FOLLOWS ON LOGICALLY FROM THE CLOSE CO-OPERATION BETWEEN THE NINE DURING THE TWO YEARS OF NEGOTIATION OF THE FINAL ACT ITSELF. ALL THIS SURELY DEMONSTRATES THAT WHATEVER THE HESITATIONS ONE SOMETIMES FEELS IN BRUSSELS OR LUXEMBOURG, NO ONE IN THE WORLD OUTSIDE DOUBTS THE COLLECTIVE IMPORTANCE OF THE COMMUNITY.

LASTLY, ENLARGEMENT. THIS WILL ABSORB MUCH OF THE COMMUNITY'S TIME AND EFFORT IN THE MONTHS AND YEARS AHEAD, AND WILL DECISIVELY CONDITION ITS DEVELOPMENT IN BOTH ITS INTERNAL AND EXTERNAL ASPECTS FOR THE REST OF THE CENTURY, PRESENTS THE COMMUNITY WITH PERHAPS ITS MOST TESTING CHALLENGE., THOUGH THAT CHALLENGE ARISES PRECISELY BECAUSE OF THE GROWING STRENGTH AND ATTRACTIVE POWER TO WHICH I HAVE ALLUDED EARLIER. THE COUNTRIES KNOCKING AT OUR DOOR FEEL THAT ATTRACTIVE POWER, EVEN THOUGH WE OCCASIONALLY DOUBT OURSELVES.

WE MUST NOT UNDERESTIMATE THE PROBLEMS WHICH ENLARGEMENT WILL INVOLVE. IT WILL MAKE THE ECONOMIC DIVERGENCE BETWEEN THE COUNTRIES OF THE COMMUNITY STILL GREATER. THE GAP IN PER CAPITA GNP BETWEEN GERMANY AND THE UNITED KINGDOM IS ALMOST TRIVIAL COMPARED WITH THAT BETWEEN GERMANY AND PORTUGAL, AND THE EFFORT REQUIRED TO BRIDGE THAT GAP WILL BE CORRESPONDINGLY GREATER. THE DEMANDS ON COMMUNITY FUNDS WILL BE SUBSTANTIAL, WITH OBVIOUS IMPLICATIONS FOR THE REGIONAL AND SOCIAL FUNDS IN PARTICULAR.

ENLARGEMENT WILL ALSO MAKE IT HARDER TO IMPROVE THE OVERALL OPERATION OF THE COMMON AGRICULTURAL POLICY. WE SHALL NEED SOMEHOW TO RECONCILE THE DEMANDS OF FRENCH AND ITALIAN FARMERS WITH THE DEMANDS OF FARMERS IN GREECE, PORTUGAL AND SPAIN, WITHOUT HEAVING AN UNACCEPTABLE BURDEN ON COMMUNITY TAXPAYERS AND CONSUMERS. EVEN ROY JENKINS. POWERS OF CONCILIATION ARE GOING TO BE STRETCHED TO THE FULL BY THIS JOB OF CIRCLE-SQUARING. AND THERE IS OF COURSE THE DEEP CONCERN THAT THE COMMUNITY MIGHT BECOME LOOSER RATHER THAN TIGHTER AS A CONSEQUENCE OF ENLARGEMENT.

WHY THEN ENLARGE? BECAUSE, SIMPLY, THE POLITICAL BENEFITS OF ENLARGEMENT OUTWEIGH ALL THE PRACTICAL DIFFICULTIES. I DO NOT REFER ONLY TO THE ACCRETION OF POWER WHICH THE NEW MEMBERS WILL BRING TO EUROPE'S COMMON POOL. FAR MORE IMPORTANT IS THE NEW STRENGTH WHICH ENLARGEMENT WILL GIVE TO EUROPEAN DEMOCRACY. BY SUSTAINING THE FLEDGLING DEMOCRACIES AT THE MOST CRUCIAL STAGE IN THEIR EVOLUTION. WE SHALL PROTECT THEM AGAINST THEIR ENEMIES WITHIN AND WITHOUT. IN ONE PART OF THE WORLD AT LEAST, WE SHALL BE ABLE TO SAY THAT DEMOCRACY IS A BLOOMING FLOWER AND NOT A FADING ONE. IN ONE PART OF THE WORLD AT LEAST, TOTALITARIANISM, WHETHER OF THE LEFT OR OF THE RIGHT, WILL HAVE SUFFERED A DECISIVE SETBACK. ENLARGEMENT IS AN INVESTMENT IN THE DEMOCRATIC FUTURE OF EUROPE., AND IN THE LONG RUN THE BENEFITS WILL FAR OUTWEIGH THE COSTS.

THAT, THEN, IS HOW I SEE THE TASKS AHEAD OF US, NOT JUST FOR THE NEXT SIX MONTHS, BUT FOR THE MEDIUM TERM: TO IMPROVE OUR SECTORAL POLICIES., TO DEFINE AND FORWARD CONVERGENCE IN MORE MEANINGFUL TERMS., TO WORK OUT THE PROPER ROLE FOR A DIRECTLY-ELECTED PARLIAMENT., TO EXPAND YET FURTHER THE COMMUNITY'S INFLUENCE IN THE WORLD., AND TO ENCOURAGE ENLARGEMENT WITHOUT DOING DAMAGE TO COMMUNITY IDEALS. THERE IS PLENTY OF WORK HERE FOR ALL OF US.

YET I FEEL MOST STRONGLY THE NEED ALSO TO LISTEN WITH SENSITIVE SYMPATHY TO OUR PUBLIC OPINION. AND TO OUR PUBLIC THE PRIORITY DOES NOT LIE AMONGST THE OBJECTIVES WHICH I HAVE JUST DEFINED., IT IS TO ELIMINATE THE EVIL OF UNEMPLOYMENT AND THE PAINFUL CONSEQUENCES OF INADEQUATE GROWTH. AND WHAT OUR PUBLIC WANTS IS ALSO IN THE INTERESTS OF THE COMMUNITY. FOR ECONOMIC WEAKNESS AT HOME LESSENS THE EFFECTIVENESS OF THE COMMUNITY IN EXTERNAL AFFAIRS.

INSUFFICIENT GROWTH MAKES THE PROBLEM OF ECONOMIC IMBALANCE WELL-NIGH INSOLUBLE. IN CONDITIONS OF NEAR-RECESSION ENLARGEMENT COULD PROVE A SOURCE OF DIVISION RATHER THAN THE BASIS OF A WIDER UNITY. UNEMPLOYMENT AND LOW INCOMES MAKE THE COMMUNITY'S SECTORAL POLICIES A BONE OF CONTENTION INSTEAD OF A FORCE FOR PROMOTING THE COMMON GOOD - WHICH IS WHAT THE COMMUNITY'S FOUNDING FATHERS INTENDED THEM TO BE.

(8)

GENERALLY, OUR ECONOMIC PROBLEMS HAVE PLAYED A LARGE PART IN SAPPING THE COMMUNITY'S POLITICAL WILL. THEY HAVE THREATENED TO UNDERMINE THE COMMUNITY'S FIRST AND FOREMOST ACHIEVEMENT: THAT OF PROVIDING A COHERENT POLITICAL AND ECONOMIC FRAMEWORK FOR HARNESSING THE ENERGIES, INTERESTS AND ASPIRATIONS OF MEMBER-STATES TO THE BENEFIT OF ALL OUR PEOPLES. WITHOUT THIS FRAMEWORK, OUR OTHER ACHIEVEMENTS IN THE COMMUNITY WOULD COUNT FOR LITTLE.

WE IN THE UNITED KINGDOM ARE PLAYING OUR PART. WE HAVE INTRODUCED PAINFUL MEASURES TO CUT PUBLIC EXPENDITURE AND IMPROVE OUR BALANCE OF PAYMENTS. BUT WE CANNOT SUCCEED - NOR CAN ANY OF US IN AN INTERDEPENDENT WORLD - UNLESS OTHER ECONOMIES GROW AND IMPORT MORE. MUCH OF COURSE WILL DEPEND ON COUNTRIES OUTSIDE THE COMMUNITY, PARTICULARLY THE UNITED STATES AND JAPAN. BUT WE LOOK ALSO TO AN EXPANSION OF DEMAND IN THE STRONGER ECONOMIES OF THE EUROPEAN COMMUNITY. I QUOTE AGAIN FROM THE CECS LATEST ECONOMIC OUTLOOK: .. WITHOUT APPROPRIATE GROWTH IN THE STRONGER COUNTRIES - THE UNITED STATES, JAPAN, GERMANY AND SOME SMALLER MEMBERS - IT MAY BE DIFFICULT TO KEEP STRINGENT STABILISATION POLICIES IN PLACE IN THE WEAKER COUNTRIES FOR A SUFFICIENT TIME TO ALLOW THE DIVERGENCES TO BE REDUCED... THIS, RATHER THAN THE MANY INGENUOUS MONETARY SCHEMES CURRENTLY BEING PROPOUNDED BY ACADEMICS WITHOUT PRACTICAL EXPERIENCE IS THE ONLY PRACTICAL ROUTE TO CONVERGENCE, AND THUS TO ANY HOPE OF A MORE REAL ECONOMIC UNION.

THE NEED TO PULL OUT OF RECESSION AND SO RESTORE THE COHESION OF THE COMMUNITY WILL BE BRITAIN'S IMMEDIATE CONCERN DURING OUR PRESIDENCY. BESIDES THIS WE SHALL PRESS FOR PROGRESS ALONG THOSE OTHER ROUTES WHICH I HAVE DESCRIBED TODAY. TO ASSIST ME IN THIS TASK I WANT TO BRING A NEW APPROACH TO SOME ASPECTS OF THE COMMUNITY'S BUSINESS. IN PARTICULAR, I WANT TO TRY AND INTRODUCE A PROPER SENSE OF PRIORITIES SO THAT THE COUNCIL FOCUSES ITS ATTENTION ON THE REALLY IMPORTANT ISSUES. MY IMPRESSION AFTER NINE MONTHS OF ATTENDING COMMUNITY MEETINGS IS THAT WE HAVE NOT YET ACHIEVED AN ADEQUATE SELECTIVITY AT THE POLITICAL LEVEL. TOO OFTEN WE FAIL TO IDENTIFY PRIORITIES AND CONCENTRATE OUR EFFORTS ACCORDINGLY. WE CANNOT DEVISE OR IMPLEMENT A COHERENT STRATEGY IF WE DO NOT EQUIP OURSELVES WITH THE MEANS TO IMPLEMENT IT.

IN TACKLING THE TASKS WHICH WE HAVE IDENTIFIED AS OUR PRIORITIES, WE SHOULD NOT FORGET THOSE THAT WE SHALL HAVE TO FACE IN THE LONGER TERM. I DO NOT MEAN THAT WE SHOULD SET OURSELVES NEW GOALS FOR THE DEVELOPMENT OF THE COMMUNITY. I DO MEAN THAT WE NEED A MEASURE OF FORWARD PLANNING, SO THAT WE CAN IDENTIFY THE PROBLEMS OF THE FUTURE AND SET OURSELVES ON A PATH TO THEIR SOLUTION NOW. IN PARTICULAR WE NEED TO IDENTIFY THOSE PROBLEMS WHICH WE CAN SOLVE ON A COMMUNITY BASIS, AND WHERE NATIONAL SOLUTIONS ARE INADEQUATE OR EVEN IMPOSSIBLE. LONG-TERM OR STRUCTURAL UNEMPLOYMENT IS ONE SUCH PROBLEM. IT CONCERNS EACH OF THE MEMBER STATES., AND THEIR CONTRIBUTION TO RESOLVING IT SHOULD BE AS IMPORTANT IN A COMMUNITY CONTEXT - THE ECONOMIC AND SOCIAL COMMITTEE, THE STANDING COMMITTEE ON UNEMPLOYMENT AND THE TRIPARTITE CONFERENCES - AS IT IS NATIONALLY. THE PROBLEM OF ADAPTING OUR INDUSTRIES TO THE MARKETS OF TOMORROW BEARS DIRECTLY ON THE QUESTION OF UNEMPLOYMENT. IN MANY TRADITIONAL FIELDS - MOTOR VEHICLES, CONSUMER ELECTRONICS, SHIP-BUILDING - THE MORE ADVANCED DEVELOPING COUNTRIES TAKE AN INCREASINGLY LARGE SHARE OF THE WORLD MARKET. THIS IS BOTH NATURAL AND, IF WE ARE SERIOUS ABOUT IMPROVING THE INTERNATIONAL DISTRIBUTION OF WEALTH, DESIRABLE., BUT IT WILL CAUSE GREAT PROBLEMS FOR EUROPE. THESE ARE ISSUES WHICH WILL BE WITH US FOR A LONG TIME., BUT WE IGNORE THEM TODAY AT OUR PERIL. THEY ARE AN ADDITIONAL REASON FOR CREATING A THRIVING COMMUNITY WITH BALANCED ECONOMIC DEVELOPMENT IN ALL ITS PARTS. THEY ARE ALSO A REASON WARMLY TO WELCOME THE REPORT ON FORWARD PLANNING COMMISSIONED THREE YEARS AGO UNDER THE NAME OF EUROPE PLUS THIRTY. THE REPORT IS NOW FINISHED AND BEFORE THE COMMISSION. I LOOK FORWARD TO HEARING THE COMMISSION'S COMMENTS IN THE NEAR FUTURE.

ON TWENTYFIVE MARCH, WE CELEBRATE THE TWENTIETH ANNIVERSARY OF THE SIGNATURE OF THE TREATY OF ROME. THAT DOCUMENT, THE FOUNDING CHARTER OF OUR COMMUNITY, WAS AN IMAGINATIVE AND FAR-SIGHTED RESPONSE BY THE PIONEERS OF POST-WAR WESTERN EUROPE TO THE POLITICAL AND ECONOMIC NEEDS OF THE DAY. THE COMMUNITY'S GROWTH OVER THE PAST TWENTY YEARS IS AMPLE PROOF THAT THEIR ACT OF STATESMANSHIP WAS WELL CONCEIVED. BUT THE BEST TESTIMONY WE CAN OFFER THEM IS NOT A STATIC MONUMENT BUT A CONTINUING READINESS TO SHOW THAT WE TOO HAVE A SENSE OF THE MOMENT, AS WELL AS A SENSE OF HISTORY., AND THAT WE NEED NO SPUR TO RESPOND TO THE DIFFERENT, THOUGH EQUALLY CHALLENGING, WORLD OF THE FINAL QUARTER OF THE TWENTIETH CENTURY. IF WE DO THIS, WE SHALL INDEED BE FURTHERING THE AIM OF THAT ..EVER CLOSER UNION AMONG THE PEOPLES OF EUROPE.. WHICH THE TREATY SETS AS A GOAL BEFORE US.

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