

INTRODUCTION

Presentation of the General Report for 1971 and programme of the Commission for 1972

Address to the European Parliament on 8 February 1972
by Franco Maria Malfatti, President of the Commission
of the European Communities

As I stand before the House today to present our report on the year just over and our programme for the year ahead, I would like to say first of all how very happy we are that the Treaty admitting the United Kingdom, Ireland, Denmark and Norway to membership of the Community has now been formally signed, in Brussels on 22 January. This is undoubtedly the most important development for European unification that I have to record as regards both the immediate past and the future of the Community.

Accession

The Community's enlargement was logical and necessary—logical in order to eliminate an arbitrary division between the countries of Western Europe, and necessary as giving the Community the dimensions needed to achieve its political aims.

The emergence of the Community of Ten is primarily a success due to the will of Europeans, a political achievement which reflects our determination to organize our future, to form a full European selfhood, as a basic factor of freedom and prosperity for our peoples and the most constructive contribution which each and all of our countries can make to international peace and more balanced international relations. It is for this reason that the signature of the instruments of accession has been received by public opinion in our countries—and not in them alone—with such high hopes.

The Commission is awaiting this transformation of the Community in a confident mood, the same mood that has inspired it in the last few years, during which it has made enlargement the mainspring of its political action; it finds encouraging, moreover, the way and the spirit in which enlargement has been brought about.

The work that was carried out at the Accession Conference was highly exacting, as regards both quantity and quality. The arrangements arrived at were fair and proper. What made this possible, and enabled the negotiating difficulties to be overcome, was that the political aims of enlargement were never lost sight of—those aims which right from the outset, throughout the course of the negotiations, even in their toughest and most difficult moments, we continued unflinchingly to affirm.

The new members have accepted the Community's common stock in its entirety, and subscribed to its political aims and to the options already taken for its internal development. The chapter we have begun to write will very soon be unfolding. Developments on the international scene and the unrest in society are serving to highlight the Community's true and natural calling, which is to serve peace, cooperation, and economic and social progress, in Europe and in the world.

Singleness of Community representation was maintained in accordance with the pattern of dialogue between the institutions required by the Treaties. This time the negotiations were conducted, highly successfully, by the Community as a Community, and this success was in part due, as all recognize, to the role played by the Commission.

For this reason the Commission, while welcoming the fact that the Final Act of the negotiations was signed not only by the Member States but also by the Community, has expressed regret to the Council that it (the Commission) was not able to sign likewise, so that a notable Community custom was not followed. There are times when prejudice replaces judgement, when an academic, legalistic approach replaces considerations of what is politically desirable. Sometimes, too, there is uncertainty where there should be clarity. I am only drawing attention to what is,

I repeat, a departure from past custom, for which the Commission felt bound to be critical of the Council.

A year ago I said in this House that the importance of the political implications of enlargement required the collaboration of all those in a position of power, in particular those that represent the will of the peoples. Hence the Commission had a specific interest in maintaining close contacts with the European Parliament and its committees during the negotiations, and a clear duty to do so. These contacts proved profitable. And I shou'd like to add that all those who toiled to make enlargement a reality were spurred on by the certainty that this major transformation of the Community is bound to be accompanied by an increase in the role of the European Parliament. In my speech at the signing of the instruments of accession I wished to emphasize the need to safeguard and strengthen our institutions in a democratic framework, and the importance of efforts by all the Member States of the new Community to reinforce the democratic features and powers of the European Parliament. So I thought it well to stress, right from the political birth of the Community of Ten, the built-in democratic slant of the Community; I spoke of the problems urgently demanding to be overcome in this connection to reinforce the powers of the European Parliament and secure its election by universal suffrage, of the uniqueness of the Community institutions, which must be safeguarded and enhanced to prevent the downgrading of the Community to a mere intergovernmental agreement and ensure for it the full executive competence, streamlined decision-making and essentially political character of the independent institution that acts as watchdog of the Treaty and discharges the vital function of initiating proposals.

Presentation of the 1971 Report

1971 saw major progress towards the achievement of the objectives agreed at The Hague, and at the same time monetary events such as to constitute a grave danger to the Community—a fact we strongly emphasized in our letter to the Heads of State or Government.

As regards monetary developments, a number of points on the credit side must be noted. The Council, acting on a proposal from the Commission, in September adopted a common position in regard both to the principles of the reform of the international monetary system and to the substance of the matters to be thrashed out, as a top priority, in the Group of Ten, and the Six together with the United Kingdom maintained this position in the talks with the United States. The Community, and in particular the common agricultural market, continued to function despite the difficulties caused by the monetary disarray, and thus demonstrated the soundness of our structures.

The fact remains that external events have shown the Community's internal cohesion to be insufficient to deal with matters so serious as these, and that there is still a long haul ahead before more effective arrangements for coping with international monetary problems are achieved.

The exceptional attention paid in 1971 to the two priority subjects—the enlargement negotiations and the monetary issues—has sometimes overshadowed the progress that has none the less been made in other fields, which is described in detail in the Report.

I would just mention the momentum imparted to the structural reform of European agriculture by the Council's adoption of the First Guidelines on the subject, and in the social field by the adoption of the decisions needed to bring the reformed Social Fund into operation.

I might also mention the application of the new budget procedure and the progressive introduction of the system of "own resources", and the holding of specialized Council meetings on sectors not yet tackled in their own right, as for instance the meetings of Ministers of Justice and of Ministers of Education.

Again, I might point to the introduction of the system of generalized preferences—a step that the Community can be proud of having taken ahead of all the rest of the industrialized world. But I confine myself to this one general observation: in a year which has seen the European and the world political pattern change

swiftly and strikingly—I need only instance the admission of the Peoples Republic of China to the United Nations—and major changes within the Community too, it is upon the Community that the construction of Europe has continued to centre, thus bearing out the statement in the Hague communiqué that “the Communities remain the original nucleus from which European unity has been developed and intensified”.

Programme for 1972

1972 is undoubtedly going to be a year of transition. In it the procedures for the ratification of the Accession Treaties will go forward; so too will the movement towards economic and monetary union (on which, as you know, the Commission submitted detailed proposals on 12 January), and the Summit Conference of Heads of State and Heads of Government will take place, it is hoped, this autumn, by which time the future new member countries will be in a position to participate fully.

So far as the Commission's programme is concerned, we mean to concentrate mainly on two pressing points—to push ahead with the building of the Community, by proceeding with the scheme for economic and monetary union, so essential to the Community's very survival, and meantime to bear in mind in all our actions that we are now a Community of Ten. In this latter connection I would stress the great importance the Community attaches to the procedures for consultation with the acceding countries. Above and beyond the technical aspects, these consultations have a very definite political significance, as both accustoming us to working together and increasing our understanding of one another's problems and purposes.

Economic and monetary union

As regards economic and monetary union, my task today is greatly simplified by the fact that Vice-President Barre has already, at the January session, set forth the Commission's thinking on the matter, and told you of the proposals we submitted to the Council on 12 January. I would like today to repeat, with

emphasis, what I said to the Council on 1 February. What we need to do now is not only to adhere to the purpose we formally set ourselves on 9 February 1971, when we decided to embark on the process that is to bring us to full economic and monetary union by the end of the decade : we need also to establish our own monetary and financial set-up, if we are to preserve all that we have built up to now and to preserve the Community from outside monetary and economic developments over which we could otherwise exert no influence. The Washington agreements reached in December are certainly of value in that they have restored some measure of security in international monetary and trade relations. But it has to be realized that they have by no means disposed of all the problems involved; in particular they have in practice strengthened the privileged position of the dollar by widening the margins of fluctuation, notwithstanding the dollar's inconvertibility.

Our proposals of 12 January to the Council you already know. The Commission does not intend to confine itself purely to these in preparing for the important Council meeting of 28-29 February, to be attended by the Ministers of Foreign Affairs, Finance and Agriculture. Convinced as we have always been that the processes of monetary and of economic union must move in parallel, we plan also to submit an overall document not only embodying the main proposals already put forward but seeking to indicate what further advances could and should be made in the coming months in order to make progress with the common policies, and more particularly with short-term economic policy, regional policy and social policy.

The monetary crisis of 1971 obliged us to defer taking the initial steps towards better-organized monetary and financial relations within the Community, but—though this seems to have been overlooked in some quarters—it did not halt the movement towards closer coordination of the member countries' economic policies that was begun in February 1971. The Council Decision of 22 March, according to which the Ministers responsible must examine public expenditure policy in Council three times a year, has been scrupulously observed, whence the first annual report on

the economic situation in the Community, which was approved by the Council in October.

At the same time, the Commission has carried on with its work in the field of tax harmonization, one of the most important sectors in the first stage of economic union. It is planning to submit a number of proposals to the Council, more particularly on the alignment of principles of assessment for VAT purposes and the harmonization of certain taxes on consumer goods.

But now we have to go further, for we face two pressing facts. The first is that we can wait no longer to institute our own system of monetary and financial relations in the Community countries. With exchange rates between one Community currency and another fluctuating by anything up to 9% there is no longer any possibility of a common agricultural policy based on uniform market prices, nor indeed, in many cases, of a common market for industrial products. So unless and until this situation changes—as the Community's very survival requires it to—there is no hope of progress towards economic union. The second fact is that we remain firmly convinced that worthwhile progress in the field of monetary union cannot be made or maintained unless we move forward across the whole range of the common policies.

Social policy

The most important field is undoubtedly that of social policy, in which our attention will this year have to be focused above all on the problem of employment.

The Community has already demonstrated, a year ago, its political will to become a Community of stability and growth, and one therefore in which full employment is a key factor.

What are the main features of the action the Commission intends to take in this regard? First, method: all the common policies are to be devised and implemented with due allowance for their impact on employment policy, and this of course neces-

sitates proper knowledge of the circumstances and problems. That is the indispensable starting-point.

While the Commission's initial proposals, to be submitted in 1972, will be concerned mainly with the study and analysis of the Community's social problems, obviously the Community will have to set about helping to tackle these actively. What are the main weapons at our disposal?

Social Fund

First and foremost, the reformed Social Fund. This year the Community will be making this weapon of the common social policy operational, thus moving from the planning stage to the stage of practical action on the factors governing employment. This year too, on the basis of work already in hand, the Commission intends to propose a Community action programme on vocational training, in direct application of the general guidelines endorsed by the Council in July 1971.

I fully realize that these weapons are limited in scope and insufficient to deal fully with the structural difficulties we have inherited from the past and with the short-term economic problems, which are no less serious.

Other means are therefore necessary, and will become more and more so, if we are to achieve an "active" employment policy. As progress is made towards the final objectives of the strengthening of the Community, common means of action will have to be created in the social field, wherever they are found to be needed, to replace or supplement the operation of the national armouries.

Regional policy

The Council has repeatedly and rightly stressed that the achievement of economic and monetary union and the implementation of the common policies will be seriously endangered

unless a Community drive is undertaken to help the more backward areas. Although regional policy was not actually dealt with as such in the negotiations with the applicant countries, we all know, and the discussions now going on in those countries bear out the fact, that that policy will be a matter of major importance in the enlarged Community.

The Commission is convinced that on the basis of its proposals, of which the House knows, and of the Council's and the Parliament's activities it will be possible to reach agreement in the near future to equip the Community with these necessary means of action. In any event the Commission is resolved to leave no stone unturned to get a start made on putting in hand an active, Community-wide regional policy.

The common agricultural policy

The Commission has been active in proposing to the Council measures designed to complete the common agricultural policy and bring it more into line with the socio-economic requirements of European agriculture, and it intends to press ahead in this direction.

We are firmly convinced that a common agricultural policy that takes fuller account of the need for structural modernization, that offers alternative employment outside agriculture to some of those at present on the land, that affords some classes of farmers the opportunity to give up farming, that introduces arrangements for "upping" incomes, and that restores to the pricing policy its function as a real means of orienting production and ensuring market stability, is an absolute essential, a duty the Community cannot shirk given its own importance in the world economy and the importance of agriculture to the internal balance of the whole Community set-up.

Such is the background to the agricultural price proposals for 1972-73 recently submitted by the Commission to the Council of Ministers.

These proposals, embodying some changes from the previous ones, represent in themselves a long stride towards the aims proper to a more balanced common agricultural policy, including as they do provision for a new method of determining prices, a "hierarchy" as among the price levels for the different agricultural products, and grants to make up earnings to a reasonable level on farms which it is impossible to modernize. At the same time, we realize that the state of affairs in this all-important sector requires to be gone into and talked over further.

Accordingly, the Council will need to go into the Commission's new proposals, but the great thing is that it should reach a decision, both as to the directives on structural improvement—and that with the absolute minimum of delay—and as to the fixing of prices. For as the Commission sees it all the measures of agricultural policy now up for discussion form a single connected whole, if not from the strictly legal, at any rate certainly from the political angle.

Actually, it seems likely, and we certainly hope, that the international monetary situation will force decisions to be taken, both at Community and at Member State level, more particularly as regards the fixing of the new parities. In that event, as regards agriculture it will be essential at the same time to take steps both to restore the single market for agricultural products and to ensure the farmers suffer no loss of earnings.

As is clear, then, 1972 also will be an important year as concerns the establishment of the common policy.

Industrial policy

In the industrial policy sector the proposal as to the general organizational structures to be instituted is still getting no further by reason, yet again, of radical differences of opinion on the institutional issues, and in particular on the question of the institutional role of the planned Industrial Policy Committee. Despite these difficulties, the Commission intends to continue in 1972 to put to the Council specific proposals on the operational

implementation of the strategy outlined in its Memorandum on Industrial Policy of March 1970: in this connection, it will continue working for the full implementation of the programme to eliminate technical obstacles to trade, and will in the very near future be proposing an extension of the programme to include, in particular, environmental conservation. Another new proposal we shall be putting forward concerns Community development contracts in the high-technology industries; others again will set forth the outlines for an overall Community policy on tenders and awards, development policy, finance and structural conditions in these same industries.

New horizons, we may hope, will be opened up for Community industrial policy, in the context of the new social needs developing and the new world responsibilities incumbent on the enlarged Community, at the conference to be held in Venice in April on "Industry and Society in the European Community".

Competition policy

An important element in any Community industrial policy is an active policy on competition.

Competition policy will be examined in the first special report the Commission will be submitting at the end of February, as the House asked it to do in its resolution of 7 June, and will accordingly be the subject of further detailed debate.

Research and development policy

In the field of research and development policy, the Council's inability, in December, to agree upon a multiannual programme for the Joint Research Centre once again underscores how necessary it is that the Community should evolve a broader strategy on scientific and technical research, in which the Joint Research Centre can take its proper place. In this regard the enlargement of the Community offers a great opportunity, involving as it does the bringing-in of Britain's contribution in the sphere of science and technology. In the months ahead the Commission

plans to submit specific proposals to the Council concerning the organizational structures needed to work up a more comprehensive science and technology policy and the basic lines to be followed in this European policy on research and development.

In the Commission's view, to evolve the common strategy—so vitally important—it is not in fact necessary to centralize the actual conducting of research and development work, nor to increase the appropriations for this purpose: what *is* necessary is to lay out the appropriations more efficiently, by rationalizing and concerting the activities being undertaken in the European countries, at present so scrappy and uncoordinated, and by securing genuine competition between industries in different countries.

Against this wider background, appropriate proposals will have to be put forward for promoting a renewal of activity by the Joint Research Centre.

Environmental policy

With regard to environmental policy also—a matter I consider of the highest importance—the Commission intends to submit within six months, as a follow-up to its first Memorandum, a plan of action setting forth the general principles to be adopted and proposals for specific measures to be taken; the reactions of the Member States and the view of this House, of the Economic and Social Committee and of the two sides of industry will be borne fully in mind in preparing these proposals.

In addition, the Commission will this year be submitting to the Council proposals for Community-level action to help control the drug menace, in close coordination with Member States' own efforts in this direction.

Energy policy

Developments in the past year have made it more and more obvious how essential it is that concrete progress be made in the matter of a Community energy policy. Europe's dependence on imported energy increased still more; in the oil sector the nego-

tiations between the producer countries and the companies once again brought home the fact that the traditional supply structures may well undergo major changes in the future.

In particular, the Commission intends to devote special attention to preparing further proposals for a Community policy on hydrocarbon trading and procurement. At the same time it is working to reduce the ever-growing import demand by enabling a larger share of the requirements to be covered by nuclear energy. But this, obviously, requires an early decision on the installation of enrichment plants.

Transport policy

It is to be hoped that the quickening in pace in the Council's work on the common transport policy in the second half of 1971 is indicative of a change of approach which will enable the Community to begin or to complete various projects under distinctly more favourable conditions than a year ago.

In a recent memorandum on transport policy to the Council, the Commission took a line on the matters involved which was at once comprehensive and forward-looking. It laid down the guidelines for orderly evolvement of the common transport policy, and a schedule of measures to be taken over the next five years. 1972 should see the first tangible progress in this general direction. The new measures given priority rating for 1972 concern reinforcement of the machinery for coordinating infrastructure investment, initial action in the matter of road safety, and the coordinated tackling of problems in connection with technological progress.

To sum up, we are well aware of the limiting effect on our action in regard to the common policies of the process of transition from a Community of Six to a Community of Ten. But we are even more aware of the cumulative timelag that built up in earlier years, when there were no such limiting factors. The limitations—in the fields of energy, transport, industrial policy, regional policy, research policy, tax policy, even agricultural policy—are extremely serious.

Those who fear lest the Community be eventually watered down into a free trade area should first of all remember that a customs union is not in itself enough to make a Community. Those who wonder about deterioration in the activity of the Community institutions should consider whether the root cause of this regrettable trend is not the weakness of the general political design and programme. Those who are amazed at non-involvement in the splendid and exciting work, so vital to our countries, of building Europe, should ask themselves whether it is not caused by the lack of vision and courage, the "easy way" of obscuring the basic policy issues with a mass of technical detail. For these are the issues on which democracy truly operates—the interplay of ideas, the real political contest, the real involvement of the public as a whole.

The Community in the world

The Community's forthcoming enlargement will give it a greater role in the world, but at the same time heavier responsibilities: as the Commission wrote in its Opinion to the Council of 21 January 1972, on the conclusion of the negotiations, "Enlargement, while safeguarding the Community's internal cohesion and dynamism, will enable it to play a fuller part in the development of international relations."

While the reactivation of the economic and monetary union will be our first concern this year, at the same time emphasis must be laid on the importance of our external relations. I should like to consider with you first of all the impending developments directly connected with enlargement.

The non-applicant EFTA countries

As the House is aware, it will be necessary in 1972 to settle the relations between the Community and the EFTA countries which have not applied to join it.

In the next few months the Commission will be continuing, and expects to complete speedily, the negotiations with Switzerland, Sweden, Austria, Finland, Portugal and Iceland.

We are most anxious to conclude agreements with them before the summer, and we feel that the Community is offering good terms and that it is in nobody's interest to drag out the negotiations.

The Commission's views as to the nature and scope of these agreements were largely endorsed by the Council at the end of November. While allowing some latitude for possible adjustments later, the agreements will be essentially concerned to regulate the trade side, ensuring as far as possible that no new trade barriers are created in Western Europe. This can be done only by extending the EFTA free-trade arrangements for industrial products to the whole of the enlarged Community, on, of course, a bilateral basis.

There are two fundamental points to be borne in mind here. First, the Community's autonomous decision-making and autonomous development must be preserved absolutely intact: in particular there must be no possibility of the future agreements giving rise to distortions *vis-à-vis* the Community rules which could endanger the Community's own solidarity.

Secondly, the agreements must be in conformity with the Community's and its partners' international obligations, and more particularly their obligations in GATT. From past experience the Community is certain that these agreements will afford a new stimulus to world trade.

The industrialized countries

As to the Community's relations with the major industrialized countries, the Commission, intends to approach these in the general context of the improvement and reconsideration of international economic and trade relations.

This is the spirit that informs the declaration of intent which, upon a proposal from the Commission, the Council adopted in December, pointing the way, with resolve and vision, to a free world economy, to be reached by further multilateral negotiation so conducted as to ensure freer and better-organized world trade

and appropriate arrangements for dealing with the urgent needs of the developing countries.

The Commission, needless to say, warmly welcomes the declaration, since it has long been striving to secure a clear and definite stand by the Community on this basis, as a vigorous reaction to the protectionist tendencies that have for some time now been causing us serious concern. I may remind you in this connection of my own series of talks with the Foreign Ministers of the Member States in March before my visit to the United States, of which you will remember that I gave the House a full account. I mention the date because in politics time plays a fundamental role, and the Community does not seem always to abide by this fundamental rule of political good sense.

USA

The Commission trusts that the current trade negotiations with the United States can be brought to a speedy conclusion. Provisional results have in fact already been achieved, but have not yet been approved by the Council.

The agreement that does finally emerge from these negotiations will need to restate our undertaking to join in a multilateral reconsideration of international economic relations.

In our negotiations with the United States so far we have been guided by two principles. Firstly, we cannot hope to dispose of all the problems involved, so we have endeavoured to settle those matters that are capable of settlement now and left the broader issues to be dealt with by the multilateral negotiations in 1973. Secondly, we have gone on the principle that all negotiations should be conducted in a spirit of reciprocity and mutual benefit : in this way, we feel, we have laid the foundations for a comprehensive and amicable review of our respective positions, free of all recriminations, which will serve to encourage both ourselves and the United States to continue working for that all-important aim, fuller and fuller freedom of trade.

And in this same spirit we intend to approach our trade relations with all the other countries in the world.

Japan

For this reason we continue to regard it as vital to reach a trade agreement with Japan which by restoring normal conditions will open the door to freer trade and closer ties, in realistic acceptance of appropriate safeguards.

Developing countries

It is in this same spirit, but at the same time in awareness of our increased responsibility, that we conceive of our relations with the developing countries and the countries bordering on the Mediterranean.

The prospect of enlargement gives yet more immediacy to the Community's responsibilities to the developing and the Mediterranean countries, both those with which we already have agreements and those with which we are still negotiating them.

I would note that the Commission will have during 1972 to work out in detail the arrangements to be offered in 1973 to many developing countries already associated with the Community or likely to become associated eventually in one way or another.

During the accession negotiations it was agreed that the enlarged Community will offer to twenty independent Commonwealth countries in Africa, the Indian Ocean, the Pacific and the Caribbean a choice of relations based on one or other of the following formulas :

- (i) Participation in the same association convention as the Associated African States and Madagascar;
- (ii) Conclusion of one or more association conventions providing for reciprocal rights and obligations in respect, *inter alia*, of trade;
- (iii) Conclusion of trade agreements.

The countries which choose to negotiate for the first type of relationship will be invited to take part along with the AASM in the negotiations on the convention which will replace the Yaoundé Convention of 29 July 1969.

This will entail a good deal of fact-finding and sounding-out with all the countries concerned, so that both sides can establish more clearly what the aims and prospects are as regards framing a future association policy, while safeguarding the Community's very considerable existing achievements in this connection. Obviously, it is for these countries to make their own entirely free and independent choice; as obviously, Europe will be able to make all the greater a contribution, as equal to equal, to economic and social development and to African unity.

But the Community must not allow its present and future association policy in Africa and Madagascar to obscure the broader aspects of its general policy on development aid.

In the Memorandum on the common policy for development cooperation which it has forwarded to the other Community institutions, the Commission proposes a number of guidelines and measures designed to render more consistent and effective the policies followed up to now, in demonstration of the increased Community solidarity in this exceedingly important field.

We are resolved to push ahead with the generalized preferences even if some major countries are not prepared to do so. I would remind you in this connection that the questions still outstanding as to the beneficiaries of the general preferences must be settled by 1 July next.

The Commission will be making active preparations for the Community's participation in UNCTAD III, which is to be held in Santiago de Chile in April and May.

To the developing countries, the Community is a very real and important thing, and it is therefore politically essential that it shoulders its responsibilities by taking up a constructive common stand at this important international encounter.

And I would remind you, too, of the role the Community, with its own experience of integration, can and ought to play in fostering the development of forms of regional cooperation and regional integration, both in South America and in Asia.

The Eastern European countries

Still in the same outward-looking spirit, the Commission is likewise considering possible new forms of Community trade and economic cooperation with Eastern Europe, and has already offered its own initial contribution to the preparation for the European Security Conference so far as concerns the Member States of the Community. The Community, inherently and by choice, is not a closed bloc but is open to cooperation. And it is logical besides that in all the fields where cooperation is developing between the Europe of the Community and the Eastern European countries the Community should act as such in the sectors for which it is competent.

More broadly, we may ask ourselves, what better balance could be achieved in the European continent without the basic ingredient of the Community as it is now and as it might develop.

Institutional problems

Institutional matters will be much to the fore in 1972. The Commission intends to tackle its tasks in this regard with realism and vigour. In particular, it is required by the Treaty of April 1970 to submit proposals by the end of 1972 for increasing the powers of the European Parliament. This point links up with the broader debate on the strengthening of the Community's institutions in general. I should like therefore to dwell on these matters for a little, and at the same time to speak of the coming Summit Conference of the Heads of State or Government.

The summit

For clearly the summit is the most appropriate occasion for establishing the broad outlines of the institutional reinforcement now so essential for the Community of Ten.

I have already had occasion to tell the House—and a few days ago I was speaking on the subject to the Political Affairs Committee also—just why the Commission has come out so strongly in favour of a summit in 1972. The exceptional circumstances of the present time demand that we give evidence of a political will at the very highest level. I do not at all mean that the summit should usurp the role of the Community institutions, but it should, in face of the great acts of choice now before us, provide the necessary guidance and a medium-term political programme for the institutions to put into effect. The three great issues at the summit will be more resolute progress on economic and monetary union and the common policies, the role of the Community in the world, to East and to West and *vis-à-vis* the developing countries, and the functioning and reinforcement of the institutions of the enlarged Community.

The Commission, as I have said before, intends to make every possible contribution to the preparation of the summit. Obviously, the preparation will proceed discreetly, to begin with at all events, but I would add right away that we consider it essential that this discretion should not interfere with the normal functioning of the institutions and should not in practice produce junior-partner relationships seriously impairing the institutional balance prescribed by the Treaties.

As regards the agenda, I say straight out that the taking of decisions on the Commission's proposals for resuming progress towards economic and monetary union must be done before the summit; this was why we submitted those proposals to the Council on 12 January. The summit itself will have to establish clearly what institutional framework is best calculated to enable genuine and rapid progress to be made in the further construction of that union.

As I told the Political Affairs Committee the other day, the Commission is devoting much thought to its contribution to the summit. I mentioned specially that we mean to submit our proposals on the institutional aspects to the House, and in particular to submit our proposals on increasing the Parliament's powers some time during May, for debate at the June session. The

Commission's main theme will be the need to preserve and enhance the unique character and balance of the institutions, it being our firm conviction that, while the institutions cannot press forward with the unification of Europe unless the political will of the Member States is there, the political will alone cannot yield practical results without appropriate Community institutions. Our work in this connection is, I may say, already well advanced.

Such then is the twofold task that awaits us in this year of transition and of taking stock—to establish the bases for the forthcoming summit Conference of Heads of State and Heads of Government to provide the enlarged Community with a political programme to work to and a stronger institutional structure to work in.

This will be the last Report to be presented to the House by a President of the Commission in the Community of the Six. Our programme for this year of transition is, I feel, at once a realistic and a far-reaching one. Our task is to carry it out in full, in order to pass on to the new Community a sound and solid fabric: what was the final stage in the construction of the Six now becoming a vigorous new beginning for the Community of Ten.

Neither letting imagination run riot nor casting nostalgic backward looks ever did anyone any good. We have come to a stage which for all the undoubted successes that lie behind still none the less is not without its shadow side; we are, too, on the threshold of a new start, which for its part is not without light, and potentialities, and boundless hope.

If Europe manages to be thoroughly pragmatic, to look facts in the face and not take refuge in dubious prejudices, then Europe will show itself equal to the times we live in and able to shoulder its full responsibilities both towards its own peoples and in the world at large.