

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

EUROPEAN UNION

OPINION

Brussels, July 1975.

The Economic and Social Committee of the European Communities approved the Opinion referred to in the title at its 132nd Plenary Session, held on 16 and 17 July 1975 under the chairmanship of Mr Henri Canonge.

The groundwork had been done by the Sub-committee on European Union, chaired by Mr Alfons Lappas and having as Rapporteur, Mr De Bruyn and as Co-Rapporteur, Mr Evain.

THE ECONOMIC AND SOCIAL COMMITTEE
Press and information division

Rue Ravenstein 2
1000 BRUSSELS

Tel. 512 39 20
513 95 95

Telegrams : ECOSEUR
Telex : 25 983 CESEUR

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THE ECONOMIC AND SOCIAL COMMITTEE

Having regard to the fourth paragraph of Article 20 of the Committee's Rules of Procedure;

Having regard to the decision which the Committee, acting on a proposal from its Bureau, took at its 128th plenary session held on 26 and 27 February 1975, to deliver an Opinion on this matter on its own initiative and to set up, in accordance with Article 17 of the Rules of Procedure, a sub-committee to produce a draft version of that Opinion;

Having regard to the oral report made by the Rapporteur, Mr De Bruyn;

Having regard to the discussions at its meeting on 16 July 1975 (132nd plenary session of 16 and 17 July 1975);

Whereas on three occasions, viz., at their meetings in Paris (19 to 21 October 1972), in Copenhagen (14 and 15 December 1973), and again in Paris (9 and 10 December 1974), the Heads of Government of the Member States of the European Communities have affirmed 'their common will that Europe should speak with one voice in important world affairs', and decided 'to transform before the end of the present decade and with the fullest respect for the Treaties already signed, the whole complex of the relations of the Member States into a European Union';

Whereas at their last meeting they decided that 'the time has come for the Nine to agree as soon as possible on an overall concept of European Union', and requested the Community institutions 'to bring the submission of their reports forward to before the end of June 1975';

Whereas they agreed 'to invite Mr Tindemans, the Prime Minister of the Kingdom of Belgium, to submit a comprehensive report to the Heads of Government before the end of 1975 on the basis of the reports received from the institutions and the consultations which he is to have with the Governments and a wide range of public opinion within the Community';

Whereas on 28 March 1974, the Economic and Social Committee using its right of initiative, adopted its Opinion on the place and role of the Economic and Social Committee in the institutional machinery of the Communities, in the context of a possible evolution thereof, and on 17 July 1974, the Committee adopted its Opinion on the situation of the Community. These two Opinions were an initial contribution to the Community-level studies on the shape of European Union (see Appendices I and II);

Has adopted by 68 votes to 4, with 18 abstentions, the following Opinion:

1. The objectives to be achieved by European Union

1.1. It is a basic sense of purpose (the establishment of a lasting peace between European States, preservation of democratic freedoms, Europe's international mission, economic recovery) that is at the root of the process of European integration. These basic aims are as valid as ever. At all events, the European States have no alternative but to continue their progress towards unity.

1.2. Any slackening in pace, any failure to make progress towards the achievement of a united Europe would inevitably jeopardize achievement to date. Without internal European cohesion there can be no lasting solidarity with the world at large.

1.3. European Union must make it possible for the Member States to consolidate their links. This is a prerequisite, if Europe is to be economically and politically independent *vis-à-vis* the rest of the world.

1.4. Although Europe is a centre of attraction in the world, it can only hope to play a decisive role in the international arena if it asserts its own identity to a greater extent.

1.5. European Union must make full use of the provisions of the Treaty. It must be something more, however, and above all something better.

1.6. European Union will not fulfil its mission if it is confined to the economic sphere. It must therefore seek to become a model of change towards a type of society more consonant with the lofty ideals of the peoples of Europe, who want peace, freedom and security and who aspire to the abolition of frontiers, the achievement of a more natural human environment and way of life, enhanced human dignity, and greater fairness through the reduction of inequalities.

1.7. For all the above reasons, European Union must go beyond straightforward coordination under a system of intergovernmental links within a free trade area, even if that free trade area is of an improved type. European Union must possess efficient institutions with clearly defined duties and relationships.

1.8. European Union, which leaves the process of complete political integration to the future, must forthwith provide itself with a democratic European authority, in order to be capable of implementing Community policies swiftly and fully. The Institutions must be organized in a way which will allow them to play an active role, within their respective terms of reference, in the Community decision-making process.

1.9. Although European Union will not be achieved fully in the seventies, there can and must be no barrier to earlier achievement of certain objectives. It is possible to take large strides forward on the basis of the wording of the present Treaties, and it is necessary to take such strides in order to refurbish the Community's credibility, which has been undermined by the excessive number of setbacks, mistakes and delays. Possibilities here include majority decisions within the Council of Ministers and use of Articles 235 and 236 of the EEC Treaty.

1.10. Against the background of a clear definition of the respective powers of the national and European authorities, Community powers should be established in all matters where Community action is seen to be more suitable for solving problems than isolated national measures.

1.11. Public support will be contingent on the existence of a genuine political will to phase in European Union, and will be forthcoming only if the public knows about Community action and understands it. The latter prerequisite entails concrete measures at the various appropriate levels, together with objective, continuing, provision of information and education.

1.12. A 'charter setting out the objectives of European Union' should be drawn up, adopted by the European Parliament and then submitted to the Member States for a decision to accede. This charter should be based on respect for the rules of democracy and political, philosophical and cultural pluralism. It should set out the rights of European citizens and enumerate the economic and social targets which it proposes to achieve.

1.13. European Union must in this way play its part in uniting the peoples and governments of the Member States by gradually linking their destinies in common achievements; thanks to Community Institutions which are open to a new world, are integrated in that world and work in it for peace, freedom and economic and social progress.

2. Present situation in the Community

2.1. Over a long period of continuous economic growth stimulated by the organization of a large common market, Europe of the Six and later the Nine has enjoyed relative prosperity, a high level of employment, a considerable rise in living standards, a remarkable expansion of production, trade and consumption.

2.2. However, and in the last 18 months in particular, economic and monetary difficulties have emerged and been exacerbated by the increased cost of oil. These differences have sparked off serious inflation and an upsurge in unemployment.

2.3. Although not all these problems can be attributed to the Member States or the Community itself, the fact remains that the structural and functional weaknesses of the Community have made it particularly vulnerable to the effects of both national and international imbalances.

2.4. In its Opinion of 17 July 1974, the Economic and Social Committee took stock of the results obtained under the Treaties but also stressed the setbacks encountered and sought to identify their underlying causes.

2.5. The Common Agricultural Policy¹ has been, and still is, the most highly developed and most integrated form of Community action. However, owing to the lack of convergence, *inter alia* in economic and monetary policy, the CAP has now reached its limits. This situation is fuelling the resurgence of tendencies towards national protectionism.

2.6. Leaving aside the general improvement in living standards and its social repercussions, Community social measures, which have been designed essentially to back up economic decisions or to mitigate certain harmful consequences of the latter, have not had all the anticipated effects, despite the recently launched Social Action Programme² which is still only an outline framework. The concrete achievements which the Community can be credited with are the rules relating to free movement of workers, the protection of migrants, implementation of the principle of equal pay for men and women (Article 119), and assistance from the European Social Fund.

¹ Study on the balance sheet of the CAP adopted on 28 November 1974.

² Opinion of 29 November 1973 on the social action programme.

2.7. Serious economic and social disparities still exist, however, in the Community. It was only after long vacillation that agreement was finally reached on the setting-up of a Regional Development Fund¹ but a scale for the apportionment of aid was introduced straight off without the slightest prior consultation with the interested parties.

2.8. Mention can also be made of the harmful delays in achieving economic and monetary union,² the lack of solidarity on energy policy,³ common transport policy,⁴ industrial policy, etc.

2.9. In short, the Community's successes have been made possible by a high rate of growth which the national political authorities have not really tried to control at European level.

2.10. Having failed to make sufficient progress in its organization and development, the Community is not yet able to speak with one voice. The effects of the rise in oil prices have increased the risks that the construction of Europe will be thrown out of gear at a time when world events in fact call for greater cohesion.

2.11. European Union must therefore equip itself with effective institutions capable of taking swift action and serving clearly defined concrete objectives.

3. The institutions of European Union

3.1. In its Opinion of 28 March 1974, the Economic and Social Committee has already commented on the criticisms that could be made of the way in which the Community institutions at present function.

3.2. To give practical expression to the goals it has set itself and those it decides to adopt for the future, and to implement the policies essential for its achievement, European Union must be assigned certain responsibilities and possess the relevant powers.

3.3. Such powers and responsibilities presuppose institutions which have legitimacy—which are in other words democratic—and effectiveness. Without wishing to embark upon a full description of what these institutions must be like, the Economic and Social Committee would like to set out the basic conditions it feels they must fulfil.

3.4. First of all the Committee would emphasize that the way the institutions already established under the Treaty of Rome are used still leaves very much to be desired. The Council of Ministers overburdened with minor matters, and reluctant to use the majority voting rule, even in cases where the States' vital interests are not involved, still only very imperfectly succeeds in performing the tasks incumbent upon

¹ Opinion of 25 October 1973 on the Regional Development Fund.

² Opinion of 13 December 1973 on Economic and Monetary Union.

³ Study of 29 May 1974 on the objectives and content of a common energy policy.

⁴ Opinion of 28 March 1975 on the Communication from the Commission to the Council on the development of the common transport policy.

it. Experience may lead us to believe that this has come basically from a warping of the Treaty: the Community Council as provided for by the Treaty, has, in fact, been replaced by sectoral meetings of Member States' Ministers.

3.5. This therefore weakens the initiatory power of the Commission and considerably reduces the effectiveness of its administrative apparatus.

3.6. Even when decisions are arrived at by the Community, the Member States themselves often show resistance and tardiness in implementing them.

3.7. It is not only possible, but also essential to remedy this state of affairs. The goal of a future European Union must not be used as an alibi to avoid the need to act in this field. For it is the standing of the European institutions in the eyes of the economic and social operators and, through them, the public at large which is at stake. To allow this standing to decline would jeopardize the very future process of European constructions.

3.8. But though it retains its full value, and must be helped to realize its full effectiveness, the institutional system set up by the Treaty of Rome has also in some respects encountered its limitations. It is now evident that the new phase in the building of the Community requires further progress to be made in the political, and hence the institutional, sphere. It is this need for fundamental progress, now clearly felt by all observers of the development of the Community, which underlies the idea of European Union.

3.9. Achievement of European Union will of necessity be gradual, spread out over a period of time, but it must be driven by its own momentum. It will be a major step between the present state of affairs and the establishment of a fully-fledged federal state.

3.9.1. The Community will have to be assigned responsibilities, particularly in fields where isolated action by Member States no longer matches the requirements of the situation; the Community's powers and those of the Member States will, however, continue to exist side by side with one another during this transitional period.

3.10. European Union will have to respect national peculiarities and distinctiveness. Instead of a unitary society, it must aim at achieving a pluralist society, and not systematically seek maximum standardization.

3.11. Finally, it must give the economic and social groupings a real say in the preparation and making of decisions affecting them, as was indeed requested by the Heads of State or Government meeting in Paris in October 1972.

3.12. The allocation of responsibilities and functions between the various institutions of the Union must, in the view of the Economic and Social Committee, be made as clear as possible.

3.13. The meetings between the Heads of Government, which have become a regular practice and are now known as the 'European Council', must have as their main purpose to provide impetus and to reaffirm the partners' political will, more particularly so in the initial stage of achievement of European Union.

3.14. The Community institutions must be distinguished according to the functions of each one of them.

3.15. The legislative function will have to be progressively assigned, in all the matters coming within Community jurisdiction, to a *European Parliament* elected by universal suffrage. This goal could be achieved quite quickly, since an elected Assembly is provided for in the Treaty of Rome and a draft electoral procedure has already been submitted to the Council of Ministers by the European Parliament itself. The Parliament would have to adopt the budget, pass Community laws, and would be assigned functions of supervising the application of such laws. It should also be empowered to take action on its own initiative in certain areas.

3.16. The executive function should be regarded from two angles. During the transition period before achievement of a fully fledged European Union, the main decision-making powers should be vested in the Council, while the implementing powers should fall within the purview of the Commission.

3.17. A *Council of Ministers* should comprise one or two permanent Ministers from Member States. These Ministers should be members of their respective governments, which would delegate powers to them. To give their deliberations in the Council the requisite effectiveness, they could be accompanied by specialist Ministers depending on the agenda.

3.17.1. The Council should take part in the debates of the Parliament on draft Community legislation and with the help of the Commission should ensure that such legislation is implemented in the Member States.

3.18. The *Commission*, as the concrete expression of the Community, must possess wide initiatory and executive powers. For that reason, the Economic and Social Committee considers that the Commission should lay before the European Parliament a programme setting out the objectives it proposed to attain during its term of office and the means it intended to use to attain them. In the final stage of European Union, the members of the Commission should be appointed by the European Parliament on the above basis.

3.18.1. In consultation with the Council of Ministers, the Commission would be responsible for drawing up draft Community legislation for submission to the Parliament, and for defending such draft legislation before Parliament.

3.19. The *Economic and Social Council*, the institution bringing together representatives of the various economic and social interests, would have to be able to perform more fully its *consultative and advisory* function so that the political institutions could take account of the views and experience of the economic and social groupings in the decisions they had to take. The members of the Economic and Social Council would still be nominated by the national governments and their appointments confirmed by the Council of Ministers.

3.19.1. The Economic and Social Council should be obligatorily consulted on proposed decisions on economic and social questions, in such a way that its Opinions can be heard in time by the Commission, the Council and the Parliament. This would give all the representatives of economic and social interests a greater say in Community decisions.

3.19.2. The Economic and Social Council should be empowered to decide its own Rules of Procedure. Also, it could act as a forum for the representatives of all the economic and social groupings in the Community to increase the contact both among themselves and with their counterparts in the associated countries.

3.20. The Court of Justice, which would continue to be responsible for ensuring observance of Community law in the interpretation and application of the Treaties, Community legislation and the implementing provisions thereof.

3.21. The Court of Auditors, which would fulfil the same function as similar institutions in the Member States and would report to the European Assembly.

3.22. Even though, in the long run, the institutional system described above might require modifications of the Treaties, the Economic and Social Committee would emphasize that the Treaties already contain considerable scope for achieving such a system.

4. Priority policies to be pursued in the European Union

4.1. However important and decisive the political will of the Heads of State and of Government and the effectiveness of the Community institutions may be, European Union must be our economic and social body and must dovetail with the drawing up and implementation of policies which will enable it to contend with such issues.

4.2. Clearly, it is by its impact on people's daily lives that European Union will obtain popular approval and support. In this connection and in view of the importance of consumer issues for public opinion, the Preliminary Consumer Protection Programme, adopted by the Council on 14 April 1975, should be made to yield practical results as quickly as possible.

4.3. Independently of the work in progress and the studies embarked upon, European Union will have, in the short-term, to master the basic problems in the current crisis (the fight against inflation and unemployment), and, in the medium-term, to bring about the adaptation of the national economies to the new situation and seek a return to balance-of-payments equilibrium.

4.4. To attain these objectives, European Union must have a short- and medium-term economic and social programme. The objectives should be decided after intensive consultation with all the economic and social interest groups in the Community. Regular talks should be held between the Economic and Social Council, the Commission and the Council of Ministers on the economic policy to be pursued in the Community.

4.5. The Economic and Social Committee proposes that a *coherent core* of the economic and social policy to be pursued in the Community be implemented; in its view, the elements of economic and social policy are so closely interwoven that any failure to coordinate the two is bound to lead to renewed serious imbalances and fresh dislocation of the Community.

4.6. Without underestimating the importance of the policies to be pursued or introduced in other sectors, this minimum programme must centre on the following measures, with responsibility for it progressively being given to the Community, in accordance with the procedures of the European Union:

4.7. *Speeding up the Achievement of Economic and Monetary Union*¹ one of the essential steps for completion of the Common Market, involving:

4.7.1. On the one hand, necessary convergence between national economic policies and adequate means of forcing Member States to adhere to jointly agreed policies.

4.7.2. On the other, with a common currency as the ultimate aim, the return to stable parities between European currencies ('the snake'), which is essential if the Member States wish to be less vulnerable to international monetary fluctuations.

4.7.3. The establishment of appropriate financial machinery which presupposes bodies with autonomous powers and Community authority (Community loan, pooling of reserves, strengthened Monetary Cooperation Fund, European Export Bank, etc.).

4.7.4. Close coordination of economic and monetary policies.

4.7.5. Coordination of economic policy at European level is all the more necessary because economic policy has to fulfil two requirements: firstly, it must modify its development strategy in the light of people's demands for greater quality, and secondly it must make its contribution to the optimal use of the world resources, with a view to a smooth development of the economies.

4.7.6. Such an aim cannot be achieved unless growth is sufficiently orderly. This implies a certain selectivity in public investment and selective encouragement of private investment (cf. Opinion of the Economic and Social Committee of 29 May 1975 on the Restructuring of the Economies).

4.8. *The implementation of a Community employment policy*² which must be financed by a Community budget.

4.8.1. The first task is to vigorously tackle employment problems³ in order to ensure that the right to work can be exercised.

4.8.2. As part of a move to give the representatives of the various economic and social interest groups a greater say in Community decisions on economic and social policy, European Union should set itself the following objectives:

4.8.3. *The elimination of all the various difficulties* which currently hamper the equating of degrees, diplomas and other certificates.^{4,5}

4.8.4. *The development of a European policy on immigration*⁶ from third countries, particularly the associated states in Europe and Africa.

4.8.5. The setting up of a *European Employment Office*, which would extend beyond the frequently illusory coordination of national employment services and which would be responsible for providing information on the labour market for matching job supply and demand and for issuing forecasts and guidelines.

¹ Opinion of 13 December 1973 on Economic and Monetary Union.

² Opinion of 24 November 1971 on the preliminary guidelines for a Community social action programme and Opinion of 29 May 1975 on the updating of the social action programme.

³ Opinion of 30 May 1974 on employment and the changed situation in the Community.

⁴ Opinion of 24 April 1975 on education in the European Community.

⁵ Study of 13 December 1973 on vocational training.

⁶ Opinion of ... on the action programme in favour of migrant workers and their families.

4.8.6. European Union should aim at *harmonizing working conditions*, an essential corollary of employment and training policy. Only a European will can generate a major effort in this area, as the cost involved could jeopardize the free operation of competition.

4.8.7. This set of measures cannot be implemented on the sole initiative of the European legislature but is primarily a matter for the economic and social interest groups. Hence the need for these groups to be able to confer freely and autonomously, *inter alia* at sectoral level¹ and within a framework of European solidarity.

4.8.8. In view of the likely increase in leisure time, which in turn implies creation of the necessary public facilities, socio-collective infrastructures should undergo a long period of accelerated expansion.

4.8.9. Finally, it is necessary to remove all technical and legal barriers which prevent the right of establishment from being fully exercised in accordance with the principles laid down in the Treaty of Rome.

4.9. *Introduction of a European regional policy*² to curb the excessive expansion of large urban agglomerations, reduce social and cultural inequalities, create jobs locally, provide an income for local labour, re-distribute economic activity more smoothly throughout the Community, further the development of regional natural resources and safeguard the natural environment and beauty spots.

4.9.1. In furtherance of these objectives, the regions should be helped to improve their industrial base and their infrastructures. It is essential to coordinate financial assistance from the various European Funds (EIB, EAGGF, ESF, RDF) in order to ensure that credits are not scattered over too large a number of projects and so have no real effect.

4.9.2. The selection of the regions and areas to be supported and the types of measures to be taken should be placed before the Community authorities. European regional entities could be defined in the light of economic and social criteria and irrespective of borders.

4.9.3. Since the region constitutes an important link in relations between the Community bodies and the public at large, local authorities, citizens, trade associations and workers' and employers' organizations, which give life to the structures, should be involved in the formulation and implementation of the development programmes.

4.10. *Definition of a European energy policy*³

4.10.1. Would it not be possible to do something on the lines of the Coal and Steel Community—the first of the European Communities. If Europe is not to be excessively dependent on its present suppliers it must take steps to attain the highest possible degree of self-sufficiency in energy.

¹ Opinion of 28 March 1974 on the place and role of the Economic and Social Committee in the institutional system of the Communities in the context of a possible evolution thereof.

² Opinion of 25 October 1973 on the Regional Development Fund.

³ Study of 29 May 1974 on the objectives and content of a common energy policy.

4.10.2. It must therefore step up its investments in those sectors which will enable it to rapidly cut back its dependence on imported oil as far as possible. In particular, prime importance must be attached to energy conservation, which offers opportunities for making considerable savings at relatively low costs. The Community's own resources must also be developed, be they traditional energy sources (hydrocarbons), new non-depletable sources (solar, geothermal energy) or new forms of energy (hydrogen).

4.10.3. Subject to the express proviso that the environment is protected and that human safety is ensured by strict rules, the use of nuclear energy should undergo considerable expansion.

4.10.4. Joint investments at European level can go a long way towards helping Member States of the Community to bear the costs which they must pay to ensure their maximum independence in the energy field. European Union should encourage the formation of public cooperations and semi-public companies based on European law in the field of energy research and exploitation.

4.10.5. For many years to come, however, these measures will not make the Community self-sufficient in energy.

4.10.6. A united Europe must engage in constructive negotiations, as a genuine negotiating partner, with the oil-producing countries. If necessary, these negotiations must take place concurrently with negotiations on raw materials generally. This must be one of the aims of European Union.

4.11. Apart from the minimum programme mapped out above, the Committee would also stress the common agricultural policy and industrial policy.

4.12. *Pursuit of the Common Agricultural Policy*

4.12.1. The balance sheet drawn up by the Economic and Social Committee in its Study of 28 November 1974 shows that, although the agricultural policy has progressed much further than any other common policy, it is losing momentum because it is not backed up by appropriate policies in the monetary, regional, social, commercial and tax spheres.

4.12.2. The construction of a European Union must make it possible to correct this imbalance; it must also provide an opportunity for defining the situation of agriculture in modern society, for improving the involvement of the farming community in economic and social progress and for giving the Common Agricultural Policy its full Community and international dimension, while preserving its fundamental principles, i.e. market unity, Community preference and financial solidarity.

4.13. *An industrial policy* which furthers the restructuring of industrial activity including that of small and medium-sized firms,¹ with due regard to forecasts concerning technological development, the trend in world trade and the need to create jobs.

4.13.1. European Union must utilize the instruments at its disposal (see previous chapter on Economic and Monetary Union) to stimulate investment in the key sectors.

¹ Opinion of 29 May 1975 on the restructuring of the economies.

4.13.2. Defining a European Company statute and establishing genuine European company law is one of the ways of realizing a Community industrial policy.

5. European Union in the world

5.1. Relations with the rest of the world are bound to benefit if European Union shows, by virtue of its internal cohesion, that it can further the development of a society which gives more scope to man's aspirations, that is to say a more equitable society providing a better quality of life. This new dimension in its relations will then allow the Community to develop the very outward-looking policy which it has already set in motion in recent years.

5.2. The Lomé Convention and the search for a Mediterranean policy are significant gestures here and could set the pattern for new relations between countries which are at different stages of economic development. In addition, the representatives of the Community are establishing contacts with an increasing number of non-member countries, with a view to setting-up new cooperation links.

5.3. It is very important that the Community should be able to continue its activities here, thus furthering the search for better equilibrium in the world. But this will not be possible unless two conditions are satisfied:

5.3.1. firstly, the Community must have an internal cohesion commensurate with its legitimate external objectives. At the present juncture, it is fair to ask whether an imbalance is not emerging due to the fact that the Commission is substantially increasing its international contacts while the very structures of the Community are weakening;

5.3.2. without effective, legitimate *institutions*, the Community will lack genuine *credibility* in the eyes of the outside world and be unable to generate the internal *solidarity* needed to cope with the radical effects on its economic and social life of the emergent changes in international economic relations;

5.3.3. the Community must also be *properly equipped* to pursue a vigorous external policy;

5.3.4. the first requirement here is regular *concertation* between the Member States on their foreign policies, so that the Community can speak with one voice;

5.3.5. secondly, the Community itself must possess *instruments* if it is to be able to act. At the moment, only the common trade policy falls within the purview of the Community, and so far this policy has been applied somewhat narrowly;

5.3.6. the Community must henceforth be in a position to take action in the field of industrial cooperation, which will be the true essence of future relations with numerous countries, *inter alia* the energy producers and the suppliers of raw materials.

5.3.7. Experience has shown that when it speaks as an entity the Community can exercise a crucial influence in this field, which is of vital importance for the future.

5.4. The relationship between the European Union and the other leading industrial powers—such as the United States, Japan and Canada—must be one of partnership between equal and loyal partners in which confrontation does not detract in any way from friendship.

5.5. If European Union succeeds in ensuring true cohesion between its members, it can also serve as a balancing force through its trade with East European countries. In addition it must gradually establish relations with other regions of the world such as Asia and Latin America, which merely ask that Europe should be a loyal partner and should not harbour any thoughts of hegemony.

5.6. Generally speaking, from now onwards consultations should be held prior to all major international encounters, so that the united voice of Europe can make itself heard.

5.7. Membership of the European Union is open to all other democratic and pluralist European States, who apply for membership, and who support the principles and objectives of the Union.

5.8. If, in this way, the Community acquires its own style, its own identity, to use the hallowed expression, it may then make a continuing and concrete contribution to world peace.

**Opinion
of the Economic and Social Committee
on the place and role
of the Economic and Social Committee
in the institutional machinery of the Communities
in the context of a possible evolution thereof**

The Economic and Social Committee of the European Communities approved the Opinion referred to overleaf at its 119th Plenary Session, held on 27 and 28 March 1974 under the chairmanship of Mr Alfons Lappas.
The groundwork had been done by the Sub-committee on Institutional Questions, chaired by Mr Lappas and having as Rapporteur Mr De Bruyn.

THE ECONOMIC AND SOCIAL COMMITTEE

Having regard to Article 193 of the EEC Treaty specifying the role of the Economic and Social Committee;

Having regard to the Decision of the Heads of Government at their meeting in Paris on 21 October 1972, inviting the Community institutions to 'recognize in future the right of the Economic and Social Committee to advise on its own initiative on all questions affecting the Community';

Having regard to the decision to this effect adopted by the Council of Ministers on 12 February 1974;

Having regard to Article 20 of its revised Rules of Procedure, which was approved by the Council on 4 March 1974;

Having regard to the decision of the Heads of Government to transform 'before the end of the present decade and with the fullest respect for the Treaties already signed, the whole complex of the relations of Member States into a European Union', and calling upon the institutions 'to draw up a report on this subject before the end of 1975 for submission to a Summit Conference';

Having regard to the decision taken on 28 February 1974 by the full Committee, on a proposal from the Bureau, to deliver an opinion on this matter on its own initiative and to set up, in accordance with Article 17 of the Rules of Procedure, a subcommittee responsible for preparing a draft opinion for submission to the Committee;

Having regard to the draft opinion adopted by the Subcommittee for Institutional Questions on 21 March 1974;

Having regard to the oral report made by the Rapporteur, Mr De Bruyn;

Having regard to its discussions during the 119th plenary session of 27 and 28 March 1974 (sitting of 28 March);

Has adopted, using the procedure of voting by show of hands in accordance with Article 49 of the Rules of Procedure, by 104 votes in favour but with 6 abstentions the following opinion:

The Economic and Social Committee considers that attainment of European Union presupposes, in particular, a real improvement in the effectiveness of the institutional machinery and also its democratization by, on the one hand, strengthening the European Parliament and, on the other, increasing the participation of the various categories of economic and social activity in Community decision-making.

The Committee would stress that the proposals it makes below have been deliberately kept within the limits of the existing Treaties, although in its view the Treaties do not allocate to the Committee the place and role in the institutional machinery of the Communities to which it can lay claim.

I — General comments

The Treaty of 25 March 1957 establishing the EEC set up four institutions: the European Parliament, the Council, the Commission and the Court of Justice. In addition, the Treaty established an Economic and Social Committee with advisory status, which must be consulted by the Council or by the Commission where the Treaty so provides and can also be consulted by these institutions in all cases in which they consider it appropriate to do so. The Committee would observe first of all that the basic texts establishing the institutional machinery have sometimes been interpreted and applied in a restrictive way. The second observation it has to make is that a great many committees and bodies have been progressively set up. On the basis of these two observations, the Committee feels justified in asserting that the functions of making proposals, consultation, decision-making, implementation, supervision and imposing sanctions are no longer clearly distributed between the institutions and organs.

The Economic and Social Committee has already pointed this out in its Opinion on the overall situation in the Community of 26 and 27 February 1969, when it concluded that there had been a 'dilution of responsibilities'.

Until now, little progress has been made towards remedying these grave defects.

However, the Economic and Social Committee would draw attention to a number of recent public statements advocating faster progress towards European unification and achievement of a more balanced distribution of powers between the institutions and organs of the Community.

Particular mention should be made of an explicit statement in the communiqué issued by the Heads of Government of the Member States after their meeting in Paris from 19 to 21 October 1972:

'Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners.'

In this communiqué, 'the Heads of Government emphasized that they attached as much importance to vigorous action in the social field as to the achievement of the Economic and Monetary Union. They thought it essential to ensure the increasing involvement of labour and management in the economic and social decisions of the Community'.

The Heads of Government also 'recognized that the structures of the Community had proved themselves, though they felt that the decision-making procedures and the functioning of the institutions should be improved, in order to make them more effective'. They consequently 'invited the Community institutions to recognize the right of the Economic and Social Committee in future to advise on its own initiative on all questions affecting the Community'.

'They were agreed in thinking that, for the purpose in particular of carrying out the tasks laid down in the different programmes of action, it was desirable to make the widest possible use of all the dispositions of the Treaties, including Article 235 of the EEC Treaty.'

At the Copenhagen Conference, the Heads of Government, after reaffirming their commitment to the goal of European Union, stressed these same needs, namely:

- to make the functioning of the institutional machinery more effective;
- to bring about a 'growing participation by the social partners' in Community decisions.

II — The Economic and Social Committee and the institutional machinery

The Economic and Social Committee cannot disregard or remain indifferent to the development of the roles of the European Parliament, the Commission, the Council and the Court of Justice.

1. In a large number of its opinions, the Committee has advocated that the operation of these institutions should be better balanced and more democratic.

(a) In its Opinion on the overall situation in the Community adopted at the plenary session of 26 and 27 February 1969, the Committee stressed that it was:

'indispensable that democratization of political power become a reality and that supervision of the action of the executive by the *European Parliament* be guaranteed'.

Similarly, in its Opinion on Economic and Monetary Union adopted at the plenary session on 13 December 1973, the Committee recommended that the European Parliament be given:

'powers to approve and check the Community budget, in addition to the powers of the various national parliaments in the economic and monetary field which will have progressively been transferred to the Community'.

In the same opinion the Committee also recommended democratic appointment procedures for members of the Parliament and called for a date to be fixed:

'for direct elections to the European Parliament which could take place, at the latest, at the beginning of the final stage of Economic and Monetary Union'.

(b) Under Article 155 of the EEC Treaty the *Commission* is responsible for ensuring the proper functioning and development of the common market and is invested for this purpose with its own power of decision. On many occasions, and in particular in its abovementioned opinion of February 1969, the Economic and Social Committee has stressed:

'the Commission's initiatory function and the role it plays in the preparation of Community decisions, a role which continues to be of crucial importance for the development of the Community'.

(c) According to Article 148 of the Treaty establishing the EEC, the *Council* should normally act by a majority of its members. The continuing failure to implement this provision has paralysed the Council to a large extent.

(d) Article 164 states that the *Court of Justice* is to 'ensure that in the interpretation and application of this Treaty the law is observed'.

(e) In the Committee's view, the function of consultation between Heads of Government at *summit conferences* should be to strengthen political resolve and to provide the momentum necessary for the achievement of European Union. Such consultation should not, however, take the place of institutions.

2. In order to make these various bodies work more effectively, the Committee regards it as urgent that Community decision-making procedures be speeded up. Growing procedural complexity impedes and retards the process whereby decisions are reached and the end result might be a total breakdown in the machinery established by the Treaties. In particular, the Committee considers that the collaboration between the Commission and the Council in this process must not impair the Commission's initiatory function. The procedures governing this collaboration should be designed in such a way as to avoid having the texts of proposals which have been prepared by the Commission in consultation with government experts subjected to a further, identical scrutiny by the same experts in the Council.

The Committee also requests that the various stages in the decision-making process be better synchronized between the relevant bodies, in order that the Commission's, Economic and Social Committee's and Council's functions of making proposals, consultation and taking decisions may be carried out in that order and with full knowledge of the facts.

3. In this connection, the *Economic and Social Committee*, mindful of the value and implications of the formal pledges made at summit conferences, reaffirms its will to play its full role as a consultative body and to develop this role.

(a) The Committee expresses satisfaction at the decision of the Council to recognize the Committee's right to advise on its own initiative, as urged by the Conference of the Heads of Government held in Paris in October 1972.

In practical terms, the Economic and Social Committee, which represents the various categories of economic and social activity in the Community, intends to make use of this right in order to voice the views of the various sections of the population on major economic and social goals pursued by the Community in respect of which it has not been consulted.

In terms of principles, the Committee regards the recognition of this fundamental prerogative by the Heads of Government as a formal expression of the new importance they attach to representation of the economic and social categories in the Committee, as well as of their wish to see these categories make a bigger contribution to the construction of Europe.

(b) As a logical consequence, significant improvements should be made in the Economic and Social Committee's status.

Thus, it should be accepted that the Economic and Social Committee can tailor its Rules of Procedure freely to the requirements of a proper organization of its work. It should also have a measure of budgetary autonomy within the framework of the general budget of the Communities. The size of its budget should be commensurate with the rise in expenditure its expanded role would entail.

(c) The purpose of the extensive consultative function assigned to the Committee by the Treaties is to involve the 'representatives of the various categories of economic and social activity' to a greater extent in the preparation of Community decisions. Under these circumstances, and in order to give form and substance to the

official undertakings given at the Paris and Copenhagen Summit Conferences, it would be fitting to grant the Economic and Social Committee the status of an institution, in which case its name should be changed to the Economic and Social Council.

This would strengthen the role and position of the Economic and Social Committee and make it better equipped to fulfil in all respects the function assigned to it in the Treaties. Such a step would undoubtedly also increase the interest of broad sections of the public in the building of Europe.

III — Consultation and the Economic and Social Committee

In order to upgrade its consultative function, the Committee must, in accordance with the Treaties, be the usual partner of the Commission and the Council in the dialogue of consultation. The Committee should therefore be consulted by these institutions sufficiently in advance on both policy-making and the practical implementation of policy.

1. The Committee is afraid, however, that the present tendency to set up more and more specialized consultative bodies may weaken its pre-eminent position as a consultative body and lead to a dilution of consultation in the Communities. It regards this tendency as detrimental to the proper functioning of the Institutions and damaging both to the authority of the overall representation of socio-economic interests which the Committee was set up to provide, and to the value of the fragmented views which can be gathered elsewhere.

(a) The Economic and Social Committee is fully aware of the differences between its own institutionalized function, which covers a vast spectrum of socio-economic issues, and those of the specific consultations which may take place at the initial stage of the decision-making process.

Thus, the Committee does not claim a monopoly of consultation at all stages in the preparation of decisions, nor in all areas.

In fact, the Committee regrets that it has often to expend an excessive amount of effort on minor technical questions and acknowledges that specific consultations of highly specialized committees by the Commission can be justified.

It is therefore prepared to accept the existence of committees of this sort (committees of officials, management committees and committees for individual products) advising on matters of this order.

(b) On the other hand, the Committee, which is anxious to devote more of its attention in future to general issues and thereby develop its real function, is afraid that the setting up of certain committees will in practice break up the overall responsibility for economic and social matters which the Treaties have specifically conferred upon it.

The Committee therefore urges the Commission and the Council to consult it before setting up any further organs with either similar membership to that of the Committee or terms of reference which represent an unwarranted amputation of its overall responsibility.

(c) The Committee considers furthermore that by virtue of its role as the representative of socio-economic interests, it also has a duty to advise at the stage of the drafting of documents, where these deal for example with important matters, the formulation of broad economic and social guidelines and, above all the shaping of new common policies.

The Commission should request the Committee for an initial assessment before it finalizes its proposals to the Council, a step which would not rule out a formal consultation for an opinion before the Council takes a decision. This procedure would make cooperation between the Commission and the Committee more efficient. The Commission's proposals would enjoy greater authority in the eyes of the Council and the Committee's standing in the circles it represents and among the general public would be enhanced.

(d) Moreover, in future there must be an appropriate coordination of the work of the Economic and Social Committee and that of the existing committees, apart from the committees of officials and committees for products.

2. With its role strengthened as indicated above, the Economic and Social Committee must also have the opportunity to invite leading figures from outside the Committee to speak before it whenever necessary and according to appropriate procedures. The Committee would thus, in accordance with its duty and purpose, be better equipped to cover certain aspects of economic and social issues.

3. In order to be able to gauge the effectiveness of its contribution to the work of the Community institutions, the Committee should be able to ascertain what action is taken on its opinions by the proposing and decision-making bodies. To do this, it must be given access to all the requisite information. This would make it easier to publicize the Committee's work outside the institutions, especially in the mass media, and thereby to increase the part played by public opinion in the life of the Community.

4. Given the growing interpenetration between national economies, the Economic and Social Committee intends to establish contacts with national consultative bodies wherever they exist, in order to build up a regular exchange of information about each other's activities.

The Economic and Social Committee and joint committees for individual sectors

It is stated in the social policy section of the communiqué issued at the Paris Summit Conference that the social programme 'should aim, in particular ... at facilitating on the basis of the situation in the different countries the conclusion of collective agreements at European level in appropriate fields'. The statement encourages the setting up of joint committees for individual sectors.

Such committees are totally different from both the Economic and Social Committee and the consultative committees mentioned above. They are not mandatory and can only be set up if the representative social partners in a branch of activity so wish.

In order to function normally, these joint committees for individual sectors should have complete autonomy in decision-making and an independent administrative secretariat.

The Economic and Social Committee would stress that there is a sharp distinction between the functions assigned to the Committee by the Treaties and those vested in these committees. Nevertheless, provided that the requisite financial means were put at its disposal, the Committee could meet the above requirements of these committees and offer them facilities.

The enlargement of tasks resulting from the proposals made in this opinion would require an adaptation of the Committee's structure and improvement of its working procedures. The practical implications of this for the running of the Committee and for the Rules of Procedure will be studied by the Committee in more detail at some later date, in accordance with the normal procedures therefor.

In conclusion, the Committee would make it clear that it regards the above proposals as its initial contribution, within the framework of the existing Treaties, to the discussion which has begun in the Community at the instigation of the Heads of Government about the future shape of European Union.

It asks that the present opinion be included in the interim report to be submitted to the next summit conference, which is to be held before the end of the first half of 1974.

The Economic and Social Committee reserves the right to enlarge upon its work on this matter at a later date, because it intends to play a part in its own right in the forthcoming discussions in the institutions with a view to preparing the final report on European Union before the end of 1975.

The Economic and Social Committee stresses that progress towards European Union will depend on the simultaneous development of the various common policies, especially social policy. These policies will be judged by the concrete measures evolved and introduced following genuine and effective consultation of the economic and social circles for which the Economic and Social Committee is the sole institutional spokesman at Community level.

**Opinion
of the Economic and Social Committee
on the
situation in the Community**

The Economic and Social Committee of the European Communities approved the Opinion referred to overleaf at its 122nd Plenary Session, held on 17 and 18 July 1974 under the chairmanship of Mr Alfons Lappas.

The Rapporteur-General was Mr De Bruyn and the Co-Rapporteurs were Mr Friedrichs and Mr Masprone.

THE ECONOMIC AND SOCIAL COMMITTEE

Having regard to the statement by its Chairman, Mr A. Lappas, on 29 May 1974 concerning the situation in the Community, in which the Committee was invited to examine ways of making public opinion aware of the favourable results of European integration and of safeguarding the principle of the European Community and its achievements;

Having regard to the Committee's decision of 30 May 1974 to draw up an opinion on this subject under Article 20, fourth paragraph, of its Rules of Procedure, and to instruct Mr De Bruyn, Rapporteur-General, and Mr Friedrichs and Mr Masprone, Co-Rapporteurs, to submit to it a draft opinion under Article 18 of its Rules of Procedure;

Has adopted with one abstention and no dissenting votes from among the members present or represented the following opinion:

The European Community has for some time been experiencing serious difficulties which could threaten its future and call into question the very principles on which it is based. While recent positive signs might diminish fears on this score, this situation has received the attention of the Economic and Social Committee.

The Economic and Social Committee notes that public opinion, which is not sufficiently informed, especially about the fact that the improvement in the general living conditions of the peoples of Europe is due to the Community, does not properly appreciate the serious economic and social consequences that would inevitably result if European integration were to fail.

The Economic and Social Committee stresses that the Community's balance sheet is on the whole a favourable one, though it notes that certain internal weaknesses make the Community vulnerable, particularly to the effects of international imbalances.

1 — The Community as a whole has greatly benefited from European integration

The European idea stemmed from the desire to restore to Europe its international role. The aim was to ensure lasting peace between the European States within an area of economic prosperity and political stability that was open to a world which, for that very reason, would be better balanced.

1. Economically, European integration has helped to bring about an improvement in living conditions

The creation among the Member States of a huge market with a common tariff and the principle of Community preference have stimulated commercial activity and given rise to remarkable growth in production, trade and consumption.

This continuous expansion—between 1959 and 1972 the per capita gross national product of Europe of the Six more than tripled (rising from 1012 to 3400 dollars per annum)—has made possible a considerable rise in living standards and levels of employment in each of the Member States.

At the practical level, the Community must be credited with considerable progress and a number of examples are worth mentioning.

The liberalization of trade has been achieved by the abolition of customs duties and the harmonization of national laws on the manufacture and marketing of products.

Action has been taken on a broad front to promote the free movement of persons, particularly as regards freedom of establishment and freedom of the self-employed to provide services.

The common agricultural policy is the most sophisticated expression of the desire for economic integration and Community solidarity. In particular it has made possible a considerable improvement in farmers' living standards and conditions of life.

Progress has been made in harmonizing transport policies and in regulating working conditions in the transport sector.

In the social sphere certain achievements are to be stressed :

- the various forms of action by the European Social Fund;
- the provisions aimed at protecting the rights of migrant workers;
- the appreciable rise in women's pay as a result of the implementation of Article 119 of the EEC Treaty (equal pay for men and women);
- efforts to set up regulations guaranteeing employment either in a general legal framework (mergers and concentrations) or through specific intervention in sectors that are in difficulties.

The Community, whose economic development is based on production and trade, holds a leading position in international trade. Total exports from the nine Member States at present account for approximately 50% of world trade.

This naturally means considerable responsibility for the Community as regards world equilibrium and an enhancement of each individual Member State's international influence.

2. Politically, European integration has been a powerful stabilizing factor

Internally, the continuity of economic growth and the rise in standards of living have played a part in ensuring the stability of the democratic systems of the various Member States in an age of acute international tension.

On the international level, the histories of the individual Members States, as well as the economic power wielded by the Community as a whole, bestow considerable prestige on the Europe of Nine and account for the vast store of goodwill in international public opinion, particularly in the developing countries.

The Community is playing an active role in the economic expansion of some of these countries by providing development aid under association agreements, by concluding trade agreements and by granting generalized preferences. It is also playing an important part in the liberalization of international trade and in the expansion of trade with the other countries of Europe.

II — Persistent internal weaknesses make the Community vulnerable to the effects of international imbalances

The successes that have been achieved must not create the illusion that there is something inexorable about progress in European integration. On the contrary, the present crisis shows that there is a risk of failure as a result of serious internal shortcomings which should be remedied.

1. Internal shortcomings

The faltering of Community solidarity and the lack of political will have given rise to serious delays in the implementation of Community priority measures.

In this connection the following can be highlighted:

- the lack of unity on energy policy;
- the delays in the achievement of economic and monetary union;
- the serious gaps in the common transport policy;
- the inadequate achievements in the social policy sphere;
- the delays in the implementation of the regional policy.

In the regional policy sphere no concerted and effective action on structures and employment has been taken to counter the aggravation of the initial imbalances between the regions of the Community.

This delay in the achievement of the Community's social objectives is impeding the development of its identity.

Furthermore the requirement that decisions be taken unanimously is leading to a slowing down of procedures and even a total paralysis of the decision-making process—hardly a state of affairs compatible with the need for political action.

The various summit conferences, which were intended to make up for this shortcoming, did not come up to expectations, despite the hopes raised by certain formal declarations of intent.

Outside the Community, the monetary talks and the Washington conference on energy have only too often revealed insufficient cohesion, despite the efforts which were made in Copenhagen to assert more strongly the European identity.

2. The risks of failure

What is even more serious is that the high inflation rates which are currently a fact of life in the Member States are threatening to seriously undermine the progress and balance that has been achieved.

Of course, rising prices and balance of payments difficulties can hardly be attributed to Community decisions; they are largely due to external factors, such as the international monetary crisis and soaring energy and commodity prices. Be this as it may, the Community is suffering the effects, effects which are felt all the more because of the absence of the concerted Community action that would enable them to be overcome.

Several Member States have already opted out of the monetary agreement in order to protect their currencies against speculation. Others have taken unilateral decisions in an attempt to stave off new threats to their balance of payments.

The beggar-my-neighbour practices the Member States are adopting against each other in trade will not fail to have serious repercussions on production, employment and living standards. Social peace and international relations as a whole would be undermined in a general economic recession.

There is general agreement here that the decisions taken at national level within each State's own sphere of responsibility are ineffective and dangerous if not preceded by Community consultation. But Community consultation must also appear a viable solution to Member States in difficulties, who must be able to rely on Community solidarity being effective. In the absence of effective solidarity, there is no way of avoiding unilateral decisions if Member States are given no alternative but to tackle alone domestic difficulties caused by international imbalances to which they are exposed because they belong to a largely open market.

Hence it would appear that the Community cannot—without serious risk—assume its world role, unless it takes real action to strengthen its own identity.

The Economic and Social Committee notes with satisfaction the recent positive signs that a fresh start is being made and the initial concerted efforts to re-establish equilibrium. It feels, however, that the difficulties are far from being overcome and call for a return to effective Community solidarity, which should take the form of swift, tangible action to :

- bring about European monetary solidarity with a view to a return to a system of fixed parities;
- set up Community machinery for effectively combating inflation;
- implement the regional policy without delay by allocating resources to the Regional Fund;
- implement with all due dispatch, the social policy programme laid down at the Paris Summit Conference;
- define a common energy policy which aims at guaranteeing sufficient supplies at reasonable cost and at reducing the Community's dependence on external suppliers.

The Economic and Social Committee considers that the need for Community political action makes it essential to reject any narrow, constricting legalism and precludes alleged institutional weaknesses being used any longer as an excuse for a lack of decision.

On the contrary, the Committee holds that the priority common measures it proposes, together with others which might turn out to be necessary later, could be carried out by virtue of the decision-making machinery laid down in Article 148 of the EEC Treaty, which sets out the principle of the majority vote, and by making extensive use of Article 235, as soon as it appears necessary to take appropriate measures to attain a new Community objective.

It also considers that an improvement in the decision-making process should be accompanied by:

- a strengthening of the powers of supervision of the European Parliament and the election of its members by universal suffrage;
- increasing participation of the economic and social groups in the Community's decisions, in particular through development of the role of the Economic and Social Committee.

Lastly, the Economic and Social Committee stresses the need for a sustained flow of objective information to the public. Instead of using the Community as a scapegoat by laying unpopular measures at its door or, on the other hand, presenting the progress which has been made as national victories, politicians have the duty to point out to public opinion the progress made in Community work. The professional organizations and trade unions should assume the same responsibility vis-à-vis economic and social circles.

The Economic and Social Committee considers that the provision of honest information to the public and the active participation of Community citizens are the only means capable of awakening a European consciousness. This is currently lacking in the building of Europe; without it Europe will make no progress.