Address by Mr. Gaston Thorn, President of the Commission of the European Communities, to the European Parliament

Strasbourg, 15 February 1984

Mr President,
Ladies and Gentlemen,

Every year, at this time, the President of the Commission appears before this House to present the Commission's programme for the next twelve months.

I am doing so in rather special circumstances this year.

First of all, you in Parliament will be seeking re-election in a few months' time and we at the Commission are just beginning the last year of our term.

Secondly, we are only a few weeks away from the Brussels European Council, a gathering which may well prove decisive for the future of the Community. I can only hope the outcome will be positive.

This being so, you may feel that the Commission should be rendering an account of its stewardship rather than presenting a new programme. But for us, the day of reckoning is still some way off. A year is a long time in politics, and the Commission is determined to fight to the bitter end to implement its programme and put through the proposals that give it concrete expression.

The outline programme now before you tells you point by point how we propose to keep up the momentum in this, our last year in office. It is abundantly clear to us what our main tasks must be. In 1984, we must

. get the Community machinery moving again;
. embark on revitalization of the Community;
. assert our presence in the world in relations with our major trading partners and with the developing countries.

1984 will be a crucial year for Europe. We all know that the future of European integration hangs on the success or failure of our efforts.

We know that the Community is in the throes of a crisis, that it is in danger of becoming what Mr Mitterrand has called an abandoned building site. But the Commission is convinced that we have a responsibility and the resources to save it. The Commission is determined to do all in its power to rekindle the hopes that inspired the Europeans who launched the Community to unite the nations of Europe.

This House has always supported our efforts, sometimes with encouragement, sometimes with constructive criticism. We need you more than ever today.

You will have realized already that, when you go to the European hustings for the second time, you will have to do more than defend Parliament's track record.

You have achieved much and I, like the President of the Council, believe that your actions and the stances you have adopted, do honour to Europe.

But you will be expected to defend the Community's record too.

You will certainly be asked to say what the Community has done to sustain the hopes and allay the fears of the people of Europe. You will have to field all the questions that voters cannot direct to the proper quarter. I know it's not fair. You are not to blame for the Community's shortcomings. But that's politics!

And the people of Europe have many grounds for disquiet.

More than 12 million people in Europe are out of work today, twice as many as there were on the day you were first elected. Four young people in ten have no job.

For more than ten years now the employment situation has been getting steadily worse and industrial structures have been deteriorating. We must have the courage to face up to the fact that recovery is still elusive, despite the first indications that business activity is picking up and the trend of unemployment levelling off.

Is it surprising that the people of Europe should wonder whether the Community is capable of reviving growth and reducing unemployment, aware as they are of the scale of restructuring needed in our traditional industries - iron and steel, shipbuilding, chemicals, transport - to cope with pressure from new competitors? Is it surprising that the people of Europe should wonder whether they can master the new technologies and keep European industry in the forefront of international competition, aware as they are of the meagre results of uncoordinated efforts made by their governments?

And they have other worries. The threat to their security has intensified with mounting East-West tension and the drastic worsening of the situation in the Middle East. I am forcibly reminded of Raymond Aron's bleak diagnosis of Europe's plight when he said that "this composite group of nations only recently grown to maturity, more aware of individual than shared destinies, is passing through a difficult phase after the 'glorious thirties', incapable of defending itself and dependent on energy and raw materials transported across seas whose waves it no longer rules".

This concern is legitimate. But, in a difficult period, the Community has at least preserved the achievements of the past and even made some progress.

Despite the world-wide crisis and despite its internal divisions, the Community has managed

- to preserve the common market, resisting the temptation to resort to protectionism in the face of growing unemployment. In fact, real progress has been made towards enlarging the internal market since the Copenhagen European Council;
- to preserve the framework without which the inevitable restructuring of Europe's major traditional industries would have led to chaos;
- to maintain a united front towards the outside world, particularly in defending its trading interests against its main competitors;
- to preserve the common agricultural policy, protecting its own farmers far better from the repercussions of the crisis than have other OECD countries, including the United States;
- to preserve the zone of monetary stability created in 1979 by the establishment of the EMS; and
- to agree on a common fisheries policy.

We must not denigrate the positive aspects of the Community's record. The fact that we have come through a difficult period with so much intact is a signal success, a good omen. It may well mean thousands, if not millions, of jobs saved, suffering spared, pledges of recovery honoured.

But I feel sure that the general public finds it hopelessly inadequate. And the fact of the matter is that even these modest achievements will come under threat if the Community persists in displaying an inability to adapt to change and face up to the new challenges posed by the march of time.

The common agricultural policy is, perhaps, the most striking example of this inability to adapt.

The Commission gave its diagnosis as far back as 1980. It warned the Council that the common agricultural policy would become unmanageable unless prices were radically realigned and some limitation placed on the guarantees given to producers of surpluses, which today cannot even be given away.

In 1981 the Commission presented a series of proposals which, had the Council accepted them, would have got things back onto an even keel and kept the inevitable sacrifices to a minimum.

But because of the illusory respite provided by the favourable trend of world prices in 1981/82, precious time was lost during which the imbalance on the agricultural markets grew even worse. Unresolved problems piled up, making the necessary decisions even more difficult.

The same inability to adapt is apparent in research and industrial cooperation.

Following discussions generated by numerous Commission proposals, governments do indeed now recognize the need to make better use of the potential offered by the European dimension to encourage cooperation between firms, to enlarge the internal market and to integrate financial markets. But years have been wasted by Member States promoting national champions and feeding intra-Community rivalry instead of exploiting their complementary qualities to meet outside competition.

The electronics industry is a prime example. Between 1976 and 1979 Germany pumped some $ 800 million into its electronics industry, French electronics firms received between $ 500 million and $ 600 million, while the British Government invested over 800 million ECU in a broad programme to promote its information technology industry and support a national research and education effort.

In all, Community countries have invested more than 2 000 million ECU in recent years to boost their information technology industries, far more than Japan and the United States. But the results have been disappointing. Europe still lags behind - not because it lacks funds or ideas but because it lacks the ability to make a united effort. Yet whenever we have joined forces, we have been successful.

European industry has got the message and turned to the Community to devise a European strategy to master the new information technology. It is now almost four years since the Commission launched the Esprit programme, with the full and enthusiastic support of the industries concerned.

Despite agreement between the people who count on the research side, the Council is still humming and hawing, arguing the need for budgetary restraint. Meantime, in Japan and the United States government and industry have embarked on massive research programmes on fifth-generation computers.

I would like to think that it will not be long before agreement is reached. Otherwise, for no good reason, Europe will have missed a major opportunity and industry's confidence in the Community will have suffered a lasting blow.

Such progress as there has been has been cautious.

The European Monetary System is a jewel in the Community's crown. It has gradually come to play a major role in the alignment of economic policies.

But transition to the second phase of the EMS, originally scheduled for 1981, has been postponed indefinitely. There are continuing problems with consolidation of the system. The Council has not acted on the Commission's proposals, including a proposal to strengthen the public and private role of the ECU. We are still waiting for sterling to participate fully, thus completing much talked-of Community solidarity and strengthening the common exchange mechanism by extending the zone of internal stability and increasing its outside influence.

This slowness to act, this reluctance to adapt, this dispersal of national efforts add up to a crying need - the need for government. Europe is not governed at the moment. The Commission proposes, Parliament urges, and no-one decides.

This inability to take decisions, or at any rate to take them at the right time, is the Community's worst failing. A good decision is usually one taken when circumstances call for action. The Council's indecision has too often condemned the Community to doing too little, too late.

It is the unanimity rule within the Council which has upset the institutional balance enshrined in the Treaties, blocked the dynamism of the Community system and ultimately forced the European Council to play a very different role from that originally intended.

Over the last three years the meetings of Heads of State and Government have spent more time on budget contributions - which merely undermined mutual confidence - than on the problems of relaunching Europe, reviving its industry and dealing with unemployment.

I must dwell - if you will allow me - on the most shocking aspect of the misuse of these summit meetings. Regular encounters between those holding supreme office in our countries should have given them an opportunity to create a climate of confidence and promote European integration. Instead of which, the inertia of the normal decision-making machinery, paralysed by the unanimity rule, has led to highly technical matters being placed on the European Council's agenda.

Why were our leaders unable to spend the short time taken out from national responsibilities defining guidelines for joint action? Because they were submerged on each occasion by petty financial squabbles and reduced to attempting to deal, unsuccessfully I may add, with details which should be beneath their notice.

This inertia and indecisiveness cannot go on. You will agree with me that failure at the Brussels European Council would be the beginning of a process of self-destruction which could sweep away the work of the last twenty-five years.

I do not wish to dramatize. I would prefer to convert you, calmly but firmly, to my profound conviction - which now seems to be shared by the European Council - that if the Brussels European Council fails, we cannot postpone a solution until the next time, as we have tended to do since the Summit of November 1981. Between March and June, the reality of the budget crisis will dawn, the European election campaign will be in full swing and governments will be bound by the public utterances of the parties that support them. Some governments will be tempted to abandon the reserve they have displayed since Athens and resort to dramatic gestures and mudslinging that pander to chauvinism.

The scene would be set for a political crisis which could lead to the break-up of the Community.

But all is not lost. It is essential, and in my view possible, to save the situation.

I believe that the Heads of State and Government are now aware of the extent to which their divisions are endangering the Community. The political parties and opinion leaders are aware of it too.

That is a first ray of hope for the Brussels European Council.

But there are others. There is the personal commitment of the President of France. He is putting his personal prestige and the full weight of his office at the service of the Community, giving unstintingly of his time and energy to reconcile points of view so that the Brussels European Council can cut the Gordian knot of the past, and lay ambitious plans for a revitalized Community of the future.

And something has been learnt from the Athens debacle. The Council has responded to the Commission's pleas to return to the Treaty and Community procedures. I would like to think that this is not just lip-service, that the Council is at last shouldering its responsibilities; this should make the European Council's task easier.

Even reduced to essentials, that task is daunting. It may well prove too much unless progress is made by 15 March towards agreement on agricultural reform, which in turn is a prerequisite for agreement on the basic features of a new financing system, namely:

. tighter budgetary discipline;

. solutions to the budget contributions problem;

. financing the Community of Twelve.

These three issues, inextricably linked as they are with reform of the common agricultural policy, form the Gordian knot which the European Council must cut if it is to do what really matters and revitalize Europe.

Several governments quite rightly regard the containment of farm spending as a prerequisite for raising the own resources ceiling.

Let me repeat what I have already said on a number of occasions. The common agricultural policy would have had to be reformed, even if the ceiling had not been reached.

The production of surpluses must be contained at all costs, since their disposal jeopardizes the guarantees which the common agricultural policy can and must provide for other more marketable products.

The success of the common agricultural policy made some changes inevitable. But our failure to make any changes has put the Community in a financial straightjacket.

Against this background, the Commission's 1983 reform proposals and the associated price proposals were bound to be tough. These proposals are not a catalogue from which one can pick and choose. They constitute an integrated policy designed to respond more flexibly to fluctuations of supply and demand, to integrate Community agriculture more effectively into the chain of economic activity upstream and downstream and to make the internal and external dimensions of the common agricultural policy more consistent.

The decisions to be taken will not be easy, but they are urgent and necessary. They are imposed by circumstances but, more than this, they are essential if we are to create a sound basis for the long-term development of Europe's agricultural potential, ensure the well-being of our farmers, as the Treaty requires us to do, and breathe new life into the common agricultural policy.

Frankly, I am very worried about the lack of progress within the Council and the Agriculture Ministers' statements that they

will probably be forced to refer the dossier to the European Council. If the European Council is to lay solid foundations for a new financing system Agriculture Ministers must reach a decision. The first element of this system is tighter budgetary discipline.

The Commission has just sent a communication to the Council restating its earlier proposals and adding some interesting elements which emerged in discussions.

The Commission's aim is threefold:

- to make each year's budget an expression of policy priorities and an instrument for stringent management of the Community's finances, and, to this end, introduce new inter-institutional conciliation in advance of the budgetary procedure proper;

- to defend Parliament's budgetary powers and its own right of initiative to the full;

. to streamline the budgetary procedure so as to obviate disputes between the two arms of the budgetary authority.

I am convinced that the Council can reach agreement on the basis of Commission's proposals.

If I am right, the problem of the future financing of the Community and the problem of budget contributions would finally be set in a context conducive to overall agreement.

The Commission will adopt its position on both issues before the General Affairs Council meets on 20 and 21 February.

I won't go into the details of the proposals we intend to put to the Council.

I will, however, spell out the principles which have guided us.

We feel that once the Member States are convinced that Community finances will be strictly managed, once they can be persuaded that the uncontrolled expansion of farm spending has been checked, they will be obliged to take steps to guarantee long-term, stable financing of the enlarged Community at a level which will allow of the development of the common policies.

I have no doubt that the current ceiling on own resources will be raised. I recognize that it is unlikely to be abolished - as we and you would like - since virtually all the Member States are opposed to the idea.

This being so, the Commission will insist on the new ceiling being set high enough to offer a genuine prospect of revitalizing the Community and offering a guarantee of budgetary peace for at least ten years.

The Commission is not prepared to accept the constant threat of own resources running out as an alternative to stringent budgetary management. Nor is it prepared to see the Community's credibility eroded by the need to run cap in hand, again and again, to national parliaments.

As to the budget contributions problem, the Commission wants the solutions found:

. to be in keeping with Community principles - which rules out any idea of a "fair return";

. to be equitable, in other words, to reflect Member States' ability to pay and their legitimate desire to know what their annual bill will be;

- to be lasting. The Commission considers that any solution to the budget contributions problem should run for the same period as new own resources.

The European Council can reach agreement on these three basic elements of the new financing system if the Agriculture Ministers do their homework, making it possible for the European Council to take a decision and, above all, if the Heads of State and Government come to Brussels determined to lay the foundations for a revitalized Community.

Agreement on agricultural reform and future financing would give the green light for enlargement and finally allow a date to be fixed for winding up negotiations with Spain and Portugal.

But the containment of farm spending, the restoration of budgetary peace, even enlargement, are merely preliminaries. They will not be enough. Reform has to be matched by a blueprint for revitalizing the Community to which the Brussels European Council must give its blessing. It cannot be expected to spell out all the details but it must chart the course. That's its job.

We must

- provide European agriculture with new horizons, going beyond long-overdue reform;

- organize joint action to restore Europe's status as an industrial and technological power;

. provide the instruments for economic and social convergence so that we can join forces to fight the unemployment which is undermining our societies;

. find better ways and means of working together to develop the less prosperous regions of the Community;

. affirm Europe's role in the world and, if necessary, assume responsibility for directing international efforts to combat under-development and hunger. The negotiations for a new Lomé Convention have already begun and we must bear in mind that, if the Community founders, it will take with it the novel form of development cooperation we have devised to assist the countries of Africa, the Caribbean and the Pacific.

The Commission has already made proposals on all of these points and many of them could be implemented fairly quickly, for there is greater consensus within the Community on where we are going than on how we are to get there.

If the Brussels European Council can get the Community moving again - and I hope it can - it will have little difficulty in formulating guidelines for the future and launching a debate on its President's ideas on new activities for second-generation Europe.

If the Brussels European Council fails, it will be clearer than ever before that we have been treating the symptoms, not the disease. We will have to address the basic questions which nobody even dared to ask before the first enlargement: What sort of Community do we want? How far are we prepared to follow the logic of the Treaties?

And we will have to answer them before any attempt is made to pick up the pieces yet again. Because failure in Brussels would bring us face to face with a yawning gulf between the goals of the European venture and the willingness of the Member States to work to attain them.

European integration has never been just a matter of economic necessity. Purely economic considerations could have led us to opt for dependence in foreign policy and a subordinate role on the world stage. The European venture does not stop with the creation of an economic area, with a single market, a common customs tariff and a common agricultural policy.

The Treaty of Rome had much more in mind. Its primary objective, from which the rest follows, is "to lay the foundations of an ever closer union among the peoples of Europe." Note that it says "peoples". Not trade, economic policies, exchange rates, or industrial strategies. No, it says peoples. And this means political union in the sense that a political entity is a concrete expression of the freedom and identity of a society or a group of societies; in the sense that a society or a group of societies accepts as one of its basic objectives the attainment of internal harmony through solidarity and external independence through a defence capability.

But why wait for the Brussels European Council. I would urge you here and now, on the Commission's behalf, to seize the opportunity offered by the European election campaign to remind opinion leaders in the Community of the political goals of the European venture.

There is a clear link between this and your campaign for European union and genuine reform of the Community's institutions and decision-making machinery.

It is fashionable in certain quarters to be sceptical about this issue, which is seen as the hobby-horse of those who are nostalgic for the early days, for those who have yet to understand that economic efficiency has nothing to do with the sterile institutional debates of yesteryear.

It is to Parliament's credit that it has resisted this fashion. It is patently wrongheaded to believe that the Community can progress until such time as decision-making becomes more efficient and democratic. This has been demonstrated again and again. And I have quoted numerous examples which show that, as things now stand, the institutions' inability to take decisions is disastrous and damaging.

We must face the fact that, unless something is done, the admission of new Member States can only make matters worse.

We cannot go on pretending to discover the institutional problem each time new members join and then concentrate on the arithmetic - the size of the new Commission for example. As if that really mattered!

What is important is that the Community as such should be able to embark on the implementation of programmes and schemes in the common interest, selected and approved in an efficient, democratic manner. In a word, the Community needs to be governed. This is the crux of the matter, and a solution is clearly a long way off. Those of us who appreciate how much is at stake must unite to push through the necessary reforms as quickly as possible.

The Commission must recover the means to play the role and exercise the powers conferred on it by the Treaties to the full. Its right of initiative will remain devoid of substance as long as it takes only one Member State to veto a decision. And of course the Commission's management powers must also be widened.

Parliament's role in decision-making is not commensurate with the legitimacy the direct elections gave it. Parliament is an expression of the deep-rooted aspirations of the people of Europe. As such, it should have a much larger say in policy-making. I would like to see it sharing legislative and budgetary powers with the Council.

Unless a balance of power is restored, cooperation will go ahead outside the Community context - which is regarded as hidebound and inflexible. The European election campaign will provide us with a golden opportunity of bringing the debate out into the open. But it will be difficult to interest the general public in an extremely esoteric discussion unless the fundamental significance of the European idea is driven home.

While you are doing your utmost to motivate public opinion, the Commission will be involved in intensive negotiations. The Commission has done its duty which, in many cases, has meant proposing tough and hence unpopular measures. The year ahead may well bring further difficult choices in the area of budget management.

You know that this year we have our backs to the wall and little room for manoeuvre. The Commission will keep you abreast of developments and, at all events, I will be reporting to this House on the Brussels European Council. Clearly, if no decisions have been taken by then to ensure the financing of agricultural expenditure, the Commission will eventually be forced to propose appropriate action, however harsh, to the budgetary authority.

We must all do our duty and do it quickly. There is no time to lose. There has been enough procrastination.

It will be for you, during the European election campaign, to explain how a higher goal can be achieved by accepting immediate sacrifices. It will be for you to argue convincingly for "union among the peoples of Europe". It will be for you to demonstrate that where there's a will there's a way, that our shared destiny, rooted in the past, can help us overcome our present differences.

At a time when Europe's economic recovery is shaky, a revitalized Community could play a decisive part in restoring confidence.

Economic performance is one of the most reliable indicators of a nation's intrinsic vitality. But economic performance alone cannot explain or sustain that vitality. The people of Europe share the same culture. Their social, economic and political institutions - as Tocqueville noted more than a century ago - are very similar. It is from this that they must draw new vigour. With their history, culture, learning and institutions to support them, the people of Europe are still perfectly capable of meeting the challenges of the crisis, outside competition, and an uncertain world. But they need to tap their intrinsic vitality, pool their efforts, and create institutions that match their aspirations. Decline is not inevitable. We may have become inward-looking, we may be suffering from a lack of vision, but we can fight these ills together, each in our own way. That, after all, is what our institutions are for.

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Brussels,
Strasbourg, 15 February 1984
EMBARGO: 15.2.84 at 1000hrs

ADDRESSING THE EUROPEAN PARLIAMENT IN STRASBOURG ON 15 FEBRUARY 1984 COMMISSION PRESIDENT GASTON THORN CALLS FOR ACTION TO PULL THE COMMUNITY OUT OF CRISIS: "THE COMMUNITY NEEDS TO BE GOVERNED - THIS IS THE CRUX OF THE MATTER"

Mr. Gaston E. Thorn President of the Commission of the European Communities, presented the Commission's programme for the next twelve months to Parliament. The Commission, he said, was determined "to fight to the bitter end to implement its programme and put through the proposals that give it concrete expression".

Mr. Thorn called for a proper appreciation of the difficulties of these past few years when the Community had managed to preserve the achievements of the past and had even made some progress.

However, the people of Europe have many grounds for disquiet, if only because of the unemployment situation.

Mr. Thorn was concerned by the "inability to adapt" and to "take decisions" of the Community: "Over the last three years the meetings of Heads of State and Government have spent more time on budget contributions ... than on the problems of relaunching Europe".

He warned that failure at the Brussels European Council would be the beginning of "a process of self-destruction" which would sweep away past achievements. He announced that the Commission had just submitted a proposal to the Council on tighter budgetary discipline and would shortly be finalizing its position on budget contributions and future financing of the enlarged Community.

"These three issues, which were inextricably linked with agricultural reform, were the Gordian knot that the European Council, would have to cut if it was to do what really mattered and revitalize Europe".

In the area of budget management we have our backs to the wall, said Mr. Thorn, who made it clear that if no decisions had been taken by the Brussels European Council in March, to ensure the financing of agricultural expenditure, the Commission would eventually be forced to propose appropriate action, however harsh, to the budgetary authority.

"In a word, the Community needs to be governed. This is the crux of the matter", concluded Mr. Thorn, who argued forcefully that "decline is not inevitable" and he called upon those who appreciated how much was at stake to unite to push through the necessary reforms as quickly as possible.

These then are the main points of Mr. Thorn's address.

The people of Europe ... grounds for disquiet

Firstly, Mr. Thorn payed tribute to the work achieved by the outgoing Parliament:
"You have achieved much, your actions and the stances you have adopted, do honour to Europe ...

"... You are not to blame for the Community's shortcomings ..."

"And the people of Europe have many grounds for disquiet. More than 12 million people in Europe are out of work today, twice as many as there were on the day you were first elected. Four young people in ten have no job...

... The Europeans have other worries. The threat to their security has intensified with mounting East-West tension and the drastic worsening of the situation in the Middle East."

To preserve the achievements of the past

...This concern is legitimate. But, in a difficult period, the Community has at least preserved the achievements of the past and even made some progress..

Indeed, the Community has managed :

- to preserve the common market, resisting the temptation to resort to protectionism in the face of growing unemployment;

- to preserve the framework without which the inevitable restructuring of Europe's major traditional industries would had led to chaos;

- to maintain a united front towards the outside world, particularly in defending its trading interests against its main competitors;

- to preserve the common agricultural policy, protecting its own farmers far better from the repercussions of the crisis than have other OECD countries, including the United States;

- to preserve the zone of monetary stability created in 1979 by the establishment of the EMS; and

- to agree on a common fisheries policy.

The need to adapt

"The fact that we have come through a difficult period with so much intact is a signal success, a good omen, but these modest achievements will come under threat if the Community persists in displaying an inability to adapt to change and face up to the new challenges posed by the march of time..."

As an example of this "inability to adapt to present needs" Mr Thorn cites the CAP, on which the Commission gave its diagnosis as far back as 1980, and the difficulties in the fields of research and industrial cooperation. "But years have been wasted by Member Sates promoting national champions and feeding intra-Community rivalry instead of exploiting their complementary qualities to meet outside competition".

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...the need to decide

..."Such progress as has been achieved has been cautious. This slowness to act, this reluctance to adapt, this dispersal of national efforts add up to a crying need - the need for government. Europe is not governed at the moment. The Commission proposes, Parliament urges, and no-one decides. This inability to take decisions, or at any rate to take them at the right time, is the Community's worst failing. A good decision is usually one taken when circumstances call for action. The Council's indecision has too often condemned the Community to doing too little, too late.

It is the unanimity rule within the Council which has upset the institutional balance enshrined in the Treaties, blocked the dynamism of the Community system and ultimately forced the European Council to play a very different role from that originally intended..."

After stating that over the last three years the meetings of Heads of State and Government have spent more time on budget contributions - which merely undermined mutual confidence - than on the problems of relaunching Europe, reviving its industry and dealing with unemployment and stressing that "the most shocking aspect is the misuse of these summit meetings". The President said "this inertia and indecisiveness cannot go on. You will agree with me that failure at the Brussels European Council would be the beginning of a process of self-destruction which could sweep away the work of the last twenty-five years".

The reasons to hope

If the Brussels European Council fails, the scene would be set for a political crisis which could lead to the break-up of the Community. Mr Thorn, however, sees reason to hope for the success of the European Council.

The first reason is "that the Heads of State and Government are not unaware of the extent to which their divisions are endangering the Community. The political parties and opinion leaders are aware of it too"...

"Another important reason to hope for the success of the next European Council is the personal commitment of the President of France. He is putting his personal prestige and the full weight of his office at the service of the Community, giving unstintingly of his time and energy to reconcile points of view so that the Brussels European Council can cut the Gordian knot of the past, and lay ambitious plans for a revitalized Community of the future".

Mr Thorn also remarked : "something has been learnt from the Athens debacle. The Council has responded to the Commission's pleas to return to the Treaty and Community procedures. I would like to think that this is not just lip-service, that the Council is at last shouldering its responsibilities; this should make the European Council's task easier".

Cutting the Gordian knot

"Even reduced to essentials, that task is daunting. It may well prove too much unless progress is made by 15 March towards agreement on agricultural reform, which in turn is a prerequisite for agreement on the basic features of a new financing system, namely :

- tighter budgetary discipline;
- solutions to the budget contributions problem;
- financing the Community of Twelve.

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These three issues, inextricably linked as they are with reform of the common agricultural policy, form the Gordian knot which the European Council must cut if it is to do what really matters and revitalize Europe".

A blueprint for revitalizing the Community

"Reform has to be matched by a blueprint for revitalizing the Community to which the Brussels European Council must give its blessing. It must draw up the guidelines for the Community's future.

We must :

- provide European agriculture with new horizons, going beyond long-overdue reform;
- organize joint action to restore Europe's status as an industrial and technological power;
- provide the instruments for economic and social convergence so that we can joing forces to fight the unemployment which is undermining our societies;
- find better ways and means of working together to develop the less prosperous regions of the Community;
- affirm Europe's role in the world and, if necessary, assume responsibility for directing international efforts to combat under-development and hunger".

What sort of Community do we want?

"If the Brussels European Council fails, it will be clearer than ever before that we have been treating the symptoms, not the disease. We will have to address the basic questions which nobody even dared to ask before the first enlargement:

What sort of Community do we want? How far are we prepared to follow the logic of the Treaties?...

The European venture does not stop with the creation of an economic area, with a single market, a common customs tariff and a common agricultural policy.

The Treaty of Rome had much more in mind. Its primary objective, from which the rest follows, is "to lay the foundations of an ever closer union among the peoples of Europe."

For a real reform of the institutional system

"We cannot go on pretending to discover the institutional problem each time new members join and then concentrate on the arithmetic - the size of the new Commission for example. As if it mattered!

What is important is that the Community as such should be able to embark on the implementation of programmes and schemes in the common interest, selected and approved in an efficient, democratic manner. In a word, the Community needs to be governed. This is the crux of the matter.

Those of us who appreciate how much is at stake must unite to push through the necessary reforms as quickly as possible.

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Budget: our backs to the wall

..."In the area of budget management we have our backs to the wall and little room for manoeuvre. Clearly, if no decisions have been taken to ensure the financing of agricultural expenditure, at the latest at the March European Council, the Commission will eventually be forced to propose appropriate action, however harsh, to the budgetary authority."

No to decline

To conclude: "the people of Europe with their history, culture, learning and institutions to support them, the people of Europe are still perfectly capable of meeting the challenges of the crisis, outside competition, and an uncertain world. But they need to tap their intrinsic vitality, pool their efforts, and create institutions that match their aspirations. Decline is not inevitable".