

Bulletin
of the European Communities

Supplement 1/76

European Union

Report by Mr Leo Tindemans,
Prime Minister of Belgium,
to the European Council

Blank pages not reproduced: 2, 4, 8, and 10.

EUROPEAN COMMUNITIES
Commission

contents

<i>Text of Mr Leo Tindemans' letter to his European Council colleagues.</i>	5
Report on European Union	9
I. <i>A common vision of Europe</i>	11
A. Europe today	11
B. European Union	13
II. <i>Europe in the world</i>	14
A. A single decision-making centre	14
B. Towards a common foreign policy	15
C. Immediate positive action	16
III. <i>European economic and social policies</i>	19
A. Economic and monetary policy	19
B. Sectoral policies	23
C. Social and regional policies	24
IV. <i>A citizen's Europe</i>	26
A. Protection of rights	26
B. External signs of our solidarity	27
V. <i>Strengthening the institutions</i>	29
A. The Parliament	29
B. The European Council	30
C. The Council	30
D. The Commission	31
E. The Court of Justice	32
F. Other Community bodies	32
G. The delegation of executive power	33
VI. <i>General conclusion</i>	34

Text of Mr Leo Tindemans' letter

to his European Council colleagues

sent on 29 December 1975

At the Conference of Heads of Government of Member States of the European Communities, which was held in Paris on 10 and 11 December 1974, you asked me to define what was meant by the term 'European Union'.

When attempting to do this I obviously took into account the reports drawn up by the European Parliament, the Commission of the European Communities and the Court of Justice and also the opinions voiced during the past year by members of your governments and other powerful forces in the various States.

Throughout these contacts I was struck by a contradiction.

On the one hand, some people believed that it was particularly inappropriate to draw up a report on European Union at a time when the European concept was passing through a crisis and the incompleting European structure was swaying. Furthermore, there was the feeling that the economic recession has made itself felt in our Member States throughout 1975 without any large-scale joint action having been planned to counter the effects of economic depression and unemployment.

And yet—and this is most significant—almost all the people to whom I spoke stated that they could not imagine a better future for their country than that offered by the building of Europe. They could not conceive of doing this other than by strengthening the Community.

In this respect, there is a distinct divergence of views between public opinion and those who fulfil a political role in their respective countries.

Public opinion is extremely sceptical on the will to establish a genuine European Union and solve the real problems of the day at European level. It wants results and questions the lack of political will on the part of its leaders.

For me, the conclusion is obvious: if we wish to safeguard the achievements of the Treaties and conquer new ground the Member States must agree on new aims.

At this stage, the stakes are political, that is quite irrefutable.

This is the reason why I deliberately refused to draw up a report claiming to be, at least in part, the Constitution for the future European Union. Nor did I wish to describe what Europe ideally should be, while remaining personally convinced that Europe will only fulfil its destiny if it espouses federalism.

The crisis in Europe is so serious that we must, in the immediate future, save what has already been achieved and, working on this basis, take drastic measures to make a significant leap forward.

I had to make a difficult choice. My proposals do not directly concern the final phase of European development. They state the objectives and the methods whereby Europe can be invested with a new vitality and current obstacles can be overcome.

My choice is based on the belief that at the present time any other approach would either be unworthy of our faith in Europe, or else, because of its utopian nature in the present circumstances, would lose all credibility with the parties in power. Consequently, it represents a realistic yet feasible approach.

For me, European Union is a new phase in the history of the unification of Europe which can only be achieved by a continuous process. Consequently, it is difficult to lay down, at this stage, the date of completion of the European Union. It will only achieve its objectives by means of institutions which have been adapted to its new requirements. It is in fact by means of institutions which have been strengthened and improved that the Union will be able to give increasing expression to its own dynamism. In this respect, the role of a directly-elected European Parliament will be decisive in the development of the Union. Finally, I am convinced of the need, in 1980, to assess what we have already achieved so as to open up new prospects and make further progress.

That, after much reflection, is my conclusion.

Seen in this light, the proposals put forward in my report should help us to overcome the present crisis, improve the functioning of the institutions, give shape to yesterday's and today's political options and work out new ones. As I see it, this is the main task at the present time.

If we succeed in this, the European concept will be preserved once and for all and because of this the future of our peoples assured.

I remain firmly convinced—as do the great majority of our fellow-citizens—that we can only really develop if we have common policies in most sectors.

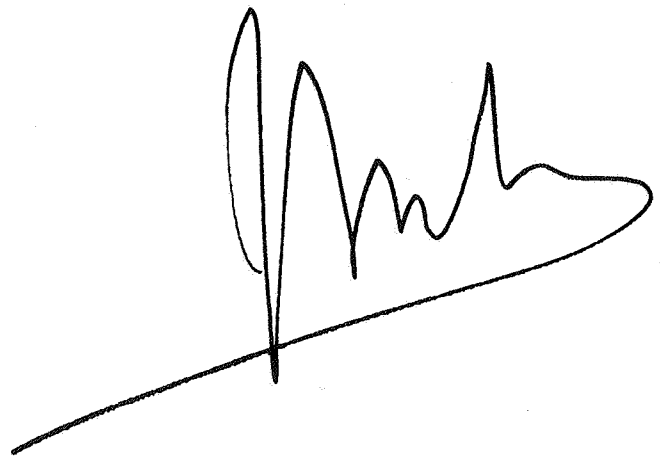
Efforts to reach an agreement on vital questions of international policy and concertation on security are the basis of our policy which aims at safeguarding our identity. They are indispensable to Europe if a better world is to be built.

The aim of European Union should be to overcome the age-old conflicts which are often artificially maintained between nation States, to build a more humane society in which, along with mutual respect for our national and cultural characteristics, the accent will be placed more on the factors uniting us than on those dividing us.

Such a Europe could awaken new hope in everyone and could be the focal point in an ideal and significant resurgence.

Any discussion which the European Council may wish to hold on my report should lead to a commitment to achieve by appropriate decisions the qualitative change characteristic of European Union.

I am convinced that after a detailed study of this report you will feel able to endorse its objectives and ensure that they are carried out.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.

Report on European Union

I. A common vision of Europe

A. Europe today

Why has the European concept lost a lot of its force and initial impetus? I believe that over the years the European public has lost a guiding light, namely the political consensus between our countries on our reasons for undertaking this joint task and the characteristics with which we wish to endow it. We must first of all restore this common vision if we wish to have European Union.

In 1975 the European citizen does not view the reasons for the construction of Europe in exactly the same way as in 1950. The European idea is partly a victim of its own successes: the reconciliation between formerly hostile countries, the economic prosperity due to the enlarged market, the *détente* which has taken the place of the cold war, thanks particularly to our cohesion, all this seems to have been achieved and consequently not to require any more effort. Europe today is part of the general run of things; it seems to have lost its air of adventure.

Our peoples are concerned with new problems and values scarcely mentioned by the Treaties. They realize that political union does not automatically follow from economic integration; too many fruitless discussions cast doubt on the credibility and topicality of our joint endeavour: to this extent the European idea is also a victim of its failures.

In this state of mind we plunged into a crisis and are experiencing rates of inflation and unemployment the likes of which have never been seen by the present generation. It is therefore hardly surprising if the Community is crumbling beneath the resurgence, which is felt everywhere, of purely national preoccupations. Especially as the Community, in its present state, is unbalanced: in some fields it has been given far-reaching powers, in others nothing, or practically nothing, has been done, very often because our States were too weak to undertake anything new: the fragile

nature of Europe in some ways also reflects the powerlessness of our States.

An unfinished structure does not weather well: it must be completed, otherwise it collapses. Today Community attainments are being challenged.

Basically, however, Europeans are still in favour of closer links between our peoples as laid down in the Treaties of Paris and Rome, first between the Six, later between the Nine. They even take this *rapprochement* as a matter of course and regret not having more evidence of it in their daily lives. A return to selfish national attitudes, to national barriers, and to the antagonisms which they have frequently engendered would be seen as a historic defeat, the collapse of the efforts of a whole generation of Europeans.

If this extensive will for *rapprochement* is to take on a political dimension vital to ensure that action is taken, Europe must find its place again among the major concerns of public opinion thus ensuring that it will be the focal point of the political discussions of tomorrow. We must listen to our people. What do the Europeans want? What do they expect from a united Europe?

1. A voice in the world

During my visits I was struck by the widespread feeling that we are vulnerable and powerless. This is a new experience for our peoples in recent history. Inequality in the distribution of wealth threatens the stability of the world economic system; exhaustion of resources weighs heavily on the future of industrial society; the internationalization of economic life makes our system of production ever more dependent. Our States seem very weak to face these challenges alone. What weight do isolated voices have unless they are those of the super powers?

And yet the will to make an active contribution is still very strong as we can see from the 100 000 young Europeans who are working in cooperation programmes throughout the world. Our peoples are conscious that they embody certain values which have had an inestimable influence on the development of civilization. Why should we cease to spread our ideas abroad when we have

always done so? Which of us has not been surprised to see the extent to which the European identity is an accepted fact by so many of the foreigners to whom we speak? It is not only from within that there is a call to the countries of Europe to unite.

Our peoples expect the European Union to be, where and when appropriate, the voice of Europe. Our joint action must be the means of effectively defending our legitimate interests, it must provide the basis for real security in a fairer world, and enable us to take part in this dialogue between groups which clearly characterizes international life. How can we reconcile these requirements in today's world if we do not unite?

Europe must guard against isolation, against turning inwards on itself which would reduce it to a footnote in history, and also against the subjection and narrow dependence which would prevent it from making its voice heard. It must recover some control over its destiny. It must build a type of society which is ours alone and which reflects the values which are the heritage and the common creation of our peoples.

2. A new society

We all feel that our society is in the state of anxious expectancy and conflict which is the forerunner of major changes. New and sometimes contradictory scales of values are making their appearance in all fields of social life. The task of the present generation is to seek a transition to a post-industrial society which respects the basic values of our civilization and reconciles the rights of the individual with those of the community. If we fail our democracies will be at risk and our children will inherit a decadent society.

Despite the sometimes radical divergencies in the solutions advocated there does exist a minimum consensus of opinion between the democratic forces in Europe on the nature of the changes required. A new type of economic growth displaying more respect for the quality of life and the physical and human environment and better able to reconcile economic and social objectives. Growth which is oriented towards highly special-

ized activities and makes full use of the skills available in Europe, management and organizational capacities in the most advanced and complex fields of human activity; this is our one specific advantage in the international economy: Europe's 'grey gold'. Finally, the development of individual personal responsibility in the social and economic sphere by associating workers with the decision making, the management or profits of undertakings, by greater freedom in the organization of work, by more openness, decentralization and consultation in public administration.

Our peoples wish European Union to embody and promote the development of our society corresponding to their expectations, to provide a new authority to compensate for the reduced power of national structures and to introduce reforms and controls which often cannot be implemented at State level, to give an organic form to the existing solidarity of our economies, our finances and our social life. Europe can and must identify itself with the concerted and better controlled pursuit of the common good with economic resources being reoriented towards the collective interest, a reduction in regional and social inequalities, decentralization and participation in decision making. We will then have created a new type of society, a more democratic Europe with a greater sense of solidarity and humanity.

3. A positive solidarity

No one wants to see a technocratic Europe. European Union must be experienced by the citizen in his daily life. It must make itself felt in education and culture, news and communications, it must be manifest in the youth of our countries, and in leisure time activities. It must protect the rights of the individual and strengthen democracy through a set of institutions which have legitimacy conferred upon them by the will of our peoples. The image of Europe must be in line with its motivations and opportunities, it must demonstrate to those within and without the solidarity of our peoples and the values of our society. I am convinced that this Europe, a progressive Europe, will lack neither power nor impetus.

B. European Union

The basic choice made by the Founding Fathers of Europe and embodied in the Treaties of Rome and Paris was to bring about an ever closer union between our peoples. This option is still ours. In the face of the internal and external challenges of our society, felt by the whole of Europe, six countries initially and then nine decided to fight back by joining forces.

The 1972¹ and 1974² Paris Conferences decided that European Union was the best means of doing this at the present stage of the construction of Europe.

As the aims and nature of European Union are not today clearly understood the first task of our governments is to decide within the European Council what precisely are the scope and consequences of these choices. It is now up to the European Council to decide in which general perspective the joint endeavour will be pursued during the Union phase. The time to enshrine in a legal text all the changes which have been gradually made to the European structure will be when the process of building the Union has acquired its own momentum.

As a result of my consultations in all our countries, *I propose that the European Council should define the different components of European Union as follows:*

(1) *European Union implies that we present a united front to the outside world. We must tend to act in common in all the main fields of our external relations whether in foreign policy, security, economic relations or development aid. Our action is aimed at defending our interests but also at using our collective strength in support of law and justice in world discussions.*

(2) *European Union recognizes the interdependence of the economic prosperity of our States and accepts the consequences of this: a common economic and monetary policy to manage this prosperity, common policies in the industrial and agricultural sectors and on energy and research to safeguard the future.*

(3) *European Union requires the solidarity of our peoples to be effective and adequate. Regional policy will correct inequalities in development and counteract the centralizing effects of industrial societies. Social*

action will mitigate inequalities of income and encourage society to organize itself in a fairer and more humane fashion.

(4) *European Union makes itself felt in people's daily lives. It helps to protect their rights and to improve their life style.*

(5) *In order to achieve these tasks European Union is given institutions with the necessary powers to determine a common, coherent and all-inclusive political view, the efficiency needed for action, the legitimacy needed for democratic control. The principle of the equality of all our States continues to be respected within the Union by each State's right to participate in political decision making.*

(6) *Like the Community whose objectives it pursues and whose attainments it protects European Union will be built gradually. So as to restart the construction of Europe straight away and increase its credibility its initial basis is the political commitment of the States to carry out in different fields specific actions selected according to their importance and the chances of success.*

The different facets of European Union described above are closely connected. The development of the Union's external relations cannot occur without a parallel development of common policies internally. Neither can be achieved without consolidating the authority and effectiveness of common institutions. In this vast scheme everything goes together and it is the sum of the progress achieved in parallel which constitutes the qualitative change which is European Union. The rest of this report will examine in each of the fields referred to the aim and the first positive actions which need to be and can be taken.

The general framework which I propose should be adopted by the European Council must serve as guidelines for our efforts to build Europe. The will of our States, expressed in this way, is based on the deep-seated motivations of public opinion and can convey to it the guiding light of our common action.

The political consequences of these choices must be carefully assessed. They cannot occur without a transfer of competences to common institutions. They cannot occur without a transfer of resources from prosperous to less prosperous regions. They cannot occur without constraints, freely accepted certainly, but then enforced unre-

servedly. This is the price of Union. But what price would we pay for inaction? The crumbling away of the Community, voices isolated and often going unheard on the world stage, less and less control over our destiny, an unconvincing Europe without a future.

II. Europe in the world

Our States' reasons for presenting a united front in world discussions are convincing from an objective point of view: they stem from power relationships and the size of the problems. From a subjective point of view they are felt very strongly by our peoples: our vulnerability and our relative impotence are in the thoughts of everyone. The convergence of these two factors means that external relations are one of the main reasons for building Europe, and make it essential for the European Union to have an external policy.

A. A single decision-making centre

The examination of our possibilities for action in the world should be based on one obvious fact: the increasing intermeshing of different sectors of international activity.

In the framework described in the preceding chapter the European Union should not only be concerned with foreign policy in the traditional sense, including security aspects, nor solely with tariff and trade policies which are already common policies by virtue of the Treaty of Rome, but also with all external economic relations. The traditional distinctions maintained by diplomatic chancelleries in this field make increasingly less sense in the modern world. Recent developments of international life show that economic, industrial, financial and commercial questions will all in the future be the subject of negotiations, the significance of which will be highly political. If the European Union did not have the means to cover all aspects of our external relations it would not be equal to its task. The Union must have a comprehensive and coherent outlook, and act accordingly. *I propose that the European Council should now decide:*

(a) *to put an end to the distinction which still exists today between ministerial meetings which deal with political cooperation and those which deal with the*

subjects covered by the Treaties: in order to decide on a policy the Ministers must be able to consider all aspects of the problems within the Council.

(b) that the institutions of the Union can discuss all problems if they are relevant to European interests and consequently come within the ambit of the Union.

The existence of a single decision-making centre does not mean that there will be confusion between those activities which today are the responsibility of the Community and those which lie in the field of political cooperation. The nature of the problems is not such that they must all be dealt with in the same way. But coherence of activity, which is essential, does require that the different aspects of the often complex problems which the European Union will have to examine be dealt with together, at least at ministerial level, by the same people and in the same place.

With this in mind I propose changing the political commitment of the Member States which is the basis of political cooperation into a legal obligation. A very short protocol taking up paragraph 11 of the Copenhagen Report³ ought to give competence to the Council and thus clarify the legal framework in which it is to operate.*

The development of new policies on the basis of the Treaties does not cause any particular problem: the provisions binding us are clear and there are numerous precedents. The same thing does not apply in fields not covered by the Treaties. The way in which future developments are to take place must be specified here.

* This paragraph reads as follows:

'Governments will consult each other on all important foreign policy questions and will work out priorities, observing the following criteria:

- the purpose of the consultation is to seek common policies on practical problems;
- the subjects dealt with must concern European interests whether in Europe itself or elsewhere where the adoption of a common position is necessary or desirable.

On these questions each State undertakes as a general rule not to take up final positions without prior consultation with its partners within the framework of the political cooperation machinery.'

B. Towards a common foreign policy

In those fields of foreign relations not covered by the Treaties the Nine nowadays coordinate their policies, and in recent years this arrangement has been extended and has met with considerable success. Such an arrangement would not, however, be adequate within the framework of the European Union. It explicitly incorporates within its structure the possibility of failure: the pursuit of different policies whenever coordination has not been achieved. The European identity will not be accepted by the outside world so long as the European States appear sometimes united, sometimes disunited.

European Union obviously implies that, within the fields covered by the Union, the European States should always present a united front, otherwise the term would be meaningless. The coordination of policies, which is important during a transitional period, must therefore gradually make way for common policies, which means that within the framework of the European Union, our States must be able together to draw up a policy and to enact it.

Chapter V of this report gives details on the respective roles of the European institutions in the formulation and implementation of a common foreign policy. Here suffice it to say that the European Council has a vital role to play in stating general policy guidelines based on a global political analysis, without which there can be no common policy. The political decision, which is the application of agreed general policy guidelines to the realities of everyday life, is the responsibility of the Council.

The main difference between the coordination of policies, as practised at present, and a common external policy, which distinguishes the Union, does not arise from the kind of procedure adopted or the nature of the relevant institution. It lies in the obligation to reach a common point of view. The States will undertake to define the broad guidelines for their policy within the European Council. On this basis, the Council then has the obligation to reach a common decision on specific questions. This obviously means that the

minority must rally to the views of the majority at the conclusion of a debate.

In order to provide the necessary impetus to the dynamic process of European Union, our States must now undertake the political commitment to pursue a common foreign policy within a given number of specific fields, selected in relation to their importance and the prospects of practical results. During the gradual evolution of the Union this political commitment will have to be extended to all essential aspects of our external relations.

C. Immediate positive action

When defining its foreign relations, the European Union must approach both the major world problems and the problems arising in its own regional area. Owing to their basic importance, four problems must be of foremost concern to us:

- a new world economic order;
- relations between Europe and the United States;
- security;
- the crises occurring within Europe's immediate geographical surroundings.

When dealing with such complex problems it is unavoidable that certain decisions should be subject to provisions of the Treaties while others are not. In these cases of joint responsibility, common policies will have to apply concurrently to both the procedures of the Treaties and on the procedure arising from Member States' political commitment mentioned above.

1. A new world economic order

Our external relations with countries of the Third World are, and will continue to be, dominated by the problem of sharing the world's economic resources and, to a lesser extent, by the after-effects of the colonial era. These questions affect our economic relations, our supplies, our development cooperation effort and, finally, the solidarity

of mankind and world stability. This is therefore one of those complex situations in which the voice of Europe must make itself heard.

Furthermore, there is every indication that this is a field in which the Nine can and must formulate a common external policy without delay since:

- the main negotiations have not yet really begun;
- they will take place between groups of countries, and, in such circumstances, bilateral diplomatic relations, however close they may be, solve nothing, whereas the EEC has acquired valuable experience through the Yaoundé and Lomé Agreements;
- the divergences of opinions and interests among the Nine, which are unavoidable when dealing with so vast a subject, are not insuperable, as has been shown recently by the common stand adopted at the seventh special session of the UN General Assembly, and in the preparations for the Conference on International Economic Cooperation;
- even without a new political commitment, the respect for Community authority, the requirements of political action and the defence of our common interests, call for a very high degree of cooperation and common action on our part.

The Nine are already making serious efforts to present a united front at major negotiations ahead, and the European Council meeting held in Rome in December 1975 has, in this respect, produced some encouraging results.⁴ Our countries have taken the initiative on joint negotiations in the Lomé Agreement, the Euro-Arab dialogue and in Mediterranean policies.

I propose, first, that we should decide:

- *that come what may we present a united front at multilateral negotiations relating to a new world economic order, at the various gatherings where these take place, and in the implementation of their conclusions. This means that we shall, in every case, place the primary interest of joint action above our divergent opinions and interests;*
- *that we shall designate, as the need arises, the delegates responsible for pursuing such policies on our collective behalf.*

I propose that decisions should then be taken:

— *to strengthen the instrument of our common action by gradually transferring to the Community a substantial part of national appropriations intended for development cooperation (major development projects, food aid, financial aid), and in coordinating the remainder of our activities in this field.*

— *to complement this approach by adopting a common stand on general political problems which could arise in our relations with the Third World.*

If these decisions are taken, we shall *de facto* be pursuing a common external policy in the essential elements of our relations with the Third World.

2. Relations between Europe and the United States

Relations with the United States, who are at one and the same time our allies, our partners and occasionally our competitors, raise problems of vast proportions for the European Union. They are of prime importance in the political field, in defence, in economic affairs, not only on account of the interdependence of United States and European economies, but also because of the joint responsibility of these two industrial centres for the world economy, a responsibility which the Rambouillet meeting of November 1975 has once again underlined.

The need for Europe to speak with one voice in its relations with the United States is one of the main underlying reasons for the construction of Europe. A constructive dialogue between the European Union, conscious of its identity, and the leading Western political, economic and military power, is necessary without delay. Its usefulness has been recognized by the document on the European Identity adopted at the Conference of Heads of Government at Copenhagen in December 1973.⁵ Only in this manner, and in accordance with the development of the Union, shall we be able to establish relations with the United States based on the principle of equality, free of any sense of dependence, which reflects at the same time both what is common in our basic va-

lues, interests and responsibilities, and the differences in the destinies of our two regions.

It is doubtful whether the European States can have a strictly identical appreciation of relations between the United States and Europe so long as their respective analyses of the problems of defence are noticeably divergent. This question must however be examined frankly and thoroughly with the object of laying down certain principles and rules determining the content of and procedures for cooperation between Europe and the United States.

In this context I propose that the European Council should take the initiative to delegate one of its members to hold talks with the United States in view of initiating a common reflection of the character and scope of relations between that major power and the European Union.

3. Security

By virtue of the Atlantic Alliance we in Europe enjoy a measure of security and stability which has enabled us to undertake the construction of Europe. Since our States recognize the existence of a common destiny, the security of one member necessarily affects the security of others. No foreign policy can disregard threats, whether actual or potential, and the ability to meet them. Security cannot therefore be left outside the scope of the European Union.

On the other hand, the Conference on Security and Cooperation in Europe has shown, if that was necessary, that in matters of security, political, military, economic factors and those affecting human relations, closely overlap.

During the gradual development of the European Union, the Member States will therefore have to solve the problems of maintaining their external security. European Union will not be complete until it has drawn up a common defence policy.

Meanwhile, I note that our States are not really at present in a position to determine the general policy guidelines without which no common defence policy is possible, and are unlikely to be able to do so in the near future. But this does not mean that nothing should be done, and *I therefore propose that we should decide:*

— regularly to hold exchanges of views on our specific problems in defence matters and on European aspects of multilateral negotiations on security. Exchanges of views of this kind will one day enable Member States to reach a common analysis of defence problems and, meanwhile, to take account of their respective positions in any action they take;

— to cooperate in the manufacture of armaments with a view to reducing defence costs, and increasing European independence and the competitiveness of its industry. The efforts undertaken at present to provide the European countries of the Alliance with an organization for the standardization of armaments, on the basis of joint programmes, will have important consequences for industrial production. This strengthens the need to initiate a common industrial policy on the manufacture of armaments within the framework of the European Union. Setting up a European armaments agency for that purpose must be given consideration.

On the question of *détente* the Nine have already succeeded, through political cooperation, in outlining joint positions that have enabled them, during the Conference on Security and Cooperation in Europe, to defend identical points of view. This practice must obviously be pursued and generalized. It will also have to include that element of obligation which distinguishes a common policy from mere coordination. It will have to be extended, during the gradual development of the Union, to all the problems which play an important role in the general field of *détente*, including agreements on economic cooperation and the increase of human contacts.

The development of a *détente* policy in Europe presupposes that all those with whom we negotiate recognize the European Union as an entity. Our resolve to act together in the field of external relations is a reality in Europe today; it will be even more so in the future and all States, including those which today still hesitate to do so, will then have to recognize that fact.

4. Crises in the European region

The political problems which arise within our immediate geographical surroundings, that is to say

in Europe and in the Mediterranean area, have a particular significance for the European Union. The credibility of our undertaking requires that in this field, where our interests are greatest, we should from now on be united, that is to say, that we should accept the constraints imposed by a common policy.

In the last two years, political cooperation has enabled the Nine to adopt common positions on questions such as the crises in the Middle East, Cyprus and Portugal and their political action has often been expressed through the Community. In effect, our States tend to prefer common action. Indeed, the increasing political weight of the Nine, when they are united, and their common interests in lessening potential sources of conflict in their immediate surroundings, tend to induce our countries to act together, and will do so increasingly.

I therefore propose that we decide to make what has been the constant practice in recent years into a general rule, that is to say, to lay down a common policy and to act together within this framework, with the constraints that this entails, wherever important political problems or crises arise in Europe or in the Mediterranean area.

In the strictly political field of external relations the European Union must, independently of the specific situations mentioned above, carry on the kind of cooperation begun in 1970 until the natural evolution of their undertaking leads Member States to accept the more compelling formula of a common policy.

We must assert the European Identity in all international political discussions, as the Nine have been doing with increasing success at the United Nations. We must define our relations with countries belonging to other continents some of which, such as China, Canada and Japan show increasing sympathy for the task of European unification.

In Europe, we must pay particular attention to those European countries which have a democratic system similar to ours. We should establish relations with them which make it possible to take account of their interests and their points of view when formulating the Union's political decisions,

and also to obtain their understanding and their support for our actions. The habit of such informal cooperation will, in due course, facilitate the accession of those States wishing to join.

We should give greater joint consideration than in the past to those problems of our external relations which bear upon the European Union in the medium term. *I propose that the Ministers for Foreign Affairs should submit suggestions to the European Council on how joint consideration of such problems can be undertaken.*

Conclusion

Our common action with regard to the outside world cannot, obviously, be considered in isolation. In some fields the practical opportunities for progress will depend on parallel progress being made in building the Union's internal structure: as in the case, for example, of monetary and financial questions. The implementation of common policies in our external relations presupposes increased efficiency in the institutional system. These questions are examined elsewhere in this report, and it is the progress of the whole which will enable Union to be achieved.

Subject to that reservation, the proposals set out in this chapter constitute a qualitative change in the nature and intensity of our relations, which is what the Union seeks to achieve.

In order to ensure such a common front and such common action in relation to the outside world, our States will gradually wish to submit the greater part of their external relations problems to a common policy, and they will accept the constraints imposed in consequence. In order to give the necessary new impulse to the dynamic process of Union, they should now take, in a number of selected sectors, certain binding political commitments. During the gradual development of the European Union, these will have to be enshrined in legal obligations which will confirm the qualitative changes which the Union seeks to achieve. In the very important field of our external relations the European Union will then have become a living reality.

III. European economic and social policies

Since 1969, the Conferences of Heads of Government have affirmed the will to consolidate the Community by establishing an Economic and Monetary Union.⁶ It was an important political choice, made by the highest authorities of our States.

However, in recent years the Community has not progressed in this important field, and unless it does so European Union will be meaningless. The adverse international economic and financial circumstances are not the only cause: these could equally well have induced a burst of activity.

As pointed out in the report of the working group chaired by Mr Marjolin,⁷ the failure is also the result of two other causes: a failure of political will, and inadequate understanding both of what an Economic and Monetary Union is meant to be and of the conditions necessary for the creation and operation of such a Union.

In the first chapter of this report I emphasized the need to re-establish first of all a political consensus on the scope and consequences of our commitments. With regard to economic and social questions, this consensus relates to:

- a common economic and monetary policy;
- sectoral policies;
- a social policy and a regional policy.

A. Economic and monetary policy

1. The present situation

In the course of my consultations in the various countries of the Community, those with whom I spoke everywhere recognized the need for European economic and monetary policy. Everyone agrees that this question is the crux of the internal development of the Union, and that isolated initiatives which may be taken in related fields,

such as regional or industrial policy, will be meaningful only if a solution to the central issue is found. On the other hand, up to now no-one has claimed to have found a solution which could be accepted by all our States.

I am not in a position to produce a ready-made solution to problems which have long been studied and discussed, and which must eventually be settled by the European institutions, the more so since these will have more authority to take decisions and further action.

It seems to me that the situation is as follows:

(1) Our States confirmed in 1974⁸ their resolve to attain the objectives they had set themselves at the Paris Conference in 1972,⁹ which include a common economic and monetary policy.

(2) Today, however, there is no genuine political consensus to establish this common economic and monetary policy, doubtless because of the absence of adequate mutual confidence to permit the transfer to common institutions of the powers which it is essential to grant them.

(3) There is also no genuine technical consensus on the manner in which a common economic and monetary policy should be achieved. After years of discussions no solution has emerged from the experts' debates.

(4) Added to this indecision there are the known objective economic and financial difficulties both at Community and world level.

(5) The progress which it is possible and necessary to make, on the basis of a new approach to the problem, which I will mention later, falls short of what is required to make, in this field, that qualitative change which distinguishes European Union.

In fact, there is no agreement on how to achieve a common economic and monetary policy, nor is there even any sustained discussion of the subject. And yet this is a basic requirement for achieving a European Union.

In the present state of affairs, no real progress can be expected. This situation cannot persist without causing the credibility of our governments to be questioned when they assert their support for a European Union.

I therefore propose that the European Council should now:

(a) *revive discussions within the institutions on the manner in which a common economic and monetary policy can be achieved and its role in the European Union. During this policy discussion no proposals should be set aside a priori.*

(b) *without waiting for the results of these discussions, instigate positive progress along the road selected in 1969.*

In order to revive the discussions and give some indication of how positive progress can be made, I will now examine:

- a new approach to the problems;
- its practical application by the development of the 'Snake';
- the road to follow to make further progress.

2. A new approach

It is impossible at the present time to submit a credible programme of action if it is deemed absolutely necessary that in every case all stages should be reached by all the States at the same time. The divergence of their economic and financial situations is such that, were we to insist on this progress would be impossible and Europe would continue to crumble away. It must be possible to allow that:

— within the Community framework of an overall concept of European Union as defined in this report and accepted by the Nine,

— and on the basis of an action programme drawn up in a field decided upon by the common institutions, whose principles are accepted by all,

(1) those States which are able to progress have a duty to forge ahead,

(2) those States which have reasons for not progressing which the Council, on a proposal from the Commission, acknowledges as valid do not do so,

— but will at the same time receive from the other States any aid and assistance that can be given them to enable them to catch the others up,

— and will take part, within the joint institutions, in assessing the results obtained in the field in question.

This does not mean Europe à la carte: each country will be bound by the agreement of all as to the final objective to be achieved in common; it is only the timescales for achievement which vary.

This system which accepts that there should temporarily be a greater degree of integration between certain members is not without analogy in the Community: Article 233 of the Treaty of Rome specifically provides for it in the case of the Benelux countries and the Belgium-Luxembourg Economic Union. The system could, as matters turn out, be of great assistance in enabling the process of development of the Union to regain its momentum, albeit imperfectly.

I therefore propose that the European Council should adopt the following guidelines:

— *bearing in mind the objective difficulties of certain States, progress as regards economic and monetary policy may be sought initially between certain States in accordance with the Community practices and the limitations mentioned above;*

— *the 'Community Snake', nucleus of monetary stability, should be the starting point for this action. The Snake must be consolidated and then be modified in order to extend its action to fields which it does not cover today.*

3. The 'Snake'

The machinery of the Snake, which has proved itself by maintaining the stability of exchange rates, must be used to seek a convergence of economic and monetary policies between those States which are in a position to achieve it. In order to do this the Snake must:

- be consolidated,
- extend its action to the key aspects of economic and monetary policy,
- be of a distinctly Community nature.

To this end, *I propose the following:*

(1) *Today the Snake operates and is controlled partly outside the Community. In future this must happen within the common institutions in accordance with procedures to be agreed upon. Without actually taking part in the management of the Snake those member countries not belonging to it will be brought into discussions so as to avoid increasing divergence and enable any opportunities for alignment to be sized. Community operation of the Snake is all the more essential in that it constitutes the departure point for a policy which will later be extended to all members of the Community thus having a beneficial effect on trade as a whole within the Community.*

(2) *At present the Snake only lays down obligations in the field of external monetary policy. Its operation is therefore precarious and unbalanced. Similar obligations must be accepted in the field of:*

- *internal monetary policy: control of money supply;*
- *budgetary policy: extent and financing of deficits;*
- *key aspects of economic policy as regards the short-term economic situation and the control of inflation.*

(3) *Within the framework of the institutions, the system must provide for procedures enabling joint decisions to be reached on alterations in pivotal exchange rates. Member States not belonging to the Snake must be brought into these discussions. Those countries belonging to the Snake would undertake to withdraw from it only in cases of 'manifest crisis' as established by a joint decision.*

(4) *Counterbalancing these obligations, machinery for short- and medium-term support between members of the Snake must be made automatic and considerably strengthened. This means increasing the activity and effectiveness of the European Monetary Cooperation Fund which must become the embryo for a European central bank, in particular by some pooling of reserves:*

(5) *Those countries in the Snake must gradually abolish the remaining obstacles to the free movement of capital between them, in particular those set up since 1970, which only demonstrate how the process of integration has deteriorated.*

(6) *Finally, measures must be worked out to assist those countries not in the Snake and help them to join.*

The measures cannot be defined in abstracto and will not be automatic. They will be determined case by case. These measures will also include those in the structural field, by means of regional, social, industrial and agricultural policies. In connection with the developments explained in previous paragraphs it is important to keep in mind the interests of the countries not taking part in the Snake in order to facilitate their future participation. Hence the need to discuss these developments within a Community framework.

Thus consolidated and extended, the nucleus of monetary stability existing today becomes the basis for a real convergence of economic and monetary policies.

Strengthening the Snake will also be of direct help in gradually restoring greater international monetary stability. The first step in restoring this stability is to form significant zones of stability within which stable exchange rates can be maintained.

This strengthening will enable us to seek a better coordination of economic and monetary policies between large blocs with the aim of reducing the fluctuations, which in the recent past have been excessive, between leading currencies or groups of currencies and more particularly between the Snake and the dollar. In this connection the European Monetary Cooperation Fund should gradually be made responsible for the intervention policy of the Snake *vis-à-vis* the dollar. Consolidation of the Snake will enable the Community to take part as such in international financial negotiations.

4. The search for a common policy

The new approach, set out above, and its practical application to the Snake will not by itself lead to the formation of a common economic and monetary policy. This approach is a starting point from which a certain amount of progress can be made, and which can serve as a prelude to the important stages which will remain to be reached. The latter must be discussed within the institutions.

In steering this discussion we must learn from

the past. For my own part I would draw the following conclusions from our past failures:

(a) Comprehensiveness and interdependence of solutions

Our approach to the problems raised must be comprehensive. If, as must be the case, progress is made in stages, each stage must involve a balanced set of measures in the field of economic policy as well as monetary policy.

The interdependence of solutions also means that the automatic implementation of measures for giving aid or mutual assistance which is of necessity part and parcel of any Economic and Monetary Union, is directly bound up with an acceptance of the constraints which this union involves.

(b) The irreversibility of the machinery

Even though equilibrium is sought at each stage, it is inevitable that certain States should feel they are taking greater risks than others, be it that they have less to gain in the immediate future or that they stand to lose more.

To carry conviction, progress must be irreversible. The general political benefits from definite progress towards a strong, integrated European Union will offset any short-term disadvantage, be it real or imaginary, which a particular State has to face. This means that the policy of 'small steps' cannot always apply; sometimes a 'large step' must be taken.

It seems to me that this is the basis on which we should resume discussion of problems involved in setting up an Economic and Monetary Union. The Werner Report¹⁰ and the Resolution adopted by the Council¹¹ set out the problems and the solutions which should be considered. They must continue to form the basis for our discussions, along with the ideas which have been put forward since then. I am thinking in particular of the various proposals to create a European currency, which would obviously have a considerable political and psychological import.

Whatever happens, achieving Economic and

Monetary Union in the difficult circumstances we are facing at present will be a lengthy business. For this reason I have proposed positive steps which can be taken in the immediate future on the basis of a new approach. These steps will lead to a degree of integration which is doubtless imperfect but which will make it easier to take the 'large steps' which at some point will have to be taken. However, these positive steps can only take on their full significance as part of a long-term vision setting out a programme which is ambitious and at the same time realistic. The European Council must lend its authority to this. *I suggest that the Commission should submit an annual report to the European Council on progress made in the search for a common economic and monetary policy and that it should propose which new steps could successfully be taken. This report could serve as preparation for an annual debate in Parliament on the state of the Union.*

B. Sectoral policies

Within the framework of organized convergence of economic and monetary policies, the European Union must undertake specific projects to guarantee the dynamism, profitability and future of our productive apparatus in those sectors where action taken by our States is today often inappropriate or inadequate.

In the *industrial* field this means collectively safeguarding our innate capacity for innovation and advanced technology, since this alone can safeguard our future prosperity in the world economy.

It also means pursuing Community objectives as regards opening up markets, adherence to the rules on competition, the abolition of fiscal barriers and drawing up a statute for the 'European Company'.

Finally, we must display solidarity in solving the problems of adapting our productive capacity, which the search for a new world economic order will inevitably raise.

In the *agricultural* field an assessment has just been made by the Council stressing the strengths and weaknesses of what is our most highly developed and most integrated form of common ac-

tion. Agricultural policy reflects one of the aspects of European Union in that it guarantees farmers income and living standards comparable with those of other groups in society. This objective is one of solidarity and justice. However, the implementation of this policy cannot be viewed purely in the light of agricultural problems.

I do not think it either possible or useful to include in this report an inventory of actions to be taken in such a vast area. That will be the job of the institutions of the Union. I would like however to set out one or two thoughts on the two sectors which are at the very heart of industrial development and hence our future: energy and research.

1. Energy

Current action by the Community both on establishing a Community energy policy and on discussing energy problems in a wider international framework is inadequate. In view of our dependence on outside sources of energy this issue radically affects the stability and security of our productive industry.

European Union implies that a common policy should be worked out in this fundamental sector, and the European Council at Rome opened the way to progress.⁴

In order to demonstrate our solidarity and lay the basis for a common policy, *I consider that the following decisions must be taken:*

- (a) *to set up machinery ensuring the solidarity of our States in times of supply difficulties;*
- (b) *to define at Community level consumption and production targets;*
- (c) *to develop, in the light of these objectives, a programme of alternative resources in the context not of each individual State but of the needs of the Community as a whole;*
- (d) *to develop additional production capacity by promoting investment and providing the means to safeguard and protect such investment;*
- (e) *to mobilize at Community level the finance needed to achieve (c) and (d) above;*

(f) *to establish a Community instrument to organize the energy market.*

On the external front, the Community will then be able to pursue a coherent policy, the basis of which will be the achievement of the aims of Community energy policy, both at the Conference on International Economic Cooperation and in discussions with the other industrialized countries and any future negotiation of supply agreements.

2. Research

The Community's effort as regards scientific and technological research has come up against a certain amount of reticence on the part of national research institutes and industrial users. This reticence is caused by special interests and a lack of confidence. These must be overcome at all costs since the existence of a common research policy is directly linked to the maintenance of our competitiveness, that is to say our internal prosperity and our position in the world.

Research policy must not be spread over a range of heterogeneous and marginal activities. It must be strictly concentrated on priority sectors determined in the light of three criteria:

(a) research directly connected with a common policy of the Union, such being the case, for example, with environmental research which is a necessary support and adjunct to a common environment policy.

(b) research directly connected with a common activity in a specific sector, such as research into alternative sources of energy.

(c) research too costly to be carried out by an individual State, like, for example, research into controlled thermo-nuclear fusion.

In these specific fields the common policy must:

- be backed by resources adequate in both quantity and duration for results to be achieved which can be used at the industrial level;

- initiate an exchange of information on the activities and results of national programmes, thus avoiding duplication and making generally available the results obtained;

— enable small States in particular to take part in work which would not be justified at national level.

C. Social and regional policies

One of the fundamentals of the European Union, set out in the first chapter of this report, is the common search within a wider framework for progress towards a modern society and a form of economic growth which respects human values and social needs. Social and regional policies meet this objective and give substance to the solidarity of Europeans by reducing the inequalities which separate them. *In this field I propose that the European Council should adopt the following general guidelines.*

1. Social policy

The *sine qua non* of the social well-being of Europeans is economic prosperity guaranteeing full employment in conditions of better controlled growth. In this context an economic policy which leads to greater control over production levels will have an immediate social impact. The same applies to environment and consumer protection policies. Sharing out the benefits of this prosperity by means of taxation, social security and public investment projects will remain essentially the responsibility of the States, who can take account of the traditions and facts which vary from one country to another. The social policy of the Union must manifest itself in specific projects which manifest at European level the social aims of our undertaking and which guide and supplement action on the part of individual States. Such projects involve the security of the workforce, their involvement in economic decision making (concertation) and their participation in company decisions and company profits.

(a) Security

Supplementing measures already in force within the Community, the Union must lay down standards ap-

licable in all our States as regards wages, pensions, social security and working conditions, laying particular emphasis on the problems of women at work.

The Union must afford particular protection to certain categories of workers: migrants, the handicapped.

It will thus provide a consensus in matters of social justice, without which our States cannot possibly pursue their common undertaking.

(b) Concertation

The gradual transfer to the European level of some powers of decision in economic policy matters reflects a step which large firms took long ago. This parallel development means that the practice of concertation between employers, workers and public authorities which exists to some extent in all our States, must also be introduced at European level.

Framework agreements or collective European settlements must be reached by means of concertation in individual sectors.

This means considerably increasing the activity of the Standing Committee on Employment. This body will have to be consulted during preparation of the Union's social policy, and it must be associated with its implementation. It must have a right of initiative vis-à-vis the European institutions so that, along with the Parliament and the Economic and Social Committee, it can act as a spur to the development of the social side of the Union.

(c) Worker participation

The problem of the place of workers in an enterprise arises perhaps in differing degrees but along similar lines, in all our countries. In view of the increasing integration of economic units this problem should be solved at the European level by increasing worker participation in the management, control or profits of businesses. This policy fits in with the search for a more humane and just society which lies at the heart of the European effort.

Subsequent developments in the social policy of the Union must keep pace with progress in implementing a common economic and monetary policy. In particular, the operations of the Social

Fund must be increased gradually in order, along with regional aid, to act as a corrective to any imbalances arising in the Community. When there has been some progress towards the alignment of the economic policies of the Member countries the internal solidarity of the Union will have to find more conspicuous expression, in particular in the fight against unemployment.

2. Regional policy

For an integrated economic and monetary unit to operate harmoniously there must be a substantial regional policy to offset the tendency of the market to concentrate capital and activity in the more competitive areas of the Union. Such a policy will satisfy the clear desire in all our countries to revive the regions.

This policy must necessarily involve a net transfer of resources from the most prosperous areas of the Community to the less favoured areas. In part these transfers will be made, as now, through national regional development policies. However, a large proportion of the transfers will have to be made through the Community budget, either directly by means of regional aids, or indirectly by the effect on economic structures of the agricultural and industrial policies. Regional policy will therefore have to expand gradually in step with progress made in aligning the economic and monetary policies of the member countries.

Moreover, the regional policy must be concentrated on the most economically backward areas of the Community. Funds must be allocated on the basis of objective criteria applicable to the whole of the Community without national quotas.

Conclusion

The common policies referred to in this chapter are the very essence of European Union. They give substance to the solidarity which binds our economies and our currencies. They give expression to the desire to enable all regions and all social classes to share the common prosperity and share power. They aim to restore to us collectiv-

ely that control over the development of the economy, industry and energy which is tending to slip from our grasp and which is essential if we are to maintain economic activity and employment. All in all they offer us the instruments which make it possible to strive for new growth in a more just, more humane society.

Economic and monetary policy which forms its essential basis is also its most tricky aspect. A new approach can none the less give results, so long as progress made is seen as part of a long-term conception, arrived at after thorough discussion and based on true political consensus.

This political consensus must also find expression in the approach to economic and monetary problems at national level. European Union will be on the right track when the European dimension is constantly in the minds of the decision makers in the Member States, when European action is no longer thought of as an extension of minor and marginal importance of a national policy based on national interests, when European decisions and action are accepted as the normal means of controlling our society and safeguarding the future. Today we must push aside intellectual barriers.

IV. A citizen's Europe

The construction of Europe is not just a form of collaboration between States. It is a *rapprochement* of peoples who wish to go forward together, adapting their activity to the changing conditions in the world while preserving those values which are their common heritage. In democratic countries the will of governments alone is not sufficient for such an undertaking. The need for it, its advantages and its gradual achievement must be perceived by everyone so that effort and sacrifices are freely accepted. Europe must be close to its citizens.

The main contribution of the European Union in this field has been described in the previous chapter. Measures taken in connection with the social policy of the Union, as regards security, concertation and participation will be directly felt in the daily lives of Europeans. They will emphasize the human dimension of the undertaking.

It remains now for me to set out additional courses of action. I propose that we should adopt two:

— *the protection of the rights of Europeans*, where this can no longer be guaranteed solely by individual States;

— concrete manifestation of European solidarity by means of *external signs* discernible in everyday life.

Without going into detail, I will simply indicate certain areas where progress obviously can and must be made.

A. Protection of rights

1. Fundamental rights

The gradual increase in the powers of the European institutions which will make itself felt while the Union is being built up, will make it imperative to ensure that rights and fundamental freedoms, including economic and social rights, are both recognized and protected. In this the Union will find confirmation of its political objectives.

I propose that the European Council should instruct the institutions to propose how best to set about this recognition and protection. The latter must at all events mean that individuals will have the right of direct appeal to the Court of Justice against an act of an institution in violation of these fundamental rights.

2. Consumer rights

The Community's efforts to introduce common standards for quality control and marketing must be continued. In particular they must be better motivated and more effectively put over. European consumers must be made to understand that they are being afforded real protection against the constant possibility of fraud and other real dangers. The individual State is no longer always in a position to provide this guarantee in a single market where goods are moving freely.

The Commission should examine how best to put over to public opinion the role of Community rules in consumer protection and should undertake an extensive consumer information programme in conjunction with the relevant organizations and associations at national level.

3. Protection of the environment

It is obvious from the geography of Europe that one person's environment is also another's and that its protection cannot remain an exclusively national matter.

In a single market, the constraints which need to be placed on industrial production can only be imposed at European level. The fields where the European Union can and will have to intervene are legion.

Because of its topicality I will quote an example of what we should do and *make a specific proposal:*

The European Union should possess a common body responsible for regulating and controlling nuclear power stations, with similar responsibilities and powers to those of the Nuclear Regulatory Commission in the United States. Control should be exerted over the sit-

ing, construction and operation of the power stations, the fuel cycles and the disposal of radioactive and thermic waste.

The psychological reactions throughout the whole of Europe against the setting up of nuclear power stations can only be calmed by the existence of a supervisory body offering guarantees of strictness, openness and in particular independence. These guarantees cannot be found at national level since more often than not our States are themselves involved, directly or indirectly, in decisions as to siting and construction. The argument in favour of a European supervisory body is therefore very cogent: it is a question of rendering the necessary development of nuclear energy in Europe acceptable to public opinion. This argument is given additional weight by the fact that numerous power stations are planned for frontier zones where the problems arising go beyond national borders.

B. External signs of our solidarity

1. As regards *movement of persons*, measures leading to uniformity of passports and later to a passport union are currently under discussion.

I propose that in addition the European Union should set as its aim:

— *the gradual disappearance of frontier controls on persons moving between member countries, as a corollary of passport union;*

— *improved transport and communication, if necessary by harmonizing rules, and by abolishing tariffs which discriminate between national transport and telecommunications and those taking place within the Union;*

— *the simplification of procedures for refunding medical expenses incurred by Union citizens in another country of the Union. Existing provisions are inadequately understood due to their administrative complexity and a lack of information. This 'Health Europe' must be given life.*

The day that Europeans can move about within the Union, can communicate among themselves

and when necessary receive medical care without national frontiers adding to the problems of distance, European Union will become for them a discernible reality.

2. Similarly we must encourage greater integration in educational matters by promoting student exchanges. The aim is to give Europeans of tomorrow a personal and concrete impression of the European reality and a detailed knowledge of our languages and cultures since these constitute the common heritage which the European Union aims specifically to protect.

I propose that a pragmatic solution should be found to the delicate matter of the equivalence of diplomas and studies, this being the main obstacle in the way of integration of educational systems.

Our governments should:

— foster bilateral or multilateral agreements between universities and educational institutions under which the latter would undertake to organize student exchanges.

— give these agreements a legal status enabling reciprocal recognition to be given to studies in various sectors.

In this way we would be reviving the zeal for movement and mutual enrichment which intellectual Europe has known in the past. In addition there should be initiatives based on the achievements of the 'Office franco-allemand de la jeunesse'.

3. *I propose that a serious effort should be made to promote collaboration between information media, in particular radio and television, to encourage the spread of information and better knowledge of each other.*

Such collaboration will be of particular significance in the context of direct elections to the European Parliament which will provoke throughout Europe an electoral campaign on European themes.

Conclusion

The proposals for bringing Europe nearer to the citizen are directly in line with the deep-seated

motivations behind the construction of Europe. They give it its social and human dimension. They attempt to restore to us at Union level that element of protection and control of our society which is progressively slipping from the grasp of State authority due to the nature of the problems and the internationalization of social life. They are essential to the success of our undertaking: the fact that our countries have a common destiny is not enough. This fact must also be seen to exist.

A strenuous effort must be made by the European institutions and by governments to improve the way in which our common activity is presented to public opinion and to link the daily decisions of the institutions to the motivations behind the construction of Europe and to the idea of society which is inherent in it.

Some of the additional schemes proposed in this chapter are the responsibility of public authorities: this applies for example to the movement of persons or the protection of human rights. However, other activities fall within spheres where private enterprise normally plays an important role, as in the case of human contacts, youth exchanges and certain aspects of information and culture.

With this in mind, *I propose that the European Council should decide to create a European Foundation, to be financed partly by subsidies from the Community or the States but whose activities will to a large extent be financed from private funds. Its object will be to promote, either directly or by assisting existing bodies, anything which could help towards greater understanding among our peoples by placing the emphasis on human contact: youth activities, university exchanges, scientific debates and symposia, meetings between the socio-professional categories, cultural and information activities. This Foundation will also have a role to play in presenting abroad the image of a United Europe.*

By virtue of its character, this Foundation will often be able to intervene more flexibly and more effectively than national or European authorities. It will also offer the innumerable supporters of European unification in our countries an opportunity to make a personal contribution by aiding the Foundation. In this manner it will be more clearly apparent that the creation of the Union can and must be a matter for us all.

V. Strengthening the institutions

The preceding chapters have described the content of European Union, a stage which will both prolong and extend to new areas the efforts which have been made over the last 25 years. We must now examine how it should work:

From the consultations which I have had in each of our countries, I have drawn the following conclusions:

— European Union can and must be built upon the institutional bases already accepted by the Member States within the framework of the existing Treaties:

— Provided we improve the performance of the institutions, whose authority has deteriorated, as is too often shown by the absence or tardiness of decisions. In certain cases this may well necessitate Treaty amendment.

Strengthening the institutional machinery is all the more necessary since the tasks which our institutions will have to undertake are difficult. The European Community has integrated markets. The European Union must integrate policy. The qualitative change which this evolution demands hinges on the decision-making process, that is to say upon the institutions.

A return to intergovernmental cooperation would not help to solve European problems. Such cooperation tends to underline the differences of power and interests between our countries and does not meet our collective needs. It is therefore the common institutional machinery which must be reinforced.

To achieve European Union we must henceforth be able to find in the different European institutions the authority needed to define a policy, the efficiency needed for common action and the legitimacy needed for democratic control. It also implies that the institutions should have that coherence of vision and of action which alone will allow them to define and then pursue a policy. It is with these four criteria of authority, efficiency, legitimacy and coherence in mind that we must

determine what changes should be brought about in the functioning of European institutions.

A. The Parliament

Direct elections to the Parliament will give this Assembly a new political authority. At the same time it will reinforce the democratic legitimacy of the whole European institutional apparatus.

1. The powers of the Parliament

A consequence of the Parliament's new authority will be an increase in its powers, which will take place gradually in the course of the progressive development of the European Union, notably through a growing exercise of the legislative function. It goes without saying that the Parliament should assume an important responsibility in the construction of the Union.

I propose that:

— *the Council should immediately allow the Parliament to take initiatives by undertaking to consider the resolutions which Parliament addresses to it. This will permit the Assembly to make an effective contribution towards defining common policies.*

— *in the course of the progressive development of the European Union this practice should be given legal value through a Treaty amendment which would accord to the Parliament a real right of initiative.*

— *Parliament should be able, from now on, to consider all questions within the competence of the Union, whether or not they are covered by the Treaties.**

2. General policy debates

The elected Parliament should influence the general direction of the Union's activities and focus

* The extension of the competences of the European Union and consequently those of the European Parliament to matters hitherto discussed in the Assembly of the Western European Union, leads one to question the need to maintain the activity of the parliamentary institution of the WEU.

public attention by holding large scale political debates. To enhance the authority of these debates it is highly desirable that the leaders in each of our countries should be able to take part in them, even if the function that they fulfil at the national level does not in fact allow them to stand for election to the European Parliament.

To this end, I submit for the Parliament's consideration the following two proposals:

(a) *The Parliament should organize at least once a year (that is to say, according to the proposals set out below, once under each Presidency) a debate on the state of the Union and the functioning of the institutions.*

(b) *Invitations to take part in this debate and other debates of comparable importance should be extended, both to the President of the European Council, and to a limited number of leading politicians who are not members of the European Parliament, chosen according to criteria to be decided. These invited politicians would be able to address the Parliament.*

B. The European Council

The institutional structures set up by the Treaties have shown themselves in practice to be too weak to give the continuing political momentum needed for the construction of Europe. This is what led the Heads of Government to meet, initially occasionally, and then regularly under the name of 'European Council'.

So that the European Council should really bring something new to the functioning of the institutions by strengthening the Union's decision-making capacity, I submit to it the following propositions defining its role and its method of working:

1. *The European Council is to give coherent general policy guidelines, based on a comprehensive vision of problems. This is an indispensable precondition for an attempt to produce a common policy.*

2. *Within this framework the Heads of Government will collectively use the authority which they have at the national level to give from within the European Council the impetus which is needed for the construction of Europe, and to search together for that political*

agreement which will allow dynamic progress to be maintained, in spite of difficulties.

3. *To ensure that it functions as an efficient institution while maintaining a large measure of flexibility, the European Council:*

— *will, when it takes decisions on Community matters, act in accordance with the forms and procedures prescribed by Treaties. The presence of the Commission at European Council meetings is to be the guarantee of this;*

— *in other cases will formulate its decisions or general policy statements in such a way that they can serve as guidelines for those to whom their execution is entrusted;*

— *the European Council will always indicate the institution or the organization entrusted with executing its decisions;*

— *will at the same time indicate, if necessary, the time-scale for the execution of the decision;*

— *and the preparation of its meetings is to be the responsibility of the Council of Ministers (Foreign Affairs).*

C. The Council

The Treaties lay down the powers and the procedures of the Council in the Community field. When it acts in fields of Union activity not covered by the Treaties, the competence of the Council will derive for the present from the political commitment of the Member States and will later be confirmed by a juridical instrument.

To reinforce the authority and efficiency of the Council its activity must become more coherent, speedier and more continuous.

To this end I formulate the following proposals.

1. Coherence

(a) *The Council of Ministers (Foreign Affairs) should be entrusted by a decision of the European Council with coordinating in the most appropriate manner the activities of the specialist Councils.*

(b) *The distinction between ministerial meetings devoted to political cooperation and meetings of the Council should be abolished. The abolition of this distinction would not however affect the current procedures for preparing the diplomatic discussions of the Ministers.*

2. Speed

Speeding up the decision-making process requires greater use of majority mechanisms.

(a) *Recourse to majority voting in the Council should become normal practice in the Community field.*

(b) *In those sectors of external relations where the Member States have undertaken to pursue a common policy, they must be able speedily to reach decisions and to act when faced with a crisis. This implies that by analogy with the institutional mechanism of the Treaties, minority opinion should, in these sectors, rally to the view of the majority at the end of the discussion.*

3. Continuity

(a) *A Treaty amendment should extend to a whole year the term of the Presidency of the European Council and the Council in order to:*

- strengthen the authority of the Presidency,*
- permit a more coherent dialogue between the Parliament and the Council,*
- lend more continuity to its activity.*

(b) *The European Council and the Council should entrust special or temporary tasks, like a negotiation or study, to the Commission, to a single country or to one or more persons independently of changes in the Presidency. This should in no way diminish the powers which the Commission derives from the Treaties.*

D. The Commission

1. Role of the Commission

Under the terms of the Treaties the Commission can considerably influence the determination of common policies by the proposals which it submits to the Council. It must do this unreservedly by regularly making the Council face its responsibilities.

It must not, however, restrict itself to making proposals. It must reassert its freedom of action within the framework of agreed Community policies, in order to add its own brand of dynamism to the building of the European Union. This freedom of action was best expressed by the powers conferred on the High Authority of the Coal and Steel Community. We must follow this example.

I propose that:

— For the execution and administration of common policies within the Community greater use should be made of Article 155 of the Treaty which makes provision for such powers to be conferred on the Commission.

— The European Council should ask both the Commission and the Council to prepare a report for it on instances where this provision could be applied today or in the near future.

2. The cohesion of the Commission

In order to give the European Commission increased authority and cohesion I propose that the Treaties be amended as follows:

- (a) *The President of the Commission will be appointed by the European Council.*
- (b) *The President when appointed will have to appear before the Parliament to make a statement and have his appointment confirmed by vote.*
- (c) *The President of the Commission will then appoint his colleagues in consultation with the Council and bearing in mind the number of Commissioners allocated to each country.*

While we are waiting for this amendment to be made to the Treaty I suggest that the President of the Com-

mission which is to come into office on 1 January 1977 should be appointed by the European Council at its second meeting in 1976, that he appear before the Parliament and then help the Member States to prepare for the Council meeting which will appoint the other members of the Commission.

E. The Court of Justice

The Court of Justice stressed in its report on European Union that the Community constitutes a 'state of law' and that this characteristic must be maintained within the Union. *This is an essential factor conferring legitimacy upon our undertaking which leads me to formulate the following:*

- (a) *In the new sectors covered by the Union, the Court must have powers identical to those which it has at present, so as to be able to interpret the law of the Union, to annul the acts of the institutions not in accordance with the Treaties and to point out when the Member States fail to comply with their obligations;*
- (b) *Individuals must also be able to appeal directly to the Court of Justice against an act of one of the institutions of the Union infringing their basic rights;*
- (c) *Once European Union has gained its own momentum we should examine whether the Community's current legal system can be improved or extended: the Court has made proposals about this.*

F. Other Community bodies

1. In Chapter III of this report I indicated how the activities of the *Standing Committee on Employment* should develop. This development is in line with the need to introduce into the institutions of the Union elements of concertation and worker participation in decision making with which we are familiar in all our States.

2. The *Economic and Social Committee*, which is made up differently, must carry on its work. This is of considerable service to the Community, since it draws representatives from various socio-professional categories into common policy making. It must be regularly consulted on the development of economic and social policy, on con-

sumer protection and on the abolition of technical barriers to trade.

3. The important role played by the *Committee of Permanent Representatives* (Coreper) in the decision-making machinery of the Community must be officially recognized in the European Union. *I suggest that when at Coreper level there is a consensus between the member countries and the Commission on a decision to be taken it should be taken at this level on the authority of the Council.* Today these decisions are passed up to the next Council meeting which approves them without discussion (in the form of 'A points'); this procedure is legal red tape which we can do without.

The Permanent Representatives must be effectively involved in proposals on European policy in their own countries, so as to become the indispensable bond between the formation of national points of view and the process of joint decision making.

4. The *Political Committee* has proved how effective it is in preparing the diplomatic discussions of Ministers. The creation of a single decision-making centre in the form of the Council must not change either its powers or its composition.

I find however that the pragmatic development of the organs of political cooperation has chiefly been designed to work out common positions on topical problems. We are equipped to react rather than to act. In order to adapt to a situation where there will be much scope for joint action on external policy the Ministers of Foreign Affairs will have to see that the existing machinery is improved.

5. The construction of Europe must take into account the general trend towards *administrative decentralization* which exists in all our countries. The institutions of the Union will have to make sure that specialized executive bodies are set up as required to take on specific tasks. These bodies will require flexible rules enabling them to operate individually and responsibly under the aegis of the institutions.

G. The delegation of executive power

The effectiveness of an institutional system does not just depend on the powers which are conferred on the institutions but also on the way in which they are exercised.

In this field there is one principle which I feel is essential if we are to have European Union: that of the *delegation of executive power*. Delegation must become the general rule if we wish to develop that degree of efficiency which is vital to the institutional system. It is both necessary as a tool of common action and as a visible external sign of our solidarity.

As to the principle of delegation I propose that we should act as follows:

- (a) *All policy worked out in common should normally be implemented by a body or a person empowered to do so;*
- (b) *Consequently every decision should specify the appropriate executive body;*
- (c) *This executive body should have at its disposal, within the framework of a common policy, the necessary freedom of action to carry out its mandate properly.*

The practice of delegation should apply particularly to the Council. Because of the increase in common tasks the Council, if it is to be efficient, must concentrate on its decision-making role and adopt the following measures:

- (a) *in the Community sector:*
 - *use Article 155 of the Treaty as described in D. above;*
 - *delegate some of its power to Coreper as described in F. above;*
- (b) *in the non-Community sector:*
 - *grant real delegation of power, going beyond the role of a mere spokesman, for the daily application of policies worked out together;*
 - *enhance the role of the Presidency for this purpose;*
 - *use, when circumstances so dictate, the States and their diplomatic machinery as authorized agents of the Union;*

— *make considerable use of the Community institutional machinery which Europe already possesses.*

The distinction between what does and what does not fall within the scope of the Community cannot be maintained in an absolute fashion at the executive stage nor at the decision-making stage.

The existence of a single decision-making centre supplemented by the principle of the delegation of executive power will enable us politically to make the best use of the available executive bodies, while still adhering to the Treaties, and will give our action the flexibility necessary to deal with complex situations.

Conclusion

The qualitative change connected with European Union and emphasized in each of the chapters of this report is also found in the institutional field. It does not imply an upheaval of the existing institutional framework. But it does mean increasing its authority, its efficiency, its legitimacy and its coherence.

Much that is already under consideration within the Community points in this direction, in particular direct elections to the Parliament and the completion of the system of own resources which will be in force before 1980. As provision has already been made for these I did not think there was any point in dealing with them here, but I want to emphasize their significance and the need for them.

The enhancement of the role of the European Council and the Parliament, the extension of the use of majority decision-making and the coordination of the Council's activities, the increased influence and cohesion of the Commission, the delegation of executive power, are essential measures which must be taken immediately if European Union is to progress.

In the last resort the institutional framework will reflect the spirit behind it. It is the political consensus of our States described in the first chapter of this report which must give new life to the common institutions. The belief that the Union

is vital and necessary will enable us to overcome conflicts of interest and differences of opinion. The resolve to achieve Union will bring us to give the necessary powers to the common institutions. Without this political kiss of life the institutions of the Union will always lack substance and force.

VI. General conclusion

This report attempts to give an overall picture of the European Union and of the means of achieving it. The conclusions reached therein have been given in the preceding chapters.

The task of our Governments and of the European institutions consists:

— *in the first place, in arriving at a political consensus on the aims and main features of the Union in terms which give expression to the deep aspirations of our peoples;*

— *then, in determining the consequences of this choice in the various areas of the Union's internal and external activities;*

— *in setting in motion, by positive action in each of those fields, the dynamic process of attaining the Union under conditions which give new credibility to the European undertaking;*

— *in strengthening the institutional machinery to enable it to cope with the tasks awaiting it.*

The progress achieved as a result will gradually transform the nature and intensity of relations between our States. It is foreseeable that other European democratic States will want to join the undertaking. This will be open to them, on condition that they accept the overall view of the European Union as well as the constraints imposed by its gradual creation. New accessions must not slow down the development of the Union nor jeopardize it.

The attainment of the European Union will certainly not be easy. It is, however, essential and deserves the support of everyone.

For thirty years the relative weight and influence of our States in the world has been continually reduced. In step with this, the national governments' hold over the means that make it possible to influence the future of our societies has constantly diminished. Both internally and externally, the room for manoeuvre of the individual States has decreased. They attempt to maintain their balance in the face of pressures and factors, internal as well as external, which are outside their control. The danger of the effects of this two-fold spiral of impotence is great; it leads

from weakness to dependence, which itself is a source of further losses.

The construction of Europe is the only all-inclusive answer to this challenge; it derives spontaneously from the will of our peoples as embodied in the work of the Founding Fathers of Europe. It is the only answer which seeks everywhere to regain some of the control and power which is slipping from us, and to enable us to build the society in which we want to live.

The establishment of the Community was the first stage of this historic undertaking. The European Union which will extend our joint action to new sectors and reveal more clearly the concept of society that it implies is the stage that follows. This is how it must be understood and achieved.

At a time when unemployment and inflation are rampant in all our countries, where everyone questions the causes of the weakness of our economic and political structures, and when the prosperity of Europe depends on factors outside our control, the European effort must leave no one indifferent. Each of us must participate in the common effort in order that we may together regain an adequate grip on the economy and on inflation to ensure orderly growth, that we may together shape a more just society in which our common values are observed, and make our voice heard in the world with the power of union behind it. On that, in the end, will depend tomorrow our way of life and that of our children.

Notes*

- ¹ Point 16 of the Final Communiqué. Bull. EC 10-1972, Part I, Chapter I.
- ² Point 13 of the Communiqué. Bull. EC 12-1974, point 1104.
- ³ Second Report on European Political Cooperation on Foreign Policy. Bull. EC 9-1973, point 1201.
- ⁴ Bull. EC 11-1975, point 1104.
- ⁵ Bull. EC 12-1973, point 2501.
- ⁶ Point 8 of the Final Communiqué of the Hague Conference. Bull. EC 1-1970, Part I, Chapter I.
- ⁷ Report of the Study Group 'Economic and Monetary Union 1980', Brussels 1975.
- ⁸ Point 14 of the Communiqué. Bull. EC 12-1974, point 1104.
- ⁹ Points 1 to 4 of the Communiqué. Bull. EC 10-1972, Part I, Chapter I.
- ¹⁰ Supplement to Bull. EC 11-1970.
- ¹¹ Resolution of the Council and of the Representatives of the Governments of the Member States of 22 March 1971 on the attainment by steps of Economic and Monetary Union in the Community. OJ Special Edition, 2nd series, IX (January 1974).

* These notes are presented solely on the responsibility of the Secretariat-General of the Commission of the European Communities.