

INTRODUCTION

Presentation of the General Report for 1972 and programme of the Commission for 1973

Address by Mr François-Xavier Ortoli,
President of the Commission of the European Communities,
to the European Parliament on 13 February 1973

MR ORTOLI, *President of the Commission of the European Communities* — Mr President, Ladies and Gentlemen... By tradition, it is my honour, when presenting the General Report reviewing the Community's activities in 1972, as provided 'in Article 143 of the Treaty of Rome, to outline the programme of action envisaged by the Commission for 1973. I am very happy to do so. For your encouragement, your suggestions, but also your criticisms, are quite indispensable to the Commission, whose primary function is to initiate new steps towards the building of the Community.

1972, CRUCIAL YEAR

1972 was a crucial year, in the fullest sense of the word, in the Community's development. It was the last year of the Community of the Six and it saw the establishment of interim mechanisms and procedures by which the applicant States were associated with the activities of the Community, so that the integration of these States which is now taking place could go forward smoothly. In fact, the Community of the Nine was a political reality in 1972 before it became a legal reality at the beginning of 1973.

This political reality of the enlarged Community found expression at the Conference of Heads of State or Government held in Paris from 19 to 21 October last. The scope of the action which the conference envisaged, the variety of spheres which it opened up to Community jurisdiction, and the vigorous stimulus which it gave to the Community institutions, are a measure of its success. That success was to a large extent the result of the serious manner in which the Conference was prepared and of the political will so strongly expressed; but it was also attributable to the advances made in various fields during the preceding months.

Here I shall simply recall briefly:

- the progress achieved in economic and monetary matters;
- the Directives adopted in April which launched a policy on agricultural structures;
- the effective commencement of the operations of the reformed Social Fund;
- the new Directives on the removal of the technical obstacles to trade;
- in the field of external relations, the signing of agreements with some of the non-applicant EFTA countries, the continuation of active relations with the Mediterranean countries, marked by the signing of new agreements, and the adjustment of existing agreements.

No doubt the brief outline which I have just given will strike you as incomplete. But the extent of these achievements is such that every member of the Assembly will be fully aware of them.

GRADUAL EMERGENCE OF A EUROPEAN IDENTITY

The intentions and the commitments set out in the Final Communiqué of the Summit Conference must now be turned into official acts—or rather into actions. Ever-present in the minds of those taking part in the Conference was a concern to establish a European identity. In this, they were expressing

a heartfelt desire, shared by all our peoples, to differentiate ourselves from the rest of the world, not only to play our own role in the world and thus take Europe's destiny into our own hands, but also to formulate and implement the plan for a civilisation which, to quote Léon Blum, would again be human.

If a European identity is to emerge, Europe's place in the world must first be defined. Then Europe must be given a form of organisation, a structure which, through the interplay of economic, monetary, social, industrial, regional and other policies, would put it on the road towards irreversible union. Finally, all our actions must be guided by human concern and a willingness to participate, precisely because today the main lines of a new civilisation need to be laid down.

But before discussing these three points, I must tell you how fully, in its first months of operations, the New Commission has taken the measure of the task before it and the limited time available, and thus realised that if the work is to be done properly and punctually we have to get organised. This is why we were determined to lose no time in allocating responsibilities among the members of the Commission, drawing up timetables and establishing working methods which would ensure consistency and speed.

In doing this we took particular care to retain and develop the collegiate nature of our work. We shall make a systematic effort to ensure that the need for speed, and the need to allocate duties in the preparatory work to those who can best fulfil them, will in no way detract from our collegiate responsibility, which is growing stronger despite differences of temperament or opinion. We all have the same conception of our task, and share a common team spirit.

Definition of Europe's place in the world

As regards external relations, in the next few months the enlarged Community will have to assume responsibilities commensurate with its weight in the world.

The role played by the Six vis-à-vis the outside world was already a proof of the 'European presence'.

But enlargement, the will to build up the Europe of the Nine as expressed in the Declaration of the Paris Summit, the awareness throughout the world of what we represent, give a new economic and—let us face the fact—political dimension to the definition and conduct of the Community's international relations. This comes at a time when the facts of international political and economic relations to which we have been accustomed since the end of the Second World War are undergoing profound changes. The Community itself is, of its very nature, a dynamic force and this, together with the Community achievements which cement together the Europe of the Nine, should enable it to make an original contribution, through dialogue and negotiation, to the establishment of a new international economic order.

A constructive dialogue must be pursued with the industrialised countries.

The most important of these countries is the United States. We must understand that that great nation, which, like the rest of us, is confronted by major economic and political change, must also, like the rest of us, examine the state of its relations with other countries. And the United States, for its part, must understand our responsibilities and our problems.

The Commission knows that Community developments have not been detrimental to the interests of the United States, and is convinced that it is necessary to rise above bickering over intentions or figures and get down to settling problems in a spirit of good will and mutual trust. It will then be found that the difficulties, however natural, will not outweigh the mutual advantages to be derived from our relations as a whole.

The Community has started negotiations for the conclusion of a trade agreement with Japan. Although there is a common desire to ensure that trade develops satisfactorily on the two markets, there is also, in fact, a growing imbalance in this trade, and the risk of situations that could endanger employ-

ment or regional balance, which explains the importance attached by the Community to the establishment of safeguard measures.

The Community will also have to consider the situation of countries like certain Mediterranean countries covered by existing agreements whose content has been changed following enlargement. However, as you know, the Commission has submitted proposals to the Council for a comprehensive approach to the Mediterranean area on which the Council will shortly take a decision.

Moreover, the procedure and the timetable are before us: the Community will have to participate in GATT in negotiations whose importance will be equalled only by their complexity. For example, we will meet many of the problems which characterise our relations with the United States.

These negotiations, which will be a kind of test of truth, are due to begin in the autumn. On the basis of the proposals which the Commission will put before it, the Council will have to define the Community's position by 1 July.

The importance of the Community's place in the world is also demonstrated by the interest expressed by Eastern Europe, the Soviet Union and, as you have just mentioned, China.

We like to believe that, to those who have considered the matter, the Community is seen not only as a factor in the economic prosperity of its Members, but also as a factor making for the relaxation of political tension in Europe and in the world.

It is in this spirit that we shall participate in the preparations for the coming Conference on Security and Co-operation in Europe.

The question of our trade policy towards Eastern Europe was raised before you in January. I will not, therefore, repeat what Sir Christopher Soames told you on behalf of the Commission, nor do I need to stress again the importance which we attach to developments in this field.

In any event, we must certainly give positive thought to any factor which could improve our relations with the Soviet Union and Eastern Europe and develop relations with China, and which, through increased trade, could lead to greater understanding between nations and thus form the basis for fruitful and close co-operation.

Finally, there is a question to which we must attach particular importance, not only because there is a responsibility and an obligation to take action on a problem of such magnitude and constantly developing urgency, but also because of the idea which Europe must have of itself and its objectives. As the Summit Communiqué said, we must 'respond even more than in the past to the expectations of all the developing countries'. This is not a political duty: it is central to what we are and what we believe.

From the outset the Community has shown its sense of solidarity with the developing countries with which it has historical ties. But this is not to say that it has forgotten the other less privileged countries.

The Paris Declaration laid down common guidelines: the promotion of agreements designed to stabilise markets and increase exports of primary products, the extension of generalised preferences to ensure a steady, substantial increase in imports of manufactured products, an increase in the volume of official financial aid and improvement in the financial conditions of this aid, particularly to the least developed countries.

This will be the initial basis on which the Commission will take action to prepare for the implementation of so clearly expressed a political will as regards all the developing countries, whether in Latin America, Asia or Africa.

This overall view of the problem of the developing countries and of Community responsibilities towards them must be taken, as the Summit Conference stated, without detriment to the advantages of the countries towards which the Community has special responsibilities.

This year will be marked by the opening, on 1 August, of negotiations with the African and Malagasy States associated under the Yaoundé and Arusha Conventions, and also with a number of Commonwealth countries which, under Protocol No. 22 of the Treaty of Accession, have been offered various formulae for regulating their relations with the enlarged Community.

The Commission emphasises the great political importance of this offer, which, since 1 January 1973, has constituted a firm undertaking by the Community to negotiate with any of these countries which so desire. The Commission sincerely hopes that these countries will enter into contact with it in order to enable it to furnish them with all the explanations that may help them to state their intentions as soon as possible—at all events, before 1 August 1973.

In carrying out these various actions, we must constantly bear in mind that such a policy is an overall policy. We also know, and the Member States must know, that, by the same token, Europe's identity must manifest itself when the international monetary system is reformed—a measure whose urgency is rendered all the more obvious by the new crisis which we are passing through. If order is to be restored to a system whose upheavals are jeopardising all the world's economic, commercial and financial relations, it will be necessary to find the wise, equitable and lasting solutions which the situation demands. Let us hope that the voice of a united and indivisible Europe will make itself heard in this most important matter.

Setting Europe on the road to irreversible union

Turning to the problems of the Community's internal development, we find, at the heart of our endeavour, Economic and Monetary Union.

The wheels are turning: considerable progress has already been made by setting up machinery for co-operation and for

concerted action on short-term economic policy, short- and medium-term financial support, and the harmonization of economic policies as part of the initial steps for medium-term planning. The ground has been prepared for the approximation of the Member States' thinking on all the forms of economic, financial, industrial and commercial action which must be put into effect as part of the process of building a solid monetary union.

But in the past, and more especially today, we have often come up against disrupting factors, such as the amplification of inflationary trends on an international scale and the virtually permanent crisis in the monetary system, which make the pursuit of our objectives more difficult, but also more necessary.

A few days ago, reflecting on what we were witnessing, although not knowing what the outcome of the crisis through which we have just passed would be, we found that it strengthened three convictions held in the Commission.

Firstly, in each of our Member States the arrangements for reacting to violent speculative movements which have unacceptable disruptive effects must be established in such a way, and have such a permanent character, that two aims may be achieved. The first is to nullify the effects of such movements on the internal economy. The second is to discourage them without delay when they do arise, by following procedures which are sufficiently uniform in our various countries to preserve the cohesion necessary to the union that we are in the process of creating.

Secondly, our arrangements must not only provide a means of reacting, but must also have a deterrent character. We must, as far as possible, create the basic conditions for preventing the recurrence of crises.

Finally, in this line of action we must find the opportunity of taking Community solidarity further.

The Commission, for its part, will assume the initiatives and responsibilities which fall to it in this area.

The pressing nature of the monetary problem must in no way cause us to relax our vigilance as regards the development of inflationary trends. In this connection, we have submitted to the Council the additional proposals relating to customs and commercial matters which were required of us. If necessary, we shall not leave it at that.

To get back to our work programme... we now have to prepare the next stage of Economic and Monetary Union.

The Commission has already submitted its proposal for the Statute of the European Monetary Cooperation Fund. In accordance with the timetable laid down it will submit, within the prescribed time-limit, the results of its deliberations on the completion of the first stage and on the allocation of duties between the Community institutions and the Member States, and in the course of the year its proposals on arrangements for short-term monetary support and thereafter on the conditions for the progressive pooling of reserves.

In the second stage, new action will be taken and current action will be continued.

Thus, more will certainly be required of the existing co-operation arrangements. Concertation of short-term policy should lead to the joint adoption of real decisions on economic policy by all the Member States of the Community. The instruments for monetary co-operation will have to be simplified and made more attractive to all the Member States. The Commission expects much of the European Monetary Cooperation Fund, which will be valuable not only because of the mechanisms for the multilateralization of settlements which it is to facilitate but also, and perhaps even more, because it will be an essential element in a dynamic monetary co-operation process. The harmonisation of longer-term policies will have to be considered in great detail if the real unification of economic policies is to be prepared.

It is, nevertheless, clear that consultation measures alone, however well worked out, will not be enough to achieve the unity of the Common Market. We shall have to proceed with

concrete measures demonstrating the genuine progress made towards unification.

From a thousand possible examples, I will mention the creation of a European capital market, for which we have waited far too long. Would it not be possible—and present circumstances ought to encourage us—to get our countries gradually to reconsider their thinking on controls and at least to treat in the same way all transactors in the Community, of whatever Member State they are nationals or residents?

I would also mention the progress needed in tax harmonisation. We shall put forward proposals relating, in particular, to harmonisation of the basis for assessment of VAT and harmonisation of tax arrangements for income from movables, and we consider it urgently necessary that texts should be adopted concerning tax arrangements for mergers and that provisions should be introduced concerning parent and subsidiary companies.

Again, I would refer to the approximation of company law, the formation of the European company, the recognition of a European patent, and freedom of establishment for insurance and banking services, which can provide a Community legal framework facilitating the interpenetration of our economies and financial systems.

Likewise priority must be given to the elimination of obstacles to internal trade, in particular by the elimination of technical obstacles and quantitative restrictions and by throwing open public contracts to all comers.

I have now more or less reached the halfway stage of my paper, and I realize—as I did at the time of writing—how difficult it is to describe Europe. It is such a massive, wide-ranging task, covering such a mosaic of fields of action, where the relevant regulations are uninteresting but relate to matters that may be of the utmost importance. I have just referred to technical obstacles and quantitative restrictions. Quite candidly, these are both utterly depressing terms. Nevertheless, is it not

the whole problem of the movement of goods and the achievement of a degree of industrial unity in Europe that lie behind these rather dull phrases?

In customs matters, the Commission welcomes the European Parliament's Resolution of 9 October 1972 on the abolition of controls in intra-Community trade. It will do all it can to comply with this Resolution in the context of the General Programme for the approximation of customs legislation, in the hope of bringing matters to a rapid conclusion and thus making up for the delays of the past.

These practical measures, taken as a whole, will have to be accompanied by a more general scrutiny of the objectives and methods of economic policy. How, for instance, in our Community, are we to ensure that the purchasing power of economic agents increases with due regard for that internal and external equilibrium of major factors without which there can be no real and lasting growth? This is undoubtedly a problem of the greatest importance.

In support of this action, whose specific purpose is to establish Economic and Monetary Union, there are the policies known rather incongruously as the "accompanying" or "flanking" policies, which in fact form an integral, and to a large extent, decisive part of the Economic Union.

The Summit Communiqué spoke of a single industrial base for the Community as a whole. In this field we are invited to decide on a programme of action to be adopted by the institutions before 1 January 1974. Of course, we will observe this time-limit, but proposals have already been made to this end: the creation of a specialized office to facilitate contracts between undertakings; a policy of opening up the public contracts market, giving priority to railway, heavy electrical and telecommunications equipment and equipment embodying the results of advanced technology; and the establishment of development contracts at Community level in order to finance certain joint innovations of companies situated in different Member States.

It is with this in mind also that the Commission has proposed closer coordination of financial resources and appropriate coordination of public purchases in the field of aviation and is examining the scope for similar action in data processing, nuclear energy and telecommunications.

I now turn to the Community's scientific policy, which was long restricted to the activities of the Euratom Research Centres, and to ECSC financing of specialized research.

On 5 February an agreement was at last reached guaranteeing four years' research activities for the Joint Research Centre at the level we proposed. I am confident that the life of the Centre, and in particular the existence of Community research, is assured for many years to come, not only in the nuclear sector but also, and to an increasing extent, in the non-nuclear sectors.

The Commission will now be able to continue its efforts to establish a European research, scientific and educational policy. These three portfolios have now been allocated to a single Member of the Commission, for all three pose political questions for the Member States which, to a large extent, can only be solved by joint action.

As regards research policy, the Commission is convinced that it is necessary to look beyond nuclear research and consider the other sectors of the future. A European scientific policy, while remaining closely geared to practical ends, must be restricted to industrial applications which are immediately apparent. For Europe needs not only an industrial economy powered by research and its applications, but also organized scientific cooperation from which all concerned will be able to derive the maximum benefit.

As regards education, we obviously do not wish to centralize European education in Brussels. We should like, together with the Member States, to organize an exchange of thoughts and views on the solutions put forward for the problem of the education and training of adolescents in our industrial society. We should also like to see the development of the need for and

the habit of considering together the problems of Europe, for it is in our schools and universities that European-mindedness will really be instilled. On a more practical level, we should like to try to reduce the obstacles arising from differences between qualifications.

As for the common agricultural policy, we must welcome the fact that it became applicable throughout the territory of the enlarged Community despite the complexity of the final decisions required. The Ministers of Agriculture of the new Member States have now been initiated into the Community's all-night marathon sessions, and we were able to meet the deadline of 1 February.

The Commission will soon have to submit to the Council its proposals for the prices policy for the next marketing year, together with proposals for new action in structural policy, with special reference to hill farming; and your Assembly will be called upon to discuss these proposals.

More generally, we shall not lose sight in our work of the need to combine action on the markets with action on structures, and to link the development of a policy which is satisfactory to our farmers with general economic considerations.

In the field of transport policy, the programme submitted to the Council in November 1971 will be supplemented by new proposals concerning, in particular, transport by air and sea, and urban and suburban transport. Encouragement should also be given to cooperation between our Member States and between their undertakings in the development of new transport techniques.

Of course, the Commission will do its best to settle the questions of vehicle weights and sizes and intra-Community transport as quickly as possible.

It also believes that infrastructures must be more closely coordinated if Europe is to develop harmoniously, whether the aim is to unify the market to a greater extent, to facilitate the movement of ideas, people and activities, or to secure better regional equilibrium. This applies just as much to the Com-

munity as a whole as to our individual Member States. Finally, the Commission wishes to give energetic attention to the questions of road safety and the harmonization of traffic rules with a view to formulation of a European Highway Code.

In another field, the Summit set us an ambition of particular importance: I refer to the energy policy. I should like to say that we are thoroughly convinced that this is a sector in which European cooperation is going to prove both feasible and essential. I shall not go over the familiar ground of the problems confronting the world in this area. But we for our part believe that, in addition to a series of measures in the oil, natural gas, coal and electricity sectors and even the nuclear energy sector, it is clear that, when formulating our proposals—some are already finalized,—we shall have to establish a general framework in the light of the need for secure supplies obtained from reliable sources on the best economic terms. But we also believe that we must give due consideration to other parameters of equal importance.

There are the protection of the environment and the rational use of energy and here joint action may be taken. Again, there is the development of scientific and technical research including research into the most rational use of energy. We agree with Mr Simonet that it is not absurd for the Community to devote part of its brilliant scientific intelligence to investigating new sources of energy or the best use of the range of sources of energy at our disposal. Thus, in external policy, we must deal with the problem of establishing or developing the Community's relations with both the exporting countries and our fellow importing countries. I feel we have reached the stage at which the energy policy is becoming a fully-fledged policy, and it must be a European policy.

Of course, among all the measures which can be contemplated, some must be given priority, particularly those which can improve the Community's energy supply situation and complementary measures to provide machinery enabling the institutions of the Community to exercise a degree of administrative control over the energy sector.

This is an ambitious programme, but as I have said, we believe that the importance of the energy sector warrants such ambition, which is integral to the development of the Community. This is one of the reasons why we hope that a Council of Ministers responsible for energy will meet as soon as possible, at least during the first half of the year. On this subject also, the Commission has made its proposals and will supplement them in good time for the Council of Ministers to have full details before them.

As regards competition policy the communiqué from the Paris Summit Meeting referred to the need for the formulation of measures to ensure that mergers affecting firms established in the Community are in harmony with the economic and social aims of the Community, and the maintenance of fair competition within the Common Market. The Commission will act in this spirit both as regards individual decisions and in its general emphasis to ensure control over concentrations, agreements and state aids.

I now come to regional policy, which we consider essential to the establishment of a balanced social and humanitarian Europe.

Here too closer coordination of national policies and defining common criteria for the granting of aid constitute the first steps to be taken. This will be one of the main themes of the Commission's report on regional problems which we are drawing up at the request of the Paris Summit Conference.

Such coordination, and joint action, will be given a new stimulus when the Regional Development Fund, financed from the Community's own resources, is set up, not later than 31 December 1973. This is one of the files to which the Commissioner responsible turned his attention immediately, since it is clearly closely tied up with the general presentation of our regional policy.

Studies are also in progress on the use of 50 million u.a. financed from the budget of the Guidance Section of the EAGGF, for the creation of industrial employment in de-

pressed agricultural areas; on the creation of a Regional Development Company for the purpose of guaranteeing industrialization loans at Community level, and on setting up a regional policy committee. No doubt, these will provide us with material for some very interesting debates.

The Commission is convinced that regional policy is a major factor in the development of Economic and Monetary Union. This policy, which can only be complementary to the efforts of the Member States must of course be applied to declining agricultural and industrial regions. But it must also enable the more prosperous regions of the Community to improve their quality of life.

In my opinion, this question of the quality of life must be taken into consideration more and more as the Community edifice rises. For we must build a Europe which will serve mankind, as we have often said in the past. We cannot repeat this too often.

Concern for the human element and desire for participation

To speak of a Europe which will serve mankind is first and foremost to seek to put into effect a broad-based social policy and play an active part in protecting and improving the environment. But it also means setting out to make our peoples participate, directly and indirectly, in the work of building Europe.

The Heads of State and Government reminded us that vigorous action in the social field cannot be dissociated from the realisation of Economic and Monetary Union. They also asked the institutions of the Community to draw up a programme of action in the social field by 1 January 1974, having consulted both sides of industry.

We shall therefore be stepping up our activities in the fields of employment and living and working conditions.

In the restructured Social Fund, the Commission has a very important means of intervening in employment matters.

The purpose of the Social Fund is to make it possible to implement a policy for the solution of existing difficulties; but it has an even more important function, and that is to prevent such difficulties from occurring at all, by means of a suitable forward policy bringing Community solidarity into play whenever the common policies or the Community economic situation rise to quantitative or qualitative employment problems. For example, decisions have been taken to help agricultural workers leaving their farms and to help textile workers, whose employment difficulties were largely due to the restructuring of their industry. The Social Fund is therefore seen as an important instrument of industrial and regional policy as well as of social policy.

In order to implement a policy of full and better employment successfully, substantial progress must be made in the harmonization of vocational guidance, training and retraining if the men and women of Europe, and especially young people, are to be prepared for the occupations which are most useful both to them and to society as a whole.

In the field of living and working conditions, the Commission believes that it is particularly necessary to harmonize procedures for group redundancies—a proposal for a directive has been submitted to the Council—and measures must be laid down to provide appropriate procedures for mitigating the social effects on workers of company mergers and of the growing extent of concentration in industry.

Similarly, extending the action already taken by the Community, and with a view to improving the quality of life, the Commission proposes to help in working out measures and standards concerning the health and safety of workers, both at their place of work and in their living conditions in general.

This year will be a particularly important one from the social policy point of view because it will see the establishment of the draft action programme provided for in the Final Declaration of the Paris Summit Conference. Without going into detail, I can tell you that this programme will cover employment

questions, in the broadest sense of the term, improvement of the quality of life both at places of work and elsewhere, and the democratization of economic and social life in the Community.

Questions of the quality of life obviously bring the Commission to consideration of the environment. Before 31 July, the Community institutions are to draw up a programme of action accompanied by a precise timetable.

This will involve the introduction of a programme for reducing air and water pollution, *inter alia*. It is necessary to find the most economical solutions best suited to this purpose, but it is also necessary to continue, under the general programme for the elimination of technical obstacles, with the standardization of product specifications, dealing with pollutants as a matter of priority.

We must also attend to the implementation of the agreement relating to advance notification of all national measures concerning the environment, which the Council adopted in December 1972.

Finally—and, to me, this seems very important, being of wider significance than the technical aspects of the environment—we must set our minds on looking beyond the strictly technical problems and, in our other policies which are ostensibly unrelated to environmental matters, but in the last analysis determine the course of Community policy, we must display a constant concern to protect and improve our habitat. Environmental policy is less specific than any other policy. Although it has its special cases, its techniques and methods, it is derived principally from an overall conception of a problem which affects the whole economy and even the whole of our society, and it would therefore be too limiting and completely inaccurate to form a view of it exclusively through the regulations it introduces.

As I draw towards the end of this presentation of our work programme, having presented a whole series of policies and projects, I naturally measure the magnitude of the task before us. But after this necessary though, inevitably rather dry enumera-

tion, I also measure how difficult it is, with so many programmes, dates, technical details, to make our peoples understand vital importance for each citizen of work which sometimes lacks lustre. Alas, very often the impression people have of our joint endeavours is not one of imagination, boldness or political will, ever though they are the underlying inspiration. It is here that the need arises to associate the peoples of Europe in building the Community. There are three lines of action which we must follow together in trying to be more successful in this than in the past.

The first is to provide objective but comprehensible information. We feel we must provide this information, and the Commission is determined to do so. We must make a greater effort to reach all the social classes, get across to our younger generation, further decentralize our information activities, and thus make a stronger impact on our Member States, especially the new Member States and their regions. Furthermore, we must ensure that third countries get to know more about this Europe, what it is, why it takes the standpoints it does, what its not inconsiderable contribution is. I know that you share this feeling; and, in preparing our information programme for 1973, we will take full account of the debates which have been held in the Assembly.

The second is to improve and broaden the scope of our dialogue with both sides of industry. Alongside and in addition to the "institutionalized" dialogue in the Economic and Social Committee, the Standing Committee on Employment, and various specialized groups and committees, we intend to seize every reasonable opportunity for exchanging information, making contact and holding discussions with the representatives of management and labour.

The third of these lines of action is to foster the institutional dialogues between Commission and Assembly and to strengthen the Assembly's role in the Community's activities.

In accordance with your legitimate wishes, agreement was reached at the Summit Conference on the need to strengthen

the powers of control of the European Parliament in the light of the undertakings given by the Commission and the Council on 22 April 1970. The Heads of State and Government invited the Council and the Commission to put into effect without delay the practical measures designed to achieve this strengthening and to improve the relations between our institutions and the Assembly.

But the first question is that of what I might venture to call the day-to-day relations between our institutions. Obviously, during the five busy weeks since we took office it has been physically impossible for us to finalize the various measures which could be envisaged. It has been all the more difficult because the Commission wishes to do this in the light of your opinions. We shall therefore wait for the results of the work which, I understand you yourselves have undertaken on the matter, so that we can take them fully into consideration. Let me say here and now that we are ready to work with you, and our attendance at your committee meetings and also the very wide-ranging exchanges of views which, I believe, have begun to get onto an established footing bear witness to the fact that this is not merely a way of offering you a question and answer dialogue, but rather an expression of the Commission's willingness to approach Parliament and enter into the fullest discussions of the various problems, both in the committees and—I shall return to this in a moment—in the plenary sittings. Moreover, to a large extent, this is no more than the continuation of a dialogue which is already established, for much was done by previous Commissions in response to requests from your Assembly or its Bureau.

However, I can already tell you how much we are determined to avail ourselves to the full extent of the powers given by the Treaties in a field where no lengthy studies are required, since it is largely a matter of mental attitudes and political will. I would like to talk about the importance which we shall attach to the opinions you will be delivering on our proposals. The Commission assumes that the main texts which it is to submit to you and notably, in the near future, the texts required

of us following the Summit Conference, will be the subject of political debates in your Assembly from which clear and firm positions will emerge. I can tell you already that the Commission, which will have taken an active part in your discussions, will be willing to reexamine its proposals in the light of your opinions and to amend them, where necessary, in accordance with Article 149 (2) of our Treaty. We wish to give that Article its full political weight, over and above mere technical responses to amendments of detail.

A second deadline is approaching rapidly. On the basis of the report which the Commission is to submit before 1 May 1973, the Community institutions and, where appropriate, the representatives of the Governments of the Member States are invited to decide on the measures relating to the distribution of duties and responsibilities between the Community institutions and the Member States which are necessary to the proper functioning of Economic and Monetary Union. I cannot yet give you any indication of our intentions in this matter, since the content of our technical proposals will obviously determine the scope of the institutional proposals; but you may rest assured that we are aware of that deadline and of its importance.

When I spoke to you on 10 January, I stated that the Commission intends to adhere strictly to the undertakings given by its predecessors in respect of your budgetary powers; you recalled these undertakings on 12 December last. I now solemnly confirm these undertakings before you. In the first half of this year the Commission intends to submit its proposals for increasing the budgetary powers accorded to you in the Treaty of Luxembourg.

In drawing up these texts the Commission is ready to consider the opinions which your Assembly or its responsible committee will communicate to it, without prejudice to the institutional procedures which will come into play after the submission of our proposals.

Thus, in the coming months we shall have several opportunities of going more deeply into the question of the Parlia-

ment's powers, having regard, admittedly, to undertakings already given but also to the question of the allocation of duties between the Member States and the Community. For our part, we are determined to bear in mind the need to ensure that our institutions can function democratically by associating our peoples as far as possible with the life of the Community.

We are all the more encouraged in this course since we have now been given the major objective of transforming all relations between Member States into a European Union before the end of 1980. Your distinguished Assembly, like the Commission, will have to take part in drawing up the report which the institutions must make before the end of 1975. This will provide an opportunity for outlining, in the light of the experience of our institutions and in particular of experience gained during the first stages of Economic and Monetary Union, an overall conception of the aims and structures of the European Union, which also means a conception of a European democracy, a modern democracy reflecting the needs of the Community of the Nine and the requirements of the new society at the end of this century.

It is in this perspective that the Commission, during its term of office, intends to contribute to the development of your institution. The dialogue which will be established with the Assembly, and the debates which you will hold on this grand design, will be vital elements in determining the substance of our own initiatives.

An overall process in the light of an overall vision

I have now fulfilled my duty in completing the necessary task of outlining the Commission's plans for the year ahead, naming the issues to which it intends to give particular attention, and giving a few early indications and at least the general framework of what this year could hold for Europe.

Let me say that this type of exercise is unsatisfactory from two points of view.

It is essential to say what we are going to do. And because it is essential to say what we are going to do, one cannot avoid going into some detail. This clearly tends to place all the various points on an equal footing, despite any efforts one makes to lay particular stress on any of them. Moreover, it is quite clear that there are two or three major options of far-reaching significance on which, although we must maintain an overall view, we shall be working day after day.

When talking of external relations, I ended by saying that when one sets forth the policy, it has the outward appearance of a series of interlocking policies. But there can be no doubt that one of our tasks in the future will be to ensure that the various policies we propose are consistent with each other.

A second issue is that of Economic and Monetary Union, which is basically two problems.

Firstly, are we able to make a range of policies converge to the critical stage when it will be possible to say: yes, this is union?

Secondly, are we capable of achieving a joint economic and monetary policy together? I do not refer here to the specific problems, the “flanking” or “accompanying” policies, or to matters of detail or particular measures which may be introduced as part of Economic and Monetary Union, but to accelerating the process of preparing the ground for the setting-up of the monetary cooperation fund and to the problems of establishing a monetary union. This is one of the Commission’s tasks—to seek an overall process which will be both comprehensive and sufficiently rapid to enable us to keep abreast of rapidly changing circumstances and the very real needs of Europe?

The same is equally true of social matters as a whole, which are extremely difficult, because they relate, not only to the manner in which our peoples will be associated with our work, but also to the way in which they see the objectives of our endeavours. How are we going to set all this in motion?

We shall be doing everything in our power to ensure that our action is sufficiently broad-fronted to be an overall policy,

rather than an accumulation of technical decisions which would lack the overall perspective of a policy as such.

In presenting a document like this, one realizes that it is very difficult at the beginning of our term of office to talk of problems on which much work is to be done and a collegiate conviction is yet to be defined. Inevitably, our standpoint at this stage is derived from what we have adopted from proposals already made or the first ideas we have formulated ourselves. But a whole process is under way: files are being made up, and aspects of both monetary and regional policy are under close examination as we bring our minds to bear on them in small select working parties. All this makes one realize how very difficult it is to present a work programme in the wake of the Summit Conference, which has added much new work, and before the Commission has finalized its philosophy.

This is not to say that we find our task too difficult. On the contrary, we find it thoroughly exhilarating and are determined to carry it through, occasionally standing back from the close work to get a better view of the overall pattern of the tapestry we are stitching.

Clearly, we shall be discussing the overall pattern with you just as much as the detail. As I mentioned a few moments ago, I hope that there will be comprehensive debates when the time comes for discussing common policies. Indeed, it is the general line we take which will be most important, and this, I believe, is the level at which you have much to contribute, the area in which we consider the political dialogue assumes its true dimension. At all events, let me assure you once again that, in the Commission, you will find a partner.