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(in his personal capacity)

I Introduction

I am honoured and privileged to have been invited to give the 17th Jean Monnet lecture at this time and in this place. I am not speaking in my official capacity as Director General of the World Trade Organization, and my remarks to you should not be taken as representing the WTO in any way. I am speaking to you as a private citizen, as a long-time believer in European integration, and as someone who is deeply concerned by the problems Europe faces.

Throughout its history this Institute has provided a forum for the development of ideas regarding European integration. However, more than this, it has helped to generate an intellectual framework and conceptual justification for that process and has constantly provided ideas for future development. Since the earliest days of the Community there has never been a time when the generation of new ideas on the future course of the European integration process has been more urgently required. We face today a crisis of belief which transcends anything that I remember. We also face a crisis by reason of the stark divisions between the Member States on where the Union is going and how it will get there. One feels that even Monnet would be intimidated by the challenges ahead - challenges that simply cannot be dealt with by temporising or lofty rhetoric.

The political and social challenges from the disaster in the former Yugoslavia to the running sore of unemployment, are as immediate as the television news. They give an added urgency to the questions one must answer about Europe's future.

If I emphasize the economic challenges in this lecture it is in no way to make light of these grave and pressing problems. It is rather to recognize, as Jean Monnet did, that economic and trade relations are the cornerstone of European integration and the key to its future development. At this time of transition it is more than ever important to return to the sources of the Union for fresh inspiration to guide its future development. I want to begin by recalling briefly the factors and the insights which provided the post-war push for European integration, before going on to show how Europe's present situation is an imperative for further integration.

The external challenges facing Europe in a shrinking and uncertain world and the questions it must resolve about its own shape and structure are inseparably linked. They must be considered together, as I intend to do; together they lead to the same point. A confident and outward-looking Europe is vital for the prosperity and stability of the world - and of Europe itself. This must be a Europe which is more united, not less; a Europe whose openness to global change and its global partners is made possible by

the assurance that comes from making its own policies and institutions more open, more responsive and more credible to its citizens.

II The Origins of Integration

There were compelling, obvious but also very specific reasons for the creation of a true community of European states dedicated to democracy in the immediate aftermath of the Second World War. As Duchêne has made clear in his excellent biography of Monnet, it was his ability to harness specific and shared policy objectives to the grander objective of European Union that provided the basis for the remarkable achievements which were to follow. As a backdrop to that debate Europeans then recognized, and could not easily ignore, the visible evidence of the historic failure that surrounded them.

The waging of a horrible war that had followed so rapidly the earlier one presented unambiguous arguments for a new and different beginning. So also did analysis of the events that had preceded it including the catastrophic economic collapse of 1929-32 and the protectionism of the 1930s. The courage and vision required for a new beginning was more readily forthcoming from a group of inspired individuals who had not only been vital witnesses to the capacity of Europe to destroy itself but who also saw the specific need for new structures supporting economic interdependence.

The appalling excesses of racism and xenophobia which were often rooted in economic causes demonstrated a need to structure economic relationships for the future in a new way. However much the rhetoric of the Hague Congress in 1948 may evoke a belief that the nobility of the cause created the means to realise it, the reality was probably more prosaic. The building blocks of the Union as we now know it were the result of pragmatic concerns and objectives and each subsequent step has followed the identification of specific policy imperatives for the Member States.

The uncomfortable stability provided by the East-West divide, through the creation of a certain homogeneity and the sense of ever-present threat, cemented the members together. Indeed the more or less consistent US support for integration was also of course influenced by the belief that a more united and free Europe created a secure bulwark against the advance of communism. Superficially with the removal of the threat it might be argued by some that one important reason for developing the union no longer existed. On the contrary, as I now want to demonstrate, today's external conditions create even more compelling political reasons for integration, even though they may be less obvious.

III The External Challenges Facing the European Union

I want to emphasize the need to put Europe in its proper perspective - the global one. To see Europe's future more clearly it is necessary to lift our gaze well beyond its borders. There is no possibility of "opting out" from the world outside, or from the forces which are shaping it. On the contrary, all Europe's hopes for its future development depend on recognizing and responding positively to the currents of global change and no member State, not even the more powerful, can by themselves mount an effective response to the unprecedented challenges facing us.

The deepest as well as the broadest change is the integration of the world economy, which also has profound political consequences. This is a central fact of our times, even if it is one more often acknowledged in the private sector than in political life. It stems from the free flow of capital, technological change, innovations in business organization and the more open and secure trading environment made possible by the multilateral system. Its reality is shown in the fact that the volume of world trade has expanded more rapidly than the volume of world output in nearly every year since the end of the Second World War.

For much of the postwar period, more than three-quarters of the world's people lived in countries whose governments were sceptical of - and in some instances, openly hostile to - the advantages of integration into world markets. That has changed, and the implications for international economic and political relations are enormous. Since 1982, for example, the developing countries have nearly

doubled their share of world exports of manufactures, from 11 per cent to more than 20 per cent last year. One-third of the top 25 traders of goods and services are now developing countries.

In short, national frontiers are becoming less and less relevant for private sector decisions concerning investment, production and consumption. But the political effects do not necessarily go the same way. The mirror image of more intense competition on world markets has been the increasingly defensive stance of some import-competing industries, especially noticeable in the developed countries in periods of recession. This is not unrelated to increasing evidence of extreme nationalism and racism with their seductive appeal to some of the less appealing human characteristics. Persistent social problems, such as high rates of unemployment, are wrongly blamed by some in industrialized countries on the poor of the world. Already there are disturbing signs of a rise in protectionist sentiments, in various guises, in Europe and in other developed countries.

Accepting the reality of an inter-related world as a promise rather than a threat will help Europe reaffirm its own cohesion. It urgently needs to do so in the face of the array of specific external challenges to which it must respond.

On the European continent, there are particular challenges arising from the momentous changes of 1989. Will a more fluid geopolitical situation in Europe lead inevitably to a return to an inward-looking nationalism raising once again questions that had been firmly and successfully put to rest by post-war Franco-German reconciliation? What can the European Union do to remove sources of nationalist conflict? Can we avoid more Bosnias? If Europe is to eschew nationalist options, how is she to give expression to her security interests? What are the implications for our relations with the United States and for the Union's participation in regional (NATO, WEU, OSCE) and global security systems (UN Security Council)? How far should we enlarge the European Union to the East? What will be the nature of our co-operation with Russia, Ukraine, Belarus and other CIS nations? At times many of these questions seem to be larger than our means, whether as individual states or at Union level, and there is often a gap between clear needs and external expectations and our own ostensible capabilities.

However, we simply have no choice but develop more effective common strategic policies on these questions and ensure that the European Union has the necessary means to implement them in a coherent manner.

To the South, Europe also faces challenges. We need to develop a more active policy in regard to the neighbouring countries of the Mediterranean. The possibilities of peace in the Middle East between Israel and its Arab neighbours has created new hopes for the region. At the same time, we need better to understand the root causes that lead to alienation, including violent expressions of Islamic fundamentalism. Economic developments in the region are closely linked to European concerns on migration. Yet, can we truly say that Europe has a sustainable strategic view vis-à-vis the Maghreb countries? Will Turkey move from associate status to membership of the Union? What instruments does Europe need to develop to foster peace, stability and economic development among her southern neighbours?

Further yet to the south, Africa, especially sub-Saharan Africa, has been left behind in the economic developments that have spawned dynamic new emerging markets in Asia or Latin America. Yet Europe has traditionally had strong links with Africa. In a post-Cold War world, should Europe not have a more active policy towards Africa and seek to foster an economic climate and discipline in which trade and development can take more vigorous root?

Then there is the challenge of building a full partnership with Asia and with Latin America. This is important in two distinct but related ways. Firstly, Europe needs the markets that these fast-growing economies represent. And secondly, how Europe reacts to their presence in third markets - and in its own - will be a key determinant of how well Europe can adapt to the new facts of global economic life.

For example, the Prime Minister of Singapore recently referred to Europe's relations with Asia as a "missing link". Yet the World Bank estimates that by the year 2000 half the growth in the global economy will come from East and Southeast Asia alone. East Asia is, since 1993, Europe's largest external trading partner - and the fastest-growing market for European exports. Similarly, Latin America has shown the world's highest rate of import growth overall two years in a row.

Clearly the political relationships are not keeping pace with the economic realities. This is dangerous, because there is a risk that the gap can be filled by prejudice and short-sighted policy decisions. Thus one sees agitation in some quarters for sanctions against developing countries on the grounds that their competitiveness is based on disregard for standards of labour rights or environmental protection. Whatever the merits of concern about individual cases and the "cultural" clashes they sometimes represent, there are other means and other fora where they should be addressed and resolved. A generalized approach based on retaliatory trade sanctions is fundamentally mistaken. Anyone who believes the way to encourage higher standards in these areas is to block mutually beneficial trade opportunities on which all sides depend for growth has not learnt from Europe's own history.

Lastly let me turn to the challenges in the world's most important bilateral relationship, Europe and the United States. We are the largest trading partners in the world and the largest investors in each other's economies. Trade between us amounts to more than a third of the world's total trade. Each partner accounts for half the foreign direct investment on the other side.

In other words, this relationship remains a central element in the architecture of Europe and of the world in its economic as well as its political and security dimensions. Recognition of this fact should be the basis for a renewed commitment to the political partnership. We cannot allow sectoral disputes, whether agriculture or audiovisual, to be the driving force as they too often seem to be. The combined economic power of the two sides means that friction between them can be immensely destructive.

Embedding the bilateral trade relationship firmly in the framework of the multilateral system is the key to keeping it stable and preventing or resolving disputes. It also offers the best basis for the EU and the US to develop a shared and constructive approach to new issues on the world trade agenda. In this context Sir Leon Brittan's recent call for the EU and US to work together to liberalize international investment through the WTO is a timely one.

IV Implications for Europe's Internal Development

We are now in a position to draw some conclusions about how Europe should respond to these external challenges, and what this means for its own internal priorities.

Firstly, it is clear that structural changes in the world economy compel a response from Europe. Technologically-induced changes in manufacturing, the growing share of services and knowledge-based industries in our economies, the international free movement of capital and the globalisation of enterprise all imply major change in the way in which we organise economic activity. In the United States and in Asia and, more recently, in Latin America, there seems to be a faster capacity to change and adapt to these new trends with the result that Europe risks being left behind.

The European Round Table of Industrialists has drawn attention to a long list of problems inhibiting the competitiveness of European industry. A key symptom is that unemployment in OECD Europe remains stubbornly close to 12%. Europe needs more not less liberalisation of markets. Too often our industrial and trade policies seem to be unduly influenced by special pleading often from sectoral producer interests which resist the actions necessary to become competitive. Not enough attention is paid to the need for, and the benefits of, more competition.

A vigorously competitive internal market is the best means to ensure the global competitiveness of European enterprises by trimming costs, stimulating innovation and enhancing productivity. Economic and monetary union and a single currency should greatly help to reduce transaction costs within the internal market and provide a more stable framework for investment. But it is important too that there is strict respect for the convergence criteria spelled out in the Maastricht Treaty -- these criteria play an important role in ensuring that scarce resources are not used inefficiently.

Secondly, Europe's place in the world as well as its economic wellbeing depend on it keeping hold of the liberal economic principles on which it was built, and recognizing that these are as valid and as necessary to apply in external as in internal relations.

After all, the European Union was conceived as an open entity from its very inception. The preamble to the Treaty of Rome pledges it "to contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade". And in Article 110 of the EEC Treaty, the

member States affirm their "aim to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers".

The best way to fulfil these objectives of its founding fathers, while safeguarding Europe's own achievements, is through a strong multilateral trading system - the system we now have in the WTO. In making that system work and using it to improve international economic cooperation, Europe must rise to the global responsibilities that go with its economic power. On other occasions, I have drawn attention to the limitations of the G7 and G15 as structures for global economic policy co-ordination. We need to set up a more representative forum, by including not merely developed but also developing countries reflecting a truly global perspective. A more cohesive Europe can make an important contribution to the solution of this problem.

Thirdly, only an open and outward-looking Europe will be capable of asserting its principles and confident in its internal coherence - and vice versa.

This is one of the great overlooked lessons of the Uruguay Round negotiations. The Single European Act of 1986 and the Uruguay Round Final Act of 1994 in fact represent two sides of the same coin. The Internal market programme enabled the Union to play an active part in the Round. If the European Union did not have the internal institutional framework that allowed for the articulation and implementation of a common external economic policy then I believe we could never have concluded the Uruguay Round. If the members of the Union had spoken with individual voices they would no doubt have created a situation where consensus could not have been achieved globally. And the consequences, in turn, of a collapse in global economic consensus for the internal cohesion of the Union would have been catastrophic. Instead, through this negotiation the Union improved access conditions for internal and external suppliers alike and, to the surprise of the prophets of Eurosclerosis, gave encouraging evidence of its ability to respond to economic challenges.

The process of European integration may have been motivated originally by a desire to heal the division of a continent that had constantly reenacted the worst moments of its own history. Now, however, the absolute need for its further development is both external and internal. The core principle of the Union is that it should develop through the sharing of sovereignty rather than by mere cooperation among nation States. If that principle were to be weakened rather than strengthened, the prospects for the implementation of global strategies to influence change for the better in economic, social and political spheres would be significantly damaged.

Looking to the future, and to the need to build on the base for global economic cooperation that now exists, it is more than ever clear that the creation and maintenance of any world order requires the continuing integration of the European Union. More particularly it requires the deepening of its institutional base.

To sum up, it is clear that the imperatives of global and internal integration reinforce each other. Then why is the process so controversial and so fraught with political difficulty in the Europe of today? I want to consider this question next - and, finally, to suggest some answers.

V The controversial process of continuing integration

Looking behind the broad popular support for European integration that is still evident from Eurobarometer surveys it is increasingly clear that in many parts of the Union there is confusion about the path we are on and where it may lead. In addition the political leadership of the member States is apparently seriously divided. In terms of public perception the European Parliament has not attained legitimacy as a democratic organ representing a collective will. In fact, I believe that such evidence as there is points to a reducing sense of legitimacy for the institutions of the Union generally, for reasons that are only partly internal to those institutions themselves.

The Parliament and the Commission are seen to be too far removed from the people and decisions that affect them. Both also suffer from the unremitting hostility in many countries (and not just the United Kingdom) of significant sectors of opinion. Basking in the luxury of blaming the institutions of the Union for what goes wrong, and denying credit for what goes right, certain national administrations play the age-old game of seeking to retain power by attacking the fledgling institutions of a new order

that they believe threatens them. Cries of support for national sovereignty often in reality represent attempts to defend interests in maintaining power, rather than in defending the nation state (except insofar as some national administrations believe that they are synonymous with the State).

That is not to say that the old argument for a "Europe des Etats" are not passionately and genuinely advanced by some. They are of course the successors to de Gaulle, and nationalism as a cause for the rejection of the sharing of sovereignty is not the exclusive preserve of any one country. However one suspects that the battle for power itself is at least as powerful a motivator as any perception of national interest.

The Maastricht Treaty, which we are condemned to live with rather than ignore, represents in some respects a dangerous step towards inter-governmentalism. It takes a direction that is in significant respects quite contrary to that taken by the Single European Act. The Single European Act represented a revival in the process of integration based upon supranational principles. The process leading to its preparation was measured and coherent and quite different from that of the Maastricht Treaty. As a result it was reasonably clear in its meaning and effect.

The extension of majority voting together with other provisions relating to economic and social cohesion and the new cooperation procedure with parliament could not be dismissed as simply providing a mechanism for the realisation of a fuller market economy in the Community as it then was. It truly did reflect an agreement to significantly deepen the relationship between the Member States in a manner that starkly contradicted the position of the inter-governmentalists. Thus in the areas covering the voting procedures the United Kingdom was faced with a clear dilemma. Either the Internal Market was to be a reality by the 31 December 1992 in which case more majority voting was required or, alternatively, the retention of unanimity would maintain national sovereignty in the areas concerned but the objective would not be achieved.

At the end of the day it was the pragmatic policy consideration of a need to generate economic growth that pushed the process forward. No matter how the integrationists might applaud the Single European Act, it did not become a reality because of their fundamental belief in increasing supranationalism but rather because of a shared need for an answer to the growing problems of competitiveness and unemployment.

It has been suggested in the past that progress towards integration has been "by stealth". According to this view the constitutional changes that have occurred in the past have been contrived by a secretive group of bureaucrats with a hidden or opaque agenda. Whilst appreciating that public opinion was not always as informed as it might have been about the detailed constitutional implications of sharing sovereignty, I do not believe that there was any secrecy in that process. Constitutional change was debated fully at each stage of institutional development. The implications of the ongoing journey to European Union were fully explained for example to the United Kingdom and Irish electorates in very clear and unambiguous terms during the accession and subsequent referenda debates. To deny afterwards for example that there was any acceptance of the overriding jurisdiction of the European Court of Justice or that the objective to strive to an "even closer Union" might well require a defence commitment is to distort history.

However, to underline what some deny about this initial understanding of the constitutional undertakings of membership is not to say that the process of adopting ordinary legislation by directive or regulation has been conducted satisfactorily. It has not. The fault here lies squarely with the Council. It is ironic in the extreme that the Council has substantially avoided criticism about the laws that it has passed when it has primary responsibility for their passage.

The member States, or at least a majority of them, have been intent on not merely maintaining secrecy about their deliberations but have often also sought to blame "amorphous Brussels bureaucrats" for their own legislative acts. Any institutional change should focus particularly on the urgent need to increase the accountability of the Council through transparency and should contain a clear political understanding that domestic parliaments will be given the necessary oversight of their own Ministers' decisions. It is essential that this debate be advanced rather than fall into the obvious trap of laying the blame for popular discontent with policies on the European Commission, the Parliament or the Court. The only good thing to come from the Maastricht Treaty was the chapter on Economic and Monetary Union. The realisation of monetary union, should it take place, will have an irreversible and utterly

profound effect on the European Union. Recent instability within the system following the pressures that we have witnessed underline the risks in the meantime that this process might be derailed. Much though one might wish the goal to be reached in 1997 I cannot see it happening then. 1999 is likely to be the decisive year. Relative price stability combined with continuing low inflation gives me confidence that monetary union will be achieved then for at least a substantial number of the members of the Union.

VI Issues for the 1996 Intergovernmental Conference

Perhaps the most important outcome to be expected from the 1996 Intergovernmental Conference is a vision of the Union's future to which the citizens of Europe can relate. The absence of such a vision - apart from the single currency concept - was a tragic error in the Maastricht Treaty process. The documents showed every sign indeed of being a cross between a giraffe and a camel put together by a committee of technocrats. It is replete with incomprehensible jargon and thereby lends credibility to the worst caricatures put forward by the Eurosceptics.

We must avoid repeating that mistake. It must be demonstrated that the new tasks to be assigned to the Union do respond to real needs which can be readily perceived by the people, that issues of war and peace are involved, of prosperity and employment, of democratic values and human rights, of Europe's role in the world, and so on. Moreover, the issues and structures that emerge from the IGC should be readily explicable. How elegant and easily grasped is the original concept of the Community, yet how capable of subtlety and how adaptable to a whole range of requirements it remains! Contrast that system and the Community method with the hotch-potch of "pillars" and compartmentalised structures in the Maastricht Treaty. The IGC in 1996 is an important opportunity to rationalise the structure of the Union's decision-making and to ensure that the institutions are capable of acting in the common interest of the Union. It would also provide the opportunity to state, in constitutional terms that are simple and clear, the fundamental values and objectives of the Union that would guide its legislation and actions both in internal and external matters.

The tasks to be facilitated by the intergovernmental conference in 1996 include completion of certain policies that are essential to underpin the European internal market.

Firstly, the achievement of economic and monetary union and a single currency is to the 1990s what the single market legislative programme was to 1980s. As with the single market it will require political force and vision to bring it about within the timetable envisaged. The psychological benefit for the Union and the real benefits for its people are considerable. Internally, the disciplines it will impose will strengthen Europe's economies. Externally, it will greatly enhance Europe's standing in international economic and monetary affairs and provide a focus for stability in a world which will see even greater capital flows in the future than it has witnessed in the recent past.

Secondly, the common commercial policy of the Union should be developed to become a common external economic policy and explicitly recognised as an area of Union competence. This would be a logical development of the single market and economic and monetary union. As a practical matter, it would recognise the reality that the Commission and member states already undertake a high degree of co-ordination on economic issues not strictly covered by the letter of Article 113. Thus, for example, notwithstanding the fact that the Court ruled that services and protection of intellectual property were areas of mixed competence insofar as international agreements are concerned, there was no quarrel that in order to be effective the Commission would act as sole negotiator on behalf of the Union during the Uruguay Round. Squarely placing external economic policy as a Union competence would greatly strengthen the Union's bargaining power internationally.

Thirdly, it seems desirable to recognise more explicitly the linkages that exist between pillar 3 (justice, interior affairs and police co-operation) and the unfinished business of the internal market as well as other policy areas of the Union. The slow progress achieved since Maastricht points again to the disadvantages of an intergovernmental mechanism without the driving force of an autonomous institution acting within a clear frame of reference. There is absolutely no logic in opting for an intergovernmental structure in this area and the subsequent failure to make anything worthwhile emerge from this process should point clearly to the need to bring this pillar back into the Community method with the Commission playing its normal role.

The Maastricht Treaty's efforts to establish an effective common foreign and security policy (CFSP) have bequeathed us some strange hybrids. On the one hand, "the very specific nature of foreign and security policy" has tended to keep its structures compartmentalised from other "pillars" of the Union.

On the other hand, the limitations of intergovernmentalism have seen first the creation of "a political secretariat" and then its incorporation into the Council Secretariat and efforts made to expand its capacity for analysis and planning. However, it is evident that these rudimentary and essentially intergovernmental structures are not sufficient to cope with the magnitude of the potential challenges facing Europe. The recent report of the high-level group of experts on the CFSP prepared at the request of Hans Van den Broek is a formidable indictment of the failure to act in response to evident risks and dangers. It is certainly correct in urging an institutional capability to make policy proposals and to propel the process forward. The IGC in 1996 needs to address these defects by focusing on those means that will be adequate to address stability in Central and Eastern Europe, to develop a strategic policy vis a vis the Mediterranean area, to rejuvenate transatlantic relations and to sort out the structures with responsibilities for European defence.

In order to develop and implement a common strategic approach to these areas, the necessary institutional improvements must be introduced, bearing in mind such issues as the desire to develop embryo European forces such as the Eurocorps, to integrate the WEU as the military arm of the Union, to contribute to a coherent European role in NATO, including programmes reaching out to Eastern European nations and the CIS, to engage the US in a broader concept of security relations, encompassing common economic interests in addition to traditional concerns, to give leadership in the OSCE and to contribute to UN security operations.

Whatever the approach eventually decided a various issues, the resolution of post-Cold War dilemmas can no longer be much delayed and, while the wishes of some countries not to participate must surely be respected, it is unrealistic to think that such reluctance could be used to prevent others from doing what they believe is essential for their security.

VII Institutional Perspectives and Priorities

If one looks at the range of issues identified for necessary consideration at the IGC in 1996, one can be forgiven for believing that the European Union lives in a world of institutional chaos. Yet few would argue that the key tasks of the Union can be effectively accomplished individually by the member states that constitute the Union. In this sense, the Union acts to strengthen the participation of the member states in an interdependent world. It creates a commonality of interest that the peoples of Europe can identify with and support. However, the procedures and structures bequeathed to us by Maastricht badly need to be streamlined. Europe needs to rationalise its structures and return once more to the genius of its founding fathers amongst whom Monnet has a particularly honoured place.

Monnet, in his memoirs, illustrated a great awareness of the sensitivities involved in developing European structures. For him competences and powers of an institution were not ends in themselves, but means to achieve ends and the powers sought were so proportionate to the task that his logic was strongly persuasive. More recently, one has the impression that inter-institutional conflicts on powers are driven less by the needs and tasks of the Union and more by the tendency of existing bureaucracies to struggle over their own prerogatives of power and influence. The original institutional structure created by the Six was much more than about location of power; it was intimately linked to the integration process itself. Monnet keenly understood the importance both of personalities and institutions when he stated: "Nothing is possible without men, nothing is durable without institutions."

What distinguished the institutional structure of the European Community from anything that preceded it were the provisions for qualified majority voting and the creation of the Commission as an autonomous institution with exclusive powers of legislative initiative and the task of enforcing Community law. Such autonomy was indispensable because it was recognized that intergovernmental organizations would not of their nature devise policies in the interests of the whole Community. Nor would they drive economic integration or act as guardians of the Treaty.

We must reject intergovernmentalism not for any ideological reason but simply because experience (not least in the second and third pillars of the Maastricht Treaty) shows that it cannot be effective. Today, we need instead to reinvent the elegant institutional method of Monnet and adapt it to the new

realities faced by the European Union and we must keep it simple and uncomplicated. We must, as Jacques Delors has said, plan for a European Union with as many as 30 member States.

The composition of the Commission has developed from the rules which applied in an original Community of Six. While the role of the Commission as the initiator of legislation and guardian of the Treaties remains perennially valid, it is seriously open to question whether the Commission should continue to be composed according to the original rules. Already there are indications that the present size of the Commission is not conducive to effectiveness.

More disturbingly, it is sometimes alleged that where delicate decisions exclusively on issues within Commission competence such as control of state aids are required, national preoccupations are increasingly brought to bear to the detriment of the Union interest.

It is complained that there are not enough real portfolios to go around - a case of finding a job for the person rather than finding the right person for the job! It has been argued that the problem can be resolved by the large countries agreeing to give up one of their two Commissioners or that smaller countries should make do with rotating Commission posts or accept junior Commissioner posts. These suggestions, however, ignore the crucial role of the Commission as an autonomous institution responsible for the common interest and independent of sectional national pressures.

There are strong arguments for the proposition that in the current situation of the Union the number of members of the Commission should be determined on the basis of what is needed for the Commission to constitute an effective executive arm of the Union. It should be recognised from the outset that this number would probably be less than the number of member States. However, I do not believe that it would be desirable, at least now, to leave the Commission with less members than the number of member States. In saying this I recognize the contradiction that this suggests. If the Commission does not represent national interests why should there have to be one for each member State?

On balance however I believe that the credibility of the Commission probably demands membership for all and it is not politically feasible to suggest the contrary. But, the Commission itself must do far more to discipline its members where they pursue a national agenda and so should the parliament. Moreover, the members of the Commission should be nominated, in consultation with member State governments, by the President of the Commission who should have been already nominated jointly by the European Council and the Parliament. The Commission thus nominated would have to be voted into office by the Parliament and the Council.

A Commission constituted in this way should have considerable legitimacy in terms of its mandate and autonomy as an institution responsible for the common interest. The corollary is that this autonomy should also assist in achieving more majority voting in the Council. It is often forgotten that the Council too is a Union institution with Union responsibilities and legal obligations. In regard to the "democratic deficit" in the Union, much has yet to be accomplished in achieving democratic accountability over the Council. Its proceedings need to be made more transparent. It has a particular responsibility to national parliaments of the member States, and more could be done to associate representatives of national parliaments with its legislative deliberations. As part of the overall effort to ensure democratic accountability of the Union's institutions, a stream-lined co-decision procedure should be more generally applied so legislative development and negotiation is conducted in a "trialogue" between Parliament-Council-Commission. Voting procedures within the Council and Parliament on all matters of Union competence should be focused on securing decisions not on creating blockages or inertia.

Apart from enhancing its role through new procedures for the selection of the President and members of the Commission and more generalised application of the co-decision procedure, Parliament should also have a stronger role in ensuring accountability for the common foreign and security policy and justice and interior affairs. In the context of enlargement, its composition should be limited by number.

Given the sharply differing perspectives among the member states on the future of the Union, and the strongly held core view that the Union cannot much longer defer giving itself the instruments adequate to master its destiny, it is not a surprise that the possibility of variable geometry solutions are openly advocated in order to permit those "able and willing" to move forward. It is a dangerous terrain because the corollary of progress by the core is the ability to opt-out by "the unable" or "the unwilling" and the temptation to try out a Europe a la carte with all of the legal uncertainties and centrifugal tendencies to

which loss of the Community method would give rise. Nonetheless, when one looks beyond the current membership of the Union to the potential wider membership, it is clear that for some time to come the ability to commit to a large range of core policies is unclear. What are the potential rules that could emerge to map out our way through this dangerous terrain?

Firstly, it must be accepted that adherence to the existing legal order is irreversible -- opting out of already ratified agreements should not be possible.

Secondly, certain policies, for example the convergence criteria for EMU, clearly envisage the possibility that some core states will qualify for participation and others will not do so in the immediate future. In the case of other policies, such as security and defence, more political and less technical criteria may be at stake. If the core states decide that a common defence policy or that EMU and a single currency is essential to safeguard their interests -- it must be clear that that entry is available to all others once they have met the conditions; there can be no discrimination. And, in the meantime, there should be intensive dialogue, consultations and practical action to help those who may be left behind to catch up.

VIII Conclusions

The most compelling reason why substantive progress in the integration process must be the indispensable objective of the Intergovernmental Conference is the imperative need for an adequate response and for a positive contribution to the rapidly changing, and indeed dangerously unstable, external world. One reason why such a prospect is widely viewed as desirable outside Europe is that others can see what some of us apparently can not.

A more united Europe would be a positive contributor to peace and progress in our time. By following the Community method, through institutional development based on shared sovereignty, decisions that need to be taken in the future inevitably would be both measured and principled. The balance provided by the shared vision of a large group of countries rich in diversity and historical experience gives an assurance today of moderation.

The sharing of sovereignty in external policy would not be a recipe for inaction. A comparison between the successful contribution of the European Union to the conclusion to the Uruguay Round by reason of its having a single negotiating position and the confusion surrounding the Union's response to recent international political events eloquently demonstrates a different reality.

Europe needs to present a united front if it is to have an effective role in international affairs. Its continued internal cohesion demands no less. Even more importantly, global issues which are fundamental for the future of mankind - issues like environment, ethnic conflict and the incipient divisions between civilizations, poverty and nuclear proliferation - require a positive and coherent European contribution.