

Address given by Jacques Delors to the European Parliament (18 February 1987)

Caption: On 18 February 1987, Jacques Delors, President of the Commission of the European Communities, outlines what will be the focus of the Commission Communication entitled Making a success of the Single Act: a new frontier for Europe to the European Parliament.

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Mr President of the European Parliament, Mr President-in-Office of the Council, ladies and gentlemen, in January 1985, in my statement of the guidelines of the newly appointed Commission as it started its mandate, I spoke to you of my great worry about Europe's credibility. In January 1986, in the debate on the Commission's programme, I stressed the two pitfalls to be avoided in the construction of Europe: impatience and inertia. I even spoke, at the risk of causing offence, of the temptation of nominalism. You will therefore understand that, after two years in office, the Commission is anxious to join with you in measuring the gap between words and actions, between undertakings given and what has been done to follow them up, purpose of this assessment being to improve our performance, to step up the rate of progress towards the European Union.

What have we done in the past two years to give fresh impetus to the construction of Europe? What must we do this year and next?

In 1985 we revived the idea of the large internal market, proposing that the Community should become an area without internal frontiers by 1992. Bearing past experience in mind, we proposed a method of attaining this objective, a method based on a timetable. The Commission felt then and still feels now that, at our current stage of development, the internal market is the real driving force for European economic integration. The pace at which this process of integration progresses will determine the outcome of the worldwide race against the clock in which Europe is competing for its very survival. That is why it was necessary to step up a gear, that is why it was necessary to get away from the obsession with unanimity, whose contaminating influence had gradually spread throughout the Community's institutional system.

In 1986 we and you worked on the drafting of the Single Act, which was adopted. We and you hoped that this reform would not be confined to mere adjustment of procedures. We and you insisted on the explicit incorporation of new elements into the process of European integration: European policies on research and technology, on the environment, on working conditions. Even though some people - and I count myself among them - take the view that the Single Act does not go far enough, it is in reality much more demanding than it appears. It will be up to us, this year and next, to translate it into proposals and actions and to ensure that the 12 Member States themselves appreciate all its implications. This will be difficult. Let us have no illusions about that. The contract has been signed, or almost at any rate. But it is to be feared that the necessary political will is not going to be forthcoming. That is one of the impressions that I have received from the tour of capitals that we have made over the recent period at the request of the European Council. I reiterate the point before the House that the purpose of this tour of capitals was to listen to what the governments had to say during the period when the Commission was finalizing its proposals for what I have called the 'grand rendez-vous'. So the object of the exercise was not to draw viewpoints closer together, nor to let the governments take over the Commission's role of bringing forward initiatives. No. It was to explain what was at stake, to encourage people to come to grips with the problems, to help set in train a process of analysis and mature reflection, which experience has shown to be essential whenever the threat of a crisis in the Community has appeared on the horizon.

We listened to the Member States. We listened to Parliament's representatives, whom we met last week. The Commission has done its work, which it finished last Sunday. It has decided that this House should be the first to hear its proposals. This is because it has the feeling that getting these proposals adopted will necessitate mobilization of all the active supporters of the construction of Europe, especially those whom our citizens have directly elected to speak on their behalf, the Members of the European Parliament - you, ladies and gentlemen.

(Applause)

Naturally, we had our misgivings. Naturally, we had our discussions. But in the end we opted for clarity. Our job, of course, was to present the 12 governments with the decisions that have to be taken if the construction of Europe is to progress at the requisite pace. The approach proposed by the Commission rests on two simple ideas: more coherence and more discipline. Whether we are talking about the common

agricultural policy, the structural policies or the financial regime, the choice is necessarily between a vague free-trade area topped off with a few financial transfers and a genuine common economic area, the prerequisite for a strong Europe, the prerequisite for the European Union, now formally enshrined in the preamble to the Single Act.

That is what is at stake, ladies and gentlemen.

The truth of this is stressed and demonstrated in the report forwarded to our governments.

Such is the task to which the Commission has addressed itself.

This is the thrust of the proposals that I am going to present to you in some detail. Adoption of these proposals represents a vital part of the work that the Community needs to carry through during 1987, but our task does not end there. We must also strengthen the foundations laid in 1985 and 1986 in order to accelerate the construction of Europe. I shall then briefly outline the most important themes, the salient points of this aspect of our task.

The first thing is to *make the Single Act work*.

To put it in a nutshell, the Single Act means the obligation to proceed simultaneously with creating the frontierless single market, greater economic and social cohesion and a European research and technology policy, with strengthening the European Monetary System, making a start on creating a European social area, and carrying out significant environmental action. Yes, I did say simultaneously.

If it is to achieve these objectives, the Community must come to grips with difficult problems and fulfil four essential requirements, as indicated in the report submitted to Parliament and the Council:

- an agricultural policy geared to the new international context,
- Community policies making a real economic impact,
- stable, adequate and guaranteed own resources,
- really effective budgetary discipline.

Let us start with a common agricultural policy geared to the new international context.

Agriculture, which provides direct employment for over 10 million people in the Community - and indirect employment for many more besides, incidentally - is the core of an extremely important family of agri-foodstuffs industries. Economically and strategically, it is vital to Europe's interests.

During the 25 years of its life, the common agricultural policy has been a success. The principles on which it is founded remain valid: Community preference, unity of the market, and financial solidarity.

However, ladies and gentlemen, the general economic context and the situation on the world's agricultural markets are such that a better balance must be found between supply, which has been boosted by technological progress, and demand, which is no longer expanding rapidly. Hence the action initiated by the Commission in 1985, which it intends to consolidate by applying a restrictive pricing policy, building more flexibility into the guarantees and intervention machinery, and putting more emphasis on producers' co-responsibility, including recourse to the quota system.

In general terms, this is a matter of gradually persuading farmers to adapt their production options to conditions on European and world markets, and to seek new outlets. The Community has embarked on this course, and must stick to it.

The reforms made to the common agricultural policy since 1984, coupled with the 'prices package' for 1987, represent annual savings to the budget of about 6 billion ECU in constant dollar terms. That puts the courageous efforts made by our farmers into perspective and shows up the misguided criticisms made of the common agricultural policy for what they are worth.

But there is clearly a possibility that this policy will adversely affect the earnings of farmers with the most precarious livings. This could change the face of rural Europe, which the family farming model has done so much to shape. But, both culturally and socially, this model of farming has proved its economic and ecological effectiveness. It must therefore be preserved. There are ways and means of doing this. They consist in taking account of the special circumstances of certain farmers or certain regions by applying measures differentially. To give just a few examples, this was the reason for modulating the levy on milk products, introducing aid for cereal producers, modulating the provisions on production quotas to take account of specific conditions in certain regions or countries, and introducing aid for cattle farmers.

If these measures prove to be insufficient, the Community cannot hold back from providing income support aid, since otherwise others will do so in its stead, bringing the danger of renationalization which we want to avoid at all costs.

(Applause)

The Commission is therefore proposing to contain these various forms of aid within specific limits defined in advance at Community level. The purpose of this will be to ensure that aid does not have the effect of distorting competition or cancelling out the effects of action taken to limit production. The future of the agricultural common market depends on this. A further aim will be to avoid any widening of the existing disparities between regions.

Overall, the aim is to get a better balance and better articulation between market support and income support in action taken by the Community. We are also seeking to lay the foundations for rural development, which is essential to rational use of our territory, to establish a proper balance between nature and man and, most important of all, to preserve a way of life which is central to the character of many regions in northern as well as southern Europe.

Our farmers would not understand it, ladies and gentlemen, if the Community and no one else made this painful effort to adjust to the new international situation. Our fellow agricultural producers in the world are going to have to realize this. Only if there is concerted action will it be possible to check the harmful effects of erratic price movements on world markets that are being exacerbated by the disordered monetary situation which is provoking this damaging subsidies war.

Let us put our house in order. Let us be firm in our insistence that our partners do likewise. Then the common agricultural policy will resume its irreplaceable role in the development of stronger economic and social cohesion in the Community, alongside our other policies.

We must have a common agricultural policy geared to the new international situation, but we also need *Community policies making a real economic impact.*

(Applause)

Ladies and gentlemen, the common agricultural policy cannot remain the only Community policy that makes a real economic impact. Today's enlarged Community needs new horizons.

In the case of structural measures, there were respectable arguments for either of two concepts of what the Community should be doing.

The first of these, a purely macroeconomic concept, relies on the virtues of the invisible hand operating through financial flows; as long as they are on a large enough scale, transfers of resources between Member

States should bring about economic convergence.

The second, both microeconomic and structural, looks to speed up the spread of innovation, eliminate bottlenecks and encourage efforts to derive the benefits of scale. In other words, it is a matter of keeping structural policies 'close to the ground'.

Encouraged by the success of the integrated Mediterranean programmes, the Commission came down in favour of the latter, a less extravagant and more effective course.

Reform of the structural funds thus finds expression in terms of real economic objectives. Just as with the framework technological research programme, the benefits of the new policies on transport and the environment become fully apparent when seen in relation to the effect of the Community dimension creating a common economic area.

Five priority objectives were accordingly identified for the structural funds: helping the economically backward regions to catch up with the general level of development, redeveloping industrial regions affected by crisis, combating long-term unemployment, helping young people to integrate into the world of work, and finally rural development, where an important factor - but not the only one - will be adaptation of farm production structures.

These are the five priority objectives which will make our policies intelligible and effective.

On the actual details of the reform, I should like to keep things simple by putting just two key ideas to you. First, preference will be given to multi-annual programmes, in support of efforts organized by Member States and regions themselves.

Secondly, administration of these programmes will be as decentralized as possible. Brussels must not be a further focus of centralization, but on the contrary a clearing house for ideas and initiatives.

(Applause)

The Commission is therefore proposing that the Community provide itself with the means necessary for effective administration of its programmes where they add real value to action taken at national or regional level. It is against this background that it is proposing a twofold increase, in real terms, by 1992 in the financial resources set aside for the structural funds.

(Applause)

If the common agricultural policy is to be adapted, if the other policies are to have real economic impact, the Community must have a system generating adequate, stable and guaranteed own resources.

We cannot lapse into crisis every two years, or every three years, and then have to go cap in hand to the national parliaments. It is for this reason that the Commission has deliberately taken a medium-term view.

Continuing with reform of the common agricultural policy and remodelling the operation of the structural funds are two objectives on which the political credibility of the Community can be rebuilt. They are, as I have just said, inseparable from reform of the financial system, which is absolutely essential.

The existing system of own resources, which goes back to the decision of 2 April 1970 and the Fontainebleau European Council meeting, has had its day.

As everyone knows, 1987's expenditure cannot be fully covered and the Commission is going to have to act accordingly. Everyone here is aware of the practices that have been used since 1983 to mask the real deficit in the Community budget. And I told the Heads of State in London, when I was given leave to speak, that I for my part was not prepared to use such expedients again in 1987 or future years.

As everyone here knows, the own resources base is being eroded, since its size is determined by aggregates which are not growing as fast as economic activity.

And yet the Community has recently entered into major political commitments, with the Single Act and the enlargement bringing two new Member States.

What is the broad outline of the Community budget going to look like by 1992? That is the question the Commission asked itself, that it had to ask itself, taking account of the measures to bring agricultural spending back into balance, the twofold increase, in real terms, in finance for the structural funds, the framework research programme, the programmes for transport and the environment, and also the necessary increase, which I must add, in the scale of our development aid policy.

The Community cannot go on limping from one financial crisis to the next. Nor can it make do with expedients, which the Commission is not prepared to employ.

The Community is in need of budgetary stability for the future, and this calls for two major changes in the organization of its financial affairs.

The first of these is to express the new own resources ceiling in relation to the Community GNP, which gives a better measure of Europe's wealth, and to set it at 1.4% of GNP by 1992. This political decision offers the guarantee that there will be a ceiling on the mandatory Community levy.

The second is to change the composition of Community resources within this ceiling so as to establish a better relationship between countries' contributions to the budget and their relative level of prosperity, and also to give the necessary flexibility. This is a basis for stable resources at an adequate level.

To summarize what we are proposing, the resources available up to the limit of 1.4% of GNP would be derived from the following sources:

first, customs duties;

secondly, agricultural levies;

thirdly, VAT revenues collected by levying 1% on amounts effectively subject to VAT, which would thus be more immediately associated with own resources;

finally, a 'corrective' source of revenue derived from charges on a complementary basis of assessment defined as the difference between GNP - the advantages of which I have already outlined - and the basis for assessing VAT used for the 1% levy.

These would be the future constituents of own resources.

However, the Commission wishes to keep open the possibility of adding a fifth source of revenue between now and 1992, but I must make it clear that this would still be within the 1.4% ceiling. One possibility would be something in the nature of a stamp duty charged, at a very modest level, on financial transactions. But the Commission is not making any proposal at this stage.

I must stress here that the proposed ceiling of 1.4% of GNP means that the growth rate in resources will not only not be faster than over the period 1980-1987, but will actually be slower. It will be slower if you bear in mind that we are going to have to meet our existing debts while keeping within this ceiling. To what am I referring? To disposal of the agricultural stocks, the legacy of the past - too many commitments and not enough payments - and finally the quite normal but increased impact of enlargement of the Community to include Spain and Portugal. These factors have to be stressed in order to show how modest the Commission has been in its financial proposals.

The last point in this area is the vexed question of redressing budget imbalances. Let us be frank: the Commission had a choice of four solutions.

First, it could refrain from making any proposal at all, since the existing mechanism was not proposed by the Commission but by the Heads of Government at the European Council meeting in Fontainebleau. That would have been the only approach compatible with *communautaire* logic and the Commission, in its concern to be realistic and to face all its responsibilities, has made a proposal in this area also.

Secondly, it could propose carrying on with the Fontainebleau mechanism, but the situation in the Community has changed since 1984, ladies and gentlemen, with the arrival of two new members with standards of living well below the Community average.

Thirdly, it could propose a smoothing mechanism to give similar net balances for everyone. There was a lot of talk about this before Fontainebleau, but it would be quite out of keeping with the *communautaire* spirit, and the Commission dismisses it out of hand. One cannot measure the advantages and disadvantages of belonging to the Community by the yardstick of budget balances. That would be unacceptable. At any event, this Commission is not going to be associated with anything of the sort.

(Applause)

Fourthly, it could propose a new and, I stress, temporary mechanism. We looked at this in order to keep faith with the undertakings given at the Fontainebleau European Council meeting, and the Commission took account of - to quote the Fontainebleau wording - 'the excessive budgetary burden compared with the relative prosperity' of a Member State. In order to allow for the United Kingdom's special circumstances, we chose to base this corrective mechanism on the real cause of the imbalance, which lies in the fundamental difference between the United Kingdom and the other countries as far as the structural state of agriculture is concerned. Consequently, what we are proposing is a sort of 'green' scale of compensation, if I may use such Community jargon.

The last but by no means least important of the four requirements is *more effective budgetary discipline and management of the budget*. This, frankly, is probably the issue on which the European Parliament attracts most scepticism. What justification can there be for additional resources if the Community does not show maturity in its conduct of financial affairs? What justification can there be for new resources if we behave like an international organization with commitments, not like a real community? It has to be admitted that the budgetary discipline applied following the Fontainebleau European Council has been a failure. Why is this?

One cannot have a situation in which, on the one hand, decisions are taken by the Agriculture Council or the Research Council and, on the other, a frame of reference is set by the Budget Council and then systematically breached. This piecemeal decision-making just will not do.

(Applause)

One cannot on the one hand unilaterally set a maximum rate of increase in non-compulsory expenditure and on the other refuse to enter into any discussion with the European Parliament, this in defiance of the spirit of Article 203 of the Treaty.

(Applause)

Budgetary discipline, ladies and gentlemen, will remain a pipe-dream until such time as the European Parliament is involved from the outset of the procedure and until such time as the Council stops taking mutually contradictory decisions.

The Community cannot go on with this institutional skirmishing. Its decision-making needs to be carried out

with clarity and rigour.

Clearly, budgetary discipline is essential, and it needs to be based on a consensus arrived at by the three institutions together.

The Commission is therefore proposing the conclusion of an interinstitutional agreement, a pact entered into for five years by the European Parliament, the Council and the Commission under which the ceilings and main aggregates for the budget would be fixed in advance. The budgetary procedure would take place within this predetermined framework once the institutions had set a ceiling on resources for each of the years '88, '89, '90, '91 and '92, so that we would all know where we stood.

Precise criteria will have to be laid down for non-compulsory expenditure. But agricultural spending must at last be brought under control, by a combination of continued reform of the common agricultural policy and the setting-up of budgetary stabilizers whose operation would be binding, automatic even, within the existing framework of agricultural budgetary discipline.

Of course, it is necessary to have arrangements to deal with exceptional monetary circumstances, and the Commission is proposing setting up a special reserve alongside the amount earmarked each year for the CAP, to absorb the impact of fluctuations caused by the dollar's volatility.

In a development that you have called for on many occasions, multiannual time-spans will thus become important factors in management of the budget and adherence to budgetary discipline. In addition, the Commission envisages changes in the methods and rules applied in managing the budget. Its proposals in this regard call, essentially, for observance of the principle of annuality, as in national budgets, by circumscribing the scope for over-budgeting and improving the transparency of available appropriations. This will entail substantial reform of the financial regulations.

Ladies and gentlemen, it is time the budgetary authorities equipped themselves with the wherewithal for prudent husbandry of Community resources. The citizens of Europe will settle for nothing less.

(Applause)

These, then, are the broad lines of the proposals that the Commission has made for the grand rendez-vous. At the same time, we have to go on working and using every opportunity during 1987 to consolidate the platform for Europe's further development.

One of the most powerful contributions that we can make to the open debate on what is needed to make a success of the Single Act is a demonstration that it is already in operation, that progress is being made in some areas and is possible in others. Because going forward is the way to build up momentum, we must use 1987 to consolidate and strengthen the platform for Europe's further development, by advancing towards completion of the internal market, applying the Community policies needed to this end, by breaking new ground with the European Monetary System, by involving ordinary citizens and the two sides of industry more fully in the movement under way; finally, we must use 1987 to put the Community institutions to the test, to see whether they cannot be made to work more effectively under the provisions of the Single Act.

Let me begin with the single market and the corresponding Community policies.

The single market is the all-important objective, as I have said. Of the various initiatives that the Commission will be bringing forward during 1987, it attaches particular importance to two.

The first is concerned with opening up public contracts in sectors where there is as yet still no competition: energy, transport, water and telecommunications. In this connection, we shall also be proposing a strengthening of our powers for monitoring the procedures under which contracts are awarded.

The second initiative is concerned with alignment of VAT and excise duty rates, and distribution of

revenues according to these rates. This will mean that the single market can be established on a system of taxes compatible with true and fair competition.

These will be the two new tests of Member States' resolve to meet the 1992 deadline for completion of the single market rid of internal frontiers. I need scarcely add that there are other important dossiers, on such matters as air transport, exhaust emissions, the new approach to standardization and so on, which are on the Council's table and demand decisions this year.

Also in this context, the Commission will be submitting its promised overall analysis of the implications of completion of the single market in terms of the need to strengthen the Community's commercial policy.

This will be a response to wishes that you expressed, notably last month, when you adopted Mr Beazley's excellent report on the motor industry.

The single market implies closer cooperation and modern, effective Community policies. You are familiar with the grounds on which this premise rests. You are also aware of the priority of priorities in this field: the absolute need to master new technologies, which will provide the foundations for competitiveness and prosperity which, as long as we set the ball rolling, can be enhanced by the single market.

And yet, ladies and gentlemen, although the crucial importance of Community action has been acknowledged by the highest political authorities and formally recognized in the Single Act, the framework programme for 1987 to 1991 has still not been adopted. That is unacceptable. Are such highly important programmes as Esprit, RACE or Brite going to have to be wound up this year for lack of funding? I put the question, because here again our credibility, the Community's credibility, is at stake.

(Applause)

With your support, particularly through the diligent work done by the Committee on Energy, Research and Technology, the Commission has already taken all necessary action to prepare the way for quick decision-making to resolve this matter at the Council meetings scheduled this month and next. And I take this opportunity to add my thanks to the Belgian Presidency, which has addressed itself to this dossier with a great sense of purpose.

But is this procrastination, especially where research is concerned, to be interpreted as indicating suspicion of the Community? That would be both unfair and misguided. Far from harbouring any ambition to set up in competition with Member States, we are actuated by the wish to lend support to desirable, essential cooperation between players on the economic scene. Witness our open and vigilant attitude to Eureka.

This method, the framework programme approach, consists in lending assistance to others' initiatives, not in seeking to replace them, as we have just demonstrated with the adoption of the integrated Mediterranean programmes. Ladies and gentlemen, Parliament gave us a great deal of help on this, and I have to say that it has been a very heartening experience witnessing the birth of a new method of working: the setting-up of continuing dialogue and original forms of cooperation between the Community and the regions, which retain the responsibilities for identifying their needs and the ways and means of meeting them.

In a manner of speaking, the Commission is playing the role of rural development consulting engineer. We are far from deserving the image of an ethereal bureaucracy that some people are still trying to lumber us with.

The main point - and it is this that encouraged us to plump for wider use of this method in our proposals - is that, having received this stimulus, the regions have come to terms with their strengths and weaknesses, and shown their resolve to find imaginative new routes to development.

So we shall continue on the course towards completion of the internal market, we shall carry on with the work of bringing in these Community policies, but this year - and there can be no putting this off - we are

going to have to take a hard look at where the European Monetary System is going, since, as we have seen with events these past months of December and January, it is under threat, at a crossroads. In other words, fostering closer monetary cooperation between European countries is an integral part of broadening the base for renewed development.

It is fair to say that the first phase of the European Monetary System's operation is now coming to an end. Today we find very moderate inflation, monetary stability and budgetary prudence in all the countries whose currencies are in the exchange-rate mechanism. During this phase, let it not be forgotten, the European Monetary System has played a very positive role in drawing most countries back into the 'virtuous circle', where inflation and imbalance are the arch enemies.

The European Monetary System must now become the core of a more efficient economic system, more efficient in terms of growth, competitiveness and job creation. The spectacular progress seen with the liberalization of capital flows within the Community now leave us with no option but to press forward by broadening the scope of concerted economic and monetary policies.

The unprecedented outbreaks of speculative fever seen on the capital markets suggest to some that exchange-rate discipline should be relaxed. That is not how we see things. Others are thinking, simultaneously, in terms of containing exchange-rate movements between the key currencies in the international monetary system.

That is another matter.

Closer financial integration of Europe's economies cannot be bought at the price of uncertainty over exchange rates, which destroys the stability essential to the expansion of trade. Let me add that it is inconceivable that we will keep an agricultural common market or have an operational internal market without frontiers unless, by 1992, all our currencies are adhering to the same system of exchange-rate discipline.

The Commission will shortly be setting out the true requirements for complete liberalization of capital movements: a sustained, patient effort of monetary, budgetary and fiscal coordination, with parallel harmonization of prudential rules of management and basic regulations to be followed by banks and other financial institutions. At the request of the President-in-Office of the Council of Ministers for Economic Affairs and Finance, an initial discussion of these problems will be held next April.

Meanwhile, the Commission will be playing its part, as it has done since 1985, in the ongoing analysis of ways and means of strengthening the European Monetary System in a context of closer convergence of our economies. We have to establish which courses of action are going to yield the most positive results.

The first of these must be more effective coordination of policies on interest rates, which has been signally lacking in recent weeks. That at least is one of the lessons to be learnt from this experience.

Secondly, there is the indicator of divergence envisaged at the Bremen Council, which ought to be put back on the agenda. This indicator of divergence has the potential to become a positive rule for coordinated, balanced intervention by the central banks. Finally, the European Monetary Cooperation Fund could be given a bigger pan in regulating the system, and this, in our view, would also entail more extensive use of the ECU.

These are just the first steps along the path which should take us to the point of establishing the common financial area and, more generally, deriving full benefit from the positive effects of the single market with no internal frontiers.

This, ladies and gentlemen, is how Europe can acquire the ability to turn the ECU into a reserve currency, a currency of payment. Then, but only then, will it be able to play an effective role in restoring order to the international monetary system.

Our third aim is to continue our cooperation with the protagonists of economic and social life. For the past two years the Commission has been making efforts, not without success, to get dialogue going again between employers and unions. During the same period, it has secured the support of both sides of industry for the cooperative strategy for growth.

These two points are worth recalling at a time like this, when there is a growing mood of disappointment in all our countries at the level of results achieved in economic growth and job creation, despite the boost given by the combination of cheaper oil and the dollar's slump.

The Belgian Presidency has shown great concern to get matters moving forward again both in the economic debate on growth and in the social debate on work organization, scheduling of hours of work, the introduction of new technologies, and operation of the labour market. At the Commission we have working panics, with management and union representation, considering all these topics.

The Commission will therefore be working with the Belgian Presidency to maintain social dialogue and to lend new urgency to discussion by the Council of ways and means of achieving more vigorous growth throughout the Community which will create more jobs, an objective which is attainable. As the Commission stresses in its report on the *grand rendez-vous*, this is an essential requirement if we are to make real progress towards completion of the internal market.

It would be quite wrong of me to conclude my presentation of the Commission's programme without saying a few words about *People's Europe*, despite the disappointment that you must feel, ladies and gentlemen, as we do, at the course of events in this sphere.

It is essential, as we mount our effort to lend fresh impetus to the Community, for ordinary citizens to have the feeling that they are involved, directly concerned in this next thrust forward by Europe. Consider the many favourable reactions prompted by the free distribution of food surpluses to charitable organizations. 'At last, Europe is showing humanity' was one of the comments heard following the tardy action that we took, which, incidentally, we shall be repeating.

People's Europe should be more in the forefront of our minds. People's Europe means freedom for all Europeans to travel and stay wherever they like, and to have their qualifications recognized everywhere in the Community.

(Applause)

We are told that Europe means bureaucracy. But as it happens, ladies and gentlemen, quite the opposite is the case. What an amount of red tape and form-filling is going to be swept away once we have opened up our frontiers, once we have mutual recognition of standards and diplomas!

Within this frontierless area that we intend to create, we shall encourage mobility of young people. The Comett programme, which will allow thousands of students to spend a period gaining experience with a firm in a Member State other than their own, has now been adopted. The Erasmus programme will be adopted shortly; we received an undertaking on this from the Heads of State or Government at the last summit meeting, in London. This programme is going to enable tens of thousands of students to spend some part of their studies at a university establishment in a Member State other than their own. Finally, the YES programme will be following, again fostering exchange schemes for young people.

Europe, to its citizens, is to do with their lives, their health. Hence the initiatives in the campaign against cancer, where great efficiency and impressive cooperation have been shown, and we are going to do the same in the campaign against AIDS. European citizens should be secure in the belief that, through scientific cooperation, the exchange of information and experience, goodwill on the part of all specialists and academics, the Community can turn the efforts of each individual to best possible account and multiply the effectiveness of what we are doing.

Europe, to its citizens, is also to do with changing the tenor of daily life by strengthening the feeling of belonging to the same community. Of course, this belonging revolves to a very large extent around the diverse and variegated elements of our cultural heritage, which is enriched by the differences between us. Let me mention in this connection the conference that the Commission is organizing next month in Florence, which will be the starting-point for a collective effort of analysis and concerted action on the relations between culture, the economy and technology.

I must also add a few words, although we face a stiff task here, about television and other audiovisual media, to stress that the profusion, the plethora of sounds and images in prospect as a result of the development of new systems is going to put both our cultural identity and our capacity for technological development to the test.

Without a joint effort, without a pooling of our resources, ladies and gentlemen, we are not going to be able to meet the much heavier demand for programmes that is going to come. Unless we put our heads together and lay down common standards, we are not going to be in command of the technology of production and transmission. As you know, the industrial and cultural stakes are enormous. Looking forward to completion of the internal market, the Commission has proposed an overall policy on audiovisual media, based notably on the directive on 'television without frontiers'. It will be coming before you soon. It lays down the minimum rules needed for joint organization of television broadcasting, and it also makes provision for setting up, this year, the Media programme to bring the relevant specialists into the task of carrying out a diagnostic analysis of the audiovisual media in Europe, the production and distribution of audiovisual works. I would again impress upon you that the stakes are enormous. Let us equip ourselves with the means necessary to make this industry, this activity, a real force for promoting our culture and developing its influence. European Cinema and Television year will be an important milestone in this respect. The stakes are therefore enormous for Europe, which does not live by economics alone. Let us make sure that we do not miss this appointment, which is of historic importance for our civilization, our culture and our creative talents.

Finally, 1987 is going to be *a test of our ability to improve the functioning of our institutions*.

Within the institutional triangle, three requirements, which I shall run through very briefly, need to be met: the Council of Ministers must improve its decision-making, Parliament must be involved more fully in the legislative process, and it must be made possible for the Commission to carry out its executive duties more efficiently.

In order to speed up its decision-making, the Council at last decided in December 1986 to change its rules of procedure. While the new formulation is not perfect, the important thing is that, in practice, there is a form of obligation to vote. The improvement in this respect is beyond doubt. The Council voted about 100 times altogether in 1986. Manifestly, this augurs well for the success of the cooperation procedure, which, as you know, calls upon Parliament and the Council to accept voting disciplines so as to avoid deadlocks or delays.

The *cooperation procedure*, well handled, can in point of fact prove much more promising than it seemed at first, much more promising as a means of bringing Parliament into the exercise of legislative power.

The first requirement for success here is more concertation between the Commission and Parliament. This of course is what is proposed in Mr Prout's report. The Commission for its part has tried to identify those proposals in its 1987 programme to which the cooperation procedure will be applicable. This provides a basis on which our two institutions will be able to draw up a work schedule together. The second requirement for the success of this procedure is for the Commission and Parliament to maintain a constant dialogue, and in particular to endeavour to reach agreement in time for the first reading. This is the drift of your resolution on the report by Mr Planas Puchades. The Commission shares your concern.

The last of these points, about which I am much less optimistic, is the strengthening of *the Commission's executive powers*. Where do matters stand? The fears that I voiced in this Chamber, ladies and gentlemen, at

the time of the vote on the Hänsch report have, I'm afraid, proved well-founded.

Despite the realism of our proposal, various Member States are digging in their heels against any change, bearing on the past or the future, in their resolve to perpetuate the delights and drawbacks of a proliferation of committees which is detracting from the efficiency of the work of the Community.

For all that, the Commission is not prepared to depart, in its day-to-day practice, from the principles of simplicity, transparency and efficiency which inspired its proposal.

I therefore repeat that Europe cannot duck this appointment with itself in 1987. The Single Act puts it under a political obligation to keep this appointment, and what the Commission is proposing is a complete and coherent package setting out the policies and means required in order to implement the Single Act, nothing but the Single Act, but the whole Single Act.

What is at issue is indeed the credibility of the construction of Europe. It is also the demonstration, through what is being done day by day, of the contribution that Europe can make as of now to our people's lives. It is the moral obligation that our governments bear before citizens who are increasingly disenchanted, deprived as they are not only of a common ideal but of any vision of their collective future.

Europe must make its mark at home, ladies and gentlemen, by finding durable solutions to its problems, not short-term solutions. It must make its mark at home by putting stronger emphasis on the real link that exists between what the Community can do and what the Member States can do. But Europe must also make its mark abroad by taking coordinated action to defend its legitimate interests, and by making its proper contribution to the crucial issues of underdevelopment and peace. It must know when to say no on occasion and when to be generous to the most disinherited, hence the priority given in this programme to development aid, and it must secure the means of its own prosperity and competitiveness.

Yes, knowing when to say no, when to be generous, and how to be competitive, these are the keynotes in this constantly renewed campaign. The Commission has faced up to its responsibilities, it has not shied away from any difficulty, and it knows that it can count on the support of the European Parliament in making this *grand rendez-vous* an important step forward in the construction of Europe.