

## Commission Report on European Union (London, 27 November 1981)

**Caption:** On the basis of the mandate given to it by the Hague European Council in 1976, the Commission submits its Report on European Union to the London European Council of 26 and 27 November 1981.

**Source:** Bulletin of the European Communities. 1981, n° Supplement 3. Luxembourg.

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1. Six years ago, in December 1975, the Tindemans Report was lodged; in 1976 the European Council sitting at The Hague requested the Commission to report to it annually on progress to date and progress to come towards the ultimate goal of European union. This report is the fifth in the series.
2. 1981 has witnessed first of all the accession of Greece to the Community, serving to increase the political and economic weight the Community carries. It has further witnessed developments which will undoubtedly mark it as a key year in the long process of European unification. These have been of two kinds. First, there has been the comprehensive debate by the Commission, Members of Parliament and governments on the basis of the Council's mandate to the Commission of 30 May 1980; the Commission's report on this to the Council on 24 June 1981 contains guidelines for promoting reactivation of the Community. Secondly, there have been a number of moves - moves by Parliament concerned with the present institutional relations but calculated likewise to contribute to European reactivation and make in the future for institutional development within the Community, and moves, or forthcoming moves, by some Member States (the Federal Republic of Germany, France, Italy) to restart discussion on the future of the Communities. These will need to be considered in detail, but this is not the Commission's object here: it will be making its own contribution to the debate at a later stage.
3. The Community today faces an outlook studded with uncertainties. It is more than ever subject, as a whole, to the constraints of the adverse economic and social situation. The Commission notes that in this unfavourable context the Member States are not in general giving enough in the way of cohesion and solidarity. Too often the Council delays acting on Commission proposals when these would serve to strengthen the Community, speed the pace of convergence between national policies, and hence cushion the impact of the troubles affecting each and all. The Commission must once again warn against unilateral national moves of all kinds which not only prejudice prompt acceptance of common disciplines but can also bring about progressive breakup of the Community patrimony. In this connection it must condemn the proliferation of aids distorting competition and of regulations and technical standards interfering with free movement within the Community, and the increasing number of infringements of Community legislation.
4. The Commission is convinced that a stop must be put now at all costs to the gradual erosion of the Community patrimony that is setting in under cover of national attempts to remedy sector by sector a state of general economic crisis. In its view the structural and cyclical imbalances inherent in the Community's evolution carry the seeds of, or are actually fostering, renationalization of the patrimony. The Commission accordingly in its report on the mandate of 30 May 1980 takes an overall duty-bound line based primarily on the development of new and existing Community policies and reasonable adjustment of the CAP. At the same time it considers that the requisite conditions for genuine reactivation of the Community will not be present unless there is a definite improvement in the relations between the Community institutions, and first and foremost in the decision-making process.
5. The Commission does nevertheless discern, amid all these difficulties, some encouraging developments from the point of view of European union. These are to be seen in such fields as fisheries, and certain segments of external relations, where the Community attitude used to be indicative more of foot-dragging than of coherence. They are also to be seen in political cooperation among the Member States, in the shape in particular of the Ministers' adoption on 13 October 1981 of a report pledging commitment to cooperation and establishing closer links with the Community's activities. Generally speaking the political cooperation machinery, which does not come under the Treaties, continued to work well in 1981, enabling the governments of the ten Member States to take up common positions on an ever-increasing number of international issues.

In this year the Ten were able, by two initiatives which attracted much attention, to play an active part on the international stage. On 30 June 1981 the European Council sitting in Luxembourg made a statement containing proposals for a settlement of the Afghan question; this was well received and the proposals are still a possible basis for negotiation. And the Ten continued working for a comprehensive settlement of the Israeli-Arab conflict, in line with the principles set out in the Venice Declaration of June 1980: from their

efforts stemmed the undertaking by four Member States, after consulting the others, to provide contingents for the multinational force in Sinai and act as observers there. The Commission considers these moves, in quest of the peaceful resolution of certain dangerous situations, are good for the political identity and image of Europe.

### **Development of European policies**

6. The Commission is firmly convinced that the measure of Community integration achieved is a major asset in coping with the present economic constraints. It is, however, obliged to say that the potentialities of that integration have not been sufficiently exploited. Two things are necessary if they are to be turned to fuller account in the future - first, more consistent adherence to the principles and rules of the Treaty of Rome, and secondly, instead of the present piecemeal activities, real, full-scale policies, budget-funded or otherwise, based on coherent strategies.

7. The Community's economic policy must be pursued on the basis of clearly defined, jointly endorsed objectives, through closer coordination of national policies. In the Commission's view tackling unemployment - the top priority - can only be done in a Community framework and in accordance with a comprehensive approach. While it is delighted by the success of the EMS in establishing an area of monetary stability in Europe, it feels that all the Community Member States ought to belong, and the system be worked up further so as to serve as a basis for true economic and monetary union and at the same time help establish a more stable international economic environment. It feels, too, that the promotion of investment should be continued in particular by making use of the Community financial armoury and by more harmonized deployment of financial and fiscal measures influencing investment.

8. So far the push for economic recovery and convergence of national policies has not received sufficient back up from other, more specific Community policies. The Commission recognizes that the all-important Community economic policy would lack credibility unless underpinned by a coherent strategy on industry, energy, technological innovation and scientific and technical research and development, and accordingly on all these it formulated guidelines which it submitted to the Council in connection with the proceedings in implementation of the mandate of 30 May 1980. The other institutions must now consider these guidelines and pronounce on them with all dispatch in order that the Community may at last have consistent policies in line with the European dimension of the economic challenges of today.

9. The Commission notes with concern the slowness with which the strengthening of the internal market is proceeding. Yet this is absolutely vital to the development of economic activities within the Community. The Commission therefore strongly objects to the persistence of old frontier obstacles and the unwarranted emergence of new impediments to internal trade, and it has urged upon the Council that action is imperative to speed up the adoption of a great many directives on the internal market now under discussion in the Council machinery. It is obliged to point out that if this state of affairs were allowed to drag on the result would inevitably be to undermine the Community patrimony.

10. Moreover, inasmuch as the Community is based on the principle of solidarity among its component Member States, regions and individuals, the Commission considers more ought to be done in the way of effective and generous supporting policies where the need is most acute. These policies, which are already in operation in the regional and social fields, should be concentrated more for the benefit of the structurally backward areas, the areas bearing the brunt of industrial reconversion and the categories of people especially hard hit by the present economic troubles. The Commission therefore regards it as more vital than ever to see that national and Community action are properly coordinated. It welcomes in particular the fact that disbursements from the Social and Regional Funds are increasing year by year, to ensure that temporary trials due to the state of the economy do not become permanent, irreparable disparities in standards. It is also happy to record the uprush of practical sympathy early this year for the disaster-stricken people of southern Italy and Greece - in itself, the Commission feels, the outward and visible signs of a will for European union.

11. In this great enterprise of Community reactivation, involving the framing of new policies and the

intensification of others in hand but uncompleted, a special place is occupied by the adjustment of the common agricultural policy. The Commission confirms that on balance the CAP has done good service. But now, more than formerly, it is apparent that the Community's resources are limited given the need for money on so many fronts. So the requirement that the means should now be tailored to the ends of the Treaty of Rome, in due observance of that Treaty's principles, has to apply to agricultural policy the same as to the other Community policies. Were the arrangements outlined in its mandate report to be adopted by the Council and progressively rendered operative, the Commission would be fully confident that the eminently necessary adjustment of the common agricultural policy would succeed. It feels certain that this would lead in time, with other Community policies being resolutely implemented, to better distribution of the Community's resources as a whole, and hence more effective progress towards European union.

12. Nevertheless, while the development of Community policies does afford the necessary ballast to Community activity in the fields with pressing problems, the Commission is of the opinion that European reactivation is at least as dependent on more efficient working of the institutions.

### **Improvement of relations between the European institutions**

13. The Commission has frequently referred to the growing need within the Community for the institutions to function smoothly. But the fact remains that relations between the institutions are too often a field of tensions, not to say dissensions, between them. The Commission regards this state of affairs as damaging to the credit of the Community as a whole. So it must be noted once again that the direct election of the European Parliament has introduced into the initial interinstitutional balance a powerful factor for change which must be seen for what it is. As the outstanding forum for the voicing of the various political opinions in the Community, the directly-elected Parliament deserves a greater role in the interaction of the institutions.

14. Several resolutions passed by Parliament in the last few months make clear its obvious wish to secure prerogatives in keeping with the leading place it was established to hold in a democratic institutional system. With the proviso that cooperation between the institutions must proceed in due observance of its own prerogatives under the Treaties, the Commission accepts and supports Parliament's desire to exercise more influence on Community activities than heretofore. It considers it perfectly feasible to upgrade the existing procedures, particularly the conciliation procedure in the legislative and budgetary contexts; it considers furthermore that, Parliament's work now being invested with legitimacy, its consultative role could properly be expanded, more particularly consultation in the drafting of international agreements, or the issue of own-initiative opinions, or advance discussions before the Commission draws up formal proposals.

15. However desirable these changes, the Commission nevertheless considers they should form part of a course of action designed to restore the balance between the institutions. This would involve their meeting the other major requirement, improved decision-making. As the Commission sees it, experience this year confirms the manifest erosion of the decision-making process. It is obvious that the systematic endeavour to secure Council unanimity has a sort of inhibiting effect on the other institutions' prerogatives. This situation, which has for years been blatantly distorting the institutional balance provided for in the Treaties, is now more alarming than ever. The Commission would stress that its continuance would not only confirm the inability to restore real cooperation between the institutions, but spell finis to any prospect of getting new or revamped Community policies off the ground in the foreseeable future. Against this most disquieting background, the Commission makes a pressing appeal for the reorganization of the decision-making process, and thereby the restoration of institutional functioning in accordance with the spirit of the Treaties.