

## Speech by Jacques Santer to the European Parliament (17 January 1995)

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## Speech by Jacques Santer to the European Parliament (17 January 1995)

Mr President, Members of the European Parliament, Ladies and Gentlemen,

This is a historic day for the Community. For the first time you, the representatives of the peoples of the States of the Union, are voting to formally approve a new Commission, and for the first time new Members from Austria, Finland and Sweden are sitting here. May I take this opportunity to extend a particularly warm welcome to you. We look forward to sharing the great challenge of European unification with you in future.

Parliament's vote heralds a new era in relations between our two institutions. I welcome this development because it marks a further step on the road to greater democracy in the Union, and because your vote of approval will give greater legitimacy to the Commission over which I shall be presiding.

Europe needs a strong Commission with a strong Parliament to defend the common interest. This is what we are required to do and what we are determined to do. This Commission will be political in the finest sense of the term: it will serve the common good.

On your side, likewise, I sense a similar determination to serve the citizens and peoples of Europe. You will find us to be constructive partners as well as willing and honest brokers.

We shall be helped in our task by the tremendous achievements of Jacques Delors and his colleagues. In his ten years at the head of the Commission, Jacques Delors has shown what vision combined with competence and a sense of duty can achieve.

On this important day for Europe let me express my most sincere thanks to Jacques Delors; you deserve well this Union to which you have given so much.

I am proud to succeed you at the head of an institution that is crucial to the future of Europe.

Mr President, Members of the European Parliament, Ladies and Gentlemen,

Europe has witnessed great events over the past five years: Germany has been reunited, Communism has fallen. But, as Vaclav Havel has said, everything is possible but nothing is certain any more. We are experiencing once again the resurgence of rabid nationalism, erupting in some cases into bloody conflict, as in what was the former Yugoslavia. This tragedy teaches us one fundamental lesson: it is more important than ever that the Union remain an axis of peace and prosperity for the continent of Europe.

First of all, we must preserve and develop what we have built over the past fifty years. It is something of a miracle that war between our peoples should have become unthinkable. To squander this legacy would be a crime against ourselves. Secondly, the Union cannot be a haven of peace in a troubled sea. Hence the importance of future enlargements. Hence, too, the importance of developing a genuine foreign and security policy.

The Union itself is emerging from a difficult period. I realize that many of our fellow citizens have their doubts about a Europe of which they do not always feel a part.

The future of the Community can no longer remain the prerogative of a select band of insiders. Europeans are insisting on making their voices heard, on participating in what has become a central feature of their lives. And rightly so. Unless we satisfy these demands our venture will fail.

People want clear answers to their questions. What is the Union doing to strengthen our economy and provide jobs for the unemployed? What is the Union doing to promote greater solidarity and to improve the quality of life? What is the Union doing to make Europe's voice heard in the rest of the world? What is the Union doing to bring its institutions closer to the people and make them more democratic, more efficient, better managed? The answer to these questions will sum up the programme which I am to present to you

today. We will implement this programme together. But first, my colleagues and I would like to consider with you and the Council how we might review the 1990 Code of Conduct so as to work together more efficiently. The Maastricht Treaty is in force now, after all, and that implies a number of changes.

A strong economy to create new jobs, that is my first priority. The merit of the White Paper which was approved by the Heads of State and Government is that it suggests an overall approach to competitiveness and growth. That is important, because what Europe lacks is not assets but a strategy to obtain the maximum benefit from them.

In five years' time our competitive position must be considerably improved. But there is no point in a strong economy unless everybody benefits. The Union must be a Union of solidarity. That is a moral imperative and much more: for me, solidarity in itself is a factor for growth and economic dynamism. That is the message which I would like to give you today.

A strong economy: the single market is central to growth and prosperity. Enormous progress has been made in recent years.

But it is still not sufficient. I am going to set myself four essential objectives: to complete the legal framework, to simplify the rules, to enforce them and to ensure healthy competition.

(1) First, complete the legal framework in key areas such as energy and telecommunications. But liberalization goes hand in hand with the principle and the application of the concept of the universal service, so that all citizens of the Union can benefit from it.

(2) Second, simplify, at all levels, national and regional included. The internal market is there to make life easier for operators and consumers. Eliminating customs formalities, replacing fifteen rules by a single rule, doing away with millions of forms, that is something important. But all too often our compromises impose unnecessary complications on firms and, in particular, small businesses. And it is precisely small businesses which create most jobs and have always done so. There are 17 million small businesses in the Union. Just imagine, if each one of them could create one extra job...

(3) Third, rules must be applied properly on the ground and in a comparable way throughout the Union. There are regrettable delays in the transposal of directives into national law. The examples I can give are insurance, public procurement and the environment. The Commission will assume its responsibilities and if necessary ask the Court of Justice, under Article 171 of the Treaty, to impose financial penalties on Member States which do not comply with a judgment. Moreover, implementation of the Union's rules must be accompanied by a comparable system of penalties in the Member States. That is and will remain something for them to decide. But I wonder if the idea of inserting penalty clauses in directives is not worth promoting.

(4) Fourth objective, competition. Even a game on a level playing field still needs a referee. This is the role of the Commission, which will be strict in enforcing the rules on abuses of dominant positions, restrictive practices and state aids.

A word on mergers: here too we must be very strict. But, given the global nature of certain markets, this does not mean that we should reduce our firms to be dwarfs in comparison with rival giants from other countries.

Mr President, Members of the European Parliament, Ladies and Gentlemen,

If the newly completed single market is to be fully effective, there will have to be modern and efficient transport, energy and environment infrastructures. With regard to transport, the Essen European Council took a decision on the start up of 14 major projects before the end of 1996. Ten other major energy projects will complete the initiative. The projects must now be put into effect, which means first of all mobilizing the necessary funds, from both public and private sources. The administrative and legal obstacles will also have to be overcome.

The Commission will work enthusiastically on them and will waste no time in preparing the guidelines for the environment network infrastructures.

A dynamic research and development policy is one of the keys to success. The Union will spend over ECU 12 billion under the 4th framework programme. I can see interesting prospects in such innovatory areas as the "green" car, the reduction in health expenditure, energy efficiency and the fight against fraud.

In the years to come I would like to see increased emphasis laid on a concentration of our research resources with research and industry brought even closer together and small and medium sized businesses given easier access to programmes. I hope that we shall at last apply the principles of mutual consistency and coherence of national policies with Community policy as required by the Treaty on European Union.

The economy can have no dynamism without a highly efficient education and training system. The fight for employment begins with the improvement of vocational training for young people and the development of continuing training. I wish to stress the important role which firms themselves must play here.

The Union Treaty has given us new instruments for education and training which will enable the Socrates and Leonardo programmes to start up in 1995. These programmes must be made to operate effectively and openly.

Education and training will derive direct benefit from the information society, a real technological revolution.

The potential of this revolution is gigantic: it means markets representing billions of ecus, huge gains in competitiveness, new status-enhancing jobs, enormous progress in medicine and education. Europe must not miss out. Indeed, because it is so important, the Commission will be organizing a G7 ministerial conference on the subject in February.

The current process is irreversible and universal. Rather than submit to it we must direct it. Let us quickly implement the action plan proposed by the Commission. But I would like to go further. I want the Union to be at the fore with European technologies, products and services.

Technological progress must contribute to cultural and linguistic diversity in Europe. We will therefore also have to develop a strategy concerning content. I want to see European traffic on the global information highways.

But that does not mean that access to networks and services should be limited to the most fortunate sections of society. If we are not careful, knowledge will divide us. Whereas we want the opposite, we want it to unite us. I know that Parliament will be at our side in this endeavour.

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If we want a strong economy, we must also have a strong single currency with no internal exchange risks. This would enable us to develop the full potential of the large market and stimulate investment. A single currency will bring substantial benefits to people in their everyday lives. And not forgetting that Europe needs an international monetary status to match its economic and social weight.

There must be no departing from the path towards economic and monetary union mapped out in the Treaty. Not so long ago economic and monetary union seemed doomed, swept away by speculation. Since then it has picked itself up again. But beware. A monetary project will mean nothing if it is not based on credible action. For that reason the Treaty lays down convergence criteria. The Commission will insist that they are strictly applied. The Member States will in turn have to assume their responsibilities and not ease their efforts just because the economic situation has improved. It is a matter of sound management. Do we really want to forgo the lower interest rates that would be made possible by a policy designed to reduce public

deficits?

The Treaty also lays down time limits. They must be observed. The Commission will accordingly prepare a catalogue listing the preparatory work necessary in addition to what has already been done by the European Monetary Institute. Likewise it will prepare a green paper on the conditions for the transition to a single currency.

I am optimistic. Economic and monetary union will, I am sure, come to pass. It will change people's lives.

Mr President, Members of the European Parliament, Ladies and Gentlemen,

Competitiveness, growth yes! But I do not want economic growth which leaves part of our population out. I do not want growth which widens the gap between regions. I certainly do not want growth which destroys the environment for us today and for our children. On the contrary I want growth which implies social solidarity, regional solidarity and solidarity with future generations. This is necessary for reasons of fairness, justice and morality, of course. But also, I repeat, for the sake of economic prosperity. Social solidarity first. Growth is necessary to create jobs. But it is not sufficient. So a genuine employment policy must be introduced. I am encouraged by the fact that the Essen European Council ranked employment among its priorities. The five recommendations which it adopted go in the right direction: training, reduction in indirect wage costs, efficiency of the labour market, specific measures for young people, women and the long term unemployed, and employment intensive growth that is the right road to follow.

The recommendations are addressed to the Member States. It is up to them to prepare multiannual programmes. The Commission will monitor carefully the employment situation together with the Ecofin and Social Affairs Councils. Why not set up multilateral surveillance of employment systems?

I am aware of the importance this Parliament attaches to the fight against unemployment. The Commission wants you to be fully associated with this vital struggle for the future of our society. A wide ranging public debate on this theme in the European Parliament before the end of the year would be a good thing.

The public authorities have their role to play but they cannot do everything. The social partners must be involved. My own experience in that respect as Prime Minister of Luxembourg has been very positive.

Employment is the top priority. But it is a grave mistake to think that this battle will be won by dismantling our model of society. As President of the Commission, I will not endorse such an approach.

Serious reforms are of course necessary to reconcile a high level of social protection with economic reality. It is the only way to ensure the durability of the European model.

The Commission will shortly be presenting action programmes to implement the White Paper on European Social Policy. The Commission will play the active part assigned to it by the Treaty in preparing the social dialogue and seeking increased social convergence between Member States. I am sorry that we were not all able to advance together at Maastricht. I hope that in 1996 unity between all 15 members will be restored and that we will take a new step together towards a social Europe. In addition to safeguarding all that has been achieved, we will need to generate coherence to enable society to respond to developments in technologies and lifestyles.

Special attention should be paid to equal treatment for men and women. It is a requirement of democracy. Parliament is quite right. The message you expressed during the hearings has been heard and I can give you a solemn assurance of my personal commitment to making equal treatment for men and women the guiding principle for all Commission action.

The challenge of poverty and exclusion is just as big. In Europe the ranks of the poor, the badly housed and the excluded are on the increase. This is intolerable. I am not asking for new powers for the Commission. But the fight against social exclusion is a duty which transcends institutional quarrels. I am prepared to

explore all possibilities, in whatever context, in the search for remedies.

I will never tire of repeating that the European project is a comprehensive one and regional solidarity is an integral part of it.

This is not just about commitment to fairness; it is also a source of economic wealth. Fortunately the groundwork has been largely completed with the changes introduced by the Maastricht Treaty and the twofold increase in the Structural Funds that was agreed on in Edinburgh to foster greater economic and social cohesion.

With the assistance of the European Parliament and the Committee of the Regions, the Commission will be concentrating on:

- partnership arrangements between itself, the Member States and the regions that produce results;
- analysing in an objective way the impact of the Funds in the field;
- encouraging local development.

As stipulated in the Union Treaty, in the run up to 1996 we will be drafting a detailed progress report which we will use to provide new impetus.

Earlier I referred to regional and social solidarity, but I think there is another wider type of solidarity, namely our duty to future generations. I touched on this when I mentioned education, reducing public deficits and large networks. I would now like to consider it from the point of view of sustainable development, that is development which meets today's needs without jeopardizing future generations' chances of meeting their needs. This will also involve discussing our quality of life in a wider sense.

We must make a success of the transition towards a more environment-friendly economy. We have come to realize that economic performance is itself dependent on making the best use of our natural resources. By staying at the leading edge of environmental protection, we will actually be creating new jobs.

I think action should proceed on three fronts. First, we must enforce the existing rules. Our Community is founded on respect for the rule of law and the Commission is the guardian of the Treaties. Second, we must incorporate an environmental dimension into other policies. Third, as proposed by the Commission, we must introduce green accounting in the Member States and the Union.

Quality of life: for over 70% of the Union's population this means the quality of urban life. The alarming increase in problems connected with social deprivation, crime and pollution in many of our towns and cities obliges us to reflect carefully on these problems.

With due regard for the principle of subsidiarity, what we need is an overall vision of urban problems and of the various instruments which we have or could develop at Community level as well as at national, regional and local level. Parliament has put considerable emphasis on this in its resolutions.

The regeneration of rural areas and smaller towns is another priority area concerning the quality of life. They should be conserved for their high environmental value, and the balance of rural life should be restored in all its aspects – economic, social and cultural. This involves putting new life into the common agricultural policy. The implementation of the 1992 reform is making good progress and bodes well for the future of the policy and of the rural environment.

Quality of life is also about freedom. All too often the public are left feeling that the single market was purely business oriented. They do not understand why there are still identity checks at borders within the Union. After reading the Treaty and what it says in Article 7a, I wonder why people are still having to wait in long queues at airports.

Then there is the endless bureaucratic nonsense that sometimes makes moving from one Member State to

another a real obstacle course. It continues to amaze me that something as ordinary as a driving licence is not always recognized automatically anywhere in the Union without further ado. I would like to see a bit more common sense and more room for mutual recognition. I feel that our authorities should make more of an effort to put themselves in the public's shoes. Because of mutual suspicion, different authorities, legal systems and control bodies rush to hide behind protectionist measures, escape clauses and exceptions, making life difficult for ordinary people with all this red tape.

All this is of relevance to consumers too. The Commission has just published a consumer guide, and the new Commission will be taking it a step further by publishing a complete guide to consumer rights in the single market in the coming months. The guide will be written in layman's language and will set out the positive benefits of the single market as well as identifying its shortcomings and the remedial action that has been taken or planned.

To go with the elimination of borders within the Union, cooperation in the fields of home affairs and justice will need to be stepped up. People want to be able to travel freely, but they also want to feel safe and know that effective steps are being taken to combat crime, drugs and illegal immigration. Given the rather meagre results achieved by the third pillar, I cannot help wondering whether the Member States are lacking the will to act together in this field, or whether it is the instruments at our disposal which are unsuitable. The new Commission will make use of the powers conferred on it by the Treaty to ensure that the potential of the third pillar is exploited to the full. However, I do not feel that the current arrangements are up to the task. Our contribution to the intergovernmental conference in 1996 will be aimed at making concrete improvements to the decision making procedures, building on those evolved by the Community. In this area which is so important to the general public, the European Parliament should also have its say.

The Union has specific duties towards its own citizens, but it also has a broader role to play in exemplifying human rights. It worries me to see the rise in racism and xenophobia in our countries and I share your concern at this. The Commission will be fully involved in the joint Union strategy outlined at Essen.

The Union is the world's largest trading power. This is why, even more than in the past, it should be a strong and respected player on the international stage, both to defend its own legitimate interests and to promote a fairer world. Europe should speak with one voice. Indeed, this is precisely what the rest of the world expects from us – there are times when one cannot help feeling that Europe is taken more seriously abroad than at home.

To maintain its position on the international stage, the Union will first and foremost have to make coherent use of the Community instruments at its disposal, particularly as regards the common commercial policy. The new Commission is determined to play its part fully in this field, not out of hunger for power but out of a commitment to efficiency. Therein lies the key to promoting the interests of the Union, the Member States and the business world.

The completion and ratification of the Uruguay Round showed the influence which Europe can bring to bear even on such powerful trade partners as the United States when we decide to act in unison. This is a good example to follow. The institutions are at times far too suspicious of each other, as shown by the recent Court of Justice ruling on responsibility for trade matters. This is detrimental to our ability to act, and we need to restore a climate of trust. The Commission must take its responsibilities on board when negotiating on behalf of the Union and in doing so keep the Council and the European Parliament fully informed. I shall make it my personal duty to see that it does.

The Union is an open partner and will remain so, because it is in our own best interest. The Commission will encourage our trade partners to play by the same rules. They must open up their own markets and remove those trade barriers which undermine the Community's rights which are duly recognized by the World Trade Organization. European businesses do well in world markets that are genuinely open. The Commission will not hesitate to use our trade policy instruments to prevent others from plundering our intellectual property or dumping their products on our market.

It must be emphasized, incidentally, that the need to balance the social and the economic does not apply in our part of the world alone. Not that I am arguing in favour of protectionism – far from it; the point is simply that if we want to see a more balanced world trade system, economic considerations go hand in hand with social ones. The UN social development summit in Copenhagen in March will be an opportunity for the Union to get this message across to the world.

The environment also needs an international response: the climate, biodiversity and the reduction of pollutant emissions are global issues. The Union should be spearheading progress here too. The 1992 conference in Rio seemed to usher in a new era, and yet the process has become bogged down. But we have set some new dates: the G7 meeting on the environment in April and discussions on the environment in the World Trade Organization. I hope that the Union will seize these opportunities to relaunch the process.

The Union must continue to play its leading role in development cooperation and humanitarian aid, for they both contribute to peace and stability in certain areas of the world. It is essential to be active out in the field and the Commission will be doing just that.

Mr President,

Nobody could deny that the Union is an economic giant and yet this is not reflected in the political role it plays. This is why the Maastricht Treaty set out to lay the foundations for a more ambitious political approach by developing a common foreign and security policy. This has yet to produce the expected results. One of the major difficulties is our failure to develop a coherent approach that encompasses political, economic and development aspects. The common foreign and security policy is still too much of a continuation of the old political cooperation arrangements with a more attractive name. The division into pillars partly explains the difficulties, but the main difficulties are in our minds.

We have got to do better! We should focus on a single concern, which is just as relevant now as it was when the European Community was set up, namely: what are our common interests? Can we share them, so as to do things together more effectively than any of us could do individually?

In any case, our Member States have not only common interests, but most of the time common reactions too. For decades now we have had a whole series of foreign policy instruments which we happily make use of without any fuss. For example, the Lomé Convention and the numerous trade, partnership and cooperation agreements which we have concluded and continue to negotiate with many countries.

So what is stopping us from having a real common foreign and security policy? The lack of a global and coherent vision.

A common foreign policy is above all about concerted effort and planning. The Commission will be actively involved in this, not to try to take over from the Member States, but to help bring our policies together and give them the missing strategic dimension. The Commission should start by setting a good example.

I have reorganized the structure of external relations along geographical lines, so that a Member of the Commission with responsibility for a given area of the world will be responsible for all aspects of it. Obviously this will require close coordination within the Commission. I shall be assuming responsibility for the group of Commission members responsible for external relations and chairing the meetings of that group on a regular basis. I shall also be responsible myself for human rights, which I view as an essential component of external relations.

Our common foreign policy should apply to the whole world, but I would first like to talk about our immediate neighbours.

As regards the countries of central and eastern Europe, the wheels have already been set in motion. This means that, as decided in Copenhagen in June 1993 and confirmed since then, we will eventually be welcoming them into the Union.



The Commission will be actively implementing the pre accession strategy adopted at Essen in all its various aspects. Our immediate priority will be a White Paper on integrating these countries into the single market.

Careful consideration will have to be given to the relationship between the accession of these countries and common policies such as the common agricultural policy and the Structural Funds. The Commission will be publishing another White Paper by the end of 1995 dealing specifically with agriculture.

The European Council has emphasized the need to balance our relations between our neighbours to the East and our neighbours to the South. The situation in the Mediterranean must be addressed. We need to devise an ambitious proximity policy with a clear aim – to make the Mediterranean an area of prosperity and trade once again.

This will not be easy. In addition to the specific negotiations we are currently holding, we will also have to strengthen our overall approach. The opportunity for this will be provided by the Euro Mediterranean conference which is to be organized by the Spanish Presidency. In 1995 the Commission will draw up the report requested by the Council on Malta and Cyprus, whose accession to the Union will give it a stronger Mediterranean flavour. The development of relations with Turkey, an important partner for the Union, is under close scrutiny and a thorough appraisal is being made.

We are already closely involved in developments in the Middle East and naturally have a vital interest in actively promoting the peace process there.

While we are on the subject of our immediate neighbours, we cannot fail to mention relations with Russia and the other members of the CIS, which are going through a difficult period, accompanied in some cases by serious disturbances, for example in Chechnya. The Union must do all it can to help these countries along the road to democracy and a market economy. It is in our interest to have partners that are constructive and willing to cooperate. Peace, nuclear safety, immigration and organized crime are just some of the important issues which can be tackled only by cooperation.

Looking further afield, the close relations we enjoy with our OECD partners remain a high priority – and transatlantic links are particularly important in this respect. We have heard the odd gloomy prediction about Americans becoming less and less interested in Europe, but, quite frankly, I do not believe this. We are and will remain very close partners. Just look at the volume of trade crossing the Atlantic, which is not only enormous but also fairly evenly balanced. And think of our common interests in security and defence. My view of our relationship is not pessimistic but lucid and realistic: Europe must be united if it is to stand as an equal to the United States. Personally I am in favour of a genuine Transatlantic Treaty which would make life easier for all of us.

We are now beginning, a little belatedly, to grasp the importance of Asia. The attention of the whole world is fixed on this rapidly expanding continent. Europe cannot afford to be absent from Asia, nor does it want to be. But the Asian countries must all demonstrate their willingness to open their markets to real competition. I am in favour of the idea of a summit between Asia and Europe.

Another part of the world which is booming – and with which our civilization has very close ties – is Latin America. Regional groupings have begun to emerge there, no doubt influenced by the European model. I am sure this will pave the way to inter regional agreements, for example between Mercosur and the Union.

The Union was a pioneer in establishing the Lomé Convention. Africa, the main beneficiary, is still confronted with enormous problems. It will not be neglected by the Union, which will continue to play a leading role. South Africa is one of the signs of hope in this tormented part of the world. I hope very much that South Africa will be a vital factor in the development of the whole continent and the Union must be at its side now that wisdom and good sense, personified by President Nelson Mandela, one of the century's true statesmen, has finally prevailed.

The Union faces enormous challenges, which are a reflection of the progress already achieved along the road to European integration. We have just welcomed three new Member States – I am only sorry there are not four – and many other countries are knocking at the door. They are attracted by the kind of Europe we have built and its message of peace, prosperity and democracy.

We have a moral and political obligation to open our doors to those European countries which were under Communist dictatorship and could not join us earlier. But we also have a duty to preserve the Union's assets and not to let our achievements waste away. If the price of enlargement were to backtrack on the road to integration, then everyone would lose out. It is precisely because the Union has such high ambitions that these countries are asking to join.

On the contrary, we must take another giant leap forward, just as we have done at previous enlargements. This will require institutional reform.

However, let us take immediate advantage of the accession of Austria, Finland and Sweden to make our institutions more efficient and democratic.

I can see two ways of doing this.

First, we must make a constant effort to concentrate on essentials, to do at Community level only that which cannot be done at national level, in short to apply the principle of subsidiarity enshrined in Article 3b of the EC Treaty. It is important to remember that the worst enemy of subsidiarity is the lack of trust between Member States. I sometimes have the impression that for some countries subsidiarity means "Keep a close watch on what my neighbour does, but leave me alone".

Subsidiarity has another enemy, namely those who deliberately want to interpret it as a way of curbing integration and so use it as an excuse to bring matters back under national control, while forgetting to apply it in cases where the Union is better placed to act. I have a different notion of subsidiarity: it means not harmonizing every last nut or bolt, but stepping up cooperation wherever this is really worth it. We should take as our motto, "Less action, but better action".

I would also like to mention another aspect of subsidiarity – the interface between the individual and government. Authorities should be given powers only where this is in the individual's interests. The Community institutions need to be particularly careful in this respect.

This brings me to my second point: management. To my mind, the Commission has to make a special effort in this area. It is true that 80% of the Community budget is spent by the Member States, but that does not release the Community from its own budget responsibilities. And both Parliament and the Court of Auditors are constantly reminding the Commission of this. My colleagues and I are determined to improve the Commission's budgetary and administrative culture, and I would like to stress the importance of constructive relations with the Court of Auditors and Parliament in this area. Where criticism is justified, we will act on it.

One subject which I know is a cause of concern for many Europeans, not least the Members of this House, is fraud affecting the Union's financial interests. Let us make the fight against fraud a common priority, at all levels. Everyone has a role to play: the Union institutions can simplify legislation and insert anti fraud clauses wherever possible; both the institutions and the Member States can help, as managers and inspectors, by remembering at all times that the money they spend belongs to the European taxpayer; the Member States alone have the power to impose penal sanctions.

While improving the way the Union works and doing more to exploit the full potential of the Treaty is clearly essential, it is not enough when one considers the prospect of a Union with over twenty members. The Corfu European Council very clearly established a link between enlargement and the 1996 intergovernmental conference.

While it is too early at this stage to set out what the Commission's position will be in 1996, there are a few thoughts I would like to share with you.

First, the form. There must be a real public debate in the Union and the Member States alike. It is very important that Parliament be directly involved in the negotiations. I am very pleased that Ms Guigou and Mr Brok are members of the high level group. I would add that, in my view, Parliament's assent should be required for any amendments made to the Treaty. Obviously the national parliaments will also take part in the public debates. For Maastricht, you organized joint meetings with the national parliaments, which were very useful. This time, however, might I venture to suggest that the President of the European Parliament and the speakers of the national parliaments could organize a comparable debate between now and June on deepening our institutions?

With regard to the content, there are reforms which must be implemented whether the Union is enlarged again or not; provision is made for this in the Treaty. But any future enlargement will necessarily entail reform because the present system, even if it is improved, will be unable to function properly.

With these two aspects in mind, the intergovernmental conference will have to examine the Union's main areas of activity first and then the institutional framework.

I do not see any need to make major changes to the first pillar as it stands. Qualitative changes may be needed, but there is no need for additional powers to be conferred on the European Community. However, the Treaty calls for energy, tourism and civil protection to be examined, and social policy will probably have to be reviewed too.

I would like to make one point very clear: the Commission will not support any dilution of the Union's acquis brought about in the name of enlargement. Applicants will have to accept the acquis, though the Union may have to give them time to make the transition. We are willing to help potential new members make a start now.

I have already spelled out how important I consider the formulation of a consistent, effective foreign policy to be. The Treaty also commits us to a common security policy and, eventually, to a common defence. This will undoubtedly be one of the key issues at the intergovernmental conference.

How, in practical terms, can we establish a link between Western European Union and the European Union? What sort of relationship should this regional system have with NATO? What matters will we have to negotiate with our partners? Who will belong to WEU? All these questions and many others must be carefully studied. We have to build a system which will foster balance and peace across the whole continent, in a reconstructed partnership with the major world powers.

It is my view that the rules governing the functioning of the third pillar must be thoroughly re examined, especially since there is keen interest in cooperation in justice and home affairs in central and eastern Europe.

The Union needs an efficient institutional framework. There was already room for improvement in a Union with twelve – and now fifteen – members. The prospect of further enlargement only makes these improvements more urgent.

The institutional question can be broken down into three separate issues:

- (i) composition;
- (ii) working methods (including the question of the Presidency); and
- (iii) decision making procedures.

The Commission's proposals will all be aimed at increasing efficiency without destroying the necessary checks and balances. This will take a good deal of thought, as will the institutional questions about which I would like to say a few words.

There are three main points to be borne in mind:

(i) with each new enlargement, it is essential to concentrate increasingly on what really needs doing at the level of the European Union;

(ii) the extra distance that each new enlargement puts between individual citizens and the centre makes it increasingly necessary to reinforce the democratic legitimacy of the Union. This will mean expanding the role of the European Parliament, be it with regard to codecision, budget powers or the appointment of the Commission. What about allowing Parliament to elect my successor from a list put forward by Heads of State and Government?

(iii) each new enlargement adds to the pressure for a multi speed Europe. I do not see how we can refuse to debate the option, especially since it is an approach which has already been used and which has enabled the Union to move forward. Let us be quite clear though: a multi speed Europe does not mean exclusion or Europe à la carte. No Member State can be arbitrarily kept out of the vanguard; no one has the right to reject countries that are both willing and able to take on the extra responsibilities that implies. Nor should the doors be closed on those who are not yet ready; they must be allowed to join in as soon as they fulfil the necessary criteria.

On the other hand, this kind of approach must not be used as a pretext for eroding the *acquis* or weakening the Community's institutions.

To sum up, Mr President, Ladies and Gentlemen, my message is a threefold one: determination, commitment, hope.

As you will have realized, the Commission I will be heading is to be determined and open: determined to work for the common good, determined to keep the Union's institutions strong. You will be our allies in this. Today I am pledging to work together with you in a spirit of openness, to report to you and account for all my actions. Ultimately, or rather first and foremost, this is what democracy is all about.

I am deeply committed to ensuring that the new Commission's day to day work is firmly rooted in a reaffirmation of our shared values and the noble objectives that underlie European integration, especially as preparations get under way for the Intergovernmental Conference. We must show more fighting spirit and reject the attacks of those who would seek to solve tomorrow's problems with yesterday's tired old formulas. We should not shy away from opposing those who claim to be good Europeans but spend all their time condemning the Community model.

I am an optimist by nature and I have every reason to be: with the support of the Commission, the European Parliament and the people of the Union, including all those who devote themselves so wholeheartedly to the work of our institutions. In the run up to the new millennium the Union will be stronger, show greater solidarity and be closer to its citizens.