

SPEECH BY MR. ANDRIESSEN, MEMBER OF THE  
COMMISSION OF THE EUROPEAN COMMUNITIES  
TO SCOTTISH CONSERVATIVE PARTY

EDINBURGH, 14.3.1981.

A few weeks ago I was approached by John PURVIS, European Member of Parliament for Mid-Scotland and Fife, who asked me if I would be prepared to come and speak to you today. I had no hesitation in accepting. Firstly because I feel that it is important that a Member of the Commission should take part in a discussion on Europe's role, and the significance of the European venture in this part of the United Kingdom. Secondly - and I make no secret of this - because it gives my wife and myself an opportunity of seeing Scotland at first hand.

In the Netherlands, the Scots - rightly or wrongly - are famous on two counts : as distillers and connoisseurs of whisky and as a people whose thriftiness is proverbial. Scotch has a world-wide reputation. It has even found its way into the bar at the European Parliament! And Scots thriftiness is a quality that many a Finance Minister is trying; indeed being forced, to emulate these days.

- However -

However, I have no intention of talking to you about the well-known characteristics of Scotland and its inhabitants. I want to talk to you about the European Parliament and relations between the European institutions. And as a secondary topic, about the economic situation in the Community. The first topic interests me because contact with the European Parliament is one of the responsibilities I have been given within the Commission. You will understand my interest in the second when I tell you that I was, until quite recently, a thrifty Finance Minister in the best Scots tradition.

I can imagine that in June 1979, when you were invited to go to the polls to elect your representatives to the European Parliament, some of you had to overcome a certain reluctance. Elections to a Parliament whose responsibilities were far from clear must have seemed strange. Nevertheless, something like one hundred million Europeans made their way to the polling booths and something over four hundred men and women are now working day by day fulfilling their responsibilities as Members of the European Parliament.

The Treaties, which are the basis of the European venture, define Parliament's tasks and powers. "The Assembly" - according to Article 137 of the EEC Treaty - "consists of

representatives of the peoples of the States brought together in the Community". Parliament controls; advises and takes decisions in specific areas. Its watch-dog function is aimed at the Commission, to which it addresses hundreds of questions every year. In the last resort, Parliament can force the entire Commission to resign, its watch-dog powers extending to the tabling of a motion of censure. If the motion is carried by a two thirds majority, the Commission must resign as a body in line with Article 144. But Article 144 has yet to be applied, I am happy to say.

In addition to its watch-dog function Parliament has an advisory function. Before the Council takes a decision on a Commission proposal, Parliament's views, Parliament's advice must be sought. But Parliament can also come up with own-initiative opinions and refer them to the other institutions.

Finally, Parliament has decision-making powers in specific areas, the most significant being its power to approve or reject the Community's budget. Parliament also has

special powers in relation to Treaty amendments and the organization of general elections. Take a look for instance, at Article 138(3) of the EEC Treaty which actually speaks of proposals for a uniform procedure for elections.

Prior to direct elections, Parliament with its members nominated from national legislators had a worthy if not always significant role within the Community. Commission proposals were dutifully and expertly discussed. Opinions were sent to the Council. Questions were put to the Council and the Commission. Debates took place in a cosy atmosphere of mutual trust and understanding. Its activities attracted little attention. I can imagine that reports from Luxemburg and Strasbourg rarely made the front page here in Scotland.

After direct elections the situation changed. Nowadays voters are in a position to keep an eye on their elected representatives. I am not thinking here of the trips to South America and New Zealand which have received some notariety. I am thinking rather of rejection of the 1980 budget, the debated on job opportunities, the steel crisis, the economic situation, the recent debate on women's rights. I am certain that the media keep you well informed nowadays of the activities of John PURVIS and his colleagues.

This is not to say that publicity is a measure of a Parliament's importance - although there is, of course, a political dimension to publicity.

It means, rather, that the European Parliament is being recognized, inside and outside the Community, as a valid political forum; that Parliament is playing a more and more important role in intra-Community relations; that Parliament as an institution is gaining in status vis-à-vis the Commission and the Council.

The European Parliament's function as a political forum was well-illustrated recently when President SADAT visited Luxembourg. Its pronouncements on violations of human rights seem to strike home. Its criticism of regimes which violate human rights is an encouragement to the oppressed. Examples of Parliament as a forum within the Community abound - notably through the topics raised during Question Time at virtually every sitting. In line with British tradition - dare I say too much in line with British tradition - it is the UK members who make most use of Question Time, raising problems of concern to their constituencies, sometimes with one eye or more than one eye on the press gallery.

Relations between Parliament and the Commission, and Parliament and the Council are far from static. It is clear - and becoming even clearer - that many directly-elected MEPs are determined to interpret the formal powers defined in the Treaty very broadly indeed.

Not only that. Parliament has not forgotten the many pronouncements made in the past on the importance of broadening its powers. These did not always come from Parliament itself. In 1974, for instance, the Heads of Government of the Nine solemnly declared that the European Parliament's powers should be strengthened to give it a stake in the legislative process. The British delegation was the only one to enter a reservation - not because the then Mr. WILSON was opposed to greater powers for the European Parliament but because he preferred to wait until re-negotiation of United Kingdom membership was completed before committing himself.

It is clear that Parliament will not be prepared to put up with its formal straightjacket much longer. It is making a bid for a bigger say in Community affairs. As a former Member of Parliament, I understand this ambition completely. As a European too. Even as the Member of the Commission

responsible for relations between the Commission and Parliament, I sympathize with this development. Particularly in view of all the pronouncements made in the past.

History shows that most of our national Parliaments had to struggle long and hard to win the powers they now enjoy. Surely what has been achieved in so many countries, by so many Parliaments, can also be achieved in Europe?

However, a measure of caution is called for here. The structure and powers of the European institutions - the Council, the Commission, the Parliament and the Court of Justice - can hardly be compared with the threefold structure of legislature, executive and judiciary that we have in the Member States.

As you know, the Commission initiates proposals for Community action, Parliament gives an opinion and the Council takes the final decision. The Commission is formally answerable to Parliament. The Ministers, on the other hand, are accountable to their national Parliaments.

It is easy to understand why, thirty years ago, with the Second World War still fresh in everyone's mind, European cooperation as manifested in the institutions I have just described was regarded as a model of supra-national unity. The question today is: can the model meet the challenge of the decades ahead? In a period of economic recession, the dangers of a revival of nationalism and the fragility of the existing institutional framework (and indeed of the very process of European integration) are readily apparent. When I see Parliament resisting this development and, in the process, coming into conflict with the other institutions, especially the Council, I, as a voter, can only show understanding and respect.

I have mentioned the economic recession and a revival of nationalism. I would like to dwell on these points for a moment.

There is no need for me to tell you about the world recession. Nil economic growth; the extent of the unemployment problem; the number of firms closing down each day. All I can do is repeat what others have said in various ways: we are moving through a dark valley and it will be some time before we emerge into sunlight.



The question is this: will the economic problems facing us inevitably affect the process of economic integration or should we mark time before taking European cooperation a step further?

I understand that dark mutterings to this effect are to be heard in certain circles in Community capitals. It is understandable that our governments should feel that their first responsibility is to the home front, that they should tend - whether or not with eye to the next elections - to favour measures which may help the national situation, however temporarily. To my mind this kind of thinking is fatal. No matter what form national measures take, no matter how they are presented, the protection of national interests will damage the common market, will almost inevitably cut across the interests of the other Member States. For instance, major national aid programmes for specific industries - I will return to this in a moment - are bound to have disastrous consequences for firms in the same industry elsewhere in the Community that get no helping hand.

Another possibility is that national aid programmes may prompt other countries to adopt similar or even more extensive aid programmes. The introduction of import restrictions can easily provoke a similar response elsewhere. The tendency to measure Community policy against the yardstick of national self-interest could ultimately lead to its dissolution.

I am convinced that a revival of nationalism is contrary not only to the interests of the Community and its citizens but also, in the long run, to the interests of the Member States. It would be a mistake for national governments to imagine that the aims of economic and social policy would be easier to achieve if the European Community existed in name only, if Member States were free to re-introduce import duties and export subsidies, to re-erect customs barriers and ban imports. Any attempt to achieve the objectives of the common agricultural policy by purely national measures would be doomed to failure.

It is clear, then, that it is neither feasible nor politically and economically desirable to turn the clock back on integration. It is equally clear that merely

clinging to what has been achieved is contrary to the interests of both the Community and the Member States. Defence of the status quo is not enough. If we fail to take new initiatives, to press forward, to take up new challenges, we will perish. But, before we begin, we must get rid of the dead-wood.

We must be careful; in our review of present policy, not to throw the baby out with the bath water. This is particularly true of the achievements of the common agricultural policy. The difficulty here is to reshape and improve our farm policy without rocking its foundations. To my mind the Commission has taken a major step in this direction with its recent farm price proposals. It is up to the Council now. If it accepts the main points of our proposals, it will be a good omen for the future.

Lastly, may I mention a number of economic problems that the Community, and the Commission in particular, will have to get to grips with in the months ahead.

There is no dodging the fact that the Community will have to reduce its dependence on imported energy considerably in the coming decade, not only to secure its energy supplies but also to lessen the present burden of energy imports on its balance of payments. In 1980 Community countries paid the OPEC countries more than 100 billion dollars for oil. There is more need now than ever for a Community energy policy, for a combined effort to solve the nuclear waste problem, to develop and utilize alternative sources of energy. I work on the assumption that the normal rules governing the common market apply to energy too, which means that, (and I know that this is something very close to home to you in fortunate Scotland) when the going gets tough, the energy supplies of individual Member States should be available to the entire Community. I also feel that more attention should be paid to the financial aspects of the present situation. The recycling of petrodollars is important to keep the economies of oil-importing countries turning. But investment opportunities must continue to appeal to the OPEC countries. It is important that they should find it worthwhile to go on producing oil so that they can invest their export earnings as they see fit.

Where should the Community, and the Commission in particular, concentrate its attention in the months ahead?

I feel that the most important thing is to make the Community less dependent on the OPEC countries in the eighties. It has become abundantly clear in recent years that Western Europe's economy is extremely vulnerable to declining energy supplies. The oil bill is far too high.

In the present economic situation European industry has an enormous marketing problem. This is compounded by the fact that modern factories are springing up elsewhere in the world. Not just in industrialized countries like Japan, but also in countries - such as Brazil and one or two countries in the Far East - which regard themselves as part of the Third World. These countries not only export simpler products, such as textiles, but are turning more and more to the production of cars, electronic goods, and so on. They are competitive in heavy industries, such as steel and shipbuilding, as you, in Scotland, are well aware. Only the most efficient European firms can withstand this competition. The problem is complicated still further by the fact that even modern European firms are having to cope with production capacity in excess not only of present demand but also of expected demand in the immediate future.

For many people, the instinctive reaction is to turn to protectionism. However understandable this may be, especially when unemployment or bankruptcy threatens, it is not the answer. On the contrary. I am convinced that protectionism will merely postpone and hence accentuate the effects of change in the world around us. It is a mistake to suppose that the industrialization process is unlikely to continue elsewhere in the world. Fortunately, I should add. In the last century the general level of prosperity rose much faster than it would otherwise have done thanks to European industrialization. Similarly worldwide industrialization today means new outlets for our exports, although here again our products must appeal more to potential buyers than our competitor's products. European industry must be in a position to adapt to the changing world situation. This is what is known as "positive adjustment" in the language of international negotiators and economists.

I have taken over responsibility for competition policy in Brussels at this stage in the vital process of restructuring European industry. I am aware that governments and industry find it difficult to apply the argument I have outlined, although they often agree with it. I am

thinking here of the veiled form of protectionism that State aids constitute. There has been a startling increase in government aid to firms in difficulty in a number of countries recently. As I have said, governments are trying to outdo each other in offering advantageous conditions to attract new industries. I can only assume from this that we have got ourselves into a situation in which firms that get no helping hand are placed at a disadvantage and the vital process of restructuring is slowed down. This said, let me hasten to assure you that I do not regard all forms of State aids as unfair. On the contrary. Governments have a responsibility for poor regions and the well-being of their citizens. The Commission has a responsibility too. The Community has its own active regional policy, and knows that it now has an ally in the European Parliament, which makes use of its budgetary powers to allocate additional funds to regional policy. Even within the framework of a strict competition policy there must be scope for regional development and associated social measures.

There are other areas of importance to society as a whole in which State aids can be tolerated. I am thinking here of measures to encourage energy saving, protect the

environment and promote research and development. The EEC Treaty allows for this. Even in the area of anti-trust policy it is not true to say that all forms of collaboration between firms are bad. Collaboration for the purpose of developing new products, for example, is actively encouraged by the Commission. What the Commission objects to are forms of collaboration which are anti-competitive and hence detrimental to the consumer.

I am convinced that governments, management and labour can be persuaded that free competition is ultimately in everyone's best interests. The Commission could then apply strict criteria when monitoring government aids, opposing any aids which hinder rather than promote "positive adjustment", in other words, the restructuring process.

I spoke a few moments ago about the consequences of turning back the clock on European integration. I also warned that mere defence of the status quo would not enable us to face the challenge of the eighties, that what was true of the past was true of the future. Together we will have a better chance of maintaining a reasonable level of prosperity than on our own. But the maintenance of relative



prosperity, comparable with the prosperity we now enjoy, will not be achieved marking time, by clinging to what has been achieved. In spite of all our difficulties and preoccupations, now is the time to take a step - indeed several steps - forward.

o\*o\*o\*o\*o\*o\*o